

To: Chair Holvey, members of the House Business and Labor Committee  
From: Cassandra Hayt, Oregon Business and Industry

On behalf of Oregon Business and Industry, representing approximately 1,600 businesses that employ nearly 330,000 people, thank you for the opportunity to testify on HB 4113. OBI members value a strong public education system. We support efforts to establish stable funding from which to make targeted investments that are evidence based. It is with these principles in mind that OBI opposes HB 4113.

The Legislature prioritized K-12 funding for the 2017-2019 biennium, allocating \$8.2 billion. This was an 11.2% increase from the previous biennium's budget and demonstrated a clear commitment to K-12 education. But the historic level of state funding couldn't account for increasing pension and employee benefit costs. These costs are increasing at a rate faster than state funding can match. The Oregonian reported in August, 2017 that Portland Public Schools was forced to cut 55 teachers for the 2017 school year. Salem-Keizer cut 67. In Beaverton, rising pension costs claimed *more than half* of their additional funding from the state.<sup>1</sup>

OBI acknowledges that class size can impact the learning environment for students and teachers. We do not stand opposed to improving classroom conditions, but the solution is not found in HB 4113. By making class size a mandatory subject of bargaining, school districts are put in an impossible situation, forced to decide between hiring new teachers or cutting another area of their budget. With instructional days and program offerings as the next costly items to a district's budget, OBI members are concerned that the result of this legislation could be that students receive less instructional time or have no access to CTE or other program offerings.

To reduce the average class size in Oregon from where it currently stands at 25 students to 23 students, the cost would be \$575 million in the 2019-2021 biennium<sup>2</sup>. The potential financial impacts born out with the passage of HB 4113 could be detrimental to the state school fund, and to students who would lose out on see other targeted investments that have been proven to have an impact on their success.

The cuts shown above are not taken lightly by OBI. But HB 4113 does not guarantee class size reduction. This bill does not address rising pension or employee benefit costs, nor does it increase state funding. These problems are part of a much larger discussion to be had about Oregon's public education system. OBI supports the formation of the Joint Committee on Student Success to take a comprehensive look at improvements to Oregon's education system, including a broader discussion of class size. We look forward to participating in the conversation on behalf of Oregon business and helping to craft solutions on behalf of Oregon students.

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<sup>1</sup>Friedman, Gordan, "Oregon schools cut staff and programs despite big budget increases, *Oregonian*, Aug 11, 2017. [http://www.oregonlive.com/politics/index.ssf/2017/08/oregon\\_schools\\_cut\\_staff\\_and\\_p.html](http://www.oregonlive.com/politics/index.ssf/2017/08/oregon_schools_cut_staff_and_p.html)

<sup>2</sup>Oregon Department of Education, Office of Research and Data Analysis, Dec 28, 2017