



Oregon

Kate Brown, Governor

Early Learning Division



May 22, 2020

Dear Early Learning Division Partners,

I am writing to provide an update on Oregon's Economic and Revenue Forecast released this week. The state economists shared that, as a result of the COVID-19 public health crisis, Oregon has entered a severe recession. This is the deepest recession on record going back to 1939.

The economists indicate that the economic growth will be slow until the public health crisis is fully resolved and COVID-19 is no longer a health threat. While the economists believe the economy may recover more rapidly than it did following the 2009 Recession, they cautioned the recovery will take years. Here is what we know about how this impacts the current biennium:

- The General Fund revenue is down \$1.8 billion. After accounting for the ending balance, this leaves a budget hole of \$664 million.
- The Corporate Activity Tax is down \$409 million. This is 25.5% less revenue than originally projected. This is the funding source for the Student Success Act, including the Early Learning investments.

You can watch the forecast briefing to the legislature and read the briefing materials [here](#). While this was difficult news to hear, I was happy that our state economist referenced the importance of early childhood investments to our state's recovery from COVID-19. It is a testament to all of your work to build an equitable early learning system.

Previously, we shared with you the results of the 8.5% General Fund reduction exercise. I want to let you know that Early Learning Division recently submitted information for a 4% General Fund reduction exercise. This is similar to the previous exercise, but with half of the amount of reductions. As a result, some programs will now be able to come off the reduction list.

The fact remains that, though this provides us with more information, no one knows what cuts may occur to the state budget and how this will impact programming at the ELD. However, we do know that now, more than ever, early learning programs are imperative for ensuring children and families can thrive.

The best we can do is keep moving forward, and adapt and overcome as more information and direction from the Governor and legislature becomes clear. We won't know anything concrete for at least several more weeks.

I will continue to share timely information as we have more details. Stay safe and well.

Sincerely,

Miriam Calderon
Early Learning System Director