

April 17, 2013

TO: Oregon Senate Finance and Revenue Committee re: SJR 36

Chair Burdick, Vice-Chair George and Members of the Committee,

Thank you for the opportunity to present to you my thoughts about revenue reform in Oregon. I attended the hearing on Monday but did not get a chance to speak. Please accept my written testimony.

I am a member of Stand for Children and a parent in the Lake Oswego School District. Though my district has a reputation of being one of few in the state that is purportedly "in good shape," I can tell you that we also have felt the impact of the economic downturn. In Lake Oswego, we have closed one-third of our elementary schools in the last two years. We have laid off teachers, implemented furlough days, reduced high school elective offerings, and reduced elementary PE and music classes. For a 21<sup>st</sup> century program charged with educating citizens to succeed in a global economy, this is unacceptable.

The revenue and expenditure systems in our state must be overhauled so that we can invest sufficiently in our education system. I am pleased that this committee is commencing the discussion of comprehensive tax reform and agree that spending as well as revenue reform must be considered. I support discussing a sales tax as part of a comprehensive tax reform, however, am aware that this is not a popular option in our state. Other remedies must be contemplated.

On the revenue side, I respectfully request that the committee seriously consider eliminating the personal kicker. Excess revenue should be diverted into a fund that can be accessed to protect budgets in down economies. Proper guidelines should be established so that this money is used to shore up budgets, not necessarily increase them. Reserve funds just make sense – my PTA has one, my HOA has one - Oregon should have one.

I also ask that you look at reforming the property tax laws to allow communities to raise funds unencumbered by compression. My district, like several others, has a local option levy. We have voted to provide additional funds to our schools and I believe that every community should have the opportunity to decide this issue for themselves AND to be able to realize the full amount of the revenue. I realize that not every community can or will take advantage of this and that yes, it can be perceived as exacerbating inequities, but I believe strongly in giving communities every tool they can use to ensure an excellent education for their children.

On the expense side, more must be done to stabilize PERS. Recently, I joined other Stand members to study this issue – we met with Robert Aldisert of the Portland City Club and read their report. We also met with John Topogna and studied his analysis of PERS. Simply put, PERS is not sustainable. Backfilling the unfunded

liability will eat away substantially at funds for education, public safety, and human services. Simply hoping that market returns will increase enough to compensate for losses is not sound fiscal policy. I support the recommendations in the City Club report and ask that you consider doing more to fix PERS not only for students and current teachers who face budget cuts, but citizens who will see reduced state services, and retirees whose retirement fund is at risk.

I appreciate the opportunity to share my opinions with you. I am encouraged by your willingness to take a comprehensive approach to restructuring our revenue and spending policies and I implore you to work together cooperatively and creatively to find solutions.

Sincerely,  
Courtney A. Clements  
Lake Oswego, OR