

Resolution

State Spending Limit Initiatives

WHEREAS, several initiatives have been filed for the 2006 Oregon ballot that would arbitrarily limit biennial increases in all State appropriations for public services to increases in the rate of inflation (CPI or a similar measure) plus population, or to a fixed percentage of the previous biennium's appropriations (such as 8.1% in one version); and

WHEREAS, Oregon K-12 schools are already chronically underfunded; and

WHEREAS, the State Legislative Fiscal Office has concluded that if an "inflation plus population" measure had been in effect just since 1999, approximately \$1.8 billion would have had to be cut from the Governor's proposed budget of approximately \$30 billion (in categories affected by the limit) for the 2005-07 biennium; and

WHEREAS, an "inflation plus population" measure is an inappropriate limit on spending for public services, and is likely to undermine adequate funding for public schools in Oregon, for at least the following reasons:

- The cost of certain State services, such as health care, grows much faster than the basic rate of inflation; since public schools in effect compete with health care services for State resources, this is likely to result in reduced funding for public schools;
- The State serves certain populations, such as senior citizens, that are growing at a faster rate than the general population; since public schools in effect competes with senior care services for State resources, this is likely result in reduced funding for public schools;
- Certain elements of school costs, such as the cost of employee health insurance in a labor-intensive business, also grow faster than basic inflation (just as health insurance costs go up faster than basic inflation for private employers);
- In recent years, the number of students with special needs, and the number of English language learners, all of whom are entitled to a good education, but whose education requires additional resources, have increased faster than the general student population;
- During recessions, especially in an income-tax dependent State, State revenues decline dramatically; if, even in times of economic recovery, State resources can only increase by 'inflation plus population,' State resources will not, in real terms, return to pre-recession levels; and

WHEREAS, the State of Colorado, which adopted a 'population plus inflation' spending limit in 1992, has experienced numerous ill effects:

- Colorado's high school graduation rate fell from 79% in 1991 to 72% in 2002;
- As of 2001, Colorado's dropout rate was third-worst in the nation;
- The ratio of teacher pay to private sector pay has fallen to 50th in the nation, and Colorado now ranks 47th in overall K-12 funding as a percentage of personal income;
- Education Week ranks Colorado 40th in K-12 funding, \$700 less per

student than the national average; and

WHEREAS, adoption of a fixed percentage limit on biennial increases in State spending (such as 8.1%) would not account for the possibility of severe inflation, such as the 13% annual inflation rate of 1979, and could therefore result in drastic cutbacks in state resources for all services, including public schools, in real terms.

NOW, THEREFORE, BE IT RESOLVED that:

- Oregon PTA is opposed to the adoption of an initiative limiting increases in State spending on public services by an “inflation plus population” formula;
- Oregon PTA is opposed to the adoption of an initiative limiting increases in State spending on public services by a fixed, arbitrary percentage of previous years’ spending; and
- Members of Oregon PTA, Councils and local units are urged to contact their fellow citizens and to urge them to oppose such an initiative.

Submitted by:
Resolutions Committee of Oregon PTA