



Thoughts from the business community about priorities for the American Rescue Plan revenue.

April 8, 2021

Dear Gov. Brown, President Courtney, Speaker Kotek, Leader Girod and Leader Drazan:

In the last 12 months, our state has faced unprecedented challenges. We have struggled through the devastating health impacts of the COVID-19 pandemic, and we still confront its economic toll with thousands of Oregonians out of work and businesses shuttered. Wildfires in the fall ravaged entire communities in rural Oregon, and violent protests have rocked urban centers.

We must, as a state, join forces to repair this damage and rebuild for the future. Your business community partners are ready to work with you as we plan not just for recovery, but for prosperity and a future that ensures equity, resilience and shared prosperity for all Oregonians.

The \$6 billion in federal aid expected by state and local governments in Oregon in just a few weeks represents an unprecedented transfusion of cash that could prove transformational – if it is invested wisely. We urge you to consider the investments in three parts: 1) Near-term for programs that assist individuals, families, businesses and nonprofits still struggling financially; 2) Longer-term for substantial investments in carefully selected projects that will bolster our economic base and yield returns to Oregonians for decades to come, and 3) A contingency set-aside for unforeseen challenges in the next few years.

We urge you to be guided by these principles:

- Recognize that this is one-time money. Resist creating new programs that may require new sources of funding for recurring support over the long-term.
- Seek partnerships to leverage other revenue. In addition to the \$2.6 billion heading to state coffers, local governments, including school districts, are receiving substantial funds as well. Working with these other governments on shared priorities will enable all of the federal money to go further.
- Take time to plan and consider. The urge to spend will be significant and there are some clear near-term opportunities. However, it is essential to use the time now to investigate and plan for what the best opportunities are for the long-term future of Oregon and how they should be approached.

We know there is an effort underway to solicit thoughts about how the federal money should be spent from both legislators and state agency leaders. You undoubtedly will get scores of ideas from them and from interest groups, including the business community. The federal timeline for using the money will create a sense of urgency, but we encourage you to pause and think deliberatively and long term, especially for those investments that will take time – and perhaps up-front funding – to plan and evaluate.

As representatives of the business community, we would put the following concepts on the table for your consideration:

Near-term program funding

- Mitigate unemployment insurance tax increases. Many businesses and nonprofits are facing sharply increased unemployment insurance taxes because of layoffs that occurred as a result of the ordered COVID-19 shutdown, as well as impacts from the wildfires and the protests. We appreciate efforts underway by the Legislature and the Oregon Employment Department to mitigate those increases, and we believe it would be appropriate to use federal money to assist in this effort.
- Workforce training. Unemployment remains high, and many of the individuals out of work left jobs that may no longer exist. BIPOC Oregonians have been disproportionately impacted. Immediate investments in workforce training programs at community colleges, apprenticeship programs offered by trade organizations and others, are urgently needed.
- Business recovery assistance. Many businesses impacted by the government-ordered shutdowns have closed permanently. The state should establish a grant or loan program specifically targeted at shuttered businesses to help owners identify new opportunities.

Longer-term investments

The American Rescue Plan will provide Oregon with an unprecedented amount of money. We urge you to set a large share of that money aside for potentially transformational long-term investments in Oregon infrastructure to bolster our economy and help address the equity challenges. Some projects may not be physical infrastructure, but rather state agency or other jurisdictional processes that have been sidelined or require updating. Taking care of these roadblocks now will enable more efficient throughput as the economy moves toward full recovery. We recognize these are not exciting “shovel ready” type opportunities, but they will create the right environment for businesses to move quickly when the time is right.

These investment opportunities must be approached collaboratively with local government partners and school districts to identify opportunities and work together to combine available federal money.

While we do not have a specific recommendation for long-term investments, areas to research and consider might include:

- Urban and rural housing initiatives, including workforce housing development
- Economic development investments and specifically employment land acquisition and manufacturing development
- Water infrastructure upgrades
- Earthquake/wildfire/natural disaster preparedness
- Healthy forest initiatives
- Transportation/transit investments

The potential for a federal infrastructure funding bill presents even more opportunities. Decisions now about investments should from the American Rescue Plan recognize additional infrastructure funding could emerge later.

Contingency set-aside

Finally, because the road to recovery is far from certain, we would urge you to set funds aside to address unforeseen financial challenges in the 2021-2023 biennium, or even in the 2023-2025 biennium, if allowed by the federal guidelines.

We believe this federal money presents a game-changing opportunity for all Oregonians if it is deployed strategically and with care. We look forward to working with you as you weigh these and other options.

Thank you for considering our suggestions.