

December 5, 2002

03-045

Resolution Endorsing Passage of Ballot Measure 28,
Income Tax Surcharge

PREPARED BY: Doreen Margolin, Board Chair

REPORT: The Oregon legislature met in special session for the fifth time early in September to rebalance the 2001-03 biennial budget in light of a billion-dollar plus shortfall in revenue. As part of the budget re-balance plan, the Legislature referred Measure 28 to Oregon voters for their consideration at a special election January 28, 2003.

Measure 28 proposes a temporary three-year increase in personal and corporate income tax rates to backfill \$313 million in budget cuts for the 2001-03 biennium and to provide \$412 million in additional general fund revenue to support the 2003-05 state budget.

Measure 28 will restore a cut of \$14 million to community colleges statewide, including \$3.5 million to Portland Community College. If the measure is approved, the reductions outlined by the Legislature in HB 5100 likely would not occur. PCC is already facing severe budget deficits from previous legislative actions, combined with increasing PERS costs and losses in revenue from changes in the state's funding formula that will mean limiting student access to instructional services. The loss of \$3.5 million could mean that PCC would not be able to serve as many as 700 students, or that tuition would have to be increased by an additional \$6 per credit hour. Access for students has already been limited at a time when the demand for PCC services is at its highest point.

Measure 28 will result in an increase in income taxes to the average taxpayer of \$114 per year, or \$9.50

per month for the next three years. The measure is a step toward resolving the budget crisis facing the state, and allows for preservation of essential educational services to the K-12, community college and higher education system, as well as to other public safety and human resource programs.

RECOMMENDATION: That the PCC Board of Directors strongly support Measure 28 as a method to offset some of the budget cuts for the current fiscal year and for the 2003-05 biennium and urge the community at large to also support its passage.

Director Palmer moved to approve Resolutions 03-036 through 03-039 and Resolutions 03-042 through 03-045. It passed unanimously.