THE CHALLENGES AHEAD

Second in a series on looming costs and solutions, focusing this month on Initiative Petition 28

Unions, business prepare to square off over IP 28

Coming to a TV screen near you this fall: An onslaught of advertising over whether to tax big corporations to pay for Oregon schools, health care and senior services.

If that sounds familiar, the story line parallels the January 2010 votes on Ballot Measures 66 and 67. The main players – public employee unions vs. business interests – remain the same, but the stakes are significantly higher this go-round for a proposal now known as Initiative Petition (IP) 28. Proponents are still collecting signatures, but expect it to easily qualify for the November ballot.

As executive director of Our Oregon, Ben Unger, the former state representative from Cornelius, is the driving force behind the campaign to qualify and pass IP 28. Unger, after noting that Oregon has the lowest corporate taxes in the country, sums up the rationale behind IP 28 this way:

“If you are a school advocate, a parent or a school board member, there’s no way you’ve been in a classroom in the last 25 years and thought, ‘This is what my kids and my community deserve,’” he said. “People know we need to do better. And IP 28 represents the best shot we’ve had in a long time to do better for our kids.”


Among those marshaling opposition to IP 28 are Duncan Wyse, president of the Oregon Business Council (OBC), and Jeremy Rogers, the council’s vice president. The nonpartisan business association has been active on a variety of education-related issues for years, including participating in a 2013 coalition (with OSBA and others) that pressed for reform of the Public Employees Retirement System (PERS).

“We believe that good schools and a strong, healthy economy go hand in hand,” Wyse said. “But this measure is not the answer.”

Among a laundry list of objections to IP 28, Wyse and Rogers contend that its structure is inherently unfair by taxing sales rather than profits, and that its costs will be passed on to consumers paying for such basic needs as groceries and utilities.

OBC is helping form a coalition of business organizations to oppose IP 28, known as the Coalition to Defeat the Tax on Oregon Sales (www.osba-online.org/go/help-us-defeat-ip28). The name itself hints at a likely strategy by opponents to refer to it not as a
business tax, but as a sales tax – a term loathed by Oregon voters.

IP 28 would amend Oregon law to increase taxes on those "C" corporations with sales in Oregon of greater than $25 million annually. It is projected to apply to roughly 1,000 companies – about 250 of them based in Oregon. (See IP 28 full text: oregonvotes.org/ir/2016/028Text.pdf)

Under the proposal, such companies would pay a 2.5 percent tax on all sales in excess of $25 million. Revenue from increased taxes would go toward "additional funding for: public early childhood and kindergarten through 12th grade education; healthcare; and services for senior citizens." The proposal does not specify how the proceeds would be divided among those areas.

The state estimates that the proposal would raise $5.3 billion per biennium – nearly eight times as much as projections for the 2010 ballot measures, which each passed with about 54 percent of the vote.

Paul Warner, Oregon’s legislative revenue officer, said his office is preparing a research report on IP 28, including an analysis of its potential economic and distribution effects and a discussion of general tax policy issues raised by the proposed measure. The report is expected to be released in May.

Oregon PTA is among several hundred organizations, small businesses, labor groups and legislators to have already signaled support for the proposed measure through a coalition calling itself A Better Oregon (abetteroregon.org/coalition).

Otto Schell, Oregon PTA’s legislative advocate, said IP 28 holds the possibility to "change the lives of our children and shape the future of Oregon."

"Over and over we have advocated to improve schools and critical services for children and families only to see cuts roll in whenever a tough budget cycle hits," Schell said.

“We have watched as teachers, administrators and families scramble to meet the very basic needs of our children. We can no longer agree to remain below the national average in per-student spending for K-12. It’s clear that IP 28 is the solution we need to allow students to succeed and flourish as young adults in our state.”

OSBA has a practice of not taking positions on ballot measures until they have officially qualified for a vote. OSBA’s Legislative Policy Committee will meet April 22 and 23 to consider the association’s priorities for the 2017 legislative session, including the overall topic of revenue reform.

In 2010, OSBA supported Ballot Measures 66 and 67, which were referendum votes on tax increase measures on corporations and wealthy individuals that the Legislature had passed. The 2010 battle between unions and business marked Oregon’s second-most expensive ballot measure campaign to that date, with $12.5 million spent on both sides.

Just as in 2010, the coalition backing the proposed measure this year is being led by Our Oregon, which is funded by public-employee unions, including teachers. But

“Wyse of the business council says the stakes this time are significantly higher.

“The economic impact on Oregonians and business will be way bigger if this passes,” he said. “And the vast majority of the costs will be paid by consumers.”

He and Rogers of the OBC listed these issues, among others, as reasons to oppose IP 28:

- Because the proposal taxes sales, and not profits, any large business with a profit margin of less than 2.5 percent would be forced to raise prices or take a net operating loss.
- Products moving through the economy, such as felled trees milled into lumber, could be taxed twice or more.
- Software providers and professional service companies based in Oregon would face a competitive disadvantage in national and international markets by facing higher costs.
- The proposal does not provide an analysis for raising the amount in question; nor does it specify how the new revenue would be divided.
- Increased business costs would be passed on to consumers, including for such essentials as groceries, health care, gasoline and utilities.

“All the things that people need every day, the things that are exempted from any retail tax in this country, are things that get hit hardest by IP 28,” said Rogers of the business council.

Unger of Our Oregon says that for too long big companies have paid exceptionally low taxes in Oregon, and “if they don’t pay their fair share we can’t afford the schools and services we need.”

He cited the following reasons to support IP 28:

- Oregon’s existing tax structure points to corporations as the solution to pay for schools and other services. Oregon already has the second-highest personal income taxes in the country, and raising property taxes or establishing a general sales tax have proven to be unpalatable with voters.
- Oregon would remain competitive in attracting businesses: If passed, the proposal would still leave Oregon with the lowest corporate taxes on the West Coast. Instead of having the lowest corporate taxes in the United States, Oregon would rank about 40th of the 50 states.
- By forming a broad coalition to support the proposal, IP 28’s proponents expect to count on those constituents to work with the Legislature in identifying specifically how to spend the revenue if the measure passes.
- Oregon schools have some of the country’s highest class sizes and lowest graduation rates, and Oregon ranks in the bottom one-third of states nationally in per-pupil spending.

“If we want to have great schools in great communities in a great state,” Unger said, “then my opinion is we are going to have to pay for that.”
Besides Initiative Petition (IP) 28, two other initiatives proposed for the November ballot would affect public schools.

► **IP 65** would establish the High School Graduation and Career Readiness Fund as part of the state General Fund. The proposal would dedicate an estimated $280 million – about $800 annually per high school student – every two years to prevent dropouts and reduce chronic absenteeism. It does not raise taxes or otherwise create a new revenue stream, and it specifies that the fund would be “in addition” to those funds the Legislature would otherwise allocate to K-12 schools.

The proposed ballot measure, if passed, would be triggered at the above funding levels if the state estimates that its 2017 biennial General Fund revenues will exceed 2015 biennial revenues by at least $1.5 billion. If the estimated increase in General Fund revenues is less than $1.5 billion, the new graduation and career fund would receive a prorated amount.

Under the proposal, school districts would use funds to establish or expand career and technical education (CTE) programs, create “college-level educational opportunities” for high school students such as Advanced Placement classes, and implement dropout prevention strategies in all high schools.

Funds would be apportioned to school districts based on high school attendance figures (ADMw). The Oregon Department of Education would monitor the programs.

Proponent: Stand for Children Oregon, a non-profit education advocacy group.

The full text of Stand’s proposal can be found at: [oregonvotes.org/irr/2016/065text.pdf](http://oregonvotes.org/irr/2016/065text.pdf)

► **IP 67** would create a new Outdoor School Education Fund to ensure that all Oregon fifth- and sixth-graders have the opportunity to attend a weeklong outdoor school education program. As much as $22 million in state lottery funds would be used to fund the program.

The proposal specifies that only economic development lottery dollars be directed to the program, and that such allocations “shall not reduce lottery proceeds dedicated to education” or to park and preservation efforts.

The fund would be established within the State Treasury, separate from the state General Fund. The Oregon State University Extension Service would administer the program.

Proponents: Daniel Prince, an outdoor school coordinator; Christine Vernier, co-founder of an educational software and tech company; and Carol Packard, a science teacher.

The complete text of the proposal can be found at: [oregonvotes.org/irr/2016/067text.pdf](http://oregonvotes.org/irr/2016/067text.pdf)

In the Loop

**Fulfilling the Promise of Oregon**

With the short legislative session of 2016 now at an end, we are looking forward to the 2017 session and asking this question: How can we start now to prepare for what is sure to be a challenging session for school districts across Oregon?

Help us share your district’s stories, and help us build the message of the hopes and dreams Oregonians hold for public schools across the state. By sharing these stories and dreams, we want to motivate and influence Oregonians and the 2017 Legislature to step up and make Oregon education what it should be. We have two initiatives in place to do both of these: The Promise of Oregon, and the brand-new Oregon Rising.

But we need your participation to make them work.

Share your success with us so we can build the message that school districts know how to spend resources wisely, and we can and will raise student achievement when we have the resources to do so. We are particularly looking for stories about programs that support increased graduation rates.

Districts are touching lives and preventing dropouts through early learning initiatives, and are taking classrooms to the outdoors through natural resources programs. We have made videos to share those stories, located at [www.promiseoregon.org](http://www.promiseoregon.org).

Tell your story by filling out the template located on the Promise of Oregon webpage here: [promiseoregon.org/tablet-template](http://promiseoregon.org/tablet-template)

We will do the rest to make sure that Oregonians, including our state legislators, see how far you are propelling kids toward their future, and how far they can go if we dream bigger.

And speaking of dreaming bigger, we are partnering with the Confederation of Oregon School Administrators (COSA) and the Oregon Education Association (OEA) for conversations about what Oregon public schools should be. Called “Oregon Rising,” this campaign will hold meetings in school districts throughout the state to tell the story of our vision for public education.

Oregon Rising is a public outreach effort about what Oregonians want for their children and their schools. Oregon Rising wants to know not just what schools could be, but what you think they should be. We will build a plan and take that plan to the Oregon Legislature in 2017.
Participants will be invited to provide feedback on the plan as it is developed and join in the legislative session discussion next year. To get started, sign up on the Oregon Rising website to get updates and schedules of meetings and a link to the online survey once it is live, at www.oregon-rising.org.

Please join with your fellow board members, school administrators, educators and Oregonians from across the state in building a shared vision of the future of Oregon education. Raise the conversation from what can be to what should be, and share your stories of success to be amplified across the state.

Mark your calendar: ‘Summer Camp for School Boards’ is July 15-17

Registration will open April 8 for "Summer Camp for School Boards" – a chance to meet with school board members from across Oregon on July 15-17 at OSBA’s annual Summer Board Conference. This year’s theme is “Creating a Vision for Student Learning.”

This is your opportunity to learn more about the critical issues facing Oregon’s schools and their leaders in an idyllic setting, the scenic Riverhouse Hotel & Convention Center in Bend. Workshop topics include handling difficult bargaining issues, a systems approach to student achievement, school finance, and an update on legislative issues and ballot initiatives.

Keynote speaker is Kip Motta, a principal and math teacher whose resume includes assistant coaching and scouting positions with the Portland Trail Blazers and three other National Basketball Association teams. Motta will discuss how school boards can “effect positive change in student learning.”

Attend the pre-conference on July 15 and you can learn more about equity conversations, closing the achievement gap and addressing the needs of students in poverty. Once again we will offer a networking reception for conference attendees and a guest at 4 p.m. July 15.

An Administrative Professionals’ Workshop will also be held on July 15, including sessions on public meetings and records, labor negotiations and differing communication styles.

Registration materials will be available April 8 at www.osba.org/Calendar/Events/Summer_board_conferece-2016.aspx

Promise update: Baker CTE video will debut

A new “Promise of Oregon” video featuring the Baker Technical Institute is scheduled to debut in early April.

The Baker School District opened the institute in August 2014. It includes career pathways in construction, industrial and engineering systems, health services and agriculture. In addition to its offerings in career and technical education (CTE), the institute emphasizes science and math skills.

The institute was founded on the dual premise of preparing students for the workforce and creating economic development in a small community.

The new video will debut on “The Promise of Oregon” website at www.promiseoregon.org.

The Baker City video is one of four planned 2016 videos showcasing cutting-edge programs – science, technology, engineering and mathematics (STEM), career and technical education (CTE), the arts and more – that support students in reaching their potential.

Videographers have also begun filming a feature video on the Glencoe High School (Hillsboro School District) robotics team.

During its first year, the Promise campaign celebrated the accomplishments of Oregon students and helped galvanize support for increased funding for public schools. Legislators ultimately settled on a State School Fund figure of $7.4 billion for 2015-17 – up $850 million from the last biennium.

Members of Glencoe High’s robotics team, Team Shockwave, (right) prep their robot for competition.

Register for the 2016 PACE Day: Safe and Secure Schools

Learn how to protect students from cyberbullying, navigate transgender matters in schools, deal with the effects of the legalization of marijuana and conduct employment and staff investigations at this year’s PACE Day: Safe and Secure Schools. This one-day learning opportunity will equip you to successfully manage the most pertinent education issues today.

When: April 21
Where: Hilton Eugene, 66 E 6th Avenue, Eugene
Welcome reception: New this year, join PACE staff, business partners and other education professionals for networking and refreshments at 8:30 p.m. April 20

More information: Visit the PACE website: pace.osba.org/Calendar/Events/2016-04-21-PACEDay

PACE trustees fund new grant to reduce saw injuries

PACE trustees voted unanimously Feb. 29 to fund a new $100,000 grant program designed to prevent serious student injuries. The program will enable schools to replace old saws with a new piece of equipment, called a SawStop.

Since 1986, PACE has recorded 43 school injuries caused by table saws. Director of Risk Management Scott Neufeld said many of the safety features included in SawStop saws can prevent such user injuries.

The grant money will come from funding previously used for the SafeAlert Tip Line, which is being replaced this year with a tip line funded by the state. Grants will be available to districts on a first-come, first-served basis, beginning July 1.

Saws bought with the grant money will be restricted to use by vocational shop classes or drama departments. To gain the new saw, the school will be required to dispose of any outdated equipment.

“This is not just important work,” said PACE Trustee Chairman Phil Wentz. “This is the most important work – keeping our kids safe. I’m so pleased we can do this.”

Trustees also approved plans for a new employment liability toolkit and checklist that will give PACE members a 5 percent discount on their general liability premiums in the 2017-18 policy cycle. The comprehensive, step-by-step guide for school districts and community colleges is expected to come out in late summer.

Kevin Pardy, Special Districts Association of Oregon underwriter, told trustees about PACE liability and property coverage renewal plans for 2017. PACE staff and coverage attorneys are currently identifying the key issues to address in the update. Over the next nine months, staff will write and refine the coverage document, with the goal of putting it into effect July 1, 2017. While coverage amounts are still being defined, some potential coverage additions would include drones, copyright infringement, underground pipes, acts of terrorism and earthquake and flood endorsements.

Trustees also approved a change in bylaws that will allow trustees to serve three consecutive three-year terms by board appointment. They also appointed Adam Stewart, Mike Schofield and Brett Yancey to the PACE Trustee Recruitment Committee. Debbie Laszlo, Sharla Andresen and Marie Knight were appointed to the PACE Budget Committee.

Upcoming OSBA Events

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<td>Webinar – Budget Committee Basics</td>
<td>April 27, 2016</td>
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<td>Teacher Appreciation Week</td>
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<td>2016 NSBA Advocacy Institute</td>
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<td>Summer Board Conference 2016</td>
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