



**Local Option Levy Testimony to House Revenue Co.
Thursday, March 7, 2013, Time: 8:00 a.m.
*Testimony submitted by: Karen Cunningham, Board Member***

Thank you Rep. Barnhart and committee members for the opportunity to provide testimony today regarding local option levy compression.

Today, I am urging you to support HJR 8, the compression relief proposal as it relates to local option levies.

As you know, many Oregon school districts have been slashing operating budgets, educational programs and staff over the last five years. The Beaverton School District has reduced budgets by over \$142 million. This year alone, Beaverton has reduced \$37 million or 11% of our budget for 2012-13. We are not alone in this predicament.

Class sizes in Beaverton are large. It is common to have 35-38 students in an elementary classroom, 40-50 students in a high school classroom with some classes over 60. Again, we are not alone in this funding situation. You have heard similar stories this morning from other districts. This is happening all over Oregon.

During these difficult times, school districts have been turning to their communities to garner some local control over school funding. The local option is one funding mechanism that districts have used to help maintain student educational programs and school days. Communities have not been content with waiting for things to get better at the state level.

However, many school districts in the Portland metro area that have passed local option levies, are now failing to raise the revenue voters approved for their local schools. This is due to compression, and of course, the decline in real estate values stemming from the Great Recession. Some homeowners pay nothing, while others may pay a

significant increase in property taxes. Compression is figured on a property-by-property basis. Where is the equity here?

Here are some recent examples that paint a stark picture of the financial hit associated with the current law and the effects of compression:

- Tigard-Tualatin lost an estimated \$4.4 million this year
- Hillsboro lost \$1 million
- Lake Oswego lost \$1 million
- Portland Public Schools lost \$25.8 million

Our School Board approved a resolution to place a local option levy on the May 21, 2013 ballot. A recent estimate showed that a local option levy for Beaverton could generate an estimated \$15 million in revenue (with compression). If compression were eliminated, the District could receive an estimated \$23 million in revenue. You see the difference. That could help our District move forward after years of reductions and uncertainty.

As active organizers and advocates who have worked hard to pass various ballot measures over the years, including two local option levies (one passed in May 2003, one failed in Nov. 2011), the compression factor is perhaps one of the most difficult for voters to understand, and for us to communicate. And as we all know, if voters don't understand an issue, they are not likely to support it.

We support the proposed changes that would eliminate compression from local option levies. Voters in our communities want to tax themselves to raise extra revenue for their schools. We recently had several parents and community members testify at a School Board Meeting and say, "please tax me."

If this constitutional amendment passes, it could help school districts raise desperately needed revenue. It would also provide more predictability as school districts plan budgets and programs.

We urge you to support this proposal to amend the Oregon Constitution to eliminate compression from local option levies. Please send this measure to Oregon voters as soon as possible.

Oregon students are depending on all of us to come up with solutions to stabilize education funding. Their education can't wait.

Thank you for your attention today.

Sincerely,

Karen Cunningham
Beaverton School Board Member