

Raise Revenue or Deepen the Pain

The legislature must enact HB 2649 and HB 3405 to avoid further harming Oregonians, particularly the most vulnerable

The legislature will soon vote on bills that would raise taxes on the wealthiest Oregonians and corporations. If the votes fail, or if the measures are referred to the voters and fail there, middle- and low-income Oregonians — those hardest hit by the economic downturn — should brace for even greater pain than what's already on the way.

A good indication of the kind of pain that would follow from the defeat of the revenue-raising bills — HB 2649 and HB 3405 — is the harm contained in the budget cuts already penciled in. Those cuts are largely set out in the budget that the Co-Chairs of the legislature's Joint Ways and Means Committee released in late May.

The Co-Chairs' budget proposes about \$2 billion in cuts, while assuming that there will be an additional \$800 million in newly raised revenue to avoid even deeper cuts.

Set forth below are examples, not a comprehensive list, of the cuts in the Co-Chairs' budget. A table at the end summarizes all General Fund cuts and job losses by state agency. (Complete details about the state budget, including the Co-Chairs' budget proposal, are available at www.leg.state.or.us/budget/home.htm.)

As the examples of cuts reveal, serious pain is already on the way for Oregonians across the state. Because more than 90 percent of the state's General Fund budget goes to education, public safety and health care and other human services, most of the cuts fall under those categories. Oregon's most vulnerable residents — seniors, children, the disabled, the unemployed and low-income families — will be hit hard. Middle-income families will also bear much of the burden. The cuts will eliminate the equivalent of 1,700 state jobs and result in the loss of federal matching funds.

The examples below illustrate only the direct impact of the proposed budget cuts, not their indirect effects. They don't show, for example, the loss of private-sector jobs dependent on state spending, such as home care workers and daycare providers. Nor do they include cuts to supplies, training, routine maintenance, legal advice, travel and other basic expenses.

With the Co-Chairs' budget already close to the bone, the legislature needs to follow through on the Co-Chair's built-in assumption of additional revenue. Failure to enact HB 2649 and HB 3405 will heighten the pain for vulnerable populations.

Impact on students

Reduced access to early child development programs

- 670 children will be cut from Oregon Head Start Prekindergarten, missing out on early education and related services that can provide a solid start in school and life. This cut partially unravels progress made when the legislature appropriated funding in 2007-09 to increase the share of eligible children served from 60 to 75 percent. With the proposed cuts, 1 in 3 eligible young children from poor families will not have access to Head Start.¹
- Early intervention and special education programs for young children (birth to age 5) with developmental delays, already stretched thin, will not be able to accommodate increases in the number of children needing services.² By providing early access to supports such as speech therapy, physical therapy and vision and hearing services, these programs reduce the need for special education later on, helping children get ready to enter school and allowing them to reach their full potential.

Higher college tuition, reduced access to programs

- Undergraduate students at Oregon's public universities will see their tuition and fees raised. A full-time undergraduate at the University of Oregon, for example, faces a tuition increase of 7 percent each year over the next two years, which will mean an increase of \$450 in 2009-10 and another \$482 in 2010-11. Those increases will more than cancel out increases in the maximum Pell Grant award provided under the federal stimulus package and federal budget appropriations to help low-income students finance a college degree.³
- Community colleges, which are seeing historic enrollment increases as unemployed Oregonians seek retraining, face a 15 percent budget cut. Portland Community College, for example, saw enrollment increase by 18.9 percent in spring 2009, while Central Oregon Community College closed spring term enrollment to new students in late March and reports long wait lists for courses. Students at most schools can expect to see increases in tuition and fees as well as difficulty enrolling in classes.⁴

Impact on children and families

Fewer supports to ensure babies and children with developmental disabilities are healthy and well cared for at home

- Fewer at-risk infants and young children will be screened for chronic health conditions and developmental delays because of the reduction of the Babies First! Program. The program, which served 11,000 clients in 2007/2008, will see a 38 percent cut in funding.⁵
- Waiting lists will increase for Healthy Start, which helps prevent child abuse and neglect. The program helps parents of newborns gain parenting skills, connect with health care providers and services and create good learning environments for their children.⁶
- Families caring for children with developmental disabilities will lose help in planning how to care for the child at home. The program, which currently serves 1,400 families, is slated for a 35 percent cut.⁷

Less assistance for children in foster care or to help keep children out of foster care

- Children in foster care, shelter care or residential group care will not have access to one-time payments for special or extraordinary needs, such as transportation to visit their parents or clothing.⁸

- Children with special needs who are in the foster care system could experience difficulties in getting a guardianship set up, as payments for special care services are phased out. The cut will affect 113 children. Some may remain in foster care longer than they would otherwise, while others may be returned from guardianship to foster care.⁹
- Adoptions of foster care children will be at greater risk of failure, because the support services that adoptive families receive from the state will be cut.¹⁰
- There will be fewer opportunities to find better ways to keep children out of foster care or return them to their family sooner, as innovative programs lose their funding source.¹¹

Cuts to programs that help families struggling with drug and alcohol addiction issues

- The majority of child welfare cases involve parents with addiction issues. With the Family Support Teams program on the chopping block, parents of children in foster care will be less likely to receive alcohol and drug treatment services.¹²
- Local programs to prevent alcohol and drug use among children with parents who have substance abuse problems will no longer get any help from the General Fund. The cut will impact more than 1,500 families.¹³

Impact on low-income Oregonians

Reduced benefits for families with dependent children

- More than 5,100 low-income families with children that are trying to achieve self-sufficiency and stability will see their cash assistance and related services reduced or eliminated.¹⁴
- Families on cash assistance will have a harder time returning to work as employment and training services are reduced.¹⁵

Reduced access to child care for working families

- Low-income working parents who receive assistance paying for child care will see their monthly co-pays increase by \$5 to \$10. In addition, a reduction in the maximum amount the state will pay child care providers will make it more difficult for parents to find stable, quality care.¹⁶

Reduced access to public health care and nutrition programs

- Adults on Medicaid (OHP Plus) will lose coverage for preventive dental care such as cleanings, fillings, and checkups. Only dental emergencies will be treated.¹⁷
- The same group of adults, except for pregnant women, will also lose vision coverage.¹⁸
- 1,382 previously uninsured, low-income families and individuals will lose health insurance premium subsidies.¹⁹
- Low-income seniors, young children and women who are pregnant or caring for an infant will not get coupons to purchase fresh fruits and vegetables at farmers markets and farm stands. In 2007-09, 6,891 seniors, children, and mothers benefitted from the program, while local farmers earned \$211,000 in business income from the coupons.²⁰

Fewer services for homeless Oregonians

- 1,235 homeless Oregonians will not receive services related to emergency shelters, such as nutritional assistance and referrals.²¹

Impact on seniors and Oregonians with physical or mental disabilities

Fewer supports to help adults with developmental disabilities or mental illness find work and participate in their communities

- Developmentally disabled adults will see a reduction in services that help them participate in work and activities outside of their home, allowing them to develop skills and participate in their communities.²²
- 820 Oregonians with mental illness won't get help finding jobs or learn new skills that will help them land a job. Without work, some will have difficulty managing their illness and may require more intensive care, including treatment in the state hospital.²³

Cuts to supports that allow seniors and adults with disabilities stay in their homes

- Seniors and adults with disabilities will see reductions in “non-critical” services that help them live independently at home, such as medication management, meal preparation, laundry, shopping and transportation.²⁴
- Reductions in training and benefits for Home Care Workers will make it more difficult for seniors and people with physical disabilities to get quality in-home care.²⁵

Impact on public safety and public safety workers

Cuts to corrections officer training

- Newly hired corrections officers will receive on-the-job training rather than attending a five-week training course at the state training academy in Salem, making it more difficult for them to prepare adequately for dealing with inmates in crowded prison conditions.²⁶

Reductions in crime investigation

- 44 detectives who investigate drug enforcement, identity theft and major crimes, including child abuse, will have their positions cut. Although detectives are likely to be shifted into 39 highway patrol positions being added, crime investigations will be curtailed and it is unlikely that counties will have the resources to pick up the work.²⁷
- Cuts to the Oregon State Police forensics lab will make it difficult for local police, who rely on the state lab for evidence analysis, to pursue crime investigations.²⁸

Fewer resources to supervise and treat youth offenders

- Cuts to slots in youth correctional facilities will shift high-risk youth to community-based treatment, while cuts to community placement funds will reduce resources and treatment options at the local level. The Oregon Youth Authority anticipates that such cuts will lead to more juvenile arrests and more re-arrests. In addition, cuts to the Oregon Youth Authority will eliminate the equivalent of 275 jobs.²⁹

Cuts in 2009-11 Ways and Means Co-Chairs' Proposed Budget, by Agency

	Base funding level (\$ millions)	Total General Funds cuts (\$ millions)	Percentage cut	Jobs lost (FTE)
Education				
Community Colleges and Workforce Development	516.6	\$76.3	15%	1
Oregon Department of Education	\$6,359.4	\$983.9	15%	81
Oregon Health and Science University	\$88.2	\$8.8	10%	0
Oregon University System	\$924.8	\$127.4	14%	199
Oregon Student Assistance Commission	\$142.4	\$51.8	36%	1
Education subtotal	\$8,031.4	\$1,248.2	16%	282
Human Services				
Commission for the Blind	\$1.7	\$0.2	12%	0
State Commission on Children and Families	\$62.1	\$12.8	21%	3
Department of Human Services ⁽¹⁾	\$3,949.3	\$292.9	7%	265
Office of the Long-Term Care Ombudsman	\$1.2	\$0.0	0%	0
Office of Private Health Partnerships	\$26.3	\$4.8	18%	0
Psychiatric Security Review Board	\$1.4	\$0.0	0%	0
Human Services subtotal	\$4,042.0	\$310.7	8%	268
Public Safety				
Department of Corrections	\$1,455.5	\$136.4	9%	199
Criminal Justice Commission	\$7.2	\$1.1	15%	1
District attorneys and their deputies	\$10.8	\$0.5	5%	0
Department of Justice	\$64.9	\$6.4	10%	12
Oregon Military Department (National Guard)	\$28.3	\$4.8	17%	23
Board of Parole and Post-prison Supervision	\$4.1	\$0.4	10%	0
Department of State Police	\$266.7	\$37.2	14%	109
Department of Public Safety Standards and Training ⁽²⁾	\$11.4	\$0.0	0%	29
Oregon Youth Authority	\$346.2	\$65.4	19%	275
Public Safety subtotal	\$2,195.1	\$252.2	11%	648
SUBTOTAL EDUCATION, HUMAN SERVICES, PUBLIC SAFETY	\$14,268.5	\$1,811.1	13%	1,198
OTHER PROGRAMS				
Economic and Community Development				
Economic and Community Development Department	\$4.4	\$0.2	5%	9
Employment Department	\$4.2	\$0.8	19%	0
Housing and Community Services Department	\$12.8	\$2.6	20%	0
Department of Veterans' Affairs	\$6.6	\$0.7	11%	1
Natural Resources				
Department of Agriculture	\$17.4	\$2.7	16%	8
Columbia River Gorge Commission	\$1.2	\$0.3	25%	0
Department of Environmental Quality	\$40.4	\$6.5	16%	16
Department of Fish and Wildlife	\$16.9	\$2.7	16%	11
Department of Forestry	\$45.0	\$11.1	25%	50
Department of Geology and Mineral Industries	\$3.5	\$0.4	11%	1
Department of Land Conservation and Development	\$16.2	\$1.6	10%	15
Land Use Board of Appeals	\$1.6	\$0.0	1%	0
Department of State Lands	\$0.2	\$0.1	50%	0
Water Resources Department	\$25.5	\$3.8	15%	6
Consumer and Business Services				
Bureau of Labor and Industries	\$13.8	\$1.4	10%	10
Transportation				

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Cuts in 2009-11 Ways and Means Co-Chairs' Proposed Budget, by Agency

	Base funding level (\$ millions)	Total General Funds cuts (\$ millions)	Percentage cut	Jobs lost (FTE)
Department of Transportation ⁽³⁾	\$4.6	\$4.6	100%	0
Administration				
Department of Administrative Services	\$7.9	\$0.5	6%	103
Advocacy Commissions Office	\$0.5	\$0.0	3%	0
Employment Relations Board	\$1.9	\$0.1	5%	1
Government Ethics Commission	\$0.4	\$0.2	50%	0
Office of the Governor	\$12.6	\$1.7	13%	1
Oregon State Library	\$3.5	\$0.1	1%	1
Oregon Liquor Control Commission ⁽²⁾	\$0.0	\$0.0	0%	5
Department of Revenue ⁽⁴⁾	\$160.0	\$1.8	1%	-32
Secretary of State	\$11.7	\$1.5	13%	6
Legislative Branch				
Commission on Indian Services	\$0.4	\$0.1	14%	0
Legislative Administration Committee	\$32.0	\$4.2	13%	0
Legislative Assembly	\$36.3	\$4.7	13%	0
Legislative Counsel Committee	\$9.6	\$1.2	13%	0
Legislative Fiscal Office	\$6.2	\$0.8	13%	0
Legislative Revenue Office	\$2.2	\$0.3	14%	0
Judicial Branch				
Judicial Department ⁽⁵⁾	\$348.0	\$52.2	15%	286
Commission on Judicial Fitness and Disability	\$0.2	\$0.0	5%	0
Public Defense Services Commission ⁽⁵⁾	\$235.8	\$23.6	10%	7
SUBTOTAL OTHER PROGRAMS	\$1,083.5	\$132.4	12%	503
GRAND TOTAL	\$15,352.0	\$1,943.5	13%	1,701

Note: "Base funding level" is the Essential Budget Level (EBL), for General Funds only. FTE figures are rounded to the nearest whole number. Agencies listed in the Ways and Means budget but not included here because they had no General Fund dollars at EBL are: Energy, Parks and Recreation, Watershed Enhancement Board, County Fairs, Historical Society, Oregon Public Broadcasting and Racing Commission. Emergency Board funding is also not included. (1) General Funds cuts figure has been reduced by \$74.9 million from the figure listed in the Co-Chairs' budget to account for federal stimulus money that was identified after the Co-Chairs' budget was released and will be used to restore funding to the TANF and ERDC programs; the descriptions of program cuts in this report also account for the restoration of that funding; (2) All cuts taken from Lottery Funds or Other Funds; (3) General Fund expenditures shifted to Other Funds (revenue from vanity plates and use of fund ending balance); (4) Revenue compliance package will add \$4.5 million GF \$ and 35 FTE to agency budget, resulting in a net gain in FTE and \$19.3 million in additional revenue generation; (5) Cuts may be mitigated by a proposed court fee surcharge.

Source: Joint Committee on Ways and Means, *Co-Chairs' 2009-11 Recommended Budget: Moving Forward Together*, May 18, 2009, available at www.leg.state.or.us/budget/home.htm.

Endnotes

¹ Department of Education, reduce Oregon Pre-Kindergarten; Legislative Fiscal Office, *Analysis of the 2007-09 Legislatively Adopted Budget*, October 2007, p. 18, available at www.leg.state.or.us/comm/lfo/07_09_lab_coverpages.pdf. Descriptions of budget cuts in this report rely on both the Co-Chairs' proposed budget and 2009-11 Agency-Proposed 30 Percent Reduction Lists, which contain more detail on the effects of the cuts, available at www.leg.state.or.us/comm/lfo/home.htm.

² Department of Education, reduce Early Intervention/Early Childhood Special Education to 2000-09 MOE level.

³ A full-time, resident undergraduate at the University of Oregon paid \$6,435 in tuition in fees in 2008-09. University of Oregon, "Tuition Fact Sheet," 2007-08 and 2008-09, available at <http://ir.uoregon.edu/data>. The maximum Pell Grant award was \$4,850 for 2009-10. Funding provided under the American Recovery and Reinvestment Act and appropriations raised the maximum to \$5,350 in 2009-10 and to \$5,550 in 2010-11. Rebecca R. Skinner, Savid P. Smole, Ann Lordeman, and Wayne C. Riddle, *Funding for Education in the American Recovery and Reinvestment Act of 2009*, Congressional Research Service, April 14, 2009, available at assets.opencrs.com/rpts/R40151_20090414.pdf. Tuition and fees would therefore increase by \$932 over two years, while the Pell award would increase by only \$700 over the same period.

- ⁴ Community Colleges and Workforce Development, Community College Support Fund reduction. Portland Community College, “Economy Pushes PCC to Historic Enrollment Increases,” news release, May 25, 2009, available at www.pcc.edu/about/profiles/2009/05-25/response.html; Central Oregon Community College, “COCC Closes Admission for Spring Term,” news release, April 4, 2009, available at www.cocc.edu/news/24331.aspx.
- ⁵ Department of Human Services (DHS), reduce Babies First!
- ⁶ State Commission on Children and Families, 20 percent reduction to Healthy Start.
- ⁷ DHS, reduce (by 35 percent) and restructure the DD Family Support program; DHS, 2009-11 budget information, Ways and Means Presentations, Seniors and People with Disabilities (SPD), SPD Overview Powerpoint presentation, April 2009, available at www.oregon.gov/DHS/aboutdhs/budget/09-11budget/index.shtml.
- ⁸ DHS, reduce Foster Care Substitute Care one-time payments by 50 percent.
- ⁹ DHS, curtail Special Rates for Subsidized Guardianship.
- ¹⁰ DHS, reduce Post-Adoption Services program by 30 percent.
- ¹¹ DHS, substitute care, end I-E waiver flexible funding.
- ¹² DHS, elimination of Family Support Teams program, which allows child welfare caseworkers to connect parents with treatment services.
- ¹³ DHS, cut alcohol and drug prevention funding by 23 percent, removing all state General Funds for the program.
- ¹⁴ DHS; reduce Post-TANF benefits to \$50 per month in October 2010, affecting 3,119 people per month; set income eligibility level at 185 percent of FPL for TANF non-parent caretaker households, affecting 1,676 households per month (currently caretaker’s income is ignored when determining eligibility); make single-parent families ineligible if the adult left a job without good cause, affecting 322 families per month.
- ¹⁵ DHS, cuts in the JOBS services program.
- ¹⁶ DHS, Employment Related Day Care (ERDC): increase co-pay by 6 percent; reduce ERDC maximum payment to 65th percentile.
- ¹⁷ DHS, reduce OHP Plus adult dental to Standard plan levels.
- ¹⁸ DHS, limit OHP Plus adult vision services.
- ¹⁹ Office of Private Health Partnerships, cuts to Family Health Insurance Assistance Program (FIHAP).
- ²⁰ DHS, reduction of the WIC and Seniors Farm Direct Nutrition Programs.
- ²¹ Housing and Community Services Department, reduce State Homeless Assistance program.
- ²² DHS, reduction of Employment and Community Inclusion Supports program.
- ²³ DHS, reduce supported employment services. The cut would limit services to 280 people per year. Nearly 1,100 people received services in 2008. DHS, 2009-11 budget information, Ways and Means presentations, Addictions and Mental Health (AMH), AMH Mental Health Services Powerpoint presentation, March 2009, available at www.oregon.gov/DHS/aboutdhs/budget/09-11budget/index.shtml.
- ²⁴ DHS, reductions to the In-Home Care Program. Funding for Oregon Project Independence, which provides in-home care services to those not receiving Medicaid, is also unclear. The Co-Chairs’ budget simply lists the program as “supplemental funding to be determined.”
- ²⁵ DHS, reduce Home Care Worker training budget by 50 percent and eliminate Home Care Worker Health Insurance coverage for those working less than 80 hours per month.
- ²⁶ Department of Corrections, transfer responsibility for training security staff from DPSST to DOC.
- ²⁷ Department of State Police, cuts to Criminal Division; “Public Safety Hit Hard in Proposed Budget,” *Salem Statesman-Journal*, May 20, 2009.
- ²⁸ Oregon State Police, reduce Forensics Lab funding including eliminating property crime analysis and Ontario.
- ²⁹ Oregon Youth Authority, reductions in Facilities and Community Programs for mandated EBL caseload; roll-up of elimination of 58 community placements; roll-up of elimination of 25 close custody beds; and other cuts.

This work is made possible in part by the support of the Ford Foundation, the Governance and Public Policy Program of the Open Society Institute, the Stoneman Family Foundation, the Oregon Education Association, the Oregon School Employees Association, SEIU 503 and by the generous support of organizations and individuals.

The Oregon Center for Public Policy is a part of the State Fiscal Analysis Initiative (SFAI) and the Economic Analysis and Research Network (EARN).
