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School District No. 1 Special Tax Levies for Maintenance and Operation Funds -- Proposal

City Club of Portland (Portland, Or.)

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SCHOOL DISTRICT NO. 1 SPECIAL TAX LEVIES FOR MAINTENANCE AND OPERATION FUNDS - PROPOSAL:

“For the reasons that local revenue has failed to keep pace with the increased cost of maintenance and operation of the schools of the District occasioned by substantial increases in the number of pupils in the schools and in the cost of necessary material, equipment, supplies and personnel, all sources of revenue other than a special tax levy fail to meet the minimum financial requirements of the District for a normal school program for the 1961-1962 school year by an amount of $2,500,000, and for the 1962-1963 school year by an amount of $2,500,000, 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 during the fiscal year commencing July 1, 1961, and ending June 30, 1962, make a special tax levy outside the limits imposed by Article XI, Section II, of the Oregon Constitution in said fiscal year commencing July 1, 1961, in the amount of $2,500,000, and during the fiscal year commencing July 1, 1962, and ending June 30, 1963, make a special tax levy outside the limits imposed by Article XI, Section II of the Oregon Constitution in said fiscal year commencing July 1, 1962, in the amount of $2,500,000.”

( ) 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:

ASSIGNMENT

Your Committee was asked to study and report on the special tax measure to be voted on by the electors of School District No. 1, Multnomah County, Oregon, at a special election on March 8, 1961.

SCOPE OF INVESTIGATION

Your Committee interviewed the following persons closely identified both with school district matters and taxation problems: Superintendent J. W. Edwards of School District No. 1; Mrs. Forrest E. Rieke, chairman, and William W. Wyse, member, Board of Directors, School District No. 1; Walter Smith, Executive Secretary, Multnomah County Tax Supervising and Conservation Commission; Robert Hall, investments executive and former chairman, Chamber of Commerce Taxation Committee; Mrs. Wilma Morrison, education reporter and faculty member, Portland State College, and Lloyd Keefe, director, City Planning Commission.

Previous City Club reports dealing with election measures of the School District, and general studies on school problems were also studied, including: May 13, 1960 School District No. 1 Tax Proposal; May 2, 1958 School District No. 1 Special Tax Levy Measure; May 11, 1956, Proposal to Increase School Tax Base; May 14, 1954, Proposal to Increase School Tax Base; July 4, 1952, Report on School Reorganization Act (State); June 15, 1951, School District No. 1 Special Tax Levy and Special Serial Tax Levies; May 3, 1950, School District No. 1 Special Tax Levy for Maintenance and Operation Funds; June 3, 1949, School District No. 1 Special Tax Levy; October 28, 1944, State School Fund Measure (State); October 13, 1944, Centralization of School and Park Recreational Authority; August 20, 1943, Teachers Salaries Study, and March 5, 1943, Wartime Adjustments by the Portland Public Schools.

Materials furnished by the Board and administration of School District No. 1 included copies of School Budget proposal “A” if the levy passes, and Budget proposal “B” if the levy fails; a compilation of the recommended eliminations in the general budget should the levy fail; “Fact Book” prepared by the Communications Steering Committee of the Portland Public Schools in March 28, 1960; “Facts Regarding the Special Levy for Portland Oregon Public Schools”; and a promotional brochure prepared by the Portland School Support Committee, Sid J. Weiner, Treasurer. Newspaper articles and editorials also were examined.

PRELIMINARY STATEMENT

The Committee was given less than two weeks to research and write its report. It did not, therefore, consider it feasible to inquire into such fundamental policy questions as curriculum and merit pay which could influence the ultimate character and size of a school district budget. The Committee reviewed the budget in general, but focused its attention on those items in the budget which the Board has indicated will be affected by the coming election.
BACKGROUND

The School District general levy now provides approximately 64 per cent of its operating budget; in 1954, the amount was 54 per cent. The change reflects the relative decline in the state basic school support to this district. The Constitution of the State of Oregon permits an annual increase of 6 per cent in the tax base, and prohibits any greater increase without specific authorization of the voters. Although the general levy has been increased each year since 1945 by the authorized 6 per cent, this has been insufficient to meet the rising costs resulting from inflation coupled with school population growth.

Special levies in addition to the general levy were voted to provide funds for maintenance, operating expenses and capital expenditures from 1948 through 1954. These levies did not increase the tax base. In addition, the voters approved special increases in the tax base in 1955 and 1956. In 1958, the voters approved a special levy for the fiscal years 1958-59, 1959-60, and 1960-61.

Also, special levies for capital expenditures have been in effect since 1945. These have financed post-war school plant expansion on a cash basis. There were four such levies extending for various periods which, on occasion, overlapped, resulting in a maximum levy of $5,280,000 for capital expenditures in one year. Both present capital expenditure levies, totalling $4,430,000, expire June 30, 1961. School District No. 1 is debt-free.

When the May, 1960, proposal was submitted, publicity indicated additional funds were needed to keep Portland's teacher salaries competitive with other cities in order to recruit and hold teachers. After defeat of the 1960 levy, (the first school district measure to be defeated since 1932), the Board severely curtailed the kindergarten program, eliminated dental and health programs, deferred needed maintenance, and made other budget reductions. However, it did increase teacher salaries, although by less than originally planned.

DISCUSSION

The Board has adopted a budget assuming the funds contemplated by the levy will be forthcoming. Because some critics charged that the teacher salary increase, despite defeat of the May, 1960, measure, showed lack of good faith by the Board, an effort has been made to avoid misunderstanding in the current election issue, and the Board has listed the changes it now believes would have to be made should the measure fail. The budget adopted by the Board, referred to as budget "A," assumes passage of the levy. This budget indicates very little expansion in program except for restoring of a full scale kindergarten schedule, and restoring such items as health programs.

The budget as revised by the reductions proposed in the event of failure of the levy is referred to as budget "B." The major "B" budget reductions include:

- Eliminate kindergartens: $550,000
- Eliminate health program: 180,000
- Curtail repairs to buildings: 400,000
- Eliminate site acquisition: 100,000
- Eliminate capital outlay for buildings: 100,000
- Reduce capital outlay for equipment: 148,000

Some other items affected are the gifted child program, the head teacher program, free use of buildings by community organizations, grounds upkeep, the 4-H program, activity directors, and reduction in the number of social workers. Nearly 40 per cent of the budget cuts consists of deferred maintenance of equipment, repair of buildings, and the elimination of purchase of land and supplies. These, if not purchased now, must be purchased later when prices probably will be higher.

As previously mentioned, the special building levies of $4,430,000 expire this year, with the result that even if the special levy passes, the total cost to the taxpayers in 1961-62 will be less than in the 1960-61 year. For the 1962-63 year, the increased cost over 1960-61 would be $575,000, or approximately 6/10 of a mill, on the basis of present assessed valuations, and the normal allowable 6 per cent increase in the tax base.
The School Board has stated formally that if there is a net increase in revenues resulting from the action of the 1961 Oregon Legislative Assembly, the board intends to reduce the proposed special levy accordingly.*

Board representatives state that even the "A" budget, unfortunately, cannot provide a top quality educational system. The superintendent indicated the following areas of deficiency even in the "A" budget: elementary class loads average 31, which is in excess of the state recommended standard of 25; high school classes in English composition are too large for adequate instruction; the site acquisition program lags behind that recommended by the City Planning Commission for long-range economy; maintenance and repair allocations are probably too low considering the size of the plant; teacher salaries, in comparison with other major cities, are only at the median level and are in danger of slipping further; the gifted child ("EE") program should be enlarged.

The district now seeks a new superintendent to succeed Mr. Edwards, who will soon retire. Several witnesses stated that a "no" vote at this time might discourage capable candidates and possibly affect the school system adversely in the years to come.

The Committee is aware of no organized opposition to the levy, although certain individuals are opposed because the school board has failed to adopt merit pay for teachers. This matter is already under consideration by some groups in the state as well as the Portland School Board. The question of merit pay is beyond the scope of this committee's inquiry but we concur with previous City Club committees that it is a question worthy of the attention of a committee appointed for that specific purpose.

**CONCLUSIONS**

Your Committee concludes that:
1. Deferral of maintenance would result in wasteful deterioration of plant and equipment and therefore be costly. To postpone purchase of needed land and supplies would mean ultimately purchasing them at higher cost.
2. The proposed budget appears reasonable, proper and necessary.
3. Because requests for tax increases are recurrent—and probable in two years—and because public notice of the particulars of such measures allows limited time for committee research, the Club should immediately undertake the study of fundamental policy questions—including teacher pay—underlying district budgets.

**RECOMMENDATIONS**

Your Committee therefore recommends that the City Club go on record as approving the passage of the School District No. 1 Special Tax Levies proposal.

Respectfully submitted,

WILLIAM O. HAMERRECK
ROBERT W. ODELL
WALTER H. PENDERGRASS
JACK ROSENTHAL
JAMES GRUETTER, Chairman

Approved February 23, 1961, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors February 27, 1961, and ordered printed and submitted to the membership for discussion and action.

*SCHOOL DISTRICT NO. 1 BOARD OF DIRECTORS
RESOLUTION ADOPTED ON FEBRUARY 13, 1961:

Pursuant to a declaration of policy made by the School Board at its February 13, 1961, regular meeting, the Board will endeavor to calculate the effect of laws enacted by the 1961 Oregon Legislative Assembly upon the finances of the district in terms of any increase in district income from tax sources above income from tax sources to be anticipated under existing laws, and any increase in the financial requirements of the district over its financial requirements in carrying out existing laws, and if it appears that there will be a net gain in additional income over additional expenses the Board will reduce special levies approved by the voters March 8, 1961, by the estimated amount of the net gain.
BUILDING INSPECTOR ENFORCES LAW, NOT CONTRACT, OFFICIAL WARNS

Don't rely on the building inspector to superintend construction of your house or guarantee that the contractor is following specifications, the Building Official of Garden City, Long Island, warned in the current Building Officials Conference of America News.

The city inspection only assures that the construction is safe, meeting standards of the municipal building code. As long as the building meets these minimum safety standards, Fred J. Davis wrote, the inspector has no right to interfere even where the plans and specifications agreed upon by the owner and contractor are not being followed.

Nor should the owner expect the code enforcement officer to advise on construction methods, Davis added.

But field inspectors are essential to assure that the law is carried out and the building is made safe, he observed. In fact, a small frame house should be inspected three or four times at the right points in the building process.

Among construction faults occurring with some frequency that inspections can detect are: excessive water in the concrete, pouring the concrete in one corner and letting it flow to the rest of the foundation, and failure to use double floor joists under parallel partitions.

PHILADELPHIA DE-MODERNIZES HISTORIC NEIGHBORHOOD

Philadelphia residents have agreed to work with the city in returning the historic Society Hill section of the city to its original appearance, according to the National Association of Housing and Redevelopment Officials. Restorations are mostly minor—replacement of modern doors, scraping paint from bricks, repairing ornamental iron-work and removal of store fronts.

Massachusetts last year gave cities power to protect historic areas from disfigurement by encroachment of modern construction.

WASHINGTON VOTERS APPROVE MERIT SYSTEM FOR STATE GOVERNMENT

Civil service was extended broadly in Washington state and Sacramento, Calif., by majority vote in the November election, Public Personnel Association reports. Washington will be the 28th state with a statewide merit system. The Sacramento charter provision also loosens resident requirements for city employment.

APPROVE TAX RISE; MICHIGAN VOTERS THREE STATES SAY NO

Michigan voters approved a sales tax rise from 3% to 4% after a year of tough-and-go state financing when some bill and salary payments had to be postponed, the Federation of Tax Administrators reports.

In other November referendums, Colorado voters turned down a proposal to give local governments power to levy a 2% sales tax. Wyoming residents refused municipalities a property tax rise, and Oregon voters erased a law passed in 1959 but suspended by petition that would have increased state revenues from income taxes, the PTA round-up indicates.

Income tax withholding was defeated in Oklahoma.

New Jersey residents over 65 with less than $5,000 a year income and owning their own homes received a tax cut by constitutional amendment. They can deduct up to $800 from the assessed valuation. Paraplegic veterans in California also received a property tax exemption by action of the voters, but dependents of persons killed on military service were refused property tax exemptions in Utah.

Goods in transit through the state of Louisiana, Nebraska and Nevada were exempted from property taxes by voters, and in Louisiana fuel for stationary farm machinery was exempted from excise tax. But Louisianans refused property tax exemptions for airplanes used in agriculture and power boats.

Farm land need not be assessed according to its value for residential construction in Maryland, residents agreed in supporting a constitutional amendment. The amendment also allowed separate classification of land, improvements on land, and personal property which formerly were to be assessed and taxed alike.

Nonprofit golf courses in California got a tax break similar to farm land in Maryland, and livestock held in Nebraska only part of the year may now be taxed differently from other property, courtesy of the voters.

ROOFTOP HELIPORT CONTROLS SET

Heliport construction in Los Angeles has been controlled by a recent ordinance, the International City Managers' Association reports. Standards have been set for strength of supporting walls or beams in relation to helicopter weights, for minimum space, signs and markings, fire protection equipment, exits, lighting, and walls or railings.