



Goals:

- To provide FT leaders and base with information about how the Oregon budget works
- To lay out the process that the legislature uses to approve the budget and how FT supporters can weigh in
- To set the idea that the state of OR budget is a values document that establishes the priorities of our state.

Content	Format	Time Allotted
1. Introductions	Presentation	10 minutes
2. Spending	Worksheet, presentation, large group discussion, fact tour	40 minutes
3. Revenue		50 minutes
4. Process & Action	Pairs and postcard writing	20 minutes
Total Time		2 hours

Materials:

- Flip chart & Markers
- Pre and Post Test
- Bags of 50 beans. 4 different types of beans are needed (*see trainer note in Section 2: Spending*)
- What do I want to fund handout

- PERS fact wall printouts
- Oregon budget steps
- Glossary of Terms HO

1. Introduction and Overview

ASK: Has everyone completed their pretest before we get started?

SAY, Slide 1: Today, we are doing a workshop about how the budget works for the State of Oregon and how it does and doesn't work for our families. Forward Together believes that the state budget is critical to ensuring our families can thrive.

So in our workshop today, we're going to do three things:

- Break down the budget and revenue that fund the key programs we all use
- Explore how the budget is a reflection of what our state values and invests in
- Explore the timing of how the budget gets approved and how we can all weigh in to make sure our families can get the resources we need

Group Intros: Name, pronoun, what is one question you have about the budget?

SAY: No one knows everything and together we know a lot. And there are going to be some questions today that we can't answer because we collectively don't know. The Oregon state budget is confusing, the funding comes from lots of places, and there are literally billions of details. Let's keep a parking lot over here (label a piece of paper Parking Lot) and make sure we lift questions that folks have where we don't know the answers. These are good questions to research later or to know that you want to get more info on!

Forward Together also wants to thank a number of organizations that helped us in the development of this workshop, including: Oregon Center for Public Policy, Oregon Food Bank, and our allies in the labor movement in Oregon.

2. Spending

ASK: What is one really important thing that is paid for by state government that you, your family or your community use? (flip chart the list). *Trainer Note: The goal is to get folks to brainstorm big picture expenses. You don't need to know if something is paid for by County, City or State.*

SAY: We're going to move on to talk about how the state spends the taxes that it collects. The Oregon state government has a bunch of programs that make huge differences for families. We're going to do a quick activity. I'm handing out a list of 10 programs currently funded through our state budget and a bag of 50 beans. Based on your personal priorities and what your family needs I want you to decide what number of beans from the Oregon state budget you think should go to each one of these kinds of services.

Trainer note: Each bag should have 50 beans total. 22 beans of type 1, 14 beans of type 2, 13 beans of type 3, and 1 bean of type 4. The beans mirror the revenue streams in the next part of the workshop, but for this section, all that matters is folks have a visual to see how many beans they have spent and that they keep them organized into piles/programs when they are done.

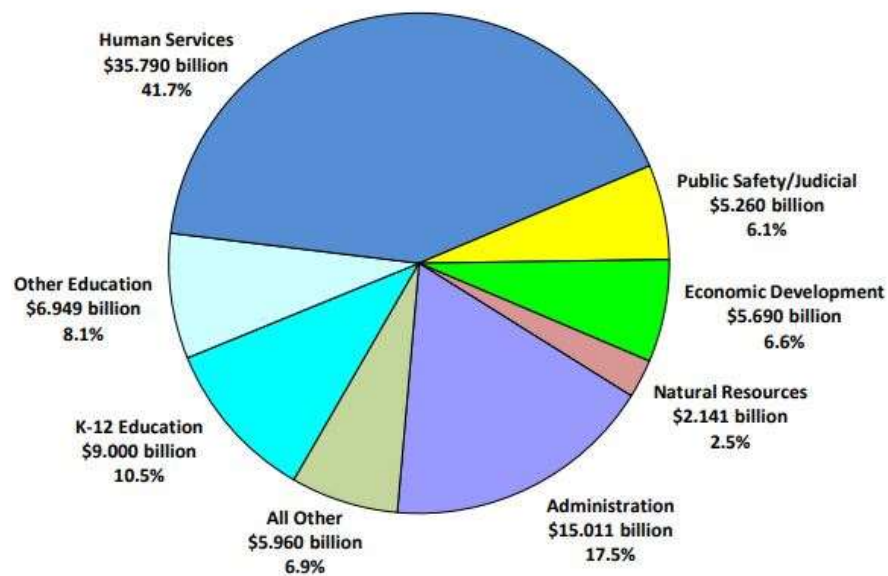
(Give people up to six minutes to complete the worksheet or use **Slide 3**)

ASK: Is there a person that would like to share what program you wanted the biggest portion of your beans to go to? *Trainer note: ask for a few examples, if it seems like there's alignment ask people by a show of hands to establish the top vote-getter.*

SAY: Please keep your beans and your paper off to the side, and don't mix them up with anyone else's. In this room, we have a lot of alignment that the programs that matter are the services that support our families. And you could see how the Oregon budget is actually an expression of what we as a state value. Let's take a look at the 2019-2021 budget¹ that was approved by the state legislature.

2019-21 Legislatively Adopted Budget Total Funds = \$85.800 Billion

9.9% Increase from 2017-19 Approved Budget



(Draw a flipchart with the following figures in a pie chart combine all education spending, and administration plus all other or use **Slide 4**).

SAY: Let's get into the nitty-gritty, we're going to break you up into pairs and have you brainstorm all the things we think might be covered in these areas of the state budget.

Give pairs or groups of three a section of the budget and asked them to brainstorm up to five things they think get funded in this area of the budget.

Debrief points to cover during discussion (*Trainer Note: select a few examples, don't go thru all!*):

- Education Funding includes:²
 - **SAY: We spend 18% of the state budget on K-12 + college education.**
 - all pre K-12 grade education for 570,000 Oregon children in 197 school districts,
 - the Oregon state school for the deaf,
 - education services at youth correctional facilities and detention centers,

¹ <https://www.oregonlegislature.gov/lfo/Documents/2019-21%20Budget%20Highlights.pdf>

² [2017-2019 Governor's Budget](#), State of Oregon, OR Dept of Administrative Services.

- special education,
- educational programs for children of low income families,
- the Oregon Opportunity Grant (the state need-based student financial aid program),
- public universities and community colleges, the Oregon Department of Education
- Human Services Funding includes:
 - the Oregon Health Authority, including
 - funding for the Oregon Health Plan which ensures more than one in four Oregonians,
 - child safety services (foster care program) which serves more than 11,000 children annually,
 - supplemental nutrition assistance program,
 - vocational rehabilitation that serves Oregonians with disabilities,
 - aging and people with disabilities program, the refugee and youth programs, the Oregon State Hospital,
 - Cover All Kids, the health insurance program that covers low income Oregonians and their families regardless of immigration status,
 - health insurance for 138,000 Oregon public employees and their families,
 - 34 public health departments across the state.
- Natural Resources Programs include:
 - Food Safety and Consumer Protection
 - Oregon Department of Environmental Quality leads efforts to restore, enhance and maintain Oregon's land, water, and air. Administers the Clean Water and Clean Air Act
 - Management of inland fisheries and Marine and Columbia River Fisheries that protect and manage indigenous fish species
 - Wildlife Management, Habitat Resources and Conservation Divisions that manage wildlife species to prevent serious depletion and provide optimum recreational benefit
- Economic and Community Development Programs include:
 - Oregon Cultural Trust to promote arts, humanities, and history + the Arts Commission
 - Unemployment Insurance Division, which provides wage replacement income to workers who are unemployed
 - Housing Stabilization Program which helps low-income Oregonians access safe, stable and affordable housing
- Public safety agencies:
 - the Oregon Youth Authority, which cares for 600 youth ages 12-25 who were convicted of a crime while under 18
 - managing Oregon's approximately 14,750 incarcerated adults in prison including their healthcare
 - the Oregon State police
 - managing over 32,000 people in post prison supervision or parole
 - funding for 36 district attorney offices in Oregon
 - Crime Victims Services, including the Crime Victim Compensation program

SAY: We're going to look at one last thing before we talk about how the state budget gets made.

ASK: How many Oregonians are over 65?

More than 1 in 5 Oregonians (21%) are expected to be 65 or older by 2028. ³

³ [Oregon should better target tax breaks for seniors](#), OCPP, June 29, 2019

ASK: Do you think older men and older women in Oregon have similar incomes?

The median income of older persons in 2016 was \$31,618 for men and \$18,380 for women.⁴

ASK: Why not? Institutional sexism. Women make less in general - and when it comes to retirement income, women really suffer because the time they take from the workforce to do the work of caring - like elder care, childcare and other family care - isn't valued or paid for. This inequity plays out systemically in Social Security benefits, where elderly women receive far less than their male counterparts.

ASK: Something we often hear about in relation to the Oregon state budget is PERS, the public employee retirement system. We could do a whole workshop on PERS alone! But we want to bust up some of the myths and lies that Oregonians are being told. **ASK:** What is a pension?

Trainer Note: If people are unfamiliar with pensions – define them. A traditional pension plan is a pooled retirement plan that offers a predictable, defined, monthly benefit in retirement. A pension provides retired workers with a steady income stream that is guaranteed for the remainder of the retiree's life. Pensions ensure America's seniors have income security.

SAY: We're going to get up and take a tour in pairs of some facts about PERS. With your partner, read and discuss the facts. What comes up for you? What is new information? What are some of the myths and lies we've been told that these facts address?

Give pairs 10 minutes to read. When the group comes back, facilitate a large group discussion about what folks saw.

Make the following debrief notes during discussion:

- ✓ Attacks on unions and public employees have been driven by the same folks who deny climate change, attack LGBTQ folks, oppose affirmative action, and don't believe we should be able to make decisions about when and if we have children.
- ✓ The narrative we see across the country around public employees and pensions is being driven by corporate elites that don't want to pay more in taxes.
- ✓ Because of the 2008 housing crisis and recession, we've seen investment losses for PERS money. Like all retirement accounts, most earnings don't come from employee or employer contributions but come from investments. 75% of PERS \$ comes from investments.
- ✓ State and local governments have historically provided more employment and advancement opportunities for women and Black workers in than the private sector. Because of policies like affirmative action combined with anti-discrimination policies, folks working for our federal, state of Oregon, and local government staff are more diverse than the private sector and earn more!⁵
- ✓ Research shows that teachers become more effective with experience. When midcareer teachers are replaced by inexperienced teachers, productivity drops across the school. Pensions gives schools an effective way to retain experienced teachers.⁶

⁴ [2017 Profile of Older Americans](#). Administration for Community Living, US Department of Health and Human Services.

⁵ "The public-sector jobs crisis: Women and African Americans hit hardest by job losses in state and local governments," Economic Policy Institute Briefing Paper 339, 2012.

⁶ [Snapshot: Oregon Public Employee Retirement System](#), AARP in the States, 2018.

ASK: So, what did we learn about Oregon's budget? (brainstorm and flip chart or use Slide 6)

- Services to support the most vulnerable Oregonians make up over 40% of Oregon's budget. Oregon Health Plan and Education are the top 2 places we spend.
 - We spend 18% of the state budget on K-12 + college education.
 - Education dollars pay for teachers and staff, bc that's what public schools are.
- The state budget supports the workforce of our state – it supports people
 - The business community has seized on this to demonize public employees.
- We value public service. Retirement benefits for public employees help keep experienced teachers, firefighters and cops at their jobs.

3. Revenue

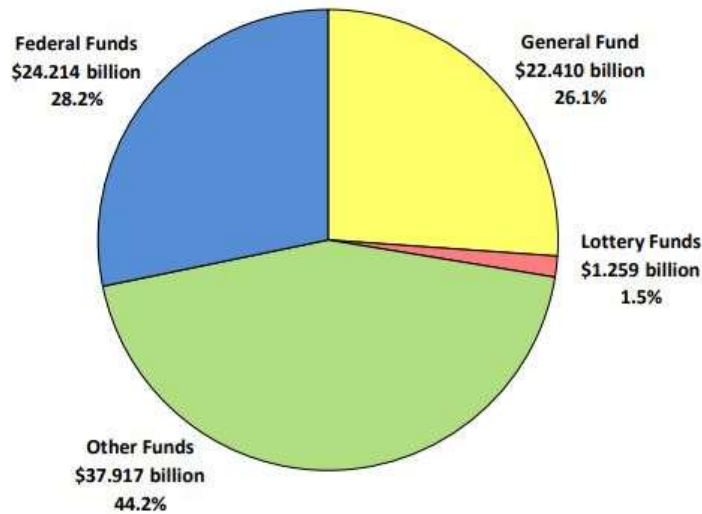
ASK: How does the state of Oregon bring in the money we use to fund services and programs? Answer: Taxes and the federal government!

SAY, Slide 7: The state receives money from a variety of sources which are grouped into funds. These funds are known as the General Fund, Lottery Fund, Other Funds and Federal Funds: (flip chart the following: Sources of Oregon's budget^{7, 8}):

- General Fund: Taxes from Oregonians and Oregon businesses (26.1% of the budget comes from General Fund)
 - These are your Black Beans – and they are your most flexible beans and can fund anything on this list.
- Other Funds: highway taxes, employment taxes, tuition. State law says most of the stuff in Other Funds has to pay for specific state services or programs (44.2% of funds come from Other Funds)
 - For example, Highway Taxes: Money raised from sources like vehicle licenses and fuel taxes – can only be used on constructing, improving or repairing public streets, roads and highways. It couldn't be used on education, for example.
 - Your Black Eyed Peas are your Other Funds money. These beans come from specific places like tuition at state schools, or highway taxes, so they can only be spent on those things. I don't have any on this list, so take them off out of the way.
 - **From the Quiz:** We get the most money in our state budget from Other Taxes – and these dollars have restrictions on what we can spend them on.
- Federal funds: money the federal government gives to specific programs or services. Most federal funds are matching money, so if the state removes its general fund dollars from a matched program the federal government holds back its matching funds. (28.2% of the state budget comes from Federal government)
 - Your Brown Speckly beans (aka Pinto Beans) are federal dollars. They can only be used for federal programs. So you can use them on Oregon Health Plan, or the Pell Grant, or K12 Education. You can't use them for any other programs that are on this list. So replace those other fund beans with federal fund beans if you ha them in OHP, Pell or K-12 Ed.
- Lottery funds: lottery dollars are often dedicated to specific purposes like county economic development, the parks and natural resources fund, and treatment of gambling addiction. (1.5% of funds come from Lottery)
 - Your Lottery Dollars are that single Kidney Bean you have. On this list, it can only be used for addiction programs.

⁷ https://www.oregon.gov/transparency/Pages/revenue.aspx#Money_Coming_In:_Revenue

⁸ [Budget Highlights Update 2017-2019](#), Legislative Fiscal Office, March 2018, Page 1.



SAY: Bottom line, all this money coming in is money the state of Oregon can use to fund programs and services, *but* there are restrictions on how some of it gets used that complicates what money is available to spend.

ASK: Where do we have the most flexibility with these four groups of beans? The General Fund, so let's take a closer look at the General Fund.

ASK: What kind of taxes do we collect in Oregon? (As folks share their answers, ask them what percent of the states revenue comes from these sources).

Slide 8/Have a flip chart ready with this pie chart (title of flipchart, Tax Revenue Before Student Success Act⁹):

- personal income taxes, 89%
- corporate income taxes, 5%
- all other taxes + lottery, 5%

ASK: What do you notice about this picture?

SAY: It's upside down! In Oregon, prior to 2019, the vast majority of our state's income was coming from income taxes on how much people make at their job. Before the passage of the Student Success Act, Oregon asked less of businesses than almost any other state! The General Fund – which is 26% of our overall budget - is our most flexible pool of funding and it personal income taxes makes up the vast majority of that Fund.

ASK: So looking at these kinds of taxes, I gotta ask: where do you think race fits in? Is tax policy race neutral? As a racial justice organization, we always look at our work with a race lens and other lenses. Looking at these kinds of taxes, where do you see race fitting in? (*Take a couple of comments*)

⁹ [Governor's Budget](#) 2019-2021, State of Oregon, Page 321.

SLIDE 9/Race and Taxes:

1. *Race has been baked into tax policy since the beginning of Oregon's history.* "Each and every negro, chinaman, kanaka, and mulatto residing within the limits of this state, shall pay an annual poll-tax of five dollars" (\$5 dollars then would be about \$150 today). Those unable to pay had to perform road maintenance. Again, this was only of several exclusionary laws that the Oregon Territory and the State of Oregon enacted.
2. *Tax policies were developed to reinforce white supremacy.* Major tax policies were developed in order to codify white supremacy. For example, the first property tax limit in Alabama passed in 1875 as a way to protect white property owners from the possibility that black Alabamians could return to power and increase property tax rates to fund education and other services. Or look at Mississippi's establishment of the first modern sales tax in 1932. Instituting a sales tax allowed the state to lower property taxes on mostly white property owners while increasing taxes paid by black households that own little or no property at the time.
3. *Today, tax policies benefit white Oregonians even when race isn't mentioned.* For example, the Mortgage Interest Deduction only offers a tax break to homeowners, not renters. Because of the way it is structured, the biggest tax benefits go to the most well-off homeowners – the exact folks who need the least help. This deduction also costs the state of Oregon about \$1 billion per budget period. That's a \$1B that could support services like healthcare and schools in Oregon, but that we don't collect because we have this deduction in place that benefits wealthy white folks the most.

ASK: So how was the bean exercise? To know that you only have 50 beans to spend? Did anyone feel like they had to hoard their beans?

SAY: Yes! Because this is how our tax system is set up! What if the question we got to ask wasn't about how to split up the beans we have, but how to get more beans into the pot? 20 years ago, corporate taxes in Oregon were closer to 20% of this revenue pot, but it fell to 5% before the Student Success Act passed.

ASK: How do we get more beans to the table? How do we pass new taxes?

Flip chart the following/Slide 10: Raising Revenue in Oregon

1. Oregon Legislature passes a bill to increase revenue:



2. Oregon voters support a ballot measure to raise revenue (draw a ballot box)

Slide 10/SAY: There are two ways to increase revenue: Oregonians vote on it as a ballot measure or the State Legislature votes on it. To pass a bill that raises revenue, 3/5ths of the Oregon Senate and 3/5ths

of the Oregon House have to vote to approve it. There are 60 members of the house, so a supermajority is 36 votes. There are 30 members of the Senate, so there need to be 18 yes votes to pass it. The point of this is to actually make it harder to pass new taxes or raise taxes. It is a major obstacle to raising enough money to fund all the services that people need.

If a bill can get all the votes it needs to pass both chambers, then it heads to the Governor's desk. When she signs it, the Department of Revenue, the state agency that collects taxes, can start implementing the new tax. Once the money comes in, it can be used in the subsequent budget to pay for services.

Let's be clear – the super majority requirement has its roots in post-Reconstruction Mississippi. After the Civil War, wealthy white landowners demanded and won a constitutional requirement for a 3/5 vote in both Houses for all state tax increases so that they could hold the financial purse strings in a state where Black voters would outnumbered white voters. So the supermajority requirement must be understood as one of the policies that wealthy white plantation owners used to preserve their privilege. Fast forward 100 years to Oregon, and the super majority requirement passed in the late 1990s, and the outcome of our super majority requirement in OR is that we can't raise revenue in the ways we need.

One of the big kinds of taxes that is missing from the picture in Oregon is property taxes. In 2016, for example, Oregon got only 0.2% of its state budget from property taxes while, Washington got 9.3% of its money from property taxes!¹⁰

ASK: Why?

Slide 11/SAY: Oregon has three property tax limits that were approved by voters in the 1990s that haunt us today. (Flipchart the following): The fix is in: Property Tax in Oregon
Ballot measure 5 (1990) – limited property tax to 1.5% of value
Ballot measure 47 (1996) – capped annual growth for property tax at 3%
Ballot measure 50 (1997) – 10% rollback of assessments on residential properties

(If using power point) Before we dig into what these measures did, take a close look at the folks that were behind these measures.

ASK: What do you notice? It's a bunch of white guys! The folks behind these ballot measures that have hurt generations of Oregonians were anti-tax and anti-union leaders who wanted to use Oregon as a testing ground for conservative fiscal policy. They wanted to starve the state of resources—and they were successful in creating a huge crisis in funding for our schools and social services.

Before Ballot Measure 5, local property taxes paid for roughly 70% of each school districts operating costs, with 30% coming from the state of Oregon. Today, it's the reverse, with State General Fund dollars making up nearly 70% of the operating funds for schools.¹¹

ASK: What impact did Measure 5 have on Oregon schools? What did you see happen to Oregon schools?

- A school year that is dramatically shorter than other states. By 2003, Hillsboro schools had cut 17 days of instruction from the school year.¹²

¹⁰ https://ballotpedia.org/Oregon_state_budget_and_finances

¹¹ [Recent History of Oregon's Property Tax System](#), by Tom Linhares, December 2011.

¹² [What the sad legacy of Measure 5 says about us](#), Hillsboro Argus January 2013

- Class sizes grew to be amongst the largest in the country
- Schools lost critical programs and staff from librarians to music to mental health counselors
- Over 20 years since the passage of Measure 5, and Oregon's high school graduation rate fell to one of the lowest in the country.

Background on ballot measures if needed:

Ballot Measure 5, enacted in 1990, limited the property tax rate at 1.5% of assessed value and required the state to replace lost revenue to schools, education services, and community colleges. Measures 47 and 50, enacted in 1996 and 1997, capped annual growth in total assessed value to 3% and required a 10% rollback of assessments for residential property.¹³

Because Oregon's property tax limits do not reset when a property is sold, similarly valued homes can have drastically different property tax rates. The problem is especially acute in the Portland area, where properties in fast price-appreciating neighborhoods pay lower taxes — relative to actual market value — than those in slower-appreciating neighborhoods.

ASK: That's what happened to our schools. Something else happened to neighborhoods in N/NE Portland starting in the 1990s and after the passage of Measure 5 — what was it?

Gentrification. In 2000, there were 10 census tracts in N/NE Portland that were majority people of color, by 2010, all had become majority white.¹⁴ Gentrification happens for a lot of reasons — and the property tax ballot measures from the 1990s helped it happen.

When Oregon disconnected property taxes from a home's real market value and moved to the artificial system of "assessed value," it was during a time when home values in communities of color were depressed. So the property tax got frozen at this depressed level. When wealthier white residents began moving into these areas -- displacing long-term residents in the process --- they not only bought homes on the cheap, they also locked in relatively low property taxes as a result of these ballot measures. Years later, the real market value of these properties have soared, yet the assessed value formula keeps gentrifiers property taxes artificially low -- much lower than other properties that fetch a similar price.

ASK: We should cover one last thing about Oregon's revenue system. Does anyone know what the kicker is?

SAY: The Oregon Constitution requires the governor to provide an estimate of biennial General Fund revenues. In 1979, the state legislature passed a law that unanticipated tax revenue should get "kicked back" to taxpayers if revenue comes in 2% or more above what state economists forecast two years prior. The problem is the kicker is not a result of taxpayers overpaying their taxes. Instead, it's a forecasting error.

And, by making it more difficult for the State of Oregon to save for a recession — like the big economic downturn when the housing market crashed in 2008 - the kicker puts important public services like

¹³ <https://www.cbpp.org/research/state-budget-and-tax/state-limits-on-property-taxes-hamstring-local-services-and-should-be>

¹⁴ [Lessons Learned? What Portland leaders — did and didn't do — as people of color were forced to the fringes.](#) By Nikole Hannah-Jones. The Oregonian. May 1, 2011

education, public safety, health care, and public employee retirements at risk during economic downturns.

SLIDE 12/ASK: Also, guess who benefits the most from the kicker? (**Slide 7:** take answers/guesses and then flip chart the following chart. If pressed for time, just include Top 1% and First 20%)



Income Group	Adjusted Gross Income*	Rough Estimate of Kicker Size**
Bottom 20%	< \$11,700	\$28
Second 20%	\$11,700 - \$27,500	\$169
Middle 20%	\$27,500 - \$49,700	\$373
Fourth 20%	\$49,700 - \$90,500	\$679
Next 15%	\$90,500 - \$184,500	\$1,379
Next 4%	\$184,500 - \$418,500	\$3,248
Top 1%	> \$418,500	\$15,214
Average	\$64,300	\$739
Median	\$37,000-\$38,000	\$346

* Based on 2017 actual tax returns. ** Based on 2017 actual tax returns. PIT kicker amount (\$1.57 billion) and the Oregon Office of Economic Analysis' forecast for tax liability in 2018

Remember your pre-workshop quiz? In 2019, the individual tax cuts for members of the top 1% will average over \$15,214, and meanwhile the poorest 20% of Oregonians will get kicker of \$28.¹⁵

Slide 13/SAY: So, what are our takeaways on revenue? (Take brainstorm). Flip chart title, Take aways on Revenue (flip chart bold headlines only)

1. **Many sources of income.** Oregon's state budget comes from a lot of places including: income tax, corporate tax, lottery funds, and federal dollars. The biggest source of funds for Oregon come from Other Taxes, which are program defined funds that can't be used for other purposes.
2. **Historically, our tax structure emphasized Oregon families, while giving corporations a free pass.** For most of the past thirty years, Oregon's tax system has over relied on Oregon families and under relied on taxes from corporations. This changed with the Student Success Act!
3. **The current limits on property taxes benefit gentrifying neighborhoods.** This benefits those gentrifying our communities.
4. **We can only spend what we have.** The state of Oregon can only spend the money it raises, we cannot spend more than they have and go into debt. It's like a household budget. You can only spend the money that you make, and if you want to buy more things, you have to either earn more money, or get a side hustle. The State of Oregon can't do deficit spending, they can't put anything on a credit card, get a loan from the bank, borrow from other states, or get a loan from check cashing business.
5. **The Kicker kicks our asses.** The Kicker benefits the top 1%, and prevents us for being able to stabilize the budget.
6. **The system has been set up this way.** How states make money and fund programs isn't neutral or colorblind! Conservative and corporate interests used the political process to pass laws that

¹⁵ [Oregon Kicker: Taxpayers set to get a \\$1.6 billion rebate next year](#). By Hillary Borrud. The Oregonian, August 28, 2019.

allowed them to avoid paying their fair share of taxes and to decrease funding for investments that support our communities. The good news: we can also use that process to change how the system works, so that our families and communities benefit.

4. The process

SAY: The final part of this workshop is digging into how Oregon's budget gets made. I'm going to hand you a few pieces of paper, on which are the steps of how the Oregon budget gets made. With your partner I want you to put them in order.

Flipchart in advance: Slide 14 / Steps in Oregon budget process

1. Agencies send budget requests to Governor
2. Governor creates a recommended budget
3. Revenue and economic forecasts
4. Co-chairs develop budget
5. Subcommittee hearing
6. Community budget hearing
7. Floor vote
8. Signed by Governor
9. Money allocated to agency

SLIDE 15 / SAY: The governor releases her budget. Eventually, the legislative budget makers come up with their own version of a recommended budget, but first they get a revenue and economic forecast from state economists, who approximate for them how much money they will have to spend.

There are different subcommittees of the budget committee that work on different issues. One for human services, one for education, one for public safety, and so on. Those sub committees meet over months and hear testimony from the public and experts about how money has been spent in the past and what they should spend it on in the next budget.

There are also community budget hearings, where the budget committee travels to communities around the state so that people who can't travel to Salem can also have an opportunity to weigh in on funding priorities.

After hearing all this input, budgets are voted out of committees and sent to the House and Senate floors for a vote. Once they pass, they head to the Gov's desk where she can sign the budgets. Then, when the new budget cycle begins, the money is allocated to the agencies who do the work of providing services.

Lastly, the budget gets approved every two years by the legislature. But the money the state collects in taxes fluctuates, so we might end up with a little bit more or a little bit less in the budget. Budget sessions of the state legislature give legislators the opportunity to make adjustments. 2020 is a short session and the legislature will be making adjustments to the budget this year based on the revenue forecast bringing in more money than was budgeted.

ASK: Where can the voices of Oregonians influence this process?

SAY: Everywhere! The budget process is a public process and a democratic process. So the budget can be influenced by attending hearings, writing letters or testimonies to public officials that can be

submitted to the public record, lobby days in Salem, attending in-district town halls if your legislator has them, or being a member of a group or a constituency base who has a presence in Salem.

We know though, that there's a lot about this "public process" that is frankly inaccessible. The hearings primarily take place in Salem, during the work day, which means that lobbyists have access to them, but regular working people do not, especially if they don't live in Salem or don't have the means to travel to Salem. In recent years, the budget committee has gone on the road to hold hearings in other parts of the state to improve equal access, but those hearings only last 2-3 hours.

ACTION: That's why we're going to take action tonight to support our families and the Oregon budget.

Flipchart: Priorities for Oregon state budget

- Reinstatement of \$400,000 in funding to the Family Preservation Program. The Family Preservation Project connects more than 400 women at Coffee Creek Correctional Facility with their children, providing supervised visits, parent coaching, resource centers and post-prison support.
- No cuts to public employees retirement benefits

Make sure to put your full address on your post card, we will find your legislator based on your address, and that will help us deliver it to the right person in Salem.

Handout post-test as people turn in their postcards (and send them to Kalpana@forwardtogether.org)

What do I want to fund?

Below is a list of 10 programs and departments funded by the state of Oregon. You also have 50 beans. You get to decide where the beans/money goes! *No borrowing beans from anyone else, use the beans you have.*

_____ K-12 education for 570,000 Oregon kids

_____ Funding for the Oregon Opportunity Grant, our largest state-funded, need-based grant program for college that serves approximately 40,000 students

_____ Addiction treatment services for the nearly 1 in 10 Oregonians who struggle with alcohol or drug addiction

_____ Operating prisons that hold nearly 15,000 Oregonians

_____ Funding to operate 256 state parks, visited by more than 50 million people per year

_____ Foster care system that serves nearly 11,000 children

_____ Financial counseling services for 1,500 Oregon households to mediate with their lender and avoid foreclosure

_____ Consumer Protection Department, including a hotline that fields 50K calls to help recover money from companies that break the law

_____ Funding to run 36 county District Attorney's offices across the state and victim's services

_____ Oregon Health Plan, which covers health insurance for 1 in 4 Oregonians

Oregon's PERS system is the retirement security for teachers, firefighters, nurses, child welfare workers and tens of thousands of Oregonians working today in every single community in our state. There are total of 367,853 employees covered.¹⁶

There are 904 state agencies, universities, community colleges, school districts and almost all city, county and local government unit that participate in PERS. 296 School Districts, 499 Local Governments, and 109 State Agencies.¹⁷

¹⁶ [Oregon PERS By the Numbers](#), Updated October 2018, Page 6.

¹⁷ [Oregon PERS By the Numbers](#), Updated October 2018, Page 6.

The promise of a secure retirement allows school districts, fire departments and police, and health clinics make up for below-market salaries to recruit and retain a qualified public workforce.

Research shows that public school teachers in Oregon earn 22% less than workers in the private sector with similar levels of education and experience. Even if we add in benefits + PERS, public school teachers are still paid 9% less.¹⁸

¹⁸ <https://www.ocpp.org/2018/09/18/rpt20180918-oregon-teachers-are-underpaid/>

PERS is a good deal for Oregon taxpayers, because it's an economically efficient way to fund an adequate retirement.

By pooling and professionally managing assets, public employee plans are able to achieve economies of scale. Research has found that a group pension can achieve a target retirement benefit at about half the cost of an individual person's 401(k) plan.¹⁹

¹⁹ [National Institute on Retirement Security](#)

Oregon PERS is one of the most financially stable public retirement programs in the country.

We made changes a decade ago to PERS and those changes will keep working over time.

The legislature has the power to adjust the payment period for the “debt” that we have in the next 20 years for the generation of PERS employees who will retire in the next 5-10 years. By adjusting the period from 20 to 30 years, we would solve the fiscal issues we face.

The Koch Brothers and other wealthy conservatives are funding organizations in the Pacific NW that are spreading disinformation about public employees and unions.

The same Koch brothers also fund the Cato Institute that denies climate change; the Heritage Foundation, which opposes LGBTQ rights and abortion; and American for Prosperity Foundation, which helped to fund the Tea Party movement.

Nationally, women are 60% of state and local government workforces (vs 47% in the private sector).

Black Americans comprise a higher share of the state and local workforce compared to the private sector (13% public versus 10% private).²⁰

The public sector has also been a source of higher paying jobs for Black employees: Black women in the public sector earned 25% more than Black women in the workforce as a whole.²¹

²⁰ The public-sector jobs crisis: Women and African Americans hit hardest by job losses in state and local governments," Economic Policy Institute Briefing Paper 339, 2012.

²¹ "Black Workers and the Public Sector," UC Berkeley Labor Center, April 4, 2011.

65% of PERS retirees will get an annual benefit of \$36,000 or less (around 94,000 people in PERS).

28% will get between \$36K-\$72K/year.

Less than 7% get more.²²

And, public employees make less than their private sector counterparts throughout their time in public service.

²² [Oregon PERS By the Numbers](#), Updated October 2018, Page 6.

Oregon Budget Steps

(cut the following steps out, mix them up, and give them to participants)

Governor creates a recommended budget

Revenue and economic forecasts

Co-chairs develop budget

Subcommittee hearing

Community budget hearing

Floor vote

Agencies submit budget request to Gov.

Signed by Governor

Money allocated to agency

Pre Test: Oregon Budget Workshop

Thanks for coming to our workshop! Answer these quick questions before we get started, and will ask them again at the end to see how much we all learned.

- 1. What portion of the OR budget is dedicated to K-12 and college education?**
A. 11% B. 18% C. 32% D. 50% E. Not sure
- 2. The biggest portion of revenue (money coming in) for the State of Oregon is:**
A. Money from DC (federal) B. Property Taxes C. Income Taxes
D. Other Taxes (highways, tuition, etc) E. Lottery funds E. Not sure
- 3. If there's a Kicker, the lowest income Oregonians get \$28 back, how many dollars do the richest Oregonians receive?**
A. \$679 B. \$1,379 C. \$3,248 D. \$15,214 E. Not sure
- 4. How many firefighters, teachers, and state workers are covered by Oregon's public retirement system?**
A. 367,000 B. 250,000 C. Under 100,000 D. Not Sure

Post Test: Oregon Budget Workshop

Thanks for coming to our workshop! Thanks for helping us evaluate our workshop content.

- 1. What portion of the OR budget is dedicated to K-12 and college education?**
A. 11% B. 18% C. 32% D. 50% E. Not sure
- 2. The biggest portion of revenue (money coming in) for the State of Oregon is:**
A. Money from DC (federal) B. Property Taxes C. Income Taxes
D. Other Taxes (highways, tuition, etc) E. Lottery funds E. Not sure
- 5. If there's a Kicker, the lowest income Oregonians get \$28 back, how many dollars do the richest Oregonians receive?**
B. \$679 B. \$1,379 C. \$3,248 D. \$15,214 E. Not sure
- 3. How many firefighters, teachers, and state workers are covered by Oregon's public retirement system?**
A. 367,000 B. 250,000 C. Under 100,000 D. Not Sure

Glossary of Terms ²³

Appropriation: An amount of money from the General Fund approved by the state legislature for a certain purpose within a fiscal year or biennial timeframe. Only the Legislature can make appropriations in Oregon.

Biennium: A period of two fiscal years. A state government biennium runs from July 1 of an odd-numbered year through June 30 of the next odd-numbered year.

General Fund: Taxes from Oregonians and Oregon businesses, also includes earnings on invested funds. 26.3% of the state budget comes from General Fund. The General Fund is the most flexible part of the Oregon budget, and the legislature can decide to apply these funds to any governmental purpose, agency, or program.

Federal Funds: The portion of the Oregon State budget that comes from the federal government for programs like. 28.2% of the state budget comes from Federal government. Most federal funds are matching money, so if the state removes its General Fund dollars from a matched program the federal government holds back its matching funds.

FY: Fiscal Year. Refers to the state fiscal year. Oregon's fiscal year runs from July 1 of one calendar year to June 30 of the next. The number following FY is the year the fiscal year ends.

Income Taxes: taxes we pay out of our earnings. In Oregon, income taxes brings in more than four in five dollars of the General Fund.²⁴ Income taxes in Oregon include both personal and corporate income taxes.

Governor's Budget: The Oregon constitution requires the Governor to create and recommend a budget to the legislature. The Governor first reviews and decides on agency requests. The Governor's Budget must be submitted by December 1 of even-numbered years. A newly-elected Governor has until the following February 1.

Joint Committee on Ways and Means: A standing committee of Oregon senators and representatives appointed by leadership of the Senate and House. The Committee reviews the management and recommended budgets of entities that receive or administer state funds. It recommends the amounts of revenues and expenditures for the legislatures budget.

Kicker: In 1979, Oregon's legislature passed a law that unanticipated tax revenue should get "kicked back" to taxpayers if revenue comes in 2% or more above what state economists forecast two years prior. Voted into the constitution by Oregon voters. The problem is the kicker is not a result of taxpayers overpaying their taxes. Instead, it's a forecasting error.

Lottery Funds: Money received by a state agency from lottery proceeds. lottery dollars are often dedicated to specific purposes like county economic development, the parks and natural resources fund, and treatment of gambling addiction. 1.5% of the state budget funds come from Lottery funds.

²³ Many terms taken from [Glossary](#), by Oregon Department of Administrative Services

²⁴ [6 things to keep in mind about Oregon taxes](#), OR enter for Public Policy, April 17, 2018

Mortgage interest deduction: a tax subsidy for some homeowners. Oregon's mortgage interest deduction is a costly, inequitable, and ineffective housing subsidy. It allows some taxpayers who own a home to reduce their taxable income by the amount of interest paid on their mortgage debt (up to \$750,000 for a new mortgage and up to \$1M for mortgages prior to 2018) and thus lower their tax bill.²⁵

Other Funds: Revenue generated by highway taxes, employment taxes, tuition. Most Other Funds are restricted to pay for specific state services or programs. 44.2% of the Oregon state budget comes from Other Funds.

Pension: a pooled retirement plan that offers a predictable, defined, monthly benefit in retirement. A pension provides retired workers with a steady income stream that is guaranteed for the remainder of the retiree's life.

PERS: Oregon's Public Employee Retirement System, which covers more than 367,853 Oregon teachers, firefighters, police and state workers.

Property Taxes: Taxes from generated from privately owned property (land, buildings, and fixed machinery and equipment, manufactured homes, and personal property used in business). Oregon property taxes rely on county assessment and taxation offices to value the property, calculate and collect the tax, and distribute the money to 1200 taxing districts in the state.

Revenue: What the state of Oregon brings in thru federal taxes, Oregon state taxes, and other sources of income.

Revenue Forecasting: The process used by state officials to project available revenues in the current and future fiscal years. Economic forecasts have been four times per year. State economists use more than 38 data points to forecast what the state will bring in from personal, corporate and other kinds of taxes.

State Budget: The state budget is a tool used to carry out state law and policy decisions. The budget, which must be balanced, allocates all revenue resources including General Fund, Lottery, Federal, and Other Funds that pay for public services. The budget covers two fiscal years, which is a biennium.

State Agency or Agency: Usually, a department, office, board, or commission created by state law to carry out duties assigned by law. Agencies range in size from thousands of employees with billion dollar budgets to one employee with a tiny budget. State agencies are funded by license and user fees, state and federal taxes, fines, and fees for service. Some agencies report to a board or commission.

²⁵ Oregon Center for Public Policy, 2017