



THEODORE R. KULONGOSKI
GOVERNOR

May 25, 2010

The Honorable Ron Wyden
United States Senator
223 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Jeff Merkley
United States Senator
B40-B Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Peter DeFazio
United States House of Representatives
2134 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Earl Blumenauer
United States House of Representatives
2267 Rayburn House Office Bldg
Washington, DC 20515

The Honorable Greg Walden
United States House of Representatives
1210 Longworth House Office Bldg.
Washington, DC 20515

The Honorable David Wu
United States House of Representatives
2338 Rayburn House Office Bldg
Washington, DC 20515

The Honorable Kurt Schrader
United States House of Representatives
1419 Longworth House Office Bldg.
Washington, DC 20515

Dear Congressional Delegation:

I write today in strong support of Congress extending education and health care assistance to states. Specifically, I urge passage of the HR 4213 which would extend the enhanced Federal Medical Assistance Percentage (FMAP) for six additional months, a benefit to Oregon of approximately \$200 million.

I also support passage of S.3206, Keep Our Educators Working Act of 2010. This bill would provide an estimated \$270 million for education. This funding would help prevent thousands of layoffs or a reduction in school days for the 2010-11 academic year at Oregon K-12 schools. This funding will also be critical support for post-secondary education in this time of unprecedented demand and need.

I know Oregon is not alone in needing this assistance to continue to weather the immediate impacts of the recent recession. As you likely know, today the state released its quarterly revenue forecast which reported a \$560 million shortfall for the current 2009-11 biennium.

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To keep Oregon's budget in balance and provide certainty for schools and other critical services, decisive action is needed. That is why I announced my intent to exercise the allotment authority as provided by Oregon state statute to rebalance the budget in alignment with the updated forecast. Laws governing the allotment process require reductions be equally distributed among state agency budgets and schools.

As noted above, the Department of Administrative Services is estimating the across-the-board reduction will be about nine percent for the remaining 12 months of the biennium. This nine percent cut is in addition to the nearly 15 percent cut to the state budget as a result of the recent recession. The effects of another round of cuts cannot be understated and will most certainly mean layoffs and reduced or eliminated services.

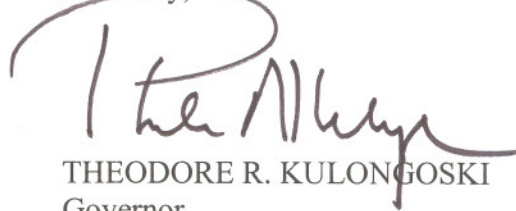
In order to preserve jobs and state services to the extent possible, today I continued the salary freeze for executive service, management and unrepresented employees, as well as requesting public employee unions meet with the state to discuss extending the salary freeze to all represented employees. Furthermore, I asked the Public Employees Benefits Board (PEBB) to explore benefit changes to reduce health care benefit costs.

But these cost-saving measures will fall far short of covering the \$560 million shortfall Oregon faces right now. With little left in our budget reserves, federal dollars will continue to be critical in our efforts to fund schools and serve the increasing numbers of Oregonians relying on the state for health care and other human services.

I know that federal assistance is not the long-term answer to Oregon's budget needs, but your short-term assistance is critical to our ability to put Oregon on a sound fiscal path going forward as the economic recovery begins. My Reset Cabinet is working to develop options to ensure we have the stability and certainty that the citizens of Oregon expect and need from their state government in the years ahead.

On behalf of Oregon's citizens, thank you in advance for your support.

Sincerely,



THEODORE R. KULONGOSKI
Governor