

# ANNOTATED MINUTES

Tuesday, November 25, 1997 - 9:30 AM  
Portland Building, Second Floor Hearing Room  
1120 SW Fifth Avenue, Portland

## JOINT WORK SESSION

*County Chair Beverly Stein convened the meeting at 9:35 a.m., with Vice-Chair Gary Hansen, Commissioners Sharron Kelley, Tanya Collier and Dan Saltzman present, and City of Portland Mayor Vera Katz, Commissioners Gretchen Kafoury, Charlie Hales and Jim Francesconi present, and Commissioner Erik Sten excused.*

WS-1      Joint Multnomah County City of Portland Work Session to Discuss a Proposal to Refer a Temporary Education Surcharge of the Business Income Tax to the Voters in March, 1998, to Support Public Schools in Multnomah County.

**MARIANNE FITZGERALD PRESENTATION AND SUBMITTAL OF SCHOOL FUNDING COALITION ADVOCATES ALTERNATIVE PROPOSAL TO JULY 22, 1996 BIT AGREEMENT LETTER AND RESPONSE TO QUESTIONS AND DISCUSSION. DON MCCLAVE PRESENTATION AND SUBMITTAL OF PORTLAND CHAMBER NEWS RELEASE PLEDGING NOT TO TAKE A POSITION IN OPPOSITION TO ONE YEAR BIT INCREASE AND RESPONSE TO QUESTIONS AND DISCUSSION. PORTLAND SCHOOL BOARD MEMBERS SUSAN HAGMEIER AND DOUGLAS CAPPS PRESENTATION AND RESPONSE TO QUESTIONS AND DISCUSSION. COUNTY BUDGET MANAGER DAVE WARREN PRESENTATION AND RESPONSE TO QUESTIONS AND DISCUSSION. CHAIR STEIN ADVISED THE BOARD WOULD TAKE PUBLIC TESTIMONY AND CONSIDER A RESOLUTION ON TUESDAY, DECEMBER 2, 1997.**

*There being no further business, the joint meeting was adjourned at 11:35 a.m.*

Tuesday, November 25, 1997 - 11:00 AM  
Portland Building, Second Floor Hearing Room  
1120 SW Fifth Avenue, Portland

## **REGULAR MEETING**

*Chair Beverly Stein convened the meeting at 11:39 a.m., with Vice-Chair Gary Hansen and Commissioners Sharron Kelley, Tanya Collier and Dan Saltzman present.*

### **CONSENT CALENDAR**

***UPON MOTION OF COMMISSIONER HANSEN,  
SECONDED BY COMMISSIONER KELLEY, THE  
CONSENT CALENDAR (ITEMS C-1 THROUGH C-15)  
WAS UNANIMOUSLY APPROVED.***

### **NON-DEPARTMENTAL**

- C-1 Appointment of Joy McMurray to the ELDERS IN ACTION COMMISSION

### **SHERIFF'S OFFICE**

- C-2 Budget Modification MCSO 3 Adding \$10,000 in Oregon Department of Transportation Revenue to the Sheriff's Enforcement Budget to Fund a Hispanic Driver's Education Project

### **DEPARTMENT OF LIBRARY SERVICES**

- C-3 Budget Modification DLS 1 Reducing Estimated Beginning Balance in the Library Fund by \$180,403 and Making Corresponding Appropriation Reductions

### **DEPARTMENT OF HEALTH**

- C-4 Budget Modification HD 7 Approving Personnel Adjustments and Changes in Personnel in Various Work Units Funded within the Current Budget

### **AGING AND DISABILITY SERVICES DEPARTMENT**

- C-5 Intergovernmental Revenue Agreement 400108 with the City of Fairview, Continuing a Partnership for a Coordinated Approach to Senior Services in East Multnomah County through June 30, 1998
- C-6 Intergovernmental Revenue Agreement 400098 with the City of Gresham, Continuing a Partnership for a Coordinated Approach to Senior Services in East Multnomah County through June 30, 1998
- C-7 Intergovernmental Revenue Agreement 400118 with the City of Troutdale, Continuing a Partnership for a Coordinated Approach to Senior Services in East Multnomah County through June 30, 1998

#### **DEPARTMENT OF ENVIRONMENTAL SERVICES**

- C-8 Intergovernmental Supplemental Right of Way Agreement 300568 with the Oregon Department of Transportation to Realign Portions of the Roadway and Improve Drainage on Rocky Point Road
- C-9 Intergovernmental Agreement 300588 with the Oregon Department of Transportation Adding Roadway Work on Lower Rocky Point Road at Rail Crossing No. 5A-015.70 to Scope of Contract No. 11,953 Between ODOT and Elting, Inc.
- C-10 HV 15-97/SEC 30-97 Report the Hearings Officer Decision Regarding Denial of a Request for a Major Variance and a Significant Environmental Concern Permit to Construct a Pole-Barn Structure within the 200' Side Setback on Lands Designated Commercial Forest Use on Property Located at 17817 NW SKYLINE BOULEVARD, PORTLAND

#### **DEPARTMENT OF COMMUNITY AND FAMILY SERVICES**

- C-11 Intergovernmental Agreement 102788 with Burlington Water District Funding Phase I and Phase II of the Public Works NW Main Street Projects
- C-12 Intergovernmental Agreement 102798 with the City of Wood Village Funding 244th Avenue Waterline Loop, City Park Expansion, Development Phase II, and NW 244th Halsey Street Culvert Improvement Projects
- C-13 Intergovernmental Revenue Agreement 102828 with the State of Oregon Mental Health and Developmental Disability Services Division 1998 Calendar Year County Employee Loan

- C-14 Budget Modification CFS 3 Increasing County Budget by \$239,000 through an Intergovernmental Agreement with the State Department of Human Resources which Passes through Anne E. Casey Foundation Funds to Multnomah County in Support of Innovation Efforts to Reform and Measure Government Initiatives
- C-15 Budget Modification CFS 4 Re-Appropriating Funds within the Division of Children, Youth, Family, Community Action and Development to Reclassify CFS Manager to CFS Manager/Senior and to Reflect Current Staffing of the Family Resource Centers

### **REGULAR AGENDA**

### **PUBLIC COMMENT**

- R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

***PAUL FRANK COMMENTED IN SUPPORT OF BOARD POLICY ARMING PAROLE OFFICERS.***

### **NON-DEPARTMENTAL**

- R-2 Citizen Involvement Committee 1996-1997 Annual Report. Presented by Kay Durtschi and John Legry.

***KAY DURTSCHI, JOHN LEGRY PRESENTATION.***

### **DEPARTMENT OF SUPPORT SERVICES**

- R-3 Second Reading and Adoption of an ORDINANCE Amending Ordinance No. 880, in Order to Add, Delete and Revise Exempt Pay Ranges and Titles

***ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER KELLEY MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF SECOND READING AND ADOPTION. NO ONE WISHED TO TESTIFY. ORDINANCE 891 UNANIMOUSLY APPROVED.***

### **DEPARTMENT OF JUVENILE AND ADULT COMMUNITY JUSTICE**

- R-4 Intergovernmental Agreement 700558 with Yamhill County, Oregon to Rent 24 Secure Substance Abuse Treatment Beds for Male Offenders in the Yamhill County Correctional Facility

***COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-4. TICHENOR MCBRIDE EXPLANATION AND RESPONSE TO BOARD QUESTIONS. AGREEMENT UNANIMOUSLY APPROVED.***

**DEPARTMENT OF ENVIRONMENTAL SERVICES**

- R-5 ORDER Authorizing Relinquishment of Title of Real Property in Lots 1 and 2, Block 8, Walnut Park Addition, Portland, Oregon Not Needed for Public Use by Multnomah County to the City of Portland for Public Use

***COMMISSIONER HANSEN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-5. BOB OBERST AND VICE-CHAIR HANSEN EXPLANATION. ORDER 97-199 UNANIMOUSLY APPROVED.***

**DEPARTMENT OF HEALTH**

- R-6 RESOLUTION Classifying Department of Health Environmental Services Fees as Exempt from Article XI, §11 of the Oregon Constitution

***COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-6. HILDA ADAMS EXPLANATION OF ITEMS R-6, R-7 AND R-8, AND RESPONSE TO BOARD QUESTIONS. VICE-CHAIR HANSEN COMMENTS IN SUPPORT. RESOLUTION 97-200 UNANIMOUSLY APPROVED.***

- R-7 ORDER Directing Publication of Notice of the Board Action in Resolution Classifying Department of Health Environmental Services Fees as Exempt from Article XI, §11 of the Oregon Constitution

***UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER KELLEY, ORDER 97-201 WAS UNANIMOUSLY APPROVED.***

- R-8            Second Reading and Adoption of an ORDINANCE Amending Sections of MCC 5.10, Relating to Food Service License and Pool/Spa License and Plan Review Fees, and MCC 8.30, Relating to Food Handlers

**ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF SECOND READING AND ADOPTION. NO ONE WISHED TO TESTIFY. ORDINANCE 892 UNANIMOUSLY APPROVED.**

**NON-DEPARTMENTAL**

- R-9            Budget Modification NOND 8 Providing a One Time Only Payment of \$100,000 from General Fund Contingency to the Corbett School District for Operation of a Community Library Serving County Residents Living Between Springdale and the Bonneville Dam

**COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-9. COMMISSIONER KELLEY AND CORBETT HIGH SCHOOL PRINCIPAL BILL LESH EXPLANATION AND COMMENTS IN SUPPORT. BUDGET MODIFICATION UNANIMOUSLY APPROVED.**

- R-10           First Reading of an ORDINANCE Enacting MCC 5.50.060 (Transient Lodging Tax, Oregon Convention Center Completion Fund) to Levy an Additional .5% Tax to be Used by Metro to Finance Completion of the Oregon Convention Center

**UPON MOTION OF COMMISSIONER HANSEN, SECONDED BY COMMISSIONER KELLEY, THE FIRST READING WAS UNANIMOUSLY RESCHEDULED FOR THURSDAY, DECEMBER 4, 1997.**

*There being no further business, the meeting was adjourned at 12:10 p.m.*

OFFICE OF THE BOARD CLERK  
FOR MULTNOMAH COUNTY, OREGON

*Deborah L. Bogstad*



# MULTNOMAH COUNTY OREGON

DEBORAH BOGSTAD, BOARD CLERK  
OFFICE OF BEVERLY STEIN, COUNTY CHAIR  
1120 SW FIFTH AVENUE, SUITE 1515  
PORTLAND, OREGON 97204-1914  
TELEPHONE • (503) 248-3277  
FAX • (503) 248-3013

BOARD OF COUNTY COMMISSIONERS		
BEVERLY STEIN •	CHAIR	•248-3308
DAN SALTZMAN •	DISTRICT 1	• 248-5220
GARY HANSEN •	DISTRICT 2	•248-5219
TANYA COLLIER •	DISTRICT 3	•248-5217
SHARRON KELLEY •	DISTRICT 4	•248-5213

## MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS

# AGENDA

FOR THE WEEK OF

**NOVEMBER 24, 1997 - NOVEMBER 28, 1997**

Tuesday, November 25, 1997 - 9:30 AM - Joint Work Session..... Page 2

Tuesday, November 25, 1997 - 11:00 AM - Regular Meeting ..... Page 2

Tuesday's meeting of the Multnomah County Board of Commissioners will be \*cable-cast\* live and taped and can be seen by Cable subscribers in Multnomah County at the following times:

Tuesday, 9:30 AM, (LIVE) Channel 30  
Thursday, 9:30 AM, Channel 30  
Friday, 10:00 PM, Channel 30  
Sunday, 1:00 PM, Channel 30

**\*Produced through Multnomah Community Television\***

INDIVIDUALS WITH DISABILITIES MAY CALL THE BOARD CLERK AT (503) 248-3277, OR MULTNOMAH COUNTY TDD PHONE (503) 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

AN EQUAL OPPORTUNITY EMPLOYER

Tuesday, November 25, 1997 - 9:30 AM  
Portland Building, Second Floor Hearing Room  
1120 SW Fifth Avenue, Portland

## **JOINT WORK SESSION**

- WS-1      Joint Multnomah County City of Portland Work Session to Discuss a Proposal to Refer a Temporary Education Surcharge of the Business Income Tax to the Voters in March, 1998, to Support Public Schools in Multnomah County. 90 MINUTES REQUESTED.
- 

Tuesday, November 25, 1997 - 11:00 AM  
**(OR IMMEDIATELY FOLLOWING JOINT WORK SESSION)**

Portland Building, Second Floor Hearing Room  
1120 SW Fifth Avenue, Portland

## **REGULAR MEETING**

### **CONSENT CALENDAR**

#### **NON-DEPARTMENTAL**

- C-1      Appointment of Joy McMurray to the ELDERS IN ACTION COMMISSION

#### **SHERIFF'S OFFICE**

- C-2      Budget Modification MCSO 3 Adding \$10,000 in Oregon Department of Transportation Revenue to the Sheriff's Enforcement Budget to Fund a Hispanic Driver's Education Project

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- C-10       HV 15-97/SEC 30-97    Report the Hearings Officer Decision Regarding Denial of a Request for a Major Variance and a Significant Environmental Concern Permit to Construct a Pole-Barn Structure within the 200' Side Setback on Lands Designated Commercial Forest Use on Property Located at 17817 NW SKYLINE BOULEVARD, PORTLAND

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MEETING DATE NOV 25 1997

AGENDA #: WS-1

ESTIMATED START TIME: 9:30 am

(Above Space for Board Clerk's Use ONLY)

## AGENDA PLACEMENT FORM

SUBJECT: Joint Briefing on Temporary Surcharge on Business Income Tax to Fund Public Schools

BOARD BRIEFING:

DATE REQUESTED: November 25

REQUESTED BY: Chair Stein; Mayor Katz

AMOUNT OF TIME NEEDED: 90 minutes

REGULAR MEETING:

DATE REQUESTED:

AMOUNT OF TIME NEEDED:

DEPARTMENT: Nondepartmental

DIVISION: Chair's Office

CONTACT: Bill Farver /Eddie Campbell TELEPHONE #: 248-3308 BLDG/ROOM #: 106/1515

PERSON(S) MAKING PRESENTATION: Dave Warren; representatives of Portland Chamber and "Three Moms"

### ACTION REQUESTED:

☒ INFORMATIONAL ONLY ☒ POLICY DIRECTION ☐ APPROVAL ☐ OTHER

### SUGGESTED AGENDA TITLE:

DISCUSSION OF PROPOSAL TO REFER A TEMPORARY EDUCATION SURCHARGE OF THE BUSINESS INCOME TAX TO THE VOTERS IN MARCH, 1998, TO SUPPORT PUBLIC SCHOOLS

### SIGNATURES REQUIRED:

ELECTED OFFICIAL: \_\_\_\_\_

(OR)

DEPARTMENT

MANAGER: \_\_\_\_\_

*Preverly Stein*

BOARD OF  
COUNTY COMMISSIONERS  
97 NOV 20 AM 9:18  
MULTNOMAH COUNTY  
OREGON

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk 248-3277

# DRAFT

## **MEMORANDUM 11-19**

**TO : Board of County Commissioners**  
**FROM : Bill Farver**  
**DATE : November 19, 1997**  
**RE : Temporary Surcharge on Business Income Tax  
for Schools**

### **I. Recommendation/Action Requested:**

**The Chair recommends the adoption of the resolutions and ordinance which will refer the addition of a temporary surcharge to the business income tax to County voters at the March 10, 1998, election.**

### **II. Background/Analysis:**

**The idea of a business income tax to support metropolitan schools was first raised by Chair Stein in April, 1996. The idea was not supported at that time by the Board of County Commissioners. Instead, the Board voted to contribute \$10,000,000 to the Schools Foundation to assist schools in 1996-7. The \$10,000,000 was distributed based on a formula developed by the Superintendents of all the districts in the County.**

**A group of parents - the "Three Moms" - began an initiative petition drive to place a business income tax increase on the November, 1996, ballot. After negotiations with the Chamber of Commerce, the Board and the Portland City Council, the Moms agreed to table their drive in exchange**

**for an agreement among the two elected bodies and the Chamber. That agreement was expressed in a July 22, 1996, letter to the Governor and Senate and House leadership.**

**The letter called for the Legislature to provide funding to allow districts to provide Oregon's flat funded districts with enough resources to provide services equal to those offered in FY 1995-6. At the same time, the four County Commissioners and four City Council members pledged to "vote to enact a BIT increase not to exceed 1% per annum for 18 months" if "the state does not provide a permanent funding solution and/or an adequate interim "bridge" FY1997-8 funding package" that sustains a 1995-6 level of service.**

**At the same time, the Chamber pledged to work together in the 1997 Legislative Session for a level of funding that would restore schools to the 1995-6 level. The Chamber representatives agreed not to oppose an increase in the business income tax necessary to restore that level of funding should the Legislative Action be inadequate.**

**In November of 1996, Measure 47 passed. Measure 50 was subsequently referred by the Legislature and passed by the voters in May, 1997. The impact of Measure 50 was:**

- even greater state responsibility for education and funding to offset further reductions**
- \$23,000,000 of reductions to the County budget**
- requirements that revenue increases to offset property tax losses be approved by the voters**

**Education advocates set a goal of \$4.3 billion for state funding in the 1997 session. They believed that would be adequate to forestall further reductions and maintain the 1996-7 service level. The legislature finally agreed to that level of funding, but because of the way the allocation of funds were made, several districts, most notably Portland, did not have the resources to maintain current services over the biennium.**

**Portland maintained a current service level for the 1997-8 school year in part by front loading their two year allocation. Even with the passage of the lottery back bond for schools in November, 1997, several schools will expect shortfalls in the 1998-9 school year. See attached November 18, 1997, memo from Dave Warren. The largest deficits will be seen by Portland at approximately \$15,000,000, Gresham-Barlow at \$2,800,000, and Parkrose at \$480,000.**

**Because of the confusing nature of the budgets and revenue estimates and the uncertain status of the revenue bond vote, the Board agreed to postpone further deliberations on the business income tax surcharge until after the November election.**

**In the last three weeks, representatives of the Portland Chamber of Commerce have had a series of discussions with representatives of the Three Moms, the Active Parents Network, and Oregon Action. The group may have a joint recommendation for an alternative BIT agreement to present at the joint briefing with the Portland City Council.**

**III. Financial Impact:**

**A 1% increase in the BIT raises between \$23,700,000 and \$25,200,000 (assuming that any payers with liabilities under \$100 are exempt from the surcharge). The original agreement called for the equivalent of a 1.5% increase over 12 months - that would raise approximately \$36,000,000.**

**No specific number has been included in the draft ordinance pending possible recommendations from the negotiations referenced above and Board discussion.**

**See Dave Warren's memo of November 18, p. 4, for amounts raised at .60 to 1.0%**

**IV. Legal Issues:**

**County counsel believes there are none.**

**V. Controversial Issues:**

**How to adequately funds schools in the metropolitan area has been one of the most controversial issues in local and state politics for the past five years. The state has wrestled with issues regarding adequacy of funding, equalization of funding among districts, the implementation of new graduation requirements, and the need to recognize the increased costs of doing business in the urban areas. Some area district have suffered major reductions over several years; others have seen their financial situation improve.**



**Specific controversies around this action revolve around:**

- a. the appropriateness of a local business tax to supplement schools which are largely a state funded service**
- b. the distribution formula (the distribution of funds using the 1996 formula is outlined on page 4, of the November 18 memo from Dave Warren.)**
- c. how well this action helps or hurts a long range financial funding plan by the state and how long such a stable financing arrangement may take to develop**
- d. how the action helps bring together or separate the coalition of community, parent, and business groups working for adequate school funding**
- e. whether voters will approve the temporary surcharge**
- f. how public discussion of this measure impacts issues of recent tax shifts from business to individual tax payers and the overall fairness of the tax system**
- g. the appropriateness of making the surcharge more "progressive" by exempting small payers (under \$100 of liability for the 1998 year)**

**VI. Link to Current County Policies:**

**One of the three long term County benchmarks is increasing the number of students completing high school. The County contributed \$10,000,000 to the schools two years ago in support of this benchmark.**

*VII.*        **Citizen Participation:**

**Several citizen groups - the "Three Moms"; the Active Parents Network, and Oregon Action - have been actively involved in promoting this solution.**

*VIII.*       **Other Government Participation:**

**The City of Portland has been an active participant in developing this recommendation. The City and County together have contributed over \$28,500,000 to local schools over the past two years. The school districts in Multnomah County are very interested in the outcome of the proposal.**

**SUPAPFBIT.DOC**



Portland  
City Council



Multnomah County  
Board of Commissioners

July 22, 1996

Governor John Kitzhaber  
State of Oregon  
State Capitol Building  
Salem, OR 97310

President Gordon Smith  
Oregon Senate  
State Capitol Building  
Salem, OR 97310

Speaker Bev Clarno  
Oregon House of Representatives  
State Capitol Building  
Salem, OR 97310

Dear Oregon Leaders:

The March for Our Schools on June 1 was a dramatic and moving expression of Oregonians' concern about the future of public education in our state. Governor Kitzhaber and Senate President Smith, we are grateful for your participation.

As you know, in addition to the proceeds from the march, the City of Portland, Multnomah County, and hundreds of individual donors and businesses, stepped forward to provide \$23.9 million in emergency resources for Portland-area school districts. These funds helped settle a looming teacher strike and allowed for the rehiring of hundreds of school employees who would have otherwise lost their jobs. Yet, despite these local efforts, millions in FY 1996-1997 budget cuts still occurred in selected Multnomah County school districts and in other districts across Oregon.

Although we are encouraged by your leadership efforts to achieve a permanent statewide funding solution to meet both the "equity and adequacy" of Oregon's schools, we are concerned that your stated time line for accomplishing that objective leaves the state's 60 flat-funded schools exposed to more severe budget cuts in FY 1997-1998. Using FY 1995-1996 as a base, for school districts here in Multnomah County, the estimated FY 1997-1998 budget gap between cost of providing current service levels and what the state is expected to provide is \$45 million.

Letter To Oregon Leaders on Interim School Funding

July 22, 1996

Page Two

The health of Oregon's communities will be severely jeopardized by another agonizing round of budget cuts. Without interim "bridge" funding, our school systems will have lost hundreds of their best teachers, many of their most innovative programs, and untold numbers of students whose parents have finally lost faith that public education will meet their children's needs. We simply cannot let that happen.

As the March for Our Schools and our own intergovernmental contributions demonstrate, we are willing to help address our local funding challenges. However, we cannot imagine being able to duplicate, much less exceed, that voluntary provision of resources for FY 1997-1998. Effective, lasting education funding and short-term bridge financing must emanate from a statewide perspective.

We implore you and the legislature to complete an interim "bridge" financing package for FY 1997-1998 that will provide Oregon's flat funded school districts with enough resources to provide services equal to those offered in FY 1995-1996. Realistically, for schools to plan their budgets and meet legal deadlines, an interim "bridge" financing package must be completed no later than June 15, 1997. Here in Multnomah County, citizen efforts to place this issue on the ballot by the initiative process have been voluntarily suspended to provide the legislature time to act. We stand ready to advocate with our business community and citizens to assist you with this effort.

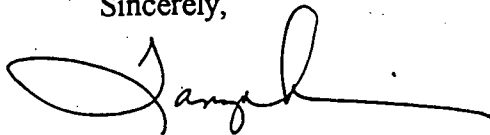
If the state does not provide a permanent funding solution and/or an adequate interim "bridge" FY 1997-1998 funding package that benefits Multnomah County schools as outlined in the previous paragraph, our only remaining option, without cutting needed city and county services, is to increase the local Business Income Tax (BIT). Therefore, we will vote to enact a BIT increase not to exceed 1% per annum for 18 months (for a BIT total of 2.45%) no later than June 26, 1997, to help address budget shortfalls in Multnomah County school districts. Our goal would be to provide this financial assistance to school districts for their use beginning July 1, 1997. If only partial state interim "bridge" school financing is forthcoming, then the BIT will be increased by an amount (not to exceed 1%) sufficient to make up the \$45 million CSL gap for FY 1997-1998.

As you know, however, an increase in the BIT will only partially address our school funding shortfall. We also have great concerns that further increases in this tax will hinder efforts to develop family wage jobs within the county. Equally important to us, an increase in the BIT only aids Multnomah County schools, leaving thousands of Oregon students subject to further cuts. Again, the best answer to the school funding dilemma is a permanent solution or interim "bridge" financing for all "flat-funded" Oregon schools. We would appreciate your thoughts about this proposal at your earliest opportunity.

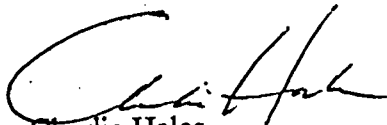
Letter To Oregon Leaders on Interim School Funding  
July 22, 1996  
Page Three

You have our assurances that we will be active and persistent in our support for your objective of permanent, stable and adequate funding for public education, even while the emergency we face compels us to find immediate help.

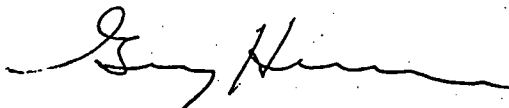
Sincerely,



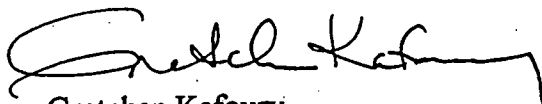
Tanya Collier  
Multnomah County Board of Commissioners



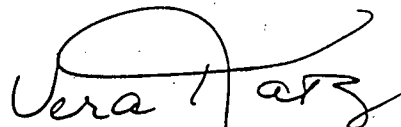
Charlie Hales  
Portland City Council



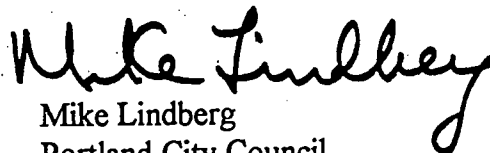
Gary Hansen  
Multnomah County Board of Commissioners



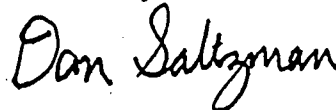
Gretchen Kafoury  
Portland City Council



Mayor Vera Katz  
Portland City Council



Mike Lindberg  
Portland City Council



Dan Saltzman  
Multnomah County Board of Commissioners



Chair Beverly Stein  
Multnomah County Board of Commissioners

# DRAFT

BEFORE THE BOARD OF COUNTY COMMISSIONERS 11-20

## FOR MULTNOMAH COUNTY, OREGON

Providing a Temporary Education )  
Surcharge for Public Schools ) RESOLUTION  
in Multnomah County ) 97-

WHEREAS, Multnomah County has adopted three long-term benchmarks to direct the provision of County services: reduce children living in poverty, increase school completion with life skill's equivalency, and reduce crime, and

WHEREAS, Multnomah County finds that education is a primary factor in achieving these benchmarks; and

WHEREAS, all citizens, including the business community, benefit from the provision of adequate public school education and achievement of the educational benchmark; and

WHEREAS, the State of Oregon has primary responsibility for providing adequate funding for public education, but the services to youth and families provided by Multnomah County and achievement of the benchmarks are dependent on the presence of adequate public education; and

WHEREAS, revenues available to public school districts in Multnomah County are not sufficient to continue the level of education provided over the past three years; and

WHEREAS, four Multnomah County Commissioners agreed, in July 1996, to impose a Temporary Education Surcharge on the Multnomah County Business Income Tax if the 1997 Oregon Legislature did not fund public schools in Multnomah County at their 1995-96 service levels; and

WHEREAS, the public school funding allocation by the 1997 Legislature was not sufficient to restore school districts in Multnomah County to their 1995-96 levels; and

WHEREAS, the school funding problem will become more serious in 1998-99. School districts will need additional funds to provide services at 1995-96 levels, at reduced 1996-97 levels, or to maintain 1997-98 levels of service; and

WHEREAS, the Temporary Education Surcharge, with adjustments to limit the burden on small businesses, is an appropriate means for Multnomah County to raise revenue to address the financial needs of school districts in Multnomah County; and

WHEREAS, the Multnomah County and City of Portland auditors offer to contract to conduct performance audits to identify areas of possible service improvement or

efficiencies for the Portland School District and other public schools districts in Multnomah County requesting such audits; and

WHEREAS, the Board of County Commissioners and the Portland City Council intend to advocate at the 1999 Oregon Legislature for increased funding for public school districts in Multnomah County, and a different funding formula that takes into account the higher cost of providing services in public school districts in Multnomah County.

IT IS HEREBY RESOLVED that:

1. Board of County Commissioners will refer to the voters for the March 10, 1998, election a measure to impose a Temporary Educational Surcharge on the Multnomah County Business Income Tax. This Temporary Educational Surcharge will exempt persons doing business within Multnomah County whose 1998 Business Income Tax is under \$100. The Temporary Educational Surcharge will be imposed for one year and will end December 31, 1998.
2. Receipts from the Temporary Educational Surcharge shall be used only to benefit public schools in Multnomah County. The public school districts may spend surcharge receipts on staff and materials directly related to instruction. The districts shall report all expenditures of Temporary Educational Surcharge receipts to the Board of County Commissioners.
3. The Board of County Commissioners will distribute the revenues raised by this surcharge using the same formula developed by the County and school districts in distributing the 1996 County financial contribution to public school districts:

Centennial	5.75%	Portland	76.50%
Corbett	.40	Reynolds	4.00
David Douglas	4.10	Riverdale	.10
Gresham-Barlow	5.50	Sauvie Island	.05
Parkrose	3.60		

Adopted this \_\_\_\_th day of \_\_\_\_\_, 1997

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY OREGON

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Beverly Stein, Chair

REVIEWED:  
THOMAS SPONSLER, COUNTY COUNSEL  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Thomas Sponsler

# DRAFT

BEFORE THE BOARD OF COUNTY COMMISSIONERS 11-19

FOR MULTNOMAH COUNTY, OREGON

Submitting to the Voters an Ordinance	)	
Imposing a Temporary Education Surcharge	)	RESOLUTION
on the Business Income Tax to Benefit	)	97-
Public Schools in Multnomah County	)	

WHEREAS, the Board of County Commissioners has adopted Resolution 97-\_\_\_\_ providing for a Temporary Education Surcharge for Public Schools in Multnomah County; and

WHEREAS, this Resolution will implement that decision by referring to the voters an ordinance imposing a one year Temporary Education Surcharge on the Multnomah County Business Income Tax (MCC 5.60.500) that will be used to benefit public schools in Multnomah County.

IT IS HEREBY RESOLVED that:

1. An election is called to be held on March 10, 1998, at which the measure described in the Ballot Title (Exhibit A) and set forth in the proposed Ordinance (Exhibit B) shall be submitted to the electors of Multnomah County. The Ordinance amends MCC Chapter 5.60, the Business Income Tax, by imposing a one year Temporary Education Surcharge. Additions are underlined and deletions are bracketed.
2. The Ballot Title (Exhibit A), Ordinance (Exhibit B) and the Explanatory Statement (Exhibit C) are adopted and made part of this Resolution. The Ballot Title, Ordinance, and Explanatory Statement shall be printed substantially in the form set forth.
3. The foregoing election and election date are certified to the Director of Multnomah County Division of Elections.



4. If this Ordinance is approved by a majority of voters at the March 10, 1998 election, it shall go into effect at 12:01 a.m. on the 30<sup>th</sup> day after certification of the elections results by the Director of the Multnomah County Division of Elections. If the voters reject this Ordinance, the existing provisions of MCC 5.60 remain in effect.

Adopted this \_\_\_\_<sup>th</sup> day of \_\_\_\_\_ 1997.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY OREGON

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Beverly Stein, Chair

REVIEWED:

THOMAS SPONSLER, COUNTY COUNSEL  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Thomas Sponsler

schoolmeasureresolution.doc

# DRAFT

EXHIBIT A 11-19

## BALLOT TITLE

### CAPTION

County Temporary Education Surcharge on Business Income for Public Schools

### QUESTION:

Shall Multnomah County Impose One Year Temporary Education Surcharge on Business Income to Benefit Public Schools in Multnomah County?

### SUMMARY

To be prepared following discussion on November 25<sup>th</sup>.

schoolballottitle3.doc

# DRAFT

EXHIBIT B 11-19

## ORDINANCE NO.

An Ordinance Amending MCC 5.60, Imposing Temporary Education Surcharge on Business Income Tax, Receipts to Benefit Public Schools

### Amendment of Multnomah County Business Income Tax

MCC 5.60.500 is amended as follows:

- (A) Except as otherwise provide in this Chapter, a tax is hereby imposed upon each person doing business within Multnomah County equal to 1.45 percent (.0145) of the net income from the business within the county effective with tax years beginning on or after January 1, 1993.
- (B) The payment of a tax required hereunder and the acceptance of such tax shall not entitle a taxfiler to carry on any business not in compliance with all the requirements of this Code and all other applicable laws.
- (C) For the business year beginning on or after January 1, 1998, if the tax imposed by this section exceeds \$100, each person doing business within Multnomah County shall pay, in addition, a Temporary Education Surcharge equal to ? percent (?) of the net income from the business within the county. This surcharge shall be in effective only for 1998 and shall not apply to business years beginning on or after January 1, 1999.
- (D) The receipts from the surcharge imposed by subsection (C) shall be used only to benefit public schools in Multnomah County. The public school districts shall expend Temporary Education Surcharge receipts on staff and materials directly related to instruction, and for performance audits. The districts shall report all such expenditures to the Board of County Commissioners .
- (E) The Temporary Education Surcharge receipts shall be distributed to every public school district in Multnomah County according to a formula approved by the Board of County Commissioners..



# MULTNOMAH COUNTY, OREGON

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**BOARD OF COUNTY COMMISSIONERS**

BEVERLY STEIN  
DAN SALTZMAN  
GARY HANSEN  
TANYA COLLIER  
SHARRON KELLEY

**BUDGET & QUALITY**

PORTLAND BUILDING  
1120 S.W. FIFTH - ROOM 1400  
P. O. BOX 14700  
PORTLAND, OR 97214  
PHONE (503)248-3883

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TO: Board of County Commissioners  
FROM: Dave Warren **DCW**  
DATE: November 18, 1997  
SUBJECT: Business Income Tax Surcharge for Schools

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At this point in the process it seems to me that two areas need analysis: what is the relative need of each of the school districts, and what rate of BIT surcharge will produce how much money.

## **RELATIVE SCHOOL DISTRICT NEEDS**

Any methodology used to estimate the need of the nine public school districts in Multnomah County will either fail to adequately address the individual situations of each of the districts or will rely so heavily on the unique features of each district that no consistent picture can be drawn.

How much money each district needs requires a clear and common picture of what schools should do. Variations in the policies of nine school boards and the electors of their districts result in variations in the goals of the districts. The farther back in time I go to find a starting point for analysis, the greater the variation among the districts tends to be.

What follows is very bare analysis. It starts with the budget for each district for 1997-98 and attempts to determine what the cost of that level of operations will be in 1998-99. It compares that cost to the likely revenues for each district in 1998-99. I do this on the assumption that costs will reflect the Portland CPI, that the July estimates from the Department of Education about funding levels for each district for the biennium can be relied on, and that this comparison will produce a picture of the minimum shortfall for each district.

Using the simplified picture this analysis produces, I intend to contact each district to extract major special costs or revenue issues that will affect its bottom line for 1998-99. After doing this, I will provide a second estimate of the financial picture for each district, also oversimplified, that will be generally less positive than the simplified picture shown here.

## Basic Numbers

The following table shows the basic numbers:

November 18, 1997

District	98-9 Estimated Cost of 97-8 CSL	98-9 Revenue	Estimated 98-9 Excess (Shortfall)
Centennial - 28	\$ 35,541,494	\$ 37,142,287	\$ 1,600,793
Corbett - 39	4,051,437	4,033,433	(18,003)
David Douglas - 41	43,732,513	44,650,089	917,576
Gresham-Barlow - 10	67,563,401	64,721,366	(2,842,035)
Parkrose - 3	21,142,977	20,658,105	(484,872)
Portland - 1	345,724,387	330,377,559	(15,346,828)
Reynolds - 7	47,493,028	49,088,311	1,595,283
Riverdale - 51	3,981,805	3,777,297	(204,508)
Sauvie Island - 19	1,247,955	1,370,124	122,169

Combined Shortfall \$ (18,896,246)

Four districts can anticipate shortfalls next year. That is, four districts will be unlikely to sustain their current level of operations without additional revenue.

The table above counts the revenue anticipated from the passage of the State Lottery Bonds. It does not, however, assume additional transfers from any district reserves not included in their general funds.

Expenditures are assumed to increase three percent next year. I would have preferred using Portland CPI, but how much that will increase is difficult to predict. The most recent CPI computation for Portland is for the period ending June 30. That CPI was 3.4% higher than the prior June 30. The next CPI for Portland will not be available until January and will be based on December 31 figures.

#### Using Years Other Than 1997-98 as the Base

The fact that in 1990 the school districts in Multnomah County had very different levels of property tax support has meant that State funding equalization efforts produced correspondingly different effects. Depending on what year is compared to 1998-99, different shortfalls appear.

Using 1995-96 as the comparison year, in 1998-99 only two districts appear to face shortfalls. However, the total shortfall of those two districts would be higher than the combined shortfall of the five districts I predict face cuts from the 1997-98 level.

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\* Riverdale, for example, has a separate "Stabilization" fund from which it has drawn an average of \$843,000 annually during the last three years and could draw equivalent amounts for two more years. That potential revenue is not included above.

November 18, 1997

**1995-96 BASE**

District	98-9 Estimated Cost of 95-6 CSL	98-9 Revenue	Estimated 98-9 Excess (Shortfall)
Centennial - 28	34,024,271	\$ 37,142,287	\$ 3,118,016
Corbett - 39	3,957,706	4,033,433	75,727
David Douglas - 41	41,094,206	44,650,089	3,555,883
Gresham-Barlow - 10	61,262,436	64,721,366	3,458,930
Parkrose - 3	19,228,473	20,658,105	1,429,632
Portland -1	356,617,350	330,377,559	(26,239,791)
Reynolds - 7	45,535,099	49,088,311	3,553,212
Riverdale - 51	3,425,579	3,777,297	351,718
Sauvie Island - 19	1,404,206	1,370,124	(34,082)

Combined Shortfalls

\$ (26,273,873)

If 1996-97 is used as the base year for comparison, the total shortfall would be, again, greater for those districts that would not be able to sustain that year's level of service in 1998-99. Again, four districts would face such shortfalls, but only Portland and Parkrose are also in the list of districts with too little revenue using the 1997-98 year as the comparison year.

**1996-97 BASE**

District	98-9 Estimated Cost of 96-7 CSL	98-9 Revenue	Estimated 98-9 Excess (Shortfall)
Centennial - 28	33,508,770	\$ 37,142,287	\$ 3,633,517
Corbett - 39	4,416,783	4,033,433	(383,349)
David Douglas - 41	43,409,434	44,650,089	1,240,655
Gresham-Barlow - 10	59,711,745	64,721,366	5,009,621
Parkrose - 3	20,899,780	20,658,105	(241,675)
Portland -1	356,735,129	330,377,559	(26,357,570)
Reynolds - 7	45,826,646	49,088,311	3,261,666
Riverdale - 51	3,281,386	3,777,297	495,911
Sauvie Island - 19	1,502,145	1,370,124	(132,021)

Combined Shortfalls

\$ (27,114,616)

November 18, 1997

# REVENUE PRODUCED BY A BIT SURCHARGE

Assuming Multnomah County chooses to help address school district revenue problems ranging between \$16 and \$24 million next year by imposing a temporary BIT surcharge, what rate should be imposed?

The following table gives an idea of the revenue that would be produced at various levels of surcharge. Note that all of the estimated numbers assume that businesses whose regular BIT cost is \$100 or less would not pay a surcharge for the schools.

BIT Surcharge	6% Growth from 96-7 Actuals	12% Growth from 96-7 Actuals
1.00%	23,745,517	25,230,248
0.85%	20,033,690	21,295,711
0.75%	17,559,138	18,672,686
0.65%	15,084,586	16,049,661
0.60%	13,847,310	14,738,149

These estimates should be used as potential ranges of likely revenue. We believe, based on revenues through September, that we will receive about 6% more in BIT revenue in 1997-98 than we received last year. Assuming business profits continue to grow next year at the same rate, the 12% Growth column is a fair estimate of total additional receipts. However, the Portland License Bureau cautions us that the actual payments will not all come in 1998-99. About 35% of BIT revenue for any given business year is not collected until November of the following calendar year. If we instituted a 1% surcharge, then, we could expect to pay the school districts only about \$17 million out of 1998-99 BIT receipts. The balance would not be available until 1999-2000 unless the County found some other way to advance revenue to the districts.

Using the distribution formula we used in 1996 to supplement school funding, and assuming the actual revenue will be in the middle of the range, the breakout among the nine school districts would be:

BIT Surcharge	1.00%	0.85%	0.75%	0.65%	0.60%
6% Growth from 96-7 Actuals	23,745,517	20,033,690	17,559,138	15,084,586	13,847,310
12% Growth from 96-7 Actuals	25,230,248	21,295,711	18,672,686	16,049,661	14,738,149
Average Estimated Receipts	24,487,883	20,664,701	18,115,912	15,567,124	14,292,730
Centennial 5.75%	1,408,053	1,188,220	1,041,665	895,110	821,832
Corbett 0.40%	97,952	82,659	72,464	62,268	57,171
David Douglas 4.10%	1,004,003	847,253	742,752	638,252	586,002
Gresham-Barlow 5.50%	1,346,834	1,136,559	996,375	856,192	786,100
Parkrose 3.60%	881,564	743,929	652,173	560,416	514,538
Portland 76.50%	18,733,230	15,808,496	13,858,673	11,908,849	10,933,938
Reynolds 4.00%	979,515	826,588	724,636	622,685	571,709
Riverdale 0.10%	24,488	20,665	18,116	15,567	14,293
Sauvie Island 0.05%	12,244	10,332	9,058	7,784	7,146
Total Distribution	24,487,883	20,664,701	18,115,912	15,567,124	14,292,730

JOINT CITY OF PORTLAND/MULTNOMAH COUNTY  
DISCUSSION OF BUSINESS TAX INCREASE FOR SCHOOLS

9:30 TO 11 A.M. NOVEMBER 25<sup>TH</sup>

I. INTRODUCTIONS (5 MINUTES)

II. PROPOSAL FOR CONSIDERATION : (15 MINUTES)

Presenters: Mary Ann Fitzgerald, "Three Moms"

Don McClave, Portland Chamber of Commerce

Additional Comments from Representatives of Active Parents Network,  
Oregon Action, and Small Business Coalition

III. QUESTIONS AND DISCUSSION OF PROPOSAL AND/OR ALTERNATIVES  
(25 MINUTES)

IV. DISCUSSION OF DRAFT RESOLUTION(S) AND ORDINANCES (30  
MINUTES)

V. TIMELINES FOR PUBLIC HEARINGS AND ACTION - (15 MINUTES)



# School Funding Coalition

November 25, 1997

To: Mayor Vera Katz and the Portland City Council  
Chair Beverly Stein and the Multnomah County Board of Commissioners

From: School Funding Coalition Advocates:

Marianne Fitzgerald

Francie Royce

Jane Ames

Kathie Humes

Mallory Pratt

David Milholland

Re: Alternative Proposal to the July 22, 1996 BIT Agreement Letter

Thank you for your leadership in supporting local schools. Your efforts over the last five years have helped prevent a serious decline in the quality of public education as we transition from local to state funding of K-12 education in Oregon.

Unfortunately, although progress has been made to equalize school funding statewide, the problems that compelled the Portland City Council and the Multnomah County Commissioners on July 22, 1996 to write the Governor, Senate President and House Speaker requesting more funding for local schools remain.

The school funding advocacy group, Coalition for School Funding Now!, created as a result of the agreement contained in the July 22 letter, successfully focused legislative and public attention on the statewide school funding problem. Despite heroic efforts and success by the coalition of community, business and parent advocates in the last legislative session, some local school districts once again face an emergency situation for the 1998-'99 school year.

Multnomah County districts face a combined shortfall of approximately \$20 million, which unless addressed will result in the layoff of hundreds of teacher positions, reduction in program content, and further movement away from our state's goal of school improvement. School funding is a state responsibility. However, we believe the current shortfall situation constitutes an emergency for our community, and as such demands an immediate, short-term emergency response by our community.

As part of the July 22 letter, the signers committed themselves to assist public schools in the 1997-'99 biennium by temporarily increasing the Multnomah County Business Income Tax (BIT) up to 1% per annum for 18 months to keep local school service levels at those that existed in FY 1995-'96. Representing parents, businesses and school advocates, we stood with the City Council and County Board in support when the July 22 letter was publicly announced. We were also key participants in crafting the agreements contained within it. We helped create the Coalition for School Funding Now! Like the City Council and the County Board, we remain steadfast in our commitment to the cause of obtaining adequate permanent school funding statewide.

However, in light of current conditions, we now support an alternative approach that provides enough funds to local schools to help prevent further teacher cuts, halt the flight of students and families from public schools, and minimize effects on county businesses. It will enhance the strong partnership between schools, businesses and local governments built over the past 16 months through the coalition.

We ask you to support an alternative school funding approach that includes the following:

- Referral of a measure to the voters to impose a temporary one-time-only surcharge on the Business Income Tax of .50% which would raise approximately \$12 million for Multnomah County schools;
- Exemptions for businesses that pay \$100 or less in BIT taxes during 1998 (65% of local businesses);
- Allocation of the BIT surcharge to Multnomah County school districts using the distribution formula agreed to by county superintendents in 1996, which provides Portland Public Schools with 76.5% of the surcharge; and
- Resources to fund a performance audit scan of Portland Public Schools.

We recognize that the BIT surcharge alone will not be sufficient to fill the projected \$20 million shortfall or prevent further layoffs in the Portland School District. We ask the City and County to stand by our local schools and provide financial assistance through this crisis. We will seek this funding in context of proposed budget projections and priorities during the normal City/County budget hearing process for FY 1998-'99.

We will continue working with the Coalition for School Funding Now! and other partners for quality education to obtain funding from the Oregon Legislature sufficient to provide a world-class education as defined by proficiencies in the CIM/CAM/PASS standards and recommended by the Speaker's and Governor's task forces on education. It needs to be stable enough to allow schools to plan for the future (i.e. 5-year plans). We will also seek inclusion of additional funds that address the regional cost of doing business in the school funding distribution formula.

We believe this alternative is a reasonable approach toward solving a crisis in our community. Without stable and adequate school funding, our community will no longer be seen as an attractive place to raise a family or to do business. We believe this alternative approach is in the best interests of our local school districts, local taxpayers and businesses, and best achieves our goal of gaining adequate and permanent school funding statewide. We pledge to work together to achieve our goal; we urge you to support this effort.

cc: Governor John Kitzhaber  
Senate President Brady Adams  
Speaker of the House Lynn Lundquist  
Multnomah County School Superintendents  
Multnomah County Mayors



**Portland Chamber**

# **NEWS RELEASE**

• November 25, 1997

**FOR IMMEDIATE RELEASE**

Contact: Donald S. McClave

228-9411

The Portland Chamber is deeply concerned about the future of our schools. It knows that a world-class education system is critical to the future of the City and to the businesses within it. There is also a clear consensus amongst business that Oregon's method of financing schools is flawed and needs to be changed.

Unfortunately, an increase in Multnomah County's Business Income Tax is not the best way to address that need. It is a short-term approach that pits schools against jobs. Multnomah County is already the most expensive place to do business in the region. Increasing the BIT, even temporarily, will only compound the problem; it will mean fewer jobs in the County and particularly in the central city.

Having said that, the proposal described today is a far better alternative than the increase that had been on the table. It minimizes the damage to the County's ability to retain and create jobs, while providing short-term assistance for our schools.

There continues to be great concern in the business community that increasing the BIT only deepens our tax system problems and exacerbates the fiscal and growth management challenges our community will face in the future.

However, the Chamber's leadership recognizes the importance of softening the financial blow our schools face in 1998-99. They are the same people who personally traveled to Salem to advocate for a \$4.3 billion education budget and fought to pass Ballot Measure 52. They understand the funding issue and will continue their efforts to bring about stable and adequate funding, which only the legislature can ultimately deliver.

For this reason, the Portland Chamber will not take a position in opposition to the proposal announced today as long as Multnomah County Commissioners pledge not to extend the BIT increase beyond one year. In addition, the Chamber feels strongly that the Portland City Council and the Multnomah County Commission should participate in the temporary funding package at the requested level. The surplus funds available to these jurisdictions, in part because of passage of Ballot Measure 50 and the recent library bond measure, ought to be used for our top priority. For the business community that means investing it in the education of our children.

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