

Canceled - Intergovernmental Committee Meeting

Monday, November 21, 2022 1:00 PM

Dr. Matthew Prophet Education Center -  
Windows Cafeteria / Conference Room (Floor  
2)

501 N. Dixon St.  
Portland, OR 97227

## **Agenda**

- I. Legislative Agenda Discussion and Approval
- II. Local Option Levy Statutory and Constitutional Options
- III. Public Comment To sign-up for public comment email [PublicComment@pps.net](mailto:PublicComment@pps.net)  
or call 503-916-3741
- IV. Adjourn

# Local Option Mechanics

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## Presentation to Portland Public Schools



**PIPER | SANDLER**

Carol Samuels  
Managing Director

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## Local Option Background

- Local option levies present an alternative for raising additional operating funds from property taxes.
- Created under Measure 50 in 1997.
- Available for operations (5 year limit), or capital (10 years or useful life of project, whichever is less).
- Can be levied as fixed dollar amount or rate per thousand.
- Subject to majority voter approval at May or November elections or other regular elections with 50% voter turnout.

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## Local Option: What Can You Use it For?

### Operations:

- ✓ May be used for any legally allowable operating expenses of an Oregon municipality.

### Capital:

- ✓ May be used for broad list of capital items, as long as life of levy matched to life of items financed.
- ✓ Given subject to same voter test as GO bonds and revenue stream is more unpredictable, jurisdictions tend to use GOs instead.

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# Property Tax History

## Measure 5 (1990)

- Capped property taxes at \$15/\$1,000 of RMV of property:
  - \$5 for education (SDs, ESDs and CCs)
  - \$10 for general government (all others)

## Measure 50 (1997)

- Created lower AV on which property taxes are calculated. Capped AV growth at 3% a year.
- Converted levy authority into permanent operating rates, which can never be increased.
- **Created local option levies.** Levied in addition to permanent rates, but still subject to M5 limits. Require voter approval.

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## Local Option Limits

### Constitutional and statutory limits apply to SD local option levies

#### ➤ Constitutional (Measure 5):

- M5 limit of \$5/\$1,000 RMV for education

#### ➤ Statutory (revised 2019):

- \$2,184 per ADMw in FY 2022 (increases at 3%/year)
- 25% of State resources (total formula revenue)

Every dollar collected above the statutory limit would be counted as a local source inside the SSF formula.

Lowest for PPS is the per/ADMw limit.

### Equalization Grants

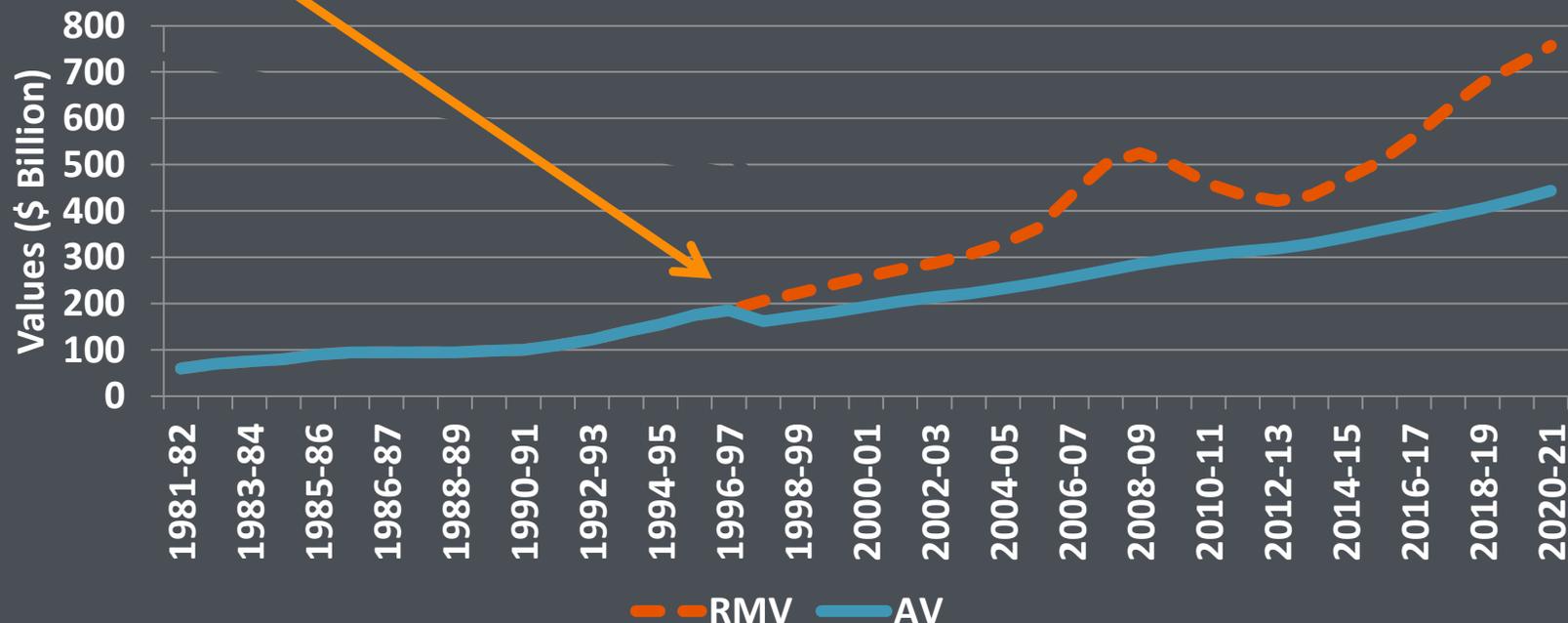
- Equalization grants are provided by State for low property value districts. Legislature must appropriate as carveout from SSF. PPS is not eligible.

## Mind the Gap!

- Every property has “gap” between RMV and AV.
- If property’s RMV increases faster than 3% AV limit, gap grows. Opposite is also true.
- Local Option Levies ‘tax the gap.’

1997: M50 froze AV at 90% of 1995 RMV, capped growth at 3%/year

AV and RMV of Property in Oregon  
FY 1982 to 2021



## Different Property Types Can Have Very Different Gaps

- Gap on residential property is often wider than other types.
- In some cases commercial and industrial property depreciate, causing RMV to decline. AV can never be greater than RMV.



House		Target Store	
Real Market Value:	\$250,000	Real Market Value:	\$80,256,230
Assessed Value:	\$150,000	Assessed Value:	\$79,508,329
AV as a % of RMV:	60%	AV as a % of RMV:	99%

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## Calculating Local Option Revenue

### Total Local Option Capacity:

- Sum of all gaps in jurisdiction is total local option capacity.
- Some properties may already be at M5 limit, others may be well below.
- **In other words, not everyone pays local option taxes; some pay more than others.** Only way to estimate amount raised is on property by property basis.
- Overlapping jurisdictions may have levies, causing compression and competition.
- Only those jurisdictions with consolidated tax rates significantly below M5 limits have consistent collections.

# Theoretical Local Option Capacity – PPS

	Portland Public Schools					
	2017	2018	2019	2020	2021	2022
<b>Permanent Tax Rates</b>						
School District	\$ 5.2781	\$ 5.2781	\$ 5.2781	\$ 5.2781	\$ 5.2781	\$ 5.2781
Community College	0.2828	0.2828	0.2828	0.2828	0.2828	0.2828
Education Service District	0.4576	0.4576	0.4576	0.4576	0.4576	0.4576
<b>Total Education Rate</b>	<b>\$ 6.0185</b>					
<b>Education Measure 5 Compression</b>						
School District (actual)	\$ 1,842,398	\$ 1,606,771	\$ 1,562,770	\$ 1,681,301	\$ 1,750,960	\$ 2,793,276
Community College (est.)	98,715	86,091	83,733	90,084	93,816	149,663
Education Service District (est.)	159,732	139,304	135,489	145,765	151,804	242,171
<b>Total Education Compression (est.)</b>	<b>\$ 2,100,845</b>	<b>\$ 1,832,165</b>	<b>\$ 1,781,992</b>	<b>\$ 1,917,150</b>	<b>\$ 1,996,580</b>	<b>\$ 3,185,111</b>
<b>District Total Property Values</b>						
M5 Real Market Value	\$ 106,935,120,227	\$ 121,647,527,598	\$ 131,734,570,412	\$ 134,575,991,606	\$ 140,097,590,824	\$ 147,263,772,983
Total Assessed Value	53,227,456,836	56,163,333,260	58,003,887,856	60,851,556,260	63,612,718,068	65,670,944,150
AV as % of RMV	50%	46%	44%	45%	45%	45%
Assessed Value per ADMw	\$ 921,470	\$ 968,427	\$ 1,006,049	\$ 1,053,186	\$ 1,101,792	\$ 1,213,061
<b>Education Taxes in the District</b>						
Education taxes before Compression	\$ 320,349,449	\$ 338,019,021	\$ 349,096,399	\$ 366,235,091	\$ 382,853,144	\$ 395,240,577
Less M5 Compression Loss	(2,100,845)	(1,832,165)	(1,781,992)	(1,917,150)	(1,996,580)	(3,185,111)
Education taxes collected	318,248,604	336,186,856	347,314,408	364,317,942	380,856,563	392,055,467
Education taxes at \$5/\$1,000 RMV	534,675,601	608,237,638	658,672,852	672,879,958	700,487,954	736,318,865
Measure 5 Gap Capacity	\$ 216,426,997	\$ 272,050,782	\$ 311,358,445	\$ 308,562,016	\$ 319,631,391	\$ 344,263,398
<b>Local Option Levy Limits</b>						
M5 Gap Capacity	\$ 216,426,997	\$ 272,050,782	\$ 311,358,445	\$ 308,562,016	\$ 319,631,391	\$ 344,263,398
Per Student Limit (beginning in FY19, \$2,000/ADMw + \$3% annually)	75,368,171	77,939,214	115,310,240	119,023,813	122,503,566	118,312,918
25% of SSF Limit (beginning in FY19, Previously, 20%)	82,326,001	92,260,340	117,569,513	124,779,048	129,285,574	129,851,011
<b>Limit</b>	<b>\$1,304.77 Per Student</b>	<b>\$1,343.91 Per Student</b>	<b>\$2,000.00 Per Student</b>	<b>\$2,060.00 Per Student</b>	<b>\$2,121.80 Per Student</b>	<b>\$2,185.45 Per Student</b>
ADMw	57,764	57,994	57,655	57,779	57,736	54,137
SSF Revenues*	\$ 411,630,004	\$ 461,301,701	\$ 470,278,053	\$ 499,116,190	\$ 517,142,297	\$ 519,404,045
Eligible for Equalization Grant						0%

\* Limit includes general purpose, transportation, facility and high cost disability grants. Facility and high cost disability grant info not usually available until May and therefore may not be included in amount listed.

## PPS Local Option History

- PPS voters first approved a local option levy in November 2006.
- Has been reapproved 3 times by the voters as follows:

Local Option Levies		
Election	Amount	Passage Rate
Nov-19	\$1.99/1,000	77.2%
Nov-14	\$1.99/1,000	71.4%
May-11	\$1.99/1,000	58.2%
Nov-06	\$1.25/1,000	63.2%

## Portland Public Schools – Historic Collections vs. Limit

Fiscal Year	Total Assessed Value	Local Option	Maximum imposed w/out Compression	Local Option Authority Imposed	Per Student Levy Limit	Difference
2022	\$ 65,670,944,150	\$ 1.99	\$ 130,685,179	\$ 108,957,148	\$ 118,312,918	\$ 9,355,770
2021	63,612,718,068	1.99	126,589,309	105,537,092	122,503,566	16,966,474
2020	60,851,556,260	1.99	121,094,597	102,044,362	119,023,813	16,979,451
2019	58,003,887,856	1.99	115,427,737	98,327,764	115,310,240	16,982,476
2018	56,163,333,260	1.99	111,765,033	93,036,904	77,939,214	(15,097,691)

Over collection in 2018 led to legislative amendment to increase limits.

# School Districts with Local Option Levies

18 school districts had local option levies in place in Fiscal Year 2022:

District	FY 2022 Local Option Rate
Portland SD 1J	\$ 1.99
Lake Oswego SD 7J	1.64
North Clackamas SD 12	1.63
Corvallis SD 509J	1.50
Crow-Applegate-Lorane SD 66	1.50
Eugene SD 4J	1.50
Philomath SD 17J	1.50
West Linn-Wilsonville SD 3J	1.50
Riverdale SD 51J	1.37
Ashland SD 5	1.29
Beaverton SD 48J	1.25
Falls City SD 57	1.25
Hood River County SD	1.25
Tigard-Tualatin SD 23J	1.00
Sisters SD 6	0.75
Siuslaw SD 97J	0.75
Seaside SD 10	0.52
Sweet Home SD 55	0.30

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## Summary

- **Local option levies are main source of additional property tax funding.**
- **Every property is affected differently: some may pay the entire amount, and some may pay nothing.**
- **Because AV, RMV and tax levies vary every year, the amount collected will also vary.**
- **PPS's collections are governed both by property tax compression AND enrollment trends.**
- **Raising the rate for PPS may cause collections to exceed per/ADMw limit without further legislation.**



## LEGISLATIVE PRIORITIES 2023

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### Introduction

We believe all students can learn, grow, and achieve. We aspire to graduate compassionate, critical thinkers who are able to collaborate to solve problems, and lead a more socially-just world. Our work centers student voices, and our commitment to racial equity and social justice ground everything we do.

We do this work in part through ongoing federal and state investments. These funds have supported PPS in safely reopening schools, meeting students' emotional and mental health needs, and supporting staff to target specific student groups needing learning acceleration.

Pandemic relief dollars are finite, though, so we call on the Oregon Legislature to reaffirm their commitment to education by prioritizing a robust investment to the state school fund through the 2024-2025 budget. Our state must stabilize – once and for all – efficient and equitable education funding.

PPS's legislative priorities are grounded in our commitment to accelerate achievement for our Black, Native and students of color. We are focused most specifically on eliminating gaps in **third-grade reading, fifth-grade math, eighth grade readiness, high school graduation, and post-secondary readiness.**

### Legislative Priorities

#### **Stable and Equitable Investments**

- PPS supports a \_\_\_ billion investment for the State School Fund (SSF), an increase of XX% over the last biennium.
- PPS supports fully funding Measure 98, and removing barriers to delivering high-quality Career Technical Education (CTE) (e.g. accreditation and transfer policies).
- PPS advocates for direct state investment in the Oregon School Capital Improvement Matching (OSCIM) program and Seismic Retrofit Grant Program (SRGP).
- PPS supports improving literacy across Oregon through investments in science of reading professional development, instructional coaches, and evidence-based and culturally responsive curriculum materials, extended learning, high-dosage tutoring, and ongoing

evaluations to identify schools where disparities in literacy exist, especially for Black, Native, and students of color.

- PPS supports funding for universal school meals. All kindergarten through 12th grade public schools, including virtual schools, should provide free meals during each school day to students requesting a meal, regardless of the student's financial eligibility.

### **Enriching Opportunities**

- PPS advocates for continued funding to provide robust academic and enrichment programming including additional instructional specialists and high dosage tutoring.
- PPS supports dedicated and consistent funding for high-quality summer learning opportunities.

### **Welcoming and Safe Learning Environments**

- PPS advocates for resources and policies that support the emotional and mental health needs of all students, including investments in counseling, social workers, and a community schools approach to directly address student needs.
- PPS advocates for resources for the Ballmer Institute for Children's Behavioral Health.
- PPS supports measures that keep students and communities safe and free of gun violence.
- PPS advocates for amending Bias Crime statutes to allow local law enforcement to investigate hate speech acts targeting an implied victim(s).
- PPS stands for continued refinements to sexual misconduct statutes, including alignment with Title IX requirements to streamline investigations and prioritize student safety.

### **A Strong Education Workforce**

- PPS supports improving education workforce recruitment and retention practices in the state by:
  - expanding the educator workforce to meet evolving educational needs
  - expanding grow-your-own programming
  - increasing the racial and cultural diversity of Oregon's educator workforce to reflect our student population.
  - increased focus on recruiting for hard-to-fill positions such as paraeducators, SPED teachers, and dual language immersion educators.
- PPS supports strengthening teacher preparation programs in collaboration with higher education institutions and community partners to best reflect student needs.

### **School Facilities and Operations**

- PPS advocates for sustainable school design and operations that align with PPS's Climate Justice Policy.

- PPS advocates for climate-resilient schools that can support communities during extreme weather events.
- PPS supports investments in cybersecurity workforce development, education, awareness and training.