From: salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To: CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject: [Salem Update] Ways and Means field hearings and more
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Attachments: ATT9593639.txt

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- Budgetary politics: So you boost K-12 funding – and what do you get with a high school diploma?

Ways & Means Field Hearings
Here is the schedule for field hearings to be conducted by the Joint Ways and Means Committee. A strong showing of citizen support for OSU-related programs during the 2005 legislative session resulted in a significant improvement in the budget that was ultimately approved by the legislature.

- How different? Last session, the OSU Extension service was the only state-funded program that emerged at the end of the session with a budget that was higher than both what was recommended by the Senate and the House. *This would not have happened without the enthusiastic support of everyday people who turned out at every field hearing the legislature conducted across the state.*

Here is the latest information on the field hearings for this session:

Wednesday, April. 4, 6:30 PM
Oregon City
Oregon City High School
Jackson Campus
1306 12th Street
Cafeteria

Thursday, April 5th, 6:30 PM
Portland
Jefferson High School
5210 N. Kerby
Cafeteria

Tuesday, April 10, 6:30 PM
Corvallis
Cheldelin Middle School
987 Conifer Blvd
Cafeteria

Wednesday, April 11, 6:30 PM
UO Willis Business Complex

Room 282

Thursday, April 12, 6:30 PM
Bend
OSU-Cascades

Friday, April 13, 6:30 PM
Medford
TBD

Saturday, April 14, 1:00 PM
Coos Bay
TBD

Guidelines:
The field hearings are intended to provide citizens with an opportunity to participate in the legislative process. As a result, OSU employees should not be the individuals who testify, although you are encouraged to attend to support those who do. Those who testify in support of OSU's academic and statewide public service programs should be citizen volunteers, local elected officials, and program participants or others who care about our programs. To be as effective as possible:

- Show up early and sign up.
- Keep the message simple and easy to understand. Limit your spoken testimony to about three minutes. You have about two minutes to make an issue compelling, and about another minute to make it convincing.
- You can provide written testimony to support your oral remarks, but don't read your testimony.
- Make the message personal: How does the program you support help you or others. Tell a personal story about the impacts and why funding is important.

Written Comments: As soon as it is available, we will provide more information about how -- and by when -- written comments may be provided to Ways and Means Committee members for those who are unable to attend the field hearings. Nevertheless citizens are encouraged to provide written comments at any time to the members of the full Ways and Means Committee as well as the Education Subcommittee which has responsibility over OSU's budget. Below is a listing of the committee members. Contact information can be obtained at the legislative website: http://www.leg.state.or.us/index.html

Ways and Means Committee
Sen. Kurt Schrader, Co-Chair
Rep. Mary Nolan, Co-Chair
Sen. Margaret Carter, Vice-Chair
Rep. Nancy Nathanson, Vice-Chair
Sen. Alan C Bates
Sen. Richard Devlin
Sen. Avel Gordly
Sen. Betsy Johnson

Sen. Frank Morse
Sen. David Nelson
Sen. Joanne Verger
Sen. Ben Westlund
Sen. Doug Whitsett
Sen. Jackie Winters
Rep. David Edwards
Rep. Larry Galizio
Rep. Bill Garrard
Rep. Bruce L Hanna
Rep. Bob Jenson
Rep. Susan Morgan
Rep. Chip Shields

Ways and Means Education Subcommittee
Rep. Larry Galizio, Chair
Sen. Richard Devlin, Vice-Chair
Sen. Ryan Deckert
Sen. Frank Morse
Sen. Bruce Starr
Sen. Vicki L Walker
Rep. Phil Barnhart
Rep. David Edwards
Rep. Bob Jenson
Rep. Susan Morgan

Budgetary politics: So you boost K-12 funding – and what do you get with a high school diploma?

Over the last two weeks as legislators have discovered the drastic reductions in funding slated for higher education in the co-chairs budget proposal, a number of themes have emerged.

1. There is little or no likelihood that the legislature will reduce the funding levels included for K-12 education in order to increase funding for other programs. While a number of legislators, mostly Republicans, have noted that the K-12 budget is inflated, the co-chairs have indicated that their budget sought to address the number one priority they heard from their colleagues: recover funding for K-12. Of course, those who supported the increase in K-12 were not explicit about which programs should be reduced to provide the increases. The difficulty of being a co-chair is that one must be willing to make reductions in "X" in order to fund "Y." Rank and file members have the luxury of seeking funding for both "X" and "Y" and expressing shock and outrage when both demands cannot be met.

Nevertheless, there is a growing realization that fully funding K-12 creates an empty promise for Oregon's families if a high school diploma can't lead to a college degree.

2. In order to fund both K-12 and other programs, legislators must look for

additional revenues. Leading the list of programs that appear to be high on the list for recovery efforts are community colleges, higher education, and state police.

3. There are three sources of new revenues: increasing the corporate minimum tax, increases provided by the May economic forecast, and increases due to fundamental tax reform which would decrease the reliance on the income tax while implementing a consumption (sales) tax.

A. Increasing the corporate minimum tax. Although the Governor's budget included some $85 million from increasing the corporate minimum tax, and legislators signed off on a $150 million increase in corporate taxes as a part of the "rainy day" fund deal, the co-chairs budget does not include any revenues from the corporate minimum. That has led most advocates to seek an increase in the corporate minimum as the primary source of funding for recovering program losses. In fact, one legislator derisively remarked last week that the co-chairs' budget was a "train wreck" designed to cause legislators to seek tax reform.

The legislative deal on the corporate tax was no deal at all. Once scrutinized by those outside the smoke filled room, it became obvious that the $150 million corporate tax sought by House Republican Leader Wayne Scott was no deal at all because it resulted in significant increases for high-volume, low-margin businesses.

Polling indicates that for the most part, Oregon voters support increasing the corporate minimum, but actual legislative approval will be problematic. Industry lobbyists have already indicated that while they were not necessarily opposed to the Governor's corporate minimum tax proposal, given the fact that K-12 is still seeking an addition $50 million, and that the list of "holes" in the co-chairs budget is well more than $85 million, they are not interested in signing up for unspecified increases for unspecified purposes. And they certainly oppose the increase being used for K-12.

Prognosis: It is likely that by the end of the session, there will be an increase in the corporate minimum tax. By how much, and for whose benefit will be the focus of the second half of the session.

B. Increases from Revenue Forecasts. Many legislators are looking to further increases provided by the state economist's May revenue forecast to provide additional funding for programs left in the lurch. Devoting more state revenues to the state's budget may help programs in distress, but many legislators worry that increased spending this biennium will merely create problems next biennium because they cannot sustain the appropriations over time. Some powerful legislators are in favor of devoting any revenue "windfalls" due to increasing economic activity to the state's rainy day fund.

Prognosis: Legislators are split between efforts to add to the state's rainy day fund and meeting programmatic needs. Given the limitations on the corporate tax, it is likely that at least some portion of increases in the May forecast (if there are any) will be devoted to patching budgetary potholes.

C. Fundamental Tax Reform. Given the rationality behind efforts to reform

Oregon's lopsided tax system, this approach is widely supported by a bi-partisan, bi-cameral group of legislators. The difficulty with this approach is that it cannot be accomplished on a schedule that would address the current biennium's funding needs. Any tax reform proposal would need to be approved by the voters – either because the legislature will refer it to them, or because anti-tax activists will make it so.

Prognosis: Because the biennium begins on July 1, 2007 -- a mere three months away -- the legislature's hands are tied. Nevertheless, the challenges we face now, when times are good, may provide the impetus that is needed to move the tax reform ball down the field, at least another ten yards. The question remains – will we then be within scoring distance?

There are other revenue proposals – such as raiding the rainy day fund the legislators just established, but this alternative does not meet a public "sniff test." With a projected 20% increase in revenues for the current biennium, it would equate to raiding the rainy day fund during one of the sunniest days of the current decade.

How this all plays out is unclear, not only to the political pundits, but also to the legislators themselves. The timing of votes may prove critical. For example, if the K-12 budget sails through the Ways and Means Committee and is passed by both Houses, will the Governor veto it as leverage to fund his other priorities? Today's Oregonian hinted that as a possibility. Even if he doesn't veto the K-12 budget, will there be the necessary votes to approve other key budget bills, such as funding for higher education? The legislature can't adjourn until it approves the entire state's budget.

Stay tuned . . .

For yesterday's Oregonian editorial in support of higher ed, follow this link:
http://www.oregonlive.com/oregonian/stories/index.ssf?/base/editorial/117530073312090.xml&coll=7

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