

State of Oregon Budget Shortfall solution

Examine the current expenditures and revenue options for Oregon, and devise a \$2 billion package of cuts in spending and increases in revenue to close the gap. The Oregon Constitution requires a balanced budget, based on the economic forecast.

Consider the long-term impacts of your decisions (e.g., businesses leaving the state, higher education attracting business to the state, higher crime rate due to lax enforcement).

You may choose to prorate some revenue increase options, not using the entire option but only a portion (to raise a portion of the funds). If you choose to use excise taxes, be sure to include which taxes. For example, the current alcohol tax of \$2.60 per 31-gallon barrel raises \$850,000 in revenue, and amounts to 8.4 cents per pint glass of beer. Similarly, the current cigarette tax of \$3.33 per 20-pack raises \$135 million. And the current 36-cent-per-gallon gas tax raises about \$625 million.

Make a short powerpoint to show your solution, and include a graphic chart or two, such as a pie chart, to help show how you came up with cost savings or additional revenue to total \$2 billion.

Include a slide in your powerpoint that details what portions of the population will experience the greatest negative impacts from additional taxes or budget cuts. For example, cuts in health care will reduce health care availability for lower-income families and the elderly. Increases in gas taxes will hurt tourism and trucking, but will be widely spread out.

In your last slide, be sure to cite the sources where you got the information.