

**Testimony for Senate Finance and Revenue Committee hearing**

**RE: SJR 26**

**February 21<sup>st</sup>, 2011**

**FROM: Jon Bartholomew, Policy Advocate, Oregon State Public Interest Research Group (OSPIRG)**

Chair Burdick and members of the Senate Finance and Revenue Committee, thank you for the opportunity to provide testimony on Senate Joint Resolution 26.

OSPIRG supports the creation of a Rainy Day Fund that will ensure greater stability in Oregon's budget and economy. As any household or business knows, the smartest way to run your operation is to put away enough resources when times are good so that you can get through tough times without disruption. A functioning Rainy Day Fund may not be a silver bullet for Oregon, but it will be an effective tool for the stability of services all Oregonians rely on – from education to public safety.

OSPIRG commends the effort that has led to the crafting of Senate Joint Resolution 26. We are particularly encouraged by the bi-partisan, inclusive process that taken place thus far to create a meaningful Rainy Day Fund for Oregon.

We are encouraged by the direction that SJR 26 is going in, and we look forward to examining the details of the proposal over the coming weeks. In our analysis, we will consider how it measures up to several principles:

First, Oregon's Rainy Day Fund should be of sufficient size to help the state's services weather a recession. One way to determine this level is to build a Rainy Day Fund equal to the average revenue loss of some number of previous recessions. However, we are open to other methodologies.

Second, the funding mechanism for the Rainy Day Fund should work quickly and reliably enough such that the state can achieve its Rainy Day Fund goal well before the next likely recession.

Third, the Rainy Day Fund should have a clear policy on when it can and cannot be used that is easy for the public to understand. If the stated purpose of the Rainy Day Fund is to help the state weather a recession, then presumably it ought to be used only when the state is in such a situation.

We look forward to examining this proposal more closely. We are grateful to the proposals' authors, and enthusiastic by the prospect of finding a solution to this important problem. Thank you for taking on this issue that is so critical to Oregon's future.