BUSINESS FOR A BETTER PORTLAND

April 11, 2019

Dear Chair Roblan and Chair Smith Warner, Vice Chairs and members of the Committee,

We are extremely thankful for the hard work of the Joint Committee on Student Success, including months of conversations about the value of public education for our children, our businesses, and our economy. We applaud you for reaching out to and engaging Oregonians in communities across the state.

The release of this committee's thoughtful recommendations marks a major milestone in the decades-long road to fixing our state's broken tax structure and restoring critical investments in our public schools. Despite the clear need to invest in education, some of the same voices who have gone to the mat in past legislative sessions to oppose investments in education are at it again. While claiming to represent our state's "business community," they are publicly criticizing proposals to raise more revenue. We argue that what Oregonians clearly cannot take any longer is a perpetuation of a tax system that limits economic growth, weakens our workforce, and fails to prepare our youth for economic success.

We are writing today, as business owners, to inform you that the real risk to our state's economy isn't raising too <u>much</u> revenue — it's raising too <u>little</u>.

Data in state after state shows a strong correlation between the educational attainment of a state's workforce and median wages in that state. As a result of increases in public education spending, states see their tax bases grow, and their state becomes more attractive to out-of-state employers as well as to out-of-state investment.

Beyond financial returns, investment in public education improves health outcomes, reduces crime and creates stability for families. According to the Institute for Policy Research at Northwestern University, when per-pupil spending increases, students see higher graduation rates, higher adult wages, and a lower likelihood of adult poverty.

We must ensure that the tax reform package that emerges from the 2019 Legislative Session actually raises sufficient revenue to ensure Oregon's students receive a quality education. We argue that our state needs to make more than $2 billion of new investments to create the education system Oregon's students truly deserve. Anything less will be a waste of a once-in-a-generation opportunity to restructure our corporate tax system — ensuring that budget cuts, overcrowded classrooms, large tuition increases, and out-of-date textbooks remain the norm in Oregon schools for years to come.

And if our goal is to generate economic opportunity for Oregonians of all incomes and backgrounds, in all 36 counties, we must invest in our community college and public university students. If we continue to leave them behind, we risk missing out on a huge opportunity to retain Oregon-built companies, create a more skilled workforce, and build the bench of talent in our own backyard.

We are of course very aware that Oregon schools face increasing costs to fund legacy PERS Unfunded Actuarial Liability (UAL) obligations in the next decade. As business leaders, we

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understand the importance of committing to a structured plan to address legacy debts in order to make new investments in priorities. As you consider the opportunity to increase revenue, we encourage you to also consider direct reductions to the UAL to provide immediate and ongoing rate relief for schools, cities and counties.

In the coming days, we will be evaluating the proposals put forth by this committee to ensure that they fairly distribute the tax burden across businesses of all sizes and structures and set rates appropriately for small businesses that drive much of our state's economic growth.

We look forward to continuing the conversation about these long-overdue reforms and working with the Legislature to craft a tax package that offers a stable source of funding for public education from early childhood through higher education to help our businesses, large and small, continue to thrive.

Sincerely,

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