Oregon state ballot measures

1 increases money to local schools

State Ballot Measure Number One increases the amount of money the state gives to local schools. It also establishes a new way of making sure that roughly the same amount of education money goes to each child in every school district.

It increases personal and corporate income taxes in order to finance the arrangement, making it possible for local school districts to reduce local property taxes on homeowners and renters.

But Measure Number Three does not make property tax reduction mandatory. School districts, if they wish, can use the additional revenue for increasing expenditures, instead of decreasing local taxes.

Currently the state pays about 35 per cent of public school expenditures. In the 1960s state support declined to around 20 per cent. Measure One, if it had been in effect this year, would have provided about 43 per cent state support in the average school district.

The State Department of Revenue has estimated that if the income tax rates had been increased this year to the levels Measure One suggests and if property taxes had been reduced an equal amount, a tax burden of about $34 million would have shifted from businesses to individuals.

The measure would not pay for transportation expenses. The present state expenditure of about $9-and-a-half million would remain the same.

Nor would the measure provide state funds for most of the programs it does not finance now such as sports, lunch programs, community services and capital outlays.

Measure One replaces the present system of equalizing the amount of money spent on children in different districts.

Each district receives a "basic grant" of $250 for children in grades one-eight, $325 for children in grades nine-twelve and $125 for children in kindergarten.

Local districts then pitch in as much money as they can for each student. Finally, the state "equalizes" the expenditures. For example, each child in grades one-eight receives at least $800 under Measure Number One. In some instances the state equalizes up to $1,000.

Nonetheless, some districts will be able to spend more than $1,000 per child. And some won't. Indeed, Measure Number One will probably increase the number of districts that will be able to go beyond the $1,000 mark. And the poorer districts will still be left behind in overall funding.

The measure is almost certainly not the end of proposals for state financing of schools. If it passes, Measure Number One will begin a movement toward state financing rather than local financing of schools.

And it won't be the last try, if it fails.

Measure One eliminates the equalization function of the Intermediate Education Districts (IED). Presently, the IEDs raise property tax revenues, and distribute the money to school districts within one area in order to equalize spending on each child. That function would be replaced by the state equalization process.

The new equalization system would benefit medium size cities in Oregon the most. And Measure One would probably mean an overall loss of education money for Portland.

Measure One is more or less part of a larger, three-part tax package. The other parts are Measure Three and the present property tax refund to renters and homeowners.

The three parts are independent. Tax refunds were made into law in the past legislative session. And either of the ballot measures can be put into effect if the other fails to pass.

Mike Dolan

2 really unobjectionable?

At first glance, State Ballot Measure Two seems pretty unobjectionable. It's mostly about mass transit, and isn't everybody in favor of mass transit in this age of crowded cities and high gas prices?

At second glance, Measure Two looks even better. It entails no new taxes, and means more transportation control at the local level. Who could complain about that?

A third, longer look reveals how this is all possible. If Measure Two is passed, the State Constitution will be amended to "open up" the beefy state Highway Fund, is virtually the only source of money in the state for transportation. As it stands right now, that fund can be used only for highway and road construction.

"Opening up" the highway fund means allocating eight per cent of it for things like rail systems in major cities; new and extended bus services; inter-urban rapid transit in the Willamette Valley; and improved bridges, roads, and intersections, to name a few. Each community could decide for itself what to do with the money (though each project must be approved by the Legislature), and there is nothing that says you can't build new roads and highways, if that's what is needed most.

The problem now, says Portland Major Neil Goldschmidt, is that there is simply no choice—it's more highway construction, or nothing. He is joined in that view by a long list of Oregon notables who have lent their names in support of the measure, including the governor, all major gubernatorial candidates, and the mayors of most major cities.

But obviously not everybody likes Ballot Measure Two. And those who don't would caution you to take some more glances, particularly at the financial aspects.

"Will there still be enough money to keep Oregn's highway system among the best in the nation?" they ask about Two's passage. Sure, the last Legislature passed a $150 million bond measure for this purpose, but Gov. McCall himself has said that the state has an "extreme need" for $500 million to catch up on highway improvements. And an Oregon State study warns that anticipated revenues will fall 60 per cent short of state highway needs through 1990.

And then, of course, there is the inescapable fact that the current fuel shortage will further compound the problem by shrinking the State Highway Fund, since the fund is made up largely of gasoline tax monies.

All of which might indicate that this is no time to be spending highway money on other things. If highway funds are diverted, according to Jack Kalinoski, public affairs manager of the Associated General Contractors, "we may well have to increase gasoline taxes and motor vehicle fees." He therefore regards the contention that Measure Two will mean no new taxes as "basic dishonesty." But Kalinoski is assuming, of course, that state roads and highways do not lose their present high priority.

Measure Two's biggest opponents are road contractors, who have an obvious vested interest in its defeat. They claim that they are not against mass transit, but say that by "going too far, too fast," Measure Two is not the way to fund its development.

The Legislature had a relatively easy time deciding this matter: they passed it nearly two to one. But for an amendment to the constitution, the masses must also approve.

Scott Peterson

3 changes way state operates

State Ballot Measure Number Three is an important change in the way this state operates. It is a constitutional amendment which regulates the amount of money by which public school districts can increase their budgets each year.

Measure Three also eliminates the well-known six per cent limitation on the increase in local property taxes which has been in effect since 1916. It allows property taxes to increase at any rate.

Local schools receive funds primarily from three sources: state grants, county school funds and local property taxes. Under the present system local property taxes cannot be increased more than six per cent each year without the approval of school district voters.

This is supposed to regulate tax increases. The six per cent limitation was established when Oregon was primarily an agricultural state and when schools received almost all of their revenues from local property taxes.

Things are different now than they were 58 years ago. Schools receive about 35 per cent of their revenues from the state government. And a six per cent annual increase does not even keep pace with inflation.

In Eugene, the six per cent limitation restricts the school budget to a completely inadequate $10 million. The budget was about $25 million last year and the district is asking for about $30 million this year.

Measure Number Three regulates the growth of school budgets by limiting the total of all three sources of income rather than just the one source of local property taxes. It limits growth to 5.5 per cent each year. Moreover, it prohibits schools from spending more than the annual limitation permits.

The idea is to insure that each spring local school officials can look forward to beginning the next school year with a budget reasonably related to the one under which they had operated all year.

But it also stipulates school districts cannot increase their budget by more than 5.5 per cent unless local voters decide to start all over again with a completely new tax base.

And school officials will have only two attempts to get approval from voters. If the new base is not approved after two budget elections, the old base stays in effect.

This will put a stop to the endless series of school budget elections that voters have been subjected to recently in Oregon.

Some communities have turned down as many as five budgets after weeks of deliberation, salary cuts and program reductions.

But here is the catch that is not immediately spelled out in the measure.

The entire increase of the budget, that is 5.5 per cent of state funds plus county money plus local taxes, can be drawn from any one of the three sources.

This means that local property taxes could skyrocket in one year.

But that is not supposed to happen. State support of schools has been increasing each of the last few years in Oregon and it is supposed to increase even in the future.

But, as in Measure One, property taxes are supposed to be con-

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