

February 10, 2025

TO: Members of the House Committee on Education

FR: Ryan Tuthill, Policy and Program Manager

RE: Oregon Business & Industry (OBI) Testimony in Support of HB4050

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 75% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of HB 4050. Businesses rely on a high-performing and effective education system to prepare young adults to enter the workforce and to create a community ecosystem that attracts and retains workers. Further, as you know, businesses drive much of the revenue into the system through direct corporate taxes and personal income taxes on wages as well as through the corporate activity tax and the redirection of the corporate kicker.

Despite record funding over the last 20 years, outcomes have fallen. Further, student enrollment has dropped while the hiring of school administrators and educators has continued to rise. Between 2013 and 2023, school support staff increased by almost 60 percent, school administrators grew by over 30 percent, and the number of teachers increased by 18 percent. This is despite 30,000 fewer students in the school system between 2018 and 2023.

As Oregon has further increased funding for the K-12 system each biennium, accompanying results for Oregon students have not materialized. Recent analysis presented to the Joint Ways and Means Subcommittee on Education showed that Oregon students' math and reading scores continued to decline, now at the bottom of national rankings, even as state school spending increased by 80 percent over the last decade. In a 2024 study of 30 states, Oregon students were the only group that had not returned to pre-pandemic math and reading comprehension levels. We welcome the Legislature's interest in the reevaluating of Oregon's existing education funding models and their corresponding outcomes. In fact, [the OBI Research and Education Foundation produced a K-12 funding study](#), conducted by former Legislative Revenue Officer Jim Scherzinger, to help begin this analysis.

Not long ago, Oregon outperformed the national average in reading and math. We believe that recent conversations and legislative action relating to student outcomes and school accountability are welcome developments. Oregon cannot let bureaucracy stifle innovation and necessary systemic adjustments needed to create a more focused effort around workforce development, which begins in our K-12 system. We ask that those conversations continue and urge your support of HB4050.