

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2010 Special Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5100-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Buckley  
Carrier – Senate: Sen. Winters**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 22 – 2 – 0

- House – Yeas: Barker, Buckley, Cowan, Edwards, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson, G. Smith
- Nays:
- Exc:
- Senate – Yeas: Bates, Courtney, Edwards, Girod, Johnson, Monroe, Nelson, Shields, Verger, Winters
- Nays: Kruse, Whitsett
- Exc:

**Prepared By:** Linda Gilbert, Department of Administrative Services

**Reviewed By:** Sheila Baker, Legislative Fiscal Office

**Meeting Date:** February 22, 2010

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**Agency**  
Various Agencies  
Emergency Board

**Budget Page**  
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**LFO Analysis Page**  
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**Biennium**  
2009-11

## Budget Summary \*

\* Excludes Capital Construction

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Emergency Board</u></b>				
<b><u>Emergency Fund</u></b>				
General Fund - Emergency Fund	\$ 32,282,457	\$ 20,000,000	\$ -12,282,457	-38.05%
General Fund - Special Purpose Appropriations				
State Employee Benefit Costs	\$ 32,000,000	\$ 0	\$ -32,000,000	-100.00%
Forestry - Fire Protection Expenses	\$ 4,722,321	\$ 2,585,301	\$ -2,137,020	-45.25%
Oregon Student Assistance Commission	\$ 0	\$ 5,000,000	\$ 5,000,000	-
Columbia River Gorge Commission	\$ 25,000	\$ 0	\$ -25,000	-100.00%
Public Defense Services Commission	\$ 0	\$ 3,500,000	\$ 3,500,000	-
Department of Veterans' Affairs	\$ 0	\$ 168,359	\$ 168,359	-
Department of Human Services	\$ 0	\$ 30,000,000	\$ 30,000,000	-
Department of State Lands	\$ 0	\$ 2,825,910	\$ 2,825,910	-
<b><u>Education Program Area</u></b>				
<b><u>Department of Community Colleges and Workforce Development</u></b>				
General Fund	\$ 456,402,701	\$ 456,320,205	\$ -82,496	-0.02%
General Fund Debt Service	\$ 7,974,203	\$ 8,324,203	\$ 350,000	4.39%
Lottery Funds Debt Service	\$ 9,306,103	\$ 8,929,603	\$ -376,500	-4.05%
Other Funds	\$ 6,361,148	\$ 6,839,608	\$ 478,460	7.52%
Other Funds Debt Service	\$ 2,764,688	\$ 2,414,688	\$ -350,000	-12.66%
Federal Funds	\$ 157,859,780	\$ 163,149,805	\$ 5,290,025	3.35%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Department of Education</u></b>				
General Fund	\$ 5,447,767,562	\$ 5,478,294,224	\$ 30,526,662	0.56%
Lottery Funds	\$ 495,024,463	\$ 465,044,135	\$ -29,980,328	-6.06%
Federal Funds	\$ 1,507,717,758	\$ 1,508,127,734	\$ 409,976	0.03%

## Budget Summary \*

\* Excludes Capital Construction

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Oregon University System</u></b>				
General Fund	\$ 751,543,298	\$ 751,886,135	\$ 342,837	0.05%
Federal Funds	\$ 69,361,591	\$ 68,951,615	\$ -409,976	-0.59%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Oregon Student Assistance Commission</u></b>				
General Fund	\$ 90,340,451	\$ 95,040,451	\$ 4,700,000	5.20%
<b><u>Human Services Program Area</u></b>				
<b><u>Department of Human Services</u></b>				
General Fund	\$ 3,428,595,407	\$ 3,419,014,391	\$ -9,581,016	-0.28%
Lottery Funds	\$ 11,557,611	\$ 10,903,639	\$ -653,972	-5.66%
Other Funds	\$ 1,507,838,231	\$ 1,546,278,785	\$ 38,440,554	2.55%
Federal Funds	\$ 8,034,336,690	\$ 8,126,673,525	\$ 92,336,835	1.15%
Federal Funds Nonlimited	\$ 2,071,665,182	\$ 2,292,650,190	\$ 220,985,008	10.67%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>State Commission on Children and Families</u></b>				
General Fund	\$ 49,062,670	\$ 50,062,670	\$ 1,000,000	2.04%
Other Funds	\$ 17,829,193	\$ 18,767,467	\$ 938,274	5.26%
<b><u>Psychiatric Security Review Board</u></b>				
General Fund	\$ 1,140,855	\$ 1,368,232	\$ 227,377	19.93%
Other Funds	\$ 2,056	\$ 111,818	\$ 109,762	5338.62%

Budget Summary \*

\* Excludes Capital Construction

	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
<b><u>Public Safety Program Area</u></b>				
<b><u>Department of Corrections</u></b>				
General Fund	\$ 1,259,794,942	\$ 1,252,084,141	\$ -7,710,801	-0.61%
Other Funds	\$ 41,877,586	\$ 41,912,455	\$ 34,869	0.08%
Federal Funds	\$ 108,541,761	\$ 109,903,838	\$ 1,362,077	1.25%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>District Attorneys and their Deputies</u></b>				
General Fund	\$ 10,188,466	\$ 10,359,927	\$ 171,461	1.68%
<b><u>Department of Justice</u></b>				
General Fund	\$ 54,721,022	\$ 54,646,022	\$ -75,000	-0.14%
Other Funds	\$ 219,503,978	\$ 220,351,243	\$ 847,265	0.39%
Other Funds Nonlimited	\$ 7,871,355	\$ 10,371,355	\$ 2,500,000	31.76%
Federal Funds	\$ 126,512,997	\$ 129,648,146	\$ 3,135,149	2.48%
<b><u>Oregon Military Department</u></b>				
General Fund Debt Service	\$ 5,533,055	\$ 5,525,245	\$ -7,810	-0.14%
Federal Funds	\$ 252,020,858	\$ 251,401,858	\$ -619,000	-0.25%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Oregon Youth Authority</u></b>				
General Fund	\$ 266,009,019	\$ 265,234,385	\$ -774,634	-0.29%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>State Board of Parole and Post-Prison Supervision</u></b>				
General Fund	\$ 3,517,191	\$ 3,960,399	\$ 443,208	12.60%
<b><u>Department of State Police</u></b>				
General Fund	\$ 244,296,881	\$ 241,339,157	\$ -2,957,724	-1.21%
Other Funds	\$ 96,843,485	\$ 99,047,983	\$ 2,204,498	2.28%
Federal Funds	\$ 7,299,333	\$ 8,070,182	\$ 770,849	10.56%

## Budget Summary \*

\* Excludes Capital Construction

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Department of Public Safety Standards and Training</u></b>				
Other Funds	\$ 36,373,059	\$ 35,479,059	\$ -894,000	-2.46%
<b><u>Economic and Community Development Program Area</u></b>				
<b><u>Oregon Business Development Department</u></b>				
Lottery Funds	\$ 40,746,228	\$ 40,459,152	\$ -287,076	-0.70%
Lottery Funds Debt Service	\$ 72,835,772	\$ 70,756,731	\$ -2,079,041	-2.85%
Other Funds	\$ 31,045,529	\$ 31,531,813	\$ 486,284	1.57%
Other Funds Nonlimited	\$ 187,951,589	\$ 187,420,069	\$ -531,520	-0.28%
Federal Funds	\$ 34,238,986	\$ 39,265,233	\$ 5,026,247	14.68%
<b><u>Employment Department</u></b>				
General Fund	\$ 3,316,072	\$ 2,984,465	\$ -331,607	-10.00%
Other Funds	\$ 132,043,826	\$ 129,769,733	\$ -2,274,093	-1.72%
Federal Funds	\$ 295,268,748	\$ 298,620,148	\$ 3,351,400	1.14%
<b><u>Housing and Community Services Department</u></b>				
Lottery Funds Debt Service	\$ 8,820,655	\$ 8,659,409	\$ -161,246	-1.83%
Other Funds	\$ 138,636,927	\$ 138,768,090	\$ 131,163	0.09%
Federal Funds	\$ 252,470,192	\$ 279,752,340	\$ 27,282,148	10.81%
<b><u>Department of Veterans' Affairs</u></b>				
General Fund	\$ 6,168,915	\$ 6,209,160	\$ 40,245	0.65%
Other Funds	\$ 46,403,160	\$ 46,827,420	\$ 424,260	0.91%
<b><u>Natural Resources Program Area</u></b>				
<b><u>State Department of Agriculture</u></b>				
General Fund	\$ 14,264,994	\$ 14,089,994	\$ -175,000	-1.23%
Lottery Funds	\$ 10,144,720	\$ 10,143,165	\$ -1,555	-0.02%
Other Funds	\$ 49,174,448	\$ 49,680,325	\$ 505,877	1.03%

## Budget Summary \*

\* Excludes Capital Construction

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Columbia River Gorge Commission</u></b>				
General Fund	\$ 860,811	\$ 885,811	\$ 25,000	2.90%
<b><u>State Department of Energy</u></b>				
Other Funds	\$ 32,298,391	\$ 33,307,287	\$ 1,008,896	3.12%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Department of Environmental Quality</u></b>				
General Fund	\$ 33,330,127	\$ 32,977,995	\$ -352,132	-1.06%
Lottery Funds	\$ 5,426,117	\$ 5,415,717	\$ -10,400	-0.19%
Other Funds	\$ 326,935,124	\$ 326,931,551	\$ -3,573	0.00%
<b><u>State Department of Fish and Wildlife</u></b>				
General Fund	\$ 13,877,441	\$ 14,230,033	\$ 352,592	2.54%
Other Funds	\$ 151,472,795	\$ 152,272,795	\$ 800,000	0.53%
<b><u>State Forestry Department</u></b>				
General Fund	\$ 37,668,398	\$ 39,805,418	\$ 2,137,020	5.67%
General Fund Debt Service	\$ 2,806,582	\$ 2,782,804	\$ -23,778	-0.85%
Lottery Funds Debt Service	\$ 1,507,601	\$ 1,374,135	\$ -133,465	-8.85%
<b><u>Department of State Lands</u></b>				
Other Funds	\$ 25,911,841	\$ 27,179,902	\$ 1,268,061	4.89%
Federal Funds	\$ 6,062,037	\$ 6,101,737	\$ 39,700	0.65%
<b><u>State Parks and Recreation Department</u></b>				
Lottery Funds	\$ 90,624,529	\$ 90,870,271	\$ 245,742	0.27%
Other Funds	\$ 94,416,010	\$ 94,170,268	\$ -245,742	-0.26%
Federal Funds	\$ 14,862,468	\$ 14,984,968	\$ 122,500	0.82%

Budget Summary \*

\* Excludes Capital Construction

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<b><u>Water Resources Department</u></b>				
General Fund	\$ 21,035,526	\$ 20,863,526	\$ -172,000	-0.82%
Other Funds	\$ 13,574,310	\$ 13,746,310	\$ 172,000	1.27%
<b><u>Transportation Program Area</u></b>				
<b><u>Department of Transportation</u></b>				
General Fund	\$ 10,000,000	\$ 7,700,000	\$ -2,300,000	-23.00%
Other Funds	\$ 3,564,265,962	\$ 3,567,265,962	\$ 3,000,000	0.08%
Federal Funds	\$ 87,466,949	\$ 89,466,949	\$ 2,000,000	2.29%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Consumer and Business Services Program Area</u></b>				
<b><u>Bureau of Labor and Industries</u></b>				
General Fund	\$ 13,156,979	\$ 12,915,379	\$ -241,600	-1.84%
Other Funds	6,645,662	6,862,262	216,600	3.26%
<b><u>Oregon Medical Board</u></b>				
Other Funds	\$ 9,457,645	\$ 9,532,401	\$ 74,756	0.79%
<b><u>Health Related Licensing Boards</u></b>				
Other Funds	\$ 3,760,743	\$ 3,798,593	\$ 37,850	1.01%
<b><u>State Board of Pharmacy</u></b>				
Other Funds	\$ 4,903,896	\$ 4,916,407	\$ 12,511	0.26%
<b><u>Oregon Health Licensing Agency</u></b>				
Other Funds	\$ 6,403,386	\$ 6,402,806	\$ -580	-0.01%
<b><u>Public Utility Commission</u></b>				
Other Funds	\$ 39,554,662	\$ 39,777,023	\$ 222,361	0.56%
Federal Funds	\$ 493,843	\$ 910,317	\$ 416,474	84.33%

## Budget Summary \*

\* Excludes Capital Construction

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<b><u>Administration Program Area</u></b>				
<b><u>Department of Administrative Services</u></b>				
General Fund Debt Service	\$ 6,509,234	\$ 3,814,263	\$ -2,694,971	-41.40%
Lottery Funds	\$ 3,058,568	\$ 2,845,023	\$ -213,545	-6.98%
Lottery Funds Debt Service	\$ 7,013,455	\$ 6,856,504	\$ -156,951	-2.24%
Other Funds Debt Service	\$ 487,691,880	\$ 490,386,851	\$ 2,694,971	0.55%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Employment Relations Board</u></b>				
General Fund	\$ 1,717,400	\$ 1,732,400	\$ 15,000	0.87%
<b><u>Department of Revenue</u></b>				
General Fund	\$ 152,533,566	\$ 152,089,266	\$ -444,300	-0.29%
<b><u>Office of the Governor</u></b>				
Lottery Funds	\$ 2,014,225	\$ 1,941,910	\$ -72,315	-3.59%
<b><u>Judicial Branch Program Area</u></b>				
<b><u>Judicial Department</u></b>				
General Fund	\$ 299,252,533	\$ 297,215,227	\$ -2,037,306	-0.68%
Other Funds	\$ 58,102,359	\$ 80,639,820	\$ 22,537,461	38.79%
<b><u>Public Defense Services Commission</u></b>				
General Fund	\$ 210,794,161	\$ 209,794,161	\$ -1,000,000	-0.47%
Other Funds	\$ 3,981,401	\$ 12,861,974	\$ 8,880,573	223.05%
<b><u>Legislative Branch Program Area</u></b>				
<b><u>Legislative Administration Committee</u></b>				
Other Funds	\$ 4,403,308	\$ 2,625,874	\$ -1,777,434	-40.37%
Other Funds - Debt Service	\$ 0	\$ 2,000,000	\$ 2,000,000	-

Budget Summary \*

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<b><u>Legislative Fiscal Officer</u></b>				
Other Funds	\$ 0	\$ 100,000	\$ 100,000	-
<b>General Fund Total</b>			\$ 4,419,019	
<b>Lottery Funds Total</b>			-33,880,652	
<b>Other Funds Total</b>			84,050,364	
<b>Federal Funds Total</b>			<u>361,499,421</u>	
<b>All Funds Total</b>			\$ 416,088,152	

## Position Summary

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Department of Community Colleges and Workforce Development</u></b>				
Authorized Positions	61	61	0	0.00%
Full-time Equivalent (FTE) positions	59.36	60.00	0.64	1.08%
<b><u>Oregon University System</u></b>				
Authorized Positions	18,251	18,250	-1	-0.01%
Full-time Equivalent (FTE) positions	12,909.01	12,908.68	-0.33	0.00%
<b><u>Department of Human Services</u></b>				
Authorized Positions	11,469	11,543	74	0.65%
Full-time Equivalent (FTE) positions	10,979.98	11,027.13	47.15	0.43%
<b><u>Psychiatric Security Review Board</u></b>				
Authorized Positions	5	8	3	60.00%
Full-time Equivalent (FTE) positions	5.00	6.89	1.89	37.60%
<b><u>Department of Justice</u></b>				
Authorized Positions	1,333	1,345	12	0.90%
Full-time Equivalent (FTE) positions	1,319.83	1,327.28	7.45	0.56%
<b><u>Department of Corrections</u></b>				
Authorized Positions	4,741	4,734	-7	-0.15%
Full-time Equivalent (FTE) positions	4,621.17	4,618.20	-2.97	-0.06%
<b><u>Oregon State Police</u></b>				
Authorized Positions	1,303	1,309	6	0.69%
Full-time Equivalent (FTE) positions	1,295.65	1,297.15	1.50	0.41%

## Position Summary

	<b>2009-11 Legislatively Adopted Budget</b>	<b>February 2010 Special Session Approved Budget</b>	<b>Special Session Adjustments (difference between Feb 2010 and 2009-11)</b>	<b>Percentage Change from Legislatively Adopted Budget</b>
<b><u>Housing and Community Services Department</u></b>				
Authorized Positions	156	158	2	1.28%
Full-time Equivalent (FTE) positions	148.33	149.67	1.34	0.90%
<b><u>State Department of Agriculture</u></b>				
Authorized Positions	503	504	1	0.20%
Full-time Equivalent (FTE) positions	357.02	357.69	0.67	0.19%
<b><u>State Department of Energy</u></b>				
Authorized Positions	115	122	7	6.09%
Full-time Equivalent (FTE) positions	112.75	117.44	4.69	4.16%
<b><u>Public Utility Commission</u></b>				
Authorized Positions	129	133	4	3.10%
Full-time Equivalent (FTE) positions	127.25	129.83	2.58	2.03%
<b><u>Health Related Licensing Boards</u></b>				
Authorized Positions	18	19	1	5.56%
Full-time Equivalent (FTE) positions	16.70	17.03	0.33	1.98%
<b><u>Oregon Medical Board</u></b>				
Authorized Positions	39	40	1	2.56%
Full-time Equivalent (FTE) positions	38.00	38.67	0.67	1.76%
<b><u>Department of Administrative Services</u></b>				
Authorized Positions	865	866	1	0.12%
Full-time Equivalent (FTE) positions	851.74	852.24	0.50	0.06%
<b><u>Judicial Department</u></b>				
Authorized Positions	1,862	1,863	1	0.05%
Full-time Equivalent (FTE) positions	1,696.06	1,815.97	119.91	7.07%

## **Revenue**

The budget adjustments in House Bill 5100 anticipate a net \$50 million increase in General Fund resources from transfers of Other Funds account balances included in House Bill 3696.

Senate Bill 5540 (2009), the budget bill for the Department of Revenue, included a collections speed-up project that was estimated to generate \$17.6 million in additional General Fund revenue. Project efforts have been more successful than anticipated, increasing that projection to \$20.6 million. The additional \$3 million is part of the statewide rebalance plan. The Legislative Revenue Office has issued a revenue impact statement with additional information.

## **Summary of Committee Action**

House Bill 5100 is the omnibus budget reconciliation bill for the 2010 special session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the 2009 close of session. The Joint Committee on Ways and Means considered recommendations made by the interim Committee during its meetings in October 2009 and January 2010, and other budget requests brought forward during the 2010 special session. The budget adjustments recommended by the Committee are included in the bill and described below.

## **Emergency Board**

The Emergency Board provides General Fund appropriations and Other Funds and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. As part of the 2009-11 biennium statewide rebalance plan, House Bill 5100 makes a number of adjustments, noted below, to the Emergency Board's general purpose and special purpose appropriations:

- Reduces the Emergency Board's general purpose appropriation by \$12,282,457. The Emergency Board was appropriated \$30 million in Chapter 910, Section 1, Oregon Laws 2009, and then received an additional transfer of \$2,282,457 as a result of Chapter 676, Section 6, Oregon Laws 2009. The disappropriation leaves a balance of \$20 million in the general purpose Emergency Fund for the remainder of the 2009-11 interim.
- Eliminates the special purpose appropriation to the Emergency Board for state agency supplemental funding needs, including negotiated increases to state employee benefits, for a total reduction of \$32 million.
- Reduces the special purpose appropriation for the Columbia River Gorge Commission by \$25,000, with a corresponding \$25,000 General Fund appropriation to the Columbia River Gorge Commission for costs related to the release of a report on the adoption of ordinances (see the Natural Resources section for details).

- Reduces the special purpose appropriation for the Department of Forestry by \$2,137,020, with a \$2,137,020 General Fund appropriation to the fire protection program of the Department of Forestry to pay for costs associated with contracting for large air tankers and helicopters to supplement fire suppression resources for the 2009 fire season (see the Natural Resources section for details).
- Establishes a \$2,825,910 special purpose appropriation for the Department of State Lands. The appropriation will cover contract costs for forensic analysis of Portland Harbor Superfund sites; the analysis is necessary to defend against potential litigation.
- Establishes a \$5 million special purpose appropriation to address a projected over-commitment of funds for Oregon Opportunity Grants distributed by the Oregon Student Assistance Commission (OSAC) in the 2009-10 academic year. These funds, plus \$4.7 million appropriated directly to OSAC, are expected to restore announced award reductions of \$120 for full-time students and \$60 for part-time students for the Spring quarter and second semester. Once the final grant expenditures for the 2009-2010 academic year are known, OSAC may request an allocation from the special purpose appropriation to cover the remaining over-commitment of funds.

In addition, the Committee established a reservation within the general purpose Emergency Fund of \$5 million for OSAC to potentially address student awards for the 2010-2011 academic year. Allocation of the reservation is contingent upon the severity of costs for the 2010 fire season and other currently unanticipated Emergency Fund and state budget needs. OSAC may request allocation of the reservation from the Emergency Board after reporting on the final 2009-2010 academic year awards and after fire season costs are known.

- Establishes a \$3.5 million special purpose appropriation for the Public Defense Services Commission. House Bill 2287 (2009) revenues that are directed to the Commission may not materialize at the rate expected over the biennium. This appropriation provides funds for public defense costs, if needed.
- Establishes a \$168,359 special purpose appropriation for the Department of Veterans' Affairs Veterans' Educational Aid benefit.
- Establishes a \$30 million special purpose appropriation for the cost of potential caseload and cost-per-case growth in the Department of Human Services.

## **Adjustments to Agency Budgets**

### **Education Program Area**

#### **Department of Community Colleges and Workforce Development**

The Committee discussed the Essential Budget Level (EBL) for the Community College Support Fund (CCSF) and approved modifications to the calculation as described in the following budget note:

## **BUDGET NOTE**

The Committee approved the following modifications to the calculation of the Essential Budget Level for the Community College Support Fund (CCSF), to be implemented beginning with the development of the 2011-13 biennium budget:

- The calculation shall estimate the pro rata portions of CCSF funding in the current biennium legislatively approved budget expended in the following three expenditure categories: employer contributions to the Public Employees' Retirement System (PERS) for retirement and disability benefits for college employees, debt service expenditures for community college district bonds issued for purposes of financing pension obligations, and employee health insurance premiums.
- The calculation shall incorporate values for these three community college expenditure categories that best parallel how these expenditure categories are calculated in the Essential Budget Level for Personal Services expenditures for state employees. To this end:
  - Expenditures supported by the CCSF in the current biennium legislatively approved budget for employer contributions to PERS shall be adjusted for changes in a blended rate for community colleges, as determined by charges approved by the PERS Board or by projected contribution rate charges,
  - Expenditures supported by the CCSF in the current biennium legislatively approved budget for debt service costs relating to community college bonds issued for purposes of financing pension obligations shall be adjusted for changes in those costs in the upcoming biennium, and
  - Expenditures supported by the CCSF in the current biennium legislatively approved budget for employee health insurance premiums shall be adjusted to roll-up these expenditures to rates effective at the end of the biennium as offered to community college districts by the Oregon Education Benefit Board.

The Committee reduced General Fund by \$11,598 by partially shifting a Policy Analyst 2 position from General Fund to Federal Funds. The Committee also reduced General Fund by \$70,898 and eliminated two vacant limited duration positions (0.66 FTE). The vacant positions, an Education Specialist 2 and an Office Specialist 2, were created to work with the Oregon University System on a plan to offer applied baccalaureate degrees as required by House Bill 3093 (2009). This initiative will instead be delayed due to statewide revenue shortfalls.

Debt service on Lottery Bonds for community college capital construction projects was reduced by \$376,500 Lottery Funds. This is the result of delaying the sale of about \$3.7 million of the \$13.7 million in Lottery Bonds approved in Senate Bill 5506 (2009) until spring 2011, which postpones some of the debt service costs until the 2011-13 biennium. In addition, the Department will use \$73,698 of accumulated interest income in lieu of the allocation of new lottery moneys.

The Committee increased Other Funds and Federal Funds expenditure limitations and established two limited duration positions to accommodate funds received from three federal grants, as follows:

- State Energy Sector Partnership and Training Grant: \$2,153,427 Federal Funds and one full-time limited duration position (0.63 FTE).
- Oregon Youth Employment Initiative: \$3,125,000 Federal Funds and one full-time limited duration Program Analyst 1 position (0.67 FTE).
- Labor Market Information Improvement Grant: \$478,460 Other Funds transferred from the Employment Department.

The Committee also approved two technical adjustments. The first shifts \$350,000 in debt service costs from Other Funds to General Fund to replace premium and interest revenues that were anticipated to be available to offset General Fund debt service costs, but available funds were less than projected. The second shifts \$100,000 Federal Funds from Office Operations to Federal/Other Support to allow the Department to distribute Personal Services reductions taken in the 2009 legislative session to local workforce programs.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). Please see the Department of Administrative Services discussion for more information on the Build America Bonds.

### **Department of Education**

While retaining the overall funding level for the State School Fund, the Committee modified the funding sources. These changes were necessary to address a forecasted decline in Lottery Funds revenues and to address the allocation of state resources between education sectors as required under the federal American Recovery and Reinvestment Act of 2009 (ARRA), State Fiscal Stabilization Fund. The General Fund appropriation is increased by \$29,570,352, the Lottery Funds allocation and expenditure limitation is decreased by \$29,980,328, and the Federal Funds expenditure limitation is increased by \$409,976. All adjustments are for the second fiscal year of the biennium.

### **BUDGET NOTE**

With the affirmed commitment to provide \$6 billion for school funding, the Legislature expects school districts to maintain existing services and not reduce school days for Oregon's children. To the extent that the exclusion from the Supplemental School District and School Program Subaccount necessitates expenditure reductions, the education service districts are expected to first reduce administrative expenditures and to preserve special education and federally mandated services.

House Bill 5100 appropriates \$1 million General Fund to support grants-in-aid for Early Head Start, and reduces the Department's Operations budget by \$43,690 General Fund which was intended to support the Applied Baccalaureate Program (House Bill 3093, 2009). As the funding for House Bill 3093 was eliminated from the three participating agencies, there is no legislative expectation that the report due by November 1, 2010 will be produced.

## **BUDGET NOTE**

The Department of Education is directed to distribute the \$1 million General appropriation to Oregon's local Early Head Start programs. A one-time distribution shall be made to existing federally funded programs based on the number of children enrolled in local programs as of March 1, 2010. These additional dollars are for the purposes of supplementing, not supplanting, existing resources and matching federal funds. The interim Senate and House Education Committees will review the Early Head Start program and develop program recommendations for consideration by the 76<sup>th</sup> Legislative Assembly.

## **BUDGET NOTE**

The Legislature intends to establish a work group to review options for the future of the Oregon School for the Deaf. The Department of Education is directed to provide to the work group information on the health and safety needs of the students.

## **Oregon University System**

The Committee reduced the Education and General Policy Area budget for the 2010-11 fiscal year by \$67,139 General Fund and eliminated one limited-duration position (0.33 FTE) that had been approved in House Bill 5054 (2009) to work on a plan, in conjunction with the Department of Community Colleges and Workforce Development, for offering applied baccalaureate degree programs as required by House Bill 3093 (2009). This initiative will instead be delayed due to state-wide revenue shortfalls.

The Committee included adjustments necessary to maintain the allocation of state resources between education sectors as required under the American Recovery and Reinvestment Act, State Fiscal Stabilization Fund. The required adjustment in the Education and General Program area affected the second year of the 2009-11 biennium only, increased General Fund by \$409,976, and decreased Federal Funds by \$409,976. The allocation between the education sectors was balanced when the budgets for the State School Fund and the Oregon University System were passed by the 2009 Legislature; however, the Governor's veto of a General Fund reduction in OUS for anticipated personal services savings threw the balance between sectors off, which resulted in the state not meeting all State Fiscal Stabilization Fund federal requirements. With these adjustments in OUS, and mirror image adjustments in the State School Fund, the state should once again be meeting all ARRA requirements.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds authorized by the ARRA.

## **Oregon Student Assistance Commission**

The Committee approved \$4.7 million General Fund to address a projected over-commitment of funds for Oregon Opportunity Grants in the 2009-10 academic year. The Oregon Student Assistance Commission (OSAC) is expected to restore the announced award reductions of \$120 for full-time students and \$60 for part-time students for the Spring quarter and second semester. The Committee also approved a \$5 million General Fund special purpose appropriation to the Emergency Board. Once the final grant expenditures for the 2009-10 academic year are known, OSAC may request an allocation from the special purpose appropriation to cover the remaining over-commitment of funds. Further, the Committee

concur with OSAC's proposal to allocate grants for the 2010-11 academic year proportionally by education sector and to commit funds on a first-come, first-serve basis in order to avoid future over-commitment of funds.

A technical adjustment was approved to transfer \$200,000 General Fund and \$200,000 Other Funds from the Opportunity Grant Program to the Other Programs program unit for funds approved for the Nursing Faculty Loan Program created in Senate Bill 701 (2009).

## Human Services Program Area

### Department of Human Services

The Department of Human Services (DHS) provides a broad array of social services to Oregonians through a network of state offices, county and local governments, private profit and non-profit entities, and health plans. Those services include public assistance, protective services, public health, health care, mental health, vocational rehabilitation, long term care for seniors and people with physical and/or other disabilities, and alcohol and other drug abuse treatment. House Bill 5100 adjusts the Department of Human Services' budget for updated pricing of program caseloads, costs and revenues, with selected management actions to help "rebalance" the budget within the agency's appropriated funds; makes additional appropriations to restore a scheduled reduction in the Employment Related Day Care Program, and fund the costs of House Bill 3618 for home care workers and other small funding increases; and reduces budgeted General Fund based on increased Tobacco Tax revenues for the Oregon Health Plan.

A more detailed description of the budget requests and Committee actions in each program area follows.

### Administrative Services Division

The House Bill 5100 adjustments for the Administrative Services Division (ASD) include a number of technical adjustments in the DHS rebalance which result in an increase of \$8.3 million General Fund, an \$11.6 million Other Funds limitation decrease, an increase in Federal Funds limitation of \$1.9 million, and a reduction of 42 positions (39.03 FTE) in ASD. The adjustments included transferring the Office of Health Policy and Research (OHPR) and the Oregon Health Authority (OHA) budgets from ASD to the Division of Medical Assistance Programs (DMAP). Other adjustments included transferring \$6 million Other Funds from provider taxes to DMAP in exchange for \$6 million General Fund, to concentrate all the provider tax revenue in DMAP. Agency-wide, all the technical adjustments net to zero.

The Committee added \$241,666 General Fund, \$27,083 Other Funds, \$263,859 Federal Funds, and four positions (1.12 FTE) for central administrative costs associated with House Bill 3618. An additional \$100,000 General Fund appropriation was approved to support the African American Health Coalition's diabetes and hypertension prevention program, and \$75,000 for Project Clean Slate.

The Committee also approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds authorized by the ARRA.

## Children, Adults and Families

The Committee approved a \$254 million total funds increase for the Children, Adults, and Families Division (CAF). Supplemental Nutrition Assistance Program (SNAP, previously known as Food Stamps) benefits, which are Nonlimited Federal Funds, make up \$221 million of this increase. The DHS rebalance plan reflected other program caseload and cost per case increases, recovery and collection shortfalls, an overestimation of Child Care Development Fund revenues, and a revenue shortfall caused by the need to use more Temporary Assistance for Needy Families (TANF) federal funds during 2007-09 than expected when the 2009-11 budget was developed. The identified General Fund need of \$44.6 million is partially offset by \$17.7 million in agency management actions, which include using additional available ARRA funds related to TANF, using SNAP program performance bonuses and ARRA funds, and using some 2011-13 federal TANF funds in the 2009-11 biennium.

The Committee approved additional management actions to save \$6.1 million General Fund by using \$1.9 million in federal Title XX Social Service Block Grant Funds and Title IV-B Safe and Stable Families funds that would otherwise have been transferred to the State Commission for Children and Families, and \$4.2 million from a total \$8.4 million federal SNAP administrative funding increase, to offset General Fund cost increases in the CAF budget. Both of these fund shifts are one-time in nature.

A \$12.8 million General Fund appropriation is made to restore the Employment Related Day Care (ERDC) program reduction scheduled to take place beginning July 2010. Without these added funds, the legislatively adopted budget would have limited the ERDC program to only families leaving the TANF program. The General Fund add-back also restores funding for 3.45 FTE.

## Health Services

DHS' Health Services consists of three divisions: Division of Medical Assistance Programs (DMAP), Addictions and Mental Health Division (AMH), and Public Health Division (PHD). The Committee approved rebalance plan adjustments for Health Services that reflect savings of \$45.5 million General Fund and \$10.5 million Federal Funds. Other Funds increase by \$38.7 million, while positions increase by 63 (50.35 FTE).

The rebalance plan for DMAP includes a net savings of \$33.7 million General Fund, primarily from Oregon Health Plan caseload growth that has been lower than forecasted, coupled with a projected \$20.4 million increase in Tobacco Tax revenue dedicated to the Oregon Health Plan [Department of Administrative Services, Office of Economic Analysis (OEA) December 2009 forecast].

Additional issues in the plan include \$1.5 million General Fund to correct "clawback" payments for the Medicare Modernization Act, and \$4.6 million General Fund resulting from an increase to the Medicare Unit Values. These costs are offset by \$1.4 million General Fund savings from a higher Federal Medical Assistance Percentage (FMAP) than previously assumed, and a \$2 million General Fund reduction in prescription drug costs from a court settlement order.

Management actions save \$1.9 million General Fund from reduced instate travel and professional contract costs, sole source contracting for hemophilia drugs, and increased program FMAP for certain administrative costs.

The Committee approved two further reductions within DMAP. First, DMAP will institute a fee-for-service medical case management program that expands beyond the current disease case management and medical case management program, saving \$1 million General Fund. Second, DMAP will increase client participation in mail order prescription drugs saving \$63,991 General Fund.

The Committee also approved a fund shift to replace \$23.5 million General Fund in DMAP's budget with a like amount of Other Funds from higher Tobacco Tax revenue, based on OEA's March 2010 forecast.

### **BUDGET NOTE**

The Department of Human Services, Division of Medical Assistance Programs (DMAP) is directed to work with appropriate stakeholders, including hospitals and Oregon Health Plan (OHP) managed care plans, to study hospital reimbursement methods under the OHP. The study should assess how the current reimbursement method could be modified to (a) create a common reimbursement mechanism among a variety of payers and, (b) better contain hospital costs. DMAP should report the results of the study to either the interim Joint Committee on Ways and Means or Emergency Board by September 30, 2010, as well as the Oregon Health Policy Board and appropriate legislative policy committees.

The Addictions and Mental Health Division will receive an additional \$3.5 million total funds, mostly due to a \$4.3 million federal fund increase for the Strategic Prevention Framework – State Incentive Grant to enhance Oregon's substance abuse prevention system. Aside from technical adjustments, this is offset by savings in the State Delivered Secure Residential Treatment Facilities program and targeted administrative cost reductions. Additionally, the Committee reduced Lottery Funds expenditure limitation by \$653,972 due to a decline in the updated OEA revenue forecast.

### **BUDGET NOTE**

The Department of Human Services (DHS), Addictions and Mental Health Division (AMH) is directed to work with Oregon's county mental health departments to develop a proposal for these departments to submit encounter data, or service data, about their non-Medicaid eligible clients to DHS. The proposal should include an estimate of the cost of collecting these data. AMH should discuss this proposal in a report to the 2011 Legislative Assembly's Joint Committee on Ways and Means' DHS hearings as well as appropriate legislative policy committees.

The rebalance plan for PHD adds \$16.7 million federal funds for the H1N1 influenza vaccination campaign. The division will distribute the majority of these resources to local health departments. Statewide funding will support, in part, epidemiology, surveillance and laboratory capacity. PHD also will receive \$1 million more in Tobacco Tax revenue for the Tobacco Prevention and Education Program. Management actions from delayed administrative hiring and reduced Services and Supplies spending will save \$59,865 General Fund within PHD. The Committee made no further adjustments to the PHD plan.

## Seniors and People with Disabilities

The Committee approved a net increase of \$18.7 million General Fund for the Seniors and People with Disabilities Division (SPD), with a \$2.5 million reduction in Other Funds expenditure limitation, a \$92.5 million increase in Federal Funds expenditure limitation, and 49 positions (31.26 FTE). The adjustments include \$765,124 General Fund, \$824,226 Federal Funds, and eight positions (2.26 FTE) for home care workers costs associated with House Bill 3618.

In its rebalance plan, DHS projected a General Fund shortfall in SPD of \$43.8 million, net of \$54.7 million in caseload, cost-per-case, and revenue changes partially offset by \$11 million in savings from management actions and technical adjustments. House Bill 5100 does not appropriate additional General Fund to DHS to fully rebalance its budget, so the approved budget adjustments leave SPD \$25.8 million General Fund short of projected expenditures for the biennium..

DHS is expected to bring an updated financial report and rebalance plan to the interim Committee on Ways and Means or the Emergency Board later in 2010, and the budget needs of the Department will be assessed that time. Updated caseload projections, cost estimates, and federal revenue changes are all factors that will likely affect DHS' overall needs. With this in mind, the Committee approved a \$30 million special purpose appropriation to the Emergency Board for the Department of Human Services, to be available for the costs of increased caseloads, increases in cost-per-case, and for program needs.

## State Commission on Children and Families

The Committee appropriated \$1 million General Fund to support development of new relief nurseries in Ontario, Clackamas, Madras, and Corvallis. The funds will be distributed equally among the four sites.

The Committee also approved a total of \$938,274 Other Funds expenditure limitation. This reflects private grants the Commission has received for two initiatives: \$365,655 from a Casey Family Foundation grant for Reconnecting Foster Youth with Families, which will support several county pilot programs to reduce the number of children in foster care and reconnect foster youth with their families; and \$572,619 from the Oregon Community Foundation and the Paul G. Allen Foundation for Reading for Healthy Families Oregon activities.

## Psychiatric Security Review Board

To implement provisions of House Bill 2853 (2009) the Committee added \$227,377 General Fund, \$109,762 Other Funds expenditure limitation, and three permanent full-time positions (1.89 FTE). The Other Funds will be used to receive and expend a pass-through of a federal grant administered by the Oregon State Police. The funds will be used for two purposes. The first activity is reconciling mental health records with Oregon State Police, Department of Human Services, and Oregon Judicial Department. The purpose is to identify individuals who are prohibited from purchasing or possessing firearms for mental health related reasons. This portion of the work under House Bill 2853 is primarily expected to be one-time in nature and covered by the federal grant.

The second body of work is implementing a relief program for individuals that have been prohibited from purchasing or possessing firearms because of mental health related reasons. These individuals will be able to appeal this prohibition to the Psychiatric Security Review Board. This work will be ongoing and is anticipated to be eligible for continued federal grant support, although the level of support is indeterminate. Another grant award of approximately \$50,000 is expected later this year. Since the program is ramping up partway into the biennium, it will need to be fully phased in for 2011-13. Development of the biennialized program will take into consideration actual volume of appeal requests, experience with workload for appeals, and may include additional review of position needs and classifications.

The records and relief work supported by this funding will help ensure Oregon maximizes federal funding it receives through the Edward Byrne Memorial Justice Assistance Grant program. The state receives about \$3.6 million annually through the program. In the past funds have been used to support the Criminal Justice Commission's Drug Court Grant Program, Offender Re-entry Grant Programs, and local drug task forces.

### **Public Safety Program Area**

#### **Department of Corrections**

The Committee approved a \$760,781 Other Funds expenditure limitation increase to restore funding for education and work training programs that was inadvertently left out of the agency's legislatively adopted budget. Two changes were approved to reflect additional federal funding not included in the legislatively adopted budget. The Federal Funds expenditure limitation for the Transitional Services Division is increased by \$170,677 for the Workplace and Community Transition Training for Incarcerated Individuals program which was transferred from the Oregon Youth Authority. The Committee also increased the Federal Funds expenditure limitation in Health Services by \$1,191,400 to account for additional federal funding received through the State Criminal Alien Assistance Program.

The Committee approved the establishment of a \$700,000 Other Funds expenditure limitation for capital improvements for two projects: \$250,000 to replace a wastewater pump and clean sections of pipe at the Deer Ridge Correctional Institution and \$450,000 for a solar water heater project at the Eastern Oregon Correctional Institution. A technical change was also made to decrease the Other Funds expenditure limitation for the General Services Division by \$1,425,912 for construction staff related to deferred maintenance projects; Senate Bill 5563 will increase the limitation by the same amount in the Other Funds Capital Construction expenditure limitation.

The Committee also approved shifting \$103.8 million in federal ARRA funding from the Community Corrections Division to the Operations Division to streamline federal reporting processes. An equal amount of General Fund is shifted from Operations to Community Corrections. To reflect the estimated costs of Senate Bill 1007 which makes changes to the earned time program, \$471,089 in General Fund is added to the Operations Division.

A total of \$8.2 million is reduced from the agency's budget to provide resources for other parts of the state budget. The amount required for debt service payments is reduced by \$4.2 million General Fund due to refinancing of outstanding Certificates of Participation (COPs). In addition, \$4 million General Fund is reduced from the following divisions: Central Administration (\$100,000), Public Services

(\$200,000), General Services (\$2 million), Human Resources (\$200,000), and Transitional Services (\$1.5 million). This \$4 million reduction results in the elimination of seven positions (2.97 FTE).

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds.

### **District Attorneys and Their Deputies**

House Bill 5100 appropriates \$171,461 General Fund for the District Attorneys and Their Deputies to fully fund the salaries of the 36 District Attorneys. This reverses the state employee salary action taken in House Bill 5054 (2009). The agency may have to return to the Legislature or the Emergency Board at a later date to insure that health benefits for the 36 District Attorneys are fully funded.

### **Department of Justice**

The Committee made a number of changes relating to the receipt of grants and other funds by the Department. These are:

- An increase in the Federal Funds expenditure limitation of \$1,531,744 and the establishment of five limited duration positions (3.60 FTE) in the Department's Criminal Justice Division for investigating and prosecuting drug trafficking organizations and gang violence.
- An increase in the Other Funds expenditure limitation of \$510,000 and the Federal Funds expenditure limitation of \$994,333 and the establishment of five limited duration positions (2.51 FTE) in the Department's Criminal Justice Division for the purpose of accomplishing the work required by four grants relating to mortgage fraud investigations, Internet Crimes Against Children, and the federal Violence Against Women Act.
- An increase in the Federal Funds expenditure limitation of \$609,072 in the Department's Crime Victims' Services Division for distribution of funds to nonprofits and other groups to provide services to victims of sexual assault and other person crimes.
- An increase in the Other Funds expenditure limitation of \$337,265 and the establishment of two limited duration positions (1.34 FTE) for the Department's Crime Victims' Services Division to process claims and collect revenue with the understanding that the Department of Administrative Services will unschedule \$100,000 of this expenditure limitation increase pending receipt of sufficient new revenue by the Department of Justice.

The Committee also established a Nonlimited Other Funds expenditure limitation for the Department of Justice Civil Enforcement Division for certain restitution and refund payments under ORS 180.095 from the Department of Justice Protection and Education Revolving Account with an initial allotment of \$2,500,000.

During the 2009 session, an action to provide for a grant to Project Clean Slate was inadvertently not taken. It had been planned to reduce the Child Support Enforcement Division's General Fund appropriation by \$250,000 and use those resources to pay for the grant to Project Clean Slate. In the interim, the Department of Human Services was able to provide \$75,000 of the funding for the grant. House Bill 5100 reduces the budget for the Department of Justice by \$75,000 and redirects it to the Department of Human Services. House Bill 3696 authorizes the Department of Justice to make the remaining \$175,000 payment to Project Clean Slate.

## **Oregon Military Department**

House Bill 5100 reduces the Department's budget for debt service payments by \$7,810 General Fund to reflect reduced costs of refinancing outstanding Certificates of Participation (COPs).

The Committee approved a technical adjustment to reduce the Department's Federal Funds Capital Improvement expenditure limitation by \$619,000 and to increase the Department's Federal Funds Capital Construction expenditure limitation by \$619,000 (see Senate Bill 5563) for the Camp Rilea High Voltage Electrical Loop project. This technical adjustment was needed as the Camp Rilea Project budget exceeded the \$500,000 Capital Improvement threshold.

The Committee also approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds, authorized by the ARRA.

## **Oregon Youth Authority**

The agency identified \$774,634 in General Fund savings the Committee used to help balance the statewide budget. These reductions are as follows: \$668,999 General Fund due to the underutilization of residential and foster care placements by providers who were concerned about funding availability while the vote on tax measures was pending; \$5,635 General Fund resulting from a small change in the Medicaid match rate; and \$100,000 General Fund due to unemployment expenditures projected to be under budget for the first year of the biennium.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds, authorized by the ARRA.

## **State Board of Parole and Post-Prison Supervision**

House Bill 5100 appropriates \$443,208 General Fund to the State Board of Parole and Post-Prison Supervision to provide sufficient funding for Attorney General legal services, psychiatric examination costs, and other costs.

## **Department of State Police**

The Committee increased the Other Funds expenditure limitation for the Administrative Services Division in the amount of \$2,096,756 to replace the Department's computer aided dispatch (CAD) and records management systems (RMS). The Department of Administrative Services is requested to unschedule all but \$389,600 of this limitation until the agency reports back to the Emergency Board at its May 2010 meeting on its progress in completing necessary work relating to project management and identifying proper use of funding sources.

The Other Funds expenditure limitation for the Forensics Division is increased by \$60,000 to fund work related to a grant received by Western Oregon University to study latent fingerprint identifications. The Committee approved the shift of \$8.1 million General Fund from an appropriation specific to the 39 new patrol trooper positions authorized by the Legislature in 2009 to the general Patrol Division appropriation.

Also approved was a \$770,849 Federal Funds expenditure limitation increase for the Law Enforcement Information Division, in anticipation of the receipt of federal grant funds relating to background checks. OSP will retain \$372,499 of the grant to update records and the remainder of the funds will be distributed to the Psychiatric Security Review Board and the Judicial Department. The Committee also approved six limited duration positions (1.50 FTE) for OSP for this grant.

A total of \$3 million General Fund is reduced from the agency's budget to provide resources for other parts of the state budget. After a review of the amount required for debt service payments, General Fund debt service is reduced by \$669,981. The Other Funds expenditure limitation for Administrative Services is increased by \$47,742 to utilize excess balances in accounts related to Certificates of Participation (COPs), which can be used to offset General Fund debt service need. Finally, the General Fund budget for various divisions are reduced for vacancy and fuel cost savings including Patrol (\$1,161,066), Criminal Investigations (\$780,809), Fish and Wildlife (\$142,122) and Forensics (\$203,746).

Over the past three years, the Legislature has approved over \$340 million in Certificates of Participation (COPs) and Oregon Department of Transportation (ODOT) revenue bonds for the Oregon Wireless Interoperability Network (OWIN) project, demonstrating the Legislature's commitment to the project. The Legislature's request of the Department of Administrative Services (DAS) to unschedule a portion of this financing as described below should not be viewed as a lack of this commitment. Instead, by making funds available when required, the intention is to secure the long term success of the project by ensuring that an independent quality assurance presence is part of the plan for the project. In addition, the Legislature's approval of transferring the project from the Oregon State Police to ODOT provides crucial project management and construction related expertise and experience to this large and complex project. House Bill 3696 includes language to transfer OWIN to ODOT, including appropriations, expenditure limitation authority and positions. The actual amount of the transfer will depend on the date of House Bill 3696's passage.

### **BUDGET NOTE**

The Joint Ways and Means Committee recommends that DAS unschedule all of the Other Funds expenditure limitation associated with the Certificates of Participation authorized by the Legislature in 2009 for OWIN and all but \$8 million of the Other Funds expenditure limitation tied to the ODOT revenue bonds authorized by the Legislature in 2009 for OWIN until the Executive Branch has an independent quality assurance (QA) presence in place and the first report is made available to DAS, the OWIN Steering Committee and the Legislative Fiscal Office (LFO). The focus of the quality assurance should be on the project management office, project management and performance, assessment of the internal construction related quality assurance and control processes, and assessment of the processes related to the transition from the development/construction phase of OWIN to the operational phase. If this quality assurance report determines that there are any issues with the project management and other areas under review in the quality assurance process, these issues must be addressed prior to the re-scheduling of the funds.

If it is determined by the Executive Branch that further expenditure limitation needs to be rescheduled to access the working capital loan with the Oregon Department of Treasury, beyond the \$8 million of revenue bond limitation detailed above, the Other Funds expenditure limitation may be increased by the appropriate amount after consultation with the Budget and Management Division of DAS and the LFO.

If it is determined by the Executive Branch that a portion of the unscheduled amount needs to be available to negotiate or award a contract so not to significantly delay the project, the appropriate amount may be rescheduled after consultation with LFO and the Co-chairs of the Joint Committee on Ways and Means. At that time the OWIN project must present an up-to-date schedule, work plan and budget which detail the planned release of funds.

### **Department of Public Safety Standards and Training**

The Committee approved a net decrease of \$894,000 in Other Funds expenditure limitation which is the result of two actions. The first is a \$1.6 million reduction in the Criminal Fines and Assessment Account (CFAA) allocation. The second action is a \$706,000 increase in limitation for the costs of adding two additional basic law enforcement classes to help alleviate the backlog and reduce the wait time between when a new law enforcement officer is hired and when they attend the basic course. The Committee approved this request with the understanding that the Department of Administrative Services will unschedule \$353,000 of the increase until the agency demonstrates to the Legislative Fiscal Office and the Budget and Management Division that demand for the training is sufficient for the second class.

### **Economic and Community Development Program Area**

#### **Oregon Business Development Department**

A technical adjustment was approved to decrease Other Funds expenditure limitation by \$26,247 and increase Federal Fund expenditure limitation by the same amount to correct the adjustments made in House Bill 5054 (2009) for salary savings, Attorney General, and State Government Service Charges. The adjustments should have been made to Other Funds, rather than Federal Funds.

The Committee approved two Other Funds expenditure limitation increases, totaling \$512,531, to provide the Department with the authority to utilize, in accordance with the ARRA, funds for administering the ARRA Brownfields, Safe Drinking Water Program (SDWP) and Community Development Block Grants (CDBG) programs. The increase in Other Funds is accomplished in the following manner:

- Brownfields grant - Transferring \$37,989 Federal Fund Special Payments (SP) to Federal Fund Personal Services (\$18,989) and Services and Supplies (\$19,000), which is a net zero Federal Funds modification, and reducing the Other Funds expenditure limitation by \$18,989 because the Department will use existing staff for administration of the ARRA grant (to be paid from Federal Funds). This ensures that the total amount of Personal Services for the Brownfield program (regardless of the funding source) remains consistent with the legislatively approved budget.
- SDWP – An Other Funds increase of \$531,520 in Services and Supplies to be offset by a \$531,520 Other Funds Non-Limited reduction in Special Payments (accomplished administratively by the Department of Administrative Services Budget and Management Division).
- CDBG – Transferring \$276,797 Federal Funds expenditure limitation from Special Payments to Services and Supplies.

House Bill 5100 also adds \$5 million Federal Funds expenditure limitation to allow funds received pursuant to ARRA to be spent for development of a biomass utilization project in Grant County.

Lottery Bonds Debt Service for recapitalization of the Infrastructure Fund was reduced by \$2,079,041 Lottery Funds. This is the result of delaying the sale of \$20 million Lottery Bonds approved in Senate Bill 5505 (2009) until spring 2011, which postpones the debt service until the 2011-13 biennium.

The Committee reduced Lottery Funds expenditure limitation by \$287,076 for position and vacancy savings within the Department. The Department will also transfer \$49,702 of carryover Lottery Funds from the Main Street program to Shared Services to allow the allocation of new lottery moneys to be reduced by the same amount, because the expenditure of these Lottery Funds on the Main Street program was never authorized in the 2009-11 legislatively adopted budget. The transfer does not affect the agency's Lottery Funds expenditure limitation.

The following budget note related to the Business Energy Tax Credit (BETC) program was approved:

### **BUDGET NOTE**

The State Department of Energy and the Oregon Business Development Department are directed to explore the option of transferring administrative responsibility for the tax credit program available for renewable energy resource equipment manufacturing facilities from the State Department of Energy to the Oregon Business Development Department. The two agencies are directed to jointly report their findings to the Joint Committee on Ways and Means, and to the committees on Revenue, prior to February 1, 2011. The report shall identify potential program management and efficiency gains, impacts to the budgets of both agencies resulting from such a transfer, and potential risks of such a transfer.

### **Employment Department**

The Committee shifted \$331,607 from General Fund to Federal Funds in the Child Care Division to take advantage of unanticipated Child Care and Development Fund revenues.

House Bill 5100 includes a \$1.25 million Federal Funds expenditure limitation increase to allow the Department to expend funds received from the U.S. Department of Labor for a Labor Market Information project related to green jobs. Of this amount, \$478,460 will be paid to the Department of Community Colleges and Workforce Development and the remainder will be spent by the Employment Department.

The Committee also approved two technical adjustments to correct errors in the 2009-11 legislatively adopted budget:

- \$1,769,793 was shifted from Other Funds in the Office of Administrative Hearing to Federal Funds in the Unemployment Insurance program.
- Other Funds for Business and Employment Services was reduced by \$504,300 to correct a double count of debt service needs.

## **Housing and Community Services Department**

The Committee approved a \$20,452,513 Federal Funds expenditure limitation increase related to cash grants exchanged in lieu of federal low-income housing tax credits authorized by the ARRA. The Committee also added \$131,163 Other Funds expenditure limitation and approved the creation of one limited duration position (0.67 FTE) to perform the required management functions relating to the approved housing projects.

The Committee also approved a \$6,829,635 Federal Funds expenditure limitation increase for expenditures related to administration of the Neighborhood Stabilization Program (NSPII) grant from the US Department of Housing and Urban Development. The Committee also approved the creation of one limited duration position (0.67 FTE) to manage and report on the NSPII program.

Expenditure limitation for Lottery Funds Debt Service is reduced by \$161,246.

## **Department of Veterans' Affairs**

House Bill 5100 appropriates \$40,245 General Fund and adds \$334,260 Other Funds expenditure limitation to correct the Department's budget for rent reductions that should not have been allocated to the agency, and re-distribute expected charges for the State Data Center across the Department's fund structure. The Committee also approved \$290,000 of supplemental funding for the Educational Aid program. This funding level is calculated to be sufficient to fund veterans' benefits available under this program, at current program participation levels, through the remainder of the biennium. Another bill, House Bill 3696, includes a provision to allow the Other Funds balance in the Veterans' Small Business Repair Loan Fund to be used to finance Educational Aid benefits. This Fund currently has a balance of \$121,641. House Bill 5100 increases the Department's Other Funds expenditure limitation by \$90,000 to finance program benefits through the end of the spring 2010 academic year from a portion of that fund balance. The bill also includes a \$168,359 General Fund special purpose appropriation to the Emergency Board for the Department to provide Educational Aid benefits. The agency may request the allocation of the special purpose appropriation, along with an additional Other Funds expenditure limitation increase for the remainder of the Veterans' Small Business Repair Loan Fund moneys (\$31,641), after reporting to the Emergency Board on details of program utilization and administration, and reporting on recommendations for controlling program cost increases.

## **Natural Resources Program Area**

### **State Department of Agriculture**

House Bill 5100 appropriates \$225,000 General Fund to the Department for research on the Spotted Wing Drosophila fruit fly. The Committee decreased the General Fund appropriation by \$400,000 for Food Safety and increased Other Funds expenditure limitation by \$400,000 for Food Safety, and decreased Other Funds expenditure limitation by \$2,919 in Food Safety and increased Other Funds expenditure limitation by \$108,796 in Agricultural Development to fund one additional Agricultural Development management position (0.67 FTE) to manage additional programs and workload. Due to the shortfall in Lottery revenues, the Committee reduced the amount for County Fairs support by \$1,555 Lottery Funds.

## **Columbia River Gorge Commission**

The Committee increased the agency's General Fund appropriation by \$25,000. The funding derived from a special purpose appropriation made to the Emergency Board for the Columbia River Gorge Commission that was dependent on the agency reporting on its efforts to encourage Klickitat County Washington to adopt ordinances and fees to carry out its share of the National Scenic Act. The agency reported that it had met with Klickitat County officials and officials from the Washington governor's office, and would continue to work on this issue.

## **State Department of Energy**

The Committee approved three technical adjustments to correct budget errors:

- A \$27,226 Other Funds expenditure limitation increase for implementing a 080 Package that was inadvertently left out of the legislatively adopted budget. The action relates to approval, at a June 2008 E-Board meeting, for the reclassification of three positions.
- A \$254,081 Other Funds expenditure limitation increase needed to match the budget for the agency with the intended funding level.
- A \$100,000 Other Funds expenditure limitation increase to provide the funding associated with the House Bill 2180 (2009) study to be conducted by the Department. The amount was inadvertently left out of House Bill 5054 (2009).

The Committee also approved a \$627,589 Other Funds expenditure limitation increase and seven permanent positions (4.69 FTE) for work related to the reorganization of the Department for strengthening the agency's internal controls in its Energy Development Services division.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds authorized by the ARRA.

The following budget note related to the Business Energy Tax Credit (BETC) program was approved:

### **BUDGET NOTE**

The State Department of Energy and the Oregon Business Development Department are directed to explore the option of transferring administrative responsibility for the tax credit program available for renewable energy resource equipment manufacturing facilities from the State Department of Energy to the Oregon Business Development Department. The two agencies are directed to jointly report their findings to the Joint Committee on Ways and Means, and to the committees on Revenue, prior to February 1, 2011. The report shall identify potential program management and efficiency gains, impacts to the budgets of both agencies resulting from such a transfer, and potential risks of such a transfer.

## **Department of Environmental Quality**

House Bill 5100 reduces the Department's General Fund appropriation by \$352,132, the Lottery Funds expenditure limitation by \$10,400, and the Other Funds expenditure limitation by \$3,573, to correctly reflect decreases in self-support rent costs. The reduction was inadvertently made

in the Department of Veterans' Affairs budget at the end of the 2009 legislative session when it should have been reflected in the Department of Environmental Quality.

### **State Department of Fish and Wildlife**

To correct an error that double-counted debt service in House Bill 5014 (2009), House Bill 5100 reduces the Department's General Fund appropriation by \$355,543. The Committee approved an \$800,000 fund shift from General Fund to Other Funds in Administrative Services Division to use Other Funds from license and tag revenues to pay State Government Service Charges in place of General Fund.

The Committee appropriated \$1,508,135 General Fund to the Fish and Wildlife Deferred Maintenance Subaccount to partially reverse a sweep of funds from that account that occurred in Senate Bill 581 (2009), when \$3.5 million was transferred to the General Fund to help address the state-wide revenue shortfall experienced toward the end of the 2007-09 biennium. Federal law governing the disbursement of federal funds from the Pittman-Robertson and Dingell-Johnson Sport Fish Restoration programs prohibits any state from transferring revenue derived from the sale of hunting and fishing licenses and tags to their state's General Fund. After the transfer was made, the U.S. Fish and Wildlife Service notified the Oregon Department of Fish and Wildlife (ODFW) that they were concerned a portion of the transfer was a prohibited diversion. While it was clear that the Legislature appropriated \$2 million to the Fish and Wildlife Deferred Maintenance Subaccount when it was established in 2001, ODFW was unable to prove that the remaining \$1.5 million transferred from the subaccount was not revenue from the sale of hunting and fishing licenses and tags. Therefore, the \$1.5 million (plus interest) must be transferred back to the subaccount or the state risks losing \$40 million in federal funds this biennium, which represents almost half of all the Department's federal funds revenue.

### **State Forestry Department**

The Committee disappropriated \$2,137,020 from a special purpose appropriation made to the Emergency Board for the Department and appropriated the same amount of General Fund to the Department for Protection from Fire.

General Fund debt service was reduced by \$23,778 due to refinancing of outstanding Certificates of Participation (COPs), and Lottery Funds expenditure limitation was reduced by \$133,465 for debt service and related costs relating to the purchase of land in the Gilchrist Forest.

The Committee reduced Federal Funds expenditure limitation in the Private Forests program by \$400,000 and increased Federal Funds expenditure limitation in the Agency Administration program by \$400,000 to administer ARRA grant funds.

### **Department of State Lands**

The Committee approved a \$1,268,061 Other Funds expenditure limitation increase and appropriated \$2,825,910 General Fund to the Emergency Board as a special purpose appropriation for allocation to the Department of State Lands to pay Attorney General expenses and expert witness fees to assess the sites and provide an evaluation of state activities at or adjacent to virtually every upland site and the contamination, remedy, and associated costs in each sediment management area related to the Portland Harbor Superfund site.

Federal Funds expenditure limitation was increased by \$39,700 for the Department of State Lands natural heritage program grant supported project expenses, with the understanding that the Department of Administrative Services will unschedule the limitation until the agency demonstrates an actual need for the additional resources. The 2009 Legislature added federal resources for pass through grants awarded under the U.S. Department of Interior Endangered Species Act for four projects. One of the projects is dependent on other grant sources and may not be fully expended by the end of the biennium.

### **State Parks and Recreation Department**

The budget for the State Parks and Recreation Department (OPRD) operations program is increased by \$122,500 Federal Funds with the understanding that the Department of Administrative Services will unschedule the limitation until the Department demonstrates the additional expenditure limitation is required following reconciliation of the 2007-09 Federal Funds accounts. The U.S. Department of Agriculture Forest Service approved a fuels reduction project in the Collier State Park in Klamath County and notified OPRD in August 2009.

The Committee added \$225,817 Other Funds expenditure limitation in the agency's administration program and offset this increase with a reduction of the same amount in its operations program. The Committee also increased the Lottery Funds expenditure limitation in the administration program by \$124,183 and offset this increase with a reduction of the same amount in its operations program. These technical adjustments resulted from a statewide fleet rate decrease that was reflected entirely in the administration program; however, the agency budgets its fleet costs in the operations program.

A technical adjustment was made for a reduction in the State Government Service Charges costs that was recorded as Other Funds in the administration program when it should have been Lottery Funds; this adjustment decreases administration program Other Funds expenditure limitation by \$245,742 and increases Lottery Funds expenditure limitation by the same amount. Also, a minor technical adjustment was made in the state fair program for a Statewide Government Service Charges reduction which exceeded the amount budgeted for this expense and resulted in a negative ending balance which is offset in the administration program.

### **Water Resources Department**

The Committee shifted funding for GIS services, groundwater and field staff, and Oregon Plan activities from General Fund to Other Funds. These adjustments reduce the General Fund appropriation by \$172,000 and increase the Other Funds expenditure limitation by \$172,000.

## **Transportation Program Area**

### **Department of Transportation**

Expenditure limitation for the transportation safety programs of the Oregon Department of Transportation (ODOT) is increased by \$2 million Federal Funds and \$700,000 Other Funds. ODOT received an additional allocation from the Federal Highway Administration for highway safety

grants. The resources will be used in partnerships with state, county and city law enforcement agencies to increase work zone patrols and to provide public service announcements on deterring impaired driving.

The Committee reduced the General Fund appropriation by \$2.3 million and increased Other Funds expenditure limitation by the same amount for Senior and Disabled Transportation Operating grants. The Other Funds increase will come from non-highway trust funds in the Transportation Operating Fund.

The Committee requests the Department of Administrative Services (DAS) unschedule all but \$8 million of the Other Funds expenditure limitation tied to the ODOT revenue bonds associated with the Certificates of Participation authorized by the Legislature in 2009 for the Oregon Wireless Interoperability Network (OWIN) until the Executive Branch has an independent quality assurance (QA) presence in place and the first report is made available to DAS, the OWIN Steering Committee and the Legislative Fiscal Office (LFO) as referenced under the section in this budget report for Oregon State Police.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds, authorized by the federal American Recovery and Reinvestment Act of 2009.

### **Consumer and Business Services Program Area**

#### **Bureau of Labor and Industries**

The Committee reduced the agency's budget by \$25,000 General Fund to capture one-time vacancy savings in the Civil Rights program. An additional \$216,600 was shifted from General Fund to Other Funds to adjust the fund splits on ten positions across the agency. The Prevailing Wage Education and Enforcement Account, Wage Security Fund, and Oregon Occupational Safety and Health Division (OSHA) contract funds will be used to pay the increased Other Funds costs.

#### **BUDGET NOTE**

It is the Committee's understanding that the Bureau of Labor and Industries will have sufficient moneys in the Prevailing Wage Education and Enforcement Account to finance program expenditures at the levels approved during the 2009 Legislative Session, as adjusted by legislative actions during the current session. The Committee understands that the Bureau will request an allocation of funds from the Emergency Board if it determines that moneys in the Account are insufficient to finance approved program expenditures through the remainder of the current biennium and maintain a prudent level ending fund balance.

## **Oregon Medical Board**

The Committee approved a \$74,756 Other Funds expenditure limitation increase and established one full-time position (0.67 FTE) to absorb the increased workload associated with the passage of House Bill 3642. The bill requires that additional supervising physician organization information be captured and entered into the existing database system.

## **Health Related Licensing Boards**

The Committee approved a \$49,781 Other Funds expenditure limitation increase and one limited duration position (0.33 FTE) for the Board of Naturopathic Examiners to provide the Board with investigative resources to address an increase in the number of complaints being brought before the Board.

A technical adjustment was also approved to decrease the Other Funds expenditure limitation by \$11,931 to correct an error in the legislatively adopted budget. The Health Related Licensing Boards were improperly assessed Central Government Service Charges for the Board of Pharmacy. This action removes the incorrect assessment from the Health Related Licensing Boards. As shown below, the correction also applies to the Nursing Home Administrators portion of the Health Licensing Agency (HLA) because the Nursing Home Administrators (NHA) was part of the Health Related Licensing Boards when it was originally assessed, but was transferred to HLA by legislative action in 2009.

## **State Board of Pharmacy**

House Bill 5100 adds \$12,511 Other Funds expenditure limitation to provide the proper limitation for the Board's Central Government Service Charges, correcting a budget error that assessed the charges to the Health Related Licensing Boards and the Health Licensing Agency.

## **Oregon Health Licensing Agency**

Other Funds expenditure limitation for the agency is reduced by \$580, to correct an error in the legislatively adopted budget that assessed Central Government Services Charges for the State Board of Pharmacy to the Health Licensing Agency.

## **Public Utility Commission**

The Committee approved a \$222,361 Other Funds expenditure limitation increase and established one limited duration position (0.50 FTE) for reviewing and updating Oregon's Energy Assurance Plan as a result of the receipt of a "Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency Initiative" grant under the American Recovery and Reinvestment Act (ARRA).

The Committee also approved a \$416,474 Federal Funds expenditure limitation increase and established three limited duration positions (2.08 FTE) to implement the Oregon Electricity Regulators Assistance Project as the result of a receipt of a grant under the ARRA.

## **Administration Program Area**

### **Department of Administrative Services**

To reflect project savings, House Bill 5100 shifts \$2,694,971 General Fund debt service payments for GO! Oregon bonds to Other Funds. A \$156,951 reduction is made for Lottery Funds Debt Service expenditure limitation. This adjustment is associated with debt savings on lottery bonds sold in the fall of 2009 for Port of Newport projects, which support the National Oceanic and Atmospheric Administration Marine Operations Center's move to the port.

In addition, due to the shortfall in Lottery revenues, the expenditure limitation for County Fairs is reduced by \$213,545 Lottery Funds.

The Committee restored one part-time Administrative Specialist 1 position (0.50 FTE) to correct an error made in the budget report for House Bill 5002 (2009). The position was supposed to be reduced from full-time to part-time, but the budget report and reconciliation action eliminated the position in its entirety.

The Committee approved \$1 in Federal Funds Nonlimited expenditure authority for debt service in anticipation of the sale of Build America Bonds (BABs), authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). BABs are issued as taxable bonds for government-purpose construction projects that are eligible to be funded with tax-exempt bonds. The BAB program provides a 35 percent federal subsidy of interest costs to help cover the usual premium that taxable bonds require over tax-exempt bonds and allows government issuers access to the larger market for taxable securities. State agencies do not have Federal Funds debt service limitations to enable them to use the subsidy for payment of debt service in 2009-11. Although the decision regarding the use of BABs, and the extent to which they will be used is made by the Treasurer's Office at the time of sale, sufficient limitation is needed to position agencies in the event that it is determined that BABs are the most cost efficient way to issue the debt. Since it is unknown how many, if any, of these limitations will be needed, Nonlimited expenditure authority makes more sense than giving these agencies limitation which might not be used and artificially inflates the overall budget. If an increase in limitation is needed, the Department of Administrative Services can grant increases for the correct amount. All increases to Nonlimited expenditures are sent to the Legislative Fiscal Office for review before they are changed.

### **Employment Relations Board**

The Committee approved \$15,000 General Fund for projected additional costs of an anticipated representation election related to the passage of House Bill 3618. Passage of this measure would increase the number of home care workers eligible for representation by a labor organization by an estimated 10,000 new workers. The measure modifies the definition of "home care worker" to include individuals registered with the Home Care Commission; and individuals who are hired directly by an elderly person or person with disability (or by a parent or guardian of an elderly person or person with disability) whose compensation is funded in whole or in part by the Department of Human Services, an area agency on aging or other public agency for the purpose of providing care to the elderly person or person with disability.

The agency assumes that the union will petition to add these new eligible workers to its bargaining unit of home care workers. The Employment Relations Board would be responsible for conducting a fair and impartial representation election to determine if the additional home care workers want union representation.

### **Department of Revenue**

The 2000-11 legislatively adopted budget anticipated the elimination of the entire General Fund Special Payment for County Assessment Function Funding Assistance (CAFFA). However, Senate Bill 5540 (2009) eliminated only \$5,229,340, which was \$70,000 short of the full amount. A technical adjustment reduces the Department's General Fund appropriation by \$70,000 to correct that error.

The Committee approved two other reductions in the agency's budget that should not have a programmatic impact. The first is a decrease of \$174,300 General Fund to reflect actual savings on a systems project that captures W-2 data. The second is a \$200,000 General Fund reduction in the Elderly Rental Assistance program, which has seen lower than projected expenditures to date this biennium.

### **Office of the Governor**

The Lottery Funds expenditure limitation for the Economic Revitalization Team is reduced by \$72,315, due to the shortfall in Lottery revenues.

### **Government Ethics Commission**

The Committee reduced the Commission's budgeted Other Funds revenue by \$200,000, with the understanding that the Commission will reduce its assessment on state agencies and local government entities for the 2010-11 fiscal year. The reduction causes expected revenue to more closely match the Commission's expenditure limitation and ending balance requirement.

## **Judicial Branch**

### **Judicial Department**

The Committee approved a \$1,343,662 increase in Other Funds expenditure limitation for the Oregon eCourt Program. This is to carry forward funding that was not used in the 2007-09 biennium. Of the approved amount, \$767,688 (57 percent) is for the Oregon eCourt Program's first major project deliverable, Electronic Content Management (ECM). Of the remaining request, \$575,974 (43 percent) is for Program support activities including its Project Management Office (\$44,588), Remediation (\$31,293), Quality Assurance and Control (\$205,120), Integration Partner (\$83,334), and Contingency (\$211,639).

The Committee also approved a \$5.5 million increase in Other Funds [non-position-related] expenditure limitation for the Oregon eCourt Program. This increase and existing approved Other Funds expenditure limitation will fund a significant portion of the Department's recently announced Oregon eCourt Program Recalibration Plan, which is a revised implementation strategy for the current biennium that retains the

overarching goals and deliverables of the Oregon eCourt Program. This slow-down will push the completion of Oregon eCourt out an additional two years to the 2015-17 biennium. The Recalibration Plan is designed to increase the quality, usefulness, security, and reliability of the first two major projects of the Oregon eCourt Program. These initial projects are Electronic Content Management (ECM) which is a file management system, and eFiling, which allows electronic remote, web-based filing of court documents. The plan is to perfect these two projects for select civil case-types (small claims and landlord tenant) in the five pilot courts of Yamhill, Multnomah, Jackson, and Crook/Jefferson, and then to implement general civil case types, prior to statewide implementation of civil case types.

The Recalibration Plan also includes: completing Appellate eCourt, which began in 2004; development of a person-based decision support tool; Organizational Change Management activities; Integration Partner; Security; Web Portal; Architecture; Quality Assurance; and ongoing Oregon eCourt Program support activities (Project Management Office and Overhead). The Recalibration Plan also includes hiring, on a short-term consulting contract, one of the original strategic plan vendors for Oregon's eCourt Program. The revenue to support the Recalibration Plan is from the issuance of certificates of participation (COPs) authorized by the 2009 Legislature and which includes General Fund Debt Service.

The Committee approved the following budget note:

#### **BUDGET NOTE**

The Department is requested to report on the eCourt Program, including budget and schedule variance reports, to each Emergency Board or to each Interim Joint Committee on Ways and Means meeting. At the next meeting of the Emergency Board, the Department is requested to report on the complete budget and cost information for the Appellate eCourt project. The Department is also directed to hire a dedicated budget manager for the Oregon eCourt Program.

The Other Funds expenditure limitation is increased by \$74,370 for the establishment of one part-time limited duration position (0.33 FTE) to coordinate the activities for a new mental health court in Josephine County Circuit Court. The following budget note was approved:

#### **BUDGET NOTE**

The Judicial Department is to report back to the Emergency Board at its next meeting with a detailed budget of the Department's specialty court budgets, specialty court-type, court and central support, budget, fund-type, number of positions, and FTE.

The Legislative Fiscal Office expects this report to include detail by judicial district, for each specialty court in each district, for the 2007-09 and 2009-11 biennia, on: 1) total budget by fund type; 2) number of positions and FTE; and 3) any central support overhead charges, including any statewide positions and FTE. The Department should also summarize its 2007-09 and 2009-11 biennia statewide costs, by each type of specialty court, for: 1) total budget by fund type; 2) number of positions and FTE; and 3) any central support overhead charges, including any statewide positions and FTE.

Based on the recommendations of the Joint Interim Committee on State Justice System Revenues, the Committee increased the Department's Other Funds expenditure limitation by \$15,502,005 and 119.58 FTE for House Bill 2287 (2009) revenue, to backfill specific General Fund reductions, and adopted the following budget note with the expectation that the Department will manage its budget to remain within actual House Bill 2287 revenue:

### **BUDGET NOTE**

The Judicial Department and the Public Defense Services Commission are requested to report to each Emergency Board and interim Joint Ways and Means Committee and the Joint Committee on Ways and Means at the beginning of the 2011 Legislative Session on the following:

- (a) estimated versus actual revenue receipts from House Bill 2287;
- (b) legislatively approved Other Funds budgeted expenditures and applicable positions;
- (c) actual expenditures and applicable positions funded with House Bill 2287 revenue;
- (d) caseload changes; and
- (e) any management actions taken related to any anticipated House Bill 2287 revenue changes.

The Judicial Department has stated that early projected House Bill 2287 revenue is not materializing as anticipated and may fall significantly short of the \$39.5 million target. The Department has identified \$8.3 million in General Fund savings within its existing 2009-11 legislatively adopted budget to cover a shortfall in House Bill 2287 revenue. The savings are from:

- Mandated Payments (\$500,000);
- Debt Service Savings (\$217,717);
- Judge Public Employee Retirement System (PERS)(\$2.9 million);
- a contingency fund (\$1.1 million);
- State Government Service Charges fund shift (\$1.7M); and
- Personal Services from vacancies, merit, and furlough savings (\$2 million).

The Committee approved the disappropriation of \$2 million of the \$2.9 million in Judge PERS savings.

Also with respect to House Bill 2287 revenue issues and the Department's General Fund savings, the Committee approved the following budget note:

### **BUDGET NOTE**

The Department is requested to report to the Emergency Board meeting closest to December 2010 on its use of internal General Fund operating savings to fund any House Bill 2287 revenue shortfall. The Legislature will take into account all the Department's operational savings and Other Funds balances prior to the final distribution of House Bill 2287 revenue during

the 2011 Legislative Session. If House Bill 2287 revenues meet or exceed projected levels, the Legislature may transfer excess House Bill 2287 revenues to the General Fund.

The Committee approved an Other Funds expenditure limitation increase of \$117,424 for the Department's work to implement House Bill 2853 (2009). House Bill 2853 requires the Department of Human Services (DHS), the Psychiatric Security Review Board (PSRB) and the Oregon Judicial Department (OJD) to provide information to the Oregon State Police to comply with federal firearms law, which requires states to identify certain persons prohibited from possessing firearms.

### **Public Defense Services Commission**

House Bill 5100 disappropriates \$1 million General Fund savings identified by the Commission in the trial-level Public Defense Services Account.

The Committee approved a transfer of \$155,000 General Fund from the Public Defense Services Account to the Appellate Division of the Public Defense Services Commission. This transfer is necessary in order to meet a caseload increase in appellate-level public defense. This increase would be offset with trial-level savings and does not impact the position or FTE count of the Appellate Division.

The Committee approved a technical adjustment that moved the Chief Deputy Attorney of the Appellate Division and funding from the Consumer and Business Services Division to the Appellate Division. This adjustment moves one position (1.00 FTE).

Based on the recommendations of the Joint Interim Committee on State Justice System Revenues, the Committee increased the Commission's Other Funds expenditure limitation by \$8,880,573 for House Bill 2287 (2009) revenue, to backfill specific General Fund reductions in the Public Defense Services Account, and adopted the following budget note:

### **BUDGET NOTE**

The Judicial Department and the Public Defense Services Commission are requested to report to each Emergency Board and Interim Joint Ways and Means Committee and the Joint Committee on Ways and Means at the beginning of the 2011 Legislative Session on the following:

- (a) estimated versus actual revenue receipts from House Bill 2287;
- (b) legislatively approved Other Funds budgeted expenditures and applicable positions;
- (c) actual expenditures and applicable positions funded with House Bill 2287 revenue;
- (d) caseload changes; and
- (e) any management actions taken related to any anticipated House Bill 2287 revenue changes.

In consideration of a possible shortfall in House Bill 2287 revenues, the Committee appropriated \$3.5 million General Fund to the Emergency Board for a special purpose appropriation, to be available to the Commission for public defense costs, if needed.

## **Legislative Branch**

### **Legislative Administration Committee**

Based on the recommendations of the Joint Interim Committee on State Justice System Revenues, the Committee approved a \$50,000 increase in the Other Funds expenditure limitation for the Legislative Administration Committee in order to pay any expenses of the Joint Interim Committee on State Justice System Revenue. The revenue to support this expenditure is from House Bill 2287 (2009).

The Committee also approved two technical adjustments to the 2009-11 legislatively adopted budget:

- Increased Telecommunications in the Facility Services program unit by \$172,566 Other Funds to correct an error in State Data Center charges.
- Amended House Bill 5025 (2009) to add two subsections to section 2 that separates the agency's Other Funds expenditure limitation between general program expenditures (\$2,748,440) and debt service (\$2,000,000). The original bill combined these costs in a single expenditure limitation which is inconsistent with state accounting and budget policy regarding debt service expenditures.

### **Legislative Fiscal Officer**

Based on the recommendations of the Joint Interim Committee on State Justice System Revenues, the Committee established a \$100,000 Other Funds expenditure limitation for the purposes of paying for a contract with the National Center for State Courts to study and to identify the best practices around the nation for funding the Judicial Branch, including fee structures. The revenue to support this expenditure is from House Bill 2287 (2009).