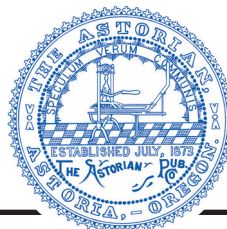


OPINION

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Takeaways from the latest economic forecast

A well-deserved tax cut! Some Oregonians will get more than \$100,000 back in a tax rebate next year.

Unfair! The richest Oregonians will reap a rebate windfall next year.

Ah, the dueling narratives of whether Oregon's unique income tax "kicker" is good, bad or ... what?

Last week's headlines about next year's kicker rebate focused on its size — up to

a few hundred dollars for many of us, a whole lot more for the wealthiest among us. But that was only a fraction of what state economists had to say about where Oregon is headed.



DICK HUGHES

Here are seven takeaways from the quarterly economic and revenue forecasts, which State Economist Mark McMullen and senior economist Josh Lehner presented to the Legislature's tax committees on Wednesday.

1. Overall, Oregon's economy is doing well, especially compared with the slow recovery that followed previous recessions, but thousands of jobs have yet to return.

Despite renewed concerns about COVID-19, McMullen said there's been no discussion of reimposing health restrictions on businesses. However, if business shutdowns recur, the economic impact will be much worse than earlier in the pandemic.

Billions of federal dollars bailed out Oregonians — and the state budget through the resulting income taxes — via unemployment benefits, stimulus payments and other coronavirus relief programs. There's no talk of the feds stepping in again.

The Oregon Employment Department also is not expecting renewed business shutdowns and the resulting deluge of new unemployment claims. But, acting director David Gerstenfeld said last week, the department is watching and planning just in case.

Pandemic jobless benefits will expire Saturday for as many as 81,000 individuals, potentially ending payments for two-thirds of folks on unemployment. And for those filing new claims under regular unemployment, the "waiting week" for receiving benefits will resume.

2. The potential availability of those 81,000 individuals won't solve Oregon's labor shortage. Based on what has happened in other states, many will survive on savings for now. The pandemic and working from home led to a national soul-searching about how people view their jobs and whether working long hours



Hailey Hoffman/The Astorian

Child care is a barrier to employment for many families.

or having a two-income household is worth it.

Amid the competition for workers, Oregon employers are raising pay and offering other incentives. Average wages are 10% higher than before the pandemic, but the income disparity among Oregonians has widened.

In their report, the economists wrote: "Consumer demand is strong given household incomes. Firms are looking to staff up as quickly as possible, and wages are rising quite quickly as they try to attract and retain workers in today's tight labor market. Looking forward, it is hard to see how labor supply will remain depressed indefinitely."

Oregon will create a record number of jobs this year, the number of job seekers gradually will increase, but labor supply will remain a major constraint on economic growth. Even before the pandemic, half the job vacancies in Oregon were difficult to fill.

One factor is that Oregon traditionally relied on newcomers to expand the labor force. However, the state's population growth has slowed to less than 1% annually, so employers would be wise to consider alternatives.

The economists wrote: "Specifically, what would Oregon's long-run labor sup-

ply look like if we closed the educational attainment gap between white, non-Hispanic Oregonians and communities of color? How many more workers could local businesses hire if employment rates across all segments of the population were

at their historical maximum? What if women were hired at the same rate as men?"

3. Overcoming that gender gap would substantially boost the economy, but child care availability, affordability and flexibility remain a significant barrier.

"If we could address our child care disparities and child care deserts and the like, that would really move the needle because we're talking about half the

population," Lehner told legislators. "Of course, the policy here wouldn't be, 'We need to hire more women.' The policy here would be, 'We need to address some of these barriers to employment so that people can work if they wanted to.'"

4. Productivity per Oregon worker has increased 8% during the pandemic. "Much of these gains have been forced onto firms where they must try (to) make do with what they have," the economists wrote.

5. Rural Oregon generally is recovering faster than big cities, which is the reverse of most recessions.

Business travel remains down, many

people are working from home instead of commuting into downtowns and people remain cautious about attending urban activities and events.

"The wildcard in terms of downtown Portland and job centers more broadly remains working from home. Ultimately where that lands, be it a couple days a week versus fully remote, will go a long way to determining the impact on commercial real estate," the economists wrote.

6. The state's tax coffers are overflowing, and the 2021 Legislature made only small changes in tax policy. General fund revenues have almost doubled to \$24 billion in the past decade — basically from the end of Gov. Ted Kulongoski's term to today.

That tax growth will slow as retiring baby boomers work less and spend less. The Legislature could consider diversifying its tax structure to bring in more. Oregon already has been upping its various consumption taxes — that is, sales taxes, but not by that name.

"The Legislature has gone a long way toward diversifying our tax base in the last few years," McMullen told lawmakers. "We're really expanding in terms of these consumer-style taxes."

7. Back to the kicker: Budgets would be even bigger if the state had not returned \$2.6 billion in kicker rebates during the past decade.

That was the goal when the Legislature developed the kicker in 1979: restrain state budgets from growing too big. In that sense, the kicker does its job. However, it failed in its overall goal: deter California's tax revolt from taking over Oregon.

Polls consistently show Oregonians love the kicker, which is why voters in 2000 enshrined it in the state constitution.

The kicker is based on a nearly impossible challenge for economists: predicting future revenues within 2% accuracy.

The estimated kicker, which will be finalized by October, is that Oregonians will get a credit next year equal to 17.5% of what they would pay for 2020 personal income taxes.

That means the bottom fifth of Oregonians, those with a taxable income under \$12,100, could get a typical kicker of \$30. The top 1%, with incomes above \$442,700, will average a kicker of \$16,880. For the even-wealthier among the 1%, some rebates will top \$100,000.

The more you pay in taxes, the more you get back.

Is that fair? Depends on whom you ask. And that is why some legislators want to cap the rebates but stop short of killing the kicker.

Dick Hughes has been covering the Oregon political scene since 1976.

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GUEST COLUMN

Support our health care heroes

Earlier this month, the United Way of Clatsop County Board took an emergency vote which ultimately culminated in a devastating decision.

Due to new COVID-related information from the local medical community, the Shipwrecked Music Festival, a fundraising event for our local nonprofit agencies, was canceled. In making this decision, our board chose to embrace a culture that



JEN MUNSON

is pro-science, as well as one of active engagement in all facets of community wellness — even when we stood to lose \$15,000 in event operations costs.

Our hearts ached for the nonprofits we'd hoped to assist.

Even in outdoor venues where physical distancing is possible, such as the Clatsop County Fairgrounds, the United Way was advised that the delta variant is remarkably successful in transmission. Further, the event was slated to involve alcohol, which may impair even the most genuine commitment to distancing.

Therefore, we chose to stand with our friends in public health and avoid putting any attendees at risk.

Accordingly, a full-throated show of support for the medical community must include a well-considered appreciation of the pressures these health care workers face on our behalf. Secondly, it requires a personal inventory of the ways in which each of us can better support them in this enduring crisis.

One thing is certain. We are putting these front-line workers at risk of moral injury.

Moral injury is the damage done to one's conscience or moral compass when that person perpetrates, witnesses or fails to prevent acts that violate one's own moral beliefs, values or ethical codes of

conduct. What's worse, moral injury can be a precursor to trauma-based diagnoses.

In my professional practice, I have become familiar with how symptoms of post-traumatic stress disorder manifest in employment settings. Indeed, we typically associate the concept of moral injury and PTSD with returning military service members.

Colloquially, we may term this "survivor's guilt." In fact, guilt has been identified as the most salient experience of PTSD. Additional symptoms include anxiety, hopelessness, flashbacks, social isolation and even suicidal thoughts.

As we learned this month, the county's hospitals have been inundated by new virus cases, including some tied to the Clatsop County Fair. Complicating matters is another wave of medical equipment and testing supply shortages and the difficulty in transferring patients to other hospitals for specialized care.

Given this situation, it is only a matter of time until our health care workers face some ghastly decisions around who receives life-saving care and who will not. To be regularly charged with such decisions is inconceivable to most of us. We do not train medical workers for this sort of triage either. How could we?

Such high-stakes emotional reckoning is compounded in an epidemic where workers face long shifts punctuated by insufficient rest — only to get up and do it all again the next day. Crucially, where the potency of a traumatic episode is concerned, the effect of repetitive injury leaves little if any time to process an incident. When left unaddressed, these "thousand cuts" often lead to longer term mental health consequences.

It has been said that the ultimate injustice then, on top of all this moral injury, is for health care workers to leave the hospital only to see that outside those walls the rest of us still blunder on, gleefully mock-



Hailey Hoffman/The Astorian

Clatsop County traced coronavirus cases to the county fair.

ing mask mandates and other precautions as though they are nothing more than political theater.

Is this a failure of education? Or is it a failure of leadership? Regardless, in making those choices, we put our health care workers in harm's way, and, by extension, their families, too. Almost comically, we then expect them to risk their own lives to save us, should we contract the virus. It's a calculus suggesting we deem these workers valuable only when we benefit personally.

An alternative to that seeming indifference is to cultivate an ethic known as "health citizenship." It means that as the beneficiaries of patient care, we hold up our end of the bargain.

We contact our elected representatives and implore them to follow public health science when they set policy. It also means that if they choose not to, we vote them out. Health citizenship requires that we advocate for our hospitals and other medical care providers to protect the well-be-

ing of staff. This includes providing adequate trauma-informed support in the form of counseling, peer mentorship, employee resource groups and appropriate staffing to promote recovery time between shifts.

Finally, it means ensuring that we do not further contribute to the problem during this pandemic.

Canceling the Shipwrecked Music Festival was a decision we felt bereaved by. But, ultimately, we knew local health care workers needed our support.

United Way of Clatsop County believes this is the time to shine a light on the importance of standing with our health care workers and beyond. We ask you to join us in supporting these community members with your own efforts towards health citizenship.

Without such heroes, we have little hope for surviving this calamity, nor any other crisis the future may bring.

Jen Munson is a disability rights advocate and social worker who serves on the board of the United Way of Clatsop County.