



Taking Action for Basic Human Needs.

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Human Services investments provide a quick boost to Oregon's economy

Holding shovels and wearing hard hats, human service employers, workers and advocates said they are "shovel ready," to put federal stimulus dollars to work and warn of private-sector job cuts in the future.

As Oregon and the country's economic troubles deepen, policy makers are looking for ways to boost the economy, create and protect jobs, and stimulate commerce. Although investments in infrastructure such as bridges, road maintenance and construction are greatly needed, what's less well known is how human service spending supports Oregon's economy. The federal stimulus package can help stem a wave of private-sector layoffs across the state, say representatives of the Human Services Coalition of Oregon.

"Oregon's private sector depends on human service dollars," says John Mullin of the Human Services Coalition. "It's a public works project that works well and that Oregonians count on."

Shangri La Corp. is a contract provider for the State of Oregon and employs 450 people in nine counties in Oregon and generates an annual payroll of \$8.125 million. The company provides job training and residential care for people who are developmentally disabled and mentally ill.

"Our employees, vendors and contractors count on us as much as our clients do," says Jan Kral, Chief Executive Officer of Shangri La Corp.

According to analysis done by the Oregon Department of Human Services, human service investments in the health care and social assistance sector support some 55,000 jobs in Oregon and DHS spending – about \$3.5 billion in 2006 - accounts for nearly one-third of this portion of Oregon's Gross Domestic Product (GDP). Additionally, state investments in DHS facilitate the flow of approximately \$7 billion of federal investment into Oregon's economy.

"When human services provides one-third of the economic activity of the only sector that gained jobs last month – health care – you've got to take that seriously," says Mullin. "When a doctor in a private clinic is paid through the Oregon Health Plan, those dollars go to support jobs from front-desk receptionist to nurse to janitor."

The Federal Stimulus Package under discussion is likely to include an increased Federal Medical Assistance Match, (FMAP) which would bring hundreds of millions of dollars of federal cash into the state human services budget through the Medicaid program. The simple explanation is that the feds would pick up a bigger percentage of Medicaid benefits than they do today, which

would help fill the Department of Human Services' budget shortfall brought on by declining statewide revenues and an emergency-level of increased client need.

Oregon is facing a serious revenue shortfall of between \$300 and \$600 million in the current budget and more than \$2 billion in 2009-2011. While the Federal Stimulus Package will not make up that short fall, for the next budget the dollars could help Oregon leverage state investments and turn them around for a big federal return. Every million of state funds invested into a federal matching program such as the Oregon Health Plan or long-term care results in economic activity of, on average, \$2.7 million. That is an annual return on state funds investment of 270%.

"Oregon needs these federal dollars, we need them today, and we also need to make sure that they stay in the human services budget to protect jobs and protect services," says Mullin.

Patrick Featherstone, is a home care worker who cares for Salem resident Willie Dolan. Featherstone is part of the health and long-term care economy and says his job is important to Oregon.

"At a time when more and more Oregonians and seniors and people with disabilities need the help of people like me, I shouldn't have to worry about losing my job," says Mr. Featherstone.

Human service investments have an impact beyond the health care sector. For example:

- A family receiving the average monthly assistance payment of \$418 under the TANF (temporary assistance to needy families) program will in turn spend that money in the Oregon economy and potentially generate \$665 of economic activity;
- Food stamps with an average monthly food assistance payment of \$181 can generate \$333 of economic activity;
- Human services provides child care assistance to low-income families, which generate an average monthly payment of \$517 to more than 13,800 child care providers every year; and,
- Every \$1 million of investment in long-term care and senior care generates an average of 30 jobs and \$1.7 million in economic activity according to a recent analysis by ECONorthwest.

"I'm the bridge that helps low-income families stay on the job. If that isn't a smart investment into the economy, I don't what is," says Tammy Neal, a child care worker in Salem.

The bottom line, says Mullin is that as revenues continue to decline over the next year and unemployment goes up, human service investments will be even more important to Oregon's economy and that state-level reductions multiply far beyond a dollar for dollar loss of services. According to the DHS analysis, a billion dollar cut of total department spending would result in the loss of between 9,000 and 21,000 jobs.

"As we look at how we manage through the recession, we must be smart about protecting the jobs we already have," says Mullin.