



OREGON HOUSE REPUBLICANS

Research Briefing

August 28, 2008

THE SEPTEMBER REVENUE FORECAST AND THE DEMOCRATS' 'RIGHT TRACK' ECONOMY

“I believe that Oregon’s economy is on the right track.”

(Gov. Ted Kulongoski quoted in Governor Optimistic About Economy, Sarah Skidmore, The Associated Press, 3/22/2008)

Oregon now losing an average of 2,300 jobs a month...

“In July, total seasonally adjusted payroll employment dropped by 3,600, the fourth monthly job loss over the past five months. Payroll employment stood at 1,730,600, which is 11,300 lower than the peak reached in February. This job loss over the most recent five months is equal to 0.6 percent of nonfarm payroll employment and has averaged 2,300 per month.”

(News Release: Oregon's Employment Situation, Employment Department, 8/11/2008)

...and economists forecast further employment declines.

“OEA forecasts a decline of 0.7 percent in total employment in the third quarter and further declines of 0.9 percent in the fourth quarter of 2008.

(Oregon Economic and Revenue Forecast Summary, Office of Economic Analysis, 08/2008)

Personal, corporate income tax collections drop...

“Personal income tax revenue is down \$40.1 million and corporate income tax revenue is down \$63.6 million from the 2007 Close-of-Session estimate.

(LFO Forecast Summary, September 2008, Legislative Revenue Office, 8/2008)

...while combined General Fund, Lottery Fund resources drop.

“Total GF and Lottery resources are down \$138.5 million from the 2007 Close-of-Session estimate.”

(LFO Forecast Summary, September 2008, Legislative Revenue Office, 8/2008)

At Forecast Hearing, Rep. Barnhart Calls Small Rainy Day Fund Deposit a ‘Great Success!’

Reality Check: Legislature only deposits \$23.8 million in actual savings...

“The Ending Fund Balance has been reduced from \$184.2 million at COS to \$23.8 million (-\$160.4). The entire \$23.8 million will go to the RDF. \$23.8 million is 0.1% of 2007-09 expenditures.”

(Analysis taken from LFO Forecast Summary, September 2008, Legislative Revenue Office, 8/2008)

...putting this small deposit into perspective, \$23.8 million is not even a quarter of what the Legislature is now spending on pay raises for state employees.

“Legislators released millions of dollars for key Oregon projects and priorities Friday, including \$100 million for public employee salaries and benefits.”

(Emergency Board Funds Pay Raises, Julia Silverman, Associated Press, 6/28/2008)