

TO: House Committee on Revenue
FROM: Matt Newell-Ching, Public Policy Manager, Oregon Food Bank
RE: Support for Disconnecting from CARES Act Tax Provisions
DATE: August 6, 2020

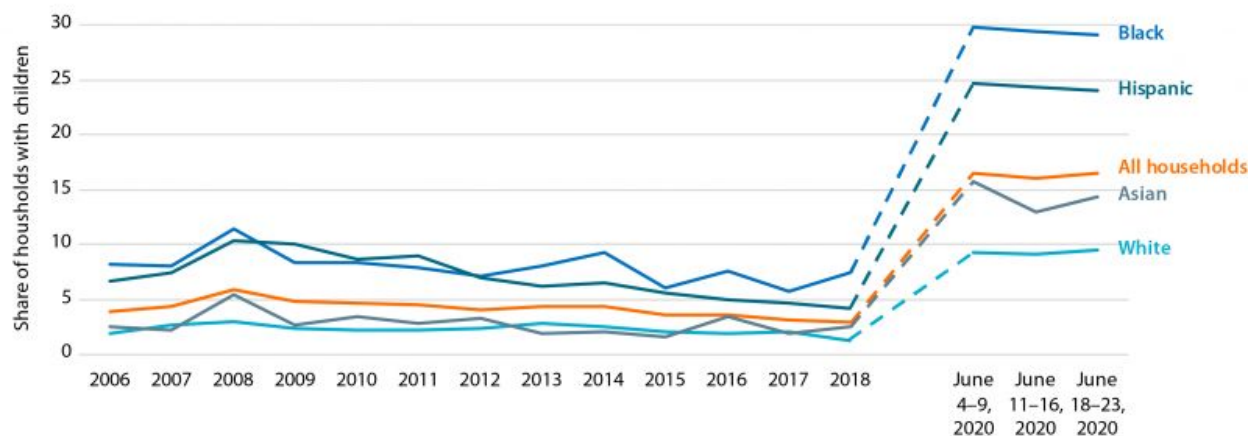


We must meet the moment by centering the realities of Oregonians during this crisis. Oregon's budget needs to be modified to meet the current realities. And the realities are that our communities are hurting.

- Food insecurity in Oregon has doubled since the beginning of the pandemic, according to Oregon State University¹.
- More than 120,000 additional Oregonians received SNAP in June compared to February². Requests for food in our network of 1,400 emergency food agencies has increased significantly.
- Black, Indigenous, people of color, women, immigrants and low-wage workers have borne the brunt of the crises, as is always the case. Nationwide, the percentage of children experiencing food insecurity has increased five-fold since 2018, and is nearly triple the rate during the peak of the Great Recession³. A recent analysis by the Hamilton Project and Brookings reveal that racial disparities in child food insecurity - significant prior to COVID - are widening at alarming rates due to systemic racism:

FIGURE 1.

Share of Households with Children in which the Children Are Food Insecure by Race/Ethnicity, 2006–20



Source: Census Household Pulse Survey 2020 (Waves 6-8); Current Population Survey Food Security Supplement 2006-18; author's calculations.

Note: Surveys have been weighted to be representative of households with children, overall and by race/ethnicity. In the CHHPS (2020 datapoint), respondents were asked "Please indicate whether the next statement was often true, sometimes true, or never true in the last 7 days for the children living in your household who are under 18 years old. 'The children were not eating enough because we just couldn't afford enough food.'" In the FSS, respondents were asked "Now I'm going to read you several statements that people have made about the food situation of their children. For these statements, please tell me whether the statement was often true, sometimes true, or never true in the last 12 months for (your child/children living in the household who are under 18 years old). '(My/Our child was/The children were) not eating enough because (I/we) just couldn't afford enough food.' Was that often, sometimes, or never true for (you/your household) in the last 12 months?" Food insecurity statistics for race/ethnicities not shown were imprecisely measured.

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¹ <https://olis.leg.state.or.us/liz/201911/Downloads/CommitteeMeetingDocument/222368>

² <https://www.oregon.gov/dhs/assistance/pages/data.aspx>

³ https://www.hamiltonproject.org/blog/about_14_million_children_in_the_us_are_not_getting_enough_to_eat

Disconnecting from the CARES Act Tax Provisions is a Sensible Way to Mitigate Oregon's Revenue Shortfall and Avoid Painful Cuts

Our task is to lead our state through this public health and economic crisis so that we may all emerge stronger on the other side.

Start with the critical needs of our communities, then work backwards.

Oregon Food Bank fundamentally rejects the notion that the primary way to balance Oregon's budget should be through cuts — many of which will fall on the backs of Oregonians already faced with food and housing insecurity. These same Oregonians will face a long road back to full-time employment due to the impacts of COVID-19. Instead, we must center the realities of Oregonians and ask ourselves how we can stand together to meet each other's needs.

Disconnecting from the CARES Act tax provisions is consistent with this goal. Put very simply, we are hard-pressed to understand why providing an *additional* state tax break - *on top of a federal tax break* - to individuals and businesses doing extremely well is more necessary than preserving critical services for Oregonians who desperately need support. According to the Congressional Joint Committee on Taxation analysis, 89% of these CARES Act tax changes at the federal level will go to taxpayers with incomes greater than \$500,000 and 95 percent of the benefit will go to taxpayers with incomes greater than \$200,000.

And yet the proposals in the budget rebalance plan include cuts to housing, school meals, job training, and assistance that disproportionately supports BIPOC communities. We don't think it is unreasonable to ask that Oregonians who are doing well and who will already be given a federal tax break to simply keep paying the same rates they had been planning to pay.

The savings from disconnecting from the CARES Act should be used in ways that are equitable and support the well-being of our communities. Here are some examples of programs slated for cuts that could be spared using funding from a CARES Act disconnect. This list is not intended to be exhaustive, but we lift them up to highlight that we have choices as to how we solve our budget crisis. We believe preserving revenue from Oregonians who continue to do well amid the pandemic in order to keep programs like the ones listed below would be a wise choice.

- **Farm to School and School Gardens (#28)** - This funding is critical to the state's economic stability, our farmers' livelihoods and student's well-being. It's more important than ever in the face of the COVID-19 pandemic. Farm to school sales are critical for economic development. School Nutrition Programs are struggling financially due to the increased demands on providing meals and nutrition assistance due to the pandemic.
- **TANF funding for housing stabilization and Education and Training (#129)** - This would eliminate \$14m in funding to assist families at a time when the need for housing stabilization is unprecedented, and the need for education and training is critical. If simplifying these programs is necessary, we suggest redirecting these funds to direct cash assistance to families participating in TANF instead of simply cutting funding.