2021 - 2023
Oregon for All:
Creating a place where everyone can thrive
Governor's Recommended Budget
And Policy Agenda

Governor Kate Brown

*All photos without masks/social distancing were taken before March 2020
OREGON FOR ALL:
CREATING A PLACE WHERE EVERYONE CAN THRIVE

Oregon will emerge from these challenging times as a stronger, fairer, and more resilient state—one where no one lacks for basic needs, dismantling systemic racism is a collective commitment, and the economy raises all boats.

2020 has tested us in previously unimaginable ways: a global pandemic, people marching in the streets to demand an end to our long history of systemic racism, deepening political divisions, and worst-in-a-century wildfires. Oregonians’ most vital needs—health, safety, education, housing, the ability to earn a living and support our families—have been challenged.

Through this all, our innovative, caring, and resilient state has been a port in the storm. Oregonians stepped up at every turn to protect their friends, families, and neighbors. Small businesses quickly and creatively adapted to the pandemic with take-out food, books, clothes, and groceries. Teachers rewrote curriculum and moved their classrooms online. Parents had to sustain their duties at work while simultaneously providing child care or remote learning for their kids. Seniors withstood the loneliness of not seeing family and those dear to them, while health care workers never stopped working to protect those in need and those most vulnerable to COVID-19. Firefighters and first responders risked their lives to protect people and property in the wake of a fiery windstorm that furiously burned our state.

While the storms quite literally raged on, Oregonians calmly and collectively steadied the ship.

In the worst of times, Oregonians showed their very best selves. The overwhelming majority—84 percent—of Oregonians wore masks to protect each other from COVID-19. They donated time, money, and personal items to those who lost everything in the wildfires. And tens of thousands of Oregonians took to the streets to demand racial justice, and a society where Black Lives Matter. Oregon’s democracy stood strong during turbulent times. Our tried and true vote-by-mail system not only withstood the tests of the pandemic and dramatic wildfire displacements, but safely and securely ensured that the voices of Oregonians were heard in turbulent political times.

We collectively mourn the losses of this year: from the pandemic, which has taken our dearest loved ones from us and forever changed the rituals of our daily lives, to Oregon’s horrific wildfires, which decimated communities and the places we love and call home, to the untimely deaths of our Black and Brown neighbors across the country, which led thousands to echo the clarion call for racial justice. It is time. From these ashes we must rebuild. And as we do, we must ensure the future we build is a just one.

We must fight for an Oregon in which no one is left behind. We can create an Oregon where everyone has the opportunity to thrive and everyone’s voice is heard.

The first step to creating this opportunity for all is rooted in the recognition that racism is endemic to our systems. Whether this fact is something you’ve known your entire life or one you’re just beginning to learn about, the fact that racism and racial disparities impact every part of our
culture and our economy can no longer be denied. The pandemic and the fires have only exacerbated these existing disparities, disproportionately impacting Oregon’s Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities. I will not allow these same communities to be left behind again and again.

This year, I convened the Racial Justice Council to have regular, ongoing conversations with leaders from Oregon’s Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, immigrant, refugee, Native American, and Tribal communities. I consider myself a continual learner, and evolving our policies and practices are a way to show what we’re learning. When you know better, you must do better. Actions matter, and this budget delivers on decisive investments to begin the process of dismantling systemic racism in Oregon.

Our state’s—and our nation’s—long history of racist policies will not be deconstructed in a day, or a year, or in one budget cycle or legislative session. But they can be broken down in the same manner they were built: brick by brick, through new policies and new practices backed by real investment.

We must take the lessons we learned from the last recession, from this pandemic, and from the wildfires, and ensure that this time we elevate the needs of our Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, immigrant, refugee, Native American, and Tribal communities. Oregon will recover from the pandemic and the wildfires, and as we do, our budgets, policy agenda, and priorities must reflect, support, and honor the communities who bore the brunt of the devastation. Our future must open doors to those who were shut out in the past. That’s why racial justice is a centering principle of all my policy and budget decisions.

Oregon can’t do any of this alone. The pandemic has led to a state budget shortfall that will require not only scrapping plans for long-needed investments, but also making small but difficult cuts in services and programs that affect Oregonians’ lives daily. My mom taught me to squeeze every single bit of toothpaste out of the tube, and that’s exactly what this budget does. Oregon state government is maximizing the value of every taxpayer dollar—yet due to the extreme financial impacts of the pandemic, we need help.

People across the nation are facing a dire cliff in December when federal dollars from the Coronavirus Relief Fund run out and protections like paid sick leave and child care for displaced workers evaporate. Oregon businesses have seen the end of Paycheck Protection Program (PPP) loans and many await much-needed unemployment benefits. The homelessness crisis is on track to be exponentially worse should eviction protections as well as rent assistance expire. Many of the resources and funds Oregon is using to manage the pandemic and keep businesses open are also at risk. As we near the end of 2020, we are all desperate for some relief.

We need Congress to partner with us to provide this relief; to keep Oregonians on the Oregon Health Plan and support our hospitals during this public health crisis; to provide rent and mortgage assistance to keep a roof over Oregonians’ heads; to keep the lights on in our Main Street small businesses; to keep up the Unemployment Insurance payments; to maintain infrastructure; to support our child care system so parents can go back to work; and to help us reopen our schools so our children can return to in-person learning. We are facing these issues in Oregon and across the nation, and only with the federal government providing assistance will we be able to manage the pandemic, rebuild fire impacted communities, and enable all Oregonians to move forward.

I am outlining a plan that calls for federal stimulus in Oregon that would address each of these dire needs. My plan scales up support for existing state programs that work and it adequately address the needs of Oregonians across the state, including:

- Funding for COVID-19 testing and health services and support for the Oregon Health Plan. OHA estimates $252 million in resources will be needed over the next six months and an additional $433 million are needed for July-December, 2021. In addition, Oregon needs an increase in the Federal Medical Assistance
Percentages (FMAP) by 12 percentage points to maintain funding for rising health care and long term care caseloads.

- $350 million for rent forgiveness and additional funding for targeted mortgage relief. The National Council of State Housing Agencies commissioned a study into the expenses racked up by renters during the COVID-19 emergency eviction moratorium. In Oregon, the need is estimated at $350 million in relief to landlords and renters. Targeted support for homeowners who will struggle with future mortgage payments because of the crisis should be included in this package.

- Additional $600 payments in Federal Pandemic Unemployment Insurance to stabilize workers who will be laid off during COVID-19 closures this winter.

- Additional federal stimulus to help families that are facing new economic stresses due to the winter closures.

- Renewed Paycheck Protection Program to provide support to small businesses who are struggling to manage expenses during COVID-19 closures and restrictions.

- Additional child care support to help Oregonians get back to work. Oregon has lost half of its child care supply as providers struggle to remain open and compliant with COVID-19 requirements and families are unable to afford child care.

- Federal support to expand drug courts and rehabilitation services to continue criminal justice and mandatory minimum reforms underway in Oregon.

- Funding for schools, child care, universities and community colleges that are working to reopen amid increasing challenges posed by COVID-19.

- Additional and flexible support for the Coronavirus Relief Fund for state, local, and governments, to continue to manage the COVID-19 emergency.

- Continued financial and technical support for fire-impacted communities across Oregon who need to rebuild from the Labor Day fires.

As I collaborate directly with Tribal Government on solutions for COVID-19 and wildfire costs and impacts, I want to acknowledge that Oregon is located on the traditional, ancestral, and unceded territory of the Burns Paiute, Coos, Umpqua, Siuslaw, Grand Ronde, Siletz, Umatilla, Warm Springs, Cow Creek, Coquille, and Klamath Peoples past, present, and future. I honor with gratitude the land itself and the people who have stewarded it throughout the generations. My acknowledgment calls on all of us to better preserve and protect the land we inhabit, as well as to care for the people who have inhabited this land since time immemorial, the soil we continue to sow, and the air we all breathe.

I saw firsthand how fire and smoke can so quickly and completely alter our landscapes, communities, even our air. Likewise, Oregon–and all of us who call this place home–has been changed by the voices calling for racial justice, by the pandemic, and by the wildfires. And while the immediate aftermath of a wildfire may look like ash and char, eventually new growth begins to sprout and take root on the forest floor. Some types of trees actually come back stronger after fires. My budget finds inspiration here—in regrowing an even stronger, more inclusive, and more resilient Oregon.

Kate Brown
Governor
Table of Contents

**E N S U R I N G  A L L  O R E G O N I A N S’  B A S I C  N E E D S  A R E  M E T** .......................................................... 6

- Housing and Homelessness ................................................................. 6
- Helping People Access Housing and Stay in Their Homes .................. 7
- Health Care ......................................................................................... 9
- Health & Safety in Long-Term Care Facilities ................................. 12
- Education in a Pandemic: Getting Students Back in the Classroom Safely 13
- Supporting Working Parents and Child Care Workers ....................... 13


- Equity in Education ............................................................................. 15
- Building Equity through Environmental Justice .................................. 19

**S U P P O R T I N G  S M A L L  B U S I N E S S E S  A N D  W O R K E R S** ............................................................... 22

- Supporting Our Workers .................................................................... 22
- Supporting Rural Oregon .................................................................... 24
- Supporting Our Businesses ................................................................. 24

**R E F O R M I N G  T H E  C R I M I N A L  J U S T I C E  S Y S T E M** ................................................................. 26

- Police Accountability ........................................................................... 27

**I M P R O V I N G  S Y S T E M S  T O  I M P R O V E  O U T C O M E S** ................................................................................. 29

- Protecting Democracy ......................................................................... 29
- Voter Access & Vote by Mail ............................................................... 30
- Prioritizing Racial Justice ................................................................. 32
- Helping Immigrants and Refugees Thrive .......................................... 32
- Utilizing Technology to Improve Equity in Services......................... 33

**T H E  E C O N O M I C  A N D  R E V E N U E  E N V I R O N M E N T** ............................................................................. 35

**2 0 2 1 - 2 3  A L L  F U N D S  B U D G E T** .................................................................................................................. 50

**2 0 2 1 - 2 3  G E N E R A L  F U N D / L O T T E R Y  F U N D S  B U D G E T** ............................................................................. 51
Ensuring All Oregonians’ Basic Needs are Met

In the last year, the compounding challenges Oregon has faced—the COVID-19 pandemic, economic disruptions, historic wildfires—have upended the stability of families across Oregon and altered many aspects of daily life we once took for granted. The first step in stabilizing our communities is to make sure that Oregonians have their most basic needs met: a warm, dry, safe place to call home; access to health care; child care for working parents; schools that offer instruction in a classroom instead of a video conference; and access to COVID-19 relief resources, regardless of immigration status.

The communities that have been hardest hit by these challenges in the past year are the communities that are already disproportionately impacted by historic inequities and structural racism in housing, education, and health care. Oregon’s Black, Indigenous, Native American, Tribal, Latino, Latina, Latinx, Asian, Pacific Islander, immigrants and communities of color already faced barriers to equitable access to basic human needs. Now, the pandemic and wildfires have laid those disparities bare.

This year has tested the strength and breadth of our safety nets. By patching the holes, we can rebuild a more just and equitable Oregon in which no one lacks for basic needs.

HOUSING AND HOMELESSNESS

Housing is a basic and vital need. A safe home is the foundation of every Oregon family’s life: without a warm, dry, affordable place to call home, doing homework, getting a job or fighting off illness becomes exponentially harder. While Governor Brown and the Oregon Legislature took quick action to prevent evictions and foreclosures during the COVID-19 pandemic and to help Oregonians displaced by wildfires, long-term solutions are still needed to ensure housing needs are met, particularly for Oregonians experiencing homelessness. And as federal policies have rolled back Fair Housing Protections and prevented Oregonians from accessing housing resources, Oregon’s Black, Indigenous, Native American, Tribal, Latino, Latina, Latinx, Asian, Pacific Islander, and communities of color have been, yet again, disproportionately impacted.

Oregon is a national leader in rent stabilization, enabling more affordable “middle housing” (examples include duplexes, triplexes, quads, and Accessory Dwelling Units that were not allowed in many residentially-zoned neighborhoods) that is often unavailable. But we must do more to ensure no one is forced onto the streets during a deadly pandemic, or forced to choose between paying rent and buying groceries. As a result, the Governor’s budget includes an investment in Housing and Homelessness $65.9 million over the historic 2019-21 investment levels.
We also cannot overlook our seniors, who have faced unique and specific challenges during this pandemic. We know that, nationally, those over 50 comprise 44 percent of the population of people experiencing homelessness, and that financial factors are the biggest indicators of homelessness for the senior population. Rent-regulated housing through Oregon Housing and Community Services (OHCS) serves a wide range of Oregonians, including seniors with fixed incomes. But we must do more: the Governor’s budget further invests in preserving affordable housing throughout Oregon for seniors and other families who struggle to afford Oregon’s rising rent and home prices.

HELPING PEOPLE ACCESS HOUSING AND STAY IN THEIR HOMES

Across Oregon, wages haven’t kept up with housing costs, leaving too many families struggling between paying the rent, mortgage or other basic necessities like food and medicine. Every night, thousands of Oregonians sleep on streets or outside. 75 percent of those Oregonians experiencing homelessness live outside of the Portland-metro area, highlighting that our housing and homelessness crisis is, in fact, a statewide crisis. The Governor’s budget continues funding for housing development, advancing the state’s goal of developing 25,000 units of new housing.

Until those goals are met, we must take action to intervene in the housing and homelessness emergency both on our urban streets and in our rural communities.

Expanding homeownership

Homeownership is a key driver of wealth creation—but for generations, Black Oregonians have been systematically denied opportunities and pathways to homeownership, or stripped of their homes through state sanctioned infrastructure projects. Oregon must step up for Oregon’s Black, Latino, Latina, Latinx, Indigenous, Asian, Pacific Islander, Native American, and Tribal community members to create racial equity in homeownership as a way to build security and economic opportunity. For generations, families of color have been kept out of homeownership through racist policies, from race-exclusion neighborhood clauses (including land use decisions and zoning code) to eminent domain to redlining certain neighborhoods for loans. To instead encourage, support, and create opportunities for homeownership, we will create down-payment-assistance programs specifically designed to be accessible by members of these communities. There is not one single path to homeownership, and the Governor’s budget also includes funding for co-op and land trust homeownership models in addition to the funding to develop new homes.

Statewide Rent Forgiveness: In the middle of a pandemic where physical distancing and the ability to quarantine while sick is critical, residential eviction moratoriums have prevented Oregonians from being forced into either emergency shelters or street homelessness. However, while those moratoriums have addressed the immediate need to keep Oregonians housed during the pandemic, there are a number of long-term issues that must be addressed—namely the months of unpaid rent that Oregonians have still incurred since March. The Governor’s budget calls on Congress to deliver a substantial aid package following up on the 2020 CARES Act and identifies that the first priority of federal stimulus should be $350 million in rent assistance.
Statewide Long-term Rent Assistance Program
Through individual sacrifice, Oregon has fought back the pandemic, but the disparities it laid bare exposed the broken safety net in the United States following decades of federal disinvestment in housing. By creating a statewide long-term rent assistance program, Oregon can serve people who don’t qualify for federal housing assistance, often have incomes lower than what is needed to afford current rental housing costs in the state, and face numerous barriers to securing housing, like lack of credit and rental history. The Governor’s budget includes a $4.5 million investment targeting the first dollars of this program for youth aging out of foster care and otherwise facing homelessness.

Addressing rental screening barriers
Renters in Oregon face barriers to accessing apartments based on past criminal history, poor credit scores, and lower income. These common screening criteria are not good predictors of tenancy or ability to pay rent. Poor credit based on lack of ability to pay medical bills should not prevent people from renting a home; prior crimes for which someone has paid their debt and rehabilitated should not result in their homelessness; and people with low incomes should not be made homeless due to rents being so high they don’t meet the income-to-rent ratio. We must ensure that discrimination doesn’t have a hand in who can access housing and who is, quite literally, left out in the cold.

Protecting homeowners from foreclosure
OHCS provides a number of support services for homeowners, including direct foreclosure prevention services, fixed income mortgage assistance, and default mortgage assistance. In addition, the agency provides COVID-19 mortgage relief—a program that will continue into the 2021-23 biennium. Included in the Governor’s budget is an investment of $20 million for homeowner assistance, including down payment assistance, development of new homes, and innovative homeownership models. There is an additional $2 million that will fund a technical assistance program through OHCS for outreach to communities of color. This will include language access, partnership with culturally specific organizations, and outreach strategies targeted to communities of color. This investment was recommended by the Legislature’s Joint Task Force on Addressing Racial Disparities in Homeownership. The budget also invests $250 million in affordable housing development funds through the Local Innovation and Fast Track program, Permanent Supportive Housing, and other programs.

Safe housing for farm workers
Agricultural workers have continued to work throughout the COVID-19 pandemic so that Oregon families can put food on the table. There can be no doubt that COVID-19 has had a disproportionate impact on our agricultural worker communities, including migrant and seasonal farmworkers. In response, Oregon OSHA implemented temporary rules to protect farmworkers in migrant employer-provided housing, including physical distancing, sanitization, and quarantine measures. The Governor’s budget further protects Oregon farmworkers by expanding the Agricultural Workforce Housing Tax Credit by $2.3 million for the development of housing for agricultural workers. In addition, the budget allows for OHCS to monetize credits to provide cash grants for on-farm housing, which would assist individual farm owners with providing safer housing for farmworkers.
HEALTH CARE

COVID-19 has highlighted the strengths and weaknesses of health care in the United States. While Oregon has worked to expand access to health care to all Oregonians, many still cannot afford the care they need. No one should have to wonder if they can afford potentially life-saving care. The goals of this budget cycle are to be able to handle increased caseloads due to COVID-19, to address health care access gaps exacerbated by the pandemic and wildfires, and to invest in health equity for Oregon’s Black, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities and immigrants and refugees. Because of the work we’ve done to expand the Oregon Health Plan, today 94 percent of adults have access to health care. And because of the work we did to pass Cover All Kids, virtually all of our children have access to health care.

But coverage alone does not create health. That’s clear in the disproportionate effects of the virus on Oregon’s Black, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities and immigrants and refugees. As we work toward improving the health of Oregonians, representation matters in health outcomes. We must fully integrate health equity, tribal, and racial justice into our focus on social determinants of health. The pathway to improved health includes investing in diversifying Oregon’s health care workforce so that we create a health system that looks like and understands the communities being served. We must also improve language access, and support culturally-specific care such as the Indian Managed Care entity and the Tribal Traditional Health Worker Program.

All families across Oregon need to know that they’ll be able to get the appropriate care when needed. The Governor’s budget addresses the challenge of adequately, sustainably, and equitably funding our health care system during a once-in-a-hundred-year public health emergency. These budget investments ensure every Oregonian can have the health care they need to not only survive the pandemic, but to emerge from it healthier, with better access to care and providers.

Containing the growing cost of health care remains a priority of the Governor. While Oregon has been
successful in containing the cost of health care over the last several years, those costs are projected to grow faster than the state’s economy and Oregonians’ wages. This budget supports ongoing work in cost containment by further supporting efforts in smart pharmacy purchasing and the statewide adoption of value-based payment where we pay providers for quality and outcomes rather than the number of visits.

**Preserving the Oregon Health Plan**

Oregon remains a national leader in health care reform. We’ve had success over the last ten years expanding health care coverage to 94 percent of Oregonians and more than 97 percent of children; improving quality and containing costs at approximately 3.4 percent per capita growth in the Oregon Health Plan (OHP); and in 2019-2021, we passed a six-year sustainable funding plan which included an increased tobacco tax and vaping tax passed by voters in Ballot Measure 108. Approximately one in four Oregonians receive health care coverage through the Oregon Health Plan. Since the start of the pandemic, an additional 150,000 Oregonians now rely on the Oregon Health plan for health insurance coverage.

Entering the 2021-23 budget cycle, however, Oregon faces an OHP budget gap of $718 million, driven in large part by the pandemic. This coverage provides an essential bridge to reducing health disparities by improving access to care and protecting low-income families from financial ruin. An additional budget challenge stems from the expiration of Coronavirus Relief Funds (CRF) at the end of the year. Oregon faces a CRF funding cliff, when, absent additional Congressional action, COVID-19 response efforts are no longer federally reimbursable.

The Governor’s budget grapples with difficult tradeoffs. While it is assumed that the federal government will extend enhanced Federal Medical Assistance Percentages (FMAP) through three more quarters, the gap must still be closed through cost savings and asking our already-stressed health system to share in the sacrifice. (Ways to do that include, for example, more aggressive adoption of value-based payment, small reductions in hospital rates, and funding CCOs at 2.9 percent increases rather than 3.4 percent). These choices are difficult but necessary to achieve the overall goal of reducing per capita health care costs in order to ensure that all Oregonians, including those with low incomes, have health care coverage.

The Governor’s budget also improves access to the OHP by funding a Community Partners and Outreach Program to provide health navigation, and improve language access and quality.

**Addressing coverage gaps**

The pandemic has illustrated in real time the urgent and vital need to ensure that all Oregonians have access to health care. The budget invests in Cover All People, which will fund a pilot program to provide state-based coverage to undocumented adults, DACA recipients, legal residents, and young adults who age out of Cover All Kids. It funds the Compact of Free Association (COFA) premium assistance program and includes dental coverage for the COFA population. The budget also lays the policy groundwork to further explore an Oregon Public Option which could increase choice while reducing costs for Oregon consumers.

**Health Equity Policy**

The Oregon Health Authority has a 10-year plan to eliminate health disparities by 2030. The Governor’s budget funds the expansion of the Office of Equity & Inclusion and Regional Health Equity Coalitions (RHECs), which build on the inherent strengths of local communities so they can lead in creating solutions that increase health equity in Oregon. RHECs prioritize Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American and Tribal communities as primary populations of focus.

**Improving Native American and Tribal health**

The Governor’s budget establishes and supports an Indian Managed Care Entity (IMCE) to provide critical care and coordination of services to tribal members on OHP. It creates a new Tribal Traditional Health Worker Program category for Indian healthcare
providers that supports Tribal-based practices. It increases Medicaid funding to support tribal-based practices and strengthens pathways for further developing a tribal behavioral health workforce. Tribes have developed culturally specific healing practices over hundreds of years. This initiative is responsive to these culturally based approaches.

**Expanding culturally-responsive health care workforce**

Representation matters. When people receive care from doctors, nurses, and other health care professionals who look like them, it can forge a sense of trust and comfort that helps to reduce anxiety and pain and even improve health outcomes. We need more people to enter and stay in the health care field at all levels of care and in all areas of the state. We need a workforce that reflects Oregon’s rich diversity and helps ensure the care being provided is responsive to who people are, along with what they need. And, to help make our investments in recruitment and retention pay off with effective care, we must strengthen worker training, not just in models of care but also in trauma, engagement and equity.

The Governor’s budget funds a behavioral health and health care workforce diversification program to better serve Oregon’s Black, Indigenous, Native American, Tribal, Latino, Latina, Latinx, Asian, Pacific Islander and immigrant and refugee communities statewide. This includes identifying better pathways for diverse providers to work in health care; funding increased scholarships, tuition reimbursement, and enhanced reimbursement rates for culturally-specific services; funding training for providers; setting minimum requirements for access to bilingual providers; and establishing culturally-responsive internships and clinical placements.

**Providing resources for substance use disorders**

The Oregon Health Authority reports that Oregon saw a nearly 70 percent increase in overdose deaths during April and May of 2020 compared to the same time period in 2019. The Governor’s budget funds critical resources to help address the human consequences of substance use disorders. It invests in a Substance Use Disorder (SUD) 1115 Waiver and state plan amendment to leverage significant federal funds to prevent SUD and sustain long-term recovery, crisis care intervention, peer support services, outreach, and education to help individuals in recovery find and keep housing, as well as staffing for the Alcohol and Drug Policy Commission to implement their strategic plan.

**More responsive behavioral health**

In October 2019, Governor Brown convened the Behavioral Health Advisory Council to make recommendations to improve access to effective behavioral health services and create a behavioral health system that is simpler for people to access, more responsive to their needs, and that leads to meaningful improvements in their lives.

Among the Council’s recommendations reflected in the Governor’s budget is funding to pilot three peer-run respite centers which offer voluntary, short-term support in a home-like setting to adults who are experiencing acute mental health or emotional distress. This would include a culturally-specific program designed to provide services and supports to individuals in Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities.

Another Council recommendation seeks to create transition age youth-specific residential facility capacity. Oregon currently lacks adequate residential treatment capacity at all levels but this shortage is especially impactful for transition aged youth. Developmentally, these youth have unique needs and require specialized approaches to their care. Without this new investment, these youth are either placed with younger children or adults where care specific to their needs is often neglected or simply impractical. This investment is the top priority in children’s behavioral health, providing much needed additional capacity for the system along with the ability to create specialized approaches for youth transitioning to adulthood.

The experience of the pandemic has impacted the mental health of people in Oregon, across the
country, and around the world, leading to higher rates of anxiety, stress, isolation, and depression. While accessible and responsive behavioral health has always been important, having services available to Oregonians matters now more than ever.

**Strengthening race, ethnicity, language, disability data (REAL D) and investing in sexual orientations and gender identity data (SOGI)**

Data is often needed to both identify and validate the existence of health inequities. Data is also essential to obtaining support and funds to address specific issues. Social and health inequities should include differences in lived experiences (e.g., culture, power, colonialism, racism, migration, histories, language, gender or sex, disability, etc.). In order to accurately identify health inequities and interventions needed, data collection with more granularity is essential. The Governor’s budget funds SOGI data collection and a statewide trauma-informed training program that provides technical assistance and support to providers. The budget funds continued implementation of REAL D and community-validated and community-driven data collection. Disaggregated data matters, as it reflects the true diversity of Oregonians.

**HEALTH & SAFETY IN LONG-TERM CARE FACILITIES**

From the earliest days of this pandemic, Governor Brown has taken action to protect the residents and staff of long-term care facilities through stringent health and safety protocols and some of the strictest visitation policies in the nation.

The Governor’s budget includes $17.9 million in investments in a range of strategies to protect seniors living in assisted living and nursing homes from COVID-19. These Oregonians are among the most vulnerable to COVID-19, and the virus has proliferated in facilities across Oregon and the nation. Investing in infectious disease control specialists, improving healthcare for care workers, and apprenticeship programs will shore up the workforce needed to protect both the staff and the seniors they serve. In addition, the budget includes investments to support in-home caregivers who can serve home-bound seniors and technology support to enable family and friends to have virtual visits with seniors.

As they have stepped up to respond to the pandemic with increased infection health and safety protocols, long-term care facilities have incurred increased COVID-related costs. Enhanced FMAP (Federal Medical Assistance Percentages) reimbursement rates have helped to cover those costs, and are scheduled to run through the first three months of the calendar year. Extending these temporary reimbursement increases at the federal level would help long-term care facilities to cover the costs of COVID-19 health and safety protocols into 2021-23. Several other temporary supports for long-term care providers have expired. Additional funding for COVID-19 emergency beds and long-term care facility serial testing has been available from the Coronavirus Relief Fund.

Reimbursing long-term care and community-based care providers, as well as the workers at higher rates will help ensure they are able to keep their programs stable and afford the increased costs associated with testing and infection control when facilities do experience outbreaks.
EDUCATION IN A PANDEMIC: GETTING STUDENTS BACK IN THE CLASSROOM SAFELY

In March of 2020, Oregon schools closed abruptly to protect Oregon students, educators, and staff from COVID-19. Now, as we learn more about COVID-19 and how it spreads, returning all Oregon students to the classroom safely is a top priority for Governor Brown. Returning to in-person instruction safely is key to ensuring Oregon’s students are receiving a high-quality education that prepares them for lifelong success. From school nutrition and other services to social interaction with friends and educators, a return to school is vital for students’ health and well-being. Oregon has developed school metrics for the safe return of students to the classroom, but driving down the spread of COVID-19 to safe levels in communities across Oregon is key to reopening schools and keeping them open.

During a pandemic that has already impacted students through the widespread adoption of comprehensive distance learning, we cannot afford to roll back investments we made in education during the last biennium. In order to prevent that from happening, Governor Brown recommends withdrawing $215 million from the Education Stability Fund to stabilize funding for schools.

The Governor’s budget fully implements the Student Success Act programs and initiatives that center racial equity, strengthen student supports and expand access to early education programs. This is especially critical when school districts that are already facing shortfalls caused by the economic downturn must simultaneously invest in comprehensive distance learning as well as health and safety protocols for a return to in-person instruction.

Stabilizing funding for schools will help ensure every student has access to well-rounded learning and wrap-around services. Students and families need a strong, diverse workforce of teachers, counselors, and mental health professionals during this pandemic. Schools must prioritize preserving educational opportunities and protecting educator jobs.

Distance learning grants ($14.1 million)

As Oregon continues to work to contain COVID-19 outbreaks throughout the next year, many students will continue to rely on comprehensive distance learning. It’s clear that comprehensive distance learning is not optimal for the individualized instruction and caring connections formed between students and teachers in the classroom. Given the challenges students and educators are facing statewide, this funding will support teachers with tools and resources to provide personalized distance learning to meet students’ needs.

SUPPORTING WORKING PARENTS AND CHILD CARE WORKERS

Even before the COVID-19 pandemic, an insufficient supply of affordable child care made Oregon a child care desert for infant-toddler services, both in urban and rural communities. 25 counties in Oregon lack access to preschool opportunities. And while emergency
child care has continued throughout the pandemic, only half the amount of child care is now available, with some counties left without any infant and toddler child care openings at all. A lack of child care hurts workers, who have to balance caring for children and their jobs, and it hurts businesses, who struggle to maintain or attract a workforce that has to care for their children. The pandemic has only highlighted the importance of our early care and education workforce—mostly women and women of color—who are experts in their field and put themselves on the front lines for less than minimum wage. In addition, early care and education workers continue to matriculate to jobs that offer a living wage.

We know that the first years of a child’s life are critical to lifelong success. While these years represent a remarkable period of opportunity, they are also a period of intense vulnerability. Adverse conditions, such as inadequate nutrition and housing, or lack of appropriate early experiences have a lasting detrimental effect on the developing brain. How we meet the needs of children, especially those facing the most barriers to accessing quality services, is a marker of who we are. Opportunities for access to high-quality, culturally-responsive and developmentally-appropriate early care and education programs must be expanded through this pandemic, which has only been more disruptive for children and increased family stress.

The lack of affordable child care has also had a disproportionate economic impact on working mothers. During the pandemic, hundreds of thousands of women dropped out of the U.S. labor force to provide child care or assist with distance learning for their children. In September of 2020 alone, a staggering 617,000 women left the workforce—nearly eight times more than the number of men. Half of the women who dropped out were in the prime working age of 35-44. Women are being affected disproportionately by the lack of child care, as mothers are still more likely to do the caregiving, which can be impossible to manage while also working. To support Oregon’s working families, we must expand access to affordable, quality child care.

The Governor’s budget includes an array of investments to expand access to child care.

Expanding preschool
Preschool expansion will support child care through Preschool Promise and the Early Childhood Equity Fund, as child care providers are eligible for those funds. The Early Learning Division will also be expanding the Baby Promise program, serving infants and toddlers across the state by adding 200-250 slots through federal grant funding.

Supporting child care providers
Funding for the Student Success Act Early Learning Account includes $28.1 million for a professional learning system that will support existing child care providers and grow the workforce. In addition, $5.8 million for Mental Health Consultation will offer supports to child care providers who need assistance to meet the behavioral health needs of kids in their care and reduce suspension and expulsion rates. This is especially important for children of color, who are disproportionately impacted by approaches in white-dominant culture settings rather than culturally-responsive spaces. As these communities, particularly our Black and Latino, Latina, and Latinx communities, have also been disproportionately impacted by COVID-19, providers must also receive training and support to prevent increases in the suspension and expulsion of the children in care, and know when to refer children and families to needed services.
Building a stronger Oregon requires dismantling the structures of racism in our government systems and programs, and creating an inclusive state that works for everyone. It’s not an easy task to actualize equity for the very groups that policies were designed to disadvantage, disenfranchise, or exclude altogether. While the challenge is great, Oregon is ready to rise to the opportunity. Though Oregon’s history has many moments to be proud of, it has many that caused real and irreparable harm to Black, Indigenous, Latino, Latina, and Latinx, Asian, Pacific Islander, Native American, and Tribal communities. The way we will create a future we’re proud to pass on to generations to come is by listening to and supporting those who this state has historically left behind.

This work starts by creating more equitable access to high-quality education and economic opportunity, as well as through environmental justice that preserves access to the beauty and bounty of Oregon for all future generations. Together, we can create the change we wish to see in the world, starting right in our own backyard.

**EQUITY IN EDUCATION**

In 2019, Oregon committed to historic investments in addressing disparities in our education system with the passage of the Student Success Act. In the middle of a global pandemic that has disrupted every aspect of Oregon students’ daily lives, with a disproportionately greater impact on those students who already faced structural disparities in educational resources and opportunities—Oregon’s Black, Indigenous, Latino, Latina, and Latinx, Asian, Pacific Islander, Tribal, and students of color—came another crisis. As wildfires tore through communities in September, families faced crippling losses. For displaced students, distance learning was another unbelievable challenge. In light of all this, it is even more important that Oregon keep its promise to those students by fully funding Student Success Act programs and initiatives.
Governor Brown’s priority remains to create a seamless system of education from cradle to career, where every child has the opportunity to learn, grow, and achieve their full potential. Families must have access to high-quality, culturally responsive, affordable child care that meets their needs. Oregon schools must deliver a high quality education for every student, including students from remote and rural schools, even when COVID-19 necessitates remote and distance learning. Teachers need tools and professional support designed by educators, for educators. All students, regardless of family income level, must have access to broadband internet connections and digital learning devices for distance learning. Statewide, schools must work toward returning students safely to in-person education.

**Fully funding Student Success Act Investments**

We must address structural racism in our education system and ensure every child the chance to achieve their full potential. Longstanding disparities in student outcomes have only been exacerbated during the pandemic. Existing gaps in opportunity have widened as more students have been disconnected from needed care, connection, and learning in school. Fully funding the Student Success Act is foundational to the Governor’s equity agenda and COVID-19 recovery strategy for education. This includes expansion of Early Learning Account investments for our youngest children and families, and continuing critical equity investments in the Statewide Education Initiatives Account to ensure students have the support to graduate high school with help from educators that share and understand their lived experience.

For the first time, the Student Investment Account will have the resources to empower each community’s voice in their children’s education. The Governor’s Student Investment Account request of $778.8 million is an increase of $628.8 million. This will give schools and underserved communities greater opportunities to work together to improve educational outcomes for Black, Indigenous, Latino, Latina, and Latinx, communities of color, and Tribal communities’ children and youth. This includes targeted resources for early literacy, instructional supports, mental health services, and hands-on, career-connected learning.

**Equitable use of the State School Fund and retaining educators of color**

Funding the State School Fund at $9.1 billion will help ensure every student has access to well-rounded learning and wrap-around services. Students and families need a strong, diverse workforce of teachers, counselors, and mental health professionals during this pandemic. Schools must prioritize preserving educational opportunities and protecting educator jobs over increasing salaries and compensation. That’s especially true when it comes to keeping Oregon’s educators of color, so we do not lose the gains in educator equity we have already made.

Educators that come from the communities they serve are important to establishing caring and trusting relationships critical to student learning. A more diverse educator workforce has the added benefit of improving outcomes for all students. The Governor’s budget continues investments in the Educator Advancement Council, local grow-your-own programs and new alternative pathways for community college students, community members, classified school employees, and professionals considering teaching as a career to earn professional license. The Governor’s budget makes a new $3.3 million investment to develop alternative pathways programs.

**STEM education for diverse learners**

With a $5.4 million investment, this funding will increase access of students from Black, Indigenous, Latino, Latina, and Latinx, Tribal, and communities of color to career-connected learning in high-demand STEM fields; improve math proficiency through learning organized around problem solving, critical thinking, adaptability, innovation, and design thinking; increase support for the Regional STEM Hub Network, the STEM Innovation Grant Program; and establish a collaborative regional network of mathematics teachers and leaders to develop instructional materials and new courses.
Expanding employment opportunities for underserved youth

Oregon youth face higher unemployment rates than adults on average and, during economic downturns that unemployment disparity only grows. Those disparities also disproportionately impact youth of color. Nationwide, Black and Latino, Latina, and Latinx teenagers faced an unemployment rate that was higher than those of white teenagers. That continues for young adults; for 20-24-year olds, 12 percent of people who are white are unemployed, compared with 24 percent of people who are Black, 19 percent who are Asian, and 16 percent who are Latino, Latina, and Latinx.

The Governor’s budget provides $11.8 million for the Oregon Youth Employment Program. That funding will be disseminated to local workforce development boards and other youth-service organizations, in order to support Oregon’s young adults ages 14-24 in finding employment.

Rebuilding and modernizing schools and classrooms

The Governor’s budget provides for capital construction, seismic, and facility upgrades to schools and classrooms, including $3.5 million for a statewide assessment of the highest-risk facilities. This funding is intended to modernize our schools while meeting the demands of in-person instruction during a pandemic that necessitates physical distance and up-to-date ventilation systems.

Expanding access to child care

The first years of a child’s life are critical to lifelong success, with ninety percent of a child’s brain growth occurring before the age of five. Environment, relationships and experiences all matter during these early years and have a lasting impact on later learning, behavior, and health. These opportunities must be expanded through the pandemic, which has been incredibly disruptive for children and has increased pressure on families. The Governor’s budget expands access to high-quality early care and education programming for 8,000 children through investments in Oregon Pre-Kindergarten and Early Head Start, Preschool Promise, and the Early Childhood Equity Fund. This investment provides more access to preschool and child care for children from communities the system has underserved, while ensuring a living wage for providers. The Tribal Education Directors and the Racial Justice Council have requested the creation of a Tribal Learning Hub to allow our Tribal Nations to more easily access early learning grant opportunities. The Governor’s budget allows the Early Learning Division (ELD) to create that hub as designed by the Tribal Nations and also establishes a permanent Tribal Liaison at ELD to coordinate with Oregon’s Tribal nations on early learning programs.
Preventing suspension and expulsion in early learning

Suspension and expulsion in schools is a common practice in early care and education settings across the nation, and Oregon is no exception. Yet, there are clear disparities in who experiences suspension and expulsion in early care and education based on race. Latino, Latina, Latinx, and Black and African-American children—particularly young boys—are removed from early care and education settings at disproportionate rates compared to their white peers. As these communities have also felt the disproportionate impact of COVID-19, it is more important than ever to fund culturally-responsive program settings and support providers, children and their families to reduce—and prevent—suspension and expulsion. As mentioned earlier under Supporting Child Care Providers, the Governor’s budget invests $5.8 million to establish a centralized process for early care and education programs to request support before a child is asked to leave a program. This process will include support from mental health consultants who have a unique expertise to support families who have experienced personal or historical trauma, are involved in multiple systems, and may need connection to other intervention services.

Ensuring health and safety in child care

This pandemic has underscored the critical role that child care plays in the health and success of our communities and economy. It has also highlighted some of the gaps that currently exist in our child care system. The Governor’s budget allocates additional resources to the Early Learning Division for their Office of Child Care to take over background checks for license-exempt providers accepting Oregon’s Employment Related Day Care child care subsidy. It also will require Recorded Programs, license-exempt programs that typically operate fewer hours in the day, to be enrolled in our Central Background Registry. These changes will allow more child care programs to be held to a consistent standard for background check compliance. Parents deserve to know that, whatever child care they utilize, the adults caring for their child have been held to a high standard regardless of setting.

Expanding access to broadband

Regardless of income level or zip code, the pandemic has demonstrated that every child must have access to broadband internet connections and digital learning devices for distance learning. Broadband is also a driver of economic opportunity at a time when remote work is becoming widely adopted. Equitable internet access is critical. The Governor’s budget includes a $118 million investment in broadband expansion statewide, with $10.1 million of that for schools, all with a focus on providing access to communities that have been disproportionately impacted during the pandemic, including rural, Black, Indigenous, Latino, Latinx, Asian, Pacific Islander, Native American, and Tribal communities. This will connect 50 additional communities statewide with broadband access, including investment in both rural and urban communities that currently lack access. This investment will be made using a three-pronged approach:

- Community Broadband Investments through Business Oregon will expand the Coronavirus Relief Fund investments that have been made, allowing for communities, local governments, and private providers to apply for funds to expand broadband infrastructure. Additional funding will staff Business Oregon’s Broadband Office.
- Connecting Oregon’s Schools Investments, through the Oregon Department of Education (ODE), will expand connectivity for about 60 percent of schools that need it, and expand broadband over the next two years to between 40 and 60 districts and communities that currently have limited or no broadband. Working through ODE’s programs will allow Oregon to leverage and maximize the use of available federal funds.
- A new Urban Connectivity program through Oregon Housing and Community Services (OHCS) will create a subsidy for urban areas that have broadband access but face cost barriers.
Valuing our students and their cultural identity through teaching and learning

The Anti-Racist Leadership Initiative and Indigenous Education Institute is a $14 million investment to help change the future of our state by educating young people about our racist history—so that we don’t repeat it or allow it to continue. In order to accelerate the broader efforts of the Educator Advancement Council to support culturally-responsive professional learning for educators and to diversify the educator workforce, Educator Advancement Fund dollars will be directed to establish an Anti-Racist Leadership Initiative to provide technical assistance on anti-racism practices to Regional Educator Networks. It will also establish the Indigenous Education Institute to increase the number of indigenous and tribal educators in public schools.

BUILDING EQUITY THROUGH ENVIRONMENTAL JUSTICE

Today, we stand at a turning point, with an opportunity to put Oregon on a better path forward. Our young people deserve to inherit an Oregon as beautiful and bountiful as the one we cherish today. To do this, we must anticipate the challenges of our future.

It is extremely painful to watch the effects of climate change on our communities. Wildfires have increased in intensity and severity in the past decade, threatening our culture, our communities, and our economy.

The 2020 wildfire season was unlike any Oregon has experienced in recent memory. More than 2,000 fires across every jurisdiction in Oregon have burned over 1.2 million acres. On Oregon Department of Forestry-protected lands, 912 fires have burned 551,816 acres—over 13 times the annual average.

In the last decade, drought season has also expanded, stretching from the beginning of the water year until the end, with some counties not emerging from drought conditions even as winter arrives. Drought is no longer uncommon in Western Oregon, and even coastal counties now confront drought. Water scarcity affects fish and wildlife, municipal water supplies, as well as agriculture and forestry. While continuing to invest in built and natural water infrastructure, we must cast our vision toward a sustainable water future.

The challenges of climate change are more apparent with every fire season. Oregon must continue to pursue solutions that protect our clean air and water from polluters, build resiliency in our communities and create good jobs building a clean energy economy.
Creating an Office of Environmental Justice

The Governor’s budget invests in the creation of an Office of Environmental Justice housed at the Department of Environmental Quality (DEQ). Wildfires, climate change, and water quantity and quality are some of the complex natural resources priorities that demand action, and, due to structural racism in all of our systems, Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, and communities of color bear disproportionate impacts of the environmental degradation and climate trends. To change this reality, the Office of Environmental Justice will evaluate disproportionate impacts and recommend strategies to address them across all of Oregon’s natural resources agencies.

The Office of Environmental Justice will coordinate interagency efforts related to environmental justice through data collection, policy development, and community engagement. The Office of Environmental Justice will be empowered to develop legislative policy through allocation of funding for permanent staffing and develop action plans to bring more representation on environmental and natural resource issues for Black, Indigenous, Latino, Latina, and Latinx, Asian, Pacific Islander, Native American, and Tribal community members. In addition, the Office of Environmental Justice will enhance and build capacity among environmental justice communities and organizations to participate in agency decision-making, and provide adequate financial support for community engagement. Lastly, it will begin to create a database that allows for environmental justice demographics to be available for state agency planning.

Readdressing equity within a clean energy economy

The budget invests in greenhouse gas reduction programs at DEQ, as well as diesel reduction—the emissions from which disproportionately impact communities of color.

In addition, this budget invests in equitable water access, and seeks to enhance partnerships with indigenous communities and sovereign nations to understand and address the historic inequities and consequences of hydropower development in Oregon’s rivers, and its impacts on salmon and wildlife, iconic elements of Oregon’s identity and traditional food sources vital to indigenous communities.

Wildfire long-term plans that are culturally-responsive

Wildfires burn indiscriminately, but not all Oregonians have access to the resources available to recover from them. We must reduce the risks of wildfire, especially in our communities that are excluded from traditional recovery methods, and those that have been disproportionately impacted by wildfire devastation. That starts with making sure Oregon has the boots on the ground and the planes in the sky to fight fires. But we also need to protect Oregonians by investing in fire-adapted communities as we work toward a more resilient landscape.

The Governor’s budget recognizes that the landscape of Oregon has been home to Indigenous and Tribal communities since time immemorial, and traditional land management practices have shaped our forests. Fuel reduction and controlled burning can reduce the risk of catastrophic fires, and coupled
with adapting land use patterns and building codes, we can create defensible space that protects our most vulnerable communities. Wildfire is inevitable, but how we prepare for and respond to fires is in our control. When fires do blanket communities with smoke, this budget provides for smoke shelters to provide more healthy, breathable air to communities in need of this health saving measure.

The Governor’s budget invests roughly $73.7 million in additional fire preparedness, response, and prevention resources. Across western states, climate change, population growth, and record fuel levels combine to create a growing wildfire debt, requiring an immediate and sustained response to mitigate risks across the state. Oregon has the opportunity to protect its citizens and natural resources, while providing much-needed jobs and rural revitalization.

Climate long-term plans that are culturally-responsive

Because Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, and communities of color face structural inequities across all systems of government, Oregonians from communities of color also bear the impacts of climate change disproportionately and more immediately than white Oregonians. The Governor’s budget invests in land use planning to adapt to the effects of climate change, and identifies opportunities for climate change mitigation and adaptation. It also invests in programs through the Department of Environmental Quality and the Oregon Department of Forestry to reduce carbon pollution from the state’s largest emitters, and enhances the capacity of Oregon’s lands to mitigate and adapt to climate change risk.

Create opportunities for every Ohoenanian to access the outdoors

The budget seeks to encourage outdoor recreation experiences that benefit all Oregonians while growing the economy and sustain our natural resources. With a diverse state, new approaches should be taken to examine and acknowledge the historic barriers to the land and provide the opportunity for universally welcoming places and experiences. Not everyone has benefited from these opportunities in the past and we must do everything in our power to provide more equitable access and outcomes for everyone.

To ensure that access feels equal to Oregonians regardless of geography, income, or race, the Governor’s budget invests further in the Office of Outdoor Recreation. This investment will enable grant funding to benefit Black, Indigenous, Latino, Latina, and Latinx, Asian, Pacific Islander, Native American, and Tribal community members so that they can recreate and engage in outdoor life.

Oregon for All: Creating a Place Where Everyone Can Thrive | 2021-23 Governor’s Recommended Budget
Supporting Small Businesses and Workers

The COVID-19 pandemic created sudden and difficult financial situations for countless Oregonians. Through no fault of their own, many Oregonians have lost jobs, had to close their businesses or lay off employees, and found themselves struggling to pay rent, keep their businesses going, and make ends meet. Many of those who have worked throughout the pandemic are our essential workers, who have shown up day in and day out on the front lines to provide critical services to their fellow Oregonians.

Oregon’s economic backbone, our small businesses, were deeply impacted by the pandemic. In April, Business Oregon moved quickly to launch the statewide Small Business Resource Navigator website and bilingual hotline. This initiative connected thousands of Oregon’s small businesses with federal, state, and local financial resources to help them survive the impacts of COVID-19. Governor Brown also issued a moratorium on commercial evictions and foreclosures to help small businesses stay in their location despite not being able to make rent.

During this unprecedented time, Governor Brown’s top priority has been to keep Oregonians safe and healthy. She is also focused on taking action to protect Oregonian’s livelihoods through these difficult times by supporting both our workers and our businesses.

SUPPORTING OUR WORKERS

This pandemic has only exacerbated disparities in our systems that already existed—especially for communities with low incomes, those in rural areas, immigrants, refugees, Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities. Yet day after day, essential workers in Oregon show up to get the job done. There is no doubt that COVID-19 has had a disproportionate impact on essential workers, who don’t have the option of working remotely. For this,
we must thank them, and we must take concrete steps to keep them safe.

When workers are sick or have to quarantine, they must be able to afford to take the time to stay home. Following the Governor’s announcement Nov. 13 of a temporary freeze of higher risk business activities to contain the spread of COVID-19, the Governor worked with legislative leadership to reload the Oregon Worker Relief Fund, the Oregon Worker Quarantine Fund, and the COVID-19 Temporary Leave fund through the Emergency Board. All three provide key economic supports for workers who are impacted by COVID-19 and should continue into 2021.

Oregon Worker Relief Fund
This fund made additional payments available for workers who are ineligible for wage replacement payments from traditional unemployment insurance programs. The Governor’s budget highlights the continued need for this fund and calls upon the Congress to provide continued support.

Oregon Worker Quarantine Fund
Oregonians working in agriculture and food processing are providing a vital service, ensuring that families can continue to put food on their tables and to keep grocery store shelves stocked during this pandemic. And yet, the nature of this work puts agricultural workers at higher risk of exposure to COVID-19. As workers continue critical farm labor activities, it is important that resources and protections are available to them. This fund provides up to two weeks of financial relief to agricultural workers 18 and older who are recuperating from COVID-19 or who are in self-quarantine, regardless of immigration status.

COVID-19 temporary paid leave
Workers who exhaust employer provided leave, or whose employer doesn’t provide COVID-19 leave, can qualify for a $120 per-day payment for up to 10 working days, $1,200 total, for the time they need to quarantine or isolate. This program has served thousands of Oregonians and serves everyone who qualifies, regardless of immigration status.

Language access for displaced workers
The Governor’s budget maintains funding for the Oregon Employment Department, which has targeted outreach to Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, immigrant, refugee, and linguistically-diverse communities to ensure that every Oregon worker gets the benefits they are owed, regardless of the language they speak. Targeted interventions include new specialized phone lines for language access, outreach to impacted communities, and partnerships with culturally responsive community based organizations that have deep roots in communities where English isn’t the most commonly-spoken language.

Worker protections
Oregon took dramatic steps to improve conditions for workers during the pandemic, both by establishing new programs and enacting a range of policies (including improving guidelines for the appropriate use of Personal Protective Equipment to minimize the risk of COVID-19 transmission to health care workers, patients, and others, as well as implementing new worker protection rules through Oregon Occupational Safety and Health Agency (OSHA)). In addition, the Department of Consumer and Business Services (DCBS) held OSHA’s staffing levels in place while applying cuts across the agency. With these resources, OSHA will be able to prioritize keeping workplaces and schools safe, ensuring important COVID-19 regulations are followed, and continue to respond to the historic need for workplace inspections.

Youth job training
In the face of COVID-19, our young people need an extra hand getting into the workplace. To help diversify Oregon’s workforce, we will amend the Oregon Youth Employment Program statute to ensure that at least 75 percent of participating youth are from rural, Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities, or communities that have been
historically underrepresented in specific fields and occupations. The Governor’s budget funds grants to local workforce development boards, community-based organizations, and other youth-serving organizations to provide paid work experiences and workforce training for Oregon’s young people.

SUPPORTING RURAL OREGON

Wildfire Recovery

So many Oregonians lost everything in the 2020 wildfires. Over 4,000 structures burned in 2020. In the Almeda Fire, many of the homes that burned housed agricultural and migrant workers and their families, many of whom may not have been insured or who face barriers to accessing governmental recovery resources. With over a million acres burned and thousands of homes and businesses destroyed, the impacts of this wildfire season on jobs and local economies will last for months and years to come.

The Governor’s budget dedicates $189.5 million to rebuild communities impacted by the fires. The Governor’s Wildfire Economic Recovery Council will also have access to an additional $170 million of general purpose community development resources to help these communities. Funds will support debris cleanup, tree removal, sheltering and housing, food assistance, and community infrastructure.

Water infrastructure investments

As we deal with the impacts of climate change and decades of drought conditions, water is one of the most complex natural resource issues in Oregon. In this decade, we have seen drought season expand, with droughts declared as early in the year as March and as late in the year as September. While much of Eastern Oregon routinely experiences drought, numerous western Oregon counties, typically considered the wet part of the state, have been forced to declare drought in the past decade.

It’s critical that water investments are made in a thoughtful way that is equitable to all stakeholders and communities. Water investments have not been well prioritized, so a large part of the Governor’s 100 Year Water Vision initiative is to create a governance structure that is able to be responsive to local needs, identify funding sources, and prioritize projects across the state, including:

- Water Resources Department: Equitable Access to Water and the Indigenous Water Resilience ($1.5 million)
- Department of Environmental Quality: Clean Watershed Planning and Implementation ($75,000)
- Oregon Department of Agriculture: Klamath Water Quality Work ($100,000)
- Oregon Department of Fish and Wildlife: Willamette Basin Complex Water Issues ($700,000)
- Water Resources Department: Protecting Public Safety and Water Supplies ($1.9 million)
- Water Resources Department: $15,000,000 for the Water Supply Development Fund and $500,000 for Water Conservation, Re-use & Storage
- Water Resources Department: $10 million for the Deschutes Basin Board of Control to pipe open-ditch irrigation canals to conserve water and enhance fish and wildlife habitats
- Water Resources Department: Improve dam safety by investing $14 million in the Wallowa Lake Dam Rehabilitation and $4 million in the Big Creek Dams Replacement projects.

SUPPORTING OUR BUSINESSES

Small businesses are the backbone of Oregon’s economy. Sectors like restaurants, hotels, and the hospitality industry have been hit hard by the effects of the pandemic, and will no doubt need support moving forward. This must rely, in part, on additional relief from the federal government, as these effects reverberate across the nation and economy.

So many businesses adapted to an increased online presence to quickly respond to the pandemic. Broadband access is vital to economic development, helping more of the workforce do their jobs remotely and brick-and-mortar businesses move to an online
model during the pandemic. For example, a clothing boutique in Joseph owned by a sixth-generation Oregonian was open for in-person shopping 361 days per year. When the Stay Home, Save Lives order went into effect, small business owners faced the challenge of keeping their businesses open and viable while their doors were closed. This boutique was able to immediately pivot to online sales—but that option is only open to businesses where broadband is accessible. With the future of the pandemic uncertain, we need to do all we can to give Main Street businesses avenues to shift to online models. The proposed $118-million investment in broadband will connect 50 additional communities statewide with broadband that currently lack access and help all types of businesses in both rural and urban parts of Oregon adjust to the effects of the pandemic.

For small businesses owned by members of Oregon’s Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, and linguistically-diverse communities, access to capital has been a persistent struggle. In addition to capital, accessing technical assistance is extremely valuable and has been a challenge. A one-time allocation of Coronavirus Relief Funds supported technical assistance for businesses earlier on in the pandemic. The Governor’s budget invests $9 million to build on this program. It also invests $10 million in Oregon’s Certification Office for Business Inclusion and Diversity (COBID) to fund revolving loans that will help businesses become COBID-certified and get engaged in the state procurement process. An increased investment in the Community Development Financial Institutions Fund (CDFI Fund) will also play an important role in generating economic growth in businesses owned by members of Oregon’s Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, and linguistically-diverse communities.
Reforming the Criminal Justice System

Over the last decade, Oregon has passed legislation and voter-approved ballot measures to reform the criminal justice system, making our justice system more fair by ensuring that incarceration is appropriate when it fits the circumstances, not a one-size-fits-all response.

The urgency of these reforms has been magnified by the confluence of events in 2020. The pandemic stressed an already stretched system; as the pandemic spread rapidly in jails and prison settings across the nation, pandemic-related delays in court proceedings and charging decisions from the sudden restrictions, brought these issues to a head. Against this backdrop came widespread cries for thorough review of the criminal justice system following the killing of George Floyd. This reform effort is now more urgent than ever before.

Widespread racial disparities persist throughout our criminal justice system. Black people represent 2.2 percent of Oregon’s population, yet they represent 9.3 percent of the state’s prison population. Data suggest that Black men are five times more likely to be incarcerated than white men, and Black women are three times more likely to be incarcerated than white women.

The Governor’s budget advances Oregon reform efforts on many fronts, from expanding police accountability measures to reforming our courts and stabilizing the Department of Corrections budget going forward.

In 2013, Oregon passed House Bill 3194, which reduced sentences for a discrete set of offenses while investing in community corrections with justice reinvestment grants. The bill led to a reduction in Oregon’s prison population—and while keeping our communities safe, it has been a model for future reforms.

In 2015, Oregon passed House Bill 3503, which established the Family Sentencing Alternative Pilot Program (FSAPP) as a community program for eligible non-violent primary parents facing prison sentences. These individuals are able to continue their parenting role by being diverted from prison and participating in intensive supervision, treatment, and programs geared toward parenting and families.

In 2019, Oregon passed Senate Bill 1008, which put in place evidence-based practices that reformed Oregon’s juvenile justice system and reduced our reliance on incarceration for our young people, who we know are unlikely to commit another crime and need different supports to be successful. The
bill gave youth charged as adults a “second look,” giving judges the ability to return youth to the juvenile system.

And in November, Oregon voters passed Ballot Measure 110, making Oregon the first state in the nation to decriminalize possession of small, user amounts of drugs and targeting investments toward a network of statewide recovery centers.

Oregon has the opportunity to make further changes. Because of the reduction in prison population brought about by previous reforms, Oregon no longer needs to maintain costly prison capacity and can now move forward with reductions in beds while maintaining appropriate supervision of adults in custody and keeping Oregonians safe. While the Governor is also targeting investments in behavioral health, health care, housing and economic supports for workers, additional reforms outlined in the Governor’s budget will reduce our state’s reliance on incarceration.

POLICE ACCOUNTABILITY

This year, more than ever, we’ve seen Oregonians standing up peacefully and powerfully making their voices heard in calling for racial justice and police accountability—even in the middle of a pandemic—because the need for change is so pressing. This work has already begun. The Public Safety Training and Standards Task Force is reviewing law enforcement training, certification, and decertification practices in Oregon and will submit recommendations to the Governor, which she will bring to the Legislature. During special legislative sessions over the summer, with bipartisan votes, Oregon limited the use of tear gas and other uses of force, as well as the ability of police discipline to be overturned by an arbitrator. The Governor’s budget will invest $5.8 million to support and improve the Oregon State Police’s policy, training, and wellness accountability plans, which includes funding for implicit bias training, firearms accountability, trooper wellness, and the purchase of additional body cameras.

CRIMINAL JUSTICE REFORM

Over the past three decades, Oregon has established mandatory minimum sentencing policies that have created a one-size-fits-all courtroom. The Governor’s budget includes reforms that will improve the fairness of our court system and stabilize funding for the Department of Corrections.

Pay equity for public defenders

Public defenders carry high caseloads, are underpaid, and face off against prosecutors who are better funded. We can’t expect our criminal justice system to be fair with the scales tipped against public defenders. The Governor’s budget invests $20 million in right-sizing compensation for public defenders, ensuring that every Oregonian can exercise their constitutional right to legal representation.
Pre-trial/bail reform

Sometimes the system is biased in ways that hide in plain sight. Currently, those who can’t afford to pay bail are incarcerated while they await trial. Evidence shows that people who are incarcerated in jail as they await trial are more likely to lose connections with their family and community, lose jobs and housing, and receive a sentence that includes further incarceration. Research also shows that Black and Latino, Latina, and Latinx people are more likely to be incarcerated before trial than white people with similar charges and histories. Justice should be swift and fit the crime, and not be unnecessarily biased for reasons unrelated to the crime. The Governor’s legislative agenda will include pre-trial bail reform.

Right-sizing our correctional facilities

For the past three years the Department of Corrections has faced an ongoing funding crisis due to the rising cost of medical care for aging adults in custody and the department’s ongoing facilities costs. At the same time, the number of adults in custody continues to decline in Oregon because of previous and ongoing reforms. The Governor’s budget puts the department’s budget on a sustainable path by closing three minimum security facilities (Mill Creek in Salem, Shutter Creek in North Bend, and Warner Creek in Lakeview) over the course of the biennium, resulting in $43.7 million in ongoing savings and eliminating 5.8 million in deferred maintenance costs the state no longer will have to recoup through cuts to other services. The closures are staged throughout the biennium, starting July 2021 and concluding with the close of the budget cycle, to ensure that the closures can occur while keeping adults in custody safe during this pandemic and without forced release of those in custody.
In times of great need, we have to work together to ensure that our society is rising to the challenges of the moment. That means rethinking how the structural and fundamental parts of our democracy function.

For large parts of our history, Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities were marginalized by systems that entrenched racism into our voting laws, laws that governed where banks lent loans and even the structures and practices that recorded official records. While we have taken strides to eradicate these practices, we have more work to do to eliminate discrimination and ensure that every Oregonian has equitable access to state services and resources.

The Governor’s Budget makes investments in core systems, continues to expand voting access and institutionalizes the Racial Justice Council and its focus on racial justice.

PROTECTING DEMOCRACY

If nothing else, the intense challenges of 2020 have only reminded us that we can’t take anything for granted. Now, more than ever, we must fortify the institutions that define us. A strong democracy is the heart of our state and our nation and it must be protected. In Oregon, voting is a proud part of who we are; it’s in our very DNA. Women were voting in Oregon nine years before the ratification of the 19th Amendment. We were the first state in the nation to institute voting by mail and to establish automatic voter registration. History has proven that Oregonians believe that every person should have their voice heard in free and fair elections. Today, a remarkable 91 percent of eligible Oregonians are registered to vote, and Oregon voters showed up in record numbers to cast their ballots in the 2020 election.
**Long fought-for change**

One of the hallmarks of Governor Brown’s work in Oregon has been expanding voter access. As Secretary of State and then as Governor, Governor Brown developed the nation’s first automatic voter registration law in the country, revolutionizing the way people register to vote. This ground-breaking voter registration policy has now been implemented by 18 other states and Washington, D.C. Governor Brown also implemented online voter registration, expanded secure election technology to give people with disabilities increased access to the ballot, and spearheaded a long-fought-for change in campaign finance reform. This year, voters overwhelmingly affirmed the constitutional change to allow campaign finance limits in Oregon.

While Oregon’s accomplishments are significant, the work is not finished. We must continue to fortify the voting infrastructure we have and implement campaign finance limits to ensure that every voice is heard and that no one voice is more important than another. The Governor is a passionate advocate for voting access, and will never stop fighting to defend our democracy.

**Adopt campaign finance limits**

Now that a major legal barrier in Oregon has been lifted by the recent approval by the voters of constitutional campaign finance reform, as well as by the courts, limits on campaign spending must be enacted. Reasonable, fair and accessible limits must curb the overall spending in campaigns to make running for office more accessible to more diverse candidates, as well as to ensure that all voices, and not just those of the wealthiest, are heard.

**Expand Automatic Voter Registration**

Oregon was the first state in the country to modernize how we register to vote. The Governor successfully spearheaded automatic voter registration through the DMV, ensuring Oregon voters are automatically registered to vote when they obtain a driver’s license or ID and that their registration stays current when they move. The expansion of this program to include other state agencies who have the capacity to fully capture eligible voters’ data safely and securely will greatly increase voter access by enabling multiple opportunities for eligible Oregons to easily and securely register to vote.

**Voter Access & Vote by Mail**

With the pandemic occurring in a presidential election year, suddenly Oregon’s 30-year-old Vote-by-Mail system took a turn on the national stage. States across the country shifted to promoting voting by mail, and voting early, to avoid long election lines at polling places that would have risked the health and safety of voters and election workers. Oregon has a proud history of voting by mail. Allowing same-day voter registration and increasing the time within which to mail a ballot makes our system stronger.
Postmarked date
Oregon voters are subject to a strict 8:00 p.m. cut-off for ballots received on election day. It is time for Oregonians to join their neighbors to the north and allow for ballots to be counted as long as they’ve been postmarked on election day. We must move the certification dates to allow more time for ballots to be processed, and counted if postmarked by election day.

Ballot boxes
During the past year, we’ve witnessed the United States Postal Service being used as a political tool to undermine our elections and intentionally delay ballot processing. We need to ensure every Oregonian can safely and securely return their ballot. Many counties want to expand ballot box infrastructure to ensure Oregonians can always safely and easily cast their ballot.

Same-day registration
Oregon voters currently have to navigate a 21-day voter registration deadline. It’s time for Oregon to adopt same-day voter registration. Nearly two dozen states offer same-day voter registration, and it is possible, together with our county clerks and the Secretary of State, to figure out how to have both same-day voter registration and vote by mail.
BRIEFING ON THE 2021-23 GOVERNOR'S BUDGET

Prioritizing Racial Justice

Oregon's history of racial injustice runs deep. Oregon was admitted to the union in 1859 as the only free state that denied citizenship to free Black Americans and instituted multiple laws infringing upon their rights to own property or enter contracts; the Black exclusion law wasn't formally repealed until 1926. This legacy of systemic violence persists and is still evident today. Although we have struggled as a state to dismantle the racist structures that have been part of Oregon since its creation, the 2021-23 Governor's recommended budget includes a series of investments that support long-awaited anti-racist institutional changes.

Incorporating the Racial Justice Council

In 2020, Governor Brown convened the Racial Justice Council (RJC) to center the perspectives of many different backgrounds and life experiences to focus on transformative change. Members of Oregon's Black, Indigenous, Native American, Tribal, Latino, Latina, and Latinx, Asian, Pacific Islander, and communities of color from all across the state came together to create the Council. Together, they developed a Racial Justice Action Plan, which influenced the short, medium and long-term goals for the state of Oregon, as we seek to address structural racism. In addition, the Council recommended legislative actions, executive orders, and investments to make substantial progress toward a racially just Oregon. By institutionalizing the Racial Justice Council itself for years to come as a bill amendment, we are taking meaningful steps to incorporate anti-racism into the state government's policies, budget process, state workforce, and structures.

Celebrating Juneteenth

Juneteenth commemorates the day when Black Americans first learned of their freedom. Although the Emancipation Proclamation had been issued two-and-a-half years earlier, it was only when Union soldiers brought the message to Texas that those enslaved were actually notified. This day has long been a day of celebration of the true end of slavery for Black Americans, yet many, if not most, non-Black Americans only recently learned its significance. In 2020, Governor Brown issued a proclamation naming June 19 as Juneteenth in Oregon. She will also introduce a bill in the 2021 legislative session that will make Juneteenth a state holiday.

As people across Oregon, the United States, and around the world protest systemic racism and unequivocally show that Black Lives Matter, the need for change is pressing. As statues that represent racist histories are brought down, words from leaders aren't enough—we need action. Making Juneteenth a state holiday for years to come is one such action. All children, Black or not, should know our nation's and our state's true history of slavery and celebrate Blackness and freedom with joy.

Helping Immigrants and Refugees Thrive

In Oregon, we all benefit from the diversity and resiliency that immigrant and refugee communities bring. Immigrants are a vital part of the fabric of Oregon's history, culture, and economy. Yet some face unjust and unfair deportations, which threaten Oregon's collective prosperity and immigrant communities.

Immigration legal services

With a $10 million investment in Universal Representation for Oregon, we will ensure that every Oregonian has access to legal services to stop unlawful or unjust deportation. Everyone should have the right to fair and accessible immigration legal representation. With the Governor's leadership, Oregon will be a more inclusive place for all who call our state home—including and especially our immigrant and refugee communities.

Refugee resettlement

In Oregon, we welcome refugees from around the world, recognizing that resettlement is a lifeline our country provides for the world's most vulnerable people. Oregon has welcomed more than 75,000 refugees since 1975. In 2019, Oregon set the stage for refugees to succeed when we passed the Welcoming Refugees Bill, HB2508, making Oregon one of the first states to adopt an extended case
management program. With an investment of $2 million in a Refugee Resettlement program, we make permanent this proven program that has provided extended case management and employment and other vital supports available to all the refugees, asylees, and Special Immigrant Visa holders who have arrived to Oregon from 30 different countries since 2016.

**College tuition and dental coverage**

Low-income citizens of the Republic of the Marshall Islands, the Federated State of Micronesia, and the Republic of Palau who live in Oregon and are covered by COFA have faced challenges in accessing quality, affordable health care and education. Some Oregon universities have previously been unable to offer in state tuition rates for COFA students, making higher education unattainable for most COFA students and families. The Governor’s budget provides sufficient resources for Eastern Oregon University as well as other universities, so that citizens of the Republic of the Marshall Islands, the Federated State of Micronesia, and the Republic of Palau who call Oregon home can go to college. And while health care is covered for this group of Oregonians through the COFA Premium Assistance Program, it left out a critical health care component: dental care. Dental issues are often painful and expensive, leaving uncovered Oregonians to put off critical care. We will invest to add dental coverage as part of the program so that all Oregonians can care for their total health.

**UTILIZING TECHNOLOGY TO IMPROVE EQUITY IN SERVICES**

As Oregonians use new technology to navigate their daily lives, state government must also adapt to ensure the best service for all Oregonians. We must work to eliminate barriers that prevent Oregonians with limited access to technology or other accessibility needs from accessing those services.

**Broadband investment**

The pandemic laid bare the disparities between communities with access to broadband internet and those without, leaving deep impacts on children’s ability to participate in distance learning. The Governor is proposing an $118 million investment in broadband expansion statewide, with a focus on providing access to underserved communities that have been disproportionately impacted during the pandemic and ensuring every school across Oregon is connected to Broadband internet.

**IT modernization**

The state provides numerous services to help Oregonians live healthy, fulfilling lives. From enrolling in health care to managing the criminal justice system, to distance learning during the pandemic, Oregonians continue to depend on software systems to deliver critical services. This budget includes investments in IT systems that are essential to the delivery of state services and improve efficiency and customer service.

The pandemic also put unprecedented pressure on several state systems. Before the coronavirus outbreak, Oregon’s jobless rate was at an all-time low of 3.3 percent. In a matter of weeks, due to the COVID-19 pandemic, that jumped to a record-high of 14 percent. The result was that in a single quarter, the Employment Department received double the number of claims that came in throughout the entire 2008 recession. The wave of claims strained the system, leading to frustrating backlogs and extremely long hold times for unemployed Oregonians calling about their claims. From March 15-October 31, the Employment Department paid out $5.5 billion to more than 381,000 Oregonians.
Through quick stop-gap modernization efforts, the Employment Department has now paid out benefits for 99 percent of claims.

The Governor’s Budget includes $146.4 million to fully modernize the Employment Department’s benefit delivery system and also to implement Paid Family Leave Insurance benefits for Oregon workers. This will ensure that during the next pandemic, Oregon parents will have paid leave to take care of their sick children and loved ones.

Reforming state practices
Data can be incredibly helpful in decision-making. Yet data systems have sometimes been used to harm communities of color and Tribal communities. For example, drug use is approximately the same among different racial groups, yet people who are Black or Latino, Latina, or Latinx are more often incarcerated for drug offenses; looking at only quantitative data on drug-related incarceration, one might draw the inaccurate conclusion that people who are Black or Latino, Latina, or Latinx use drugs at higher rates. This is only one example of how data can be misused or misinterpreted. Current data systems and data integration can still be valuable, but conclusions must be drawn carefully, with an understanding of what data may be missing. Decolonizing the way Oregon collects and uses data, means data use and data collection decisions should also be informed by impacted communities themselves. The state cannot continue to be colorblind. Instead, we must use more data, not less, to inform decisions. By allowing the state to disaggregate data by race and ethnicity, we can access more information to target investments and ensure a more equitable Oregon.
Recent Performance: Taking stock of 2020

Oregon’s economy is suffering from whiplash as we head into the 2021-23 biennium. The economic shock associated with the COVID-19 outbreak has been unlike anything the regional economy has experienced before.

While less severe than was initially feared, the sudden stop in economic activity during the spring of 2020 was faster and deeper than any downturn since WWII. The regional jobs data has resembled what happens during natural disasters or labor strikes more than it has a traditional recession. After disasters or strikes, regional job markets often bounce back quickly as rebuilding efforts get under way or striking workers are brought back. This time around, it is unlikely we will fully recover right away, which will strain the 2021-23 budget.

Although we have a long way to go, the recovery has been encouraging to date. Despite severe job losses, average income levels have yet to fall. As a result, state government revenues have yet to take a significant hit, and the recovery in consumer spending has been surprisingly robust. Unfortunately, this strength is unlikely to persist.

Part of the strength in income and spending can be tied to the massive federal aid package that injected $14 billion into the Oregon economy over the summer months. If not for federal aid payments, household income would have fallen significantly.

In addition to federal aid, topline measures of income and spending have been supported by stability among households with high incomes. To date, this recession has disproportionately impacted workers with low incomes. Much of the economic impact of COVID-19 has fallen on front-facing retail and service firms that pay relatively low wages (e.g. leisure & hospitality, personal care, childcare).
Given that income inequality in the U.S. has become more extreme over time, job losses among workers with low incomes do not always translate into large changes in overall income, spending or savings data. Nevertheless, severe job losses among households with low wages will increase the need for a wide range of public services and aid programs in the 2021-23 biennium regardless of the speed of economic recovery.

Heading into the 2021-23 biennium, the damage of the recession will spread beyond households with low incomes. More industries are feeling the pain, and asset markets may not continue to post robust valuations. Now, jobs in middle- and high-wage industries are experiencing sizable job losses. Their decline of around 5 percent is more severe than what Oregon experienced in the 1973, 1990, and 2001 recessions. The recessionary shock is still reverberating through the economy, and layoffs in high-wage sectors are more likely to be permanent and not temporary.

While the recovery has been surprisingly strong to date, Oregon still has 140,000 fewer jobs than before the pandemic began. Such a significant economic shock will eventually cause more households and businesses to fall under water, and state tax revenues to weaken. It takes time for losses to work their way downstream through the economy. It typically takes a couple of years before the job market bottoms out following a recessionary shock. This traditional recessionary dynamic is just getting started this time around. Permanent job losses are rising in Oregon, but are currently being offset by large numbers of temporarily unemployed workers returning to their jobs.

### 2021-23 Economic Outlook and Risks

In past cycles when Oregon has faced double-digit job losses and unemployment rates, it has taken around five years to return to peak employment levels once the recovery gets under way. The baseline (most likely) economic outlook calls for Oregon’s labor market to return to health during the summer of 2023, just after the 2021-23 biennium comes to a close. This would be two years faster than what the state experienced coming out of the early 1980s recession and the Great Recession.

Several members of the Governor’s Council of Economic Advisors have argued that a solid economic foundation prior to the pandemic should aid in recovery, or at least not hinder it. Unlike past recessions, there are relatively few structural macroeconomic imbalances to overcome or work through. In past severe recessions the restructuring of the timber industry and the household debt overhang from the housing bubble slowed the pace of recovery. Something similar does not appear to be an issue today, likely leading to a quicker recovery in the years ahead. The one exception may be corporate debt.
Of course, given that the traditional recessionary dynamic is just getting started, headwinds could mount in the months ahead. Recessions accelerate structural changes in the economy through attrition as unprofitable firms are forced out of business. Given the nature of the pandemic, industries such as aircraft manufacturing, arts and entertainment venues, business travel and the like could become permanently smaller. Commercial real estate is also at risk given the ongoing shift away from brick-and-mortar retailers and a potential drop in demand for traditional office space and high rise apartments.

Mass layoffs at some of Oregon’s anchor employers are another potential cause for concern. Major recent job cuts have taken place among firms in the local semiconductor, transportation equipment, metals, food processing and apparel clusters. For now, few of these cuts look like a major threat to growth in the 2021-23 biennium, with the notable exception of those at transportation equipment manufacturers and the metal makers that supply them.

The data flow looks very healthy for now. The number of permanent layoffs in the economy remains high, but not yet as severe as seen in past cycles. And while we lack timely data on firm closures, the little bit of information we have is relatively encouraging. The number of Oregon businesses filing for bankruptcy has not increased, and actually declined so far this year. However, that may in part reflect a socially distanced, slower moving judicial system. Furthermore, the declines in liquor license renewals and number of video lottery retailers reporting revenue are modest to date. So, while there are business closures, and our office is expecting more in the months ahead in light of the funding from the Paycheck Protection Program running out, the impact so far is not as bad as feared.

While timely industry-level data is not available, the strength in new business applications is encouraging. While it will take time to replace the lost businesses from the pandemic and recession, start-up activity and entrepreneurship are not taking a similar hit.

On the downside, the Governor’s Council of Economic Advisors remains deeply concerned about the state of the pandemic itself, how businesses and consumers respond, and the amount of permanent damage that accumulates during the recession and initial stages of recovery. The recent surge in new COVID-19 cases in Oregon is a key risk to the near-term outlook.

Even in the relatively healthy baseline outlook, economic growth is expected to slow noticeably through the winter. The combination of the easy reopening gains playing out, loss of federal support, and worries over the virus as we move indoors during the colder, wetter months will weigh on economic gains. However, once the pandemic is managed, brought under control, and some sort of medical treatment becomes available – our assumption remains mid to late 2021 although new vaccine trial results indicate it may be sooner – the recovery will accelerate and return to stronger growth. With any luck, stronger growth will kick in just as the new biennium gets under way.

That said, there remains considerable risk to the outlook, especially given the uncertainty about the path of the virus. Under the optimistic scenario, a medical treatment becomes available earlier in 2021, and the federal government provides further assistance to households and businesses in need. The amount of
permanent damage is minimal and the economy returns to health in 2022. Conversely, the pessimistic scenario is a double-dip recession where the surging COVID-19 cases result in consumers pulling back on their spending over concerns of the virus. Additionally the lack of further federal assistance leads to more business closures and permanent layoffs, weighing on the recovery. In the pessimistic scenario, Oregon’s economy does not fully return to health until the middle of the decade.

Over the extended forecast horizon, Oregon’s ability to attract and retain skilled, working-age households represents our primary comparative advantage relative to other states. To the extent the pandemic, wildfires, drought, or protests impact this advantage remains to be seen. Despite the recent string of bad press, Oregon is expected to remain attractive to migrants. Although the pandemic may change the relative desirability of different options within the state (urban vs rural, city center vs suburbs, detached single family vs multifamily), it would take a lot to offset the relative quality of life that most Oregonians enjoy.

2021-23 Revenue Outlook and Risks

Oregon’s primary revenue sources are expected to post gains throughout the 2021-23 budget period. A growing economy typically leads to growing revenues. Even so, growth will be modest. The losses of jobs and business income due to the recession have yet to completely flow through to tax collections.

Oregon’s General Fund Revenues are expected to grow by 5% over the 2021-23 budget period, surpassing $22 billion for the first time. This growth is quite modest from an historical perspective, and not sufficient to keep up with the rising cost of providing public services. Should the baseline outlook come to pass, state resources will have remained roughly unchanged for three budget periods, while Oregon’s population and prices will have continued to grow.

It is not unheard of for Oregon’s tax revenues to remain flat for several years. The 1991 recession and recovery provides the most recent example. That said, the typical recession in Oregon has brought with it a much larger swing in revenue collections. Significant risk to the revenue outlook remains.

The primary source of risk to the revenue outlook is the persistence of the nationwide economic recovery. The path of the virus and success of the medical innovations and fiscal policies used to combat it are still unknown. A double-dip scenario remains possible.

Even if the economic recovery persists throughout 2021-23 as expected, downside risk to state revenue collections remains. Much of this risk involves the path of profits, capital gains and other nonwage forms of corporate and personal income. Such investment forms of income do not always move in step with the
underlying economy.

Given that economic growth is expected to persist going forward, a consensus of forecasters expects profits and equity values to remain near the high levels where they are today. This assumption is key to the forecast of a relatively mild revenue downturn.

Oregon’s General Fund Tax revenues fell sharply during each of the last two recessions as asset markets fell to earth along with business income. During the housing bust, taxable capital gains dropped from around $10 billion to $2 billion.

While the revenue outlook is uncertain, Oregon is in a better position than in the past to manage this risk. Encouragingly, Oregon has saved a larger amount of reserve funds than ever before. Automatic deposits into Oregon’s Rainy Day Fund and Education Stability Fund throughout the long expansion have added up. Oregon’s budget writers have never had access to significant reserve funds during past recessions. Although today’s reserves will not cover all of the likely shortfall caused by a recession, they are large enough to ease much of the pain.

**Economic Disparities in Oregon**

The path and persistence of Oregon’s economic recovery in 2021-23 is still very uncertain. The recession may technically be over, but permanent damage has been done. As is always the case, this damage will be disproportionately felt by Oregon’s low-income households in rural areas and Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities.

Strong economies work wonders but they do not cure all ills. Disparities and inequities lessen during good economic times, but tend to widen during recessions. This section will focus on three main economic disparities: income, geographic, and racial and ethnic.

All recessions exacerbate economic disparities. households with low incomes, rural areas that are under resourced and Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities face disproportionately negative impacts. A hot economy helps to bridge gaps. Goods, workers and space all become harder to find in boom times. As a result, households and businesses are forced to look to new suppliers, to new markets or areas, and employment opportunities increase. A wider range of Oregonians are able to get their foot in the door to prove their value to clients and employers.

**Recessions Widen Disparities**

The benefits of a healthy economy become obvious when looking at both regions of the state as well as racial and ethnic groups over time. Oregon’s rural areas provide one example.

It should come as no surprise that Oregon’s rural areas suffer disproportionate job losses during most recessions, and struggle during the early stages of economic recoveries. The manufacturing, agriculture and natural resource industries that many of Oregon’s rural areas depend upon are boom-bust propositions by their nature.

Many of our rural areas also depend upon migration flows that can slow or reverse direction during recessions. Oregon’s traditionally resource-dependent towns have been spared the mass exodus of
population seen in industrial and agriculture regions elsewhere in the country. This is remarkable given that many of our communities saw an industrial collapse every bit as large as did towns in the rust and farm belts.

Once recoveries transition into mature economic expansions, things turn around. When the regional economy is running hot, Oregon’s rural areas tend to grow faster than our urban areas and the gap between the two narrows. Since 2015, after adjusting for inflation, median household income in Oregon’s rural areas has grown twice as fast as the U.S. average and one-third faster than in the Portland area.

Similar to economic disparities across areas, gaps across races and ethnic groups narrow when the economy is strong. Following the longest economic expansion on record, poverty rates among Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities in Oregon reached new lows based on available data. Similarly, the gap in poverty rates between non-Hispanic white and households of Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American and Tribal communities in our state narrowed to the smallest it has been in at least 40 years.

Unfortunately, economic expansions do not last forever, and racial disparities are large. There is more work to be done to address racial inequities. Even after a decade of growth, poverty rates among Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities have only dropped to match the rate that non-Hispanic white, households faced at the worst of the Great Recession. All races except for whites exhibit above-average poverty rates and at rates disproportional to their representation in the population of Oregon, with the highest rates reported among Native American and African American communities.
American households.

**This Recession Is Unique**

While all recessions exacerbate economic disparities, the unique nature of the pandemic-driven downturn threatens to erode equity more than usual during the 2021-23 biennium. In particular, women and communities of color are at risk of slipping further behind this cycle.

Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities across the country are suffering from above-average COVID-19 infection rates, and are more likely to see worse health outcomes after becoming infected. This will no doubt lead to worse economic outcomes as well. It will be some time before widening economic disparities become evident in the Oregon data, but bigger gaps are already evident at the U.S. level.

U.S. unemployment rates have risen sharply this year for workers of all races and ethnicities. However, the largest percentage point increases have been seen among workers from Black, Indigenous, Hispanic, Asian, Pacific Islander, Native American, and Tribal communities. Some of the industries that have been directly affected by social distancing and exposure risk employ a large number of workers from Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American and Tribal communities. Although 2020 regional employment data is not yet available by race and ethnicity, the industry mix of Hispanic workers in Oregon is particularly worrisome given the nature of the COVID-19 recession. Hispanic workers are heavily represented among leisure & hospitality, agriculture and food manufacturing industries.

Workers from Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, Tribal, and linguistically diverse communities as well as rural communities are not the only ones being disproportionately impacted by the nature of the recession. Business owners from these communities are being hit hard as well. With many businesses in front-facing service industries, sales have suffered due to concerns about COVID-19. Nowhere is this more clear than in the food service and accommodation industry which is home to many Black, Indigineous, and People of Color (BIPOC)-owned businesses.
Making matters worse, a large number of these businesses were left out of federal business aid programs which largely relied on existing banking relationships for administering the programs.

Across racial and ethnic groups, women have fared worse in the labor market than have men in recent months. There is very little difference in how much unemployment rates have risen for men and women. However, this is due in part to the fact that 700,000 more women than men have left the labor force so far this year. Women are participating in the labor market more than a generation or two ago, but still bear the brunt of childcare duties in many households. One out of six Oregonians in the labor force fits the following description: They have kids, work in an occupation that cannot be done remotely, and do not have another non-working adult present in the household. In other words these 350,000 or so Oregonians are in a bind. They face the tradeoff between going to work or taking care of their children, or at least scrambling to find childcare.

Inequities in access to technology threaten to set children back who do not live in households with high incomes. Although internet access is a problem for households with low and middle incomes of all races and ethnicities, households headed by Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities are less likely to have high speed internet at home compared with their white, non-Hispanic neighbors. Households with incomes above $100,000 a year tend to have similar rates of high speed internet at home regardless of geography, race or ethnicity.

Bridging the Gap: Investment and Capital

Again, strong economies work wonders but cannot eliminate disparities altogether. Investments in human and physical capital pay dividends over time, similar to saving for college or retirement. The further a household is left behind, the harder it is to catch up. It often takes generations. Persistent inequality has led to many gaps in wealth and capital that will be difficult to bridge. This section highlights three of these gaps: homeownership, access to technology and educational attainment.
As with Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American, and Tribal communities’ households with low incomes, inequities in access to technology also threaten to hold back growth in rural areas of the state. Significantly more Oregonians work from home than in the typical state. In fact, Oregon ranks second behind Colorado when looking across the country. This trend is led by scenic destination areas like Bend and Hood River. However, even most of Oregon’s rural areas see relatively high rates of working from home.

To the extent that rural areas see any sort of increase in COVID-19-related migration, it would be beneficial to the long-run outlook. Many who are working from home are diversifying our regional economies. Outside of the Portland area, those working from home tend to be concentrated in occupations that aren’t as prevalent locally as they are nationally. In essence these workers are voting with their feet, saying they want to live in our communities. However it is harder to find a job in their chosen field, so they are making it work by bringing their job with them, or starting their own business. This increase in economic diversification should make our regional economies more resilient and better able to withstand different types of recessions over time. Of course, access to reliable internet service is necessary for any of this to occur.

Although remote learning creates a new twist, access to education, training and capital have always been central to bridging economic disparities. Investments in education and training boost lifetime earning potential (although pay disparities remain), and are associated with a range of benefits that money can’t buy.
Educational attainment has been rising in recent decades for all Oregonians. These gains are relatively consistent across different racial or ethnic groups. Despite recent gains, large gaps remain in rates of educational attainment across races and ethnicities. In particular, Hispanic and Native American/Alaska Native populations earn college degrees at much lower rates than do other groups.

Access to capital also represents a barrier to overcoming economic inequality. There is truth to the cliché that it takes money to make money. Households invest in a wide range of assets, but for the vast majority, homeownership represents the largest generator of wealth over their lifetime. All racial groups in Oregon with the exception of Asian households own homes at lower rates than do their counterparts in other states. In Oregon, our metropolitan and rural areas alike are facing an affordability crisis. Homeownership rates are particularly low among Black Oregonians.

### Demographic Change

Oregon’s population was showing very strong to moderate growth until the COVID-19 pandemic hit. Oregon’s annual population growth rate has been slowing down since the high of 1.6 percent in 2017. The rate was down to 1.0 percent in 2019 and is expected to be 0.6 percent in 2021 due to the current pandemic. Based on the current forecast, Oregon’s population of 4.2 million in 2019 will reach 4.6 million in the year 2029 with an average annual rate of growth of 0.8 percent.

Oregon’s population growth changes with its economic and employment outlook. After an economic and population boom in the 1990’s, two severe recessions during the decade preceding the 2010 Census curtailed population gains and probably cost Oregon one additional seat in the U.S. House of Representatives. The population growth during the decade of 2000 to 2010 was 12.0 percent, down from 20.4 percent growth in the previous decade. Oregon’s rankings among all 50 states in terms of decennial growth rate dropped from 11th fastest between 1990 and 2000 to 18th between 2000 and 2010. In 2019, just before the pandemic, Oregon’s population growth ranked 13th highest in the nation. The decennial population growth rate during the most recent census decade was historically the second lowest in Oregon.
since 1900. 2020 has proven to be a challenging year for a decennial census. Achieving a fair, complete, and accurate count was especially challenging in 2020 as one barrier after another arose in Oregon – including the unusual politicization of the census by the current presidential administration, an ever-changing census operations’ timeline, flooding, wildfires, and a global pandemic. Barring any timeline adjustments, results of the 2020 Census enumeration will be available in early 2021.

**GEOGRAPHIC VARIATIONS**
The figure below shows a decade of population change by county between 2009 and 2019. Overall, Oregon’s population grew 11 percent during this period. However, there are large variations by region and county. Both Deschutes and Washington counties experienced exceptionally high growth rates relative to the rest of the state, although not from a historical perspective where growth was stronger in decades past.

The moderately growing counties (between 10 and 15 percent increase) were Hood River, Morrow, Clackamas, Multnomah, Crook, Marion, Polk, Benton, and Jefferson. The slow growing counties (between 5 and 10 percent increase) were Yamhill, Jackson, Linn, Wasco, Lane, Umatilla, Columbia, Gilliam, and Clatsop. The counties with very slow growth (between 0 and 5 percent) were Tillamook, Lincoln, Josephine, Union, Douglas, Baker, Klamath, Malheur, Curry, Lake, Wallowa, and Coos. Four counties losing population (negative growth) were Sherman, Wheeler, Harney, and Grant. Population growth by county reflects the local economic environment and demographic characteristics of the residents. In general, counties in the upper Willamette Valley and Central Oregon experienced the fastest population growth and the counties in the south and the east experienced relatively slow growth.
RACIAL AND ETHNIC COMPOSITION

When surveyed by Census takers, an overwhelming majority of Oregon’s population identify themselves as white; nevertheless, Oregon has become more racially and ethnically diverse. An estimated 86.7 percent of Oregon’s population was in the white racial group in 2019. Each of the other racial groups individually accounted for five percent or less of the population.

Oregon remains less racially diverse than the nation as a whole, but we are making up ground. The population of white Oregonians grew at a significantly slower rate than did the population of every other racial group over the past decade. An estimated 75.1 percent of Oregonians were non-Hispanic white in 2019, down from 83.9 percent in the 2000 Census.

Not only are Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American and Tribal members accounting for a bigger share of Oregon’s population, Oregonians are accounting for a bigger share of communities of color nationwide. Over the past decade, every racial group saw faster population growth in Oregon than in the average state.

Oregon’s Hispanic population is growing rapidly as well. The Hispanic or Latino/a/x ethnic group, which can be of any race, reached 13.4 percent of Oregon’s population in 2019. The Hispanic population increased from 112,707 in 1990 to 450,062 in the 2010 Census count. This ethnic group is estimated to have grown to 566,847 in 2019.

CHANGE IN AGE STRUCTURE

The figures below show that population growth differs by age group with budgetary implications.
Children

- **Under five years.** The size of this age group directly affects demand for childcare, Head Start, and Temporary Assistance for Needy Families (TANF). Between 2021 and 2023 the number of children under age five will decrease by 1.7 percent. The growth in this cohort was negative or slow in the recent past mainly due to the decline in the annual number of births associated with an increasing tendency towards smaller family-size and slowdown in the net in-migration of children and young adults at the early stage of family formation.

- **School age.** The children in the five to 17 year age group drive demand for K-12 public school enrollment. Nearly 90 percent of five to 17 year-olds are enrolled in public schools. After growing rapidly during the early 1990’s, population growth in this age group has slowed or turned negative for nearly two decades and will continue this trend in the near future. After several years of negative growth, the growth in the number of school-age children turned slow but positive starting in 2012. However, this group of Oregon’s population will have a steady declining trend starting in 2022. Between 2021 and 2023, the number of school-age children is expected to decline by 0.6 percent. The share of school-age children in the total population declined from 19.9 percent in 1980 to 15 percent in 2020.
Adults

- **Ages 18 to 24.** This age group drives demand for post-secondary education and entry-level jobs. Nearly 72 percent of all undergraduate students in Oregon public universities are 18 to 24 years old. Although the population in this age group has shown very small change, college enrollment in general is associated with competing opportunities. Enrollment increased in the past at a much faster rate than the 18-24 age population due to the lack of competing employment opportunities. Also, males in this age group are the population at risk of criminality with the highest arrest rate of all adults. Consequently, population in this age group is a major factor in forecasting demand for prison and jail beds and probation services. The growth in this population group, however, has slowed and will continue to taper off as the “baby-boom-echo” cohort exits this age group. This population group is expected to decline in the years 2020 and 2021 mainly because of the impact of current pandemic. Between 2021 and 2023, this population will remain virtually unchanged.

- **Ages 25 to 64.** Working-age adults comprise 53 percent of the total population. The nature of this group is heavily influenced by baby-boomers. The working-age population is the major contributor to the state’s tax revenue and puts very little direct pressure on state services. However, younger adults need entry-level jobs and older adults require continued training in a changing technological environment. All of them need affordable housing, and especially young adults at the beginning stage of their family formation, need childcare, and schools for their young children. Overall, this population group will grow by 1.1 percent between 2021 and 2023, with older working age adults 45 to 64 virtually unchanged as the baby-boomers continue to mature out of this age category.

**Older Adults**

- **Ages 65 and over.** Since 1950, Oregon’s older adult population has more than tripled, while the total population has nearly doubled. Growth in this group was slow between 1995 and 2002, largely due to the depression era birth-cohort reaching retirement age. However, the pace of growing trend has picked up since then and will continue its faster pace of growth. Beginning in 2011, this population group has consistently exceed a three percent annual growth rate. The older adult population accounts for over
18.0 percent of the total population. Starting in 2023, there will be more seniors than the number of children under the age of 18. Between 2021 and 2023, the combined older adult population will grow by 6.4 percent. However, the number of people aged 75 to 84 will increase by a larger 15.7 percent during this biennium as the early baby boomers enter and depression era cohort exit this age group, far exceeding the state’s overall growth of 1.6 percent and will grow at the fastest pace of all age groups. During the same period, the number of people aged 85 plus will increase by 4.5 percent. The growth in seniors is the product of life-time of favorable migration into Oregon and continued improvement in life expectancy. The people aged 65-74 require relatively little public assistance, while persons aged 85 and over tend to require more public assistance. Many members of the senior population require health care, pension support, and special housing. They are highly dependent on state long-term care services. Different age groups of the senior population will manifest the effects of people born during the depression era and baby boom period.
2021-23 All Funds Budget

**Resources**

Total: $192,401,591 Million

- **General Fund**: $24,326, 12%
- **Other Funds & Federal Funds Beginning Balance**: $92,138, 48%
- **Lottery (including Beginning Balance & Carry Forward)**: $1,582, 1%
- **Federal Funds**: $28,449, 15%
- **Other Funds**: $45,906, 24%

**Expenditures**

Total: $100,197 Million

- **State School Funding**: $9,100, 9%
- **Public Safety and Judicial**: $5,962, 6%
- **Other Education**: $5,089, 5%
- **Higher Education**: $3,181, 3%
- **Human Services**: $41,932, 42%
- **Economic & Comm. Dev.**: $9,761, 10%
- **Transportation**: $5,616, 6%
- **Natural Resources**: $2,329, 2%
- **All Other**: $1,661, 2%
- **Administration**: $15,568, 15%
### 2021-23 General Fund/Lottery Funds Budget

#### Total Resources
- Personal income taxes: $19.8 billion (77%)
- Corporate income taxes: $1.3 billion (5%)
- Lottery: $1.6 billion (6%)
- All other taxes: $1.1 billion (5%)
- Beginning balance: $1.8 billion (7%)

#### Total Spending
- Education: $11.8 billion (46%)
- Human Services: $7.7 billion (30%)
- Public Safety/Judicial: $3.8 billion (15%)
- Economic & Community Dev.: $583 million (2%)
- Natural Resources: $551 million (2%)
- Transportation: $144 million (1%)
- Consumer & Business Services: $17 million (<1%)
- All other: $1 billion (4%)

*Numbers do not foot due to rounding.*