

## **Salem Hospital contributes \$50,000 to fight expanded bus service**

Salem Health has come out against a measure designed to expand bus service in Polk and Marion counties. The measure, up for public vote this November, would allow weekend bus service, later weeknight hours, youth passes for middle and high school students and holiday service.

Supporters of the transit expansion question the hospital's reasoning.

The ballot measure, called 24-388, was created by pro-transit advocates and several members of the Salem-Keizer Transit Board. A "yes" vote in the November 3 general election would mean that expanded bus service, long desired by locals, would be financed by a small levy on area businesses. The tax would be 0.21 percent of a business's annual payroll.

Salem Hospital has invested \$50,000 in a Political Action Committee (PAC) that opposes the measure, the Create Jobs PAC, which works through the Salem Area Chamber of Commerce.

"Salem Health recognizes that access to health care is a major concern in the Mid-Willamette Valley," says Salem Health's government relations staff. "In fact, after conducting extensive focus groups in 2013, medical transportation was identified by our Board of Trustees' Community Benefits Committee as one of three urgent community needs."

The hospital explains its position against expanded bus service several ways. One is that, since the majority of the hospital's patient appointments and services occur on weekdays and during business hours, the addition of busses outside these hours "will not improve access for Salem Hospital's patients."

The hospital argues that it needs to be able to meet patient needs "and funding community services that don't directly impact patient care, doesn't mesh well with that requirement."

Proponents of the measure disagree. Marcia Kelley, member of both the Salem-Keizer Transit Board and the "Yes for Cherriots!" committee, says, "if the ballot measure passes, and Salem-Keizer Transit is able to expand service to weekends and later weeknight hours" it would mean greater access for those hospital patients "who choose Saturday for walk in-tests, workers at the hospital and community members visiting patients...

Additional service could also mean the hospital might not have to take up more land for

parking or build more costly high-rise parking structures.”

The hospital points out the significant work it has already done “to address the lack of medical transportation available in Salem, including the recent hiring of a coordinator dedicated to arranging transportation for patients to and from medical appointments.” More work is currently underway, Salem Health says, “to determine the best way to meet this critical community need.” This includes \$23,000 the hospital spent in 2014, “on taxis and medical transport for non-emergent transportation needs of patients.”

Kelley calls it “commendable” that the hospital spends money on non-emergent transportation. “However,” she adds, “one has to put the [figures] in perspective.” \$23,000 is 0.65 percent of the \$35.2 million revenue (after expenses) Salem Hospital reported to the IRS in 2012.

Lois Stark calls herself a citizen activist and serves on *Salem Weekly’s* editorial board. “It’s disappointing,” Stark says, “that Salem Hospital seems to be focusing on their own bottom line instead of the overall health and livability of the community.”

Stark, who previously opposed Salem Health’s felling of trees on the old School for the Blind grounds, adds, “Expanded bus service may result in fewer cars on the street, smaller parking lots, more green space for trees, and better air quality. The new revenue from this tax will provide more transportation options for a wider variety of people in the community, including hospital employees.”

Bus transit proponents like Stark and Kelley point to figures that show the investment comparable hospitals in the Portland area have made in transit. They suggest that Salem Health can afford the tax.

In 2013, for example, Salem Hospital, which does not pay a transit payroll tax, reported an operating margin of 4.14 percent and a total margin of 11.98 percent. In contrast Legacy Emanuel in Portland, a hospital with a very similar number of beds (Salem Health has 421 beds and Legacy Emanuel has 425) reported an operating margin of 2.34 percent and a total margin of 4.22 percent.

Legacy Emanuel operates in TriMet’s service area and so it pays a payroll tax for seven-day transit service as a matter of course.

Salem Health estimates that the passage of the measure in November would cost the hospital nearly \$600,000 per year, and points out that the contribution it made to the PAC is less than 10 percent of the new annual tax.

\$600,000 yearly is an accurate figure, and would mean a significant contribution to the approximately \$5 million per year the payroll tax would generate for extended Salem-Keizer bus services.

To put the amount into context; in 2012, the hospital paid \$286.5 million in salary and benefits. It reported 2012 total revenue of \$602.9 million and revenue-less-expenses of \$35.2 million. Both revenue and salaries have risen since 2012, which is the last year that hospital financial data is publically available.

Finally, the hospital asserts that the proposed payroll tax would impact them unfairly. Hospitals are the only tax-exempt entities in the taxing area that would be taxed, "since the payroll tax would not apply to other high-employment entities such as governments, schools, or other non-profit organizations."

Proponents like Kelley agree that hospitals are the only tax-exempt entities in the area to be impacted, but call the figure reasonable. "Salem Hospital, as a 501(C) (3) does not pay property tax to fund urban services like police, fire, transit, roads and parks," she says. "They additionally have the option of selling municipal bonds for capital improvements. These bonds traditionally have lower interest rates and are tax-free for the investor. The Salem Hospital entered into an agreement with the City of Salem within the last two years for up to a \$70 million bond to pay for the new rehabilitation facility and parking that is being constructed on the former School for the Blind property."

Salem Hospital is by far the most significant contributor thus far to the Create Jobs PAC devoted to defeating the measure.

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