

Tax Facts Revealed

Opponents' claims are misleading

As ballots went out last week, school funding opponents added more misleading arguments against the temporary, \$120 a year (on average) income tax to save schools while supporters laid out the big impact on local kids if Measure 20-182 doesn't pass.

"The opponents are using numbers to confuse you," said 4J board member Jennifer Geller at a City Club debate on the measure last week. "Let's not get confused. This anti-tax group really does not want to support schools."

Opponents claim that the school funding measure has a higher percentage of lost revenue to exemptions than other taxes. But that claim doesn't survive fact checking.

Even using the opponents' claim of almost 30 percent lost to exemptions, that's half the leakage rate of the property taxes that conservatives have repeatedly backed for jails, potholes and other measures. According to the Oregon Tax Expenditure Report, 61 percent of state property taxes, \$8 billion a year, are lost to exemptions. Many of those property tax exemptions — such as \$66 million for Hynix and \$500,000 for *The Register-Guard's* apartment building downtown — have been fiercely supported by the same conservatives who now oppose the school funding measure.

On top of the 61 percent "leakage" lost to property tax exemptions, bond measures for buildings and roads also lose about half their revenue to interest costs for borrowing. Add the borrowing cost to the exemptions and you get a "leakage" rate of almost 70 percent.

The state income tax also has bigger leakage than the proposed local income tax for schools. About 44 percent of the state income tax, \$5 billion a year, is lost to exemptions. Conservatives have also fiercely defended these exemptions, most of which go to corporations and the wealthy.

Some opponents have wrongly argued or implied that the exemptions are the "administrative" cost of collecting the taxes. That's false. Multnomah County spent 5 percent to administer a similar tax in Portland and would likely charge Eugene about the same to collect this tax. That percentage is roughly similar to the cost to collect property taxes and about the same as the administrative cost of donating through well run charities like the Eugene Education Fund.

Some opponents also add their claimed "leakage" to the cost of the measure to arrive at an inflated "\$24 million" figure for the amount of taxes that will be collected. That's false. The inflated figure is mentioned nowhere in the measure's official text. The measure's ballot language states the tax will raise an estimated \$16.8 million. Opponents have never added a "leakage" number to other tax proposals that they've supported to inflate the measure's cost.

Another major argument from opponents is that the budget deficit should be solved by taking money from teachers.

But leading studies, including one from the Economic Policy Institute, show that teacher compensation, including benefits and adjusting for summer vacations, actually trails other professions with similar experience and education requirements.

Opponents of school funding have often supported measures for increased Sheriff's Office funding. But compared with teachers, many sheriff's deputies have more costly PERS benefits with earlier retirement ages, higher annual salaries and, unlike many overworked teachers, get paid time and a half for overtime, all without a requirement for a college degree, according to county budget and contract documents. Personnel costs at the Sheriff's Office per employee have risen at twice the rate of inflation over the last five years.

Another argument thrown out by opponents is that the graduated tax does not have a complicated marginal rate structure that would mitigate jumps in taxes for those who fell just beyond a bracket cut-off. But other taxes also have many sharp cut-offs. The Oregon income tax exempts those under an income level with a sharp cut-off. The *R-G* got its big property tax break while similar nearby apartment buildings got nothing.

While opponents throw out misleading and/or hypothetical arguments about the school funding measure, supporters compiled examples from many individual 4J schools of exactly what principals plan to cut if the measure doesn't pass.

"It's a grim picture," said parent Hillary Johnson, chair of the Strong Schools, Strong Eugene campaign. Here are the details:

- At the elementary level, most schools will have more than 30 children per class and many schools will lose their music and P.E. teachers.
- At the middle-school level, most schools will lose sixth grade social studies; Roosevelt algebra and geometry classes will pack 53 students and French immersion classes will average 45 students; Madison classes will average 36 kids; Spencer Butte will average 35 and the school will lose French instruction and its orchestra and half of its art and music classes.

• At high schools South will have many classes close to 40 students and some with more than 50 and will cut 35 class offerings including psychology and anatomy, and half of the school's foreign languages. Sheldon will cram at least four more kids in each class and cut a technology teacher, a PE teacher, a counselor and half an English teacher position. Churchill plans a class with 60 sophomores.

• The Bethel School District plans to focus its cuts largely on school days, cutting eight class days from the school calendar. Oregon schools already have the second shortest school year in the nation and the fourth largest class sizes.

Asked at City Club what she would do if her private school kids had classrooms with 53 students, Jennifer Solomon, head of the anti-school funding campaign, responded, "it is what it is."

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