

2009-11 Oregon Budget Principles

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1. Base the budget on Oregonians' values and priorities

Oregonians – poll after poll, and year after year – say that **schools are their top priority**. Other top priorities include **protecting the vulnerable, the economy**

and **preserving and creating jobs**. The investments we make with our tax dollars should reflect our values and priorities.

2. Reject proposed \$5.4-to-\$5.9 billion K-12 funding levels

Recent headlines from around Oregon...

- **'Worst case could cut 55-60 jobs'**
Hermiston/East Oregonian
- **'West Linn district may cut 28 teachers'**
West Linn Tidings
- **'Phoenix-Talent budget - eliminating 45 jobs'**
Medford Mail Tribune
- **'Schools OK staff cuts - 40 employees'**
North Wasco/The Chronicle
- **'NB schools will cut 31 jobs'**
Coos Bay World
- **'For GB, 114 positions could vanish'**
Gresham Outlook

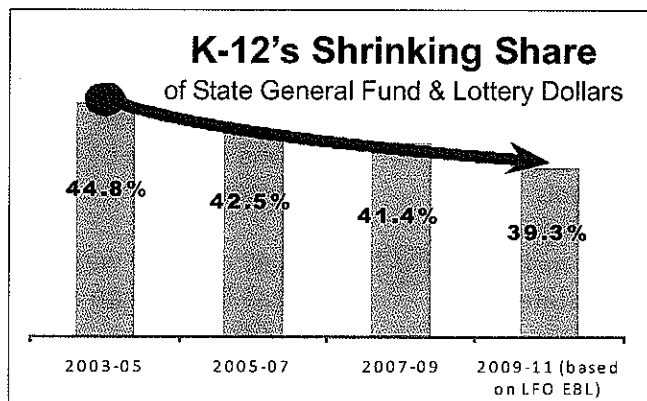
Day after day, headline after headline tells the calamitous tale of the state's proposed 2009-11 K-12 funding levels. Every school district in Oregon is faced with some combination of teacher and staff layoffs, program elimination or reduction, higher class sizes, lost school days, and reduced compensation. The result? Next year, **students will be deprived of important programs and opportunities**. They will be herded into **crowded classrooms**. They will **fail to receive needed supports and services**. And **fewer of them will graduate or meet state standards**. A K-12 budget of \$5.4-\$5.9 billion will put into question our ability to provide even a basic educational program. Our state leaders should reject a budget that dooms schools to become a shadow of what we expect them to be.

3. Provide bold leadership to generate needed revenue

This is a once-in-a-lifetime economic crisis, and recent polling reveals that Oregon voters say state leaders should take bold steps to **support schools, keep and create jobs, protect the vulnerable and invest in the long-term health of our communities**. They say they want a balanced approach that includes cuts where appropriate and revenue increases where necessary.

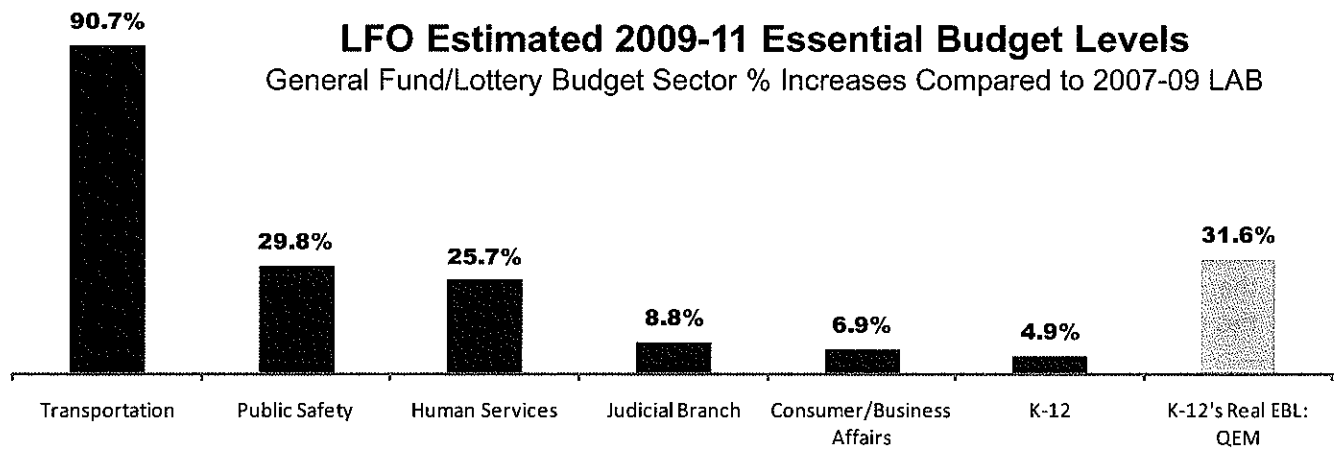
They want a **shared revenue responsibility** that makes sure **corporations and the wealthy are paying their fair share**, without shifting even more of the burden to the middle class. In addition to making difficult cuts to programs and services, the 2009-11 state budget must include new revenue. We stand ready to support bold leadership.

4. Halt the decline in the % of the state budget going to schools



A continuing shift in state resources away from public schools is a disturbing trend for many reasons, given that: 1) **education is a top priority** for Oregonians, 2) schools are **vital to Main Street economies** throughout Oregon and to the state's long-term economic health, and 3) **increasing standards and mandates require a far greater investment**.

At a minimum, our 2009-11 budget should start with this firm commitment: **continue to invest the same percentage of state resources in schools that we invested in 2007-09**.



5. Build the budget on a stronger foundation than 'EBL'

The Legislative Fiscal Office's Essential Budget Level (EBL) figures do not, as many assume, fairly determine the level of funding needed to provide current state programs and services in the next biennium. Instead, the EBL budget starts by providing huge percentage increases in some sectors (transportation, public safety) and real decreases in others (natural resources, economic development). **For schools, the EBL figures underestimate inflationary factors.** They assume PERS savings for all school districts even though 33 districts serving 25% of Oregon students

(including Portland and North Clackamas), won't realize any PERS savings at all. They ignore the costs (estimated at \$260 million) of implementing new state graduation requirements. And they disregard the costs of meeting Oregon schools' real EBL caseload – the Quality Education Model (QEM). The QEM captures the true costs (\$8.3247 billion) of meeting state standards and implementing unfunded state mandates. The basis for our 2009-11 state budget should be the 2007-09 Legislatively Approved Budget, not the estimated 2009-11 EBL.

6. Build the budget off the May 15 forecast



We all recognize that the economic outlook is uncertain, and that a portion of reserves should be retained to protect against a possible future decline in state revenues. With that in mind, preserving a third of the Rainy Day Fund and the projected 2009-11 Education Stability Fund may make sense. Holding on to more

than that, however, likely means deep – and possibly unnecessary – cuts to schools and other critical services. **Our budget should be prudent, but not hesitate to use available resources to protect students, families, jobs and the vulnerable.**

7. Protect jobs and communities by investing in schools

In almost every community in Oregon, the local public school district is the major employer. Beyond schools' impact as communities' educational and social hubs, local public schools are vital to the economic health of Main Streets throughout Oregon. **Proposed 2009-11 funding levels would force massive layoff of teachers and other school staff, and result in job losses for hundreds of Oregonians not employed in schools.** Similarly, wages and business income in every Oregon community would suffer. The best long-term investment we can make for Oregon is in the education of our young people. Our state budget should invest in schools to preserve jobs, protect communities and secure our future.

Every \$1 million decrease in Oregon K-12 spending:

-  Eliminates 37.5 jobs, including 10.7 jobs not held by school employees
-  Reduces regional wages and business income, on average, by \$1.292 million

"K-12 Spending and the Oregon Economy," ECONorthwest, 2002