

STATE OF OREGON  
**Recovery Plan**

**State and Local Fiscal Recovery  
Funds**

2021 Report

**State of Oregon**  
**2021 Recovery Plan**

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## GENERAL OVERVIEW

### **Executive Summary**

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden. This Act established both the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. Under ARPA, monies designated for states were sent directly to each state government across the country. Generally, monies designated for local governments were also sent directly to those local entities; however, monies for some smaller jurisdictions were sent to state governments who were then instructed to pass-through those amounts to those smaller jurisdictions. These smaller jurisdictions are known as non-entitlement units of local government (NEUs), as defined by the Social Security Act, and typically serve populations under 50,000 people.

Under ARPA, States may use their share of State Fiscal Recovery Funds (SFRF) to replace revenues lost as a result of the pandemic and to address the economic and public health impacts of COVID-19. Under Oregon's constitution, the power to exercise budgetary control over all executive and administrative officers and agencies is granted to the Legislature, including federal funds supporting the budget such as those available under ARPA. Since the passage of ARPA, the Oregon Legislature deliberated during its 2021 session on the best use of SFRF resources and how to use those funds to both respond to the pandemic and position Oregon for the future. During the month of April, the Legislative Ways and Means Committee held virtual budget hearings across the state organized around the State's congressional districts to listen to Oregonians about how to best use both state funds and SFRF resources.

As a result of those meetings, and Legislative decisions, Oregon has a plan for how to either spend or obligate just over 80 percent of its SFRF resources over the next two years. The majority of the SFRF allocations were approved across multiple sections of House Bill 5006 (2021). House Bill 5006 was signed into law by Governor Brown on August 6, 2021.

Each year, the state of Oregon will produce a Recovery Plan Performance Report that will provide the federal government and the public with information on the projects and outcomes achieved through the use of SLFRF resources. The first report is due by August 31, 2021 and covers the period from the state's award date through July 31, 2021. For every year after 2021, the report will be due on July 31, and will cover expenditures from July 1 of the prior year through June 30 of the current year. With this approach, the state of Oregon will be reporting on a full year's worth of activities at the end of every July.

The state of Oregon received \$2,648,024,988.20 in State Fiscal Recovery Funds on July 23, 2021. Another \$124,175,790.00 was received by the state and is required to be distributed to Non-Entitlement Units of Government, as defined by the American Rescue Plan.

Because the state received its SFRF allocation only eight days before the end of the first reporting period, and the Legislation authorizing SFRF expenditures did not become law until August 6, 2021, Oregon does not have any actual expenditures to report for the period ending July 31, 2021. The remainder of this report will focus on the spending plan approved by the Legislature for the upcoming two years.

## Uses of Funds

While no expenditures have occurred to date, the Oregon Legislature allocated, and Governor Brown has approved, spending just over 80 percent of Oregon's \$2,648.0 million in SFRF resources during the next two years. The spending plan encompasses a wide range of activities ranging from public health interventions, economic supports, water/sewer investments and revenue replacement for state resources. After this plan, Oregon has approximately \$453.1 million in SFRF resources still available for future allocation.

- a. **Public Health (EC 1):** The SFRF spending plan approved by the Legislature includes roughly \$169 million for public health expenditures, primarily focused on improving the state's behavioral health system and improving the services and infection control within the long-term care system. In addition to the SFRF investments, the state is also investing an additional \$34 million in CDC federal funds to advance health equity in Oregon's COVID-19 responses, including increasing efforts to attract and retain a diverse workforce and expand culturally responsive contract tracing and wraparound services. Major components of the SFRF investments include:
  - Expanding the capacity and diversity of Oregon's behavioral health workforce (\$80 million). This investment focuses on two strategies. First, providing incentives to increase the recruitment and retention of providers in the behavioral health care workforce, especially focused on providers who are people of color, tribal members, or residents of rural areas who can provide culturally responsive behavioral health services. Second, the investment provides a grant program to assist individuals who have the necessary education but lack the supervised clinical experience to obtain a license.
  - Increasing statewide capacity of licensed residential facilities and housing serving people with behavioral health conditions (\$65 million). Approximately \$5 million of these investments are specifically targeted at directly reducing health inequities.
  - Investments to reduce the risk of transmitting infectious diseases in long term care facilities (\$14 million) including investments to improve air quality/HVAC systems, technology to facilitate virtual visits and telehealth, and reconfiguring rooms to reduce disease transmission.
  - Improving the skill level and training of workers in the long-term care sector (\$10 million).
- b. **Negative Economic Impacts (EC 2):** The SFRF spending plan approved by the Legislature includes roughly \$304 million in investments to address the negative economic impacts of COVID-19.
  - **Geographical Priorities (\$240 million).** All communities in Oregon have felt the economic impacts of COVID-19 and in this area the Legislature primarily allowed each specific region to identify the priority investments within their jurisdiction. These priorities were reported to their respective legislative representatives and then approved as a total package. In total, these geographical priorities represent about \$240 million in SFRF investments.
  - **Cultural and Community Organizations (\$50 million).** The legislature approved \$50 million in economic and revenue supports to cultural and community organizations throughout the state who have been hard hit by the pandemic's economic impact.

- Emergency Food Supply Stabilization (\$14 million). Emergency Food Bank organizations have seen dramatic increases in demand as a result of the pandemic. This investment will help stabilize those providers.
- c. Services to Disproportionately Impacted Communities (EC 3): The legislature did not dedicate specific SFRF resources to this category because there were significant other federal resources available for this purpose. In particular, the COVID-19 pandemic has had a significant impact on housing stability throughout the state. The legislature approved approximately \$302 million in additional federally funded expenditures in this area for the following:
- Housing Stabilization Programs (\$254 million)
  - Multifamily Rental Housing Programs (\$15.0 million) funded partially with higher than anticipated federal HOME Investment Partnership program receipts.
  - Home Ownership Assistance Funds (\$33 million)
- d. Premium Pay (EC 4): Oregon’s plan does not currently have specific Premium Pay incentives funded with SFRF resources.
- e. Water, sewer, and broadband infrastructure (EC 5): The SFRF plan approved by the Legislature included approximately \$316.2 million for water and sewer infrastructure investments. This category includes 58 individual projects to improve the water and sewer systems of local jurisdictions across the state. In addition to the SFRF investments, the legislature dedicated an additional \$120 million from the ARPA Capital Projects Fund specifically to improve broadband infrastructure across the state. When added together, these two funding streams represent a combined \$436.2 million in additional investments within this category.
- f. Revenue Replacement EC 6): The SFRF plan approved by the legislature included roughly \$1,403.9 million to help cover revenue replacement. These funds are primarily used to support public safety and state hospital expenditures, with a smaller amount used for various critical infrastructure projects.

**Promoting equitable outcomes**

One of the key objectives for Governor Brown during the 2021 legislative session was to keep equity at the center of every decision. Oregon has a long history of systemic racism, and the events of 2020 have laid bare the need for profound change. In the fall of 2020, Governor Brown convened the Racial Justice Council (RJC) to center the perspectives, backgrounds, and experiences of communities of color to advance transformational change. Together, the RJC developed a Racial Justice Action Plan, which influenced the state’s short, medium, and long-term goals to address structural racism – putting Oregon on a track to build a stronger, fairer, and more equitable Oregon where everyone can thrive. The RJC has centered, for the first time, the dismantling of systemic racism from our civic institutions at a statewide level, starting with advancing the RJC’s budget and policy recommendations.

The Council's recommendations have been organized into seven main categories

- Immigrant and Refugee Services
- Criminal Justice Reform and Police Accountability
- Housing and Homelessness
- Economic Opportunity
- Environmental Equity
- Education Recovery
- Health Equity

Through the advocacy of the RJC, and the leadership of Oregon's Black, Indigenous and People of Color (BIPOC) caucus of elected officials, significant investments were made in each of these categories during the 2021 legislative session. Because the work of ending racism will be a long process, there were extensive conversations of the best approach to ensure the long term sustainability of these initiatives. Many people were concerned that if these efforts were solely funded with one-time federal resources from the SFRF, those same programs could disappear once the federal SFRF resources was fully spent. Based on this concern, and the commitment of the Oregon legislature to invest in long term systemic change, in most cases the decision was made to invest the state's own resources in these efforts in order to lock them into the continuing base of state expenditures.

Some highlights of the investments made during the 2021 legislative session include:

- Expanding Homeownership Opportunities (\$22 million), increases funds to help provide pathways to homeownership for Black, Indigenous, Latino, Latina, Latinx, Asian, Pacific Islander, Native American and Tribal communities. This initiative also added co-ops and land trust models to Oregon's homeownership system.
- Access to Capital (\$20 million), expands access to capital for small businesses owned by communities of color, Tribal, and linguistically-diverse communities by investing in a loan loss reserve fund. This establishes a revolving loan fund for businesses participating in the Certification Office for Business Inclusion and Diversity (COBID) Program.
- Addressing racial and ethnic disparities and supporting student behavioral health in public schools (\$892 million), provides grants from the state Student Investment Account to every Oregon school district to implement community-informed plans to address racial disparities in educational opportunities and outcomes and to provide social, emotional and mental health supports for BIPOC students, tribal students, emerging bilingual students, students navigating poverty and homelessness, foster youth and other traditionally underserved students.
- Investing in community partnerships through Statewide Equity Initiatives (\$23 million), funds statewide student success plan grants for African/Black students and American Indian/Alaska Native students, provides investment in the new Latino/a/x Student Success Plan, and provides for a new LGBTQ2SIA+ Student Success Plan.
- Accelerating statewide progress toward achieving the goals of the Educator Equity Act (\$31 million), provides resources to expand school district and higher education

partnerships, including grow your own programs, for the recruitment, preparation and retention of teachers and school administrators of color.

- Cover All People (\$100 million), expands Oregon Health Plan-like health care coverage to undocumented adults, DACA recipients, legal permanent residents, and young adults who age out of Cover All Kids.
- Data Justice Act (\$18 million), requires coordinated care organizations, health care providers, and health insurers, to collect data on race, ethnicity, preferred spoken and written languages, disability status, sexual orientation, and gender identity.
- Behavioral Health Workforce Diversification (\$80 million), provides incentives to increase recruitment and retention of the mental health workforce, including pipeline development, scholarships for undergraduates and stipends for graduate students, loan repayments and retention activities. This specifically addresses incentives for culturally responsive behavioral health services.
- Community Behavioral Health Services (\$10 million), establishes peer run and community-based services that ensure access to culturally specific and culturally responsive behavioral health services for people of color, tribal communities and people with lived experience, medical reimbursement for tribal-based practices, and start-up funding for behavioral health treatment programs that provide integrated co-occurring disorder treatment.

These investments are simply a highlight of some of the investments approved by the Oregon Legislature. In addition, during the 2021 legislative session the role of the RJC was codified to provide a forum for continued accountability in Oregon's efforts to end racism. As mentioned above, these investments are not simply funded with one time SFRF resources, but instead are mainly focused on long term sustainable change in how services are delivered to Oregonians.

## **Community Engagement**

In developing its plan to allocate SFRF resources over the coming two years, the Legislature engaged stakeholder and constituent groups in a variety of ways to gather a diverse set of ideas. At the same time ARPA was being approved by Congress, state legislatures were forced to shift from historical public hearing formats to new ways of gathering public input. Public hearings themselves moved to virtual formats, which allowed a new segment of the population to attend and provide input into the decision-making process. In many ways, people who were historically unable to travel to the state capitol to provide public input found the new process more accessible and less intimidating. Witnesses throughout the session commented the new format allowed them to overcome both the limitations of physical travel to the state capitol and the emotional trauma some feel from being forced to speak publicly about issues they cared about deeply. In addition to the virtual hearings, the expanded use of electronic written testimony was allowed for those who chose not to appear virtually. Historical advocacy and stakeholder groups continued to have access to their elected officials, but a new group of individuals and organizations were able to access the process as well.

Specific to the use of SFRF resources, the legislature also held virtual budget hearings across the state organized by congressional district to gather regional input on the state budget. Each of these virtual regional meetings was highly attended and input was provided on specific

regional priorities, as well as statewide initiatives for the use of SFRF resources. In addition, Governor Brown’s office held meetings around the state through her regional solutions teams, made up of local public officials, non-profits and businesses to identify priorities in Oregon’s eight regions as well as with the Racial Justice Council’s Committees mentioned above.

**Labor Practices**

Oregon already has an established history of strong labor standards. Building on this existing framework, the Oregon legislature added specific requirements for capital improvement projects related to water, sewer, broadband and transportation with an estimated project cost of at least \$10 million and that are funded with at least \$750,000 in ARPA funds. These additional requirements include:

- Project Labor Agreements that at a minimum provide for payment of wages at or above the prevailing rate of wage;
- Employment of apprentices to perform 15 percent of the work hours that workers in apprenticeable occupations perform under the contract;
- Establishment and execution of a plan for outreach, recruitment and retention of women, people of color and veterans to perform work under the contract; and
- Require any subcontractor engaged by the contractor to also abide by these requirements.

These specific requirements were included in House Bill 3011 (2021). The measure provides exemptions under certain circumstances, but the intent is to promote effective projects while at the same time creating strong employment opportunities for workers with the transition through the COVID-19 pandemic. By investing in apprenticeships and expanding women, BIPOC owned and veteran owned businesses, Oregon is positioning the workforce for continued growth in the future.

**Use of Evidence**

Many of the projects approved by the legislature as part of Oregon’s SFRF plan are based on preliminary evidence that supports the conclusion the program implementation will achieve the desired outcome. While the projects in the overall plan have been approved, these projects are still at the planning stage and will be more fully developed as the state goes through the process of executing grant agreements with the various grantees approved by the Legislature. Through the grant agreement process, the specifics on how data will be collected by the grantee and used for program evaluation will be more fully developed. Because Oregon does not yet have executed agreements, Oregon does not have specific data to present on the use of evidence for the reporting period ending July 31, 2021.



## **Table of Expenses by Expenditure Category**

Because Oregon has no expenditures for the reporting period from the award date through July 31, 2021, there is no expenditure data to report in the Expenses by Expenditure Category Table. Expenditures are anticipated to begin in August 2021 with Transfers to Non-entitlement Units (Expenditure Category 7.4) and then increase for other grantees after that time.

### Project Inventory

As mentioned above, Oregon does not have any expenditures for the reporting period from the award date through July 31, 2021. In addition, Oregon is in the process of gathering detailed project descriptions that will be used to execute subrecipient and beneficiaries agreements with the various grantees approved by the Legislature. These agreements and the information contained within them will be the basis of the Project Inventory Oregon will use for future Performance Reports. At this time, Oregon has no projects to include for the reporting period ending July 31, 2021.

### Performance Report

Because Oregon has no program expenditures for the reporting period ending July 31, 2021, there are no key project performance indicators to report during this reporting period.

### Ineligible Activities: Tax Offset Provision (States and territories only)

Oregon has no Tax Offset Provisions to report for the reporting period ending July 31, 2021.