

A City Club Report on Measure 99: Dedicated Lottery Funds for Outdoor School

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Since 1957, Outdoor School has provided a week-long residential field science program for fifth- and sixth-grade students in Oregon. It has always lacked consistent state funding. Measure 99 (formerly IP 67) proposes would statutorily require a capped annual distribution of \$22 million (currently 4 percent) of Oregon State Lottery revenue to an “Outdoor School Education Fund” to provide funding for every Oregon fifth or sixth-grade student to attend a week-long outdoor school program or equivalent. The fund would be managed by Oregon State University’s Extension Service, the entity charged under recent Senate Bill 439 with grant administration, assistance, leadership and program maintenance.

Majority summary

The value of Outdoor School was made clear during your committee’s research process. Witnesses unanimously reported that Outdoor School helps students foster higher self-esteem, teamwork, confidence, interest in science and improved academic outcomes – particularly for traditionally underserved student subgroups such as English language learners. These benefits are key to preparing Oregon students for the 21st century workforce, where demand for environmental and science-literate workers is on the rise.

The majority of your committee struggled with the possibility that the measure’s passage might result in reduced economic development advocacy efforts, particularly by potentially reducing the annual revenue of Business Oregon. However, the rural economic development promised by funding Outdoor School, the benefit to Oregon students and broader investment in science education are compelling reasons to vote for Measure 99. Given Outdoor School’s 59 years of service to Oregonians, its impressive reputation and the volatility of our state’s tax system, your committee’s majority believes it has earned the opportunity to finally enjoy dedicated funds.

Recommendation: The majority recommends a “Yes” vote.

Minority summary

The minority of your committee agrees on the value and benefits of Outdoor School and the need for funding. However, Measure 99 is not the appropriate mechanism to meet that need. Concerning aspects of the measure include the ballot initiative process, voter confusion due to misleading information, the lack of guarantee for equal access to funding and the potential inability to provide as many jobs as advocates predict.

The minority of your committee believes that the measure by dedicating a fixed percentage of Oregon Lottery revenues to Outdoor School, it would redirect funding from other state activities that are proven to be more valuable for our economy, especially in rural areas, without clearly identifying new funding sources to keep these activities whole. The minority supports the recommendations of the previous City Club reports and believes the initiative process is not the appropriate way to allocate funds for Measure 99 or other state programs. This measure bypasses the overall prioritization process of state expenditures, in relation to other worthy needs.

Recommendation: The minority recommends a “No” vote.

City Club members will debate this report on Wednesday, Aug. 24, 2016 at the Club’s Ballot-Palooza event. Club members will vote on the report beginning Thursday, Aug. 25 and finishing Monday, Aug. 29. Until the membership votes, City Club of Portland does not have an official position on this report and Measure 99. The outcome of the vote will be reported on Aug. 30 in the City Club of Portland Bulletin Vol. 99, No. 2 and online at pdxcityclub.org.

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INTRODUCTION

Measure 99 will appear on the Nov. 8, 2016 ballot as follows:

Creates “Outdoor School Education Fund,” continuously funded through Lottery, to provide outdoor school programs statewide

RESULT OF “YES” VOTE: “Yes” vote creates separate fund, financed through Oregon Lottery Economic Development Fund and administered by Oregon State University (OSU), to provide outdoor school programs statewide.

RESULT OF “NO” VOTE: “No” vote rejects creation of fund to provide outdoor school programs statewide; retains current law under which OSU administers outdoor school grants if funding becomes available.

SUMMARY: Presently, Oregon does not fund outdoor school programs statewide, but, under current law, OSU assists school districts by awarding grants according to specified criteria and providing program maintenance, conditioned on funding. The Measure creates a separate “Outdoor School Education Fund” (Fund) that is financed by Oregon State Lottery money. The Measure caps annual distribution at \$22 million (currently at 4%) of Lottery revenues to the Fund, and specifies the Fund’s purpose to provide every Oregon fifth- or sixth-grade student week-long outdoor school program or equivalent. It continuously appropriates the Fund to OSU to administer and fund outdoor school programs statewide consistent with the current law’s grant program criteria; it may require Fund dispersal outside of the grant program. Allocations to the Fund shall not reduce lottery proceeds dedicated under Oregon Constitution to education, parks, beaches, watershed, fish, wildlife.

BACKGROUND

In order to gain an in-depth understanding of the measure, your committee read reports and opinion pieces related to Outdoor School, lottery funding and Business Oregon, which stands to lose Lottery funding if the measure passes. We also conducted interviews with economic development experts, Outdoor School proponents, camp directors and legislators. No witness refuted the value of Outdoor School with respect to science education and youth development. Throughout the testimonies heard by your committee, even from opponents of the measure, there was a unanimous appreciation expressed for Outdoor School. Most of the disagreement between proponents and opponents involved the proposed funding mechanism.

Past City Club reports relating to the initiative process

City Club of Portland has studied the initiative process twice in the past 20 years. Both research committees cautioned against using the initiative process (both constitutional or statutory measures) to mandate state expenditures. Such measures, they concluded, confound the legislature's constitutional requirement to balance the state's budget and negatively affect the state's bond rating.^{1,2}

History of Outdoor School

The roots of Outdoor School in Oregon extend back to 1957 when Irene Hollenbeck, of the Southern Oregon University School of Education, organized a one-week camp to the Dead Indian Soda Springs for fifth- and sixth-grade students and teachers from Medford's Westside Elementary School. Hollenbeck's initial program garnered enough interest that, in the spring of 1958, the Outdoor School Pilot Project was launched in the Crook County School District. Nearly 50 years later, hundreds of thousands of young Oregonians from across the state have participated in Outdoor School.

Outdoor School is a week-long, residential field science program for Oregon fifth and sixth graders. According to materials provided by proponents' campaign, Save Outdoor School for All, the program:

- Provides hands-on, natural sciences study, aligned with Next Generation Science Standards and Common Core State Standards;
- Has students learning collaboratively with students from around Oregon;
- Improves interest and performance in school, especially in science and math;
- Is accessible to all kids, regardless of abilities and learning styles; and
- Builds self-sufficiency, self-confidence, collaboration and leadership skills.

Over the years, participation in Outdoor School has varied significantly depending on an individual school district's priorities and ability to finance participation. Some districts fund full participation in the week-long program. Others fund two or three days for students, while other districts do not participate. Many districts and schools fund Outdoor School experiences through private donations or by asking parents of students to pay for the cost of sending their child.

Senate Bill 439

In 2015, the Oregon Senate passed Senate Bill 439, an emergency act that read in part: "The Oregon State University Extension Service shall assist school districts and education service districts in providing outdoor school programs. The Oregon State University Extension Service shall provide assistance by administering a grant program, providing program leadership and providing program maintenance."³ The bill states that the OSU Extension Service administer grants for outdoor schools to "provide a six-day, residential, hands-on educational experience...." It was designed to ensure equitable access for all Oregon students. Lawmakers determined that OSU Extension Service could best provide program management and administration. The measure provides a framework for sending all Oregon fifth and sixth graders to Outdoor School.

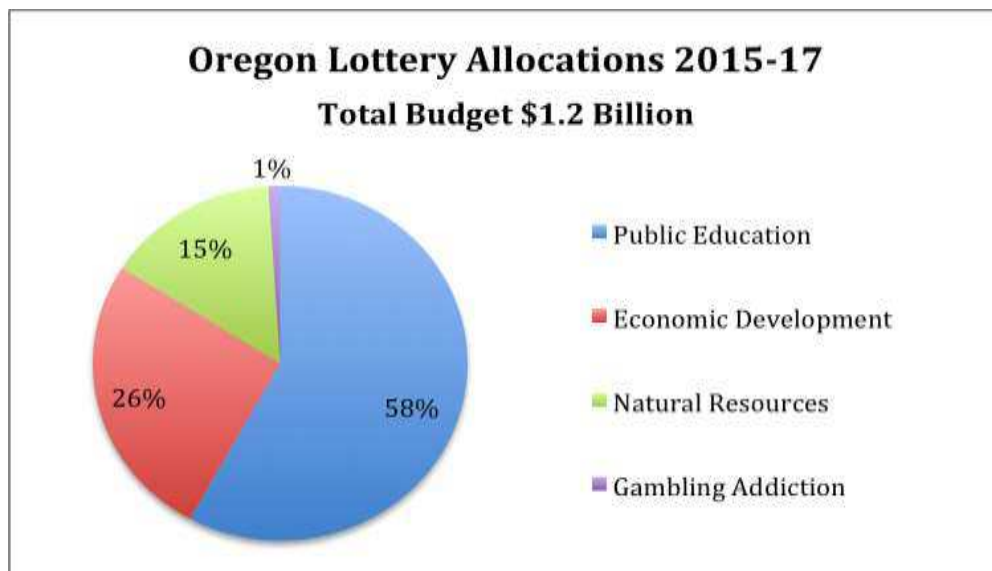
Despite establishing the framework, the Legislature never chose to fund the program, which would cost \$22 million for the estimated 51,000 attendees. A variety of funding mechanisms were considered, but the Legislature adjourned without approving one.

How lottery funds are allocated

Measure 99 would statutorily require a capped annual distribution of \$22 million (currently 4 percent) of Oregon State Lottery revenue to an “Outdoor School Education Fund” to provide funding for every Oregon fifth or sixth-grade student to attend a week-long outdoor school program or equivalent. The fund would be managed by Oregon State University’s Extension Service, the entity charged under recent Senate Bill 439 with grant administration, assistance, leadership and program maintenance.

There are two constitutionally dedicated allocations, public education and natural resources, and four statutorily dedicated allocations: for gambling addiction, athletic programs at public universities, county economic development programs and county fairs. Both, constitutional and statutory dedications are restricted dollars. In the 2015-17 biennium budget, dedicated allocations represent 32 percent of lottery dollars leaving 68 percent of lottery funds unrestricted.⁴

For the 2015-17 biennium, nearly \$1.2 billion in lottery funds is allocated to four categories – public education, economic development, natural resources and gambling addiction. If voters approve the measure, unrestricted portion of lottery funds that are unrestricted will be reduced, so less funding will be available than currently. That funding now goes to public education and economic development.



Oregon economic development and Business Oregon

Business Oregon is the state's economic development agency overseen by the Business Oregon Commission (a bipartisan group of business, academic and government leaders).⁵ Business Oregon works to create, retain, expand and attract businesses that provide sustainable, living-wage jobs for

Oregonians through public-private partnerships and to leverage funding and support of economic opportunities for Oregon companies and entrepreneurs. In 2015 Business Oregon reported 2,214 Jobs created, 6,677 jobs retained, \$29.5 million of additional state income tax revenue and \$115.9 million of Export Sales. Business Oregon receives 24.4 percent of its funding from Lottery Funds.⁶

Multiple witness's said that funding appropriations for Business Oregon would most likely be reduced if voters approve Measure 99. Your committee accepted this testimony as the most likely outcome.^{7, 8, 9}

Major assertions made in favor of Measure 99

- Outdoor School is an Oregon institution, and research demonstrates that Outdoor School improves academic outcomes for students.^{10 11 12}
- Funding Outdoor School by ballot measure advances state equity aspirations by making Outdoor School accessible to students regardless of their school district's capacity to pay.
- Dedicated funding for Outdoor School helps create steady, reliable jobs, particularly in rural Oregon.¹³
- Dedicated funding for Outdoor School is a long-term investment in Oregon's economic development by ensuring that all Oregonian students can access the academic and social-emotional benefits of Outdoor School.
- Funding Outdoor School by statewide ballot measure addresses the lack of an identified funding mechanism after the passage of Senate Bill 439.
- Oregonians have established precedent for supporting ballot measures that earmark a portion of their lottery-generated revenues for underfunded, popular institutions.

Major assertions made against Measure 99

- By allocating lottery revenue elsewhere, the measure would likely reduce funding for economic development organizations, such as Business Oregon.
- The initiative process is not the appropriate way to allocate funds. The Legislature is better-equipped to understand the trade-offs (and therefore allocate) state funding streams.
- City Club of Portland research committees have studied the initiative process twice in the past 20 years. In each instance, the committees cautioned against using the initiative process to mandate state expenditures.
- Measure 99 is misleading in that it implies that the proposed funding source for Outdoor School is not already allocated to other organizations.¹⁴
- The language of Measure 99 might not guarantee equal access to Outdoor School for all students.
- There is evidence that the measure might not provide as many full-time jobs (and general economic development) as advocates predict.

MAJORITY DISCUSSION & ANALYSIS

Both opponents and supporters of the measure agree that Outdoor School is an Oregon institution. Outdoor School enjoys widespread support from a coalition of interests. They range from large corporations such as Nike, healthcare organizations such as Kaiser Permanente, outdoor recreation providers such as Timberline Lodge and Ski Area, and grassroots nonprofit advocacy organizations such as the Klamath-Siskiyou Wildlands Center.

Helps create jobs, particularly in rural Oregon

The Gray Family Foundation, a longstanding champion of Outdoor School, commissioned Robin Hahnel to evaluate the economic impact of one week of Outdoor School for 50,000 students statewide. Hahnel, professor emeritus at American University's Department of Economics and co-director of Economics for Equity and the Environment, found that a one-week program for 50,000 fifth and sixth graders would generate, directly and indirectly, more than 600 full-time-equivalent jobs and more than \$27 million of annual income.¹⁵ Hahnel's research indicates that most of these jobs would be generated in rural parts of the state where full-time employment can be scarce. When employers know that funding is stable, they are more inclined to offer permanent full-time positions.

Your committee could not vet all economic predictions with respect to Measure 99. Because the Gray Family Foundation commissioned Hahnel's research specific to Oregon's Outdoor School, your majority chose to rely on Hahnel's findings. It is worth noting that your committee's minority questions the accuracy of this research (see below).

Testimony from a camp director indicated that some of the jobs created in the expansion of Outdoor School might be accessible to college students and younger adults or teenagers.¹⁶ In May 2016, young adults and teens were identified by the State of Oregon Employment Department as a particularly vulnerable group in the labor market stating, "The time young people spend unemployed has lengthened significantly. That is time not spent gaining on-the-job experience. Consequently, the share of unemployed young people with no previous work experience nearly doubled, making it harder for them to compete with experienced applicants."¹⁷ The job or volunteer experience young adults and teens could gain from seasonal or even full-time work at the expanded Outdoor School programs could bolster their early employment experience, making them more competitive in the labor market and dovetailing with the Employment Department's recommendation to "Invest funding in summer jobs programs for youth."¹⁸

Opponents of the measure cite a five-to-one return as the benchmark for a quality economic development investment and argue that Outdoor School would not yield this. Proponents of Outdoor School project a \$5 million return on the \$22 million investment. The majority of your committee concludes that the proposed lottery fund investment create jobs in the short term and. In the long term, Oregon's workforce will benefit as students interest in science increases and academic achievement improves.

Enjoys legislative support

As noted previously, Outdoor School enjoys broad public support. In the 2015 legislative session, lawmakers passed Senate Bill 439 with just one “nay” vote, coming from a member concerned about not having a funding mechanism identified. Your majority finds that such an overwhelming vote in support of Outdoor School is a testament to its sustained accomplishments.

Not relevant to City Club precedent

Although City Club has twice in the past 20 years recommended that Oregon not use the initiative process to dedicate funding, your committee finds that those recommendations do not apply to Measure 99. First, Measure 99 is funding a program that the Legislature created. We conclude that the mere act of creation demonstrated intent that the program receive money. Measure 99 is a means of rectifying that

Second, the lottery is unusual among state revenue streams. Ballot measures on several occasions in the past established precedents for dedicating lottery funds by initiative. Since the Oregon Lottery was established in 1984 with revenue dedicated exclusively to economic development and job creation, Oregonians have voted on several occasions to allocate a portion of the lottery revenue to public institutions. In 1995, Oregonians voted to allocate a portion of lottery funds to finance education. Similarly, Oregonians voted in 1998 to dedicate 15 percent of lottery proceeds to parks, water and wildlife. The current situation for the Outdoor School program is not unlike these past situations.

Promotes hands-on science education

Comparative empirical research indicates that there are academic and social-emotional benefits of outdoor education.¹⁹ A study conducted by the American Institutes for Research (AIR) references a “2004 meta-analysis of 150 outdoor learning research studies conducted between 1993-2003 that found that there was substantial research evidence to suggest that outdoor programs are associated with positive outcomes for young people, including attitudes toward the environment, independence, confidence, self-esteem, locus of control, self-efficacy, personal effectiveness and coping strategies; and interpersonal and social skills, such as social effectiveness, communication skills, group cohesion and teamwork.”²⁰

In 2005, AIR took a closer look at an outdoor education program in California serving four schools with predominantly Hispanic and English language learner student populations, where more than 80 percent of the students were on free and reduced lunch programs (an indicator of high poverty rates). The study concluded that students who attended the California outdoor education program raised their science test scores by 27 percent.

Given that four of the nine industry groups with the fastest job growth in Oregon involve science, math, and technical skills, our state must prioritize investment in our children’s science literacy.²¹ This element

of the Outdoor School experience is a critical basis of support for employers such as Christine Vernier of Vernier Software and Technology, one of the Measure’s Chief Petitioners.²²

Advances statewide equity aspirations

Some school districts are able to send students to Outdoor School programs for a few days, but many are unable to participate at all.²³ The program is most effective when students participate in week-long programs.^{24 25} Historically, Oregon students participated in week-long programs, but increasingly tighter budgets have limited the capacity of schools and districts to participate. As a result, overall participation in the Outdoor School program has declined in the past 10 years. A dedicated funding stream could help shift this tide.

When school districts lack the resources to fully participate in Outdoor School, parents and individual schools will often try to raise their own money. In wealthier, commonly urban or suburban school districts, parents may fundraise to close financial gaps. That same fundraising capacity often does not exist in districts with students from predominantly lower income families, many of which are in rural communities. Allocating dedicated revenue for Outdoor School would ensure that all fifth and sixth graders, regardless of socioeconomic status, could fully participate in this outdoor education program. Moreover, the full measure of a universal experience might extend beyond its immediate positive impact. Oregon, like many states, sometimes fractures along the “urban/rural divide” based on disparate life experience, resource availability and perception. Outdoor School is an opportunity for Oregon’s youth to enjoy and learn from a universal experience. This kind of shared experience is invaluable when trying to resolve complicated policy issues like forest policy, salmon recovery and other natural resource or public lands management issues of enduring relevance to all Oregonians. For disadvantaged communities in Oregon, Outdoor School might be students’ first foray into the natural world. Your committee heard anecdotes during witness interviews that for some students in Tillamook attending Outdoor School – just 10 miles away – it was the first time they had been to the coast. Tales of this nature underscore the value of this measure, specifically the importance of dedicated funding that ensures resource availability for all of Oregon’s fifth or sixth graders.

Majority Conclusions

The majority of your committee concludes that Outdoor School helps Oregon’s fifth and sixth graders foster higher self-esteem, teamwork, confidence and interest in science. It improves academic outcomes, particularly for traditionally underserved student subgroups. These benefits are key to preparing Oregon students for the 21st century workforce where demand continues to grow for science-literate workers.

The majority of your committee believes that there are cultural benefits to Outdoor School as well. Many Oregonians count Outdoor School as a seminal experience of their youth, and the program has become a part of the fabric of our state. The shared experience of Outdoor School has special value when more than half of the state’s total footprint is owned in common, and where public lands and

natural resource management are always topics of civic discussion. This measure is a worthwhile investment in our young people's future.

Your majority struggled with the reality that the measure's passage would likely result in reduced economic development advocacy efforts elsewhere. Save Outdoor School for All, the campaign to support this measure, suggests the funding to underwrite Outdoor School would come from unallocated lottery revenues. This is accurate only in the narrowest of interpretations. The Legislature has discretion to identify the \$22 million annually in lottery funds without directly impacting Business Oregon. As a practical matter, however, multiple interviewees convinced your majority that Business Oregon's budget would be the source of funding. The majority of your committee argues that the rural economic development promised in funding Outdoor School, along with investment in science education, were compelling enough reasons to recommend a "Yes" vote.

We continue to believe the Legislature is best qualified to struggle with the inevitable costs and benefits that come with dedicated revenue. However, the Legislature's decision not to establish a funding stream after approving SB 439 helped spawn Measure 99. Given Outdoor School's 59 years of service to Oregonians, its impressive reputation and the volatility of our state's tax system, the majority believes that Outdoor School has earned the opportunity to enjoy dedicated funds. This investment will not only enrich the future Oregon workforce by providing quality experiential science education to fifth and sixth graders – rich or poor, urban or rural – but it could enable much-needed access to the labor market for Oregon's young adults in the form of job openings created at expanding Outdoor School facilities.

Majority Recommendation

The majority of your committee recommends a "Yes" vote on Measure 99.

Signatures

Respectfully submitted,

Glenn Fee, Chair

Laura Labarre

Betty Levitin

Amanda Mather

Tom Miller

Frank Morton-Park

David Westbrook

MINORITY DISCUSSION & ANALYSIS

Reduces funding for economic development

If passed, Measure 99 would divert funding historically budgeted for economic development to Outdoor School. While \$44 million out of roughly \$1 billion every biennium might not seem like a substantial amount, a 4 percent allocation to Outdoor School would substantially impact the allocation to Business Oregon, which only receives approximately \$70 million annually (after mandatory debt servicing payments).²⁶

Given the large impact of economic development, this degree of reduced funding would ripple through the state economy. The impact of this measure affects both the funding available for economic development projects and the staff available to initiate and develop projects. It is possible that reducing funding to Business Oregon could directly eliminate as many as 75 full-time, year-round jobs from the Business Oregon organization.^{27 28} These positions were responsible for creating and retaining more than 8,000 jobs in Oregon through business development and expansion activities in 2015.²⁹ Furthermore, the \$5 million return on the \$22 million annual investment projected by proponents of the measure, does not match Business Oregon's average program return of 5-to-1.³⁰ In 2015, the economic impact of Business Oregon programs amounted to \$28.3 million in additional tax revenue and \$87.7 million in international trade.³¹ Further, many Business Oregon projects also qualify for an additional 3-to-1 match of Federal Small Business Administration funds, and reduced funding would jeopardize the funds available for these matched programs.³²

Business Oregon "supports economic development efforts that serve the state's smallest and neediest communities [Its] efforts produce and retain thousands of jobs each year and generate millions in economic output".³³ Redirecting economic development funds would likely hinder this work. Though the Legislature may decide to continue funding these efforts if Measure 99 passes, the minority believes that this is a risk Oregon cannot afford.

Initiative process not an appropriate way to allocate funds

City Club of Portland has studied the initiative process twice in the past 20 years.³⁴ Both research committees cautioned against using the initiative process (both constitutional and statutory measures) to mandate state expenditures. Such measures, they concluded, confound the Legislature's constitutional requirement to balance the state's budget and negatively affect the state's bond rating. The 1996 report specifically recommended that Oregon enact a constitutional amendment banning ballot measures that would require appropriations of more than \$500,000 per year if they do not also create a new source of revenue to cover the cost. Such an amendment has never been adopted. The minority supports the recommendations of the previous City Club reports and believes the initiative process is not the appropriate way to allocate funds for Outdoor School. Passage of this ballot measure allows the public to essentially pick a "winner" in the budget process without the necessary knowledge or legislative deliberation that determines the "losers" of funding. The minority believes that lottery

funding is most effectively used when allocated by our elected officials and that our priorities are best met by the legislative, rather than public, budget decisions. This is especially pertinent when there are multiple initiatives seeking lottery funds on the ballot, which is the case this voting season.

Allocating these funds would hinder legislative budget flexibility in times of crisis or need. For example, economic development funds in the past have been used to assist natural resource industries threatened by global climate change, such as the Whiskey Creek Shellfish Hatchery near Tillamook.³⁵

Misleads voters

The Outdoor School for All campaign states, “A small portion of existing unallocated lottery funds will support it. Outdoor School won’t take a dime from lottery investments in public education, parks & natural areas, and gambling addiction.”³⁶ This claim is consistent with the initiative petition, which states that the lesser amount of 4 percent of the lottery revenue or \$22 million will be allocated to the Outdoor School Education Fund annually.³⁷

However, it is misleading to suggest that Outdoor School will be funded by currently unallocated lottery funds because every dollar of the Lottery Funds is allocated on a biennial basis by the Oregon Legislature. Successfully funding Outdoor School with lottery funds will most likely occur at the expense of Business Oregon and its valuable economic development projects. This measure asks Oregon voters to give money to this popular program without asking the more difficult question about which programs should sacrifice their funding.

Might not guarantee equal access

Senate Bill 439 requires that grants be awarded for outdoor school programs that, among other things, “address the inequity of outdoor educational opportunities for underserved children in this state.”³⁸

SB 439 further establishes an advisory committee for the purpose of administering the grant program, and notes that “when selecting the members of the committee, the director [of the Oregon State University Extension Service] shall take into consideration geographic and demographic diversity.”³⁹

Even with these assurances of equity, it is unclear that the Outdoor School program will have as equitable an impact for rural areas as other economic development programs that could see reduced funding as a result of this initiative.

If a reduction in funding to Business Oregon occurs, larger urban business development organizations like Portland Development Commission are in a better position to make up the projected loss of funds this measure would cause. Smaller or more rural communities that have already been slow to rebound from the recent recession will not as easily find new funding sources. The reduction in funds might have a significant negative impact in those communities, exacerbating existing inequity.

Meanwhile, Business Oregon has a diverse portfolio of projects in which it can invest across the state. For example, it supports programs like the ongoing broadband effort to help rural areas survive in today's economy. Other items funded by Business Oregon include forgivable loans for businesses moving to Oregon, grants to retain Oregon businesses, small grants and purchases to help Oregon

compete globally, small business development in community colleges, Oregon metals initiative, and various others, all with a focus on rural Oregon.

Inadequate number of full-time jobs

Advocates argue that the Outdoor School program qualifies as economic development, and thus is a good use of funds currently earmarked for economic development. In particular, advocates point to the Hahnel study, which predicts that the Outdoor School program will provide, directly and indirectly, more than 600 FTE jobs and \$27 million in income annually. However, upon closer examination, the report predicts that the program would create 316 FTE⁴⁰ education jobs with a duration of 36 weeks per year. Given the assumption that Outdoor School programs would only be 16 weeks long, these 316 positions would be equivalent to at most 221 regular year-round FTE if these education positions indeed last 36 weeks. This is in part a result of the fact that many of the people employed by Outdoor School programs are short-term, low-wage or volunteer teens.

Minority Conclusions

Outdoor School is a long-established and valuable educational program for Oregon's children and is in need of a source of stable long-term funding. While your committee members agree on the value and benefits of Outdoor School and the need for funding, we disagree on whether this measure is the appropriate mechanism to meet that need. The minority believes that this measure would inappropriately dedicate a fixed percentage of Oregon Lottery revenues and, as a consequence, redirect funding from other state activities that are proven to be far more valuable for our economy, especially in rural areas, without identifying new funding sources to keep these activities whole.

The minority supports the recommendations of previous City Club reports with regard to dedicating funding by initiative, as Measure 99 does. This measure bypasses the prioritization process of state expenditures. The minority believes that voters do not have adequate knowledge, and thus should not decide what priorities are more deserving than others, especially where there are multiple initiatives seeking lottery funds on the ballot.

Awarding funding to Outdoor School is the easy part of the budgeting process. Making the decisions on which programs will lose funding is the difficult part. Unfortunately, this measure and its supporters only ask Oregon citizens to make the easy choice and does not ask them to make the difficult choices. The difficult choices are left to the legislative process. The Legislature, by choosing to not fund Senate Bill 439, has expressed the opinion that this funding does not qualify as a priority. The removal of \$44 million from the biennial budget will most likely result in reductions to valuable development programs and will most likely be executed with a cleaver rather than by a scalpel.

Minority Recommendation

The minority of your committee recommends a "No" vote on Measure 99.

Signatures

Respectfully submitted,

Steve Johnson

Wynne Wakkila

ACKNOWLEDGEMENTS

The committee wishes to express its appreciation to the following City Club members for their help and support:

Abby Coppock, Research Board Adviser

Kristina Holm, Research Board Adviser

Jeannemarie Halleck, Research & Advocacy Director

Christian Trejbal, Interim Research & Advocacy Director

Katie Kruger, Civic Associate

D Bowen, Preliminary Ballot Research Assistant

Daniela Lopez, Preliminary Ballot Research Assistant

WITNESSES

Amanda Beitel, CFO, Business Oregon, June 16, 2016.

Sen. Betsy Johnson, District 16, June 23, 2016.

Bill Hunt, Director, Klamath Outdoor Science School, June 23, 2016.

Christine Vernier, IP 67 Chief Petitioner, May 19, 2016.

Daniel Prince, IP 67 Petitioner, Coordinator at MESD Outdoor School, June 9, 2016.

Mike McNally, Editor, Albany Democrat-Herald, May 12, 2016.

Nancy Bales, Executive Director, Gray Family Foundation, June 9, 2016.

Paige Richardson, Outdoor School for All, May 19, 2016.

Patrick Quinton, Portland Development Commission, May 26, 2016.

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City Club of Portland brings together civic-minded people to make Portland and Oregon better places to live, work and play for everyone. For more information about City Club of Portland or for additional copies of this report, visit pdxcityclub.org, email info@pdxcityclub.org or call 503-228-7231.

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