



Service Employees International Union Local 503

More than 65,000 public workers, care providers, and non-profit employees in Oregon.

Testimony to the Joint Committee On Student Success Subcommittee On Revenue

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Co chairs Hass and Nathanson, members of the committee, thank you for letting me testify tonight. For the record, my name is Melissa Unger and I am the executive director of SEIU Local 503. As many of you know, our union represents 65,000 public and care workers through the state of Oregon and we are excited to be a part of the Coalition for the Common Good.

We have been involved in nearly every campaign and effort to adequately fund services for the last 30 years and we are excited to be a part of this renewed effort and part of this new coalition.

When Measure 5 passed nearly 30 years ago, voters were delivering a message that the cost of property taxes was causing too much strain on family budgets. The impact was a reduction in property taxes but also a shift in funding schools to the state budget that has had a long-term consequences for all services in our state. The impact of Measure 5 was not just on education or on property taxes; in the following years Oregon was the only state to propose an actual decrease in funding for higher education and tuition skyrocketed, seniors saw cut backs in services, we became heavily reliant on use fees to fund our natural resource agencies and other budgets, and we still see the impacts on child welfare and other human services today with understaffing and a lack of updated technology.

If Measure 5 had not passed nearly 30 years ago, we would have over \$2 billion more in revenue a year, \$4.2 billion a biennium.

So here we are today. A lot has happened. In the last 29 years, many different coalitions, many different ideas, and many different ballot measures. We have the opportunity to take a significant step forward this year to fund education, which we hope can increase funding for pre-K through higher education by coming together with businesses, advocates, legislators and voters.

Our organization does not think \$2 billion will solve the systematic underfunding of services that we face in Oregon. As I noted the impacts of under-funding during good economic times and severe cuts during recessions has left lasting impacts on our agencies, which can be seen through the Secretary of State audits on child welfare or Aging and People with Disabilities and the high tuition and increasing numbers of out-of-state students at some of our public universities. But to move forward on those issues we must first fund education. It is Oregonian's and our members' priority to fund an education system, where all kids—black, brown, and white—can have equal opportunity to succeed and get the support they need. And \$2 billion, that is dedicated and is tied to outcomes such as lower class sizes, will go a long way in making significant investments in funding our education system. It will not fund all the services that need to be funded in our state, but we believe it is critical step to make stabilize our budget.

As noted in our slide deck, Oregon continues to rank very low in our corporate tax rate, which is why we believe the solution needs to be thinking through modifications to our business tax structure.

As a part of the Coalition for the Common Good, we are working towards \$2 billion in revenue that is funded through a business tax that has been tested and used in other states; that can win the support of some businesses and business leaders that want to step up and fund education; can win the support of advocates who have been fighting to fund services for decades; can win the support of the Legislature; and can win the support of Oregonians. We know that we can't succeed without all of these constituencies coming together to find a solution.

We also belong to a group of advocates that is being led by Our Oregon, the Coalition of the Communities of Color, Oregon Center for Public Policy and Fair Shot that are continuing to work towards a long term solution to underfunding services as well. We have many of the same principles that we do as a part of CCG and in addition we also want to make sure that the revenue solution is progressive and does not further tax working Oregonians, since they pay over 70% of the current tax revenue of the state, and that we look at the revenue solutions and subsequent funding through an equity lens so we understand the racial and gender impacts of the policy.

We are engaging with our partners at this table and many others about how the different proposals you are looking at meet these requirements and we believe that many of the different proposals have the ability to meet these standards.

I want to end by recognizing the testimony from OBC last week that was specifically about one proposal, but also about tying that revenue to PERS reform. There has been a PERS conversations started in Capitol Construction Committee and as John Russell indicated, our coalition does not believe these two very difficult topics should or need to be tied together. I also want added two editorials into the record; one from 2003 and one from 2013; calling on the Legislature and businesses to step up and dig into revenue reform after the Legislature tackled PERS in both of those sessions. OBC is just running a campaign that has worked for them before, by tying PERS to revenue they have successfully had three different changes to PERS since 1990—creating two different systems and another significant change in 2013--but there has yet to be a substantive discussion about how we fund essential public services. In the 2013 editorial, it notes that it was hard to get to revenue because so much time was spent on PERS. I know that the PERS conversation will continue, but it is time we finally take the next steps on funding education and services. We are looking forward to working with you to figure out exactly what model will work best for Oregonians and Oregon businesses. Oregonians and our members can't afford the cost of inaction.

Thank you for taking the time for our testimony and I look forward to any questions.