

2003-05
Governor's Revised Budget

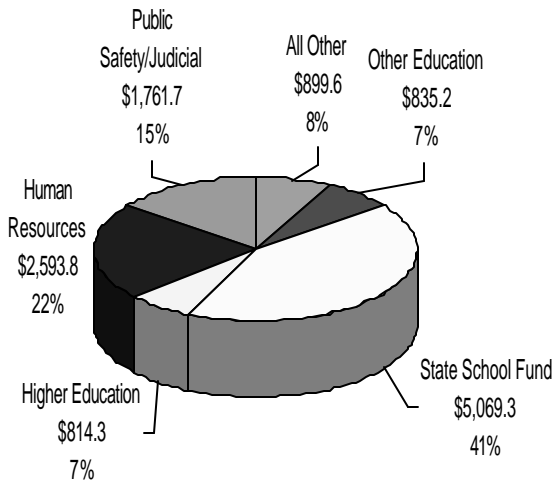
April 18, 2003



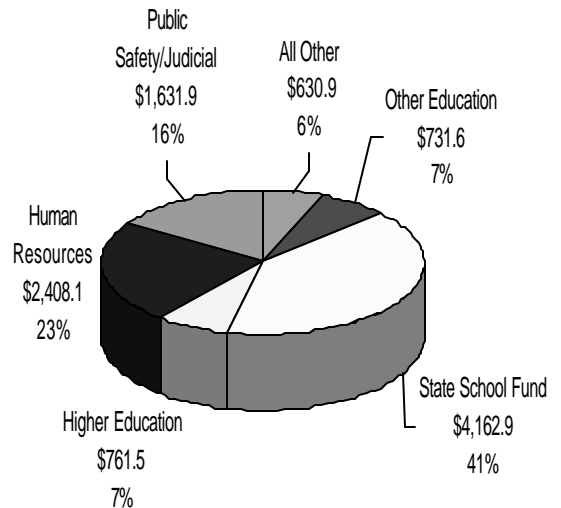
Governor Theodore R. Kulongoski

Approved General Fund & Lottery Funds

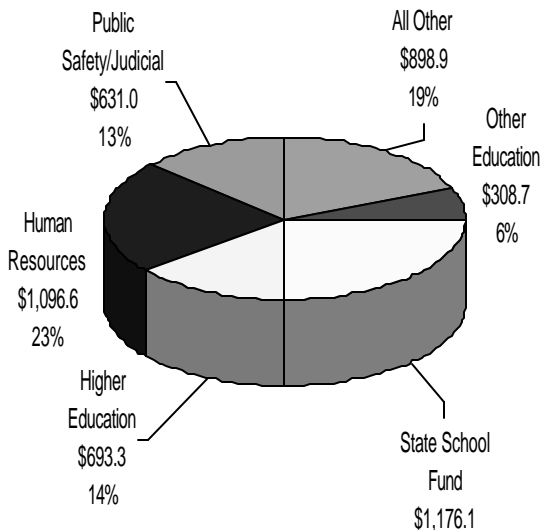
2001-03 Legislatively Approved General Fund & Lottery Funds Budget - Close of Session
Total: \$11,973.9



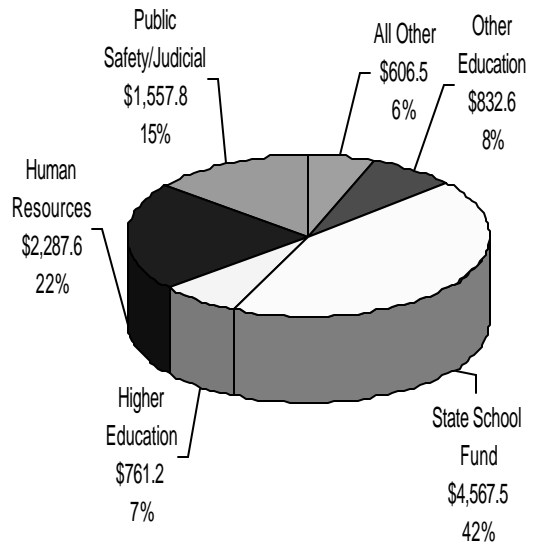
2001-03 Legislatively Approved General Fund & Lottery Funds Budget - Fifth Special Session
Total: \$10,326.9



1989-91 General & Lottery Fund Expenditures
Total: \$4,804.6 Million



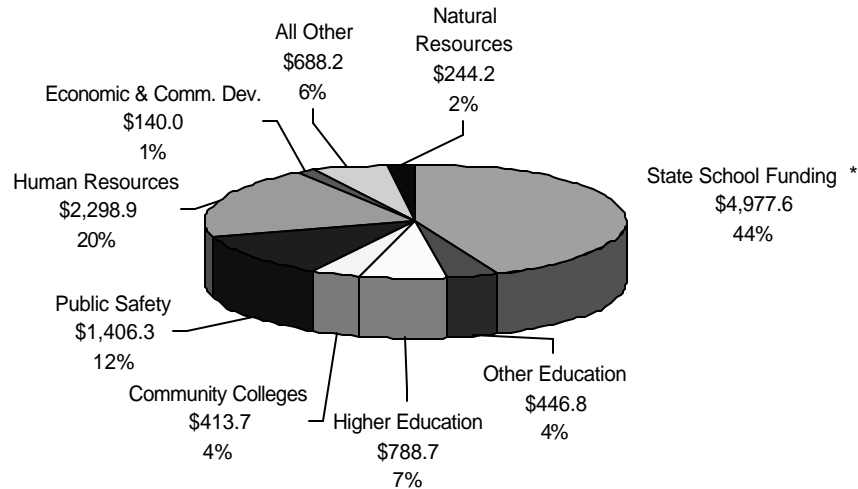
1999-2001 General & Lottery Fund Expenditures
Total: \$10,613.2 Million



2003-05 General Fund/Lottery

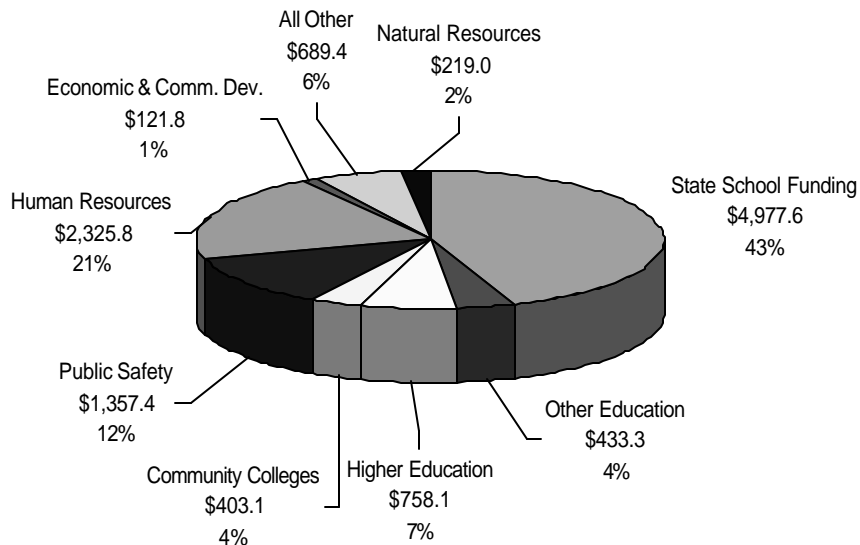
Governor's Balanced Budget Expenditures

Total: \$11,404.4 Million



Governor's Revised Budget Expenditures

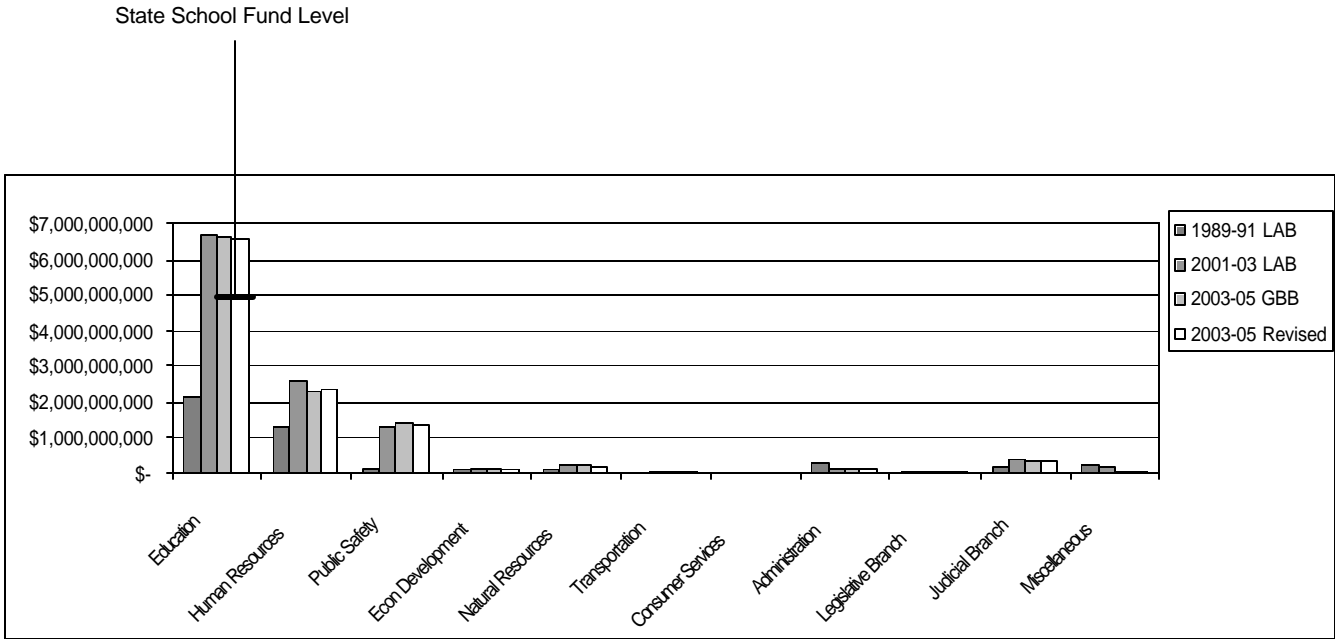
Total: \$11,094.0 Million**



* Total funding for State School Fund, including other fund sources, is \$5.05 billion.

** Includes additional PERS savings of \$191.5 million that is not included in the program areas and new discretionary resources.

General Fund and Lottery Funds by Program Area



* Excludes additional PERS savings of \$191.5 million that is used to balance the Governor's Revised Budget and includes new discretionary resources.

2003-05 General and Lottery Fund Resources

December 2002 Forecast	11,423.8
Less Sunset/Tax Expenditures	(1.2)
Plus Beginning Balance	<u>6.9</u>
Total Revenue	11,429.5
March 2003 Forecast Change	(461.3)
Dept. of Revenue Restorations (SB 5548)	<u>70.0</u>
Total Revised Revenue -- March 2003	11,038.2

General Fund/Lottery Fund Budget Status

Total Resources Available (March 03)	11,038.2
Governor's Balanced Budget	(11,404.4)
Required Expenditure Adjustments	(36.8)
Net Difference	(403.0)
Governor's priorities (add-backs)	(125.2)
Transfer to General Purpose Emergency Fund	(21.6)
Governor's Balanced Budget Ending Balances	(25.1)
Total deficit	(574.9)
Program Reductions	302.5
Additional Resources	80.9
PERS Savings *	191.5
Total solutions	574.9

Stability Fund

Efficiencies & Vacancies	60.0 - 100.0
One-time revenues (e.g., Central Gov't Service Charges)	40.0 - 75.0
Carry Forward from 2001-03 biennium	35.0 - 200.0
Governor's Balanced Budget Ending Balances	25.1
General Purpose Emergency Fund	70.0
Potential additional PERS savings	?
Total Stability fund	230.1 - 470.1

* Governor's Balanced Budget included \$124 million in PERS savings

Required Expenditure Adjustments

<u>Agency</u>	<u>Description of Adjustment</u>	<u>GF and LF</u>
Scholarship Commission & Dept. of Ed.	Replacement funding for loss of interest earnings from Education Stability Fund as result of Sixth Special Session transfer to State School Fund.	\$11.1
Oregon University System	Debt service on Article XI-G bonds for 2001-03 projects.	\$4.5
Human Services	Decision on financing of Staley agreement pending.	??
Forestry	Increased cost for fire protection insurance.	\$10.0
Environmental Quality	Community Solutions Program.	\$0.8
State Police	Tobacco Compliance Task Force.	\$0.8
Correction	Backfill underfunded Federal State Criminal Alien Assistance Program (SCAAP).	\$5.1
Public Safety, Standards and Training	Debt service cost to proceed with training facility project.	\$0.6
Select agencies	Amount needed to backfill Criminal Fines And Assessment (CFAA) programs as a result of March 2003 forecast.	\$3.5
Select agencies	Amount needed to backfill shortfall in Fire Insurance Premium Tax (FIPT) revenues as a result of March 2003 forecast.	\$0.4
	Subtotal - Required Expenditure Adjustments	\$36.8

Governor's Priorities

<u>Agency</u>	<u>Description of Priority</u>	<u>GF and LF</u>
Human Services	Continue funding for part of Sixth Special Session restorations -Includes half of the Senior Service Provider rate reductions (\$26.87 mil), Senior Service Survival Priority Levels 10 & 11 (\$26.5 mil) and Community mental health services for children (\$2.66 mil). Does not include continued funding for Type A and B hospitals.	\$56.0
Human Services	Estimated cost for Home Health Care Worker negotiations.	\$25.0
Human Services	Estimated cost for Senior Prescription Drug program.	\$15.0
Human Services	Restore Children Health Insurance Program (CHIP) for 20,000 children.	\$15.0
State Police	Restore 35 forensics positions.	\$4.5
Public Safety, Standards and Training	Debt service and position costs to proceed with agency construction project.	\$1.2
Public Safety, Standards and Training	Restore Public Safety Memorial Fund.	\$0.4
Youth Authority	Restore Burns Youth Correctional Facility.	\$6.0
Oregon University System	Lottery bond debt service (\$1.1m) and General Fund (\$1m) for Oregon Council for Knowledge and Economic Development (OCKED) signature research centers.	\$2.1
	Subtotal - Governor's Priorities	\$125.2

Level	Program Area	GF	LF	TOTAL
1		(296.72)	(5.80)	(302.52)
	A. Education	(72.39)		(72.39)
	B. Human Services	(84.11)		(84.11)
	C. Public Safety	(71.39)		(71.39)
	D. Natural Resources	(35.21)	(0.80)	(36.01)
	E. Economic Development	(13.17)	(5.00)	(18.17)
	F. Other	(20.45)		(20.45)
Grand Total		(296.72)	(5.80)	(302.52)

Governor's Revised Budget- Program Reductions

Agency	Description of Reduction	GF	LF
A. Education		(72.39)	
Community Colleges & Workforce Development		(10.56)	
	Eliminate Oregon Youth Conservation Corps General Fund. Leaves \$1.8 million Other Funds to operate program.	(0.40)	
	Reduce agency administration by 10.4 percent.	(0.24)	
	Reduce Community College Support Fund by 2.4 percent.	(9.92)	
Department of Education		(14.50)	
	Eliminate state grant for Student Leadership Centers.	(0.72)	
	Reduce Operations.	(1.00)	
	Reduce Regional Programs to serve low-incidence high-cost special education students by 42 percent.	(12.50)	
	Reduce state grant to Oregon Public Education Network (OPEN) by 14 percent.	(0.28)	
Oregon Health Sciences University		(10.00)	
	Reduce state contribution by 10.7 percent.	(10.00)	
Oregon University System		(37.23)	
	Eliminate partnerships funding and collaborative programs except nursing programs; reduce Western Undergraduate Exchange program by 25 percent.	(0.78)	
	Reduce academic modernization/repairs and statewide public service maintenance.	(2.49)	
	Reduce Agriculture Experiment Station, Extension Service, and Forest Research Lab by 7.5 percent.	(7.18)	
	Reduce Chancellor's Office operations by 10 percent and systemwide expenses by 15 percent.	(4.59)	
	Reduce enrollment based funding by 2.4 percent for undergraduates and 7.1 percent for graduate and professional students.	(19.85)	
	Reduce OSU-Cascades targeted funding by 5 percent.	(0.34)	
	Reduce research support and campus based public services by 10 percent.	(2.00)	
Student Assistance Commission		(0.10)	
	Administrative reductions.	(0.10)	
B. Human Services		(84.11)	
Commission on Children & Families		(2.99)	
	Eliminate remaining Oregon Children's Plan evaluation and publication funding.	(0.71)	
	Reduce agency capacity by 26 percent.	(0.83)	
	Reduce staffing capacity in local communities by 12 percent.	(1.45)	
Department of Human Services		(8.00)	
	Reduce Tobacco Use Reduction Account (TURA) by about 50 percent.	(8.00)	
DHS- Children, Adults and Families		(22.47)	
	Reduce Emergency Assistance Program.	(4.67)	
	Reduce JOBS Program, limiting supports that help clients find and keep employment.	(7.20)	
	Reduce Temporary Assistance to Needy Families (TANF) program. May include reducing cash benefits by \$15 per month, imposing time limits and eliminating funds for two-parent families.	(10.60)	
DHS- Department Wide Support Services		(8.55)	
	Administrative reduction in positions and Services and Supplies.	(3.50)	
	Reduce current Medicaid Management Information System (MMIS) technology project.	(5.05)	

DHS- Health Services		(15.04)	
	Close Portland campus of the Oregon State Hospital, eliminating intensive mental health services for 240 patients.	(15.04)	
DHS- Seniors & People with Disabilities		(7.10)	
	Eliminate Oregon Project Independence (OPI) and use all available Other Funds.	(7.10)	
Insurance Pool Governing Board		(19.95)	
	Eliminate the Family Health Insurance Assistance Program (FHIAP).	(19.95)	
C. Public Safety		(71.39)	
Criminal Justice Commission		(6.00)	
	Reduce Juvenile Crime Prevention Grants (JCP) and Law Enforcement Contacts Committee.	(6.00)	
Department of Corrections		(25.50)	
	Administration and Central Support/Operations management actions.	(8.23)	
	Reduce debt service for construction pre-payments.	(6.00)	
	Vacancy savings.	(11.27)	
Department of Justice		(3.00)	
	Reduce Attorney General hourly rates.	(3.00)	
Dispute Resolution Commission		(2.60)	
	Eliminate Dispute Resolution funding. Transfer filing fee surcharge to General Fund.	(2.60)	
Oregon Youth Authority		(8.89)	
	Eliminate 50 close custody beds at Hillcrest and convert to all female; close Corvallis House.	(4.25)	
	Eliminate Area Coordinators.	(1.00)	
	Eliminate Deschutes Community Youth Investment Program funding.	(1.20)	
	Eliminate Multnomah County gang funding.	(2.44)	
State Police		(25.39)	
	Eliminate Boxing and Wrestling Commission funding; statutory change needed to eliminate regulation of wrestling. Federal requirements will result in suspension of boxing events.	(0.19)	
	Eliminate out-of-state travel and reduce training by half in Office of Information Management. Eliminate funding for temporaries and cut out-of-state travel in half for Human Resources Division.	(0.20)	
	Shift approximately 135 troopers from General Fund to Highway Fund. If constitutional amendment is not approved, officers will be eliminated.	(25.00)	
D. Natural Resources		(35.21)	(0.80)
All		(2.00)	
	Eliminate standard inflation in natural resource agencies.	(2.00)	
Department of Agriculture		(3.30)	(0.80)
	Decrease General Fund support for Soil and Water Conservation Districts by 14 percent.	(0.40)	
	Eliminate General Fund agricultural marketing activities but restore program with Lottery Funds previously going to county fairs. Eliminates funding for county fairs.	(2.35)	(0.80)
	Eliminate General Fund in shellfish program but restore program with fee revenue provided by Senate Bill 597.	(0.55)	
Department of Environmental Quality		(5.41)	
	Reduce Open Burning program.	(0.21)	
	Reduce Water Quality Non-point source policy coordinator.	(0.24)	
	Use earnings on Clean Water State Revolving Fund to pay debt service instead of General Fund.	(4.75)	
	Use federal salmon money to support voluntary monitoring instead of General Fund.	(0.21)	

Department of Fish & Wildlife		(5.00)	
	Use fee revenue from additional fee increase to fund Hatchery Program.	(5.00)	
Department of Forestry		(5.60)	
	Reduce General Fund component of Public Share Fire Fund from 50 percent to 40 percent.	(3.60)	
	Reduce General Fund support for central administration costs related to the fire program.	(2.00)	
Various		(13.90)	
	Use Federal Pacific Coastal Salmon Recovery Funds to support salmon recovery program in six agencies.	(13.90)	
E. Economic Development		(13.17)	(5.00)
Economic & Community Development Department		(0.34)	(5.00)
	Reduce Community Development Fund Regional/Rural Investment.		(5.00)
	Reduce funding to Arts Commission.	(0.34)	
Employment Department		(0.58)	
	Reduce federal funds allocated to the Commission for Children and Families to build local child care supply. Use these funds to backfill General Fund in licensing and regulatory programs.	(0.44)	
	Remove General Fund support for the state Child Care Resource and Referral Network.	(0.14)	
Historical Society		(1.30)	
	Eliminate state funding for Historical Society.	(1.30)	
Housing & Community Services Department		(7.30)	
	Fund shift Oregon Initiative and Livability funds. These Other Funds from Lottery bond proceeds would be used to backfill General Fund where appropriate.	(2.60)	
	Reduce Housing Development Guarantee Account, eliminating about 490 affordable housing units.	(1.70)	
	Shift unrestricted cash reserved in the Housing Trust Fund, resulting in reduced resources for affordable housing activities.	(3.00)	
Oregon Public Broadcasting (OPB)		(3.45)	
	Eliminate state funding for OPB.	(3.45)	
State Fair & Exposition Center		(0.20)	
	Reduce support for annual fair activities: concert, livestock, and horse show programs.	(0.20)	
F. Other		(20.45)	
Bureau of Labor & Industries		(0.63)	
	Eliminate standard inflation from Services and Supplies.	(0.12)	
	Reduce Commissioner's Office and Administrative Support to the agency.	(0.51)	
Department of Administrative Services (DAS)		(4.50)	
	Eliminate State funding for Children's Trust Fund.	(0.90)	
	Reduce DAS assessments and charges through efficiencies, reduction of fund balances, or cuts to DAS programs.	(3.00)	
	Transfer funds from DAS Productivity Fund to the General Fund.	(0.60)	
Department of Revenue		(1.31)	
	Reduce Elderly Rental Assistance (ERA) and Non Profit Homes (NPH) program. Reduce property tax administration activities.	(1.31)	
Department of Transportation		(1.95)	
	Reduce General Fund in Public Transit but restore with identification card fee revenue.	(1.95)	

Secretary of State		(0.36)		
	Eliminate remaining funding from Boardman sale.	(0.36)		
Governor's Office		(0.20)		
	Unspecified pro-rata reduction.	(0.20)		
Judicial Branch		(10.00)		
	Unspecified pro-rata reduction.	(10.00)		
Legislative Branch		(1.50)		
	Unspecified pro-rata reduction.	(1.50)		
Grand Total		(296.72)	(5.80)	

Other Budget Issues

- Department of Human Services 2001-03 rebalance/2003-05 reshoot (including potential MUPL shortfall).
- Department of Corrections 2001-03 rebalance.
- Oregon State Police 2001-03 rebalance.
- Staley/other lawsuits.
- Negotiations/binding interest arbitration.
- Federal budget and policy.
- May 2003 and future forecasts.