

February 2017

OSBA State Funding Survey

TELEPHONE SURVEY

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Introduction & Methodology

1

From February 23 to 26, 2017, DHM Research conducted a survey of Oregon voters on behalf of the Oregon School Boards Association (OSBA). The purpose of the survey was to assess Oregonians' budget priorities for the current legislative session, their support for revenue reform proposals, and the values they use to evaluate the state's tax system.

Research Methodology: The telephone survey consisted of 600 registered voters in Oregon and took approximately 23 minutes to complete. This is a sufficient sample size to assess voter opinions generally and to review findings by multiple subgroups.

Respondents were contacted by a live interviewer from a list of registered voters. Respondents were contacted by both land line (59%) and cell phone (41%). In gathering responses, a variety of quality control measures were employed, including questionnaire pre-testing and validation. Quotas were set by age, gender, area of the state, and political party registration to ensure a representative sample.

Statement of Limitations: Any sampling of opinions or attitudes is subject to a margin of error. The margin of error is a standard statistical calculation that represents differences between the sample and total population at a confidence interval, or probability, calculated to be 95%. This means that there is a 95% probability that the sample taken for this study would fall within the stated margin of error if compared with the results achieved from surveying the entire population. The margin of error for this survey is $\pm 4.0\%$.

DHM Research Background: DHM Research has been providing opinion research and consultation throughout the Pacific Northwest and other regions of the United States for over three decades. The firm is nonpartisan and independent and specializes in research projects to support public policy making.

Voters strongly support K-12 education, and they believe both education funding and quality education should be priorities for the Oregon Legislature.

- Unprompted, 18% of Oregon voters say the Legislature should focus on *education funding* (11%) and/or the *quality of education* (7%). These issues far outpace the next most frequently mentioned issues, such as the *state budget* (5%) or *PERS reform* (4%).
- Voters prioritize funding K-12 education as a top priority (39%) out of a list of state services, including public safety (16%), health care (14%), affordable housing (9%), and social services (8%).
- Overall, 93% of Oregon voters say it somewhat or very important to fund K-12 education. Specifically, 78% of voters say it is very important to do so.
 - About as many voters say it was somewhat or very important to fund public safety (also 93%), but fewer voters say it is very important to do so (58%).

Most voters would prefer large businesses and corporations pay more in state taxes. On average, Oregonians believe all businesses and corporations should contribute 40% of taxes collected.

- A plurality of Oregon voters believe that individuals pay just about the right amount in taxes (47%) and that small businesses pay too much (43%). However, a majority of voters believe large businesses pay too little (56%).
- On average, voters think Oregon's businesses and corporations (both large and small) contribute about 36% of all state taxes collected. When asked how much businesses and corporations *should* contribute, voters say 40% on average.
 - Democrats estimate that businesses and corporations pay about 30% but would prefer the figure be 41%.
 - Republicans estimate businesses and corporations currently pay about 40% but would prefer that they account for 34% of all taxes paid.
 - Non-affiliated voters estimate businesses and corporations pay about 38% but would prefer that they account for 43% of all taxes paid.

Voters hold strong opinions about the way Oregon's tax system should be structured and prefer a progressive income tax system.

- Nearly two-thirds of voters prefer a tax system that bases rates on income to a system that taxes all incomes at the same rate (63% to 33%).
- More than half of voters support both tax incentives to encourage certain behaviors like buying a home and taxes to discourage certain behaviors like smoking (56%, 54%).
- More than two-thirds of voters prefer that the state tax income rather than spending (67% to 26%).
- Voters of diverse backgrounds agree with these values, although Democrats tend to support progressive, incentive-based systems, while Republicans prefer flat tax rates and treating behaviors equally.
 - Most Democrats, Republicans, and non-affiliated voters prefer taxing income to taxing spending (73%, 59%, 67%).

Ultimately, voters would like to see the state balance the budget primarily through decreases in spending.

- A slight majority of Oregon voters think the state should resolve the budget deficit either entirely by decreasing spending, or mostly by decreasing spending with some tax increases (54%).
- Nonetheless, many still want to see *some* increase in taxes. Overall, 64% of voters said balancing the budget should include some tax increases, even if they aren't the predominate vehicle for balancing the budget.
 - Unsurprisingly, Democrats are more likely to prefer tax increases, while Republicans prefer spending decreases.

Voters have more positive reactions to revenue reform when the messages focus on utilizing a rainy day fund, and there is moderate support for eliminating the personal kicker and allocating those revenues to such a fund if it reserved for K-12 education.

- More than eight in ten voters agree that *Oregon should keep more money in a rainy day fund* (86%).
- Six in ten voters supported eliminating the kicker and instead allocating extra revenues to a rainy day fund for K-12 education (61%).

Despite strong opinions about Oregon's tax system, more than one-third of voters are unable to name a tax that funds state services.

- More than three in ten voters cannot name a tax that fund state services in Oregon (36%). This does not include voters who provide incorrect answers.
- Many voters believe property taxes fund state services (31%). Less than one-half of one percent of the taxes collected by the State of Oregon come from property taxes.
- Just one-third of voters cite income taxes as a source of revenue that funds state services (34%).
- Although education is a factor (59% of voters with a high school diploma or less cannot name a state tax that funds services), voters of all backgrounds struggle to identify sources of state revenue. For example, although Democrats are among the most aware of state taxes, 28% still cannot name a tax.

Many voters also believe "Oregon has a spending problem."

- Six in ten voters agree that *Oregon has a spending problem* (62%).
 - More than six in ten voters in a wide variety of demographic groups agree with this statement, including 56% of tri-county voters and 42% of Democrats.

Oregon voters are most likely to support tax increases if they know it will prevent teacher layoffs and increased class sizes.

- A scant majority of voters say they would support an increase in personal income taxes to prevent teacher layoffs and increasing class sizes (51%). Nearly three-quarters of voters (73%) say they would support higher corporate taxes to prevent these cuts.
- Preventing teacher layoffs and increased class sizes are motivating than all other potential education cuts tested.

There is some support for revenue reform like Measure 97, with some important changes.

- More than half of voters say they would support a tax increase similar to Measure 97, if the measure were certain to fund K-12 schools (65%).
- Nearly as many voters support packages like Measure 97 that would *tax corporate income rather than gross revenue* (63%) or that would *tax industries differently* (62%).
- Support for these proposals is measured in this survey without any information about the cost to taxpayers.

Voters initially support a constitutional amendment to fully fund K-12 schools, but support drops when voters learn it would cost \$2 billion per budget cycle.

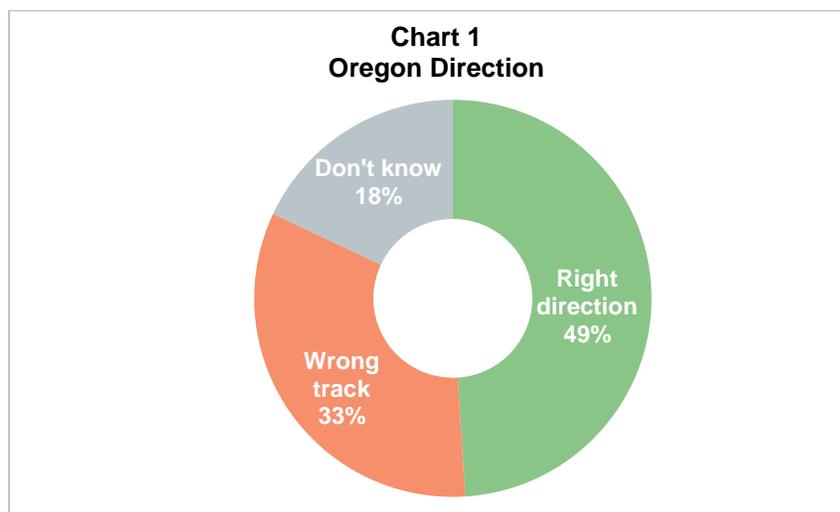
- Initially, 66% of voters say they would support a constitutional amendment requiring the Legislature to fully fund schools rather than submitting a report explaining why it was unable to do so.
- When voters learn the measure would cost the state \$2 billion per biennium, support drops to 56%.
- Alternatively, some voters did not hear that fully funding K-12 schools would cost \$2 billion per budget cycle, but instead were told that doing so would require the state to increase education funding by 25%. These voters had little change in opinion between the pre-test and the post-test (66% to 64%).

DHM Research conducted a telephone survey of Oregon voters to assess voters' budget priorities for the current legislative session, their support for revenue reform proposals, and to determine the values they use to evaluate the state's tax system.

3.1 GENERAL MOOD AND ECONOMY

Voters are somewhat positive about the direction the state is headed.

Overall, nearly half of Oregon voters believed the state is headed in the right direction (Q1). One-third believed the state is off on the wrong track, and the remaining 18% weren't sure. This response is consistent with past research.



Source: DHM Research, February 2017

Democrats and voters who described themselves as liberal when it comes to politics were the most positive (73% and 79%). Voters who described themselves as “middle of the road” (“moderates”) when it comes to politics were less positive than Democrats (53%). Non-affiliated voters, voters registered as Independents, or voters registered with a minor party (“non-affiliated voters”) were less positive (45%).

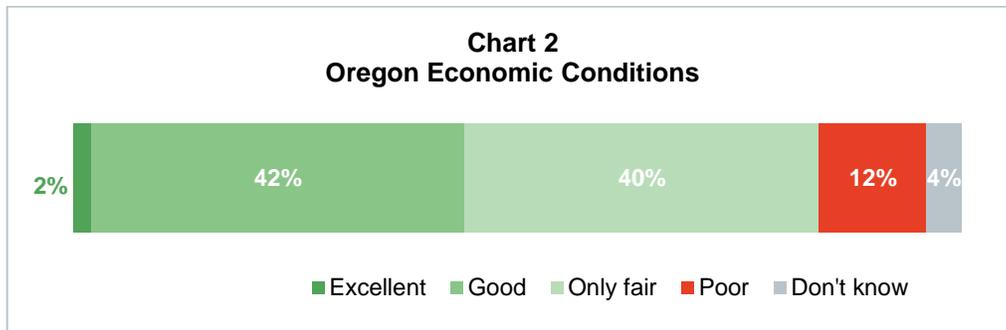
Republicans and voters who describe themselves as conservative were the least positive about the state's direction. About one in five thought things are headed in the right direction, while 64% of Republicans and 65% of conservatives said things are off on the wrong track.

Positivity about the direction of the state decreased with age, although the differences were not statistically significant.

DHM Research has asked this question in statewide surveys for over two decades. A “right direction” of 49% is somewhat above this historical average, but well below the highs of the late 1990s.

Most Oregon voters think the state’s economy is fair or better, and they believe it is continuing to improve.

Overall, 84% of voters said Oregon’s economy is fair, good, or excellent (Q2). Within this range, a plurality said the state’s economic conditions today are good, while nearly as many said they are only fair. About one in ten voters said the economy is poor, and very few said it is excellent (2%).

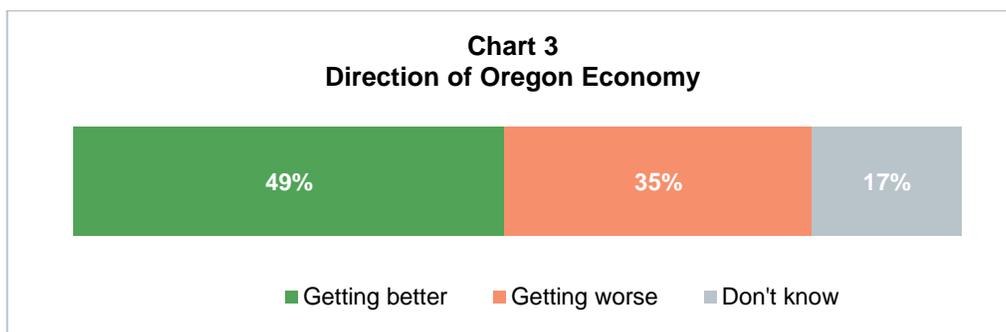


Source: DHM Research, February 2017

Some demographic groups were more optimistic than others. Overall, 44% of voters described the state’s economy as good or excellent, although majorities of Democrats and tri-county voters thought so (55%, 51%). Voters with annual incomes of \$50,000 per year or more and college graduates were also more optimistic (52%, 50%).

A plurality of Republicans described the state’s economy as only fair (45%). Republicans were among the mostly likely to say economic conditions today are poor (19%), along with rural voters outside the tri-county and Willamette Valley regions (22%).

Additionally, a plurality of voters statewide said the economy is getting better (49%), although more than one-third said it is getting worse (35%) (Q3).

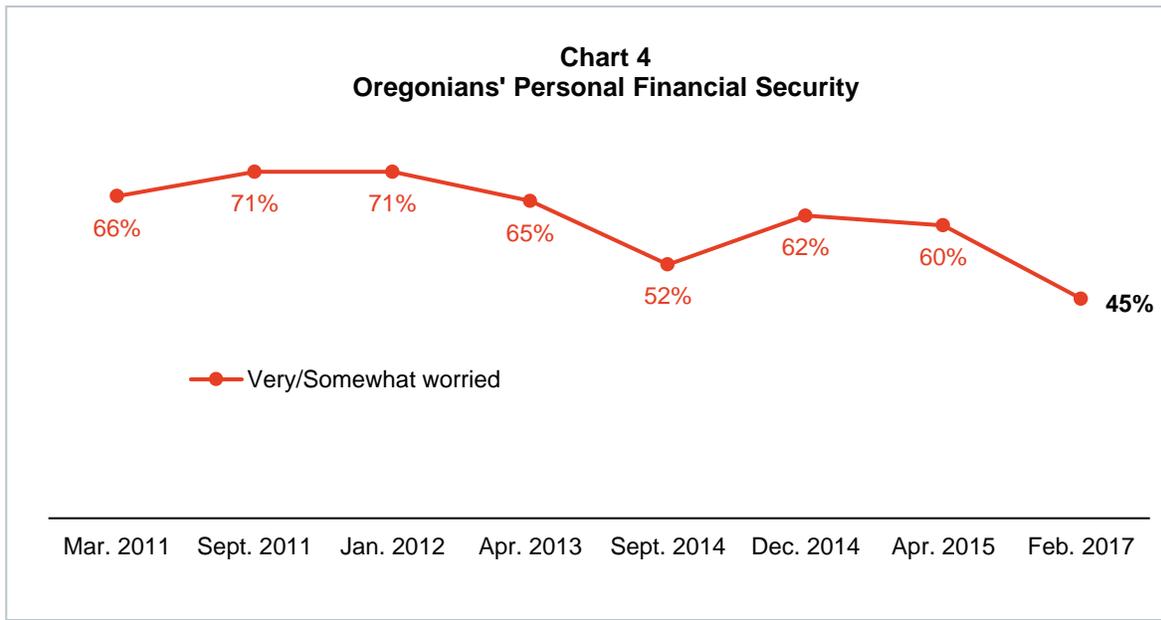


Those most likely to say economic conditions are improving were Democrats (63%), tri-county voters (54%), and Willamette Valley voters (52%). Positive outlooks were more common among voters with higher levels of education and income, and positivity decreased with age.

Voters 45 and older were the most likely to say they didn’t know (23%).

Personal financial security has drastically improved since the height of the recession.

Less than half of voters said they are somewhat or very worried about their personal financial situation (44%). Most voters said they aren't too worried or are not at all worried (55%). This is a marked improvement from 2012, when 71% of Oregonians said they were somewhat or very worried about their finances.



Source: DHM Research, February 2017

The voters least worried about their finances were those with six-figure annual incomes (23% somewhat or very worried), voters from the Willamette Valley (32%), Democrats (38%), men (40%).

Those most likely to be very worried about their personal finances were low-income Oregonians with annual incomes less than \$25,000 and voters who live in rural parts of the state (20%, 15%).

Non-affiliated voters were more likely to describe themselves as very worried than Democrats or Republicans (14%, compared to 7%, 9%). Additionally, voters of color were more likely to say they are very worried than white voters (15% to 9%). Women were twice as likely to say they are very worried as compared to men (13% to 6%).

DHM Research has asked this question in statewide surveys since 2011. At the peak, in late 2011/early 2012 71% of Oregonians said that they were very or somewhat worried about their personal financial situation. It has fallen 21-points since then.

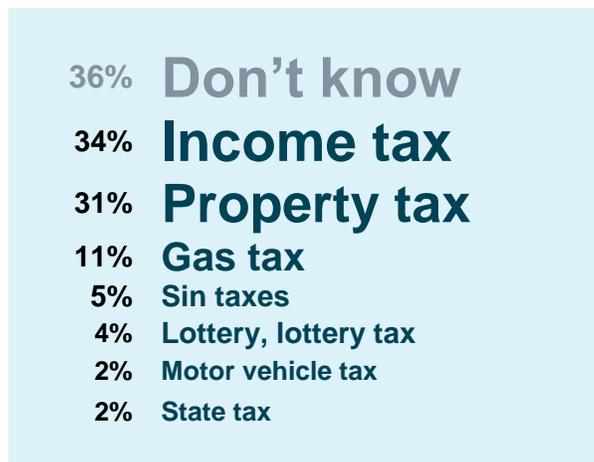
3.2 PERCEPTIONS OF TAXES COLLECTED

More than one-third of Oregon voters were unable to name a tax that funds state services.

When evaluating Oregonians' opinions about spending and taxation, it is valuable to take into account how much they know about the sources of state revenue. Consistent with past DHM Research surveys, Oregonians frequently don't know or are wrong.

When asked open-end, more than one-third of voters could not name a tax that helps pay for the delivery of state government services in Oregon (Q5). All answers were accepted, including incorrect answers, and respondents could offer more than one answer.

Chart 5
Awareness of State Taxes



Source: DHM Research, February 2017

Just one-third of voters did cite Oregon's income tax (34%). Nearly as many cited property taxes (31%), most of which do not fund state services. Other taxes mentioned included gas taxes (11%), sin taxes (5%), and corporate taxes (1%).

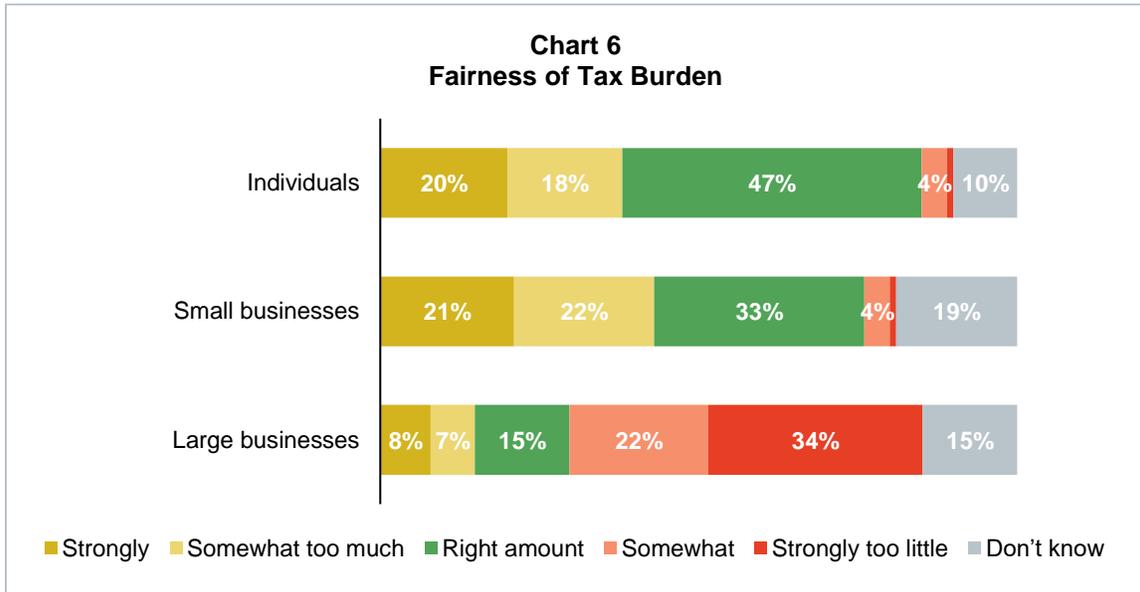
More than half of voters with a high school diploma or less were unable to name a tax (59%), along with 53% of voters under 30.

Democrats were most able to name a tax, although 28% could not. Democrats fared better than Republicans (33% don't know), and both major parties fared significantly better than non-affiliated voters (47% don't know).

College graduates were also among the most aware of state taxes, and 46% referenced Oregon's income tax. However, 37% of college graduates named the property tax, and 22% were unable to come up with anything.

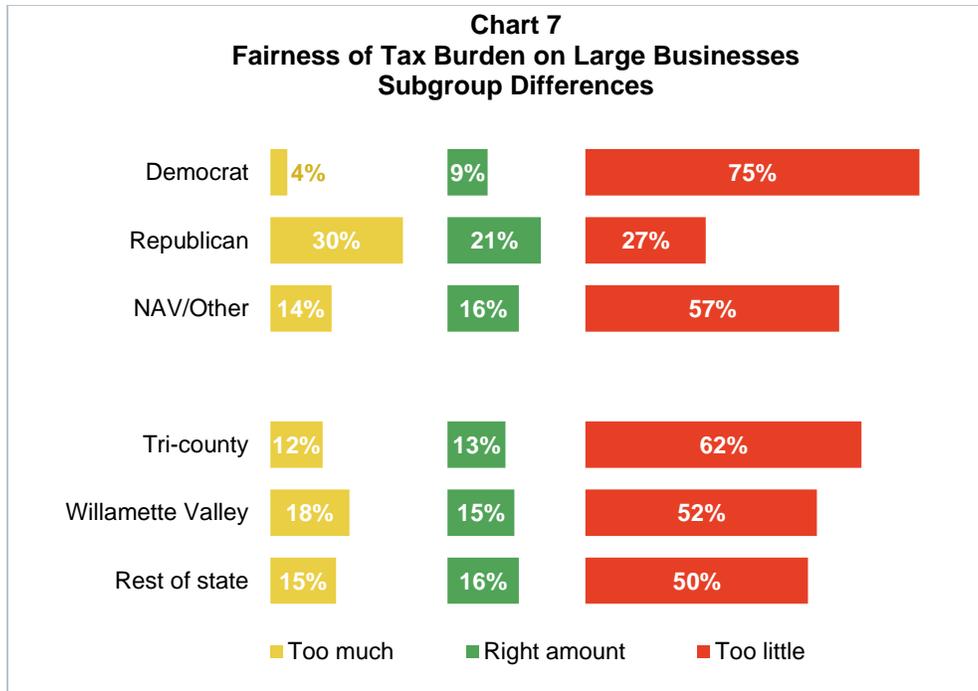
Voters think current tax rates are about right for individuals, too much for small businesses, and too low for large businesses.

A plurality of voters said individuals in Oregon currently pay about the right amount in taxes (Q6). For small businesses, a plurality said taxes are too much (43%) (Q7). Very few voters thought individuals or small businesses pay too little, although most thought large businesses pay too little (56%) (Q8).



Democrats, voters under 30, and those in the tri-county area were the most likely to say the current tax burden on individuals is appropriate (53-58%). Additionally, Democrats were one of the only demographic groups in which a plurality thought small businesses pay about the right amount (44%).

Most Republicans, minorities, and voters with some college education said small businesses pay too much in taxes (51-55%). A plurality of voters in all age groups and from each region of the state thought small businesses pay too much (35-48%).



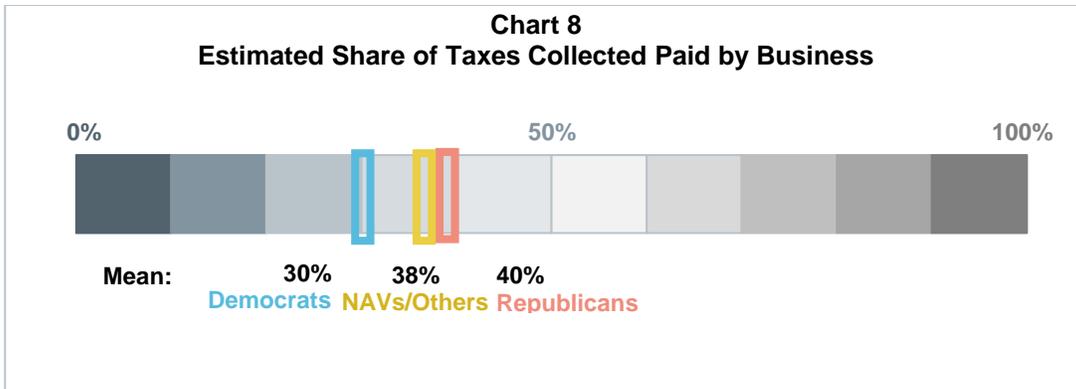
Source: DHM Research, February 2017

Majorities in nearly every demographic group said large businesses currently pay too little in taxes, with a few exceptions: only a plurality of high school graduates believed large businesses pay too little (49%) and a plurality of Republicans thought large businesses pay too much in taxes (30%), while 27% thought large businesses paid too little. Conservatives were more extreme than Republicans: a plurality thought large businesses paid too little (33%), although many believed large businesses pay too much (27%).

Most voters think taxes and fees paid by businesses and corporations account for between 29% and 42% of all taxes and fees collected in the state.

Although four in ten voters did not venture a guess (42%), those who did were likely to guess that businesses and corporations shoulder about 36% of taxes and fees paid in Oregon (Q9).

Liberal voters and Democrats thought businesses and corporations paid a smaller share (29%, 30%). On the other end of the spectrum were conservatives and Republicans, who thought businesses and corporations paid about 40-42% of all taxes and fees collected. Non-affiliated voters were closer to Republicans in their average guess. The difference between Democrats on one end of the spectrum and Republicans and non-affiliated voters on the other end is statistically significant.



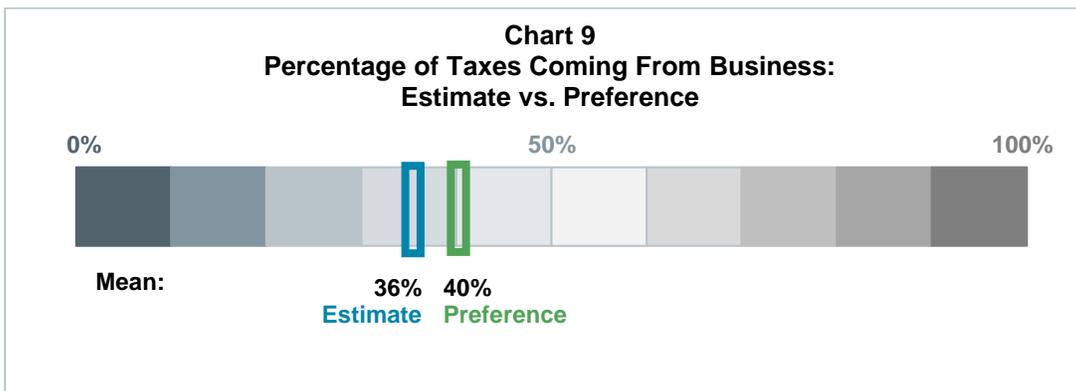
Source: DHM Research, February 2017

Most demographic groups had similar guesses, typically in the 30% to 40% range. Aside from party differences or ideological differences, the extremes were voters with six-figure incomes (28%) and voters with high school diplomas or less (40%).

Notably, voters 65 and older were the most likely of any group to say they didn't know (53%). Older voters often have the highest awareness on questions about taxes.

Voters think taxes and fees paid by businesses and corporations should account for a somewhat larger share of taxes paid in Oregon.

Voters were told that “independent studies have shown that the effective tax rate businesses in Oregon pay is among the lowest in the United States.” With this additional information, voters were asked what percentage of all taxes and fees *should* be paid by businesses and corporations (Q10).



Source: DHM Research, February 2017

On average, voters indicated that Oregon businesses and corporations should pay 40% of all taxes collected in the state. That is an increase over more than four percentage points over voters' average estimate of what businesses currently pay, and a ten-point increase over independent estimates of what businesses currently pay.¹

Looking again at ideological differences, liberals thought businesses should account for 43% of taxes paid—a 15-percentage point increase over what they guessed on average. Conservatives, who gave the

¹ Ernst & Young. 2015. *Total State and Local Business Taxes: State-by-State Estimates for Fiscal Year 2014*.

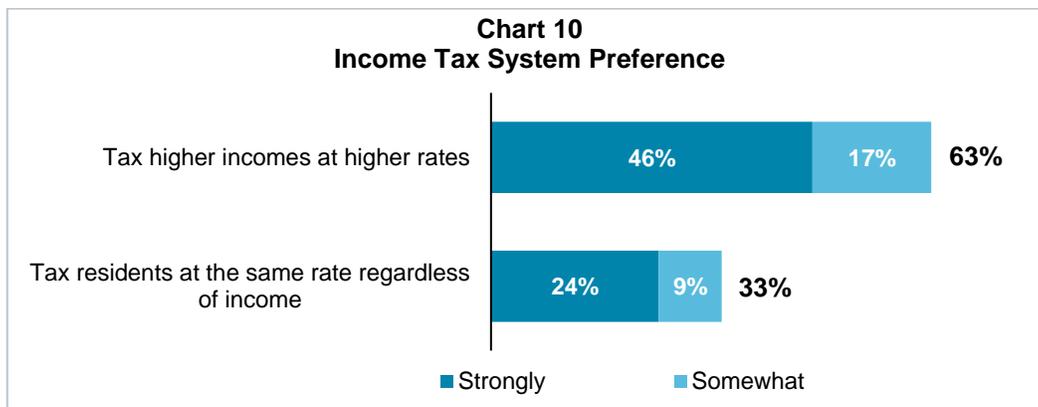
lowest average guess, thought businesses should account for 38% of taxes paid—a four-percentage point decrease.

3.3 TAX SYSTEM VALUES

The following results explain Oregon voters' values about state taxes. These results may inform revenue reform proposals in the future.

Voters strongly prefer a progressive income tax system to a flat one.

Nearly two-thirds of voters preferred a progressive income tax system over a flat (regressive) system (Q11). A plurality of voters felt strongly about their preference for a progressive system.



Source: DHM Research, February 2017

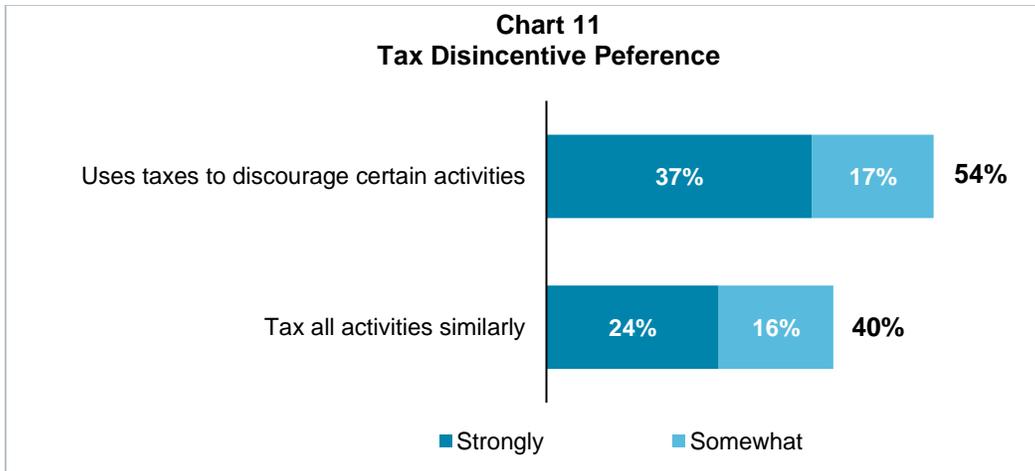
Majorities of nearly every demographic preferred “a system that taxes people with higher incomes at higher rates” (53-84%). There were two exceptions: Republicans and conservatives each preferred a flat income tax (54%). Notably, Republicans and conservatives were firm in their opinion, and a plurality strongly preferred “a system that taxes people at the same rate regardless of their income” (43%, 42%).

Although more than half of men, voters with children, and those living in rural parts of the state all preferred a progressive system over a flat tax, these groups had sizeable contingencies who disagreed. Four in ten parents (43%), men (41%), and rural voters outside the tri-county and Willamette Valley regions (39%) preferred a flat income tax.

There were no statistically significant differences in preference by age, education, or income, and 58-68% of each of these subgroups preferred a progressive system.

Voters generally accept taxes that discourage socially harmful acts.

More than half of Oregon voters preferred a “system that uses taxes to discourage certain activities, like smoking, drinking, and pollution” to a system that “taxes all activities in a similar manner” (Q12).



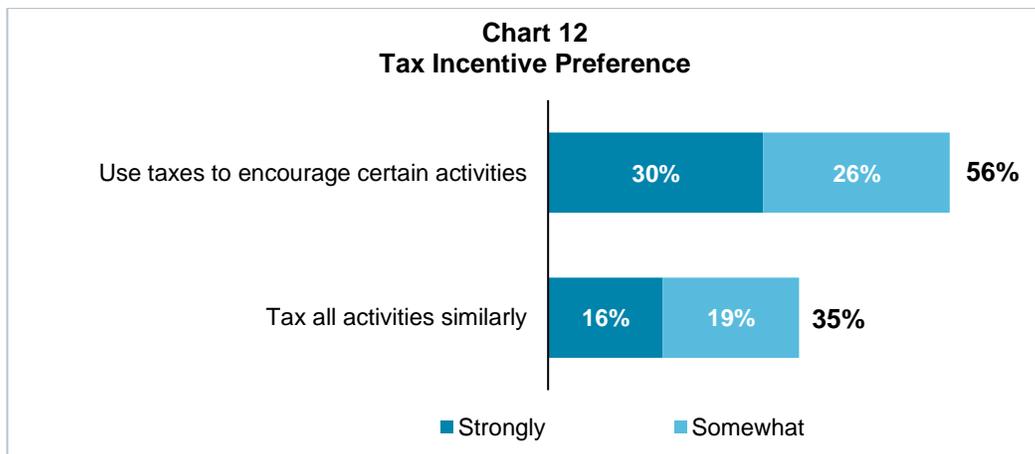
Source: DHM Research, February 2017

These were most preferred by liberals (71%), Democrats (67%), voters under 30 (65%), and women (62%).

Equal treatment for all types of activities, although not the preferred system overall, garnered support from many voters (40%). The only demographic groups more supportive of taxing all activities in a similar manner, rather than a sin tax, were conservatives (55%), Republicans (53%), and low-income voters (47% plurality).

Voters generally want their tax system to spur helpful economic activities, like home ownership and job creation.

More than half of Oregon voters also preferred “a system that uses taxes to encourage certain activities, like home ownership and creating jobs” (Q13). About one-third of voters preferred instead “a system that taxes all activities in a similar manner.”



Source: DHM Research, February 2017

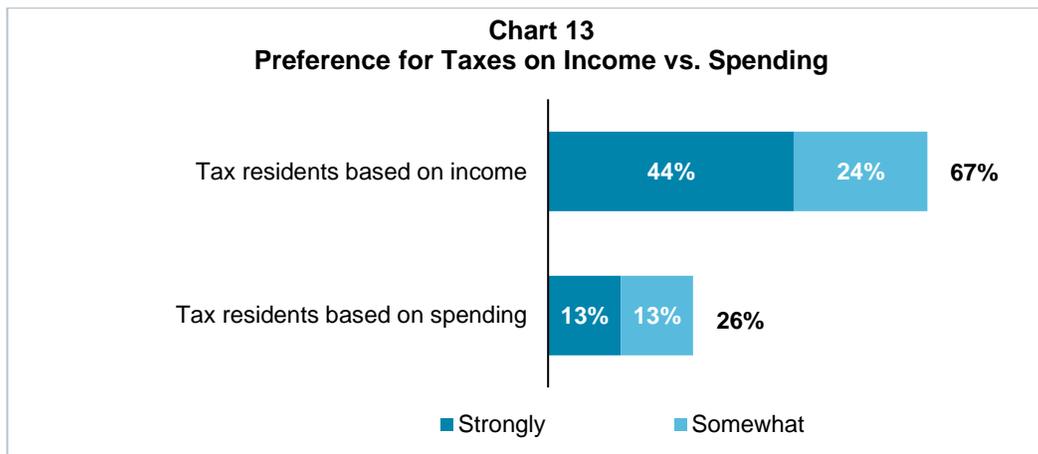
As with taxes to discourage activity, taxes that encourage good behaviors were most preferred by liberals (69%), voters under 30 (67%), Democrats (61%), and women (60%). Additionally, more than six in ten

minorities (68%), tri-county voters (61%), voters with six-figure incomes (61%), and parents (60%) preferred such a model.

Pluralities of Republicans and conservatives preferred a system that encourages certain good behaviors (48%, 46%). However, these two groups were also the most likely to prefer a tax system that makes no such judgments.

Oregon voters strongly prefer taxes be based on their income, rather than their spending.

More than two-thirds of voters preferred a tax system like Oregon’s existing system that taxes incomes, not spending (Q14).



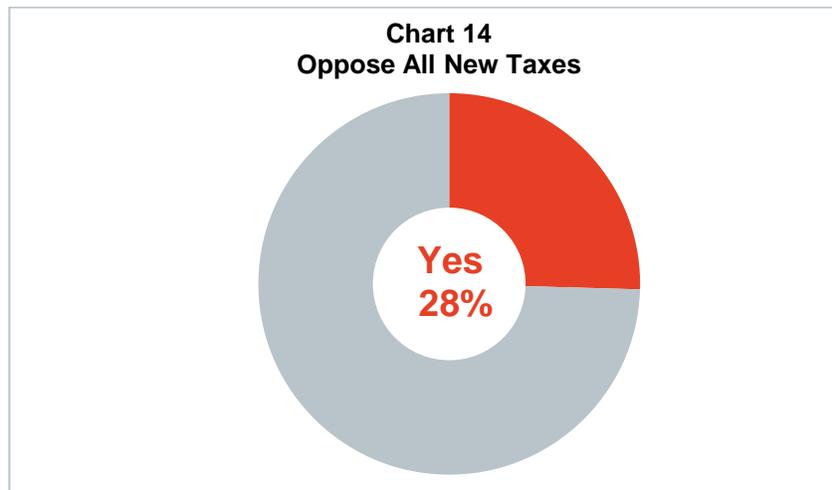
Source: DHM Research, February 2017

Many demographic groups were very supportive of Oregon’s current model, “a system that taxes residents based on their income.” More than seven in ten voters in a wide variety of groups indicated that this was their preference, including voters with some college education (79%), liberals (77%), voters 65 and older (73%), Democrats (73%), minorities (71%), and parents (70%).

The voters most likely to buck the trend were conservatives, 34% of whom preferred “a system that taxes residents based on their spending.” However, even conservatives preferred income taxes overall (62%).

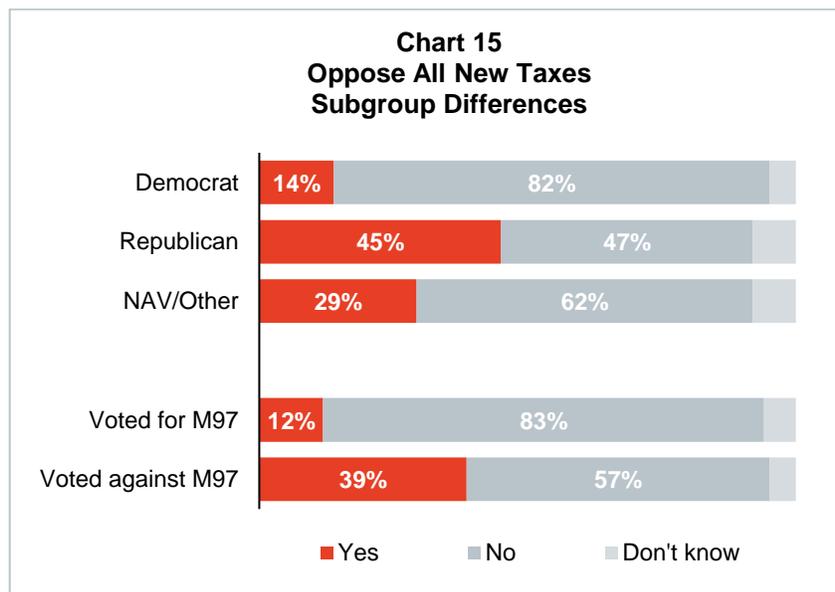
About three in ten Oregon voters oppose all new taxes, even if they would be dedicated to education.

Nearly three in ten voters indicated that they would *oppose all new taxes, even if they were certain the money would be dedicated to K-12 education* (Q59).



Source: DHM Research, February 2017

No single demographic group indicated they would oppose such taxes, although 45% of Republicans and conservatives said they would. Still, a greater proportion of Republicans and conservatives did not take such a firm stance. Non-affiliated voters were squarely average, and 29% said they would oppose all new taxes for any reason, while 62% said they would not.



Source: DHM Research, February 2017

Measure 97 opponents were not as opposed to tax increases generally as were Republicans and conservatives, although they had similar opinions. Overall, 39% of Measure 97 opponents said they

would oppose all new taxes, including those dedicated to education funding, while 57% of Measure 97 opponents did not.

3.4 LEGISLATIVE PRIORITIES

In the current session, voters would like to see the state legislature address school funding and education quality, among other issues.

One in nine voters hoped, unprompted, that the Oregon Legislature would take up the issue of *education funding* in the current session, including teacher salaries, supplies, programs, and more. Additionally, several voters mentioned the *quality of education*.

Chart 16
Most Important Issue for Oregon Legislature to Address



Source: DHM Research, February 2017

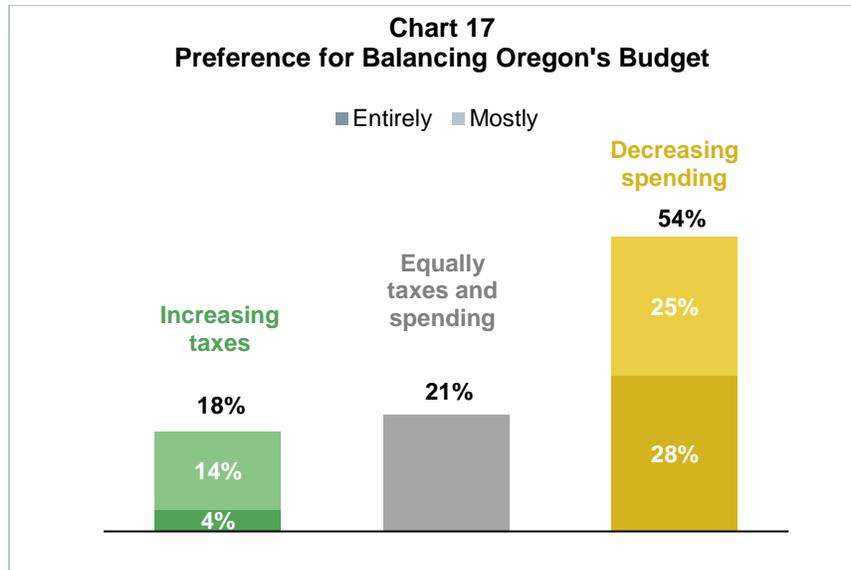
Mentions of education-related issues (*funding* and *quality*) were highest among liberals, voters earning six-figures, college graduates, women, and Democrats, and voters ages 30-44 (23%-26%). Parents, minorities, and tri-county voters were also likely to mention these issues (20%-22%).

Republicans and conservatives were most likely to mention *high taxes* (8% each).

These results mark a change in priorities from the last several years. Previously, jobs and economy were consistently in the top tier of issues wanted their elected leaders to address. As the economy as improved and employment rates increased, the urgency of for this has (at least temporarily) diminished.

Voters would prefer the Oregon Legislature address the state’s budget shortfall primarily through decreases in spending.

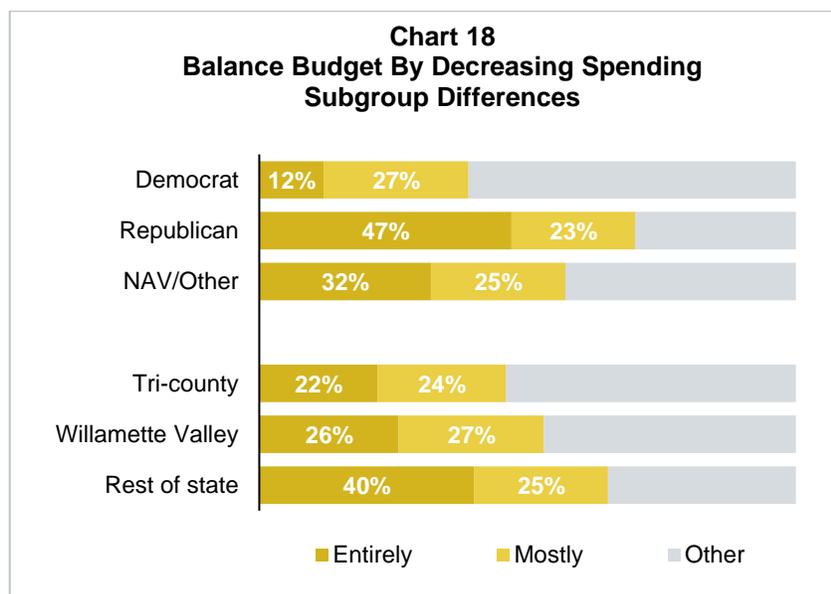
More than half of Oregon voters indicated that they would like to see the state’s \$1.8 million budget shortfall addressed primarily or entirely through decreases in spending, rather than through tax increases (Q16).



Source: DHM Research, February 2017

Majorities in most demographic groups agreed with this approach. The exceptions were tri-county voters (46%), voters under 30 (43%), Democrats (39%), and low-income voters (38%)—all groups in which a plurality chose decreasing spending entirely or somewhat.

Conservatives and Republicans were the most emphatic about decreasing spending. About half of each group preferred addressing the budget shortfall exclusively with spending decreases, with no tax increases (50%, 47%).

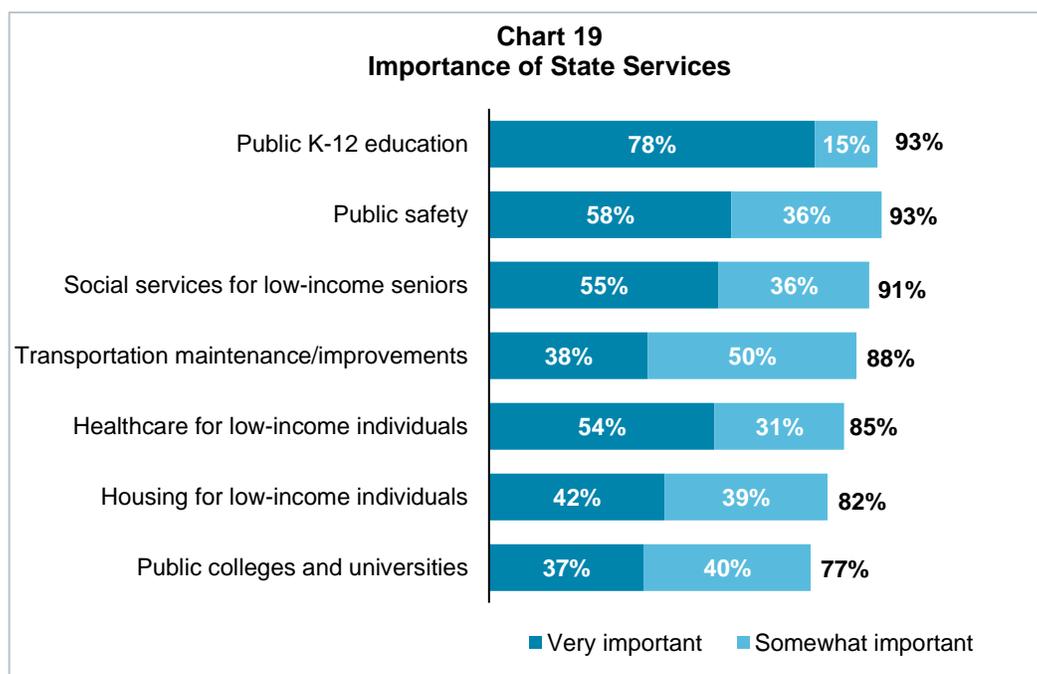


Source: DHM Research, February 2017

Only voters who identified as liberal were more likely to opt for a different solution, and 37% preferred increasing taxes. Specifically, 29% preferred mostly increasing taxes, with some decreases in spending, while 8% preferred addressing the budget shortfall exclusively with tax increases.

Funding K-12 education is the highest priority for Oregon voters.

More than nine in ten Oregon voters believed funding *public K-12 education* is important, and nearly eight in ten voters said it is very important (78%) (Q17). No other public service garnered as much support. Although nine in ten voters also said it was important to fund public safety, far fewer voters said it is very important to do so (58%).



Source: DHM Research, February 2017

Support for *K-12 funding* was strong across the state and among every demographic group. Nine in ten voters in every group, except for conservatives and Republicans, said it was important to fund K-12 schools. Even so, 85% of conservatives and 84% of Republicans agreed K-12 funding is important.

Furthermore, more than seven in ten voters from each group—again, except for conservatives and Republicans—said it was very important to fund K-12 schools. Six in ten conservatives and Republicans agreed (61%, 60%).

In terms of overall importance, *public safety* was the second-most critical service to fund (Q23). More than nine in ten voters said funding public safety is important, although fewer than six in ten said it is very important to do so. Nonetheless, majorities of every demographic group said this priority is important, except low-income voters (49%).

Voters also prioritized *social services for low-income seniors*. More than 85% of voters in every demographic group said it was important to fund this service (Q22). Additionally, more than 50% of voters in most groups said it was very important to do so. The exceptions were voters under 30 (49% very important), college graduates (49%), voters with moderate incomes of \$50-\$100,000 per year (45%), conservatives (41%), and Republicans (38%).

Transportation maintenance and improvements is also important to voters, but fewer described this issue as very important for the state to fund (Q19). Although nearly nine in ten voters believe funding

transportation is somewhat or very important, fewer than half of voters in almost every demographic group described it as very important. The lone exception was liberals, 50% of whom said funding transportation is very important. Liberals were joined by Democrats and tri-county voters as the most supportive of this issue overall (92-94%).

Most voters believed it is important to fund *affordable healthcare for low-income individuals* at the state level (Q20). Some groups viewed this issue as especially important, including liberals, Democrats, voters under 30, women, minorities, and low-income voters (90%-97%). Although many groups said affordable health care is very important, less than half of parents (49%), Willamette Valley voters (46%), conservatives (27%), and Republicans (22%) agreed.

Affordable housing for low-income individuals was considered important for the state to fund by 82% of voters (Q21). The voters most likely to deem this issue important were liberals (96%), Democrats (92%), and voters under 30 (91%). Democrats were significantly more likely than Republicans or non-affiliated voters to say it is important that the state fund affordable housing, and women were significantly more likely than men to say so. Voters with incomes under \$50,000 per year were significantly more likely to say funding affordable housing is important than voters with higher incomes. Overall, voters were split as to whether this priority was very important (42%) or somewhat important (39%).

Funding *public colleges and universities* was the lowest priority overall, and 77% of voters indicated it is somewhat or very important to fund (Q18). Nonetheless, more than eight in ten liberals (94%), Democrats (90%), tri-county voters (83%), high income earners (82%), voters under 30 (82%), and voters with some college education (81%) said it is important to fund higher education. Notably, four in ten Republicans said it is not important to fund public higher education (40%).

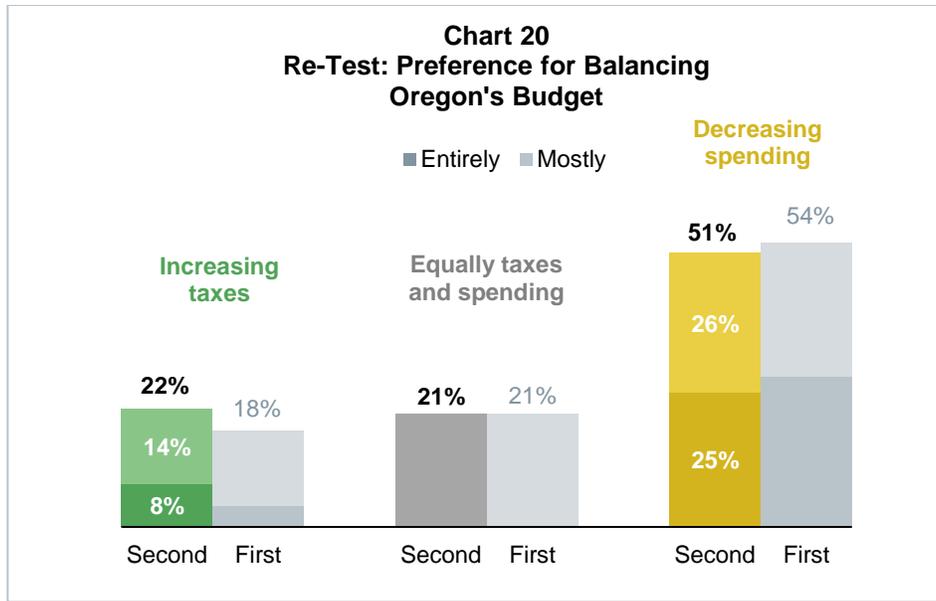
In the end, nearly four in ten voters said *public K-12 education* was the most important issue to fund of this list (39%). Support for K-12 funding far outpaced the second-most preferred issue, public safety (16%). Every single demographic group prioritized K-12 funding over the other issues presented.

Democrats were the most likely to choose K-12 education (44%), although not significantly more likely to do so than Republicans (37%) or non-affiliated voters (34%). Although Republicans also put K-12 education first, public safety was a close second for that group (31%). There were no significant differences by age, gender, or education.

Voters' opinions about how to address the state's budget shortfall shift only slightly once they learn about the potential impacts of cuts on public schools.

After prioritizing different state-funded services, voters were told that if the state's budget shortfall led to cuts in spending, "Oregon schools may have a shorter school year, larger class sizes, and fewer academic programs" (Q25). Furthermore, voters were informed that state support for public schools, as a percentage of the general fund, has decreased five percentage points over the last decade.

This information had only a minor impact on voters' opinions of how to address the budget shortfall. Whereas previously, 54% of voters preferred balancing the budget entirely or mostly through spending cuts, with this information that figure dropped to 51%.



Source: DHM Research, February 2017

Democrats and voters under 30 each saw a five-percentage point increase in the proportion of voters who preferred balancing the budget mostly or entirely through tax increases (34%, 29%). Tri-county voters saw a two-point increase to 27%. As before, 6% of Republicans preferred balancing the budget primarily or entirely with tax increases. However, the proportion of Republicans who preferred balancing the budget either mostly or entirely with decreases in spending *increased* four points, from 71% in the initial test to 75% in the re-test.

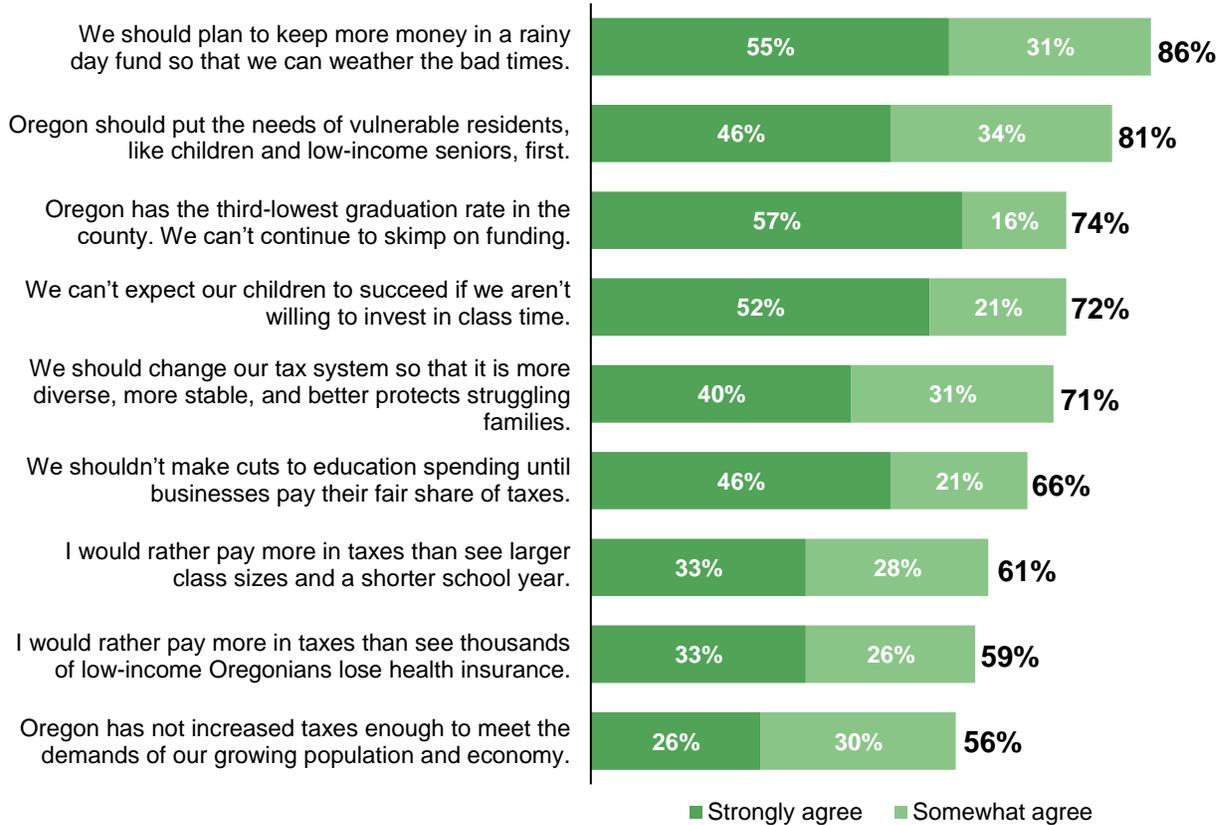
3.5 MESSAGING

The best reasons to support revenue reform highlight a rainy day fund and caring for vulnerable residents.

Messages to support revenue reform tested well overall, and more than half of voters agreed with each message. Two messages were supported by more than eight in ten voters across the state.

Many messages earned broad support from all ages, education levels, incomes, and other demographics. The most notable differences were those connected to political party and ideology. Democrats were significantly more likely to agree with each message in support of revenue reform than were Republicans. Additionally, Democrats were often, but not always, significantly more likely to agree with the messages than non-affiliated voters.

Chart 21
Messages Supporting of Revenue Reform



Source: DHM Research, February 2017

More than eight in ten voters agreed that *Oregon should plan to keep more money in a rainy day fund*, making it the strongest message in support of reform (Q29). Furthermore, more than half of voters indicated they strongly agreed with this message (55%). Only one other message garnered more intense agreement (*graduation rates*). Additionally, majorities in almost every demographic group agreed with the message. The only exception was voters under 30 (41%). There were no significant differences by age, gender, region, education, or income when it came to overall agreement with the message.

The other message supported by more than eight in ten voters argued *Oregon should put the needs of vulnerable residents, like children and low-income seniors, first* (Q30). This message also saw broad appeal throughout the state, and at least seven in ten voters from each group agreed with it. The groups most likely to agree with this message were liberals (91%), tri-county voters (87%), Democrats (86%), voters with incomes of \$50,000 per year or less (86%), and non-affiliated voters (83%). Several of these groups also saw strong agreement of 50% or more.

Overall agreement with the statement that explained *Oregon has the third-lowest graduation rate in the country; we can't skimp on education funding* was somewhat softer overall (74%), but it had the highest proportion of voters who strongly agreed than any other message (57%). Majorities in nearly all demographic groups strongly agreed with the statement, save conservatives (38% strongly agree) and Republicans (37%). There were some significant differences between other groups as well: women were

much more likely to agree than men and voters under 30 were more likely to agree than those 45 and older. There was little difference between voters with children and voters without children (77%, 73%).

Seven in ten voters agreed that because *Oregon has one of the shortest school years in the country, we can't expect our children to succeed if we aren't willing to invest in class time* (72%) (Q32). Overall, at least two-thirds of voters in all demographic groups agreed with the statement, aside from conservatives and Republicans (57% each). About half of all voters strongly agreed with this statement (52%). There were no significant differences by age, gender, region, education level, income, or whether voters had children in the home.

Most voters also agreed that *we should change our tax system so that it is more diverse, more stable, and better able to protect struggling families* (71%) (Q28). Overall, 65% or more of voters in most demographic groups agreed with the message. The exceptions were conservatives (48%), Republicans (52%), and voters 65 and older (63%). There were no statistically significant differences by gender, education level, income, or between parents and non-parents.

Two-thirds of voters said *we shouldn't make cuts to education spending until businesses pay their fair share of taxes in Oregon* (66%) (Q34). At least six in ten voters of most groups agreed, except Republicans (36%), conservatives (41%), and men (58%). The demographic groups most likely to strongly agree with the statement were liberals, Democrats, women, high school graduates, tri-county voters, and low-income voters (50%-74%). Despite especially strong support from certain demographic groups, overall, there were no significant differences in agreement between voters in different age groups, of different education levels, or of different incomes. Minorities were significantly more likely to agree with the statement than white voters (78% to 65%).

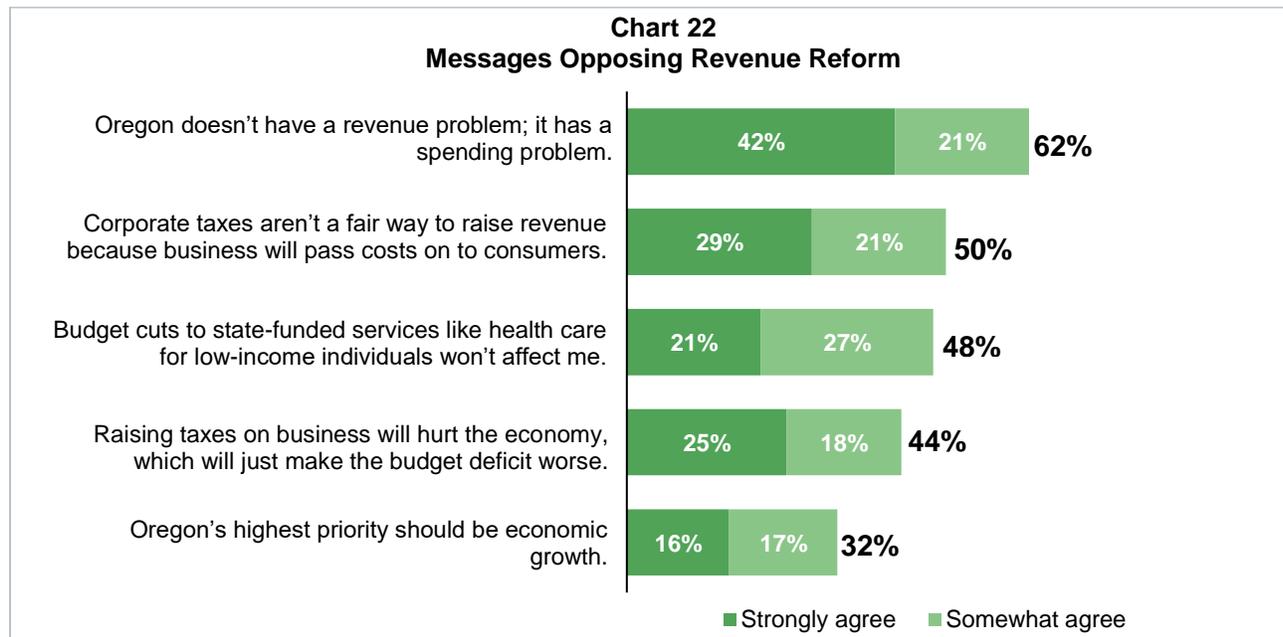
About six in ten voters said they would *rather pay more in taxes each year than see larger class sizes and a shorter school year* (61%) (Q27). Support was driven by a few key demographics, including liberals, Democrats, voters under 45, tri-county voters, voters with six-figure incomes, and women (67%-87%). However, at least half of voters in all groups except Republicans (33%), conservatives (36%), and low-income voters (49%) agreed with the statement. Four in ten Republicans and conservatives said they strongly disagree with the sentiment (41%, 40%). This statement performed slightly better than a similar statement highlighting spending for health care rather than education.

Nearly six in ten voters also agreed they would *rather pay more in taxes each year than see thousands of low-income Oregonians lose their health insurance* (59%) (Q26). With few exceptions, more than half of voters in each group agreed strongly or somewhat with this statement. A plurality of voters from rural parts of the state agreed (46%), and fewer than one in three conservatives (28%) and Republicans (26%). More than four in ten conservatives and Republicans strongly disagreed (40%, 45%). Women were significantly more likely than men to agree with the message (64% to 54%), and voters without children were more likely to agree than parents (62% to 51%).

A soft majority of voters agreed that the state *simply needs more revenue to fully fund vital services and make investments in our future* (56%) (Q33). Although this message did earn majority support statewide, it ranked last in performance among all messages in support of revenue of reform. Although the statement earned majority support for most demographic groups, voters tended to agree with the statement only somewhat, rather than strongly. Conservatives, Republicans, and men were more likely to disagree with the statement rather than agree (63%, 59%, 50%). There were no significant differences by age, region, educational level, or income.

The strongest reason to oppose revenue reform is simple: Oregon should reduce state spending.

Voters also responded to messages opposing revenue reform. Overall, these messages did not perform as well as reasons to support reform, but one message earned the support of more than six in ten voters, and a second earned scant majority support from voters.



Source: DHM Research, February 2017

The strongest message in opposition was also the simplest: *Oregon doesn't have a revenue problem, it has a spending problem* (Q39). Most demographic groups agreed with the statement by a margin of 60% or greater. The exceptions were liberals, Democrats, women, tri-county voters, voters earning six figures, college graduates, and voters under 30 (29%-51%). Voters in rural areas were significantly more likely to agree with the message than those from the tri-county area and the Willamette Valley (70% to 56%, 64%).

A few groups strongly agreed with the message, including more than half of Republicans and conservatives (68% each), rural voters (53%), voters 65 and older (52%), and those with some college education (50%).

Exactly half of Oregon voters agreed that *increasing corporate taxes isn't a fair way to raise revenue because businesses will just pass the costs on to consumers* (50%) (Q37). More than half of all demographic groups agreed with the statement. The message resonated especially well with certain groups, including conservatives (78%), Republicans (77%), rural voters (59%), parents (56%), and men (55%).

Less than half of voters agreed that *budget cuts to state-funded services, like health care for low-income individuals and higher education won't affect me* (48%) (Q38). Majorities of voters in a few groups did agree, including Republicans, conservatives, voters earning six figures, Willamette Valley voters, voters 65 and older, men, and high school and college graduates alike (50%-61%). The fact that high income earners were among the most likely to agree (58%) indicates that voters may not connect their own tax

burdens to state-funded benefit programs—programs which may be less costly if a more educated workforce were less reliant on social services.

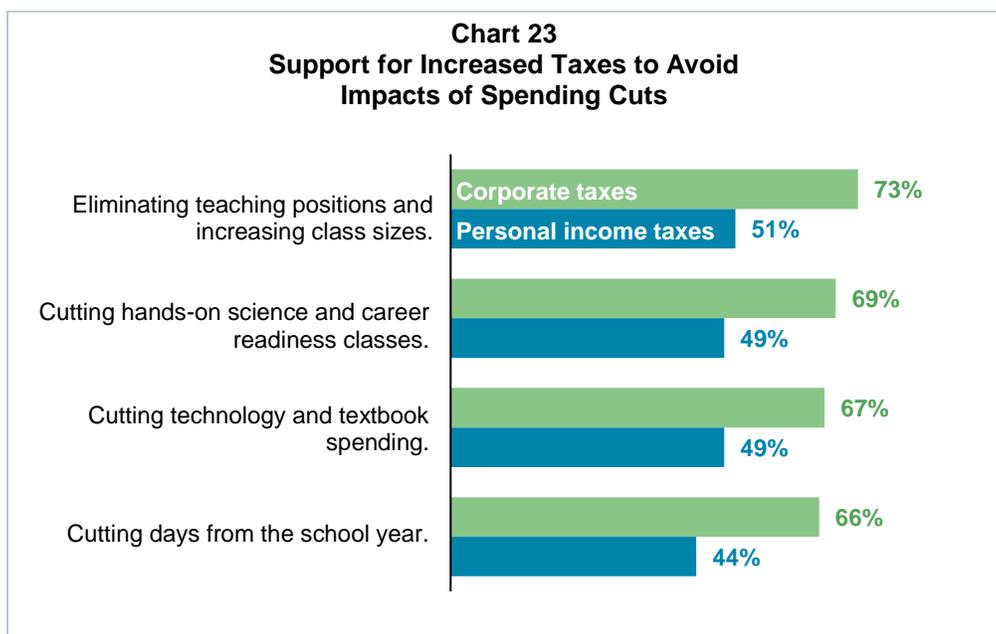
Most voters disagree with the idea that *raising taxes on businesses will hurt the economy, which will just make the budget deficit worse* (Q36). While 50% of voters disagreed with this statement, 44% agreed. However, some demographic groups were more likely to agree than disagree, including majorities of Republicans (77%), conservatives (73%), men (52%), and rural voters (51%). There were no significant differences in agreement by age, education level, or income.

Fewer than one in three Oregon voters agreed that *Oregon should cut taxes to grow businesses and increase employment, even if it means immediate reductions in education funding and services for vulnerable people* (32%) (Q35). Among demographic groups, only Republicans (60%) and conservatives (57%) agreed with the statement. There were no significant differences by age or education.

3.6 SUPPORT FOR TAX INCREASES

Voters are most likely to support an increase in taxes if it will prevent teacher layoffs and growing class sizes.

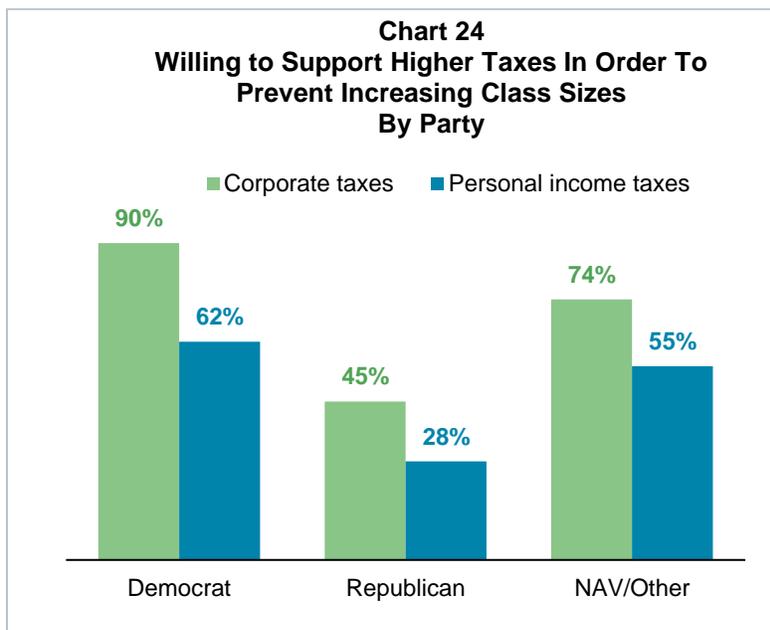
Voters responded to several potential impacts of education funding cuts and were asked which impacts would spur them to support increased taxes for themselves and for businesses and corporations. Support for tax increases, both personal and corporate, was highest when voters were faced with *eliminating teaching positions and increasing class sizes*.



Source: DHM Research, February 2017

Teacher layoffs and increased class sizes were most motivating to voters by several metrics. A scant majority of voters statewide indicated they would support higher personal income taxes to avoid these

cuts—the only impact most voters were willing to pay to avoid (51%). Additionally, 73% of voters said they would support increased corporate taxes to prevent such cuts, also the highest of any impact tested.



Source: DHM Research, February 2017

The prospect of *eliminating teaching positions and increasing class sizes* also had the largest difference in support for corporate tax increases over personal tax increases. This was true for Democrats and Republicans alike. While 62% of Democrats said they would support increasing personal income taxes to avoid teacher layoffs, 90% of Democrats supported increased corporate taxes for the same purpose, a 28-point difference. While 28% of Republicans supported increased personal taxes for this purpose, 45% supported increased corporate taxes to support the same goal, a 17-point difference.

Furthermore, voters who opposed Measure 97 in November were most likely to support a tax increase if it were to avoid teacher layoffs. More than half of Measure 97 opponents supported an increase in corporate taxes for this purpose (56%), along with 37% of Measure 97 opponents who supported an increase in personal taxes for this purpose. Support among Measure 97 opponents for increased corporate taxes to avoid other cuts ranged from 45% to 53%. Support among these voters for increased personal taxes to avoid other cuts ranged from 29% to 37%.

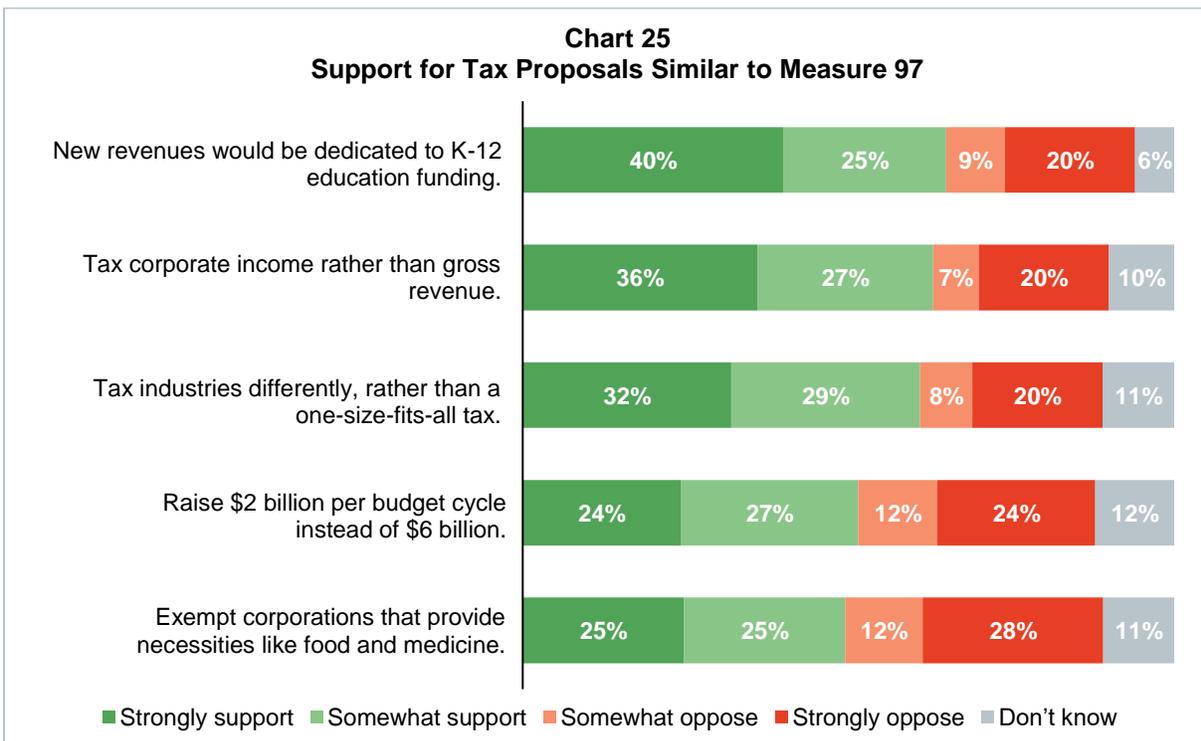
In measuring support for tax increases, Democrats, voters under 30, and women are typically among the most supportive. In this survey, support was higher among Democrats (and liberals) and voters under 30, but women were not significantly more likely than men to support increased personal taxes to avoid cuts, except when it came to teacher layoffs. While 55% of women supported higher personal income taxes to *avoid teacher layoffs*, 46% of men felt the same. Women were significantly more likely than men to support higher corporate taxes for all cuts tested.

Democrats were significantly more likely than Republicans to support higher taxes—both personal income and corporate—to avoid all described cuts. Support among Democrats for higher personal income taxes ranged from to 57% to *avoid cutting school days* to 63% for *new technology and textbooks for students*. Support among Democrats for higher corporate taxes ranged from 83% to *avoid cutting school days* to 90% to *avoid teacher layoffs*.

Voters under 30 were significantly more likely than voters 45 and older to support higher personal income taxes to *avoid teacher layoffs, to update technology and textbooks, and to provide hands-on learning for students*. There were no significant differences by age when it came to raising personal income taxes to *prevent school days from being cut*. The only significant difference between young voters and older voters regarding corporate taxes related to *hands-on learning*, where voters under 30 were significantly more likely to support increases than voters 45 and older.

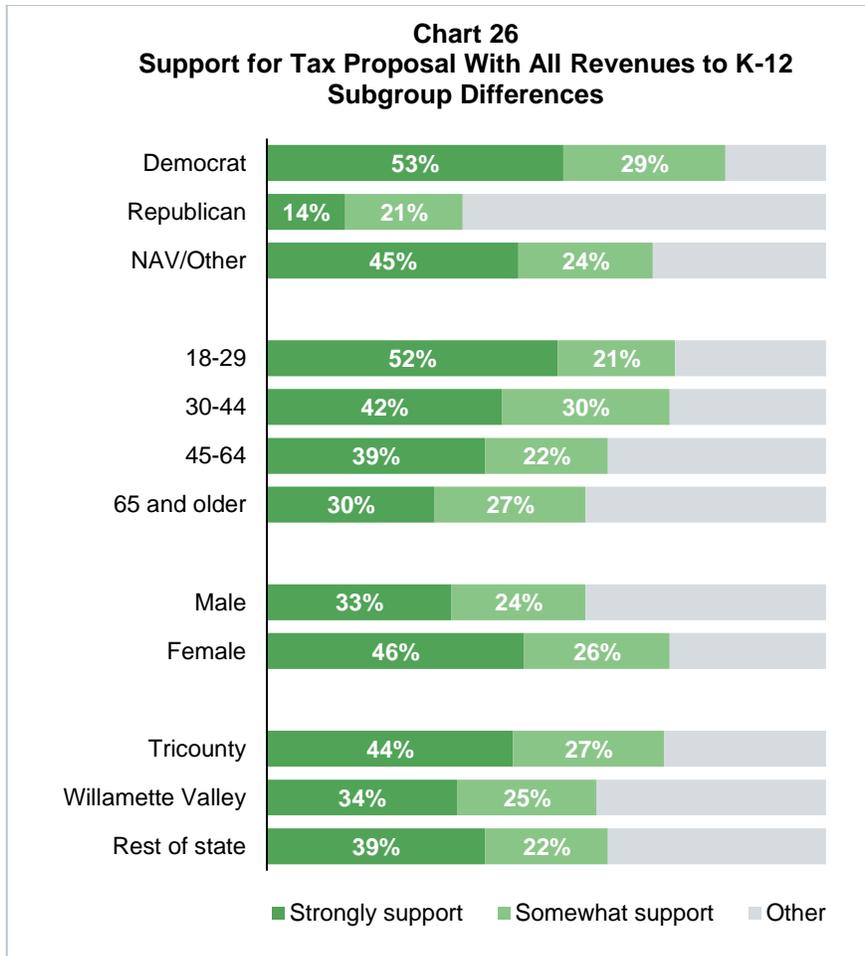
Voters are most likely to support a tax package like Measure 97 if it dedicates funding to education, taxes income rather than revenue, and considers the different needs of different industries.

At least six in ten voters indicated they would support a corporate tax increase like Measure 97 if the measure were certain to *dedicate revenues to K-12 education funding, tax corporate income rather than gross revenue, and tax industries differently rather than a one-size-fits-all tax* (62%-65%) (Q53, Q52, Q51).



Two other concepts similar to Measure 97, which described a small tax increase that would *raise \$2 billion per budget cycle instead of \$6 billion* and an *exemption for necessities like food and medicine*, earned support from a scant majority (52%, 50%) (Q49, Q50).

As before, Democrats, voters under 30, and women were more supportive of each measure than Republicans, voters 65 and older and men. Additionally, voters from the tri-county area were more supportive than voters from the Willamette Valley or rural parts of the state. These differences were almost always statistically significant.



Source: DHM Research, February 2017

Women were significantly more likely than men to support each proposal. Support from women outpaced support from men by a margin of eight to 16 percentage points. The smallest difference was found when men and women were asked about a measure that would *tax income rather than revenue*, and the largest difference related to the proposal that explained *revenue would be dedicated to K-12 education funding*.

Voters under 30 were more supportive of each proposal than voters 65 and older, and were significantly more supportive of four of the five proposals. Only the proposed increase that would *raise \$2 billion per budget cycle rather than \$6 billion* garnered a statistically insignificant difference between the two age groups (50% to 43%). For the other proposals, support from voters under 30 was 14-21 percentage points higher than it was among voters 65 and older. The largest difference came from the proposal that would *tax corporate income rather than gross revenue*. While 68% of voters under 30 supported that proposal, 47% of voters 65 and older supported it. Support for each proposal for voters 30-64 varied, although these voters' opinions were typically closer to those of the under-30 crowd than to those 65 and older.

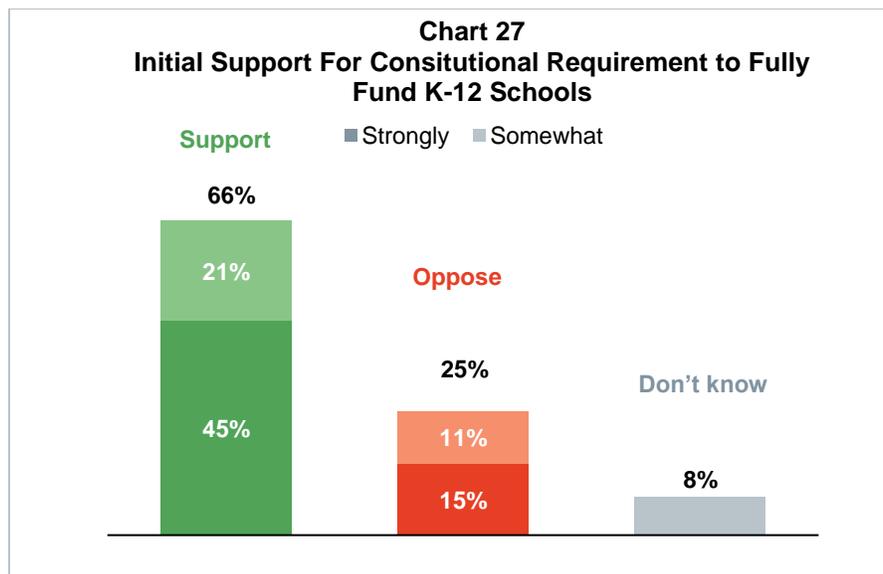
Democrats were significantly more supportive of each proposal than both Republicans and non-affiliated voters. Democratic support outpaced Republican support by 35-52 percentage points. The smallest difference came from the proposal that would *exempt corporations who provide necessities* and the largest difference came from the proposal that would *tax industries differently*.

Furthermore, while Democrats were significantly more supportive of each proposal than both Republicans and non-affiliated voters, non-affiliated voters were significantly more supportive of each proposal than Republicans. Non-affiliated voters tended to have opinions more like those held by Democrats, leaning in that direction for the proposals that would *dedicate revenue to K-12 education funding, tax corporate income rather than gross revenue, and tax industries differently*. For the proposals that sought to *raise \$2 billion per budget cycle rather than \$6 billion and exempt corporations that provide necessities*, non-affiliated were still significantly more supportive than Republicans, but the difference between their non-affiliated support and Republican support was smaller than the difference between non-affiliated support and Democratic support.

There were also significant differences by region. Tri-county voters were significantly more supportive of the proposals to *dedicate funding to K-12 education* and to *tax industries differently* than both Willamette Valley voters and rural voters. When it came to the proposals to *tax corporate income rather than gross revenue* and to *raise \$2 billion per budget cycle rather than \$6 billion*, tri-county voters were much more supportive than rural voters, but only somewhat more supportive than Willamette Valley voters. There were no significant regional differences among voters when it came to the proposal that would *exempt corporations that provide necessities*.

Without any information about financial impacts, voters indicate they would strongly support a constitutional amendment to fully fund K-12 schools.

Initially, two in three voters supported a constitutional amendment requiring the Legislature to fully fund K-12 schools, rather than submitting a report as provided by current law (66%) (Q54). However, when voters were presented with additional information about how this would impact the state budget, support slipped.



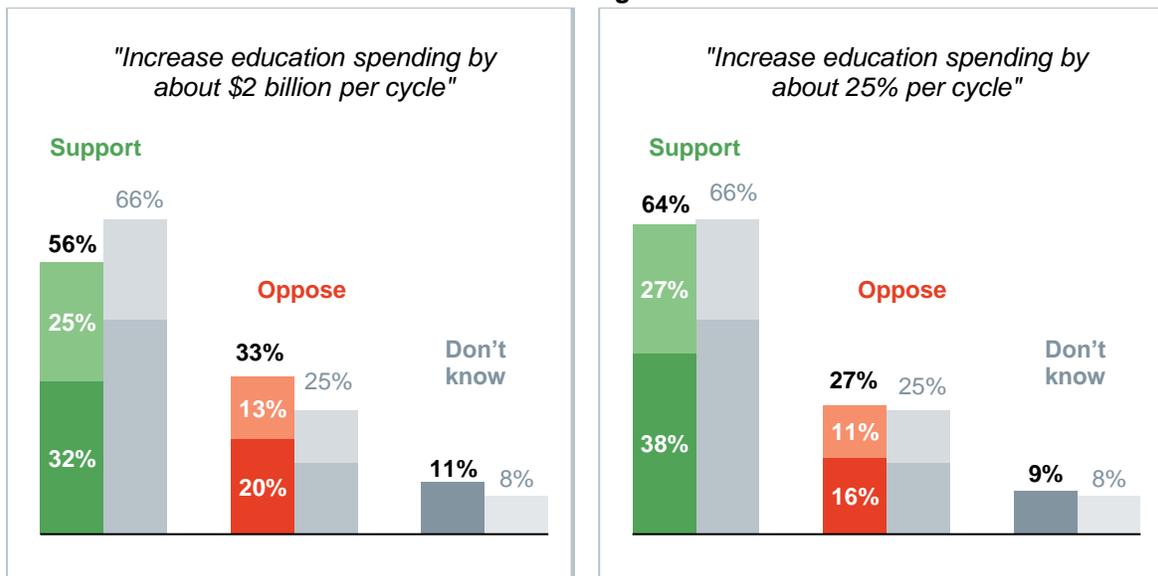
Source: DHM Research, February 2017

Voters were provided with one of two additional statements before answering again whether they would support such an amendment. Some voters were told that to meet the requirement to fully fund K-12 schools, the state would need an additional \$2 billion per budget cycle (Q55). Other voters were told that

to meet the requirement, the state would need to increase education spending by 25% (Q56). In this case, \$2 billion and 25% are equivalent amounts of money. The difference in opinions reflects what they voters perceive these amounts to mean.

Support for the constitutional amendment dropped ten percentage points when voters learned fully funding K-12 schools would cost an additional \$2 billion per budget cycle, from 66% to 56%. However, support dropped only marginally when voters were told that fully funding schools would require a 25% increase in education spending, from 66% to 64%.

Chart 28
Support for Constitutional Requirement
with Additional Budget Information



Source: DHM Research, February 2017

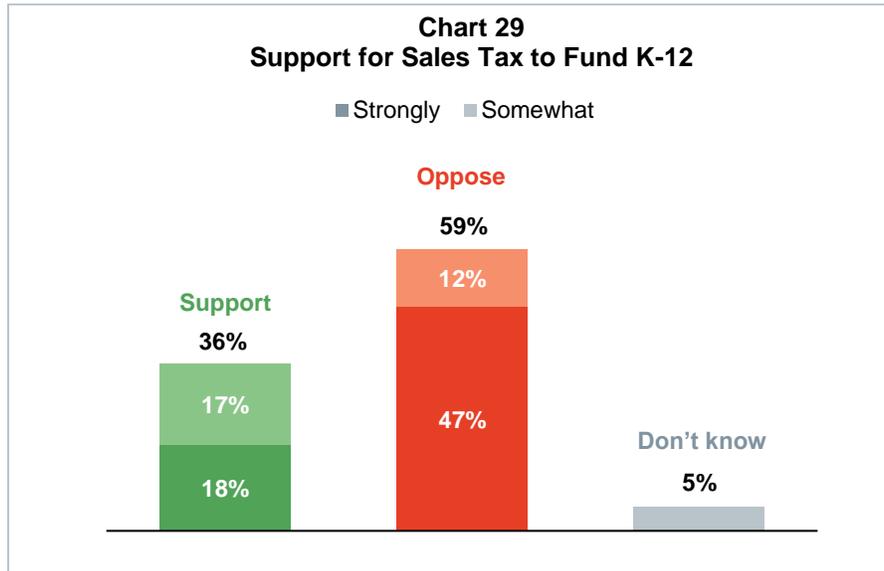
In the initial test, there were few statistically significant differences in overall support, and none by gender, age, region, or income. Democrats and non-affiliated voters were both significantly more likely to support the amendment than were Republicans (73%, 71% to 51%). Unsurprisingly, voters who supported Measure 97 in November were significantly more likely to support the amendment than those who voted against Measure 97 (80% to 55%).

With additional information about the amendment, a few more differences emerged. In the first split sample, in which voters were told the state's budget must increase by \$2 billion to meet the requirement, voters under 45 were significantly more likely than voters 45 and older to support amendment (70% to 46%). In this split sample, parents were more supportive of the amendment than voters without children, although the difference is not statistically significant (66% to 55%).

In the second split sample, in which votes were told the state's education spending must increase by 25% to meet the requirement, voters under 30 were significantly more likely than voters 65 and older to support the amendment (75% to 55%). Other differences between age groups were not significant. There was essentially no difference in support between parents and voters without children in the second split sample (67% to 66%). In both split samples, Democrats and non-affiliated voters remained significantly more supportive of the idea than Republicans, and proponents of Measure 97 remained significantly more supportive than opponents.

Six in ten voters oppose a statewide sales tax to fund K-12 education.

Alternative revenue reform proposals did not earn majority support from Oregonians. Six in ten voters opposed a *statewide sales tax to fund K-12 education with a rate that could not be raised without a vote of the people*, and to which local governments would be prohibited from adding taxes (Q57).

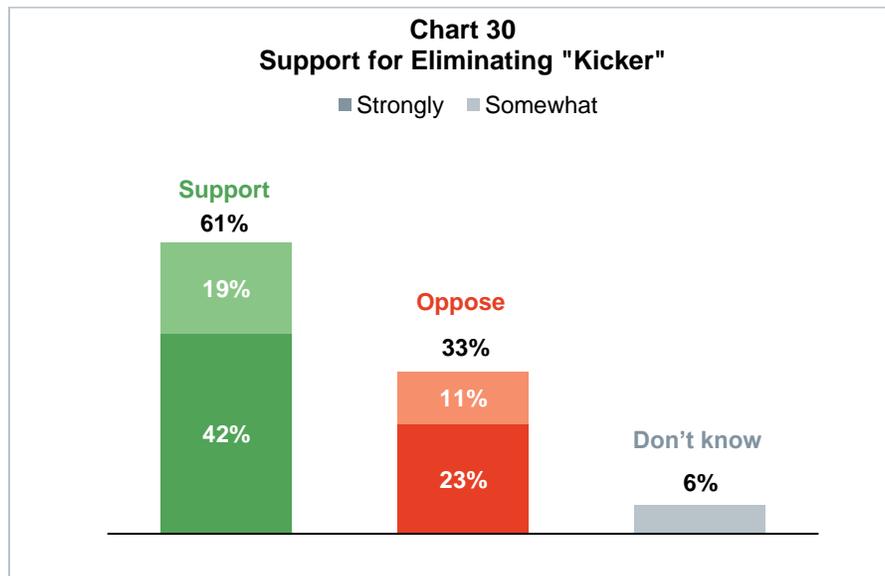


Source: DHM Research, February 2017

The proposed sales tax enjoyed majority support from just one demographic group: voters who identify as liberal (52%). Nonetheless, even this support was soft.

There is moderate support for eliminating the personal kicker and dedicating the revenues to a rainy day fund for K-12 education.

Six in ten voters supported *eliminating the kicker and instead using extra revenues to fund a rainy day fund for K-12 education* (61%) (Q58).



Source: DHM Research, February 2017

Many Oregon voters indicated support for this proposal, and, notably, support was strong. While 19% of voters somewhat supported eliminating the kicker, twice as many voters strongly supported the idea (42%). Additionally, more than half of voters in nearly every demographic group supported the idea. Support ranged from soft among voters under 30 (50%) to strong support among liberals (85%), Democrats (80%), and college graduates (68%).

Overall, support was broad. There are no statistically significant differences in support by age, gender, region, ethnicity, or income. However, some groups did oppose eliminating the kicker, including conservatives and Republicans (63%, 52%). Many conservatives and Republicans strongly opposed the proposal (45%, 36%).

OSBA Budget and Revenue Reform Survey

February 23 – 26, 2017
 Oregon voters; N=600
 Margin of error $\pm 4.0\%$
 23 minutes

DHM Research #00534

Hi, my name is _____ and I'm calling from DHM Research, a public opinion research firm in Oregon. I'm calling about important issues in your community. May I please speak to _____ **(Must speak to name on list. If unavailable, schedule call back)**

WARM UP/GENERAL MOOD

1. All things considered, would you say that Oregon is headed in the right direction or off on the wrong track?

Response Category	N=600
Right direction	49%
Wrong track	33%
(DON'T READ) Don't know	18%

ECONOMY

Next, I'd like to ask you some questions about Oregon's economy.

2. How would you rate the economic conditions of Oregon today: excellent, good, only fair, or poor?

Response Category	N=600
Excellent	2%
Good	42%
Only fair	40%
Poor	12%
(DON'T READ) Don't know	4%

3. Do you think the economy in Oregon is getting better or getting worse?

Response Category	N=600
Getting better	49%
Getting worse	35%
(DON'T READ) Don't know	17%

4. How worried are you about your personal financial situation: not at all worried, not too worried, somewhat worried, very worried?

Response Category	N=600
Not at all worried	24%
Not too worried	32%
Somewhat worried	34%
Very worried	10%
(DON'T READ) Don't know	1%

OREGON'S BUDGET

Now for a new topic.

5. Please name a tax that Oregon residents pay that helps pay for the delivery of state government services in Oregon. **(DO NOT READ LIST. Record up to 3 responses)**

Response Category	N=600
Income tax	34%
Property tax	31%
Gas tax	11%
Sin taxes (cigarettes, alcohol, marijuana)	5%
Lottery/Lottery tax	4%
Motor vehicle taxes	2%
State tax	2%
Corporate taxes	1%
Arts tax	1%
Other	7%
Don't know	36%

For each of the following, indicate if you think that group is paying [Randomize: too much, too little] or about the right amount of Oregon state taxes. **(Randomize "too much" and "too little,") (wait and ask strongly/somewhat)**

Response Category	Strongly too much	Somewhat too much	About the right amount	Somewhat too little	Strongly too little	Don't know
6. Individuals	20%	18%	47%	4%	1%	10%
7. Small businesses	21%	22%	33%	4%	1%	19%
8. Large businesses	8%	7%	15%	22%	34%	15%

9. To the best of your knowledge, what percent of all taxes and fees collected in Oregon comes from businesses and corporations? **(Record numeric response)**

Response Category	N=600
Mean	35.6
<i>Median</i>	30
Don't know	42%

10. Independent studies have shown that the effective tax rate businesses in Oregon pay is among the lowest in the United States. Knowing this, what percent of all taxes and fees collected in Oregon *should* come from businesses and corporations? **(Record Numeric Response)**

Response Category	N=600
<i>Mean</i>	40.2
<i>Median</i>	40
Don't know	35%

In a moment, I will ask you about some specific tax policies that some elected officials in Oregon are considering. But first, I want to ask you about the values you want them to consider when evaluating whether a tax policy is a good idea or not. **(Randomize Q11-Q14)**

11. Would you prefer...**(Wait and ask strongly/somewhat)**

Response Category	N=600
A. A system that taxes people at the same rate regardless of their income	
Strongly	24%
Somewhat	9%
B. A system that taxes people with higher incomes at higher rates	
Strongly	46%
Somewhat	17%
(DON'T READ) Don't know	5%

12. Would you prefer...**(Wait and ask strongly/somewhat)**

Response Category	N=600
A. A system that uses taxes to discourage certain activities, like smoking, drinking, and pollution	
Strongly	37%
Somewhat	17%
B. A system that taxes all activities in a similar manner	
Strongly	24%
Somewhat	16%
(DON'T READ) Don't know	6%

13. Would you prefer...**(Wait and ask strongly/somewhat)**

Response Category	N=600
A. A system that uses taxes to encourage certain activities, like home ownership and creating new jobs	
Strongly	30%
Somewhat	26%
B. A system that taxes all activities in a similar manner	
Strongly	16%
Somewhat	19%
(DON'T READ) Don't know	9%

14. Would you prefer...**(Wait and ask strongly/somewhat)**

Response Category	N=600
A. A system that taxes residents based on their income	
Strongly	44%
Somewhat	24%
B. A system that taxes residents based on their spending	
Strongly	13%
Somewhat	13%
(DON'T READ) Don't know	7%

LEGISLATIVE SESSION

February 1st was the first day of the Oregon Legislative session. The Legislature will be meeting for the next several months to set priorities of the state and approve a budget for the next two years.

15. What is the most important issue that you would like the Oregon legislature to address this session?
(Open)(Single Response)

Response Category	N=600
Education funding	11%
Education, education quality	7%
State budget/spending/deficit	5%
PERS reform, pension issues	4%
High taxes, decreasing taxes	4%
Homelessness	4%
Jobs, unemployment	4%
Upkeep of roads, infrastructure	3%
Healthcare access/availability	3%
Healthcare—general	2%
Housing affordability	2%
Increase corporate taxes	2%
Economy	2%
Environment issues/protection	2%
Taxes, tax reform	2%
Marijuana legalization/regulation issues	2%
Protecting public lands	2%
All other responses	1% or less
None, nothing	4%
Don't know	12%

16. Based on what you know now, which of following best describes how you think the Oregon Legislature should balance the budget?

Response Category	N=600
Entirely by decreasing spending	28%
Mostly by decreasing spending, with some tax increases	25%
By decreasing spending and increasing taxes equally	21%
Mostly by increasing taxes, with some spending decreases	14%
Entirely by increasing taxes	4%
(DON'T READ) Don't know	8%

The Oregon Constitution requires the state to have a balanced budget. At current spending levels and tax rates, it is now estimated that the state will face a \$1.8 billion budget deficit. The Legislature will need to raise taxes or reduce spending, or both, to balance the budget.

Each of the following are services provided by the State of Oregon. Please tell me how important it is to you that the state fund each of these services. Is it very important, somewhat important, not too important, or not at all important ? **(Randomize Q17-Q23)**

Response Category	Very important	Somewhat important	Not too important	Not at all important	Don't know
17. Public K-12 education	78%	15%	3%	3%	1%
18. Public colleges and universities	37%	40%	12%	10%	2%
19. Transportation maintenance and improvements	38%	50%	7%	3%	1%
20. Affordable healthcare for low-income individuals	54%	31%	6%	7%	2%
21. Affordable housing for low-income individuals	42%	39%	10%	7%	2%
22. Social services for low-income seniors	55%	36%	5%	3%	1%
23. Public safety	58%	36%	5%	1%	1%

24. From the list I just read, which service is the most important to fund? (if necessary, re-read list from Q17-Q23)

Response Category	N=600
Public K-12 education	39%
Public safety	16%
Affordable healthcare for low-income individuals	14%
Affordable housing for low-income individuals	9%
Social services for low-income seniors	8%
Transportation maintenance and improvements	5%
Public colleges and universities	4%
(DON'T READ) Don't know	5%

Now, I'd like to give you a bit more information. If Oregon decreases spending to meet its budget shortfall, Oregon schools may have a shorter school year, larger class sizes, and fewer academic programs. Over the last decade, the total amount of Oregon's general fund and lottery revenues directed to K-12 education has decreased by about 5 percentage points, forcing local school districts to make cuts or ask residents to pass local option levies.

25. Now knowing this, which of the following best describes how you think the Oregon legislature should balance the budget:

Response Category	N=600
Mostly by decreasing spending, with some tax increases	26%
Entirely by decreasing spending	25%
By decreasing spending and increasing taxes equally	21%
Mostly by increasing taxes, with some spending decreases	14%
Entirely by increasing taxes	8%
(DON'T READ) Don't know	6%

The following are statements that some people make about Oregon’s budget. For each, please please tell me if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree. **(Randomize Q26-Q39)**

Response Category	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't know
26. I would rather pay more in taxes each year than see thousands of low-income Oregonians lose their health insurance.	33%	26%	14%	22%	6%
27. I would rather pay more in taxes each year than see larger class sizes and a shorter school year for K-12 schools.	33%	28%	14%	22%	3%
28. Oregon’s tax system is based primarily on income taxes. Oregon most needs revenue to support programs for families when unemployment is high and income taxes are low. We should change our tax system so that it is more diverse, more stable, and better able to protect struggling families.	40%	31%	12%	12%	4%
29. The economy will always have good years and bad years. Oregon should plan to keep more money in a Rainy Day Fund so that we can better weather the bad times.	55%	31%	6%	6%	2%
30. When it comes to taxes, there are always winners and losers. Oregon should put the needs of vulnerable residents, like children and low-income seniors, first.	46%	34%	9%	7%	4%
31. Oregon has the third-lowest graduation rate in the country. We can’t continue to skimp on education funding at the expense of our children.	57%	16%	7%	15%	4%
32. Oregon has one of the shortest school years in the country. We can’t expect our children to succeed if we aren’t willing to invest in class time.	52%	21%	9%	14%	4%
33. Oregon has not increased taxes enough to continue to meet the demands of our growing population and changing economy. We simply need more revenue to fully fund vital services and make investments in our future.	26%	30%	14%	25%	5%
34. We shouldn’t make cuts to education spending until businesses pay their fair share of taxes in Oregon.	46%	21%	8%	20%	6%

Response Category	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Don't know
35. Oregon's highest priority should be economic growth. We should cut taxes to grow businesses and increase employment over the long-term, even if it means immediate reductions in education funding and services for vulnerable people.	16%	17%	22%	43%	3%
36. Raising taxes on business will hurt the economy, which will just make the budget deficit worse.	25%	18%	27%	23%	6%
37. Increasing corporate taxes isn't a fair way to raise revenue, because business will just pass the costs on to consumers who already pay too much.	29%	21%	20%	26%	4%
38. Budget cuts to state-funded services, like health care for low-income individuals and higher education won't affect me.	21%	27%	19%	29%	3%
39. Oregon doesn't have a revenue problem; it has a spending problem.	42%	21%	16%	11%	10%

Since Oregonians passed a constitutional amendment in 1990, most funding for public schools was shifted from local property taxes to the state. If the state does not increase revenue to meet its projected budget shortfall, Oregon will have to make significant cuts to K-12 education.

The following are cuts school districts can make to reduce their budget. Please tell me if you would be willing to support higher personal income taxes and if you would support higher corporate taxes to prevent each cut.

Response Category	Yes	No	Don't know
Eliminating teaching positions and increasing class sizes			
40. (If necessary) Would you support higher personal income taxes to avoid this cut?	51%	44%	5%
41. (If necessary) Would you support higher corporate taxes to avoid this cut?	73%	24%	3%
Cutting days from the school year, currently one of the shortest school years in the country.			
42. (If necessary) Would you support higher personal income taxes to avoid this cut?	44%	53%	3%
43. (If necessary) Would you support higher corporate taxes to avoid this cut?	66%	31%	4%
Cutting hands-on science and career readiness classes			
44. (If necessary) Would you support higher personal income taxes to avoid this cut?	49%	46%	5%
45. (If necessary) Would you support higher corporate taxes to avoid this cut?	69%	27%	4%

Response Category	Yes	No	Don't know
Cutting technology and textbook spending, forcing students to rely on outdated materials			
46. (If necessary) Would you support higher personal income taxes to avoid this cut?	49%	47%	4%
47. (If necessary) Would you support higher corporate taxes to avoid this cut?	67%	29%	4%

Now, I'd like to move on to another topic.

48. In November, Oregonians voted on Measure 97, a corporate tax which would have raised an estimated \$6 billion in new revenue per budget cycle. To the best of your recollection, did you vote for or against Measure 97?

Response Category	N=600
For	33%
Against	47%
Did not vote	8%
(DON'T READ) Can't remember/Don't know	12%

(Randomize Q49-Q53)

Response Category	Strongly support	Somewhat support	Somewhat oppose	Strongly oppose	Don't know
49. Would you support or oppose a tax proposal like Measure 97 if you knew that it would raise \$2 billion per budget cycle instead \$6 billion? (wait, ask strongly/somewhat)	24%	27%	12%	24%	12%
50. Would you support or oppose a tax proposal like Measure 97 if you knew that corporations who provide necessities like food and medicine were exempt? (wait, ask strongly/somewhat)	25%	25%	12%	28%	11%
51. Would you support or oppose a tax proposal like Measure 97 if you knew that it would tax industries differently, rather than a one-size-fits-all tax? (wait, ask strongly/somewhat)	32%	29%	8%	20%	11%
52. Would you support or oppose a tax proposal like Measure 97 if you knew that it would tax corporate income rather than gross revenue? (wait, ask strongly/somewhat)	36%	27%	7%	20%	10%
53. Would you support or oppose a tax proposal like Measure 97 if you knew that all the new revenues would be dedicated to K-12 education funding? (wait, ask strongly/somewhat)	40%	25%	9%	20%	6%

In 2000, voters approved an amendment to Oregon’s constitution that requires the Legislature to fully fund K-12 public education. If the state does not fully fund K-12 education, it must provide a report that explains why it failed to do so. Each year since this passed, the state has failed to meet the funding requirements.

54. Would you support or oppose amending the Oregon Constitution so that the state would be required to fully fund K-12 public education with no exceptions? **(wait and ask strongly/somewhat)**

Response Category	N=600
Strongly support	45%
Somewhat support	21%
Somewhat oppose	11%
Strongly oppose	15%
(DON'T READ) Don't know	8%

(Split Sample A)

To meet the constitutional requirement to fully fund K-12 public education, the state would need to increase education spending by **about \$2.0 billion** per budget cycle.

55. Knowing this, would you support or oppose amending the Oregon Constitution so that the state would be required to fully fund K-12 public education with no exceptions? **(wait and ask strongly/somewhat)**

Response Category	N=300
Strongly support	32%
Somewhat support	25%
Somewhat oppose	13%
Strongly oppose	20%
(DON'T READ) Don't know	11%

(Split Sample B)

To meet the constitutional requirement to fully fund K-12 public education, the state would need to increase education spending by **about 25%** per budget cycle.

56. Knowing this, would you support or oppose amending the Oregon Constitution so that the state would be required to fully fund K-12 public education with no exceptions? **(wait and ask strongly/somewhat)**

Response Category	N=300
Strongly support	38%
Somewhat support	27%
Somewhat oppose	11%
Strongly oppose	16%
(DON'T READ) Don't know	9%

(Ask all)

I will now read to you a few other ways Oregon could raise new revenue.

57. Currently, Oregon does not have a sales tax. Would you support or oppose a constitutional amendment creating a statewide sales tax to fund K-12 schools? The tax rate could not be raised without a vote of the people, and local governments would be prohibited from adding to the rate. **(wait and ask strongly/somewhat)**

Response Category	N=600
Strongly support	18%
Somewhat support	17%
Somewhat oppose	12%
Strongly oppose	47%
(DON'T READ) Don't know	5%

58. Current law provides that Oregon economists are to estimate future revenues, and if revenues are 2% more than estimated, taxpayers receive a refund check, called a “kicker.” Would you support or oppose eliminating the “kicker,” and instead using extra revenues to fund a Rainy Day Fund for K-12 education? **(wait, ask strongly/somewhat)**

Response Category	N=600
Strongly support	42%
Somewhat support	19%
Somewhat oppose	11%
Strongly oppose	23%
(DON'T READ) Don't know	6%

59. Some people say they oppose all new taxes, for any reason. Would you say you oppose all new taxes, even if you were certain the money would be dedicated to K-12 education?

Response Category	N=600
Yes	28%
No	66%
(DON'T READ) Don't know	7%

DEMOGRAPHICS

60. Age **(RECORD FROM SAMPLE)**

Response Category	N=600
18-29	18%
30-44	25%
45-64	32%
65+	25%

61. Do you describe your gender as: **(READ LIST)**

Response Category	N=600
Male	49%
Female	49%
Non-binary or gender non-conforming	1%
(DON'T READ) Refused	1%

62. Area of state: **(RECORD FROM SAMPLE)**

Response Category	N=600
Tri-County (Clackamas, Multnomah, Washington)	44%
Willamette Valley (Benton, Marion, Lane, Linn, Polk, Yamhill)	26%
Rest of State (all other counties)	30%

63. Which category best describes your 2015 gross household income, before taxes? Remember to include everyone living in your household. Your best estimate will do.

Response Category	N=600
Less than \$25,000	19%
\$25,000 to less than \$50,000	24%
\$50,000 to less than \$75,000	15%
\$75,000 to less than \$100,000	13%
\$100,000 to less than \$150,000	11%
\$150,000 or more	8%
(DON'T READ) Refused	9%

64. What is the highest level of education that you have completed?

Response Category	N=600
Less than high school	2%
High school diploma	20%
Some college	27%
College degree	31%
Graduate/professional school	16%
(DON'T READ) Refused	3%

65. Do any children under age 18 live in your home?

Response Category	N=600
Yes	28%
No	69%
(DON'T READ) Refused	3%

66. Which of the following best describes your race or ethnicity? **(ALLOW FOR MULTIPLE RESPONSES)**

Response Category	N=600
African American/Black	1%
Asian/Pacific Islander	3%
Hispanic/Latino	5%
Native American/American Indian	3%
White/Caucasian	83%
Other	4%
(DON'T READ) Refused	5%

How long have you lived in Oregon?

Response Category	N=600
0-5 years	7%
6-10 years	6%
11-20 years	19%
More than 20 years	63%
(DON'T READ) Refused	4%

67. Political party **(RECORD FROM SAMPLE)**

Response Category	Total N=600
Democrat	38%
Republican	26%
Non-affiliated/other	36%

68. When it comes to politics and elections would you describe yourself as:

Response Category	N=600
Very conservative	13%
Somewhat conservative	21%
Middle of the road	26%
Somewhat liberal	16%
Very liberal	16%
(DON'T READ) Don't Know/Refused	8%