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PORTLAND
City Club
BULLETIN

Crystal Room . . . Benson Hotel
FRIDAY . . . 12:00 NOON

PORTLAND, OREGON — Vol. 25, No. 26 — OCT. 27, 1944

NOTICE: A full meeting will be given over to discussion of these important measures. In order to insure ample time luncheon this Friday will start promptly at 12 noon by request of President Stephenson.

ELECTION MEASURES

STATE SCHOOL FUND (state measure)

Majority Report by CHARLES E. WRIGHT

Minority Report by DR. A. A. KNOWLTON, *Chairman of the committee*

VETERANS' EDUCATION (state measure)

Majority Report by W. L. VAN LOAN, *Chairman of the committee*

Minority Report by DR. WILLARD B. SPALDING

WAR VETERANS' FUND (state measure)

Report by C. M. GARTRELL, *Chairman of the committee*

CITY JAIL TAX LEVY (city measure)

Report by ROBERT ORMOND CASE, *Chairman of the committee*

CITY CLUB ON THE AIR . . .

INFORMAL ROUND TABLE DISCUSSION — FRIDAY, NOVEMBER 3

Oregon's four candidates for the United States Senate have accepted the City Club's invitation to discuss a timely subject at this meeting.

On the panel:

GUY CORDON

WILLIS MAHONEY

WAYNE MORSE

EDGAR W. SMITH

• *City Club members note . . . YOU PICK THE SUBJECT . . . See page 73*

STATE SCHOOL FUND

CONSTITUTIONAL AMENDMENT INCREASING STATE TAX FUND FOR PUBLIC SCHOOL SUPPORT—Purpose: Adding to Article VIII, Oregon Constitution, a new section requiring the legislative assembly to create state fund, in addition to common school fund, for support of public elementary and secondary schools; fund to include revenue from taxes now provided by law for school support and sufficient to provide not less than forty-five cents per child per day of attendance for preceding school year. Taxes levied or imposed for fund not subject to six percent constitutional tax limitation. Until 1950, \$8,000,000 to be applied annually to reduce property tax levies in local districts without affecting tax bases within six percent limitation.

MAJORITY REPORT

To the Board of Governors of the City Club:

Your committee appointed to consider the constitutional amendment increasing state tax fund for support of elementary and secondary public schools has been unable to agree on the recommendation to be submitted to you, three members of the committee being opposed to the adoption of the amendment and two members being in favor of its adoption. Accordingly, the undersigned members submit their majority report opposing the amendment.

Historical Background—Recognizing education as a fundamental necessity for the sound growth of a democratic government, the framers of the Oregon Constitution placed the following mandate in Section 3 Article VIII, "The legislative assembly shall provide by law for the establishment of a uniform and general system of common schools."

Throughout the years that have followed the adoption of the Oregon Constitution many laws have been passed by the legislature pursuant to this constitutional mandate in order to achieve its objective. One of the major weaknesses that has developed is the method of financing school support. The power to levy property taxes for the purpose was delegated by the legislature to school districts whose ability to produce revenue sufficient to assure adequate educational facilities varied widely from district to district.

Aside from the state common school fund originally provided for in the Oregon Constitution, the first step to provide state financial aid was taken by the legislature in 1920 when it referred to the people a measure authorizing the levy of a two-mill elementary school property tax, the revenue therefrom to be retained and disbursed within the counties where levied. This measure which was adopted by vote of the people is in the nature of a state aid, though the funds derived from the tax are not disbursed through the channels of the State Treasurer's office.

By initiative petition in 1942 an act was passed to provide for distribution to public schools of surplus funds derived from the state income tax, all receipts above \$7,750,000.00 in any year to be distributed to the counties in proportion to the number of days of actual attendance. This act was amended by the legislature in 1943 to apply excess income tax revenues to reduce or offset the two-mill elementary school tax, and from any surplus revenues then remaining to transfer not in excess of \$5,000,000.00 to a fund to be known as the state school support fund for apportionment in reduction of taxes otherwise to be levied for the support of the public elementary and high schools.

State Aid Today—As a result of the foregoing, the total amount contributed by the State toward education in the elementary and second-

ary public schools for the year 1943-44 was \$7,335,867.00, made up of income and revenues from the following sources:

Irreducible School Fund.....	\$ 294,148.00
Elementary School Fund.....	2,041,719.00
State School Support.....	5,000,000.00
	\$ 7,335,867.00

(The above figures were furnished to the committee by Mr. Rex Putnam, the Superintendent of Public Instruction.)

The total cost of public education in Oregon for the year 1943-44 was \$20,979,625.35. It is estimated by Mr. Putnam that the total cost for 1944-45 will be approximately \$23,943,757.79.

Accordingly, the state furnished approximately one-third of the cost of secondary and elementary education this year.

Proposed Amendment — The proposed amendment to the constitution would compel the legislature to create a state school fund in addition to the common or irreducible school fund to include revenues now provided by law for school support and sufficient to provide not less than forty-five cents per child per day of attendance for the preceding school year. Taxes levied or imposed for the fund would not be subject to the six percent constitutional tax limitation. The amendment further provides that until 1950, \$8,000,000.00 of the amount raised shall be applied each year to reduce the property tax levies of local schools.

The amendment leaves to the discretion of the legislature what taxes are to be imposed to create the additional funds required, the manner in which the fund is to be distributed and after 1950 how much of the fund shall be applied each year to reduce property tax levies of the local schools.

Figures furnished by the Superintendent of Public Instruction indicate that the total fund would be approximately \$13,000,000.00 on the basis of school attendance the past year. During the coming year the additional funds to be provided would be approximately \$3,000,000.00.

Your committee met with representatives of the sponsors and opponents of the measure and obtained valuable information from Mr. Rex Putnam, Superintendent of Public Instruction, and from the Oregon Business and Tax Research, Inc.

The proponents of the amendment contend that its adoption will:

1. Relieve local property owners of their unequal responsibility for the support of the public schools.
2. Add another \$3,000,000.00 to the relief already accorded local property taxpayers.
3. Give the educational system of the State the additional funds absolutely essential to establish and maintain a quality of educational opportunity not below that of other states of the Union.
4. Guarantee that the future of Oregon schools and the education of Oregon children will not be subject to the future to "whimsical tampering" by pressure groups who would otherwise undermine it by day-by-day legislation.

The necessity for a constitutional amendment

CLUB AMENDMENT VOTE SCHEDULED FOR FRIDAY

The proposed amendment to the City Club constitution having to do with the creation of a special "Research Fund" will be voted on at Friday's meeting.

by initiative petition is said to rest upon the failure of the legislature adequately to provide state aid for the public schools despite the mandate of section 3 Article VIII of the Constitution, quoted above.

The majority of the committee believes that there is a need for a thorough-going reorganization of the methods of financing school support, and it is impressed with the advisability of having such a plan advanced by the legislature after careful study of the entire state tax structure in cooperation with other public welfare agencies and the State Tax Commission.

In November 1935 the City Club adopted a report by the Education and Recreation Section of the Club in which it was recommended that a study be undertaken of the school situation in Oregon with emphasis on county control as distinguished from school district control. In the section of the report dealing with reorganization is the following conclusion:

"In the light of its study of conditions in the Oregon school system, your committee is convinced that the schools are suffering chiefly from an antiquated and outgrown form of organization which is relatively inefficient and uneconomical; that in its present form it cannot be patched up to improve conditions to any great extent; that a major, yet comparatively simple, operation in the field of reorganization is necessary and that in this reorganization a number of proven elements new to the State will need to be made a part of the program of education. The method of supporting education fails to provide equality throughout the present system; therefore, it should be revamped at the same time that the system is reorganized. **Since the two are largely complementary, it will be impossible to consider one without the other.**"

The majority of the committee agrees with that conclusion and does not feel that the proposed amendment is a solution to the problems as a whole nor to the narrower aspect with which it deals, namely, the financial support.

The proponents' argument that adoption of the amendment will afford relief to property owners does not bear analysis. Since the legislature cannot enact a sales tax without the consent of the people the principal sources of revenue to which the legislature must resort in order to raise the additional funds required under the amendment are excise taxes, income taxes, and property tax levies. If in a few years there should be another severe economic depression a possibility which must be squarely faced, the revenue from income taxes would fall off heavily. The income tax is regarded by the authorities as an unstable form of taxation. In the Thirty-Fifth Biennial Report of the Superintendent of Public Instruction for the years ending July 1941 and 1942 it is said (p. 14) "It should be noted, however, that the income tax, because it may fluctuate widely is not necessarily a constant source of revenue and is not predictable from year to year. Taking into consideration changes in income tax rates we

CITY CLUB MEMBERS TO PICK CANDIDATES' SUBJECT

City Club members please file with the Executive Secretary not later than Friday, October 27, the subjects which you would like to hear discussed informally by the panel members.

The list of subjects will then be given to the candidates. The one chosen will be the one agreed on by all four speakers.

Once the subject is decided, a list of questions will be compiled by members of the Board of Governors. These questions, relative to the chosen subject will be asked the candidates. An equal amount of time will be given to all speakers under the plan of procedure worked out in conjunction with station KXL.

The City Club meeting will be broadcast from the Crystal Room over station KXL, 750 on your dial, Friday, November 3, 1:05 p.m. to 1:35 p.m.

believe this statement is borne out by the following table of income tax receipts in Oregon from 1929 to 1942 inclusive. The year 1943 is not included due to the 75% reduction that year.

TOTAL INCOME TAX—1929-1943

Tax	Corp.	Individual	Total
1929.....	\$ 742,000	\$ 742,000
1930.....	603,000	\$ 1,978,216	2,581,216
1931.....	471,549	1,673,000	2,144,549
1932.....	370,960	1,048,181	1,417,141
1933.....	537,192	1,261,643	1,798,835
1934.....	895,436	1,706,562	2,601,998
1935.....	1,199,688	2,252,833	3,452,521
1936.....	1,947,403	3,550,233	5,527,636
1937.....	1,849,951	3,744,381	5,694,332
1938.....	1,367,882	3,065,796	4,433,678
1939.....	2,028,748	3,984,485	6,013,233
1940.....	2,932,021	4,857,620	7,789,641
1941.....	6,020,291	7,790,666	13,814,958
1942.....	8,828,429	12,259,764	21,088,193

If because of adverse economic conditions revenue from income tax returns to 1938 and 1939 levels the legislature would be compelled to report to property tax levies to provide the funds for school purposes as well as to provide adequate funds for other state supported agencies. That this result is foreseen by the proponents of the amendment is evidenced by the provision in the amendment eliminating the 6% constitutional limitation.

The effect of the proposed amendment in a depression year can best be illustrated by reference to the state tax levy today and what it would be if the amendment is adopted. The figures may vary but those used in the following table in the Oregon Voter of October 14, 1944, are believed to be accurate, being compiled from data furnished by the State Tax Commission:

STATE TAX LEVY—1944-1945

Within 6% Limitation.....	\$ 5,653,704
Outside 6% Limitation.....	2,123,614
Total—State Purposes.....	\$ 7,777,318
Two-mill Elementary School Aid.....	2,097,460
TOTAL, offset by Revenues from State Income Tax.....	\$ 9,874,779

STATE TAX LEVY—1945-1946

Within 6% Limitation.....	\$ 5,992,926
Outside 6% Limitation, estimated.....	2,165,000
Total—State Purposes.....	\$ 8,157,926.
State Aid equal to 45 cents per pupil attendance day (1943-44 attendance, 29,545,441).....	13,295,448
TOTAL—STATE LEVY.....	\$21,453,374

If it be assumed that the total revenue from the full rates of the income tax were \$7,000,000 which was the highest return for any year prior to the war boom years that account together with the \$5,000,000 accumulated surplus under the Walker Plan would leave approximately \$10,000,000 to be raised through property taxes at a time when depressed conditions increased tax delinquencies. When the \$5,000,000 certain is gone the levy would be close to \$15,000,000.

It must be remembered, too, that although \$8,000,000 would be returned to the school district on some basis to be determined by the legislature as an offset to school district property levies there would still be county levies for the purpose of county governments. No matter what the total state and county levy might be the state has a prior lien on collections actually made. See Sec. 29, Chapter 440 Oregon Laws 1941 "... each such payment of state taxes shall be made without deduction for any cause whatever, but shall be out of the first moneys collected and paid into the county treasury over which the county has control."

Statements have been made that the amendment would also create a first lien on the state funds as well. The best legal opinion is that such a lien would not result. The majority feels that the supposed danger of a first lien on state revenues is more imaginary than real.

It is impressed, however, with the threat of increased real property taxes in depression years and with the injurious effect of the amendment on the financing of county and local government.

Important as education is to democracy it is doubtful whether the attempt should be made to render it secure at the expense of other essential governmental functions.

The argument is made that the amendment would guarantee the future of Oregon schools and assure a quality of educational opportunity not below that of other states. In view of the well-known shifting values of the dollar it can scarcely be supposed that 45 cents per day or any other sum can be relied upon to withstand the powerful forces of economic crisis. In a period of serious inflation, the danger of which is ever present, 45 cents may in the future have a real value far below that of today. It may be contended that under the proposed amendment the legislature has the power to increase the amount. But the answer to that contention is found in the most important reason advanced by the proponents in favor of the adoption of a constitutional amendment; namely, that it is the failure of the legislature in the past to provide sufficient funds for state support that renders it necessary to write a standard into the constitution. If the legislature could not be trusted up to now to provide adequate funds, there seems little basis for faith in future performance.

Additional Tax Levies Necessary

Furthermore 45 cents a day is said to be a minimum standard and that the local districts must levy additional taxes to assure the quality of education to be guaranteed. But there is nothing in the amendment to assure such additional levies. The poorer districts may refuse to levy any school tax and may rely wholly on the state aid. If it is answered that the legislature will compel the local districts to raise additional amounts in order to qualify for state aid the

sponsors are again placed in the position of trusting the body which it had disavowed.

There is a provision in the amendment requiring the state legislature to apply \$8,000,000 each year until June 30, 1950, to reduce the property tax levies of local school districts, it being left to the discretion of the state legislature thereafter. It seems unsound to the majority of this committee to tie the hands of the legislature in this manner. If it is wise to leave the application of the funds to the discretion of the legislature after 1950 it is wise to do the same now. There appears to be no compelling reason behind the choice of the year 1950.

For the foregoing reasons, the majority of the committee believes that the objectives sought to be achieved by the sponsors of the amendment cannot be realized and that if the amendment is adopted it will create more fiscal problems than it will solve.

We concur in the following conclusion reached by the committee which studied the old age pension plan:

"Our experience with all tax laws shows that amendments are required from time to time to meet changes in economic conditions and to improve the administration. It should be possible to make these changes in the law by legislative action without going through the cumbersome process of amending the Constitution each time a change is found necessary (City Club Bulletin, Vol. 25, No. 24.)

For a similar expression of view on the impropriety of writing controls into the constitution see State Control of Public School Finance, Bulletin of the School of Education, Indiana University, Vol. XVI, No. 2, P. 21:

"It is a generally accepted principle that the educational provisions of the constitution should be limited to the requirement that the legislature establish, organize, and maintain a system of public schools. To incorporate in the constitution detail of organization and control introduce a degree of stability that often stands in the way of educational progress."

It is recommended that the City Club oppose the adoption of the amendment.

Respectfully submitted,

Dr. C. L. Booth

Harry Mittleman

Charles Wright

Accepted for transmission to the Board of Governors by Anson S. Frohman, chairman of the Section on Legislation and Elections.

Accepted by the Board of Governors October 23, 1944, and ordered printed and submitted to the membership for consideration and action.

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MINORITY REPORT

To the Board of Governors of the City Club:

This proposed amendment requires:

1. That the legislature shall provide state funds for the public schools equivalent to 45 cents per pupil per day of attendance. Based on 1943-44 attendance, this would total approximately \$13,300,000.
2. That this money be allocated to school districts by the legislature.
3. That until 1950 eight million dollars of this total shall be offset against local school district property taxes and that thereafter

the amount of such offset shall be determined by the legislature.

The change which adoptors of the amendment will bring about in the distribution of school support among the several taxation units is shown in the accompanying table:

	1944	1945 (If amendment carries)
County Tax.....	\$ 3,211,349.98	\$ 3,211,349.98
School Districts.....	10,432,407.81	7,432,407.81
State support.....	7,335,867.56	13,300,000.00
	<u>\$20,979,625.35</u>	<u>\$23,943,757.79</u>

The figures for 1944 represent state contributions plus district and county assessments. To obtain figures for comparison, the 1945 assessments are assumed like those of 1944 except for the additional three million dollar offset provided in the amendment. The district assessments for 1944 were, of course, reduced from those of previous years by five million dollars from the surplus income tax. It will be noticed that this net increase in school revenues (also net increase in total taxes) is approximately three million dollars. Previous estimates by advocates of the measure were two million two hundred thousand. This difference is accounted for by the fact that the higher figure takes into account the large increase in school enrollment.

It will be seen that if the amendment carries state support will amount to about 55% of the total school revenues (assuming 100% collection of district and county taxes). Without the amendment and so long as the five million dollars is available from income tax surplus, the state contribution is approximately 33%. It is a matter of opinion, of course, as to how school support should be divided between state and local units. For what it is worth, it may be pointed out that in Washington 61.3% and in California 47.8% was contributed by the state in 1930-40. Later comparative figures are not available, but apparently the passage of the amendment would bring Oregon into essentially the same position as its neighbors.

State Support Stresses Tax Equalities

The arguments for a wide basis of support are well known and apply with special force in the case of a state like Oregon where locations of children and taxable property do not always coincide. In one county, rural districts with much timber and few children had levies of 5 mills, while a small town in which conditions were reversed had a levy of 43.8 mills. It is the purpose of increased state support to iron out such inequalities to the end that all children may have as nearly as possible equal opportunities and that the costs of such education may be more equally distributed.

What of the three million dollar increase? It is really needed for the future of the schools? It appears that the minority members of your committee that this question is answered affirmatively by the increase in school enrollment and the prospect that this increase is likely to be permanent.

The majority of the members of the committee have objected to the amendment for the following reasons:

1. That it is a constitutional amendment instead of an initiative bill or a legislative action.

The sponsors of the measure point out that although the legislature has had ample authority under the constitution to provide for state support of schools, no effective action was taken until an initiative measure provided for diversion of funds from income tax surplus and that an amendment seems to be the only way to insure continued state support on the desired level.

2. That when income tax revenues fall, the burden will fall back on real property.

If income taxes should drop to the point that a state levy would again become necessary, no new situation would be created since that is where the burden now rests.

It should be pointed out, however, that under this situation it is not mandatory that real property be required to carry the load since the amendment clearly gives the legislature the power to decide how the funds should be raised.

The supporters of the majority report admit the need of a revision of the base of the school support but believe that this should be done by the legislature after careful study of the entire school and taxation program. The minority agrees completely with both contentions but sees no reason to expect that any such action will be taken by the legislature. The very excellent 1935 report of a City Club committee which in effect, urged this action, has passed so completely into oblivion that even City Club members seem to be ignorant of its existence.

Recommendations:

Because an initiated action seems necessary and because this amendment provides for a reasonable distribution of school support as between the state and local union, we recommend the passage of the amendment.

Respectfully submitted,

Julian R. Smith

A. A. Knowlton, Chairman

Accepted for transmission to the Board of Governors by Anson S. Frohman, chairman of the Section on Legislation and Elections.

Accepted by the Board of Governors October 23, 1944, and ordered printed and submitted to the membership for consideration and action.

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PRESIDENT'S TIN CUP NETTED \$141.00 CASH

Following Ralph Thom's able presentation of the Special Finance Committee's Report relative to creating a research fund at last Friday's meeting, C. B. Stephenson produced a quart-sized tin cup into which Mr. Thom dropped the first check toward establishing the fund. The check for \$25.00 was Mr. Thom's personal kick-off contribution.

Mr. Stephenson's tin cup gesture arose from the fact that he was suffering from a bad eye infection necessitating dark glasses and, as he pointed out, the cup was "in character." Guest speaker of the day Malcolm Ross was the second to contribute to the fund. At the end of the meeting the tin cup held \$141.00 in cash with a pledge for \$10.00 contribution annually by C. C. Chapman.

VETERANS' EDUCATION

BILL PROVIDING EDUCATIONAL AID TO CERTAIN VETERANS WORLD WAR II—Purpose: To provide educational aid to certain war veterans of World War II who were residents of Oregon for one year prior to entrance into service, authorizing the levy of taxes each year equal to two-tenths of a mill on the dollar of the total value of the taxable property of the state to provide funds therefor, and directing the superintendent of public instruction to investigate educational institutions receiving financial aid thereunder.

MAJORITY REPORT

To the Board of Governors of the City Club:

No Federal aid for educational purposes for the veterans of World War I was provided. Oregon, however, wishing to do something for its veterans established a precedent by providing such aid.

At the close of World War I about 7,000 Oregon veterans applied for educational aid and about 5,500 received some or all they were entitled to. The total amount disbursed was probably in the neighborhood of one and a half millions of dollars. No one person could receive more than a total of \$800.00 for educational aid.

The Oregon Legislature in its last session feared that again the Federal government would make no provision for educational aid; hence, Oregon Law 1943 (H.B. 400) was passed and must be presented to the electorate because it carries a revenue provision of two-tenths of a mill. Since the passage of the Oregon measure, the Federal government has assumed its rightful obligation and has passed the "G.I. Bill"—Public Law No. 346 which will, with the aid of Disabled Veterans' Bill—Public Law No. 16, probably care for most of the veterans' educational needs.

Due to the fact that there are many times more men and women in the service during the present war, it is reasonable to expect that there will be many times more applications for educational aid this time than there were at the close of World War I. This is to be made so because of the 17-18-19-20-year-old induction program. It would follow then, that the Oregon law calling for a property levy of two-tenths of one mill (raising only about \$200,000 annually) would not nearly meet the demands. Assuming that there are some 80,000 Oregon citizens serving in the armed forces and that 10,000 of them (twice as many as were aided after World War I) received the full \$1,420.00 provided, the cost to the State would exceed \$14,000,000.00. This cost would come within a six or eight-year period of time after the end of World War II. The \$200,000.00 called for in the proposed measure might not do much more than administer the act.

It appears fortunate then, that the "G.I. Bill" has passed with provisions which will make it more attractive to the veterans than the Oregon measure.

In order that a clearer picture may be had of the provisions for the veterans' educational needs, Dr. Willard B. Spalding was asked to analyze the three measures in the following respects:

Who is eligible?

Oregon Bill—War veterans of World War II who were residents of Oregon for one year prior to entrance in service.

G. I. Bill (Public Law 346)—Any person who served in the active military or naval service on or after September 16, 1940, and prior to the termination of the present war, and who shall

have been discharged or released therefrom under conditions other than dishonorable and whose education or training was impeded, delayed, interrupted, or interfered with by reason of his entrance into the service or who desires a refresher or retraining course and who shall have served ninety days or more exclusive of any period he was assigned for a course of education or training under the army specialized training program or the navy college training program which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, or shall have been discharged or released from active service by reason of any actual service-incurred injury or disability, shall be eligible for and entitled to receive education and training.

Disabled Veterans (Public Law 16)—Any person who served in the active military or naval service at any time on or after September 16, 1940, and prior to the termination of the present war, who is honorably discharged therefrom and who has a disability incurred or aggravated by such service for which pension is payable, or would be but for the receipt of retirement pay, and is in need of vocational rehabilitation to overcome the handicap of such disability shall be entitled to such vocational rehabilitation as may be prescribed by the Administrator of Veterans' Affairs to fit him for employment consistent with the degree of disability.

Who is ineligible?

Oregon Bill—Any person who has avoided combat service by claiming to be a conscientious objector.

Any alien.

Any enemy alien.

Any person who served less than ninety days.

Any person inducted or enlisted who received civilian pay for civilian work.

Any person who makes application for and obtains educational benefits pursuant to any federal law.

G. I. Bill (Public Law 346)—The discharge or dismissal by reason of the sentence of a general court martial of any person from the military or naval forces or the discharge of any such person on the ground that he was a conscientious objector who refused to perform military duty or refused to wear the uniform or otherwise to comply with lawful orders of competent military authority, or as a deserter, or of an officer by the acceptance of his resignation for the good of the service, shall bar all rights of such person, based upon the period of service from which he is so discharged or dismissed: provided, that in the case of any such person, if it be established that at the time of commission of the offense he was insane, he shall not be precluded from benefits to which he is otherwise entitled.

Boards of review are set up to review all cases except where a discharge or dismissal was by a general court martial.

Disabled Veterans (Public Law 16)—Persons with other than an honorable discharge.

Persons without a disability incurred or aggravated by active service for which pension is payable.

What are the benefits?

Oregon Bill—\$75.00 the first month of school or college attendance.

\$50.00 each month for the next eight months.

\$35.00 each of nine months for the next three school or college years.

Proportionate amounts if attendance is for less than sixty hours of instruction per month. If proportionate amount is less than the expenses of the veteran, the amount of the expenses is paid.

G. I. Bill (Public Law 346)—The customary cost of tuition and such laboratory, library, health, infirmary, and other similar fees as are customarily charged and such other expenses such as books, supplies, and equipment, exclusive of board, lodging, other living expense and travel, as are generally required for the successful pursuit and completion of the course by other students. The total of such payments cannot exceed \$500.00 in an ordinary school year. \$50.00 per month paid to the person if he has no dependents, \$75.00 per month paid to the person if he has dependents. Such lesser sums as may be determined by the Veterans' Administration, if the beneficiary is employed while in training.

The beneficiary may elect and receive the full education aid up to \$500.00 in an ordinary school year, without subsistence allowance if he is receiving compensation for productive labor. He receives these benefits for one year plus such time as he was in the active service plus such additional time as will complete the quarter or semester, if the major part of such quarter or semester has expired when his period of benefit ends, provided that his work continues to be satisfactory throughout the period, according to the regularly prescribed practices and standards of the institution.

Disabled Veterans (Public Law 16)—Vocational rehabilitation as may be prescribed by the Administrator of Veterans' Affairs, provided that no course of training in excess of a period of four years shall be approved nor shall any training under this part be afforded beyond six years after the termination of the present war.

A pension equal to the rates for total and temporary disability including additional amounts for wife, husband, child, or children and dependent parents, while pursuing the prescribed training and for two months after his employability is determined. If employed while in training his pension shall be reduced to an amount considered equitable and just, but not below that to which his service-connected disability entitles him to receive; any books, supplies, or equipment furnished a trainee shall be deemed released to him. If he fails because of fault on his part to complete the course, he may be required to return any or all of these.

To whom is the money paid?

Oregon Bill—The executive head of each institution of learning renders a monthly statement of the aid furnished beneficiaries to the Secretary of State. The Secretary certifies the claim to the State Treasurer who reimburses the institution for the aid which has been given.

G. I. Bill (Public Law 346)—The cost of educational services is paid to the institution.

The subsistence allowance is paid directly to the beneficiary.

Disabled Veterans (Public Law 16)—The pension is paid to the veteran.

The cost of education is paid to the institution offering the training.

Does the veteran receive any money?

Oregon Bill—Not under the provisions of this bill.

G. I. Bill (Public Law 346)—He receives the subsistence allowance.

Disabled Veterans (Public Law 16)—No definite provisions for disabled veterans stated in Oregon Bill or G.I. Bill.

What does the veteran receive?

Oregon Bill—Education plus board and room, if the institution furnishes such up to the amounts specified in the bill.

G. I. Bill (Public Law 346)—Just mentioned in Oregon Bill.

Disabled Veterans (Public Law 16)—Slight mention in Oregon Bill only.

Where may he receive this education?

Oregon Bill—Any public or accredited private school or college in the State of Oregon.

G. I. Bill (Public Law 346)—At any approved educational or training institution at which he chooses to enroll which will accept him as a student.

Disabled Veterans (Public Law 16)—At any existing federal agency which offers it or at institutions with which the Administrator has contracted.

How is the money raised?

Oregon Bill—By a .2 mill tax on the taxable property of the State.

G. I. Bill (Public Law 346)—No mention.

Disabled Veterans (Public Law 16)—No specific provision. Slight mention in Oregon Bill.

Who administers the act?

Oregon Bill—Presumably the State Superintendent of Public Instruction or those persons who are appointed to assist him.

G. I. Bill (Public Law 346)—The Administrator of Veterans' Affairs.

Disabled Veterans (Public Law 16)—The Administrator of Veterans' Affairs.

Criticisms of the Oregon Bill:

Dr. Spalding's analysis brings certain criticisms against the Oregon measure which the committee feels should be presented as the basis of its recommendations:

1. The term "war veterans of World War II" is not defined.

2. Aliens or enemy aliens are barred, even though they have served honorably in the armed forces.

3. Persons are barred who elect to receive Federal aid.

4. No reference is made to the relation of earnings while in training to the amount of benefit to be received.

5. All money is paid to the executive heads of institutions.

6. A student attending an institution providing board and room will receive some funds toward these ends. One enrolled at an institution which does not provide these will not receive funds toward these ends.

7. The veteran is limited to attendance at institutions within the State of Oregon. This limit, if it is used at all, should exist only when institutions of comparable grade exist within the state.

8. The funds are to come from a tax on property.

9. The benefits do not accrue to veterans who have had the benefits of the Federal bill and who have received less than the four years of education provided for in this bill.

10. There is no board of review set up, or the boards which are set up under Public Law 346 should be recognized so that a veteran may appeal if he is dissatisfied with the type of discharge which he has received.

11. H.B. 400 was sponsored and passed by the Oregon Legislature before the "G.I. Bill" was passed; therefore, it was impossible to write the Oregon bill in a supplementary manner to the Federal bill.

Comments and Estimates on Cost:

1. At an average annual cost of \$355.00 to the State for each veteran receiving aid, only about 591 veterans' expenses could be paid in cash. The balance of the claims would be paid by warrants.

2. If 10,000 veterans received an average of \$355.00 for four years, it would cost about \$14,200,000.00.

3. The State's assessed valuation in 1944-45 is estimated at \$1,048,730,065.68. Two-tenths of one mill would raise about \$209,746.00.

4. If the above estimates are within the realm of truth and possibility, it would take thirty-six years to pay the cost created by this measure.

The committee recommends in view of the above criticisms and comments:

1. That Oregon veterans receive their educational aid through the provisions of the Federal laws. Any and all expense for veterans' aid is definitely a Federal obligation.

2. That the sponsors of H.B. 400 request of the 1945 Legislature a grant of money sufficient to care for extraordinary cases of needed educational aid for Oregon veterans not cared for by the "G.I. Bill".

3. That Oregon Law 1943, H.B. 400, should not be approved.

Respectfully submitted,
Roy D. Beam
Clifford T. Howlett
Lofton Tatum
W. L. Van Loan, Chairman

Accepted for transmission to the Board of Governors by Anson S. Frohman, chairman of the Section on Legislation and Elections.

Accepted by the Board of Governors October 23, 1944, and ordered printed and submitted to the membership for consideration and action.

☆ ☆ ☆

MINORITY REPORT

Editorial Note: Dr. Spalding submitted the minority report by wire from Chicago upon learning that the Veterans' Education Committee, of which he is a member, had voted not to approve the state measure. Dr. Spalding will return to Oregon in time to amplify his statements in defense of his minority position.

To the Board of Governors of the City Club:

I concur with the majority of the committee in the opinion that H.B. 400 is poorly written and is ineffective, but I also believe that Oregon has the duty of aiding its citizens who become World War II veterans. This State aid will cost money which must be raised by a tax. I believe that H.B. 400 should be approved by the voters so that the levy of two-tenths of one mill will be made. The legislature can thus modify the present proposal in order to supplement Federal aid in a wise manner.

For these reasons I recommend that the City Club support the State measure.

Respectfully,
Willard B. Spalding.

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☆ ☆ ☆

NEW MEMBERS TO BE INTRODUCED

H. L. DEAL

General Traffic Manager
Pacific Telephone and Telegraph Co.
Proposed by G. P. Nock

O. R. HEGNESS

Investments
Proposed by Frederic F. Janney

JOHN F. JOHANNSEN

Export Manager
Proposed by Robert C. Shoemaker

GEORGE ROSSI

Architect, Federal Housing Administration
Proposed by Hollis Johnston

WAR VETERAN'S FUND

AMENDMENT AUTHORIZING "OREGON WAR VETERANS' FUND," PROVIDING TAX THEREFOR—Purpose: Empowering the state to incur indebtedness not exceeding 3 per cent of the assessed valuation of all property therein to raise money to be loaned on security of farms and homes to be acquired by residents who have served honorably in the army, navy, marine corps, or any auxiliary thereof, for at least 90 days after September 1, 1940, and before the end of actual hostilities with any of the Axis powers; levying a 2-mill additional tax outside 6 per cent limitation upon property for the payment of principal and interest on bonds issued to create such fund.

To the Board of Governors of the City Club:

Your committee appointed to study House Joint Resolution No. 7, 1943 legislative amendment authorizing "Oregon War Veterans' Fund, providing tax therefor," submits the following report:

The proposed resolution empowers the State of Oregon to incur indebtedness not exceeding 3% of the assessed valuation of all property in the state, to be retired by levying a 2-mill additional tax outside the 6% limitation upon property. The purpose of these funds is to provide loans to World War II veterans to purchase homes and farms.

The adoption of this resolution by the 1943 state legislature occurred prior to enactment of Senate Bill No. 1767 entitled "Servicemen's Readjustment Act of 1944" in the 78th Congress and more commonly known as the G.I. Bill of Rights.

While adequate regulations are not yet available pertaining to the administration of the Federal bill, it seems quite clear that loans will be available to servicemen and women for 100% of the value of a home up to \$10,000.00 at reasonable interest rates. It is felt that any state loan program would not be of a more generous nature, and therefore your committee is of the opinion that legislation on the part of the state would not only be a duplication of the Federal bill, but would be an unnecessary additional administrative burden upon the state without further assistance to our servicemen and women.

This conclusion was arrived at after considerable discussion with recognized proponents of the state resolution, who, after weighing the merits of the Federal bill, voluntarily withdrew their support of the state resolution.

While public sentiment will probably strongly favor the resolution because of its association with the servicemen and its endorsement by the American Legion, the facts remain as stated in this report.

Your committee therefore unanimously recommends that the City Club oppose the passage of the resolution.

Respectfully submitted,

Henry Bauer
Irving Enna
A. B. Harrison
M. J. Lauridsen
C. M. Gartrell, Chairman

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CITY JAIL TAX LEVY

CITY JAIL TAX LEVY (City Charter Amendment)
Purpose: To amend an Act of the Legislative Assembly of the State of Oregon entitled "An Act to incorporate the City of Portland, Multnomah County, State of Oregon and to provide a charter therefor and to repeal all acts or parts of acts in conflict therewith," filed in the office of the Secretary of State, January 23, 1903, as subsequently amended by said Legislative Assembly and by the people of the City of Portland from time to time, and as revised, codified and arranged by Ordinances numbered 76832 and 76902, by adding thereto a new section to be numbered Section 7-115, authorizing the levying of a one-mill tax on each dollar of assessed valuation for the fiscal tax years 1945-46 and 1946-47, for the purpose of providing funds for the construction and equipping of a new police station, jail, and municipal building or buildings and/or the acquiring, equipping, remodeling, repairing, or adding to any existing building or buildings for such use or uses, and, if needed, for the acquisition of a site or sites therefor, and exempting said levy from the 6% limitation provided by law.

To the Board of Governors of the City Club:

Your committee appointed to study and report on Resolution 22463, which is an amendment to the city charter to provide through a one-mill tax for each of the next two years a fund for the construction of a new police station, jail and other municipal facilities, submits the following:

An investigation by your committee of the present police station and jail leaves no doubt as to the urgent need for enlargement and improvement of quarters and facilities for the central police station. It is obvious that the police force is operating under a severe handicap for lack of sufficient space for offices, for reception and detention rooms, for quarters for prisoners and trustees, and for lack of space for certain facilities that they ought to have, such as a kitchen and dining room. Some recent remodeling and expansion into rooms over the adjoining fire station have only slightly alleviated the overcrowded conditions.

Temporary Addition Under Way

The present police station and jail was constructed in 1912 when the population of the city was slightly more than 200,000. While the population is now more than twice the 1912 figure, it has been pointed out that the present ratio of arrests to population has increased markedly. Under present overcrowded conditions at the city jail it is necessary to send the overflow to the county jails, and as the city must pay for board and lodging of these prisoners, increased cost results.

The prisoners at the city jail are now fed by contract, and the cost last year was approximately \$130,000. This item could probably be substantially reduced if there were a kitchen and dining room in the jail operated by the police department.

The City Council has taken steps which will relieve the present situation. It has acquired the half block adjoining the police station (the land formerly occupied by the Worcester Building) and plans have been drawn for a supplementary building to cost about \$100,000 to be erected on this site. The building is to be a plain concrete structure of two stories and full basement. It will be L-shaped and connect with the present building and extend 136 feet on Third Avenue and 93 feet along Oak Street, adding about 26,000 square feet for the three floors to the present facilities.

It is understood that priority for the materials is assured and construction will probably be started soon and completed in a few months.

The new building will contain a kitchen and

**PROPOSED FOR MEMBERSHIP AND APPROVED BY THE
BOARD OF GOVERNORS**

If no objections are received by the Executive Secretary prior to October 10, 1944,
the following applicants will be elected:

LORRIN H. ANDREWS

Director of Rehabilitation and Apprenticeship,
Portland Metal Trades Council
Proposed by O. B. Badger

HOWARD E. BALD

Investment Counsel, H. E. Bald & Co.
Proposed by William J. Sheehy

ROBERT W. EARL

General Agent
Fidelity Mutual Life of Philadelphia
Proposed by Arthur A. Goldsmith

RUSSELL S. ELLSWORTH

Associate Secretary and Treasurer
Commonwealth, Inc.
Proposed by C. B. Stephenson

M. H. ERZ

Trust Officer, Title and Trust Co.
Proposed by William J. Sheehy

VERY REVEREND THOMAS J. TOBIN

Vicar General
Archdiocese of Portland in Oregon
Proposed by David Robinson

PORTLAND CITY CLUB BULLETIN

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CITY CLUB OF PORTLAND

VIRGINIA SHIRLEY, Executive Secretary

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OFFICERS OF THE CLUB

C. B. STEPHENSON President
BLAIR STEWART First Vice-President
CHESTER DUNCAN Second Vice-President
CLARENCE D. PHILLIPS Secretary
C. E. RAWLINSON Treasurer

GOVERNORS OF THE CLUB

CLARENCE J. YOUNG • WALTER A. DURHAM, JR.
L. E. KURTICHANOF • DAVID ROBINSON • RALPH
THOM • PIETRO BELLUSCHI

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

CITY CLUB DUES: Senior, age 28 and over, \$12.00 per year; Junior, age 27 and under, \$6.00 per year; Non-Residents, \$5.00 per year; Sustaining members, \$25.00 per year.

The regular **FRIDAY LUNCHEON MEETINGS** are held in the **CRYSTAL ROOM** of the **Benson Hotel**.

dining room on the first floor with facilities for feeding 100 prisoners, offices for Military Police, Shore Patrol and other facilities. On the second floor the rear portion will contain a dormitory for about 100 trustees, and the women's dormitory and the reception rooms for juveniles will occupy the front part. The basement is to be utilized for numerous functions including storage, laundry, etc.

This new building is to be financed from accrued surpluses in the general fund.

While there is no way to predict the future requirements of the Police Bureau, it seems that this enlargement in facilities will substantially relieve the present congestion at the police station and answer the immediate needs of the Police Bureau.

Plan Would Raise \$750,000

Accordingly, we see no occasion for putting up to the voters at this time a charter amendment to authorize the levying of a millage tax calculated to raise about \$750,000 for the construction, equipping or remodeling of a police station, jail and municipal building or buildings.

Furthermore, the plans of the City Planning Commission, recently presented to the Club and broadly approved by the City Council, provide for the ultimate construction of new police station facilities near the proposed Civic Center, and we

think that appropriations for this purpose should be co-ordinated with the whole program when the time comes.

Recommendation

Therefore, since the immediate needs of the police bureau for more space seem to be on the eve of being met without the millage tax, and since a large ultimate building program for the police station and jail should not be begun except as a part of a complete civic improvement plan prepared by the City Planning Commission, your committee recommends a "No" vote on Resolution 22463.

Respectfully submitted,

T. J. Edmonds

Nicholas Jaureguy

Thornton T. Munger

Manford R. Pate

Stuart R. Strong

Emil J. Voll

Rev. Ralph C. Walker

Robert Ormond Case, Chairman

Accepted for transmission to the Board of Governors by Anson S. Frohman, chairman of the Section on Legislation and Elections.

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