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NEWS RELEASE

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Legislature Prioritizes Critical Public Services in Budget Rebalance Amid COVID-19 Pandemic

SALEM, Ore. – After months of work, the Oregon Legislature on Monday rebalanced the state budget in a one-day special session, closing a more than \$1 billion budget hole that erupted as a result of the global COVID-19 pandemic.

Since the Great Recession, the Legislature has built up record reserves to prepare for an economic downturn, and Oregon was [recently rated](#) among the best-prepared states in the country for a recession. But given the scale of the crisis and the looming threat of a potential \$4 billion shortfall in the 2021-2023 biennium, budget writers developed a thoughtful rebalance plan.

On July 16, the Ways and Means co-chairs released their [budget rebalance plan](#), which was refined after public hearings held in each subcommittee the following week. The budget that lawmakers ultimately approved yesterday makes approximately \$400 million in strategic reductions, taps \$440 million in one-time funds and resource adjustments, and draws down \$400 million from the constitutionally dedicated Education Stability Fund in order to protect education, health care, and other core services while reducing some ongoing costs heading into the next budget cycle.

Below is a list of programs and services that were prioritized for preservation, as well as a package of infrastructure investments that will fund key construction projects across the state:

K-12 Education

- The K-12 State School Fund remains at \$9 billion, sparing students and teachers from devastating program cuts amid the uncertainty of the pandemic and protecting critical investments in public education.

- Most investments from the 2019 Student Success Act continue, with \$170 million for early learning programs, \$246 million for statewide initiatives including the High School Success Fund (Ballot Measure 98), and \$150 million for local plans with an emphasis on supporting the social and emotional health of students.

Higher Education

- The basic support funds for community colleges and universities, the Community College Support Fund and the Public University Support Fund are protected.
- Total funding for the Oregon Opportunity Grant program, the largest state-funded, need-based grant program for college students, is maintained.

Housing

- Housing stabilization programs, including the Emergency Housing Assistance and State Homeless Assistance programs, are maintained.
- \$50 million in additional bonding was approved to provide affordable housing for low income Oregonians, as well as citizens in historically underserved communities and communities of color, through the Local Innovation and Fast Track (LIFT) Housing Program.

Human Services and Public Health

- Essential programs in the Oregon Health Authority and the Department of Human Services are maintained due to increased federal Medicaid resources.
- Child welfare programs will only see minimal reductions in order to maintain multi-biennial investments in staffing, new programs, and legal services.
- Critical health care and public health services are maintained, including current Oregon Health Plan benefits and eligibility, community mental health and substance use disorder services, Oregon State Hospital bed capacity, and Public Health Modernization services.
- Provider rate increases that were approved in the 2019 session affecting several agency programs are continued to strengthen the delivery of services.
- Oregon Project Independence services for both seniors and younger persons living with disabilities are maintained.
- Veterans' services are protected by maintaining key positions in the Department of Veterans' Affairs and continuing services related to Veterans' Emergency Financial Assistance, the Veterans Crisis Line, and the Rural Veterans' Healthcare Transportation and Veteran Educational Bridge grant programs.

Economic Development

- Lottery allocations to counties for economic development programs, which will be critical to Oregon’s economic recovery, will continue.
- Staffing and agency infrastructure at the Oregon Business Development Department are preserved, allowing the agency to focus on coronavirus relief efforts.

Infrastructure Investments

The legislature also approved infrastructure investments, both bonding and cash grants, to support local water systems, emergency preparedness, and major renovations of public buildings to create good-paying construction jobs across the state.

Water Systems and Emergency Preparedness

- \$20 million to support improvements to the City of Salem’s drinking water system.
- \$4.2 million to complete an emergency request from the Confederated Tribes of the Warm Springs for critical components of their water infrastructure improvement plan. In July, the Emergency Board allocated \$3.6 million to finance a number of specific improvements. Major improvements are still needed to support the health of residents of the Warm Springs Reservation.
- \$7 million to rehabilitate the City of Sweet Home’s Wastewater Treatment Plant.
- \$68 million to make seismic upgrades and accessibility improvements to the Oregon State Capitol. This project includes the state’s first Project Labor Agreement, ensuring fair wages and setting a new standard for future state contracts.
- \$7.5 million for construction of seismic stations as part of the ShakeAlert earthquake early warning system administered by the University of Oregon.

Higher Education

The legislature approved bonding for four projects at public universities, totaling about \$170 million. These projects will provide good-paying jobs with health insurance and retirement benefits, and require contractors to employ apprentices and recruit women, people of color, and veterans to perform the work.

- \$59 million to provide the first phase of funding to renovate Portland State University’s Science Building One.
- \$57 million for the renovation of Huestis Hall at the University of Oregon in Eugene.
- \$35 million to construct a new Arts and Education Complex at Oregon State University in Corvallis.
- \$19 million to renovate Boivin Hall at the Oregon Institute of Technology in Klamath Falls.

Child Care and Early Learning

The legislature approved \$6.9 million for four child care and early learning-related projects from the Early Learning account of the Fund for Student Success.

- \$1.4 million for Port of Morrow Early Learning Expansion to build additional educational space for Head Start.
- \$2.5 million for the YMCA of Columbia-Willamette for the Beaverton Hoop YMCA to build a Child Development Center.
- \$2 million for the Rogue Valley Children’s Discovery Museum for the renovation of an existing build for early learning classrooms, interactive family engagement activities, and community early childhood program space.
- \$1 million for the Wallowa Valley Center for Wellness for the early learning portion of a joint project with Winding Waters Medical Clinic to provide comprehensive primary and mental health services to Wallowa County.

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