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QuickPoint! – Why Record-Breaking Revenues Aren't Enough

By Eric Fruits, Ph.D.

This week, Oregon is facing a one-day teacher strike, with educators demanding more money for schools. Also this week, the legislature will consider a billion-dollar-a-year sales tax on business. All this is happening in the face of record-breaking tax revenues.

Research published by the Pew Charitable Trusts [shows](#) that Oregon tax revenues are nearly 30 percent higher than the pre-recession peak. Only one other state has seen bigger growth in tax revenues.

But even a gusher in tax revenues can't keep pace with government spending. Despite a booming economy with record low unemployment, the number of people on the Oregon Health Plan has nearly doubled from pre-recession levels. Over the same period, the annual cost of the public employee retirement system has grown by 60 percent, or double the rate of tax revenues.

Nearly every problem with state and local budgets can be traced to PERS costs and Medicaid expansion. Our budget problems are spending problems, not revenue problems.

While we recovered from the last recession, our elected leaders are making dangerous decisions today that will lead to devastation when the next recession hits. If our government can't balance the books during a boom, we won't survive a bust.

Eric Fruits, Ph.D. is Vice President of Research at Cascade Policy Institute, Oregon's free market public policy research organization.