

OUR KIDS DESERVE BETTER

IP 28 proposes a way out of Oregon's school funding crisis

BY AMY SCHNEIDER

Listen up, Oregon — your schools are underfunded by \$2 billion.

Just ask Sabrina Gordon, a reading teacher at Awbrey Park Elementary School in Eugene.

She started teaching in Eugene School District 4J in 1999, but prior to that she was a student in 4J schools. Gordon experienced 4J at its peak in the '80s, before the devastating passage of Measure 5 in 1990, which capped property taxes for school funding and shifted budgetary responsibility from local government to the state.

Gordon has subsequently witnessed the dramatic decline in school quality since that time.

"I had small class sizes, lots of access to programs and a really exemplary school district," Gordon says. "This is now a system where I see kids in large classrooms who can't have their needs met. So many are not learning to read and not getting those basic skills they could get if their class sizes were smaller."

Oregon has the third largest class sizes in the nation. The National Center for Education Statistics shows that Oregon is among the lowest of all the states for graduation rates. And according to Bethel School District Superintendent Colt Gill, students attending school in Vancouver, Washington, get a year and a half more instruction time by their senior year than students in Portland, Oregon.

The cut list goes on and on: Eugene's elementary schools lack PE teachers; school librarians are no more; mental health specialists have been crossed out of the budget. It's a mind-numbing barrage of losses, and despite years of talk, not much has happened in the Oregon Legislature to find a source of funding.

After years of legislative inaction, a coalition of parents, teachers and small businesses has decided to work around the Legislature and put forth an initiative petition for a November ballot measure that could provide Oregon schools with the funding they need, as well as providing funds for senior services and healthcare costs.

It's called Initiative Petition 28, also known as A Better Oregon, a campaign to generate around \$5 billion each biennium by raising taxes on corporations doing business in Oregon that make \$25 million or more in sales.

Supporters of IP 28 say not only is it the solitary viable solution to Oregon's 25-year funding failure, but Oregon schools don't have another 25 years to languish in budgetary shortfall.

Some members of Oregon's business community are against this petition — Ryan Deckert, president of the Oregon Business Association, spoke out against it at a City Club of Eugene discussion forum on Feb. 19, calling the initiative "regressive" and "the largest tax increase in Oregon history."

But as Gordon points out, "Our kids can't wait anymore. It's time to do something about it."

ONLY GAME IN TOWN

Chuck Sheketoff, executive director of the Oregon Center for Public Policy, says that IP 28 is a "game changer." In fact, he says, "it's the only game in town."

According to a study by accounting firm Ernst and Young, Oregon is currently tied with Connecticut for the lowest total effective business taxes in the nation. IP 28 proposes a tax on corporations — specifically, those operating in Oregon with sales totaling \$25 million or more.

By placing a 2.5 percent tax on those sales in addition to a \$30,001 minimum tax, IP 28 mostly targets out-of-state corporations and avoids taxing small, local businesses. Companies like Walmart, Bank of America and Comcast would fall into the taxable category — in fact, about 73 percent of the companies affected by the proposed tax increase are based out of state, says Emma Callaway, campaign coordinator for A Better Oregon.

The tax would apply to approximately 995 companies doing business in Oregon, out of 30,000 companies overall.

In the non-taxable category are Oregon's small businesses — a coalition of 194 businesses support the initiative petition, including Eugene's Capella Market, Palo Alto Software and Voodoo Doughnut.

Oregon's Legislative Revenue Office estimates that the tax would generate around \$5 billion per biennium.

Sheketoff says that it's not perfect tax reform, but it's not meant to be tax reform. "It'll be a large tax increase, there's no question," he says, "but it's also aimed at companies who for decades have gotten away with paying very little."

And for 25 years, no one else has chimed in with a viable solution.

25 YEARS OF SHORTFALL

When Anne Marie Levis joined the Eugene School Board in 2009, the district was already in dire straits, she says. At the beginning of her time as a board member, 4J had to cut \$20 million out of its budget.

"It was devastating," she says.

The cuts resulted in fewer art classes, reduced access to sports, teacher layoffs and an abundance of furlough days — 4J had to cut nine days out of the 2013-2014 school year.

"It's just mind boggling when you think about that," says Tad Shannon, president of the Eugene Education Association. "We literally couldn't afford to keep schools open for nine days."

According to the National Center for Education Statistics, Oregon's per-student spending on K-12 education dropped from 15th in the nation in 1997 to 33rd in 2008. Roughly two-thirds of Oregon's K-12 budget comes from state funds, a shift from 30 percent pre-Measure 5. Oregon school funding relies partly on personal income tax, which can fluctuate more than other forms of funding. When the economy tanks, fewer people are working, leading to fewer taxable income dollars.

Proponents and detractors of IP 28 alike say that Oregon is underfunding its schools. According to government estimates, the gap measures in at \$2 billion.

Every two years, Oregon's Quality Education Commission, officially established by the Legislature in the early 2000s, updates and refines the Quality Education Model (QEM). The model calculates the cost to operate Oregon's schools according to best practices research, as well as how much Oregon's budget falls short.

Since the commission formed, a consistent gap of more than \$1 billion has existed every biennium.

A 2014 report by Oregon's Quality Education Commission states that "education funding in Oregon is lower than the national average and has declined steadily and dramatically over the past two decades when adjusted for inflation."

Due to the passage of Measure 5, the report says, Oregon is considered a "low-tax state," making it challenging to fund "high-quality" public services like education.

"I do believe Oregon schools are underfunded," says Bethel School District Superintendent Colt Gill, who has not taken a position on IP 28. "If we want our kids to have

SABRINA GORDON,
EUGENE EDUCATION
ASSOCIATION



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