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# PORTLAND CITY CLUB BULLETIN



VOLUME XIII

PORTLAND, OREGON, JUNE 3, 1932

NUMBER 5

FRIDAY, JUNE 3

HOTEL BENSON; 12:10

SPEAKER

**DOUGLAS MILLER**

*Assistant Commercial Attache, Berlin, Germany*

SUBJECT

**“Germany Experiments in Government  
and Business”**

AND ALSO

**The Special School Levy**

JOHN A. LEE . . . . . MAJORITY REPORT  
*Chairman, School Levy Committee.*

L. A. ANDRUS . . . . . MINORITY REPORT  
*Member, School Levy Committee.*

The majority and minority reports of the committee on the 1932 special school levy will be presented to the Club membership for action. Read the reports printed below.

## THE 1932 SPECIAL SCHOOL LEVY

*A Report by the Education and Recreation Section*

### MAJORITY REPORT

To The Board of Governors of the City Club:

The School Board is asking for authority from the voters again this year, as it has each year for a good many years past, to levy a special tax in addition to the regular levy and other sources of income, in order to support the schools.

In deciding whether this authority shall be granted or denied, the main consideration involved is whether the system of schools which we have, and which has been built up and maintained with the sanction and approval of the people, shall continue to be maintained substantially as heretofore, though with a reduction in salaries, or whether due to the stress of financial conditions still other economies shall

*Continued on Page 3*

### MINORITY REPORT

To The Board of Governors of the City Club:

I dissent from the recommendation of the majority of the committee reporting on the special school levy that the City Club endorse this proposal.

If this levy be authorized, the taxpayer will have no relief whatever, *now*. It is immediate relief he seeks, not relief at some indefinite future date, for he is hard up to-day.

The School Board asserts the budget can suffer no further cuts without impairing the usefulness of the schools. The Board does not know this statement to be true. It has never had to operate on a reduced budget and until that time comes, no one can say what can be done. Compare similar statements with accom-

*Continued on Page 2*

**TUNE IN KEX AT 8:30 P. M., SUNDAY**

**PORTLAND CITY CLUB  
BULLETIN**

*Published Weekly by*

**THE CITY CLUB  
OF PORTLAND**

Office of the Club . . . . . 606 Oregon Building

Telephone ATwater 6593

Subscription Price . . . . . \$1.00 per year

Entered as Second Class Matter, October 29, 1920, at the postoffice at Portland, Oregon, under act of March 3, 1879.

City Club dues are \$1.00 per month, payable semi-annually on May 1st, and November 1st. There is no initiation fee.

The regular Friday luncheon meetings are held in the Crystal Room of the Benson Hotel.

**CITY CLUB PURPOSE**

*"To inform its members and the community in public matters and to arouse them to a realization of the obligations of citizenship."*

**THE CITY CLUB BOARD of GOVERNORS**

RICHARD W. MONTAGUE . . . . .	<i>President</i>
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WILLIS K. CLARK

HERMAN KEHRLI . . . . . *Executive Secretary*

**APPLICATION FOR MEMBERSHIP**

The following application for membership, having been approved by the Board of Governors, is hereby recommended to the Club.

If no objections are filed with the Board of Governors or the Executive Secretary prior to June 17, 1932, this applicant will, under the Constitution, stand elected.

AARON M. FRANK\*  
Vice President and General Manager,  
Meier & Frank Company

Recommended by Frank H. Plaisted.

\*Contributing membership.

**CITY CLUB NOTES**

Make your reservations today for the Reed College Dinner Meeting of the City Club. Special tables of eight may be reserved for parties.

Rabbi Stephen S. Wise, who will give the address of the evening, is one of America's ablest speakers. He has taken an active interest in civic affairs throughout his career and is well qualified to answer the question "Must Great Cities Be Corrupt?"

At this meeting, also, the Club will have an opportunity to see Doc, Dad and the Judge present one of their civic broadcasts over station KEX. Through the courtesy of KEX it has been possible to arrange for a fifteen minute broadcast by remote control from the Reed College Commons.

This week's events in Germany add greatly to the interest in today's address by Douglas Miller, for Mr. Miller will discuss to a limited extent the policies of the National Socialist Party led by Hitler and the results that might be expected should it assume control in Germany. Mr. Miller will also speak of the manner in which Germany has already adopted socialism and its effect upon the German government and business.

For over ten years Mr. Miller has been a resident of Germany. Previously he spent a number of years in Europe as a Rhodes Scholar at Oxford and in the government service.

Those Club members who heard Mr. Miller address the City Club on the subject of war debts and reparations several years ago will occupy front seats today.

**MINORITY REPORT**

*Continued from Page 1*

plishments in operation of the state's institutions of higher education.

*Reductions Should Be Co-ordinated*

In the proposed budget, salaries of most school teachers will be cut 10%. So far, no proposal has been made nor accepted to cut salaries of city and county employees. Until cuts in all these governmental agencies can be co-ordinated, no decision should be made that will cause school employees to be alone in suffering cuts.

A negative vote at this election does not mean the subject is closed. It does give time to accomplish two things: For the Multnomah Tax Economy League to co-ordinate proposals for cuts in expenditures of the three major governmental units of Multnomah County; and for the School Board to prepare a budget which will show substantial savings on the taxpayer's current tax bill. Then another school election can be held and the new budget voted on.

Respectfully submitted,

L. A. ANDRUS.

Accepted by the Board of Governors and ordered printed and submitted to the Club for action on June 1, 1932.

**MAJORITY REPORT**

*Continued from Page 1*

be effected, some that may amount to serious curtailments

For maintenance of the schools in accordance with the organization and standards of the past, the special levies voted heretofore have assumedly been needed. If this organization and these standards are to be continued, the amount of the special levies now asked for, or sums approximating these amounts, will just as certainly be required, and this despite the cut in salaries and such lesser cost savings as have been found possible, unless indeed still greater cuts in salaries shall be made.

*State Law Limits Basic Levy*

As to the nature of the legal limitation imposed upon the school board in making its basic levy and the necessity for any special authorization by the voters to provide the additional money needed to run the schools, this phase of the question has been treated fully by previous committees of the Club. Suffice it for us to state that, under a provision of the State Constitution adopted in 1916, the basic levy for operation and maintenance for any year cannot exceed by more than six per cent the basic levy for the previous year, and that because of still further tax limitation laws existent from 1917 to 1925, the increase of the basic levy allowed each year has come far from keeping pace with the growth of the schools.

Hear DOC, DAD and JUDGE discuss  
 "THE 1932 SPECIAL SCHOOL  
 LEVY"  
 next Sunday evening at 8:30.  
 Tune in KEX.

With regard to the wisdom of the six per cent limitation, which also has been touched upon by previous committees, we shall have some observations to make later on in this report.

We give below a summary of the tentative budget of the school district for the year 1933, as approved by the Board of Directors on May 16, 1932 and furnished to us by the School Clerk. To help in the understanding of this budget it perhaps should be explained that the fiscal year of the district is the calendar year, whereas the year for which teachers are hired, which is the school year, consists of parts of two calendar years. The budget follows:

**OPERATION AND MAINTENANCE**

<b>RECEIPTS—</b>	
General Basic Levy .....	\$ 2,197,138.00
Special Tax Levy to be voted for 1933 .....	1,200,000.00
<hr/>	
To be placed on Tax Roll for 1933 .....	\$ 3,397,138.00
11% allowance for delinquency in tax collections .....	373,685.00
<hr/>	
Estimated amount that will be collected from Tax Roll in 1933 .....	\$ 3,023,453.00
Anticipated revenues from State, County and Elementary Funds, Etc. ....	1,614,515.00
<hr/>	
Total estimated receipts for 1933 .....	\$ 4,637,968.00
<b>DISBURSEMENTS—</b>	
Estimated Disbursements .....	\$ 5,037,968.00
Estimated cut in salaries .....	400,000.00
<hr/>	
Net Disbursements .....	\$ 4,637,968.00
<b>GENERAL BASIC LEVY—</b> The basic levy for the year 1932 is \$2,072,771.61, which increased by 6% equals \$2,197,137.91 for the year 1933. This is the maximum amount which can be placed on the Tax Roll for 1933, without special authorization by the voters.	

**BUILDING FUND**

Special Levy Building Fund to be voted for 1933 .....	\$ 100,000.00
<hr/>	
Total Special Levies to be voted for 1933— (\$1,200,000.00 plus \$100,000.00) .....	\$ 1,300,000.00

We have thought it well to include also in this report, as being very informative, a state-

**RESERVE NOW!**

FOR THE  
**NINTH ANNUAL CITY CLUB DINNER**

*Ladies and Guests Are Invited*

AT

**REED COLLEGE**

**Monday Evening, June Thirteenth**

TICKETS—\$1.25 PER PLATE

CALL AT WATER 6593

MAIL CHECKS TO 606 OREGON BUILDING

*Tables of Eight May Be Reserved for Parties*

ment prepared by the School Clerk showing the comparative tax levies for a few years back and containing other data, which statement is as follows:

TAX LEVIES		
YEAR	1930	1931
Basic.....	\$ 1,949,963.13	\$ 2,020,279.70
Special.....	1,325,000.00	1,275,000.00
Debt.....	987,753.00	1,054,508.25
Building.....	300,000.00	300,000.00
Total.....	\$ 4,562,716.13	\$ 4,649,787.95
YEAR	1932	1933
Basic.....	\$ 2,071,267.24	\$ 2,197,138.00
Special.....	1,250,000.00	1,200,000.00
Debt.....	1,103,613.55	*1,087,676.75
Building.....	300,000.00	100,000.00
Total.....	\$ 4,724,880.79	\$ 4,584,814.75

\*No allowance made for delinquency in tax collections at this time. An allowance for delinquency in this fund will be made in the fall of 1932 with the approval of the Tax Supervising and Conservation Commission.

Per cent delinquency in tax collections of School District No. 1:—

YEAR	
1926.....	4.4%
1927.....	4.3%
1928.....	3.5%
1929.....	34% Surplus*
1930.....	3.3%
1931.....	11.2%

\*During 1929 a settlement was made on the taxation of bank stock. The taxes that were paid in 1929 on this bank stock were delinquent from former years and payment of this was not anticipated in 1929. Therefore, a greater amount was collected during the year 1929 than the amount carried on the tax roll for the year 1929.

In comparing the tentative budget for 1933 with the 1933 column in the statement of comparative tax levies, it is to be noted that the item of "anticipated revenues from state, county and elementary funds" contained in the former does not occur in the latter. While a considerable portion of the funds accruing to the district from these sources comes from taxation, namely, the county and elementary school funds, the levies are not made by the school district and altogether the board has little to say as regards the amounts to be realized from these sources. It is to be noted also that the "debt" item of \$1,087,676.75 contained in the tax levy column does not occur in the budget. This debt item is made up of the sums required to pay the interest on and in part retire the bonds voted by the people in past years for the construction of school buildings. It is to be segregated roughly as \$423,000 for interest and \$664,000 for retirement. Since these sums are outside the board's control and must be raised in any event and are not a factor from the standpoint of operation or current building, they very properly are omitted from the budget though entering into the total amount of the district levies.

#### *Building Measure Is Separate*

Of the other three items in the 1933 column of tax levies, the basic levy is in the board's control, subject to the six per cent limitation before mentioned and the approval of the Tax Supervising and Conservation Commission; while the remaining items, the special levy of \$1,200,000 for operation and maintenance and the special levy of \$100,000 for building, are the two items which the board is asking to have approved by the voters at the School Election to

be held on June 7. In submitting these two items the board has not lumped them as in past elections but has provided they may be voted upon separately, so that one may be approved and the other disapproved if the voters shall so decide.

It is further to be observed that the basic levy of 1933 is an increase over the basic levy of 1932 to the extent of the legal limitation of six per cent or an increase of \$125,000 in round figures, while the special levy for operation asked for is less by \$50,000 than such special levy for 1932, the result of which is an increase for operation over 1932, if the State Tax Supervising and Conservation Commission shall approve, of \$75,000. The special levy sought for building is \$200,000 less than the building levy of 1932. The total of the three items is less by \$125,000 than the total of the corresponding items in the levy for 1932.

#### *Tax Delinquency Offsets Pay Cut*

There are two items in the 1933 budget which have not occurred in previous budgets and these are of special interest and significance. They are the item of tax delinquency and the item of cut in salaries. The latter, it will be observed, offsets the former but with no large margin to spare. Of special interest also is the matter appended to the tax levy statement showing that tax delinquencies jumped from a maximum of 4.4% in previous years to the staggering percentage of 11.2% in 1931.

The worries of the school board over the district's finances began, or at least became intensified, with this fiscal year. When in January the board took stock of the situation, they discovered that due to heavy tax delinquencies they would complete the year with a substantial deficit unless some rather drastic economies should be effected. They accordingly decided upon a cut of 10% in salaries—of the salaries of administrative heads, teachers and all employees of the district. The board was advised that it could not legally reduce salaries for any part of the school year of 1931-32, so to accomplish the equivalent of a cut of 10% for the fiscal year of 1932 a cut of 25% for the last four months of the fiscal year was voted. This cut of 10% for the year 1932 has also, by the more recent action of the board, been continued for the fiscal year 1933, as shown by the budget, and bids fair to have to be continued through 1934.

To effect a still further economy the school administration has also increased somewhat the pupil-teacher load. This has been done not by discharging teachers but by omitting to fill vacancies as they occur. Some other lesser economies have been effected.

#### *Reduction Was Needed*

Because of the tax delinquencies, great beyond all precedent, this cut in salaries was clearly unavoidable, unless the already heavily loaded taxpayer should be still further burdened. Unpleasant to the teachers though it is, they appear generally to realize its necessity. The superintendent and his three assistants, the School Clerk and the Superintendent of Properties, though having contracts, some of them, up to three years, have waived their contracts to the extent of this cut and are taking the cut along with the rest. Any teacher who seriously com-

plains at a cut of this size certainly fails to appreciate the seriousness of the financial situation. Many people simply cannot find funds with which to pay their taxes, though some clearly are taking advantage of our very lenient tax payment laws. Not alone upon merchants and their employees and artisans and common laborers is the stress of the times bearing hard, but upon those in all the private professions—architects, engineers, lawyers, dentists and, as regards collections, the doctors. Many professional men are unable to pay their office rent, let alone their taxes.

Of the teachers, the grade teachers have the least ground for complaint. As shown by the exhaustive report of another committee of the City Club very recently made, the salaries of the grade teachers in the Portland schools have been higher than is the average of cities of like size in the United States, while the salaries of the high school teachers have been lower than the average.

With the lessened cost of living a cut of 10% amounts to no cut in real income. While some costs have not declined, rents and the prices of food and clothing especially are very much down. The committee is not fearful that a reasonable cut in the salaries of teachers will cause the Portland schools to lose some of their best talent. The schools of other cities are finding it just as necessary as are those of Portland to effect economies.

#### *School Staff Organizes Campaign*

Due to the proverbial lethargy of the people in voting at school elections, of even those citizens having the best interest of the schools at heart, the school administration and the teachers' organizations have deemed it necessary to organize the whole staff into a political force to insure the carrying of the special levies needed each year adequately to support the schools. The teachers consider, and rightly too, that their very jobs are at stake. This should not be. The laws should be changed to obviate this necessity. Such proposed changes were voted upon in 1927 but failed of carrying by a small majority. The question should be resubmitted. With the City Council and the Board of County Commissioners given authority to levy taxes for necessary operating funds, we can see no reason why the School Board should not have such power, subject to review, of course, by the Tax Supervising and Conservation Commission.

The school election occurs during the last month of the school year when the professional duties of the teachers are unusually heavy. Obligated as they are to spend much of their time and energy throughout the month in putting over the special levies, their regular work must of necessity meet with some neglect. Aside from this, the picture presented by the teachers making of themselves an electioneering body and becoming propagandists within as well as outside their respective school rooms, as occurs in their making school election talks to the children and in distributing circulars supporting the special levies, impresses us as being scarcely a dignified one to say the least.

#### *Teachers Schooled In Political Militancy*

There is still another bad, or at least very questionable, effect of the practice that we would

point out. It schools the teachers in political militancy, which they are tempted to exercise in ways scarcely professional. The members of this committee may be old fashioned in their ideas of professional ethics, but it strikes us as hardly seeming that the teachers should be present in force at a meeting of the school board, with an attorney representing and acting as spokesman for them, to tell the board how it should make up its budget. Members of the board who are up for reelection may not be influenced by such a demonstration, but they will be men of exceptional hardihood if they are not. The tax limitation law should be changed.

The \$125,000 less of tax levy proposed this year as compared with last would amount to a reduction of 2.6%. The two hundred and twenty-five thousand dollars which would be the total decrease should the \$100,000 of building levy be voted down, would amount to a reduction of 4.7%. Either of these percentages would not be reflected in a very appreciably lessened millage. As a matter of fact, with a reduced assessment valuation, the millage may be even higher. This does not mean, however, that the actual tax will be higher. It is to be remembered that the debt item in the levy, amounting to \$1,087,000 in round figures, or almost one-fourth of the total, cannot be reduced. It must be raised in toto or the district defaults on its bonds.

With the \$400,000 of cut in salaries, the reduction to the taxpayer would have amounted to \$525,000, or to \$625,000 if the building levy be voted down, or from 10 to 12 per cent, except for the necessary allowance for delinquency in tax payments. The result of this allowance for delinquency is, that those who pay their taxes are penalized, for the time being at least, on account of those who do not pay, though the eventual payment of the delinquencies should, of course, serve to reduce future levies.

#### *Board See Need For Levy*

With the School Board made up of capable business persons and with the close scrutiny they have been giving the district's finances for the several months past, we believe it fair to conclude that they have made all the savings possible short of a further reduction in salaries or changes that would seriously impair the school system. Either of these steps they naturally have hesitated to take, at least without a mandate from the people. While in the board meeting at which the budget was decided upon there was a warm debate between the members as to what should be the amount of the special levy for operation, the issue debated was only as between a levy of \$1,000,000 and \$1,200,000. In other words, no member contended that the district could get along, even after having made the 10% cut in salaries, without as much as a million dollars of special levy for operation.

As compared with other cities the schools of Portland have not been expensively administered. Of the ten largest Pacific Coast cities, three only—Tacoma, Spokane and Salt Lake City, show a lesser per pupil cost.

If the special levy fails to carry, what then is to be done? Various answers to this question



have been suggested, which we mention and briefly discuss below:

1. *Make a Further Cut In Salaries.*—The cut of 10% already made amounts to \$400,000. Then to absorb the \$1,200,000 will require an additional cut of 30% or a total of 40%. Such a salary cut we believe to be beyond reason. It would be a cut much deeper than there is the remotest prospect of being imposed upon other classes of public servants. To impose it upon the teachers would be making of them the goat. It greatly exceeds any estimate of the reduced cost of living. While it is true that many people in private life have had to take this and even a deeper cut, the comparison is not a fair one. The teachers argue, and with force, that while their income is at all times, in good times and bad, held within comparatively narrow limits, this is not true of those engaged in private enterprise. If a cut of 40% below normal is to be imposed upon a public servant under conditions of depression, he should be accorded a raise of 40% above normal under prosperous conditions. Everybody knows that a demand for such a raise would not be countenanced by the public however prosperous the times. A cut as deep as 40% would be very disturbing to the teachers and those more highly qualified doubtless would seek positions elsewhere. The teachers' cut of 10% already made is greatly in excess of that imposed to date upon any considerable class of public servants.

An argument advanced in favor of absorbing the \$1,200,000 through a cut in salaries is, that if the special levy be voted down, this negative vote would amount to a mandate to the Tax Supervising and Conservation Commission to make a corresponding reduction in the salaries of all other public servants. This argument is not convincing. In the first place, with the various other expedients suggested for absorbing the special levy, which we mention below, the issue would not be a clear cut salary one. The Commission might not accept the vote as a mandate and much less if the vote should be small, as it usually is at a school election. In the second place, with the tremendous pressure that would be brought to bear upon the Commission to refrain from making a deep cut in the salaries of other public servants, a cut of more than 10% we would say, a corresponding cut in other salaries would not be made, so that, as we pointed out above, the teachers would be the goat.

2. *Vote Down the Special Levy Now and Re-submit It This Fall For a Somewhat Lessened Amount.*—One weakness in the position of those who make this proposal is that they do not suggest how the money is to be saved. They content themselves with saying that the Board can find a way without injuring the schools, when the Board has already said it cannot. In the second place, there is no certainty this second vote would carry. In the third place, the teachers would be on the anxious seat all summer, not knowing whether they would have their positions or not and any who might be let out could not then secure other school employment. The whole school administration would be held in a state of suspense.

3. *Eliminate Parts of the School System.*—The

advocates of this plan would cut out the "frills" of education, so-called. We concur in the view taken by the Oregon Voter, in a late issue, that the "frills" of the modern school, many of them at least, provide the best part of education. The three R's are merely the tool subjects, which furnish no more than a foundation for education. As well ask the householder to dispense with his radio or even his automobile as to ask the modern school to dispense with its "frills." Furthermore, to the extent that teachers would be discharged in carrying out this plan the employment problem would be intensified.

4. *Shorten the School Year To Eight Months.*—To do this would account for no more than two-thirds of the \$1,200,000. To take up the full amount the school year would have to be shortened to seven months. A shortening to eight months would amount to an additional cut of 20% in salaries or a total of 30%. But even more objectionable is the resultant effect upon the children. The time required for them to complete their school course would be lengthened to that extent. The high schools would lose their standing as college preparatory schools. And what would the parents do with the children during those extra vacation months?

5. *Continue the Ten Months' School Year But Have Half-Day Sessions.*—This plan is open to the objections of the shortened school year and in even greater degree. One-half or something less than half of the teachers would be dismissed. It would require the children to take two years to do the regular work of one. They would have a half day of idle time on their hands throughout the year.

6. *Let the District Go On a Warrant Basis.*—We dismiss this plan with the one comment that it is bad finance and basically unsound.

All of the several expedients suggested are so open to serious objection that we cannot give any of them our endorsement.

The \$100,000 of special levy for building we do not consider of great concern one way or the other. If it is voted down the Board will likely find some way to get along. However, it appears there is something of a balance in this fund and with the \$100,000 added to it this balance can be put to use and at least one good building needed can be constructed. Its construction will furnish that much of employment.

With a full recognition of the heavy burden the taxpayers are having to carry, we cannot believe they will want to do an injustice to the teachers. Neither do we believe they will wish to cripple the schools, in which they have taken pride and which it has taken so many years to upbuild.

#### RECOMMENDATIONS.

The committee therefore recommends that the special levy of \$1,200,000 for operation be approved. Though it be less vital, we would recommend also a favorable vote upon the \$100,000 of building levy.

Respectfully submitted,

R. E. KOON,

JOHN A. LEE, *Chairman.*

Accepted by the Board of Governors and ordered printed and submitted to the Club for action on June 3, 1932.