

2025 - 2027

# BUILDING ON PROGRESS

Priorities in the 2025-2027 Governor's Recommended Budget



Governor Tina Kotek

*Tina Kotek*

# BUILDING ON PROGRESS

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## Priorities in the 2025-2027 Governor’s Recommended Budget

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## BUILDING ON PROGRESS

### OREGON PRIORITIES IN THE 2025-2027 GOVERNOR'S RECOMMENDED BUDGET

#### Letter from the Governor:

Dear Fellow Oregonians,

Since my first day in office as your Governor, I have focused on bold, urgent action on issues of top concern for Oregonians: housing and homelessness, behavioral health, and education. My 2025–2027 recommended budget is a direct reflection of my continued and steadfast commitment to making progress on Oregonians' priorities.

Over the last two years I have had the opportunity to travel to all 36 counties and visit Oregon's nine federally recognized Tribal nations, and continue the legacy of consulting with the Governor's Racial Justice Council. These conversations have helped inform my approach to policy and budget decisions and strengthened my ability to be a Governor for the whole state.



I will always take on our greatest challenges and show results for Oregonians – from our urban and suburban areas, to our rural and frontier communities.

These challenges, by their very nature, cannot be solved overnight. Progress requires persistence. As I approach the halfway mark of my administration and take stock of where we have been and where we are going, I passionately believe the Oregon Legislature needs to pass budgets for the next two years that build on the progress we have achieved together.

#### **AN OREGON WHERE NO ONE HAS TO SLEEP OUTSIDE**

By the end of the current biennium, July 1, 2025, my homelessness initiative is projected to rehouse and shelter thousands of Oregonians, while preventing thousands more from becoming homeless in the first place. If we continue at this pace, the equivalent of nearly one in three Oregonians experiencing homelessness on my first day in office (2023 PIT) will be rehoused by the end of my first term. To get there, I am calling on elected and community leaders to stay the course through continued resources and an ongoing focus on solving our homelessness crisis.

We do not have the luxury of advancing only one solution at a time – we must put just as much fortitude behind increasing Oregon's housing supply. As we assist families from the streets to housing stability, we must ensure more

permanent, affordable housing options in their own communities. We must also do more to help working class Oregonians have the opportunity to become homeowners no matter their zip code.

My 2025-2027 budget stands firm in addressing our homelessness and housing crises concurrently. Continued investments in shelter, rehousing and prevention, as well as funding to build additional affordable homes, cutting red tape so housing projects can break ground faster, and support for first-time homebuyers are imperative to our steady progress.

### **AN OREGON WHERE HEALTHCARE IS THERE WHEN YOU NEED IT**

When I first took office, I asked two simple questions: how many behavioral health treatment beds does Oregon have, and how many do we need by region? Within my first 60 days in office I directed the Oregon Health Authority to commission a study to answer those questions. Today, we have a clearer understanding of what it will take to meet the tremendous need for behavioral health services in every part of the state, and this information should guide our investments.

Earlier this year, the state identified a target of adding 465 new treatment beds by the end of 2026, accompanied by a dashboard so the public can track our progress. My 2025-2027 budget seeks to grow that number for adult and youth treatment capacity. Increased treatment capacity must be paired with the workforce necessary to provide the care Oregonians need.

To strengthen the behavioral health workforce, I have focused on eliminating the backlog at Oregon's health licensing boards so qualified workers are able to get the documentation they need in a timely manner to get to work. Looking forward, my team has developed a workforce strategy that will work in tandem with our treatment capacity needs.

### **AN OREGON WHERE THE PROMISE OF EVERY CHILD IS REALIZED**

What happens in classrooms across Oregon is critical to the success of our children and to the future of our state. My education initiative has retooled the way that school districts teach our youngest students how to read through incentivizing evidence-based practices, updated Current Service Level funding for the State School Fund to make the state a more predictable funder of school districts, mitigated disruption to learning through summer learning investments, and more.

To reap the benefits of this progress, we need to stay the course and build on our commitment to public education. My recommended budget builds on these initiatives and expands on support outside of the classroom, too, in recognition that a good education is just one ingredient to the success of our children and youth. Access to behavioral health services, stable housing, and improvements to Oregon's child welfare system are equally imperative to seeding the future we want for our children.

My budget dedicates investments to bolster youth treatment capacity aimed at decreasing the state's reliance on temporary lodging for children in state care, builds out substance use disorder and suicide prevention programming, and continues and deepens resources to stabilize youth at risk of homelessness.

As Governor, I will always listen to Oregonians first and work to ensure my policy and budget decisions reflect an Oregon that welcomes everyone and is accountable to our shared values

Sincerely,



Governor Tina Kotek



# Homelessness: Infrastructure to stabilize, partnerships to forge ahead

In January 2023, Governor Kotek launched a bold, ambitious homelessness initiative that included declaring a statewide emergency, investments in a sustainable, outcomes-based, statewide shelter program, a rehousing program, and program to prevent Oregon families from falling into homelessness in the first place. Her homelessness initiative is projected to rehouse 3,300 households and prevent another 24,000 from becoming homeless in the first place. Under the Governor's leadership, Oregon's state shelter program supports over 4,800 shelter beds. Specifically, the emergency order and corresponding infrastructure to carry it out created a statewide shelter system wherein specific habitability standards for sheltering had to be met in order to receive funds, creating the continuity of services based on best practices across the state that did not previously exist.

All of these metrics represent a persistent, collective effort from state and local government, housing providers, shelter operators, and a slew of community partners who are committed to cultivating an Oregon where no one has to live outside. They also represent individuals and families that know where they will sleep tonight, and communities where tents on the street are declining. People who are currently experiencing homelessness or who may be on the verge of becoming homeless and neighbors impacted by the crisis on our streets are counting on elected and community leaders to stay the course through continued prioritization and coordination.

## HOMELESSNESS INVESTMENTS

### \$217.9 million to maintain Oregon's statewide system of shelters

Throughout 2023 and 2024, the Governor's Emergency Homelessness Response funded a statewide system of coordinated shelters, giving thousands of people the dignity and safety of a safe place to sleep, who would otherwise have had to survive outside. The Oregonians who are still spending the night on our streets are relying on us; we cannot afford to take our foot off the gas and allow our progress to stall.

### \$188.2 million to maintain current efforts to transition Oregonians out of homelessness and into housing

Our homelessness crisis is not solved only by providing a temporary roof over someone's head for the night. The Oregon Rehousing Initiative gets Oregon families into safe, stable housing, and keeps them there. People are not just connected with a home, they are given the ability to address compounding issues, like getting a stable job or addressing behavioral health or addiction.

### Housing & Homelessness Initiative by the Numbers\*



**3,300** Households Rehoused



**4,800** Shelter Beds Supported and Maintained



**24,000** Prevented From Becoming Homeless



**2,800** Affordable Housing Units Financed



**Infrastructure for 25,000 or more Affordable and Market Rate Housing Units Will be Provided**

\*projected outcomes by July 2025

There is so much more to be done. The Governor's 2025-2027 budget shows intrepid resolve toward making progress on homelessness. Far too many Oregonians are living in places not meant for human habitation: in tents in the forest, in tents on the sidewalks, or in cars on the street. The Governor is unrelenting in the fight for every Oregonian to have a safe, affordable place to call home. If the legislature funds the Governor's Recommended Budget, the equivalent of nearly one in three Oregonians experiencing homelessness on the Governor's first day in office (2023 PIT) will be rehoused by the end of her first term. Note that highlights are not representative of entire budget areas.

### **\$173.2 million to maintain services to prevent Oregonians from becoming homeless in the first place**

The most cost effective strategy to combat our homelessness crisis is to prevent people from becoming homeless in the first place. If we can bring stability to households that are on the verge of homelessness, we not only curb the growth of people living on our streets, but we ensure long term cost savings for homeless services. Once an individual or family becomes homeless, the resources required to rehouse them increase exponentially, along with the stressors and increased personal risk associated with unsheltered homelessness. Stopping homelessness before it begins prevents a cycle of harm and suffering.

### **\$105.2 million to maintain Long-Term Rental Assistance**

In the 2023-2025 biennium, Governor Kotek advocated for Oregon's first long-term rental assistance program, moving beyond a short-term rapid response. The program connected households to long-term rent assistance after their first 12 months in housing if they needed it to maintain housing stability.

### **\$12.8 million to maintain housing services for Oregon's nine federally recognized Tribal nations**

In 2024, Governor Kotek visited all nine of Oregon's federally recognized tribes to grow meaningful partnerships and strengthen diplomatic relationships with the nine federally recognized tribal nations who have inhabited this land since time immemorial. In each visit, she discussed the unique housing and displacement challenges faced by each Tribal community, and their creative solutions to meet the Governor's housing production goals. The Governor is recommending \$12.8 million to help Tribal nations build on the progress they have made.

### **\$1.1 million to enhance programs for Oregon Veterans**

Veterans make up approximately 5% of Oregon's adult-in-custody population. The Governor recommends \$600,000 to help veterans transition back into their community after being incarcerated and connect them to these and other federal and state benefits for veterans. For all veterans in Oregon who connect

with veteran-specific services, the Governor also recommends \$500,000 dedicated to help veterans pay back due rent or mortgage, utility payments, security deposits, and more.

### **\$3.5 million to expand initiative to target housing supports to people with behavioral health needs**

Although the ultimate solution to homelessness is housing, many people experiencing homelessness who also have serious mental illness need both housing and services to achieve and maintain housing stability. We need to continue breaking down silos between the homeless service system and the behavioral health system. This investment builds on a behavioral health pilot implemented under the Governor's homelessness emergency to foster greater collaboration and connection between housing and behavioral health systems of care.

Her homelessness initiative is projected to rehouse 3,300 households and prevent another 24,000 from becoming homeless in the first place.

# Housing Supply: Building the Oregon that's possible

The critical housing shortage we find ourselves in today is the result of decades of underbuilding and red tape that has created barriers to housing production. Lack of housing, including affordable and market rate housing, drives up rents, home prices, and worsens our homelessness crisis. It touches every part of our economy, in every part of Oregon. Economic prosperity is at stake for Oregon families if we fail to stay the course on expanding housing production.

When Oregonians cannot afford to live where they work or simply cannot find housing options that align with their needs, employers lose potential hires. Health care providers struggle to hire needed professionals. Basic services like fire departments, police, and schools face chronic workforce shortages, along with the lodging and hospitality industry. Agricultural businesses, ports, and new industries struggle to get off the ground without a robust workforce. The Governor heard these stories firsthand last year during her One Oregon Listening tour to all 36 counties.

On Governor Kotek's very first day in office, she set an ambitious goal of 36,000 new housing units per year to meet the urgent need in our state. Since then, her administration has advanced long term and short term solutions to get us there, including significant policy changes and funding packages to boost production.



## HOUSING SUPPLY INVESTMENTS

### **\$880 million new bond authority to build more affordable housing and homeownership pathways**

The recommended budget reflects this dogged commitment to meet the Governor's ambitious goal and includes \$780 million to build affordable rental homes (including more permanent supportive housing) and \$100.9 million for new homeownership units.

### **\$100 million to establish a new Housing Infrastructure program**

These new funds will establish a new Housing Infrastructure program to fund water, sewer, stormwater, and transportation infrastructure linked to new housing development to unlock thousands of new affordable and market rate rental and homeownership units.





Among the Governor’s executive orders related to housing and homelessness she issued on her first day in office was establishing the Housing Production Advisory Council. The council was made up of diverse stakeholders from every part of the state and charged with developing recommended actions to reach the Governor’s 36,000 new housing unit per year goal. Less than one year after the Council finalized 59 recommendations, nearly half have been implemented through the 2024 housing production package or are reflected in the Governor’s budget.

When Governor Kotek was sworn into office, Oregon had a shortage of 140,000 housing units. By the end of the 23-25 biennium, it is estimated that 2,800 affordable housing units will be financed, infrastructure for over 25,000 affordable and market rate housing units will be provided, and a moderate-income housing revolving loan fund to support cities in financing more will be established. Progress takes persistence, and the 2025-2027 budget – literally and figuratively – builds on the state’s progress to increase Oregon’s housing supply in every part of the state. Note that highlights are not representative of entire budget areas.

**\$3.5 million to continue implementation of the Housing Accountability and Production Office**

In 2024, Governor Kotek created the Housing Accountability and Production Office (HAPO) as a key tool for coordinating and bolstering Oregon’s housing production, creating a more predictable regulatory environment for builders, and supporting local governments. This investment fully implements the HAPO and facilitates this critical work.

**\$6.4 million in expanded investments to cut red tape and reduce barriers**

Local zoning and permitting laws can be a barrier to building the housing supply that cities need. Governor Kotek aims to be a partner to cities, developers, and builders across Oregon by exploring ways to reduce cost and delay for housing development, finding opportunities for middle housing and infill, and implementing creative solutions to use available land.

**\$57.6 million to continue efforts for supporting first-time home buyers and Oregonians looking to buy an affordable home**

Homeownership is out of reach for many working families, keeping Oregonians from building wealth over the long term. This investment supports homeownership development and homebuyer assistance.



# Behavioral Health: Aligning treatment capacity with workforce capacity to close gaps in services

Since day one, Governor Kotek has been working to make her vision for Oregon's behavioral health system possible: access to care no matter where you live or what you can afford. In 2023, the Governor advocated for significant General Fund investments into the Oregon Health Authority's (OHA) Behavioral Health programming, which are currently underway closing gaps in services for Oregonians. In her first 60 days in office, Governor Kotek directed the Oregon Health Authority to commission a study answering a critical set of questions: how many residential treatment beds do we have, and how many beds do we need, regionally, across the state? Today, Oregon has more information than ever to guide investments and workforce initiatives to align with Oregonians' needs.



## Behavioral Health Investments

### \$90 million reinvested from ARPA to General Fund for capacity building

Governor Kotek is recommending a \$90 million investment towards capacity building for adult mental health services, substance use disorder residential treatment and withdrawal management, to ensure that Oregonians can receive the care they need – when they need it. This investment will fund an additional 336 beds on top of the Governor's current goal of an additional 465 beds by the end of 2026.

### \$50 million reinvested from ARPA to General Fund to strengthen workforce investments

Governor Kotek's 2025-2027 Recommended Budget makes investments to increase the supply and distribution of a diverse and culturally responsive behavioral health workforce, investing \$25.7 million in behavioral health education and training programs, wrap-around supports for students, tuition assistance, and scholarships. \$24.3 million will be invested towards graduate stipends, loan repayment, and peer and manager support for the community mental health workforce.

## **\$40 million to continue deflection services through the Criminal Justice Commission**

Deflection is the continuation of Measure 110 changes which make the possession of controlled substances a misdemeanor and creates the bridge between law enforcement and treatment services to engage individuals who might not otherwise seek help. The funding supports deflection coordinators, peers, and counselors who give individuals struggling with addiction the opportunity to avoid legal consequences and to seek treatment instead.

## **\$15 million to continue jail based medication**

Medication assisted treatment (MAT) provides medication that helps adults with substance use challenges who are in custody. MAT is the national leading strategy for treating opioid addiction. Providing it in jail reaches individuals who may never walk through the doors of a treatment center. It reduces craving and the risk of relapse post release.

## **\$16.5 million to continue investments in community mental health programs for deflection and diversion**

This budget also continues a \$16.5 million investment in community mental health programs to build out infrastructure such as deflection centers, stabilization centers, and community outreach to connect with people who are deep in their addiction and who need access to immediate help. This investment is critical to creating a bridge between law enforcement and treatment so communities can offer an alternative to further involvement with the justice system.

## **\$1.25 million new investment to streamline processes and improve customer service of state licensing and certification boards**

Governor Kotek is recommending \$1.25 million to streamline processes and improve customer service at state licensing and certification boards. These investments will focus on immediate and timely delivery of licenses, eliminating duplication of efforts, and developing a centralized background check process that cuts administrative burdens and cost, streamlining the pathway to a career for the behavioral health workforce.

## **\$31.6 million new investment Total Funds for harm reduction**

In the Governor's 2025-2027 Recommended Budget, \$10 million General Fund will continue support of the Save Lives Oregon Harm Reduction Clearinghouse to distribute naloxone and other life-saving supplies to reduce preventable deaths associated with opioid use. Additionally, the Governor is calling on the opioid settlement board to invest another \$21.6 million – for a total of \$31.6 million for the clearinghouse.

## **\$14 million new investment for Certified Community Behavioral Health Centers**

The Governor's Recommended Budget both maintains Certified Community Behavioral Health Center (CCBHC) infrastructure and expands capacity across the state. CCBHCs improve access to behavioral health services, better integrate that care with primary care, and provide a comprehensive set of services from crisis to outpatient to ensure Oregonians get access when they need it.

Right now, there are regional disparities in treatment capacity and trained, qualified workers to provide care. Last year, on the Governor's 36 county, One Oregon Listening Tour, she met with providers in nearly every county including rural and frontier counties, who struggle to serve their communities' needs when it comes to mental illness and substance use disorder. In many parts of the state Oregonians who need help have to travel long distances to get care or are turned away from the care they need due to gaps in the system. Meanwhile, people considering a career in behavioral health care face a lack of access to educational opportunities to enter the field. Others face long wait times for certification and licensure after they finish school. Whether you need care, or you provide care, the barriers are consistently defined by a lack of treatment capacity and a lack of workforce capacity.

Earlier this year, the Governor set a goal of adding 465 new treatment beds by the end of 2026, accompanied by a dashboard so the public can track our progress. One of the first steps the Governor took to address Oregon's behavioral health workforce challenges was to eliminate the backlog at Oregon's health licensing boards so qualified workers are able to get the documentation they need in a timely manner to get to work.

It's imperative to build on this progress. Oregonians seeking help are met with barriers because there simply are not enough workers, while providers struggle to hire, and existing staff are stretched thin. Prioritization of wellness, training, and ongoing pay practices all make up a healthy workplace for Oregon's behavioral health workforce through key rate increases. The 2025-2027 Governor's Recommended Budget focuses on workforce retention, a clear path to a career in behavioral health, continuing to improve customer service at Oregon's licensing and certification boards, and continuity of care. Note that highlights are not representative of entire budget areas.

## **\$500,000 in additional investments for the AgriStress Hotline**

In 2023, Governor Kotek signed legislation enacting the AgriStress Helpline, a free resource offering mental health support dedicated to serving farming, ranching, fisheries, and forestry communities. To ensure that all Oregonians have access to this critical tool, Governor Kotek is recommending a \$500,000 investment in the AgriStress Helpline.

## **More than \$130 million for maintaining and expanding provider rate increases**

In her 2025-2027 recommended budget, Governor Kotek is maintaining \$130 million to preserve access to behavioral health services included in the Oregon Health Plan budget to retain our state's Medicaid program workforce and increase inpatient psychiatric rates.





## EDUCATION INVESTMENTS

### **\$600 million increase to strengthen the State School Fund Current Service Level (CSL) for a total of \$11.36 billion**

The Governor is recommending a three-pronged approach to adjusting funding for the State School Fund to move the needle on student outcomes and provide more accurate and predictable funding for K-12 public education across Oregon, along with adjusting the calculation to account for the recent PERS rate increase. The State School Fund calculation changes add another \$600 million, for a total current service level of \$11.36 billion.

## Children and Youth: Investing for a stronger, healthier future

Governor Kotek believes in the promise of every child. Building on her education initiative work, she is advancing a multipronged approach to supporting Oregon's children and youth for a better future in Oregon. The 2025-2027 budget builds on the Governor's efforts to improve early literacy, ensure the state is a consistent and predictable funder for early learning and K-12, and mitigate learning loss through summer and after school learning programs by maintaining these efforts and bringing focus to what happens outside of the classroom. Every student deserves to show up to school feeling safe, seen, heard, and connected to peers and trusted adults.

That means painting with a broad brush for better outcomes in every aspect of a child's life, including improved access to behavioral health services, working toward better outcomes for children in the state's care, and working to address youth homelessness. Ensuring that Oregon's students have adequate access to behavioral health services in and out of school settings is critical to making Oregon's children and families whole. That includes specific supports for mental health and substance abuse disorder among youth, including targeted residential and community-based treatment capacity, and suicide prevention programming.



In 2024, the Oregon Department of Human Services (ODHS) settled the Wyatt B. v. Kotek case by agreement, aiming to improve Oregon's foster care system. The 2025-2027 Governor's Recommended Budget maintains existing key programs and makes upwards of \$23.6 million in new investments to improve child welfare outcomes, building upon the settlement agreement to ensure that Oregon families and youth are receiving the best possible service from the state. Targeted investments in Oregon's child welfare system to reduce the state's reliance on Temporary Lodging are imperative. The Governor's Recommended Budget also includes funding for ODHS to evaluate innovative alternate placement recommendations to help achieve this goal.

Homelessness affects youth across Oregon in urban, suburban, and rural areas. Governor Kotek's 25-27 Recommended Budget invests nearly \$20 million to maintain services for youth experiencing homelessness, to increase stability for Oregon youth and young adults, and ensure youth have access to safe housing. It also includes continued investments in improving housing outcomes for youth transitioning out of state systems to provide stability in communities. Note that highlights are not representative of entire budget areas.

### **\$25 million for New Youth Behavioral Health Investments Package**

As part of an overarching \$25 million package in youth behavioral health investments, the Governor is recommending a **\$17 million investment in targeted residential and community-based behavioral health and substance use disorder (SUD) capacity** building investments to support immediate crisis needs.

Schools have the power to build resilience in youth, and school-based health centers provide a wide array of behavioral and mental health treatment and prevention activities. The Governor is recommending **\$6 million in funding for school-based health centers to allow for expansion of mental health services, SUD screenings, and prevention services** to youth in school settings.

As the state has made some progress to create a system of suicide prevention that is better connected and better resourced, the problem of youth suicide remains. To continue this critical work and protect young people of color across Oregon, Governor Kotek is recommending **\$1 million to expand culturally-responsive youth suicide prevention work** in her 2025-2027 budget.

### **\$127 million to maintain and strengthen previous Early Literacy investments**

The Governor's landmark early literacy legislation is being implemented now, and she is recommending an additional \$127 million to build on this essential investment, with specific investment grants to school districts, community based organizations, Tribal nations, the Dolly Parton Imagination Library, and the implementation of literacy standards.

### **\$78.5 million to expand and make ongoing investments in Summer Learning**

The evidence is clear – summer and afterschool learning opportunities reduce learning loss, accelerate academic achievement, and strengthen student wellbeing. The pandemic can no longer be a crutch for Oregon students. Governor Kotek is recommending \$78.5 million to support high-quality summer programs that can reach the families who need them most, and ensure sustainable, predictable funding for school districts.

## **\$23.6 million new investment in Improving Child Welfare Outcomes Package**

In the last biennium, the Oregon Department of Human Services (ODHS) began implementation of evidence-based programs related to parenting skills, substance use disorder, and mental health treatment and prevention for families across our state. To maintain compliance with the **Family First Prevention Services Act (FFPSA) and continue these key services that promote stability for families to prevent entry into the child welfare system, Governor Kotek is recommending an additional \$7 million state investment** in her 25-27 Budget. These state matching dollars are essential to draw down ongoing federal dollars for prevention and backfill expiring federal funds.

The Governor's Recommended Budget invests **\$400,000 to support the Child Welfare Treatment Services** team in expanding two proven pilot programs, which provide caregiver support that it tested through its Focused Opportunities for Children Utilizing Services (FOCUS) learning collaborative. With demonstrated success in stabilizing young people with intensive needs and preventing 75% from entering temporary lodging, expansion of funding would provide similar support to communities across Oregon.

Effective contract oversight is a critical component of the Child Welfare Division's work. The Governor's Recommended Budget invests **\$1.9 million for a centralized Contract Administration Program** to strengthen effective oversight to ensure high service quality, client safety, and responsible stewardship of public funds.

Young people exiting or aging out of the foster care system are disproportionately represented in counts of youth experiencing homelessness. To address this disparity, the Governor's Recommended Budget invests **\$4.0 million to improve service delivery by Independent Living Programs (ILPs)**, which support youth aging out of foster care with skill building services, accessing housing subsidies, and benefit programs.

To end temporary lodging and ensure that every child and youth in foster care in Oregon has a stable placement that meets their needs requires changes by other agencies in concert with ODHS. Governor Kotek's Recommended Budget includes a new **\$10 million investment to allow the agency to evaluate and implement innovative alternate placement recommendations.**



# Safeguarding Progress: Protecting Oregon values

Oregonians have been clear time and time again that they want elected leaders to expand and protect access to abortion and reproductive health care, strengthen standards for our environment while building a climate resilient future, protect the rights of our immigrant communities, and shape policy and investments with equity and civil rights as a north star. Governor Kotek has upheld the legacy of the Governor's Racial Justice Council that serves as a critical partner in seeing through these values and deepening the state's ability to adequately serve all Oregonians.

The Governor's Recommended Budget affirms and builds on this mandate with key investments in health care and health equity, staying the course on our climate and natural resource agency budgets, and additional funds to the Attorney General Office given their unique charge to defend Oregon values no matter the national landscape.

Governor Kotek is a longtime champion for reproductive freedom, from her actions as Speaker of the Oregon House and during her tenure as Governor. She has always gone above and beyond to ensure that Oregonians have access to abortion services. As Speaker, she championed the Reproductive Health Equity Act (RHEA) in 2017. She has continued to work with regulators to ensure insurers are in compliance with the law including corrective action plans and ongoing monitoring.

Governor Kotek believes that Oregon must rise to the dual challenge of fighting climate change by both reducing carbon emissions and taking strong action to enhance the resiliency of our natural resources and communities. Vulnerable communities, working and natural landscapes, quality and quantity of surface and ground waters, biodiversity of marine resources, survival of sensitive species – all face existential challenges as the pace and scale of climate change accelerates.

The additional resources to the Attorney General will support Oregon values in two key ways:

- **\$2 million in added attorney resources** to defend statewide policy, including access

to reproductive health care, environmental standards, immigrant protections, trade agreements, standing up to corporate interests, and any number services and civil rights Oregonians rely on. These funds will directly support our state's ability to be a stronghold for progressive policy, even when the landscape ahead is uncertain.

- **\$2 million in added resources toward the Bias Response Hotline.** The hotline helps Oregonians to understand their options, make choices about next steps, and receive support in the aftermath of experiencing or witnessing bias. If you call the Bias Response Hotline, you are connecting with trauma-informed hotline advocates who are trained in crisis intervention and can provide bias response advocacy, including assistance in reporting a bias crime to law enforcement.

Other investments that directly fight for and protect Oregon values:

- **\$2.5 million new investment that will support grants to expand reproductive health equity,** including patient navigation services, and support for providers to upgrade facilities due to an increase in patient needs post-Dobbs.
- **\$2.5 million new investment that will be held in a reserve to protect Oregon from an immediate disruption in care,** should federal reproductive health program funding decline under a new administration.
- **\$7 million in continued support for universal navigation and representation for immigration matters.**
- **\$25 million in the Oregon Department of Energy's (ODOE) Community Renewable Energy Grant Program (C-REP),** supporting the planning and construction of renewable energy or energy resilience projects for Tribes, public bodies, and consumer-owned utilities outside of the Portland-metro area. C-REP is a key program to ensure that our state maintains the climate protections we've accomplished.

# Other Budget Area Summaries

## HEALTH CARE: MAINTAINING OREGON'S NATIONAL LEADERSHIP OF HEALTH CARE COVERAGE AND AFFORDABILITY

A record 97% of Oregonians have health care insurance, more than ever before. Governor Kotek is focused on protecting these gains and ensuring equitable access to services so all Oregonians can thrive. This means promoting strategies to decrease the cost of health care, protecting Oregon Health Plan/Medicaid coverage and the quality of health

care benefits, and honoring Oregon's partnership with federally recognized Tribal nations to self-govern for the health of their communities. In her 2025-2027 Recommended Budget, Governor Kotek continues investments in health care transformation through the intentional implementation of Oregon's 1115 Waiver.

### HEALTH CARE INVESTMENTS

#### Maintaining dollars to ensure Oregonians retain their health care coverage

To ensure that our state protects our health coverage gains, Governor Kotek's Recommended Budget closes the Medicaid funding gap, protecting coverage for approximately 1.4 million Oregonians, including 50% of children, who rely on the Oregon Health Plan. The Governor's budget also recommends increasing the Medicaid reimbursement rate of maternity services across all Oregon hospitals to help sustain critical access points for expecting families.

#### \$5 million new investment to protect and increase access to reproductive health care in Oregon

The Governor is recommending \$5 million to protect and increase access to reproductive health care in Oregon. \$2.5 million will support grants to expand reproductive health equity, including funding for

patient navigation services and for providers to upgrade facilities to respond to an increase in patient needs. The other \$2.5 million will be held in a reserve to protect Oregon from an immediate disruption in care should federal reproductive health program funding decline under a new administration.

#### \$14.3 million new investment in the reentry demonstration project to improve care transitions for formerly incarcerated Oregonians and reduce recidivism

In the Governor's Recommended Budget, \$14.3 million will be for implementation of Oregon's reentry demonstration project, a component of the 1115 Medicaid Waiver that allows for better use of new health-related social needs benefits for people exiting carceral facilities. This critical project aims to provide care continuity, such as substance use disorder and treatment medication, for formerly

incarcerated youth and adults, to reduce factors that increase risk of recidivism and deepen disproportionate representation in carceral facilities.

#### Investing in the Oregon Health Authority's 2030 goal to eliminate health inequities

The Governor's 25-27 Recommended Budget invests in the Oregon Health Authority's strategic plan and goal of eliminating health inequities by 2030. Specific investments to support community decision making and care include \$4.2 million to expand regional health equity coalitions statewide and the capacity of the traditional health worker program to meet community demand. The Governor's Recommended Budget also funds forecasted enrollment for the Healthier Oregon Program along with structural investments to support the further prioritization of the 2030 goal.

## CLIMATE CHANGE AND RESILIENCE: SUPPORTING SUSTAINABLE COMMUNITIES

Given limited resources, we must make strategic investments to not only advance our carbon reduction goals but also address key environmental priorities if Oregon is to effectively respond and adapt to intense wildfires, drought conditions, heat domes, vanishing habitat, diminishing recreational opportunities, and other climate-driven outcomes that are quickly becoming the new normal – with disastrous social and economic consequences. The Governor’s Recommended Budget will advance research, private sector investments, and incentives to reduce carbon emissions, while also enhancing and maintaining investments in key water, fire, and species protections.



### NATURAL RESOURCE & CLIMATE INVESTMENTS

#### **\$25 million additional investment for Community Renewable Energy Program**

The cost of our changing climate is affecting every household across Oregon in direct and indirect ways. The Governor’s Recommended Budget invests in the Oregon Department of Energy’s (ODOE) Community Renewable Energy Grant Program (C-REP), which supports planning and construction of renewable energy or energy resilience projects for Tribes, public bodies, and consumer-owned utilities outside of the Portland-metro area.

#### **\$10 million new investment from the Common School Fund for underground carbon sequestration pilot program**

The Governor is recommending a \$10 million investment to the Department of Geology and Mineral Industries (DOGAMI) for a geologic carbon sequestration pilot program undertaken in partnership with the Department of State Lands (DSL) and Department of Environmental Quality (DEQ). This funding will be transferred from DSL to DOGAMI to implement the pilot program.

#### **\$7 million in continuing funds to support coordinated statewide response to emergencies**

The Governor’s Recommended Budget includes a \$5 million investment in the Oregon Department of Human Services (ODHS) Office of Resilience and Emergency Management (OREM) to maintain water delivery efforts and for systems to support faster evacuation noticing, back-up communications for those working in disaster-affected areas, and case management software to efficiently assist survivors. Her budget also includes \$2 million at the Department of Emergency Management (OEM) to simplify the resource request and resource tracking systems in support of local first responders.



**\$1.2 million in continuing funds to address communities most affected by smoke and heat**

As a consequence of our increasingly complex wildfire seasons, communities across Oregon are routinely experiencing challenges from wildfire smoke that negatively impact their health and quality of life. Governor Kotek’s budget continues a \$1.2 million investment for the Department of Environmental Quality’s air quality smoke monitoring program, critical for evaluating air quality conditions across the state, including during wildfire events.

**\$20 million to maintain and enhance community and landscape resiliency in Oregon.**

The Governor’s budget includes \$20 million supporting a multitude of programs focused on building the resiliency of rural Oregon’s working and natural lands, as well as the fish and wildlife that depend on them. The Governor’s budget invests in the work of the Climate Action Commission, the agricultural heritage program, and maintains a \$14 million investment for the Oregon Department of Fish and Wildlife (ODFW) and the Oregon Department of Forestry (ODF) to implement the Private Forest Accord.

**\$31 million, including \$11 million to continue and strengthen protection of Oregon’s water quality and quantity and \$20 million in Lottery Bonds**

The Governor’s Recommended Budget continues significant investment in the development of water resources across the state by directing \$20 million in bond proceeds for Water Project Grants and Loans to help address instream and out-of-stream water supply projects. Her budget will help protect and manage the surface and groundwaters that supply Oregonians with drinking water by supporting programs to repair or replace domestic drinking water wells; provide safe drinking water to communities experiencing drought and drinking water emergencies; and enhance protection of groundwater aquifers at risk from pollution, as well as surface waters experiencing harmful algae blooms.

## COMMUNITY SAFETY: IMPROVING PUBLIC SAFETY OUTCOMES

Every Oregonian deserves to feel safe and be safe. The Governor's budget reflects a steadfast commitment to maintaining enough law enforcement in Oregon communities to meet the need, combatting fentanyl on our streets, and reducing recidivism in our carceral populations. Governor Kotek appointed new leadership for the Department of Public Safety Standards and Training, and fought for additional resources from the legislature in 2023 to eliminate a training backlog entirely in less than a year after receiving the funds. Her 2025-2027 budget stays the course on these resources to ensure Oregon communities continue to have adequate numbers of law enforcement to keep people safe.



### COMMUNITY SAFETY

#### **\$700,000 new investment for Oregon State Police pilot to investigate overdoses**

In response to Oregon's crisis of fentanyl overdoses, the Governor directed the Oregon State Police to launch Fentanyl Strategic Enforcement and Disruption strategies statewide. The Governor's Recommended Budget keeps up the fight against fentanyl on our streets by holding ground on these investments and adding additional funding. The Governor recommends funding a new pilot program to be led by the Oregon State Police, to investigate overdose deaths and hold those responsible for supplying drugs accountable for their crimes.

#### **\$7.1 million new investment to reduce traffic fatalities**

In the 2025-2027 budget, the Governor recommends investing in \$7.1 million in new funding to reduce traffic fatalities, especially those related to drug and alcohol impairment. The funds will support a new pilot program through the Oregon State Police, to continue the High Visibility Enforcement Unit (HVEU). The HVEU works with partner agencies on focused and collaborative interventions to stop drug and alcohol related accidents and make sure Oregon's roads are safe for everyone to drive.

#### **\$7 million new investment to improve outcomes for justice-involved women and their families**

This investment will expand advocacy and case management services; enhance educational, enrichment, and vocational offerings; provide additional resources for parents and families; and support women's safe and successful reentry to their communities. Additionally, this funding will enable the installation of body scanners at the facility to eliminate the need for unclothed body searches while ensuring safety for staff and residents.

### **\$9.1 million to maintain DPSST's training levels to prevent a law enforcement backlog**

As a result of a sharp increase in law enforcement turnover in recent years, the Department of Public Standards and Training had a multi-year police training backlog, which reached up to seven months at its peak. The extended wait compounded hiring issues and hindered the ability of Oregon's law enforcement agencies to keep their communities safe. In 2024, the agency was able to completely eliminate the backlog, with funds from the legislature in 2023. The Governor's Recommended Budget maintains DPSST's budget to continue funding 20 basic police courses, ensuring our public safety professionals receive the training they need to serve and protect our communities.

### **\$450,000 new investment for an attorney position focused on bringing justice to Missing and Murdered Indigenous Persons**

The Governor's Recommended Budget commits to seeking justice for Indigenous communities by including new funding for a critical new position, housed in the Oregon Department of Justice. This attorney will work closely with the nine federally recognized sovereign Tribes in Oregon, and will be tasked with the urgent job of processing and investigating Missing and Murdered Indigenous Persons cases.

### **\$10 million to continue community-based efforts to decrease prison population and reduce recidivism**

The Governor's Recommended Budget includes \$10 million to the Justice Reinvestment Equity Program. The program provides funding to culturally specific organizations to plan, implement, and expand initiatives that establish a process to assess individuals and provide a continuum of community-based sanctions, services, and programs designed to reduce recidivism and state prison usage, while protecting public safety and holding individuals accountable.

### **\$4 million to maintain the Restorative Justice Program**

The Restorative Justice program is a community-based alternative to the criminal and juvenile legal systems that aims to center the needs of the harmed party and foster accountability within the responsible party without resorting to incarceration or criminal conviction.



# Appendix

## NATURAL DISASTER READINESS

The historic 2024 wildfire season burned over 1.9 million acres. This required nonstop work from frontline firefighters for four months and caused significant losses to natural resources and to the economic livelihood of rural communities. There were 175 structures lost across 19 different fires, and 46 different fires threatened communities, initiating evacuation notices on over 30,000 residences. The scale of this year's wildfires cost the state a record \$351.6 million up front, over twice the highest fire cost in our history. The Governor used every resource possible to secure federal reimbursement dollars, leaving the state with a \$151.2 million bill to pay.

These are costs that the Department of Forestry and the Department of the State Fire Marshal are not adequately resourced to cover on a regular basis. That is why the Governor recommends \$150 million be redirected from going into state reserves and instead be appropriated to the agencies to pay for wildfire suppression costs as needed. Specifically, these dollars will be allocated from the ending fund balance and consequently reduce the 1% that would normally go to Oregon's Rainy Day Fund. This is a necessary one-time allocation for future wildfire suppression costs.

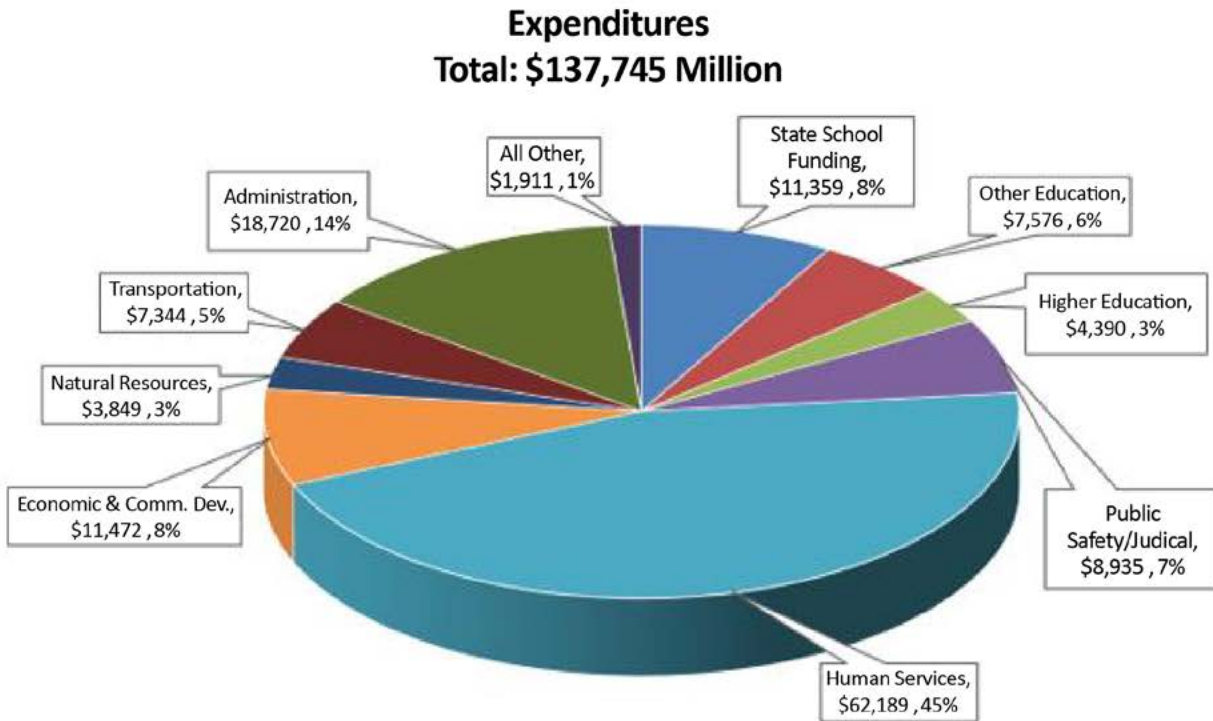
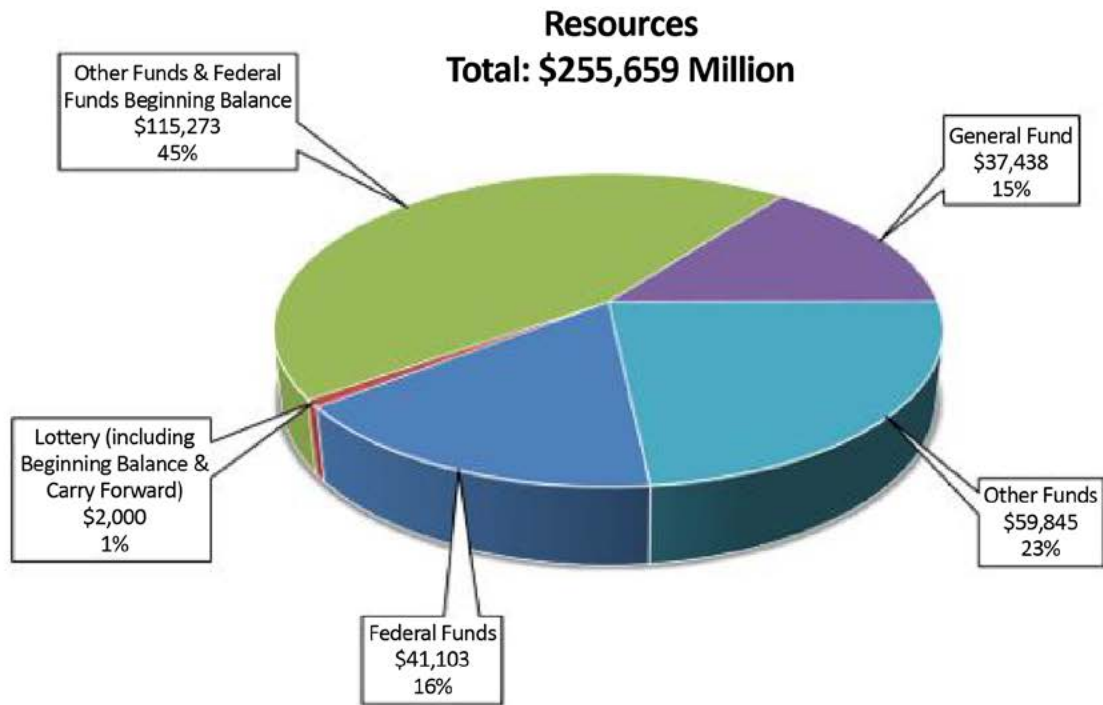
But there is more work to be done.

In 2024, the legislature directed via budget note the creation of the Wildfire Funding Workgroup, a broad group of leaders representing forest, grazing and agricultural landowners, local fire agencies and governments, Oregon Tribes, conservation groups, state agencies, and industries hit hardest by catastrophic fire. They first convened in June 2024 and will produce a series of "alternate funding strategies" to address the growing cost of responding to fires. In addition to the \$150 million noted above for immediate suppression and response, it is necessary to target another \$130 million biennially for mitigation and fire readiness programs to protect our communities and natural resources from the devastating impacts of wildfire.

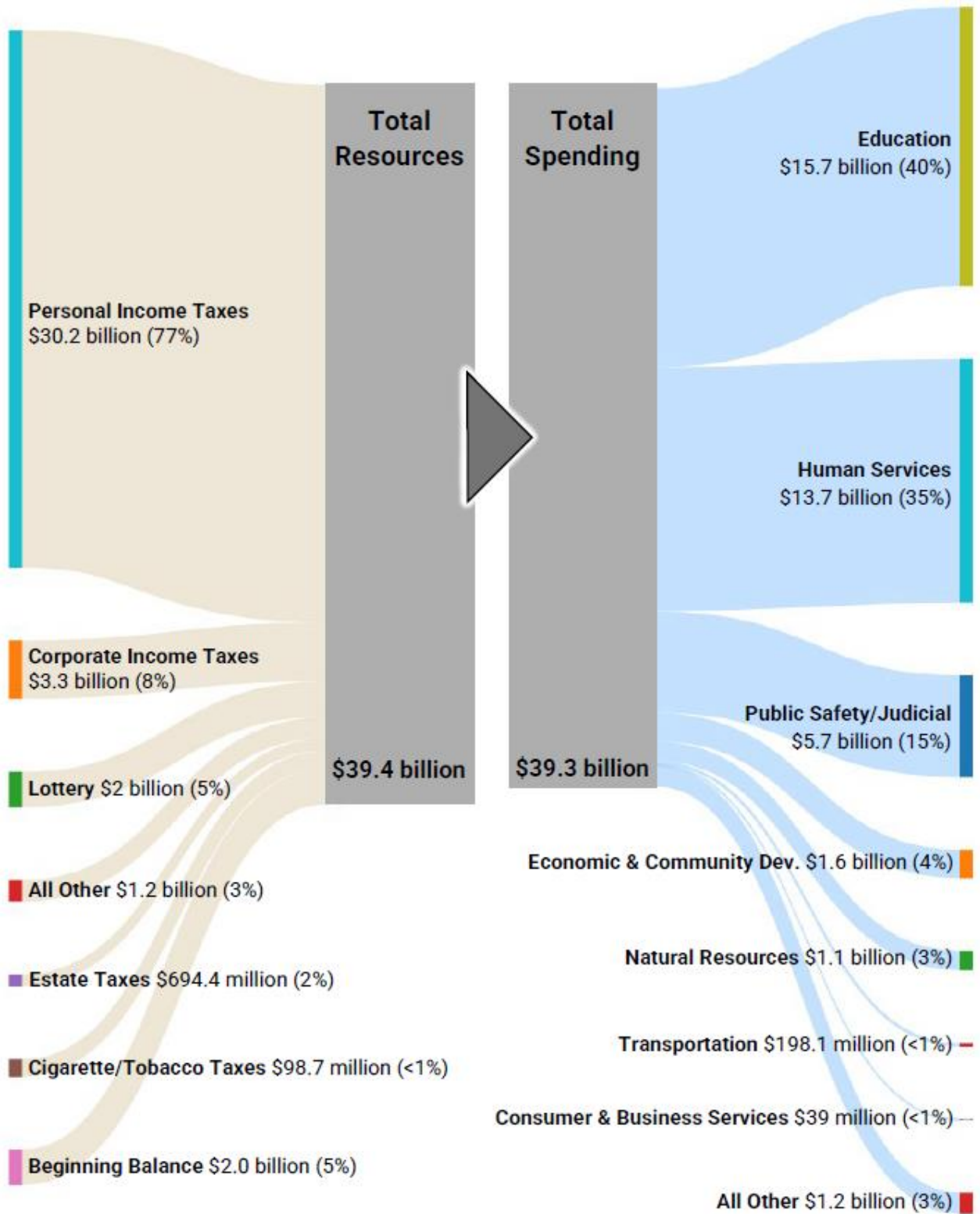
As the workgroup continues to meet, the Governor recommends this additional \$130 million to follow the guidance of the Wildfire Programs Advisory Council for modernizing and fully funding the state's wildfire readiness and mitigation programs, which were created following the devastating 2020 wildfire season. This includes returning \$80 million in funding for hazard reduction strategies, like prescribed fire and preparing homes to withstand fire damage. The remaining \$50 million would provide ongoing firefighting resources at the ready for the Oregon Department of Forestry and the Oregon State Fire Marshal's firefighting response, address the ballooning per-acre forest patrol assessment issue that threatens the stability of the state's wildfire protection system and ensuring Oregon has the resources necessary to respond when fires start. The workgroup must heed their charge to fill this critical funding gap. Wildfire seasons like the one we experienced in 2024 are the new normal. The Wildfire Funding Workgroup will present their recommendations for revenue and funding considerations during the 2025 Legislative Session. The Governor looks forward to the legislature's deliberation of this critical package to protect our state from hazardous wildfire seasons to come.

In 2023, the legislature allocated \$10 million to support resilience hubs across Oregon, physical locations run by the Oregonians who do the essential, on-the-ground work during emergencies. These grants were designed for ease of application because many of the organizations that give out meals, coordinate phone trees, or stand up impromptu child care had never applied for a state grant before. The grants supported accessibility improvements, back-up power, sheltering supplies and equipment, volunteer training, and other infrastructure to support and extend communities' abilities to help one another during fires, droughts, winter storms, power outages, and heatwaves. The Governor urges the legislature to make new investments in the 2025-2027 biennium to serve communities across our state.

# 2025-27 All Funds Budget



# 2025-27 General Fund/Lottery Funds Budget







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