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PORTLAND  
*City Club*  
BULLETIN

MAYFAIR ROOM - BENSON HOTEL  
FRIDAY . . . 12:10 P. M.

PORTLAND, OREGON - Apr. 30, 1965 - Vol. 45, No. 48

THE TOPIC:

**"LAW DAY U. S. A."**

THE SPEAKERS:

**JUDGE GUS SOLOMON — SENATOR ANTHONY YTURRI  
BPA ADMINISTRATOR CHARLES LUCE**

Law Day is May 1. The City Club program this week is presented in cooperation with the Multnomah County Bar Association. The Honorable Gus Solomon, Judge, District Court; the Honorable Anthony Yturri, Senator, Oregon Legislature, and Administrator Charles Luce, Bonneville Power Administration, will represent, respectively, the Judicial, Legislative and Executive branches of our government.

They will speak to the Law Day theme, "Uphold the Law; A Citizen's First Duty".

The program will be preceded by the report of the committee which has studied the School District No. 1 Special Tax Levies for Maintenance and Operation. The meeting will begin promptly at 12:30 p.m. Please be seated early.

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*Printed in this issue for presentation, discussion  
and action at the April 30th meeting:*

**REPORT  
ON**

**SCHOOL DISTRICT NO. 1 SPECIAL TAX LEVIES  
FOR MAINTENANCE AND OPERATION FUNDS**

*The Committee: Manley Bakkensen, Dr. Carl Campbell, Robert I. Downey, George S. Gearhart, Tommy B. Graham, James A. Larpenteur, Jr., John B. Olin, Carlton R. Reiter, Chairman.*

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

**PORTLAND CITY CLUB BULLETIN**

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who contribute \$10.00 or more per year over and above  
the dues in their category. The regular **FRIDAY**  
**LUNCHEON MEETINGS** are held in the Mayfair Room  
of the Benson Hotel.

REPORT  
ON

## SCHOOL DISTRICT NO. 1 SPECIAL TAX LEVIES FOR MAINTENANCE AND OPERATION FUNDS

For the reason that local revenue has failed to keep pace with the cost of maintenance and operation of the schools of the District occasioned by substantial increase in the cost of necessary material, equipment, supplies and personnel, all sources of revenue other than a special tax levy will fail to meet the minimum financial requirements of the District for a normal school program for the 1965-1966 school year by the amount of \$2,000,000, and for the 1966-1967 school year by the amount of \$2,000,000, shall School District No. 1, Multnomah County, Oregon, in order to provide funds for the maintenance and operation of its schools, school plants and school facilities make special levies, which levies shall be outside the limitation imposed by Article XI, Section 11, of the Oregon Constitution, in each of the following fiscal years, in the amount set opposite each of said fiscal years:

Fiscal year beginning July 1, 1965, \$2,000,000;

Fiscal year beginning July 1, 1966, \$2,000,000?

Yes. I vote in favor of the proposed levies.

No. I vote against the proposed levies.

To the Board of Governors,

The City Club of Portland:

### I. ASSIGNMENT

Your Committee was appointed by the Board of Governors of the City Club of Portland to investigate and report to the members on the special tax levy proposal being submitted to the voters of School District No. 1, Multnomah County, at a special election on Friday, May 7, 1965.

This special levy would provide \$2,000,000 annually for the next two fiscal years, 1965-1966 and 1966-1967, for maintenance and operation expenses, and would be outside the Constitutional six per cent limitation. It replaces a current \$2,500,000 annual levy passed in 1963, which levy expires at the end of this fiscal year, on June 30, 1965.

### II. PRELIMINARY STATEMENT ON SCOPE OF RESEARCH

Your Committee has had approximately three weeks to conduct its investigation, analyze its findings and prepare its report to the City Club on this complex subject.

The Committee adopts the statement of a prior City Club committee which stated:

"In the proposed operating and building budgets of School District No. 1, expenditures exceed revenues. Oregon law requires a balanced budget. The Board of Directors is faced, then, with a choice between two alternatives: to reduce expenditures or to increase revenues.

"The Board of Directors of the district has decided to increase revenues by asking the voters to approve . . . [a] special levy . . . The basic purpose of this report, then, is to indicate whether the Board has made the proper choice."

The special levy has been requested and is to be analyzed *in the light of our current tax structure* without regard for potential changes in that tax structure. It is within this frame of common reference that your Committee has conducted its investigation, analyzed its information, and prepared its report and recommendation.

### III. RESEARCH AND BIBLIOGRAPHY

The Committee reviewed previous City Club studies on several ballot measures submitted by School District No. 1, especially those special tax levies for operation

and maintenance purposes and particularly that published on April 12, 1963, reporting on serial tax levies both for building fund and for maintenance and operation funds. Your Committee examined the tentative draft of the 1965-66 budget for School District No. 1.

The following persons were interviewed either by the Committee as a whole or by individual members of the Committee:

Dr. Melvin W. Barnes, Superintendent, Portland Public Schools;  
 Dr. Amo deBernardis, Assistant Superintendent, Portland Public Schools;  
 William W. Wyse, member, Board of Education, School District No. 1;  
 Ralph G. Coan and Richard H. Lucke, Portland Board of Realtors;  
 Cecil W. Posey, Executive Director, Oregon Education Association;  
 Robert Crosier, Executive Secretary, Portland Federation of Teachers,  
 Local No. 111;  
 Thomas Scanlon, Research and Education Director, AFL-CIO (State  
 Council);  
 George W. Brown, Director, COPE, AFL-CIO; State Council;  
 Mrs. L. A. (Janet) Baumhover, Multnomah County Labor Council;  
 Samuel B. Stewart, Attorney; Chairman, Chamber of Commerce Taxa-  
 tion Committee and former Chairman, Oregon State Tax Com-  
 mission;  
 Clyde V. Brummel, Oregon Homeowners, Inc.;  
 William Thompson, Executive Secretary, Multnomah County Tax  
 Supervising and Conservation Commission;  
 The Reverend Grady Brown, National Association for the Advancement  
 of Colored People;  
 Mayfield Webb, Chairman, Greater Albina Committee;  
 E. Shelton Hill, Executive Secretary, Portland Chapter, Urban League.

## IV. BACKGROUND

### A. HISTORICAL

For the last four years, it has been necessary to augment available revenue resources for School District No. 1 with voter-approved special property tax levies of \$2,500,000 per year in excess of the constitutional 6 per cent limitation in order to meet proposed budget expenditures.

Prior to that time, the voters authorized special levies for each of the school years 1951-52, 1952-53, and 1953-54 in the amounts of \$1,970,000, \$2,247,000 and \$2,636,000 respectively.

In the 1954 election the tax base was increased from \$7,419,476 to \$12,704,644, and in the 1956 election from \$13,466,922 to \$16,920,937. A proposal to increase the tax base in 1960 from \$20,253,857 to \$23,253,857 was defeated.

The City Club Committee appointed to study a similar measure in 1963, while recognizing the rising costs of per-pupil education, pointed to the massive increase in school population as the basic cause of increased spending. In addition to the factors considered in that report, your present Committee found that since 1945, the District has expanded existing special programs and added new programs designed to meet growing community social problems.

Forecasts for the next biennium indicate that school population will stabilize at about the present level. Expansion of present special projects and the implementation of the new Model School program will be financed primarily with Federal, State and private funds.

During the period of expansion in school population and programs, expenditures in the area of salaries did not keep pace, and expenditures for instructional aids and maintenance of facilities and equipment were seriously curtailed.

### B. COMPARATIVE COSTS

Annual reports of the School District show a rise in the average cost per pupil in primary and secondary schools from \$285.99 for the school year 1953-54

to \$482.74 for the school year 1963-64, an increase of 69 per cent in the 10-year period. Average daily attendance during the same period rose from 56,197 to 70,773, an increase of 26 per cent. While per-student costs have risen sharply over the last decade, School District No. 1 educates its students at a favorable cost in relation to adjoining school districts. The following table from the latest statistics available (1962-63)<sup>(1)</sup> demonstrates the comparatively lower cost of School District No. 1 education:

	<b>Average Cost Excluding Food Service</b>
Oregon City .....	452.25
<b>Portland</b> .....	<b>472.10</b>
Lake Oswego .....	480.12
Parkrose .....	511.85
Beaverton .....	527.05
Reynolds .....	529.78
David Douglas .....	536.00
West Linn .....	638.17

## V. THE OPERATING BUDGET

### A. PROCEDURE AND CONTROL

The scope of the Committee's inquiry into the School District's budgeting procedures and accounting techniques was seriously limited due to shortage of time available for the study of this measure. In conferences with School District officials, nothing came to your Committee's attention which would indicate any change of procedures or techniques from those which were utilized two years ago when a City Club Committee investigated this area thoroughly.

### B. GENERAL OPERATING REVENUES

The proposed budget for 1965-66 of \$46,225,000 represents an increase of \$3,751,855, or about 9 per cent over the 1964-65 budget of \$42,577,145.

The school district will levy an additional \$1,586,300 through its powers within the 6 per cent constitutional limitation. The proposed \$2,000,000 annual levy will replace the expiring \$2,500,000 annual levy passed in 1963.

The 1964-65 revenue budget included property tax revenues of \$29,178,000, compared with property tax revenues of \$30,330,000 in the proposed 1965-1966 budget. This would place an increased burden of \$1,152,000 on the property taxpayer of the district.

Thus, of the total budget increase of \$3,751,855, the increase attributable to local property taxes is \$1,152,000. Based on the proposed Basic School Support allocation of \$152 per census child, School District No. 1 should receive \$8,900,000 for 1965-66, which is \$940,000 more than the District received from the state in 1964-65.

### C. AREAS OF INCREASED EXPENDITURE

Although no price index is available for education, the rise in consumer prices as shown by the Bureau of Labor Statistics Consumer Price Index for Portland amounted to 18.2 per cent from 1955-65. The basic cost of living continues to increase, and a portion of the need for additional school revenues is attributable to this general increase.

A review of specific items of increase and decrease within the proposed budget shows significant increases in three areas:

1. Salaries
2. Maintenance and Repair
3. Instructional materials.

Salaries compose almost 80 per cent of proposed budget expenditures. Although the School District contemplates no significant increases in the number

<sup>(1)</sup>Metropolitan Portland School Finance Survey, Department of Research and Measurements, Portland Public Schools, November, 1963.

of persons employed during the next two years, an increase of salary expenditures of about six per cent has been authorized by the District. This increase approximates \$2,600,000 when expressed in dollars. Your Committee considers the budgeted increase in salaries to be justified in view of the fact that School District No. 1 now ranks tenth from the bottom in teacher salary schedules, among 38 comparable city school districts.<sup>(2)</sup> School administrators interviewed stated that the goal of the School District was to place teacher salaries up in the 75th percentile of standing in relation to comparable school districts. The projected increase in salaries will partially accomplish this goal.

The estimated expenditures for repairs and maintenance of \$2,227,526 represents an increase of \$200,000 over the present school year. While attempting to provide instructional necessities for meeting increasing enrollment, the School District has sought ways to decrease expenditures to live within available resources. Historically, the first item to be curtailed in the face of insufficient revenues is maintenance of the physical plant. However, cutbacks in repairs and maintenance do not represent savings. Failure to maintain buildings and equipment properly only accelerates deterioration and eventually makes costly capital outlays for replacement necessary.

The budgets for instructional materials and equipment were subjected to curtailment by the failure to realize anticipated state revenues when a major state income tax revision was defeated by referendum in a special election on October 15, 1963. Adequate teaching materials are critical in the instructional process and must be supplied to the District. The proposed budget provides for an increase of \$563,000, or a 50 per cent increase over the current budget for instructional material and equipment.

The other major increases in expenditures are in programs which will be financed by sources other than local property tax.

An examination of the proposed budget reveals that the District has pared anticipated expenditures for teacher improvement programs, summer schools, insurance, emergencies and other projects, resulting in significant savings.

#### **D. USE OF AVAILABLE FUNDS**

The Committee found that the School District made all possible use of other sources of revenue available for school support. Approximately \$500,000 has been made available by the State for the Model School Program, prompted by the report of the School District's Committee on Race and Education. Other special funds such as are provided by the Carnegie Program and the Manpower Defense Training Act are being utilized by the School District to the fullest extent possible.

In June 1964, the School District received approximately \$560,000 in additional Basic School Support funds. This sum was unanticipated revenue as far as the District was concerned, and has not been used during the current fiscal year. Some opponents of the proposed special levy have suggested that this sum should have been applied by the District directly to property tax reduction. Your Committee feels such criticism is unwarranted because, as a matter of fact, the funds have been utilized in the 1965-66 budget. They are included as an additional source of revenue in the proposed budget.

#### **E. EFFECTS OF FAILURE TO PASS THE LEVY**

The School Board states that failure of the levy to pass will result in a general cut-back throughout the operating budget. The probable result of such cutbacks would be the neglect of needed repairs and maintenance.

### **VI. OPPOSITION TO THE LEVY**

In addition to the opposition already noted, opponents of the measure have contended:

- a. Real property taxes have reached the saturation point;
- b. Adult education, Community Colleges and similar projects other than elementary and secondary schools should be operated and financed on a state-wide basis.

<sup>(2)</sup>Portland School District Budget Information, April 1, 1965.

Your Committee feels that the sources of revenue for the implementation of the School District's program are actually beyond the scope of its study, and the members of your Committee reiterate that the primary function of this study is to determine the financial requirements of the District and the reasonableness of the proposed levy.

As to assertions that the District should not lend financial support to the Community College program, it must be noted that the District only contributes approximately 15 per cent of about one-third of the operating cost of the total program.

Your Committee agrees with the statement of an earlier City Club report<sup>(3)</sup> when it stated:

"The changes in concept and content are of major importance. They include the proliferation of knowledge, particularly in scientific and technical areas; the change in education techniques, and the acceptance by school districts—at the insistence of the public—of responsibilities in new areas. The fact is that the students of today are being exposed to much more knowledge than were those of 25 years ago. This is true not only in fields of science, but also in those of the liberal arts.

“ . . . . .

“The changing concept and content of education has of itself sharply increased the cost of education. . . .”

## VII. CONCLUSIONS

In the light of the current tax structure, the Committee concludes that passage of the proposed ballot measure is necessary for the attainment and maintenance of quality in our educational program.

The Committee considers that the request for additional funds is not excessive, in view of budgetary needs. Investment in teachers' salaries, instructional materials and maintenance of facilities are all essential if this District is to maintain reasonable academic standards. During past years, expenditures in these areas have been seriously curtailed to meet the needs of an increased school population and an expanded educational program.

The educational standards and demands of the community have increased, and an alert citizenry must, therefore, be willing to underwrite these needs.

Standards cannot be maintained through current available revenues, and the most practical alternative is continued use of the special levy.

## VIII. RECOMMENDATION

Your Committee therefore unanimously recommends that the City Club of Portland go on record as approving the passage of School District No. 1's Special Tax Levy and urges a vote of "yes" thereon.

Respectfully submitted,

Manley Bakkensen  
 Dr. Carl Campbell  
 Robert I. Downey  
 George S. Gearhart  
 Tommy B. Graham  
 James A. Larpentour, Jr.  
 John B. Olin  
 Carlton R. Reiter, *Chairman*

Approved April 22, 1965 by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors April 26, 1965 and ordered printed and submitted to the membership for discussion and action.

<sup>(3)</sup>"School District No. 1 Special Election Measures", Portland City Club Bulletin, April 12, 1963, Vol. 43, No. 46, p. 675.