From:	salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To:	CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject:	[Salem Update] Co-Chairs of Higher Education Caucus seek add-backsto OUS operating budget and support capital projects
Date:	Thursday, June 04, 2009 2:55:39 PM
Attachments:	HEC_June 4 Co-Chairs Letter.pdf The list(final).doc ATT5175069.txt

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The attached letter from the four co-chairs of the Higher Education Caucus was delivered to the co-chairs of the Joint Ways and Means Committee, the Speaker and Senate President, and the co-chairs of the Ways and Means Education Subcommittee today.

Of particular interest to OSU is the recommendation to add $5 million back to the OSU Statewide Public Service Programs. The co-chairs of the bicameral, bipartisan caucus -- which has 20 members from the Senate and 40 members from the House, make a number of recommendations, including holding higher education to the same standards as are applied to the other educational sectors. This approach would add some $30 to 40 million back into the OUS budget. Also included in the recommendations is recovering $10 million eliminated in the co-chairs' budget from the Oregon Innovation Council. (Oregon INC funding is contained in the budget for the Oregon Economic and Community Development Department.)

The Caucus letter also outlines support for the projects sought in the OUS capital budget. That budget will likely be considered the Ways and Means Capital Subcommittee later in the session.

The Ways and Means Education Subcommittee will be holding a work session on the OUS operating budget on Thursday, June 11th. While it is likely that members of the subcommittee will discuss the various elements sought in the attached Higher Education Caucus letter, the subcommittee is expected to forward the budget as it was proposed in May by the Ways and Means co-chairs – generally a 15% reduction for most higher education programs across the board.

The actual add-backs will be included in a subsequent "reconciliation" bill, otherwise referred to as the "Christmas bush". Confirmation of this approach will become evident next Wednesday when the Education Subcommittee considers the budget for Oregon's community colleges. They are also seeking a number of add-backs.

Between now and then it will be important for those who support the statewide public service programs to contact all of the members of the Ways and Means Committee to express support for the recommended $5 million add back. It would also be a good idea to thank the four Caucus co-chairs for their support:

Senator Vicki Walker (D-Eugene)
Senator Frank Morse (D-Albany/Corvallis)
Representative Larry Galizio (D-Tigard)
Representative Greg Smith (R-Heppner)

Here is a list of the members of the Joint Ways and Means Committee:

Ways and Means
Sen. Margaret Carter, Co-Chair (D-Portland)
Rep. Peter Buckley, Co-Chair (D-Ashland)
Sen. Betsy Johnson, Vice-Chair (D-Scappoose)
Rep. Nancy Nathanson, Vice-Chair (D-Eugene)
Sen. Alan C Bates (D-Ashland/Medford)
Sen. Fred Girod (R-Stayton)
Sen. Rod Monroe, Chair Education Subcommittee (D-Portland)
Sen. David Nelson (R-Pendleton)
Sen. Joanne Verger (D-Coos Bay)
Sen. Vicki L Walker (D-Eugene)
Sen. Doug Whitsett (R-Klamath Falls)
Sen. Jackie Winters (R-Salem)
Rep. David Edwards (D-Hillsboro)
Rep. Larry Galizio (D-Tigard)
Rep. Bill Garrard (R-Klamath Falls)
Rep. George Gilman (R-Medford)
Rep. Bob Jenson (R-Pendleton)
Rep. Betty Komp (D-Woodburn)
Rep. Tina Kotek (D-Portland)
Rep. Dennis Richardson (R-Central Point)
Rep. Chip Shields (D-Portland)
Rep. Greg Smith (R-Heppner)

In separate action today, on a party line vote, the House Revenue Committee approved two bills designed to increase revenues from individual and corporate income taxes. The committee forwarded the bills to the Joint Ways and Means Committee for consideration. A release from Speaker Dave Hunt (D-Oregon City) below describes the two bills.

Questions, comments or concerns, please do not hesitate to contact me.

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Seal of Oregon

Office of the Speaker

Oregon House of Representatives
Speaker Dave Hunt

Room 269, State Capitol, Salem, Oregon

June 4, 2009
Geoff Sugerman
503-986-1210

House Committee Approves Revenue Measures

Plan Calls for Protecting Core Services by Raising Revenue on Wealthiest Corporations and Households

The House Revenue Committee today approved two measures that begin to bring greater stability to Oregon's tax system and help balance the state budget to protect core services including education, health care and public safety by modestly increasing taxes on Oregon's most profitable corporations and wealthiest households.

House Bill 2649 and HB 3405 were both passed on to the Joint Ways and Means Committee, setting the stage for Ways and Means Co-Chairs to balance the state budget.

"We've tightened our belts this session. We've made major budget cuts and are finding ways to make tax dollars go further. We are protecting core state services. This revenue plan is needed not just to protect those services, but to bring back some stability to our tax system," said House Speaker Dave Hunt (D-Clackamas County). "Our plan is fair. It protects small businesses and middle class families while asking those who are thriving even in this tough economy to pay a little more."

House Revenue Chair Phil Barnhart said a number of plans were considered, but the plan approved by the committee did the best job of protecting Oregon families and small businesses while allowing the state to protect core services.

The increase in the corporate minimum uses a tiered approach. For a business making with sales in Oregon under $500,000, the new minimum rate is $150. That's an increase from the $10 minimum rate that was last changed in the 1930s. It caps at a $100,000 minimum tax payment for companies with Oregon sales over $100 million.

About two-thirds of Oregon businesses currently pay the corporate minimum. The rest pay taxes based on the current corporate income rate of 6.6%.

Under the House revenue plan, the corporate rate increases to 7.9% on net income over $250,000. The rate drops to 7.6% in 2011 and settles permanently on businesses earning over $10 million per year at the 7.6% rate.

On the individual side, families earning less than $250,000 of adjusted gross income will pay no additional taxes. For households earning from $250,000 to $500,000, the current rate of 9% would increase to 10.8% for adjusted income. It increases another 0.2% on income over $500,000. In 2012, the rate would permanently set at 9.9% on income over $250,000.

“This is a fair plan that ensures Oregon households earning less than $250,000 will not pay any additional taxes,” said Rep. Phil Barnhart (D-Eugene). “Yet the dollars it generates will go a long way toward protecting essential services and bringing balance to our tax system.”

The bills now move to the Joint Ways and Means Committee where they are expected to be heard on Friday. Once passed by the Ways and Means Committee, they will move to the floors of the House and Senate.

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