

# BUDGET NARRATIVE

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## Summary Listing of Legislative Actions

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80th Oregon Legislative Assembly – 2019 Regular Session

**HB 5043 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Rep. Reardon

**Joint Committee On Ways and Means**

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**Action Date:** 06/07/19

**Action:** Do pass with amendments. (Printed A-Eng.)

**House Vote**

**Yeas:** 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

**Senate Vote**

**Yeas:** 10 - Beyer, Frederick, Girod, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Thomsen, Wagner

**Exc:** 1 - Hansell

**Prepared By:** Linnea Wittekind, Department of Administrative Services

**Reviewed By:** Matt Stayner, Legislative Fiscal Office

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**Water Resources Department  
2019-21**

This summary has not been adopted or officially endorsed by action of the committee.

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## Budget Summary\*

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 33,503,512	\$ 34,710,206	\$ 37,158,507	\$ 3,654,995	10.9%
Lottery Funds Debt Service	\$ 3,953,969	\$ 8,493,320	\$ 8,493,320	\$ 4,539,351	114.8%
Other Funds Limited	\$ 66,864,861	\$ 44,268,986	\$ 55,415,794	\$ (11,449,067)	(17.1%)
Federal Funds Limited	\$ 1,905,917	\$ 876,734	\$ 876,734	\$ (1,029,183)	(54.0%)
Total	\$ 106,228,259	\$ 88,349,246	\$ 101,944,355	\$ (4,283,904)	(4.0%)

## Position Summary

Authorized Positions	170	169	177	7
Full-time Equivalent (FTE) positions	167.59	164.51	171.79	4.20

<sup>(1)</sup> Includes adjustments through December 2018

\* Excludes Capital Construction expenditures

## Summary of Revenue Changes

The Water Resources Department (WRD) operations are funded, generally, from a combination of General Fund and fees for water right and storage transactions, licensing, and permits. Of the total available revenues anticipated in the 2019-21 biennium, General Fund accounts for 36.4 percent. Other Funds comprise 54.4 percent, but roughly \$42 million of the \$55.4 million in Other Funds resources are from Lottery Bond proceeds carried forward into the 2019-21 biennium from issuance in prior biennia. Lottery Funds, equaling 8.3 percent of total funding, are exclusively for debt service. Federal Funds revenues are specific to cooperative studies and monitoring in addition to providing some position support.

## Summary of Natural Resources Subcommittee Action

The Department administers laws governing surface and groundwater resources. The goal is to balance the use of the state's water among current and future generations of Oregonians. WRD processes transfers of water rights, permits, certificates, and water rights applications; administers hydroelectric relicensing; inspects construction and maintenance of wells and dams; provides technical information and analysis on surface water and groundwater availability; adjudicates pre-1909 and federal reserved water rights; and negotiates Native American reserved water rights.

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The Subcommittee recommended a total funds budget of \$101,944,355, including \$37,158,507 General Fund, \$8,493,320 Lottery Funds for debt service, \$55,415,794 Other Funds expenditure limitation, \$876,734 Federal Funds expenditure limitation, and 177 positions (171.79 FTE). The total funds budget is a 4.0 percent decrease from the 2017-19 biennium Legislatively Approved Budget.

## **Administrative Services Division**

This program provides fiscal, human resources, and business support services for the daily operation of the Department. In addition, the Division provides contract assistance to the Oregon Watershed Enhancement Board and the Department of State Lands. The Subcommittee recommended a total funds budget of \$57,462,529 and 13 positions (12.50 FTE). The Subcommittee also recommended the following packages:

Package 101, Place-Based Planning Community Support. This package provides a General Fund appropriation of \$550,000 to provide financial and technical assistance to the four planning groups participating in a pilot, place-based integrated water resources planning project. The funding is provided in conjunction with the four-year extension of the statutory sunset of the program contained in House Bill 2084. The participating basins are: Upper Grand Ronde, Lower John Day, Malheur Land, and the Mid-Coast. The funding will be used by the Water Resources Department and the participating groups to complete the planning phase and transition to plan implementation.

Package 112, Continuing Payroll Shared Services. This package provides Other Funds expenditure limitation of \$143,208 and authorizes the establishment of a permanent Accounting Tech 3 position (1.00 FTE). During the initial pilot phase of the shared payroll services project, the position was limited duration. The shared payroll team is currently supporting 550 employees in six agencies.

Package 801, LFO Analyst Adjustments. This package re-establishes \$11.0 million Other Funds expenditure limitation phased out of the Department's budget at the current service level for the expenditure of bond proceeds for Umatilla basin water supply projects anticipated to be distributed in the 2017-19 biennium, but were not. This will allow the Department to distribute the funding in the 2019-21 biennium instead.

## **Field Services Division**

This program processes water rights transfer and permit amendment applications, provides planning assistance, inspects the construction and maintenance of wells and dams, and provides technical information on surface water and groundwater availability. The Subcommittee recommended a total funds budget of \$15,045,005 and 61 positions (58.71 FTE).

## **Technical Services Division**

The Technical Services Division provides scientific data and technical analysis for the Department's water right processing, water distribution and management, and water resources development activities. The Division's programs include dam safety, well construction and compliance, information services, surface water hydrology, and groundwater hydrology. The Subcommittee recommended a total funds budget of \$15,500,739 and 51 positions (50.28 FTE). The Subcommittee also recommended the following packages:

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Package 102, Groundwater Data. This package includes a \$1,659,740 General Fund appropriation and authorizes the establishment of six permanent positions (5.28 FTE) for the evaluation of groundwater basin studies in cooperation with the U.S. Geological Society and the Oregon Department of Geology and Mineral Industries. Each basin study takes between five to six years to complete. This package will double the Department's capacity to conduct the studies. In addition to the funding included in this package, the Department will be using existing Other Funds expenditure limitation of \$300,000 for cost-sharing expenses related to the studies from exempt well use fee funds.

Package 112, Continuing Payroll Shared Services. For the Technical Services Division, this package provides Other Funds expenditure limitation of \$3,600 for IT equipment needed to support the shared payroll services program in the Administrative Services Division.

## **Water Rights Service**

This program evaluates and acts upon applications for new in-stream and out-of-stream water rights. It also administers water rights certification, adjudication, hydroelectric relicensing, water rights policy development, and permit extension evaluation. The adjudication section is responsible for ruling on pre-1909 and federal reserved water rights, and also for the negotiation of Native American reserved water rights. The Subcommittee recommended a total funds budget of \$8,853,268 and 38 positions (37.17 FTE).

## **Director's Office**

This program includes strategic planning and support for the Water Resources Commission, alternative dispute resolution, contested case hearings, administrative rules coordination, legislative coordination, and citizen response and information services. The Subcommittee recommended a total funds budget of \$5,082,814 and 14 positions (13.13 FTE). The Subcommittee approved the following Budget Note:

### **Budget Note:**

The department is directed to compile information regarding actions that the agency has taken that resulted in the agency being party to a contested case hearing or legal action since 2015. This includes past, current, and pending items as of July 1, 2019. For each case, the department must identify the legal question being addressed, the underlying statute(s) or administrative rule(s) that were, or are, the basis for the action that the agency undertook, and the fundamental basis or reasoning for the dispute against the agency's actions. If a statute or administrative rule is identified as being foundational to actions taken by the agency that are subject to multiple contested cases or other legal proceedings, the agency must provide a statement regarding the purpose for the statute or rule, what the agency is attempting to achieve by taking action on the statute or rule, and how future litigation regarding those actions might be avoided in the future. The agency is directed to report this information to the Joint Committee on Ways and Means in a format approved by the Legislative Fiscal Office by January 1, 2020.

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The Subcommittee recommended the following package:

Package 101, Place-Based Planning Community Support. This package provides a \$238,561 General Fund appropriation and authorizes the establishment of a limited-duration Natural Resources Specialist 4, Planning Coordinator position (1.00 FTE) to help support planning groups participating in a pilot, place-based integrated water resources planning project. The position is provided in conjunction with the four-year extension of the statutory sunset of the program contained in House Bill 2084. The participating basins are; Upper Grand Ronde, Lower John Day, Malheur Land, and the Mid-Coast.

## **Summary of Maximum Supervisory Ratio**

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:8.

## **Summary of Performance Measure Action**

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

# BUDGET NARRATIVE

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Water Resources Department  
Linnea Wittekind -- 503-378-3108

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 33,503,512	\$ 3,953,969	\$ 66,864,861	\$ -	\$ 1,905,917	\$ -	\$ 106,228,259	170	167.59
2019-21 Current Service Level (CSL) *	\$ 34,710,206	\$ 8,493,320	\$ 44,268,986	\$ -	\$ 876,734	\$ -	\$ 88,349,246	169	164.51
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 010-01 - Administrative Services</b>									
Package 101: Place-Based Planning Community Support									
Special Payments (6085 Other Special Payments)	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,000		
Package 112: Continuing Payroll Shared Services									
Personal Services	\$ -	\$ -	\$ 132,926	\$ -	\$ -	\$ -	\$ 132,926	1	1.00
Services and Supplies	\$ -	\$ -	\$ 10,282	\$ -	\$ -	\$ -	\$ 10,282		
Package 801: LFO Analyst Adjustments									
Special Payments (6085 Other Special Payments)	\$ -	\$ -	\$ 11,000,000	\$ -	\$ -	\$ -	\$ 11,000,000		
<b>SCR 010-04 - Technical Services</b>									
Package 102: Groundwater Data, Management & Protection									
Personal Services	\$ 1,159,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,159,740	6	5.28
Services and Supplies	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000		
Package 112: Continuing Payroll Shared Services									
Services and Supplies (IT Expendable Property)	\$ -	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ 3,600		
<b>SCR 010-07 - Director's Office</b>									
Package 101: Place-Based Planning Community Support									
Personal Services	\$ 214,546	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,546	1	1.00
Services and Supplies	\$ 24,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,015		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 2,448,301</b>	<b>\$ -</b>	<b>\$ 11,146,808</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,595,109</b>	<b>8</b>	<b>7.28</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 37,158,507</b>	<b>\$ 8,493,320</b>	<b>\$ 55,415,794</b>	<b>\$ -</b>	<b>\$ 876,734</b>	<b>\$ -</b>	<b>\$ 101,944,355</b>	<b>177</b>	<b>171.79</b>
% Change from 2017-19 Leg Approved Budget	10.9%	114.8%	(17.1%)	0.0%	(54.0%)	0.0%	(4.0%)	4.1%	2.5%
% Change from 2019-21 Current Service Level	7.1%	0.0%	25.2%	0.0%	0.0%	0.0%	15.4%	4.7%	4.4%

\*Excludes Capital Construction Expenditures

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## Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/6/2019 8:54:15 AM

Agency: Water Resources Department

### Mission Statement:

To serve the public by practicing and promoting responsible water management.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. FLOW RESTORATION - Percent of watersheds that need flow restoration for fish that had a significant quantity of water put instream through WRD administered programs.		Approved	26%	32%	32%
2. PROTECTION OF INSTREAM WATER RIGHTS - Ratio of regulatory orders issued to protect senior water rights when the senior water right is an instream right to all regulatory orders issued to protect senior water rights.		Approved	No Data	50%	50%
3. MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved	98%	99%	99%
4. STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved	20%	22%	23%
5. ASSESSING GROUND WATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved	10%	10%	10%
7. EQUIP CITIZENS WITH INFORMATION - Number of times water management related data was accessed through the WRD's Internet site.		Approved	3.70	4	4.30
8. NUMBER OF SIGNIFICANT DIVERSIONS WITH MEASUREMENT DEVICES INSTALLED - To fully implement the Water Resources Commission's 2000 Water Measurement Strategy		Approved	1,059	1,265	1,265
9. PROMOTE EFFICIENCY IN WATER MANAGEMENT AND CONSERVATION PLAN REVIEWS - Percent of water management and conservation plans that received a preliminary review within 90 days of plan submittal.		Approved	100%	100%	100%
10. PROMOTE EFFICIENCY IN WATER RIGHT APPLICATION PROCESSING - Percent of water right applications that receive an initial review within 45 days of application filing.		Approved	14%	55%	55%
11. PROMOTE EFFICIENCY IN TRANSFER APPLICATION PROCESSING - Percent of transfer final orders issued within 120 days of application filing.		Approved	22%	40%	40%
13. INCREASE WATER USE REPORTING - the percent of water users with an annual water-use reporting requirement that have submitted their reports to the Department.		Approved	78%	85%	85%
14. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Timeliness	Approved	64%	90%	90%
	Expertise		80%	90%	90%
	Helpfulness		81%	90%	90%
	Accuracy		83%	90%	90%
	Availability of Information		72%	90%	90%
	Overall		76%	90%	90%

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Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
2. PROTECTION OF INSTREAM WATER RIGHTS - Ratio of the streams regulated to protect instream water rights to all streams regulated.		Legislatively Deleted	0.82	0.85	0.85
6. EQUIP CITIZENS WITH INFORMATION - Percent of water management related datasets collected by WRD that are available to the public on the internet.		Legislatively Deleted	98%	TBD	TBD
12. PROMOTE EFFICIENCY IN FIELD STAFF REGULATORY ACTIVITIES - Number of places where water is legally taken out of stream and used (points of diversion) per FTE of field staff.		Legislatively Deleted	2,361	TBD	TBD

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the key performance measures and targets as presented.

**SubCommittee Action:**

The Subcommittee approved the Key Performance Measures and targets as recommended by LFO

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80th Oregon Legislative Assembly – 2019 Regular Session

## HB 5029 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Smith G

### Joint Committee On Ways and Means

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**Action Date:** 06/25/19  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**House Vote**  
**Yeas:** 8 - Gombert, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Stark  
**Exc:** 1 - Smith G  
**Senate Vote**  
**Yeas:** 7 - Beyer, Frederick, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner  
**Abs:** 5 - Baertschiger Jr, Girod, Hansell, Heard, Thomsen  
**Prepared By:** Amanda Beitel and Julie Neburka, Legislative Fiscal Office  
**Reviewed By:** Ken Rocco, Legislative Fiscal Office

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Various Agencies – Lottery Allocations  
2019-21

Various Agencies – Criminal Fine Account Allocations  
2019-21

Various Agencies – Oregon Marijuana Account Allocations  
2019-21

This summary has not been adopted or officially endorsed by action of the committee.

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## Summary of Revenue Changes

The Oregon State Lottery collects revenues from traditional and video lottery gaming. It pays player prizes and its operating expenses out of these revenues and then transfers the balance (net revenues or proceeds) to the Administrative Services Economic Development Fund (EDF). The Department of Administrative Services (DAS) distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific Legislative allocations. The amounts outlined in this bill are based on the May 2019 Lottery revenue forecast from the DAS Office of Economic Analysis, adjusted for projections of reversions of unspent Lottery Funds allocations transferred to the EDF under ORS 461.559. ORS 461.559 requires certain Lottery Funds allocations unspent at the end of a biennium to be reverted to the EDF. Total reversions under this provision, which are projected equal \$3,730,702 in the 2019-21 biennium, were not included in the DAS Office of Economic Analysis Lottery Funds forecast, but the amounts in this bill include those reversions in total available resources. As actual revenues may vary, the associated allocations or distributions may also vary – in some cases requiring related expenditure limitation adjustments.

The Oregon Lottery transfers net lottery revenues to the Administrative Services EDF on a quarterly basis. From each quarterly transfer, a number of dedicated distributions are required by the Oregon Constitution or are provided for in Oregon Revised Statutes (ORS), including:

- The Oregon Constitution requires that 18% of net proceeds be distributed to the Education Stability Fund.
- The Oregon Constitution requires that 15% of net proceeds be distributed to the Parks and Natural Resources Fund.
- The Oregon Constitution requires that 1.5% of net proceeds be distributed to the Veterans' Services Fund.
- Oregon statutes require that 4% of net proceeds, up to a maximum of \$5.5 million per quarter adjusted for inflation, be distributed to the Outdoor School Education Fund.
- Oregon statute requires that 2.5% of net proceeds of video lottery gaming be distributed to the counties for economic development activities. Beginning with the 2005-07 biennium, 50% of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 are also funded from this source. Beginning with the 2013-15 biennium, 50% of the funding for the Governor's Office Regional Solutions Program positions are also funded from this source.
- Oregon statute requires that 1% of net proceeds be distributed to the Sports Lottery Account for sports programs at the seven public universities and for scholarships.
- Oregon statute requires that 1% of net proceeds be transferred to the Oregon Health Authority for gambling addiction prevention and treatment programs.

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- Oregon statute requires that 1% of the net proceeds, not to exceed \$1.53 million annually, be transferred to the County Fair account. The maximum amount is adjusted each biennium pursuant to certain changes in the Consumer Price Index.
- Oregon statute requires that annual debt service payments for outstanding lottery revenue bonds be satisfied before allocating amounts for other purposes. During the 2019-21 biennium, debt service requirements will comprise approximately 17.5% of the total distributions from the EDF.

Finally, the Legislature makes other allocations from the EDF within authorized public purposes. These purposes include job creation, economic development, and public education. Currently, the bulk of allocations are made to the Department of Education for the State School Fund and to the Oregon Business Development Department for various economic and community development program expenditures.

Debt service allocations are paid annually. Interest earned on the EDF is retained within the fund. If any funds remain undistributed at the end of any quarter, they will remain in the EDF for allocation in future quarters. If quarterly revenue in the EDF is insufficient to pay for quarterly distribution of allocations, DAS will first fund debt service obligations. Remaining revenues will be distributed in a prorated manner.

## **Summary of Capital Construction Subcommittee Action**

### **Lottery Revenue Allocation**

HB 5029 allocates net lottery revenue from the EDF and the Veterans' Services Fund. The amounts outlined in this bill are based on the May 2019 Lottery revenue forecast from the DAS Office of Economic Analysis, adjusted for projections of reversions of unspent Lottery Funds allocations transferred to the EDF under ORS 461.559. The attached tables display the Lottery Funds allocated by the Subcommittee from the EDF and Veterans' Services Fund. All Lottery Funds allocations approved from these funds for the 2019-21 biennium are included in HB 5029. The 2019-21 allocations are summarized below.

- A total of \$263.7 million Lottery Funds is allocated for debt service for outstanding lottery revenue bonds. These funds are allocated to the DAS, since the DAS Capital Finance and Planning Division administers the lottery bond program and associated debt service for the state. DAS will transfer the necessary funding to the Higher Education Coordinating Commission, Oregon Business Development Department, Housing and Community Services Department, Department of Transportation, Department of Forestry, Department of Energy, State Parks and Recreation Department, and the Water Resources Department for the payment of debt service on outstanding lottery bonds. No allocations are included to pay debt service for lottery revenue bonds issued in the 2019-21 biennium.
- The State School Fund is allocated \$530.1 million Lottery Funds.

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- A total of \$81.5 million Lottery Funds is allocated for the programs of the Oregon Business Development Department. This total excludes amounts allocated for debt service payments on Lottery revenue bonds, but includes \$8.8 million for Operations; \$58 million for Business, Innovation and Trade; \$5.3 million for Infrastructure, \$6 million for a Tide Gates and Culverts Program, \$1.3 million for the Film and Video Office, and \$2.1 million for Arts Commission grants.
- The Office of the Governor is allocated \$3.9 million Lottery Funds for the Regional Solutions Program. Half of this funding will come from a reduction in the net video lottery proceeds that are distributed to counties for economic development.
- The Department of Veterans' Affairs is allocated \$20.6 million Lottery Funds from the Veterans' Services Fund. This total includes \$11.9 million for veterans' services provided by the Department, \$7.2 million for county veteran service officers, \$477,354 for National Service Organizations, and \$1 million for a veterans' affordable housing project.
- The Bureau of Labor and Industries is allocated \$250,000 from the Veterans' Services Fund to develop and administer an outreach program to inform National Guard and reserve members and veterans about trade careers and apprenticeship opportunities.
- The Criminal Justice Commission is allocated \$555,000 from the Veterans' Services Fund for veterans' specialty courts.
- The Oregon Health Authority is allocation \$2.5 million from the Veterans' Services Fund for veterans' behavioral health services.

## Education Stability Fund

A constitutional amendment approved by Oregon voters in 1997, and amended in 2002, requires that 18% of net lottery proceeds be transferred to the Education Stability Fund (ESF). Interest earnings on the ESF are continuously appropriated for the benefit of education programs. These earnings are split 75% to the Oregon Education Fund, which is currently used to help pay debt service on lottery bonds that were previously issued for the Department of Education, and 25% to the Higher Education Coordinating Commission for Oregon Opportunity Grants. ESF interest earnings are projected to be \$40 million during the 2019-21 biennium, with \$671,295 being transferred to the Oregon Education Fund for debt service and the remaining \$39.3 million being utilized for the Oregon Opportunity Grant Program.

Ten percent of the amount transferred to the ESF is deposited into the Oregon Growth Account within the ESF. All declared earnings from this account are continuously appropriated to the Oregon Education Fund and the Higher Education Coordinating Commission. The transfers and distributions relating to the ESF as described here are established by the Oregon Constitution and by other statutes; therefore, HB 5029 does not include provisions relating to them.

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## Parks and Natural Resources Fund

Ballot Measure 76, approved by Oregon voters in 2010, requires 15% of net lottery proceeds to be transferred to the Parks and Natural Resources Fund. This fund is continuously appropriated for the benefit of parks and recreation and for native species protection and restoration. This transfer is established by the Oregon Constitution. Therefore, HB 5029 does not include provisions relating to Parks and Natural Resources Fund transfers.

## Veterans' Services Fund

Ballot Measure 96, approved by Oregon voters in 2016, requires 1.5% of net lottery proceeds to be transferred to the Veterans' Services Fund. This fund is continuously appropriated for the benefit of veterans. This transfer is established by the Oregon Constitution. HB 5029, therefore, does not include a provision to transfer lottery proceeds into the Veterans' Services Fund. The bill does, however, include allocations from the Veterans' Services Fund to support programs benefitting veterans at the Department of Veterans' Affairs, Bureau of Labor and Industries, Criminal Justice Commission, and Oregon Health Authority.

## Outdoor School Education Fund

Ballot Measure 99, approved by Oregon voters in 2016, requires 4% of net proceeds, but no more than \$5.5 million per quarter adjusted for inflation, be distributed to the Outdoor School Education Fund. The Fund supports the Outdoor School program and is managed by the Oregon State University Extension Service. The Subcommittee approved a fixed allocation of \$45.3 million for the 2019-21 biennium, rather than the percentage allocation described in statute.

## County Economic Development

ORS 461.547 requires that 2.5% of net proceeds of video lottery gaming be distributed to the counties for economic development activities. Beginning with the 2005-07 biennium, 50% of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 have also been funded from this source. Beginning with the 2013-15 biennium, 50% of the funding for the Governor's Office Regional Solutions Program positions are also funded from this source.

The Subcommittee approved allocating a fixed dollar amount for county economic development during the 2019-21 biennium, rather than the percentage allocation described in statute. The fixed dollar amount is \$50.2 million, which is equal to 2.5% of the amount of net video lottery proceeds projected in the May 2019 revenue forecast, minus one-half of the allocation to the Office of the Governor for the Regional Solutions Program.

## Gambling Addiction Prevention and Treatment

The 1999 Legislature statutorily dedicated 1% of net lottery proceeds to be transferred to the Oregon Health Authority to fund gambling addiction programs in the state. The Subcommittee approved a fixed allocation of \$14.6 million for the 2019-21 biennium, rather than the percentage allocation described in statute.

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## Sports Lottery Account

Beginning in 2007, 1% of net lottery proceeds are dedicated for distribution to public universities to offset the costs of intercollegiate athletic programs and for academic scholarships. The Subcommittee approved a fixed allocation of \$14.1 million for the 2019-21 biennium, rather than the percentage allocation described in statute.

## County Fairs

The 2001 Legislature statutorily dedicated 1% of net lottery proceeds, with certain limitations, for distribution to county fair programs throughout the state. This amount is adjusted by inflation each biennium. The Subcommittee approved a fixed allocation of \$3.8 million for the 2019-21 biennium, rather than the percentage allocation described in statute.

## Lottery Funds Expenditure Limitation

Lottery Funds expenditure limitation related to these allocations is established within the respective agency budget bills and in the budget reconciliation bill (HB 5050).

## Criminal Fine Account Allocation

ORS 137.300 establishes the Criminal Fine Account (CFA), and identifies program priorities for account moneys, but does not specify a funding level for the programs. A portion of the crime and violation fine payments collected by state and local courts are transferred into the account. The expenditure limitations for programs receiving CFA allocations are established in the separate agency appropriation bills or the budget reconciliation bill (HB 5050). Any CFA revenues remaining after the specific program allocations are deposited into the General Fund.

The CFA revenue forecast for the 2019-21 biennium totals \$128.6 million. This amount is equal to the amount in the May 2019 revenue forecast from the DAS Office of Economic Analysis, plus revenue impacts from SB 980 (2019).

The Subcommittee approved allocations to agencies totaling \$76.8 million, leaving \$51.7 million to be deposited into General Fund. Those revenues are included in the General Fund expenditures authorized in the 2019-21 Legislatively Adopted Budget. The specific allocation amounts authorized in this bill are listed in the attached CFA table. The table reflects one new allocation and includes four one-time reductions to allocations from the Criminal Fines Account.

A new \$100,000 allocation is made to the Department of Revenue for administrative expenses. Expenditure limitation for this allocation is included in the Department of Revenue's appropriation bill for the 2019-21 biennium.

Two one-time time reductions are made to Criminal Fines Account allocations to the Department of Justice that are in lieu of General Fund reductions:

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- Child Abuse Multidisciplinary Intervention Account - The 2019-21 current service level allocation of \$11,147,006 is reduced by \$1,322,441 due to an existing 2019-21 estimated ending Other Funds balance of \$1,322,441. The revised allocation totals \$9,824,565. This is a one-time revenue allocation change for the Department of Justice's 2019-21 legislatively adopted budget.
- Criminal Injuries Compensation Account (for District Attorney Victims Assistance portion only) - The 2019-21 current service level allocation of \$9,441,018 is reduced by \$685,156 due to an estimated ending Other Funds balance of the same amount that is attributable to District Attorney Victims Assistance. The revised allocation totals \$8,755,862. This is a one-time revenue allocation change for the Department of Justice's 2019-21 legislatively adopted budget.

Two one-time time reductions are made to Criminal Fines Account allocations to the Department of Public Safety Standards and Training (DPSST) that are in lieu of General Fund reductions:

- DPSST Operations - funding for Basic Police Classes - The 2019-21 current service level allocation of \$37,240,650 is reduced by \$2,650,926 due to the net effect of eliminating four Basic Police classes from the 2019-21 training calendar, reducing inflationary adjustments, and adding two positions to the STOP Program. This is a one-time program and revenue allocation reduction for the Department of Public Safety Standards and Training's 2019-21 legislatively adopted budget. Program expenditure reductions are included in SB 5533, the agency's 2019-21 budget bill.
- DPSST Operations - reduce fund balance - the 2019-21 current service level allocation of \$37,240,650 is further reduced by \$2,300,000 due to an estimated ending Other Funds balance of the same amount that is attributable to Operations. Including the allocation reduction above, the revised allocation totals \$31,999,031. This is a one-time revenue allocation change for the Department of Public Safety Standards and Training's 2019-21 legislatively adopted budget.

## Oregon Marijuana Account Allocation

Net revenues from state Marijuana taxes, after payment of administrative and enforcement expenses, are deposited into the Oregon Marijuana Account. The Department of Revenue transfers 10% of Account funds to cities, and 10% to counties, by formulas established in statute. The remaining 80% of moneys in the Oregon Marijuana Account is allocated to state programs in this bill.

Oregon statutes dedicate the remaining 80% of moneys to be distributed as follows:

- 40% to the State School Fund
- 20% to the Mental Health Alcoholism and Drug Services Account
- 15% to the State Police Account
- 5% to alcohol and drug abuse prevention, early intervention and treatment services

# BUDGET NARRATIVE

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The revenue forecast for the Oregon Marijuana Account for the 2019-21 biennium totals \$252.2 million. This amount is equal to the amount in the May 2019 revenue forecast from the DAS Office of Economic Analysis. Based on this forecast, the Department of Revenue will distribute \$44.7 million to cities and counties.

The remaining \$207.5 million is allocated as directed under statute:

- \$103.7 million to the State School Fund
- \$51.9 million to the Mental Health Alcoholism and Drug Services Account
- \$38.9 million to the State Police Account.
- \$13 million to alcohol and drug abuse prevention, early intervention and treatment services.

However, as actual revenues may vary, the associated distributions may also vary – in some cases requiring related expenditure limitation and allocation adjustments.

# BUDGET NARRATIVE

## LOTTERY FUNDS CASH FLOW SUMMARY

	2017-19 Legislatively Approved Budget <sup>1</sup>	2019-21 Legislatively Adopted Budget <sup>2</sup>
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>RESOURCES</b>		
Beginning Balance	\$ 49,016,803	\$ 65,339,501
Lottery Funds Reversions under ORS 461.559	4,174,452	3,730,702
<b>REVENUES</b>		
Transfers from Lottery		
Net Proceeds	1,408,416,655	1,459,844,118
Administrative Actions	47,813,925	-
Other Revenues		
Interest Earnings	2,000,000	2,000,000
Other	-	-
Total Revenue	1,458,230,580	1,461,844,118
<b>TOTAL RESOURCES</b>	<b>\$ 1,511,421,835</b>	<b>\$ 1,530,914,321</b>
<b>DISTRIBUTIONS / ALLOCATIONS</b>		
Distribution to Education Stability Fund	(262,121,504)	(262,771,941)
Distribution to Parks and Natural Resources Fund	(218,434,587)	(218,976,618)
Distribution for Veterans' Services Fund	(21,843,458)	(21,897,662)
Distribution for Outdoor School Fund	(24,000,000)	(45,305,847)
Distribution of Video Revenues to Counties	(41,285,992)	(50,231,366)
Distribution for Sports Programs	(8,240,000)	(14,099,809)
Distribution for Gambling Addiction	(12,498,909)	(14,593,071)
Distribution for County Fairs	(3,828,000)	(3,828,000)
Allocation to State School Fund	(535,719,907)	(530,146,857)
Debt Service Allocations	(246,357,867)	(263,661,510)
Other Agency Allocations	(71,752,109)	(85,401,640)
<b>TOTAL DISTRIBUTIONS / ALLOCATIONS</b>	<b>\$ (1,445,082,334)</b>	<b>\$ (1,510,914,321)</b>
<b>ENDING BALANCE</b>	<b>\$ 65,339,501</b>	<b>\$ 20,000,000</b>
<b>EDUCATION STABILITY FUND</b>		
(not including the Oregon Growth Account balances)		
<b>RESOURCES</b>		
Beginning Balance	\$ 383,759,084	\$ 619,668,217
Revenues		
Transfer from the Economic Development Fund	235,909,354	236,494,747
Interest Earnings	22,366,297	40,012,241
Oregon Growth Account Earnings Distributions	5,184,729	-
Total Revenue	\$ 263,460,380	\$ 276,506,988
<b>TOTAL RESOURCES</b>	<b>\$ 647,219,464</b>	<b>\$ 896,175,205</b>
<b>DISTRIBUTIONS</b>		
Oregon Opportunity Grant Program	(26,904,035)	(39,340,946)
Debt Service Allocations to Department of Education	(646,991)	(671,295)
Treasury Account Fees	(221)	-
<b>TOTAL DISTRIBUTIONS</b>	<b>\$ (27,551,247)</b>	<b>\$ (40,012,241)</b>
<b>ENDING BALANCE</b>	<b>\$ 619,668,217</b>	<b>\$ 856,162,964</b>

1. The 2017-19 Legislatively Approved Budget is based on the May 2019 forecast of 2017-19 resources.

2. The 2019-21 Legislatively Adopted Budget is based on the May 2019 forecast of 2019-21 resources with the adjustments shown for lottery reversions and administrative actions.

3. 2019-21 beginning balance is equal to 2017-19 ending balance.

4. Oregon Growth Account distributions and transfers to the Oregon Education Fund and Oregon Opportunity Grant Program are included.

5. Only includes transfers to the main Education Stability Fund account, and not the 10% transferred to the Oregon Growth Account.

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# BUDGET NARRATIVE

## 2019-21 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES

	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	2019-21 LAB Expenditure Limitation	Ending Lottery Balance
<b>ECONOMIC DEVELOPMENT FUND</b>					
DEBT SERVICE COMMITMENTS					
Higher Education Coordinating Commission					
Outstanding bonds	44,727,472	294,965	-	45,022,437	-
Business Development Department					
Outstanding bonds	48,065,843	241,700	-	48,307,543	-
Housing and Community Services Department					
Outstanding bonds	21,713,035	76,300	-	21,789,335	-
Department of Transportation					
Outstanding bonds	115,058,344	534,636	-	115,592,980	-
Department of Administrative Services					
Outstanding bonds	18,714,544	70,789	-	18,785,333	-
State Forestry Department					
Outstanding Bonds	2,530,271	13,180	-	2,543,451	-
Department of Energy					
Outstanding Bonds	3,006,469	16,896	-	3,023,365	-
State Parks and Recreation Department					
Outstanding Bonds	2,292,182	5,361	-	2,297,543	-
Water Resources Department					
Outstanding Bonds	7,553,350	13,152	-	7,566,502	-
<b>OTHER ALLOCATIONS</b>					
Higher Education Coordinating Commission					
Collegiate Athletics	14,099,809	-	-	14,099,809	-
Outdoor Schools	45,305,847	-	-	45,305,847	-
Oregon Health Authority					
Gambling Addiction Treatment	14,593,071	-	-	14,593,071	-
Department of Education					
State School Fund	530,146,857	-	-	530,146,857	-
Department of Administrative Services					
Distribution to County Fairs	3,828,000	-	-	3,828,000	-
Office of the Governor					
Regional Solutions	3,932,736	-	-	3,932,736	-
Business Development Department					
Operations	8,773,826	-	-	8,773,826	-
Business, Innovation, and Trade	57,965,174	3,838,718	-	61,803,892	-
Infrastructure	5,351,472	-	-	5,351,472	-
Infrastructure - Tide Gates and Culverts Program	6,000,000	-	-	1	5,999,999
Film and Video	1,253,432	-	-	1,253,432	-
Arts and Cultural Trust	2,125,000	-	-	2,125,000	-
<b>TOTAL ECONOMIC DEVELOPMENT FUND</b>	<b>957,036,734</b>	<b>5,105,697</b>	<b>-</b>	<b>956,142,432</b>	<b>5,999,999</b>
<b>EDUCATION STABILITY FUND /</b>					
<b>OREGON EDUCATION FUND</b>					
Higher Education Coordinating Commission					
Opportunity Grants	39,340,946	7,284,497	-	40,000,000	6,625,443
Department of Education					
Education Bonds Outstanding	671,295	21,575	-	692,870	-
<b>TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND</b>	<b>40,012,241</b>	<b>7,306,072</b>	<b>-</b>	<b>40,692,870</b>	<b>6,625,443</b>

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# BUDGET NARRATIVE

## VETERANS' SERVICES FUND

	2017-19 Legislatively Approved	2019-21 Legislatively Adopted
<b>RESOURCES / REVENUES</b>		
VSF Beginning Balance	\$ -	\$ 4,943,110
Lottery Revenue	21,843,459	21,897,662
<b>TOTAL RESOURCES</b>	<b>\$ 21,843,459</b>	<b>\$ 26,840,772</b>
<b>ALLOCATIONS</b>		
Department of Veterans' Affairs		
Veterans' Services Program	\$ (8,378,042)	\$ (11,915,984)
County Veteran Service Officers	(6,904,151)	(7,166,509)
National Service Organizations	(118,156)	(477,354)
Veterans' Affordable Housing	-	(1,000,000)
Total ODVA Allocations	\$ (15,400,349)	\$ (20,559,847)
Bureau of Labor and Industries		
Reintegration Program (HB 2202)	-	(250,000)
Criminal Justice Commission		
Veterans' Specialty Courts	-	(555,000)
Housing and Community Services		
Housing Assistance to Veterans	(1,500,000)	-
Oregon Health Authority		
Veterans' Behavioral Health	-	(2,500,000)
<b>TOTAL ALLOCATIONS</b>	<b>\$ (16,900,349)</b>	<b>\$ (23,864,847)</b>
<b>VSF ENDING BALANCE</b>	<b>\$ 4,943,110</b>	<b>\$ 2,975,925</b>

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# BUDGET NARRATIVE

## CRIMINAL FINE ACCOUNT ALLOCATIONS

	2017-19 Legislatively Approved Budget	2019-21 Current Service Level	Percent Change	2019-21 Legislatively Adopted Budget	Percent Change
<b>Criminal Fine Account Revenues</b>	\$ 143,975,636	\$ 127,366,192	-11.5%	\$ 128,566,192	-10.7%
<b>Criminal Fine Account Allocations:</b>					
<i><b>Department of Public Safety Standards and Training</b></i>					
Operations	\$ 36,316,251	\$ 37,240,650	2.5%	\$ 31,999,031	-11.9%
Public Safety Memorial Fund	200,030	279,677	39.8%	279,495	39.7%
Subtotal:	\$ 36,516,281	\$ 37,520,327	2.7%	\$ 32,278,526	-11.6%
<i><b>Department of Justice</b></i>					
Child Abuse Multidisciplinary Intervention (CAMI)	\$ 10,679,854	\$ 11,147,006	4.4%	\$ 9,824,565	-8.0%
Regional Assessment Centers	815,961	846,968	3.8%	846,968	3.8%
Criminal Injuries Compensation Account (CICA)	9,095,393	9,441,018	3.8%	8,755,862	-3.7%
Child Abuse Medical Assessments	690,667	716,912	3.8%	716,912	3.8%
Subtotal:	\$ 21,281,875	\$ 22,151,904	4.1%	\$ 20,144,307	-5.3%
<i><b>Department of Human Services</b></i>					
Domestic Violence Fund	\$ 2,239,608	\$ 2,224,675	-0.7%	\$ 2,224,675	-0.7%
Sexual Assault Victims Fund	518,399	533,332	2.9%	533,332	2.9%
Subtotal:	\$ 2,758,007	\$ 2,758,007	0.0%	\$ 2,758,007	0.0%
<i><b>Oregon Health Authority</b></i>					
Emergency Medical Services & Trauma Services	\$ 331,824	\$ 331,824	0.0%	\$ 331,824	0.0%
Alcohol & Drug Abuse Prevention	42,884	42,884	0.0%	42,884	0.0%
Law Enforcement Medical Liability Account (LEMLA)	1,354,360	1,300,000	-4.0%	1,300,000	-4.0%
Intoxicated Driver Program	4,323,000	4,323,000	0.0%	4,323,000	0.0%
Subtotal:	\$ 6,052,068	\$ 5,997,708	-0.9%	\$ 5,997,708	-0.9%
<i><b>Oregon Judicial Department</b></i>					
State court security and emergency preparedness	\$ 3,615,658	\$ 3,784,490	4.7%	\$ 3,784,490	4.7%
County court facilities security	2,824,208	2,931,528	3.8%	2,931,528	3.8%
Capital improvements for courthouses and other state court facilities	-	-	0.0%	-	0.0%
State Court Technology Fund	3,110,000	3,887,500	0.0%	3,887,500	25.0%
Subtotal:	\$ 9,549,866	\$ 10,603,518	11.0%	\$ 10,603,518	11.0%
<i><b>Oregon State Police</b></i>					
Driving Under the Influence Enforcement	\$ 351,572	\$ 351,572	0.0%	\$ 351,572	0.0%
<i><b>Department of Corrections</b></i>					
County correction programs and facilities, and alcohol and drug programs	\$ 4,257,421	\$ 4,585,442	7.7%	\$ 4,585,442	7.7%
<i><b>Department of Revenue</b></i>					
Administrative expenses	\$ -	\$ -	0.0%	\$ 100,000	100.0%
<b>Total Allocations:</b>	\$ 76,509,669	\$ 79,383,036	17.0%	\$ 76,819,080	93%
<b>Transfer to the General Fund:</b>	\$ 67,465,967	\$ 47,983,156	-28.9%	\$ 51,747,112	-23.3%

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# BUDGET NARRATIVE

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## 2019-21 Oregon Marijuana Account (includes 2017-19 carry forward)

	HB 3470 Distn	2019-21 Biennium Oregon Marijuana Account
Cities	10%	22,345,600
Counties	10%	22,345,600
<b>Subtotal Local</b>		<b>\$44,691,200</b>
State School Fund	40%	103,764,900
Mental Health Alcoholism & Drug Services Account	20%	51,882,500
State Police Account	15%	38,911,800
Drug and alcohol abuse prevention and treatment	5%	12,970,600
<b>Subtotal State</b>		<b>\$207,529,800</b>
<b>Total</b>	<b>100%</b>	<b>\$252,221,000</b>

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# BUDGET NARRATIVE

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80th Oregon Legislative Assembly – 2019 Regular Session

## HB 5050 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Rayfield

### Joint Committee On Ways and Means

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**Action Date:** 06/25/19  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**House Vote**  
**Yeas:** 8 - Gombert, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Stark  
**Exc:** 1 - Smith G  
**Senate Vote**  
**Yeas:** 7 - Beyer, Frederick, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner  
**Abs:** 5 - Baertschiger Jr, Girod, Hansell, Heard, Thomsen  
**Prepared By:** Julie Neburka and Theresa McHugh, Legislative Fiscal Office  
**Reviewed By:** Paul Siebert, Legislative Fiscal Office

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### Emergency Board

2019-21

### Department of Corrections

2017-19

This summary has not been adopted or officially endorsed by action of the committee.

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# BUDGET NARRATIVE

## Budget Summary\*

### Emergency Board

	2017-19 Legislatively Approved Budget	2019-21 Committee Recommendation	Committee Change
General Fund - General Purpose	-	\$ 75,000,000	\$ 75,000,000
General Fund - Special Purpose Appropriations			
State Agencies for state employee compensation	-	\$ 200,000,000	\$ 200,000,000
State Agencies for non-state worker compensation	-	\$ 20,000,000	\$ 20,000,000
Public Defense services and contract model		\$ 20,000,000	\$ 20,000,000
Grand Jury Recordation	-	\$ 3,000,000	\$ 3,000,000
OHA - Youth with Behavioral Health Needs		\$ 5,700,000	\$ 5,700,000
PDSC and DOC - Unauthorized Use of a Vehicle		\$ 1,000,000	\$ 1,000,000
Secretary of State - SB 861 implementation		\$ 1,146,094	\$ 1,146,094

## ADMINISTRATION PROGRAM AREA

### Department of Administrative Services

General Fund	\$ 23,939,562	\$ 23,939,562
General Fund Debt Service	\$ (243,315)	\$ (243,315)
Lottery Funds Debt Service	\$ (2,797,357)	\$ (2,797,357)
Other Funds	\$ 98,343,839	\$ 98,343,839
Other Funds Debt Service	\$ 4,975,884	\$ 4,975,884

### Advocacy Commissions Office

General Fund	\$ (3,910)	\$ (3,910)
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### Employment Relations Board

General Fund	\$ (24,878)	\$ (24,878)
Other Funds	\$ (17,900)	\$ (17,900)

### Oregon Government Ethics Commission

Other Funds	\$ (31,294)	\$ (31,294)
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### Office of the Governor

General Fund	\$ 37,976	\$ 37,976
Lottery Funds	\$ (30,060)	\$ (30,060)
Other Funds	\$ (14,162)	\$ (14,162)

### Oregon Liquor Control Commission

Other Funds	-	\$ (365,805)	\$ (365,805)
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# BUDGET NARRATIVE

<b><u>Budget Summary*</u></b>	<b><u>2017-19 Legislatively Approved Budget</u></b>	<b><u>2019-21 Committee Recommendation</u></b>	<b><u>Committee Change</u></b>
<b><u>Public Employees Retirement System,</u></b>			
Other Funds		\$ (99,540)	\$ (99,540)
<b><u>Racing Commission</u></b>			
Other Funds		\$ (74,492)	\$ (74,492)
<b><u>Department of Revenue</u></b>			
General Fund		\$ (1,951,713)	\$ (1,951,713)
General Fund Debt Service		\$ (86,500)	\$ (86,500)
Other Funds		\$ (625,879)	\$ (625,879)
Other Funds Debt Service		\$ 90,000	\$ 90,000
<b><u>Secretary of State</u></b>			
General Fund		\$ 198,280	\$ 198,280
Other Funds		\$ (731,332)	\$ (731,332)
Federal Funds		\$ (6,624)	\$ (6,624)
<b><u>State Library</u></b>			
General Fund		\$ (2,658)	\$ (2,658)
Other Funds		\$ (54,948)	\$ (54,948)
Federal Funds		\$ (4,478)	\$ (4,478)
<b><u>State Treasurer</u></b>			
Other Funds		\$ (786,435)	\$ (786,435)
<b><u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u></b>			
<b><u>State Board of Accountancy</u></b>			
Other Funds	-	\$ (41,790)	\$ (41,790)
<b><u>Chiropractic Examiners Board</u></b>			
Other Funds	-	\$ (40,563)	\$ (40,563)
<b><u>Consumer and Business Services</u></b>			
Other Funds		\$ (1,805,550)	\$ (1,805,550)
Federal Funds		\$ 724,474	\$ 724,474
<b><u>Construction Contractors Board</u></b>			
Other Funds		\$ (223,798)	\$ (223,798)

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# BUDGET NARRATIVE

<b><u>Budget Summary*</u></b>	<b><u>2017-19 Legislatively Approved Budget</u></b>	<b><u>2019-21 Committee Recommendation</u></b>	<b><u>Committee Change</u></b>
<b><u>Board of Dentistry</u></b>			
Other Funds		\$ (55,978)	\$ (55,978)
<b><u>Health Related Licensing Boards</u></b>			
Other Funds		\$ (93,931)	\$ (93,931)
<b><u>Bureau of Labor and Industries</u></b>			
General Fund		\$ (186,026)	\$ (186,026)
Other Funds		\$ (128,532)	\$ (128,532)
Federal Funds		\$ (19,597)	\$ (19,597)
<b><u>Licensed Professional Counselors and Therapists. Board of</u></b>			
Other Funds		\$ (23,995)	\$ (23,995)
<b><u>Licensed Social Workers, Board of</u></b>			
Other Funds		\$ (23,401)	\$ (23,401)
<b><u>Medical Board</u></b>			
Other Funds		\$ (105,576)	\$ (105,576)
<b><u>Board of Nursing</u></b>			
Other Funds		\$ (148,702)	\$ (148,702)
<b><u>Board of Pharmacy</u></b>			
Other Funds	-	\$ (93,745)	\$ (93,745)
<b><u>Oregon Board of Psychology</u></b>			
Other Funds	-	\$ (19,078)	\$ (19,078)
<b><u>Public Utility Commission</u></b>			
Other Funds	-	\$ (337,731)	\$ (337,731)
Federal Funds	-	\$ (6,195)	\$ (6,195)
<b><u>Real Estate Agency</u></b>			
Other Funds	-	\$ (87,703)	\$ (87,703)
<b><u>Tax Practitioners Board</u></b>			
Other Funds	-	\$ (12,149)	\$ (12,149)

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# BUDGET NARRATIVE

## Budget Summary\*

### ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

#### Oregon Business Development Department

General Fund	\$	9,992,396	\$	9,992,396
General Fund Debt Service	\$	2,050,084	\$	2,050,084
Lottery Funds	\$	12,813,582	\$	12,813,582
Lottery Funds Debt Service	\$	(3,691,197)	\$	(3,691,197)
Other Funds	\$	204,671,736	\$	204,671,736
Other Funds Debt Service	\$	157,290	\$	157,290
Other Funds Nonlimited	\$	35,000,000	\$	35,000,000
Federal Funds	\$	(6,078)	\$	(6,078)

#### Employment Department

Other Funds	\$	(899,214)	\$	(899,214)
Federal Funds	\$	(665,899)	\$	(665,899)

#### Housing and Community Services Department

General Fund	\$	(941,245)	\$	(941,245)
General Fund Debt Service	\$	9,781,918	\$	9,781,918
Lottery Funds Debt Service	\$	(79,455)	\$	(79,455)
Other Funds	\$	62,397,519	\$	62,397,519
Other Funds Debt Service	\$	1,099	\$	1,099
Federal Funds	\$	(1,035,075)	\$	(1,035,075)

#### Department of Veterans' Affairs

General Fund	\$	(51,109)	\$	(51,109)
General Fund Debt Service	\$	(1,871,420)	\$	(1,871,420)
Lottery Funds	\$	961,666	\$	961,666
Other Funds	\$	3,912,257	\$	3,912,257

### EDUCATION PROGRAM AREA

#### Department of Education

General Fund	\$	(125,070)	\$	(125,070)
General Fund Debt Service	\$	(1,345,537)	\$	(1,345,537)
Other Funds	\$	125,770,137	\$	125,770,137
Other Funds Debt Service	\$	9,330	\$	9,330
Federal Funds	\$	(324,415)	\$	(324,415)

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# BUDGET NARRATIVE

## Budget Summary\*

### State School Fund

General Fund	\$	5,101,078	\$	5,101,078
Lottery Funds	\$	(5,573,050)	\$	(5,573,050)
Other Funds	\$	471,972	\$	471,972

### Higher Education Coordinating Commission

General Fund	\$	73,809	\$	73,809
Other Funds	\$	6,385,614	\$	6,385,614
Federal Funds	\$	65,430	\$	65,430

### State Support to Community Colleges

General Fund	\$	975,000	\$	975,000
General Fund Debt Service	\$	(5,763,861)	\$	(5,763,861)
Lottery Funds Debt Service	\$	(242,498)	\$	(242,498)
Other Funds Debt Service	\$	3,126,854	\$	3,126,854

### State Support to Public Universities

General Fund	\$	5,653,419	\$	5,653,419
General Fund Debt Service	\$	(12,483,243)	\$	(12,483,243)
Lottery Funds	\$	5,859,809	\$	5,859,809
Lottery Funds Debt Service	\$	(774,410)	\$	(774,410)
Other Funds Debt Service	\$	4,876,782	\$	4,876,782

### State Support to Oregon Health Sciences University

General Fund Debt Service	\$	(48,310)	\$	(48,310)
Other Funds Debt Service	\$	48,365	\$	48,365

### Teacher Standards and Practices

Other Funds	\$	(87,203)	\$	(87,203)
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## HUMAN SERVICES PROGRAM AREA

### Commission for the Blind

General Fund	\$	(103,100)	\$	(103,100)
Other Funds	\$	(7,232)	\$	(7,232)
Federal Funds	\$	(115,724)	\$	(115,724)

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# BUDGET NARRATIVE

<b><u>Budget Summary*</u></b>	<b><u>2017-19 Legislatively Approved Budget</u></b>	<b><u>2019-21 Committee Recommendation</u></b>	<b><u>Committee Change</u></b>
<b><u>Oregon Health Authority</u></b>			
General Fund	\$	3,296,378	\$ 3,296,378
General Fund Debt Service	\$	(216,292)	\$ (216,292)
Lottery Funds	\$	(4,929)	\$ (4,929)
Other Funds	\$	13,711,749	\$ 13,711,749
Other Funds Debt Service	\$	216,435	\$ 216,435
Federal Funds	\$	27,649,540	\$ 27,649,540
<b><u>Department of Human Services</u></b>			
General Fund	\$	7,944,508	\$ 7,944,508
General Fund Debt Service	\$	1,512,253	\$ 1,512,253
Other Funds	\$	43,415,376	\$ 43,415,376
Federal Funds	\$	132,642,331	\$ 132,642,331
<b><u>Long Term Care Ombudsman</u></b>			
General Fund	\$	(60,461)	\$ (60,461)
Other Funds	\$	(8,161)	\$ (8,161)
<b><u>Psychiatric Security Review Board</u></b>			
General Fund	\$	(30,871)	\$ (30,871)
<b><u>JUDICIAL BRANCH</u></b>			
<b><u>Judicial Department</u></b>			
General Fund	\$	2,077,938	\$ 2,077,938
General Fund Debt Service	\$	(3,585,266)	\$ (3,585,266)
Other Funds	\$	137,039,553	\$ 137,039,553
Other Funds Debt Service	\$	1,300,000	\$ 1,300,000
Federal Funds	\$	(1,408)	\$ (1,408)
<b><u>Commission on Judicial Fitness and Disability</u></b>			
General Fund	\$	16,000	\$ 16,000
<b><u>Public Defense Services Commission</u></b>			
General Fund	\$	3,394,972	\$ 3,394,972
Other Funds	\$	302,670	\$ 302,670

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# BUDGET NARRATIVE

## Budget Summary\*

### LEGISLATIVE BRANCH

#### Legislative Administration Committee

General Fund	\$	1,330,850	\$	1,330,850
General Fund Debt Service	\$	527,814	\$	527,814
Other Funds	\$	5,167,447	\$	5,167,447
Other Funds Debt Service	\$	38,500	\$	38,500

#### Legislative Assembly

General Fund	\$	(235,919)	\$	(235,919)
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#### Legislative Commission on Indian Services

General Fund	\$	(7,244)	\$	(7,244)
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#### Legislative Counsel

General Fund	\$	(70,545)	\$	(70,545)
Other Funds	\$	(6,086)	\$	(6,086)

#### Legislative Fiscal Office

General Fund	\$	(30,828)	\$	(30,828)
Other Funds	\$	(15,770)	\$	(15,770)

#### Legislative Revenue Office

General Fund	\$	(16,951)	\$	(16,951)
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#### Legislative Policy and Research Office

General Fund	\$	(57,110)	\$	(57,110)
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### NATURAL RESOURCES PROGRAM AREA

#### State Department of Agriculture

General Fund	\$	916,315	\$	916,315
Lottery Funds	\$	(68,464)	\$	(68,464)
Other Funds	\$	(595,327)	\$	(595,327)
Federal Funds	\$	(52,494)	\$	(52,494)

#### Columbia River Gorge Commission

General Fund	\$	109,813	\$	109,813
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#### State Department of Energy

General Fund	\$	2,000,000	\$	2,000,000
Lottery Funds Debt Service	\$	(5)	\$	(5)
Other Funds	\$	1,576,722	\$	1,576,722
Federal Funds	\$	(7,330)	\$	(7,330)

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# BUDGET NARRATIVE

## Budget Summary\*

### Department of Environmental Quality

	2017-19 Legislatively Approved Budget	2019-21 Committee Recommendation	Committee Change
General Fund		\$ 51,176	\$ 51,176
General Fund Debt Service		\$ 834,752	\$ 834,752
Lottery Funds		\$ (31,593)	\$ (31,593)
Other Funds		\$ 3,747,167	\$ 3,747,167
Federal Funds		\$ (113,604)	\$ (113,604)

### State Department of Fish and Wildlife

General Fund	\$ 115,083	\$ 115,083
General Fund Debt Service	\$ (324,470)	\$ (324,470)
Lottery Funds	\$ (18,626)	\$ (18,626)
Other Funds	\$ (672,467)	\$ (672,467)
Other Funds Capital Improvement	\$ (4,077)	\$ (4,077)
Federal Funds	\$ (1,187,333)	\$ (1,187,333)

### Department of Forestry

General Fund	\$ 1,340,580	\$ 1,340,580
General Fund Debt Service	\$ (2,470,088)	\$ (2,470,088)
Lottery Funds Debt Service	\$ (61,999)	\$ (61,999)
Other Funds	\$ (1,351,583)	\$ (1,351,583)
Other Funds Debt Service	\$ 151,184	\$ 151,184
Federal Funds	\$ (77,626)	\$ (77,626)

### Department of Geology and Mineral Industries

General Fund	\$ (25,615)	\$ (25,615)
Other Funds	\$ (29,270)	\$ (29,270)
Federal Funds	\$ (19,870)	\$ (19,870)

### Department of Land Conservation and Development

General Fund	\$ 1,794,756	\$ 1,794,756
Other Funds	\$ (2,132)	\$ (2,132)
Federal Funds	\$ (17,182)	\$ (17,182)

### Land Use Board of Appeals

General Fund	\$ (21,627)	\$ (21,627)
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# BUDGET NARRATIVE

## **Budget Summary\***

### **Oregon Marine Board**

Other Funds	\$	(92,426)	\$	(92,426)
Federal Funds	\$	(2,643)	\$	(2,643)

### **Department of Parks and Recreation**

Lottery Funds	\$	(416,598)	\$	(416,598)
Lottery Funds Debt Service	\$	(76,557)	\$	(76,557)
Other Funds	\$	4,212,940	\$	4,212,940
Other Funds Debt Service	\$	33,023	\$	33,023
Federal Funds	\$	(4,620)	\$	(4,620)

### **Department of State Lands**

Lottery Funds Debt Service	\$	(589,920)	\$	(589,920)
Other Funds	\$	5,538,837	\$	5,538,837
Federal Funds	\$	148,732	\$	148,732

### **Water Resources Department**

General Fund	\$	(435,713)	\$	(435,713)
Lottery Funds Debt Service	\$	(926,818)	\$	(926,818)
Other Funds	\$	43,734,905	\$	43,734,905
Other Funds Debt Service	\$	394	\$	394
Federal Funds	\$	(1,215)	\$	(1,215)

### **Watershed Enhancement Board**

Lottery Funds	\$	(22,280)	\$	(22,280)
Federal Funds	\$	(6,493)	\$	(6,493)

## **PUBLIC SAFETY PROGRAM AREA**

### **Department of Corrections**

General Fund	\$	(6,481,181)	\$	(6,481,181)
General Fund Debt Service	\$	1,073,820	\$	1,073,820
Other Funds	\$	5,265,521	\$	5,265,521
Other Funds Debt Service	\$	51,378	\$	51,378

### **Oregon Criminal Justice Commission**

General Fund	\$	36,193	\$	36,193
Other Funds	\$	273,635	\$	273,635
Federal Funds	\$	(1,216)	\$	(1,216)

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# BUDGET NARRATIVE

<b><u>Budget Summary*</u></b>	<b><u>2017-19 Legislatively Approved Budget</u></b>	<b><u>2019-21 Committee Recommendation</u></b>	<b><u>Committee Change</u></b>
<b><u>District Attorneys and their Deputies</u></b>			
General Fund	\$	(105,735)	\$ (105,735)
<b><u>Department of Justice</u></b>			
General Fund	\$	(667,789)	\$ (667,789)
General Fund Debt Service	\$	1,484,988	\$ 1,484,988
Other Funds	\$	(2,479,020)	\$ (2,479,020)
Federal Funds	\$	(716,952)	\$ (716,952)
<b><u>Oregon Military Department</u></b>			
General Fund	\$	179,395	\$ 179,395
General Fund Debt Service	\$	(36,468)	\$ (36,468)
Other Funds	\$	(373,737)	\$ (373,737)
Other Funds Debt Service	\$	33,000	\$ 33,000
Federal Funds	\$	(691,605)	\$ (691,605)
<b><u>Oregon Board of Parole and Post-Prison Supervision</u></b>			
General Fund	\$	(101,621)	\$ (101,621)
<b><u>Oregon State Police</u></b>			
General Fund	\$	(2,122,021)	\$ (2,122,021)
Lottery Funds	\$	(69,541)	\$ (69,541)
Other Funds	\$	(873,872)	\$ (873,872)
Federal Funds	\$	(23,603)	\$ (23,603)
<b><u>Department of Public Safety Standards and Training</u></b>			
Other Funds	\$	(290,693)	\$ (290,693)
Federal Funds	\$	324,810	\$ 324,810
<b><u>Oregon Youth Authority</u></b>			
General Fund	\$	(1,803,255)	\$ (1,803,255)
General Fund Debt Service	\$	(3,008,574)	\$ (3,008,574)
Other Funds	\$	772,367	\$ 772,367
Other Funds Debt Service	\$	95,000	\$ 95,000
Federal Funds	\$	(74,149)	\$ (74,149)
<b><u>TRANSPORTATION PROGRAM AREA</u></b>			
<b><u>Department of Aviation</u></b>			
Other Funds	\$	(32,084)	\$ (32,084)
Federal Funds	\$	(826)	\$ (826)

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# BUDGET NARRATIVE

## Budget Summary\*

### Department of Transportation

	<u>2017-19 Legislatively Approved Budget</u>	<u>2019-21 Committee Recommendation</u>	<u>Committee Change</u>
General Fund Debt Service		\$ (8,904)	\$ (8,904)
Lottery Funds Debt Service		\$ (3,182,760)	\$ (3,182,760)
Other Funds		\$ (3,318,842)	\$ (3,318,842)
Other Funds Debt Service		\$ 8,904	\$ 8,904
Federal Funds		\$ (65,547)	\$ (65,547)

### 2019-21 Budget Summary

General Fund Total	\$ 380,757,376	\$ 380,757,376
General Fund Debt Service	\$ (14,226,619)	\$ (14,226,619)
Lottery Funds Total	\$ 13,399,916	\$ 13,399,916
Lottery Funds Debt Service	\$ (12,422,976)	\$ (12,422,976)
Other Funds Total	\$ 749,532,835	\$ 749,532,835
Other Funds Debt Service	\$ 15,213,422	\$ 15,213,422
Other Funds Nonlimited	\$ 35,000,000	\$ 35,000,000
Other Funds Capital Improvement	\$ (4,077)	\$ (4,077)
Federal Funds Total	\$ 156,305,516	\$ 156,305,516

\* Excludes Capital Construction

## 2017-19 Supplemental Appropriations

### Department of Corrections

	<u>2017-19 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
General Fund	-	\$ 3,000,000	\$ 3,000,000

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# BUDGET NARRATIVE

## 2019-21 Position Summary

### ADMINISTRATION PROGRAM AREA

#### Department of Administrative Services

Authorized Positions	2	2
Full-time Equivalent (FTE) positions	2.00	2.00

#### Secretary of State

Authorized Positions	2	2
Full-time Equivalent (FTE) positions	1.75	1.75

### CONSUMER AND BUSINESS SERVICES PROGRAM AREA

#### Consumer and Business Services

Authorized Positions	1	1
Full-time Equivalent (FTE) positions	1.00	1.00

### ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

#### Housing and Community Services Department

Authorized Positions	7	7
Full-time Equivalent (FTE) positions	5.67	5.67

#### Oregon Business Development Department

Authorized Positions	1	1
Full-time Equivalent (FTE) positions	0.88	0.88

### EDUCATION PROGRAM AREA

#### Higher Education Coordinating Commission

Authorized Positions	10	10
Full-time Equivalent (FTE) positions	9.50	9.50

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# BUDGET NARRATIVE

<b><u>2019-21 Position Summary</u></b>	<b><u>2017-19 Legislatively Approved Budget</u></b>	<b><u>2019-21 Committee Recommendation</u></b>	<b><u>Committee Change</u></b>
<b>HUMAN SERVICES PROGRAM AREA</b>			
<b><u>Oregon Health Authority</u></b>			
Authorized Positions		47	47
Full-time Equivalent (FTE) positions		36.18	36.18
<b><u>Department of Human Services</u></b>			
Authorized Positions		32	32
Full-time Equivalent (FTE) positions		29.90	29.90
<b>JUDICIAL BRANCH</b>			
<b><u>Judicial Department</u></b>			
Authorized Positions		17	17
Full-time Equivalent (FTE) positions		13.50	13.50
<b><u>Public Defense Services Commission</u></b>			
Authorized Positions		2	2
Full-time Equivalent (FTE) positions		2.00	2.00
<b>NATURAL RESOURCES PROGRAM AREA</b>			
<b><u>Department of Land Conservation and Development</u></b>			
Authorized Positions		7	7
Full-time Equivalent (FTE) positions		6.00	6.00
<b><u>Department of Fish and Wildlife</u></b>			
Authorized Positions		-	-
Full-time Equivalent (FTE) positions		(0.50)	(0.50)
<b><u>Department of Environmental Quality</u></b>			
Authorized Positions		(1)	(1)
Full-time Equivalent (FTE) positions		(1.00)	(1.00)
<b><u>Department of Energy</u></b>			
Authorized Positions		3	3
Full-time Equivalent (FTE) positions		1.25	1.25

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# BUDGET NARRATIVE

## 2019-21 Position Summary

### TRANSPORTATION PROGRAM AREA

#### Department of Transportation

	2017-19 Legislatively Approved Budget	2019-21 Committee Recommendation	Committee Change
Authorized Positions		3	3
Full-time Equivalent (FTE) positions		0.42	0.42

## Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the May 2019 economic and revenue forecast by the Department of Administrative Services (DAS), Office of Economic Analysis, supplemented by transfers from various agency accounts to the General Fund for general governmental purposes as authorized in HB 2377, plus other actions to reduce state agency expenditures.

## Summary of Capital Construction Subcommittee Action

HB 5050 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations and makes other adjustments to individual agency budgets and position authority as described below.

### Emergency Board

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated \$75 million General Fund to the Emergency Board for general purposes.

HB 5050 makes seven special purpose appropriations to the Emergency Board, totaling \$250.8 million General Fund. Agencies must make a request to the Emergency Board to access these funds. The seven special purpose appropriations are:

- \$200 million General Fund for state employee compensation changes.
- \$20 million General Fund for allocation to state agencies for compensation changes driven by collective bargaining for workers who are not state employees.

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# BUDGET NARRATIVE

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- \$5.7 million General Fund for allocation to the Oregon Health Authority to support interdisciplinary assessment teams to provide consultation, evaluation, and stabilization services to youth with behavioral health needs. This appropriation reflects one of the recommendations of the Children and Youth with Specialized Needs Workgroup and is consistent with SB 1 (2019), which provides the framework for establishing these teams.
- \$20 million General Fund for allocation to the Public Defense Services Commission for activities designed to improve indigent defense caseloads and to implement an improved public defense contract model.
- \$1 million General Fund for allocation to the Public Defense Services Commission and the Department of Corrections or both, for costs relating to prosecutions for the unauthorized use of a vehicle per HB 2328 (2019).
- \$1,146,094 General Fund for allocation to the Secretary of State for costs relating to the implementation prepaid postage on ballot return envelopes per SB 861 (2019).
- \$3 million General Fund for the implementation of grand jury recordation and SB 505 (2017).

With the beginning of the statewide roll-out of grand jury recordation, questions have arisen regarding how grand jury recordation can be delivered in the most efficient, consistent, and economical method across the state given the Legislature's funding of similar recordation services for circuit courts. To this end, the Subcommittee approved the following budget note.

## **Budget Note**

The Judicial Department, District Attorneys, and the Association of Oregon Counties are to report to the Interim Joint Committee on Ways and Means in January of 2020 with a joint plan that provides for the most efficient, consistent, and cost effective delivery of grand jury recordation across the state, including, but not limited to, the assignment by entity of responsibility for: (a) non-attorney staff to manage recording equipment and train grand jurors on the use of recording equipment; (b) non-attorney staff to review and redact grand jury recordings; (c) production of grand jury transcripts; and (d) information technology costs for the day-to-day upkeep of the recording devices and the storage or archiving of recordings.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2020, any remaining funds become available to the Emergency Board for general purposes.

The Subcommittee established a reservation within the general purpose Emergency Fund of \$10 million for the Department of Human Services for the Child Welfare program as the agency continues to implement its action plan to improve child safety, stabilize the workforce, and help foster families. The Department may request allocation of the reservation from the Emergency Board for efforts or initiatives not covered within the existing budget upon evidence that the additional funding will result in demonstrative improvements in Oregon's child welfare system.

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# BUDGET NARRATIVE

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A second reservation was established within the general purpose Emergency Fund of \$9 million for the Oregon Health Authority for the purpose of supporting community mental health programs. The Oregon Health Authority may request allocation of the reservation from the Emergency Board if any or all of these funds are deemed necessary to maintain the 2017-19 level of on-going community mental health program services funded by the agency.

## **Adjustments to Approved 2019-21 Agency Budgets**

### **STATEWIDE ADJUSTMENTS**

Statewide adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services' assessments and charges for services, Attorney General rates, Secretary of State assessments, and Parks assessments. Statewide adjustments also reflect net reductions to debt service realized through interest rate savings on bond sales, and Other Funds balances and interest earnings that can be applied to debt service. Total savings are \$66.2 million General Fund, \$13.7 million Lottery Funds, \$34 million Other Funds, and \$11 million Federal Funds.

Specific reductions include \$37.1 million total funds from lower Department of Administrative Services assessments and service rates; \$31.1 million total funds from PERS rate updates; \$39.8 million total funds from debt service interest rate savings and refunding of outstanding bonds; \$8.1 million total funds from lower Attorney General rates; and \$2.6 million total funds from lower Secretary of State and Parks assessments.

Section 161 of the budget bill reflects the changes, as described above, for each agency. These adjustments are included in the table at the beginning of the budget report but are not addressed in the individual agency narratives. Additionally, new Other Funds debt service expenditure limitations for multiple agencies are established to accommodate the use of fund balances for debt repayment.

### **ADMINISTRATION**

#### **Department of Administrative Services**

The Subcommittee approved various one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

# BUDGET NARRATIVE

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- \$7,500,000 for disbursement to the United Way for census outreach and coordination activities
- \$2,000,000 for disbursement to Clatsop County for the Clatsop County Jail
- \$2,000,000 for disbursement to Innovation Law Lab for Immigration Defense
- \$1,500,000 for disbursement to Josephine County for rural fire protection district start-up costs once the district is created
- \$1,000,000 for disbursement to City of Salem for the Gerry Frank/Salem Rotary Amphitheater
- \$1,000,000 for disbursement to Umatilla-Morrow Head Start for an Early Learning Center
- \$1,000,000 for disbursement to Umatilla County for surface water pumping costs of groundwater rights holders in Critical Groundwater areas
- \$700,000 for disbursement to Central Linn School District for the 6th-8th grade Cobra Academy
- \$500,000 for disbursement to Siuslaw Regional Aquatics Center for renovations of the Mapleton Pool
- \$500,000 for disbursement to Tucker Maxon School for capital improvements
- \$500,000 for disbursement to Association of Oregon Counties for urban growth boundary planning grants to Eastern Oregon Counties
- \$500,000 for disbursement to Oregon Thoroughbred Owners and Breeders Association for safety improvements at race tracks holding race meets and education for thoroughbred owners and breeders
- \$500,000 for disbursement to Lutheran Community Services Northwest for drug abuse programs
- \$500,000 for disbursement to Special Olympics Oregon for sports training and athletic competition
- \$485,000 for disbursement to Clackamas County for Clackamas Women's Services
- \$452,930 for disbursement to Douglas Timber Operators for a Rogue River Sediment Study
- \$400,000 for disbursement to Historic Portland Public Market Foundation for the James Beard Public Market
- \$300,000 for disbursement to City of Independence for a Mid-Willamette Valley Trolley
- \$300,000 for disbursement to Ecumenical Ministries of Oregon for its runaway homeless youth program
- \$250,000 for disbursement to Liberty House of Salem for childhood abuse assessment and support services
- \$175,000 for disbursement to Harney County School District #1J to drill a potable water well
- \$100,000 for disbursement to Save the Salem Peace Mosaic to protect the River of Peace mosaic
- \$30,000 for disbursement to Klamath County to acquire, install, and maintain stream gauges in the Klamath Basin

The Subcommittee added \$61,331,872 Other Funds expenditure limitation for one-time costs of special payments associated with the disbursement of proceeds from 2019-21 Lottery Bond sales; projects are detailed below and approved in HB 5030. Cost of issuance for these projects totals \$1,247,463. There is no debt service allocated in the 2019-21 biennium, as the bonds will not be sold until the spring of 2021. Debt service payments on all the projects described below are estimated to be \$10,581,755 Lottery Funds for the 2021-23 biennium and \$105,334,738 over the life of the bonds.

- \$15,000,000 Other Funds for disbursement to Eugene Family YMCA Facility
- \$10,000,000 Other Funds for disbursement to City of Roseburg - Southern Oregon Medical Workforce Center

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# BUDGET NARRATIVE

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- \$5,000,000 Other Funds for disbursement to Oregon Coast Aquarium
- \$5,000,000 Other Funds for disbursement to YMCA of Columbia-Willamette to purchase the Beaverton Hoop YMCA
- \$4,100,000 Other Funds for disbursement to Jefferson County - Health and Wellness Center
- \$3,500,000 Other Funds for disbursement to Parrott Creek Child & Family Services - Building Renovation
- \$2,500,000 Other Funds for disbursement to Center for Hope and Safety - Hope Plaza
- \$2,500,000 Other Funds for disbursement to Wallowa Valley Center for Wellness
- \$2,400,000 Other Funds for disbursement to Port of Cascade Locks - Business Park Expansion
- \$2,311,872 Other Funds for disbursement to Multnomah County School District #7 - Reynolds High School Health Center
- \$2,000,000 Other Funds for disbursement to City of Gresham - Gradin Community Sports Park
- \$2,000,000 Other Funds for disbursement to Curry Health District - Brookings Emergency Room
- \$2,000,000 Other Funds for disbursement to Hacienda Community Development Corporation - Las Adelitas Housing Project
- \$1,600,000 Other Funds for disbursement to Umatilla County Jail - Expansion/Mental Health Facility
- \$1,400,000 Other Funds for disbursement to Port of Morrow - Early Learning Center Expansion

The Subcommittee approved an increase of \$27,405,993 Other Funds expenditure limitation for special payments associated with the disbursement of proceeds from Lottery Bonds issued in previous biennia that have yet to be fully disbursed to grantees.

The Subcommittee added \$10,525,000 Other Funds expenditure limitation for one-time special payments associated with the disbursement of proceeds from Article XI-Q general obligation bond sales; projects are detailed below and approved in HB 5005. Cost of issuance for these projects totals \$199,075. There is no debt service allocated in the 2019-21 biennium, as the bonds will not be sold until the spring of 2021. Total debt service on the projects described below is estimated at \$2,257,480 General Fund for the 2021-23 biennium and \$15,834,095 General Fund over the life of the bonds.

- \$5,325,925 Other Funds for disbursement to the Oregon State Fair for facilities capital improvements
- \$3,000,000 Other Funds for disbursement to the Oregon State Fair for improvements to and repairs of the Horse Barn
- \$2,000,000 Other Funds for disbursement to the Oregon State Fair for improvements to and repairs of the Poultry Barn

The Subcommittee approved \$4,527,721 in additional Other Funds Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in HB 5005 that will be issued before the end of the biennium to support DAS projects, and an Other Funds expenditure limitation increase of \$800,000 was included for the cost of issuance of the bonds.

One-time General Fund increases to on-going operating subsidies for the Oregon Historical Society (\$1,250,000) and Oregon Public Broadcasting (\$500,000) were also approved.

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# BUDGET NARRATIVE

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The Subcommittee approved a technical adjustment for the Public Records Advocate Office which increased Personal Services by \$113,406 and reduced Services and Supplies in the Department of Administrative Services Chief Operating Office not related to the Public Records Advocate Office by a like amount, for a net zero change. Two limited duration full-time positions (2.00 FTE) were approved (an Operations & Policy Analyst 4 and a State Procurement Analyst) to backfill DAS employees who will be working with the Public Employee Retirement System (PERS) on information technology solutions needed to implement SB 1049, which made significant changes to public employees' retirement. The cost of the DAS positions dedicated full-time to the PERS project to implement SB 1049 will be paid by PERS.

## Office of the Governor

A General Fund appropriation of \$250,000 was approved for the Office of the Governor to provide administrative support for the Council on Wildfire Response established by executive order number 19-01. The Council was created to review Oregon's current model for wildfire prevention, preparedness, and response and provide recommendations to strengthen, improve, or replace the existing model. The recommendations of the council will be presented to the Governor no later than September 30, 2019.

## Oregon Liquor Control Commission

Other Funds expenditure limitation in the amount of \$233,400 is included for the Oregon Liquor Control Commission to support a permanent, full-time internal auditor position. The position will help to evaluate and improve internal processes with the goal of increasing productivity and minimizing risk throughout the agency's various divisions.

## Secretary of State

To address the costs of implementing HB 2983 relating to campaign finance, the Subcommittee appropriated \$336,696 General Fund to the Secretary of State's Elections Division and authorized the establishment of two new limited duration Compliance Specialist 2 positions (1.75 FTE). These positions will be used to manually accept, review, and maintain lists of filings; answer questions; conduct investigations; oversee civil penalties and case hearings; and fulfill public records requests. Over time, some of these manual processes will be able to be moved online reducing personal services costs, but potentially incurring one-time information technology expenditures. The agency can report back to the Legislature during the 2020 legislative session on progress in implementing HB 2983.

# BUDGET NARRATIVE

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## CONSUMER AND BUSINESS SERVICES

### Department of Consumer and Business Services

An increase in Other Funds expenditure limitation of \$262,610 and the authorization to establish a permanent full-time position (1.00 FTE) in the Division of Financial Regulation, working on the Senior Health Insurance Benefit program, was approved by the Subcommittee. The position is being restored from a reduction taken in the agency's 2019 budget bill.

The Subcommittee approved an increase in the Federal Funds expenditure limitation to the Department of Consumer and Business Services of \$780,000 to allow the agency to expend federal grant funds awarded but not fully expended during the 2017-19 biennium from the Centers for Medicare and Medicaid Services for the planning and implementing of certain insurance market reforms under Title 27 of the Public Health Service Act.

## ECONOMIC AND COMMUNITY DEVELOPMENT

### Oregon Business Development Department

The Subcommittee approved a one-time General Fund appropriation of \$10,000,000 for the Oregon Business Development Department (OBDD) to deposit in the University Innovation Research Fund (UIRF) established in HB 2377. Other Funds limitation of \$10,000,000 was also established to accommodate distribution of monies from the UIRF. The UIRF will support grants to public universities and the Oregon Health and Science University to match competitive federal research awards, increasing the competitiveness of Oregon universities for federal research funds, leveraging federal grants that require matching funds, and supporting innovation and research capacity. Grants will be targeted in priority industries, such as advanced manufacturing, high technology, outdoor gear and apparel, health care innovation, food and beverage, and forestry and wood products.

Lottery Funds expenditure limitation for the Strategic Reserve Fund (SRF) was increased by \$2,000,000, bringing total ongoing Lottery Funds support for SRF to \$8,978,100, not including limitation of \$3,718,693 that was provided to expend the program's estimated beginning balance of committed project awards. The Subcommittee also increased Lottery Funds expenditure limitation by \$5,000,000 for the Oregon Manufacturing and Innovation Center (OMIC) operating and research expenses, bringing total Lottery Funds support for OMIC operations in the Department's budget to \$8,736,800.

The Subcommittee approved increasing Lottery Funds by \$175,350 and Other Funds by \$30,944 in the Operations Division to establish an Internal Auditor 3 position (0.88 FTE). The approved amount includes \$194,794 for personal services and \$11,500 for associated services and supplies expenditures.

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The Subcommittee approved one-time Lottery Funds expenditure limitation of \$3,600,001 in the Infrastructure Division for the following projects and programs:

- \$500,000 for City of Sandy - Wastewater System Planning and Permitting
- \$500,000 for Columbia Corridor Drainage Districts Joint Contracting Authority - Levee Ready Columbia
- \$1,600,000 for Port of Port Orford - Port of Port Orford Cannery Redevelopment
- \$1,000,000 for City of Astoria - Warehouse Site Cleanup and Redevelopment
- \$1 for Tide Gates and Culverts Repair and Replacement Program

A lottery allocation of \$6,000,000 for the Tide Gates and Culverts Program is included in HB 5029. The Legislature or Emergency Board will increase the Lottery Funds expenditure limitation for the program after the Department presents a request that includes a proposal, developed in coordination with the Oregon Watershed Enhancement Board, for distributing grants and loans for the repair and replacement of tide gate and culvert infrastructure. The proposal should address eligible recipients, matching fund requirements, maximum awards for planning and construction grants and loans, criteria for prioritizing project requests, and necessary coordination with state, local, and federal agencies, as well as surrounding landowners or other entities, required for project implementation.

The Subcommittee approved one-time Lottery Funds expenditure limitation of \$2,125,000 for the Arts Commission to distribute the following grants:

- \$375,000 for Cottage Theatre - ACT III Theatre Expansion
- \$250,000 for High Desert Museum - By Hand Through Memory Exhibit Renovation and Art of the American West Gallery
- \$1,000,000 for Liberty Theatre - Stage House and Facilities Improvements
- \$500,000 for Oregon Nikkei Endowment - Oregon Nikkei Legacy Center Renovations

Other Funds expenditure limitation was increased by \$191,380,000 for distribution of general obligation and lottery bond proceeds authorized in HB 5005 and HB 5030 for the following projects and programs:

- \$100,000,000 for Seismic Rehabilitation Grant Program - Schools
- \$20,000,000 for Seismic Rehabilitation Grant Program - Emergency Services Facilities
- \$15,000,000 for Levee Grant Program
- \$15,000,000 for Port of Coos Bay - Channel Deepening Project
- \$1,880,000 for City of Mill City - Storm Drainage System Improvements
- \$20,000,000 for City of Salem - Drinking Water System Improvements
- \$7,000,000 for City of Sweet Home - Wastewater Treatment Plant Rehabilitation

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- \$7,800,000 for Confederated Tribes of the Warm Springs Reservation - Warm Springs Wastewater Treatment Plant, Water Meter, and Water Distribution System Improvements
- \$1,700,000 for City of Hood River - Waterfront Stormwater Line Replacement
- \$1,500,000 for Beaverton Arts Foundation - Patricia Reser Center for the Arts
- \$1,500,000 for Lincoln City Cultural Center - Cultural Plaza and Exterior Grounds

The Subcommittee also increased Nonlimited Other Funds expenditures by \$35,000,000 for distribution of lottery bond proceeds authorized for the Special Public Works Fund (\$30 million) and the Brownfields Redevelopment Fund (\$5 million).

Other Funds expenditure limitation was increased by a total of \$3,338,294 for costs of issuing the general obligation and lottery revenue bonds authorized for the above projects. Bond proceeds are used to finance these costs.

The Subcommittee also established Other Funds debt service expenditure limitation of \$157,290 to allow the agency to apply excess proceeds and interest earnings to debt service payments in the 2019-21 biennium. An associated decrease in General Fund and Lottery Funds debt service is included in the statewide debt service adjustments table.

Finally, General Fund debt service was increased by \$4,535,118 for payments in the 2019-21 biennium on general obligation bonds authorized for the Seismic Rehabilitation Grant Program. The additional debt service supports issuing \$50.6 million of seismic rehabilitation bonds for schools and \$10.1 million of seismic rehabilitation bonds for emergency services facilities in spring 2020. The remaining seismic rehabilitation bonds, and all lottery revenue bonds authorized for projects and programs in this budget, are scheduled to be sold in spring 2021, with related debt service payments beginning in the 2021-23 biennium.

## Housing and Community Services Department

The Subcommittee approved adjustments for the Housing and Community Services Department totaling \$70.1 million total funds. These changes provide for administrative expenses, capital construction investments to create new affordable housing for low income and chronically homeless Oregonians, programs funded by lottery bond proceeds, and expenditure limitation related to the passage of HB 2032. A permanent procurement manager and additional months for a limited research manager (both PEM E) positions will ensure accountability and data-driven decisions related to additional housing investments for the 2019-21 biennium. Expenditure limitation totaling \$376,763 Other Funds and 1.50 FTE in position authority are included for this purpose.

Cost of issuance amounting to \$730,000 Other Funds will allow for \$50 million in Article XI-Q Bonds to finance the construction of an estimated 500 units of permanent supportive housing. The target population for the new permanent supportive housing units will be chronically homeless individuals, including the following: formerly incarcerated people reentering the community, people with a severe and persistent mental illness or substance use disorder, and chronically homeless veterans. Expenditure limitation for administration of rental assistance payments is

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included for the estimated 200 units of permanent supportive housing that are anticipated to be available to residents by the last six months of the 2019-21 biennium. Rental assistance payments are financed by a transfer of funding from the Oregon Health Authority in the amount of \$2,932,331 Other Funds. These funds also provide for 2 positions (1.17 FTE). Of the total amount budgeted, \$200,000 is for one-time costs related to procurement and enhancement of a data system to track and deliver rental assistance payments. Staffing costs totaling \$232,331 consist of a Program Analyst 3 for program setup and ongoing oversight and an administrative assistant position to process rent payments and calculate subsidy amounts. The rent subsidy payments are expected to total approximately \$999,996 Other Funds for the last six months of the biennium. Other Funds expenditure limitation in the amount of \$1.5 million will provide a rent guarantee to project investors and management companies but is recommended to be unscheduled.

Costs associated with the issuance of \$150 million in Article XI-Q Bonds for the Local Innovation and Fast Track (LIFT) housing program, which will finance the construction of an estimated 2,168 rental units for low income Oregonians, include the following: \$1,550,000 Other Funds for the cost of issuance, Other Funds expenditure limitation in the amount of \$462,839 and position authority for an additional loan officer (0.50 FTE), a low-income housing tax credit analyst (1.00 FTE), a Fiscal Analyst 3 position for debt management (0.50 FTE), and General Fund in the amount of \$11,370,998 for debt service. Debt service supports issuing \$75.8 million of bonds for the LIFT housing program in spring 2020, and early issuance of bonds for permanent supportive housing.

Other Funds expenditure limitation totaling \$15,278,750 is related to Lottery bond proceeds totaling \$15 million and is for project costs and cost of issuance. The bonds will seed a revolving loan fund that will finance the acquisition of housing properties. This is an effort to keep these properties affordable for residents at 60%-100% of area median income. There is also Other Fund expenditure limitation totaling \$25,407,658 for costs related to Lottery bonds to finance the preservation of existing affordable housing. Proceeds totaling \$25 million will be awarded to finance the preservation of 400 units of affordable housing. This can include publicly supported affordable housing, properties with federal project-based rental assistance contracts, rent subsidies, manufactured dwelling parks, and properties undergoing recapitalization.

An increase in Other Funds expenditure limitation of \$5 million and decrease in Federal Funds expenditure limitation of \$1 million are included for the agency's Housing Stabilization Program, which provides homeless assistance and is funded from Department of Human Services Temporary Assistance to Needy Families (TANF) funds. Other Funds expenditure limitation in the amount of \$10.5 million is included for a housing pilot project pursuant to HB 2032 (2019). The project will competitively award TANF funding to be used in conjunction with local shares of Emergency Housing Assistance (EHA) and other program dollars, to extend the period that families eligible for TANF can receive housing and other assistance to keep them stably housed. Successful applicants for the housing pilot program will be expected to apply federal funds prior to utilizing other funding, to ensure that TANF program funds are fully allocated for housing assistance provided through the pilot program. A limited duration Program Analyst 3 position (0.92 FTE) will design the competitive funding award and monitor program outcomes. This funding is not intended to be included in calculations used to estimate the cost of operations in future biennia.

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The Low Income Rental Housing Fund program was eliminated because it was found to be redundant to the agency's Emergency Housing Assistance Program. Costs associated with two positions -- a Research Analyst 2 and a Program Analyst 4 position -- were shifted from General Fund to Other Funds. This change reduced ongoing General Fund operating expenditures by a total of \$935,504, while Other Funds expenditure limitation was increased by \$440,043 to accommodate the shift in position costs.

## **Oregon Department of Veterans' Affairs**

The Subcommittee added Lottery Funds expenditure limitation of \$1,000,000 for a one-time grant to the YMCA of Marion and Polk Counties to construct veterans' affordable housing adjacent to the new YMCA facility in Salem. Other Funds expenditure limitation of \$4,000,000 was established for distribution of lottery bond proceeds authorized in HB 5030 for the veterans' affordable housing project and an additional \$56,603 was provided for costs of issuing the lottery revenue bonds. Bonds are scheduled to be sold in spring 2021, so no debt service payments are due in the 2019-21 biennium. Lottery Funds debt service is estimated to be \$690,005 in the 2021-23 biennium.

## **EDUCATION**

### **State School Fund**

The Subcommittee approved increases of \$5,101,078 General Fund and \$471,972 Other Funds, as well as a decrease of \$5,573,050 Lottery Funds for the State School Fund. This change reflects the final balance of available Lottery Funds across the entire state budget as well as the most recent forecast of Marijuana-related revenues.

### **Department of Education**

A total of \$125,000,000 Other Funds expenditure limitation was approved for the Oregon School Capital Improvement Matching program (OSCIM). The proceeds of the sale of Article XI-P general obligation bonds are used for grants to school districts which match the grants with proceeds of locally issued bonds for the construction and improvement of school district buildings and property. The Subcommittee also approved \$1,090,000 Other Funds expenditure limitation for the issuance costs of the Article XI-P bonds.

### **Higher Education Coordinating Commission**

Funding of \$4,184,935 total funds was included in HB 5047, the Student Success budget bill, for the 2019-21 costs of the education-related Statewide Longitudinal Data System (SLDS). That bill provided General Fund and Other Funds expenditure limitation to the Oregon Department of Education (ODE) for transfer to the Higher Education Coordinating Commission (HECC) for the staffing, data processing, and other costs of the SLDS which will be housed within HECC. These resources (expended by HECC as Other Funds) will support eight existing positions as well as the

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addition of one Research Analyst position beginning in the second year of the biennium for a total of nine positions (8.50 FTE). Prior to 2017-19, the SLDS was part of the Chief Education Office which sunsets on June 30, 2019.

A General Fund appropriation of \$975,000 was approved for a one-time grant to Treasure Valley Community College for a portion of the construction costs of a new Career and Technical Center. In 2009, the Legislature approved Article XI-G bonds for the original proposal for this project which was reauthorized in 2013 when the scope of the project was changed to expand and improve an existing building. In 2017, the project was again reauthorized. Later in that year, the federal Economic Development Administration awarded the Community College a grant which is being used as a portion of the required match. This \$975,000 grant will be used to make up the difference between the current cost of the project and the previously estimated amount.

The Subcommittee approved transferring the responsibilities of the Criminal Justice Policy Research Institute's Law Enforcement Contacts Policy & Data Review Committee from Portland State University to the Criminal Justice Commission, thereby consolidating both quantitative and qualitative data collection on traffic and pedestrian stops in one state agency. This action reduced the HECC budget for Public University Statewide Programs by \$276,581 General Fund.

Total funding of \$245,362 (\$122,866 General Fund, \$27,030 Other Funds, and \$95,466 Federal Funds) was approved for a permanent Operations and Policy Analyst 4 position (1.00 FTE) to serve as HECC's Chief Culture, Diversity, and Inclusion Officer and will produce the Affirmative Action Plan, develop diversity and inclusion policies and trainings, analyze policies and procedures to ensure their contribution to the HECC's diversity goals, and review and make recommendations to assist HECC in implementing the Equity Lens within the education and workforce programs.

The Subcommittee approved Other Funds expenditure limitation of \$2,194,431 for the costs of issuance of bonds authorized in HB 5005 (Article XI-G and XI-Q bonds) and in HB 5030 (Lottery Bonds) for public universities and community colleges. Capital construction limitation for new capital projects is provided in HB 5006 and project descriptions are included in HB 5005.

The Subcommittee approved \$2,000,000 General Fund for the Oregon State University (OSU) Extension Service to build fire resilience and resistance by expanding the OSU Forestry Extension pilot fire program into a statewide effort. OSU Forestry and Natural Resources Extension and the College of Forestry will build fire resilience and resistance on lands at risk of catastrophic wildfire by forming cross-boundary partnerships and agreements, delivering landowner education and outreach, producing wildfire risk mitigation plans, assisting private landowners in developing land management plans, and implementing risk mitigation projects to reduce fuels. Regional Wildfire Extension Specialists will be added in six key regions of the state.

The Subcommittee also approved increasing General Fund support for the OSU Agricultural Experiment Station by \$2,270,000 and the OSU Extension Service by \$410,000 for an integrated river basin water quality and quantity program. Funding supports positions in the Agricultural Experiment Station (4.50 FTE) and Agricultural Extension Service (1.30 FTE) that will provide the expertise and capacity for systematic, coordinated regional research and education programs focused on helping to solve Oregon's growing ground and surface water management

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challenges. Programs will address increasing water conservation, storage, and instream flows; integrating water and fertilizer management; and increasing irrigation efficiency.

A General Fund appropriation of \$375,000 was approved for two organic agriculture faculty positions in the OSU Extension Service to support the Organic Farming Program at the OSU College of Agricultural Sciences. One position will be located at the OSU Corvallis campus to cover the mid and southern valley regions. The second position will be located at the North Willamette Research and Extension Center and will support crops, growers, and consumers in the north valley and metro regions. Funding is approved to support position costs beginning January 1, 2020, or 18 months of the 2019-21 biennium. The Subcommittee also approved a one-time General Fund appropriation of \$125,000 to continue funding in the Agricultural Experiment Station for the Berry Initiative. The approved amount supports a berry research position at the OSU North Willamette Research and Extension Center.

The Subcommittee approved a one-time General Fund appropriation of \$450,000 for the Oregon Institute of Technology (OIT) to support the Oregon Manufacturing Innovation Center (OMIC) Research & Development (R&D) to begin research with equipment at the Rapid Toolmaking Center for Excellence. A one-time General Fund appropriation of \$300,000 was also approved for OIT system integration funds to develop additive manufacturing and prototyping training capability for students at the Klamath Falls campus.

General Fund debt service was increased by \$955,149 for payments in the 2019-21 biennium on general obligation bonds authorized for distribution to OIT for the OMIC R&D Rapid Toolmaking Center for Excellence facility and research equipment. The debt service supports issuing \$6.6 million of Article XI-Q bonds for the project in October 2019. The remaining general obligation bonds approved for public university and community college projects are scheduled to be sold in spring 2021, with related debt service payments beginning in the 2021-23 biennium.

Lottery Funds support for the Sports Lottery program was increased by \$5,859,809, resulting in total Sports Lottery funding of \$14,099,809. The approved increase is allocated to the four technical and regional public universities, bringing the 2019-21 allocation for each to \$2,440,560 (or \$2,440,561, due to rounding adjustments). Allocations to the remaining universities continue at the level approved in the prior two biennia. Total funding will be distributed to the public universities in the following amounts:

- \$2,440,561 for Eastern Oregon University
- \$2,440,560 for Oregon Institute of Technology
- \$1,030,000 for Oregon State University
- \$2,277,567 for Portland State University
- \$2,440,560 for Southern Oregon University
- \$1,030,000 for University of Oregon
- \$2,440,561 for Western Oregon University

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The Subcommittee also approved a reduction of \$349,000 General Fund in the Public University Statewide Programs budget for Dispute Resolution allocated to the University of Oregon's Office for Community Dispute Resolution and increased the budget for the Labor Education and Research Center at the University of Oregon by \$349,000 General Fund.

## HUMAN SERVICES

### Oregon Health Authority

The Subcommittee approved \$200,000 General Fund for providing fresh Oregon-grown fruits, vegetables, and cut herbs from farmers' markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Also included is \$1,000,000 General Fund for the same purpose for eligible individuals through the Women, Infants and Children Program. Both program enhancements are one-time only.

HB 5050 makes General Fund and Federal Funds adjustments related to Medicaid cost containment efforts included in the agency's 2019-21 budget bill (SB 5525). The budget bill includes savings of \$6.7 million General Fund and \$25 million Federal Funds to reflect a reduced annual average growth target of 3.3% for Oregon Health Plan capitation rates. Instead of this adjustment, the Subcommittee approved restoring the annual growth target to 3.4% and replacing it with a non-caseload related General Fund savings target of \$10 million.

The Subcommittee approved a \$6 million General Fund increase for community mental health programs to help ensure, at a minimum, these programs maintain the level of services provided in 2017-19 in light of budget adjustments made in the agency's 2019-21 budget bill based on the declining caseload forecast.

Also included is Other Funds expenditure limitation of \$1.5 million, Federal Funds expenditure limitation of \$1.5 million, and two limited duration positions (1.66 FTE) to support the fiscal impact of HB 2032 (2019). This bill creates a Mental and Behavioral Health Pilot Program to award grants to up to four coordinated care organizations to assess gaps in access to Medicaid behavioral health services by Temporary Assistance for Needy Family recipients. The Other Funds revenue will be realized through a transfer of funds from the Department of Human Services.

As a technical adjustment, the bill reduces the expenditure limitation in the agency's 2019-21 budget bill for Lottery Funds revenue allocated from the Administrative Services Economic Development fund by \$2.5 million and establishes a separate expenditure limitation of \$2.5 million for Lottery Funds revenue allocated from the Veterans' Services Fund. This adjustment is necessary to ensure the transfer of Measure 96 Lottery Funds revenue from the Veterans' Services Fund is authorized to take place to support veterans' behavioral health services, as intended in the agency's budget bill.

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The Subcommittee also established Other Funds debt service expenditure limitation of \$216,435 to allow the agency to apply excess proceeds and interest earnings to debt service payments in the 2019-21 biennium.

The Subcommittee established expenditure limitation of \$1.5 million Other Funds, subject to available revenue, from the Community Housing Trust Account (which must be expended in accordance with section 431, chapter 595, Oregon Laws 2009) to support facility improvements to help people with mental illness. The intent of this adjustment is to help more Aid and Assistance patients receive restorative services in the community instead of at the Oregon State Hospital.

To support the ongoing effort by the Department of Human Services to develop and implement the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME) system, the Subcommittee approved \$671,490 General Fund, \$11,216,676 Other Funds expenditure limitation, \$1,638,121 Federal Funds expenditure limitation, and 45 positions (34.52 FTE). Of these positions, 20 are limited duration.

The Subcommittee also approved \$1 million General Fund for competitive grants to support sobering center planning and startup costs. Support for startup costs can include funding for operational expenses during a sobering center's first five years of operations. This funding is one-time and should be phased-out in the 2021-23 budget.

## Department of Human Services

The Subcommittee approved two food-related investments in the Self Sufficiency program. The first is \$1,300,000 General Fund, on a one-time basis, for the Oregon Hunger Response Fund, which sustains the 2017-19 funding level. Funding is expected to help the Oregon Food Bank, through its network of 21 regional food banks, acquire and distribute more than one hundred million pounds of food annually to approximately 1,200 food assistance sites.

The second is \$1,500,000 General Fund for the Double Up Food Bucks program, also on a one-time basis, to incentivize fruit and vegetable consumption among Supplemental Nutrition Assistance Program (SNAP) recipients. Under this program, when clients use their SNAP benefit at a farmers' market, the value of that purchase is matched dollar for dollar (up to \$10 per visit), allowing them to take home more healthy food while also providing a financial benefit to local farmers. Eligible products include a variety of fresh, dried, or frozen fruits and vegetables without added sugars, fats, oils, or salt. Mushrooms, cut herbs, dried beans, vegetable starts, and nuts are also allowed under the program.

In the Aging and People with Disabilities (APD) program, the Subcommittee added \$2,235,831 General Fund to restore a budget reduction included in HB 5026, the primary budget bill for the Department of Human Services (DHS). These dollars, which augment federal Older Americans Acts funding, will be distributed to local Area Agencies on Aging to help pay for services including home-delivered meals, support for family caregivers, and transportation to medical appointments.

Another adjustment approved by the Subcommittee for APD is a \$251,600 one-time fund shift from General Fund to Other Funds in the nursing facilities program; this change relies on a projected carryforward balance in the long-term care facility assessment. Then, the General Fund is

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used, along with an increase of \$167,188 in Federal Funds expenditure limitation, to pay for two (1.76 FTE) permanent full-time Operations and Policy Analyst 3 positions; these are phased-in effective October 1, 2019. One position will promote the effective use of emergency medical services by residents of licensed long term care settings and the other position will support efforts of the quality measurement council.

For the Intellectual and Developmental Disabilities (IDD) program, the Subcommittee made a budget adjustment to account for SB 274 not moving from the Joint Committee on Ways and Means to the second chamber, due to the measure having unresolvable conflicts with an already enrolled 2019 measure (SB 20). The DHS budget bill, HB 5026, contains increases of \$268,514 General Fund, \$267,674 Federal Funds expenditure limitation, and 3 positions (2.64 FTE) to implement SB 274; these amounts are reversed.

The Subcommittee also discussed provider rate increases approved in HB 5026, the DHS 2019-21 budget bill, and how to best ensure that information on rates for adult foster homes is included in an interim report. As a result, the Subcommittee approved the following budget note:

## **Budget Note**

Under a budget note in the budget report for HB 5026, the Department of Human Services is directed to report, by February 1, 2020, to the Interim Joint Committee on Ways and Means on the transition to new rate models for providers in the Intellectual and Developmental Disabilities program. As part of that report, the Department shall provide a status update on the development of a new rate model for adult foster homes serving people with intellectual and developmental disabilities and note any outcomes or timelines related to union negotiations, since these rates are collectively bargained.

The Subcommittee approved funding for the final development phase, implementation, and transition to Maintenance and Operations (M&O) of an integrated eligibility system, called the Integrated Eligibility (IE) project. This effort integrates enrollment and eligibility activities for several programs at the Department of Human Services (DHS) (Non-MAGI Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Employment Related Day Care (ERDC)) into the OregonONEligibility (ONE) system used by the Oregon Health Authority (OHA).

Due to schedule changes and issues with the user acceptance testing vendor, the 2019-21 cost estimate for the project has increased over the budget development timeframe; some costs also shifted between biennia. The project's current cost estimate and approved amount for the 2019-21 biennium is \$200,561,925 total funds. This budget includes state staff costs of \$20.7 million, \$94 million for contracted information technology services, \$11.2 million for payments to OHA for its project work, and \$5.8 million for debt service. Other elements addressed in the project plan include cost allocation, contingency, legacy system work, hosting services, disaster recovery, and security enhancements. The state staffing component consists of 33 positions (30.78 FTE) and primarily supports business analytics, system program support, and training activities; 17 of the positions (14.78 FTE) are limited duration for system rollout and short-term training needs.

The bulk of the project budget, at \$139.7 million or 70% of 2019-21 costs, is supported by Federal Funds; this is due to enhanced federal funding (74% federal/26% state) approved for the Design, Development, and Implementation (DDI) phase of the work, which is expected to be closed

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out by January 31, 2021. Once the system transitions to M&O in the last six months of the biennium, the federal cost share decreases. General Fund supports \$16.9 million of project costs and debt service; the bulk of the state share will be covered by \$43.9 million in ending balance or new proceeds from Article XI-Q bonds. In HB 5005, the Joint Committee on Ways and Means Subcommittee on Capital Construction approved \$38,165,000 Article XI-Q bonds to finance \$37,500,000 of project costs and \$665,000 for costs of issuing the bonds.

The Joint Legislative Committee on Information Management and Technology (JLCIMT) reviewed the project on June 4, 2019, and recommended conditional approval, contingent on funding availability and subject to completion of several actions. These actions include reporting to JLCIMT during the legislative interim and the 2020 session on project status, progress, and variances to key performance metrics; and developing a mitigation plan for issues and concerns identified by the quality assurance vendor and/or the Legislative Fiscal Office. The mitigation plan is to be provided to JLCIMT no later than November 2019.

## JUDICIAL BRANCH

### Commission on Judicial Fitness and Disability

The Subcommittee approved an additional \$16,000 for the Commission on Judicial Fitness and Disability to pay for compensation adjustments made at the end of the 2017-19 biennium and for up to 20 hours a month of administrative support. The Commission only has a half-time Executive Director and the amount of materials necessary to provide the volunteer members of the Commission adequate information on specifics of complaints requires additional support work.

### Judicial Department

The Subcommittee approved \$1,755,516 General Fund and nine positions (9.00 FTE) for the Oregon Judicial Department to support implementation of SB 24 (2019) and SB 973 (2019) related to supports and services for people with serious mental illness and substance addictions. In addition, two new circuit court judge positions (1.00 FTE) were added, one in Jackson County and one in Marion County, as well as six judicial services specialist positions (3.50 FTE) to be funded with \$1,058,624 General Fund.

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Other Funds expenditure limitation of \$410,000 was approved for the cost of issuance of \$28,230,000 in Article XI-Q bonds for the Oregon Judicial Department's Supreme Court Building Renovation Project. The project is to renovate the Oregon Supreme Court building, including seismic updates, energy efficiency improvements, and various systems and safety code upgrades. Bonds will be issued in March 2021.

Additionally, funds were added to the Judicial Department's budget to continue renovating county courthouses. Specifically, \$136,695,000 Other Funds is provided for project costs and the cost of issuing bonds for projects associated with the Clackamas, Lane, and Linn County Courthouses. The budget also includes \$1,300,000 Other Funds expenditure limitation for debt service costs and \$2,000,000 General Fund for planning costs associated with replacing the Benton County Courthouse.

## **Public Defense Services Commission**

The Subcommittee restored one position and \$305,853 Other Funds in the Public Defense Services Commission's Application Contribution Program that was reduced in the agency's 2019-21 budget bill. In addition, effective July 1, 2020, the Parent-Child Representation Program will be extended into Multnomah County with \$3.5 million General Fund and one permanent full-time Deputy General Counsel position (1.00 FTE).

The Subcommittee approved the following two budget notes for the Public Defense Services Commission:

### **Budget Note**

The Oregon Public Defense Services Commission is directed to work with stakeholders to identify data public defense contractors should be required to submit to the Office of Public Defense Services as part of its contractual agreement. It is the Legislature's intent that OPDS, in establishing reporting requirements, obtain data that to the greatest extent possible will allow the agency to determine (1) the level and quality of services provided to each defendant, and (2) improvements in case outcomes for defendants.

### **Budget Note**

The Oregon Public Defense Services Commission shall evaluate options for delivering indigent public defense services and adopt an approach that delivers quality public defense services. In its evaluation of public defense contract options, the Commission is directed to consider the findings of the January 2019 report by the Sixth Amendment Center entitled "The Right to Counsel". As part of its new contract model, the Commission shall require contract attorneys to provide information the Commission determines is needed to demonstrate the level and quality of services provided, and the case outcomes.

## **LEGISLATIVE BRANCH**

Funding is provided to the Legislative Administration Committee (LAC) for the Document Publishing and Management System (DPMS) project, including Other Funds expenditure limitation in the amount of \$5,168,000 for the cost of issuing general obligation bonds and for actual project costs to be incurred during the 2019-21 biennium. In addition, \$766,117 General Fund is provided to LAC for debt service costs associated with

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the DPMS project. LAC is also charged with planning for Phase II of the Capitol Accessibility, Maintenance and Safety (CAMS) Project; \$1,361,800 General Fund is appropriated for this planning effort.

## NATURAL RESOURCES

### Department of Agriculture

The Subcommittee approved four General Fund increases, each of them one-time only, for the Department of Agriculture (ODA) totaling \$1,200,000. First, \$200,000 General Fund was added for the predator control program, which provides pass-through money to the U.S. Department of Agriculture Wildlife Services for predator control services in partnership with the Department of Fish and Wildlife and Oregon counties. A similar one-time appropriation is provided to the Department of Fish and Wildlife. Next, \$300,000 General Fund was provided for additional funding to the Invasive Species Council, and \$100,000 General Fund was added for the collection and testing of water samples from Klamath Lake to analyze for nutrients, including phosphorous, which can lead to harmful algae bloom. Finally, \$600,000 General Fund was added for the replacement of lab equipment.

### Columbia River Gorge Commission

The Subcommittee approved an increase of \$109,813 General Fund for the Columbia River Gorge Commission to finance Oregon's share of a new Vital Sign Indicators Land Use Planner position and costs related to replacement of staff laptops and desk top computers. These expenditures were included in the State of Washington's budget for the Commission but were not included in the initial Oregon budget due to revenue uncertainties at the time of passage. With this appropriation, the agency will be able to hire the additional land use planner position since the operating costs of the Commission are to be shared equally by the two states under the Interstate Compact.

### Department of Energy

The Subcommittee approved a one-time General Fund appropriation of \$2 million to the Department of Energy for the solar rebate program established in HB 2618. The \$2 million will be deposited into the Rooftop Solar Incentive Fund for the issuance of rebates and to pay for implementation and administration of a solar rebate program. Of the \$2 million, \$1.5 million is available for rebates through Special Payments, with \$500,000 available for administration. The Department will hire three limited duration positions, a Program Manager 3 (0.25 FTE) and two Program Analyst 2 positions (0.50 FTE each). Additionally, the Department will utilize existing personnel to assist with program establishment, implementation, and oversight. Personal Services costs are anticipated to be \$255,258, with \$83,138 for services and supplies and \$161,604 for indirect costs associated with administering the program.

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# BUDGET NARRATIVE

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## **Department of Environmental Quality**

The Subcommittee approved a \$250,000 one-time General Fund appropriation to provide grants to local communities for planning and implementation of smoke management plans consistent with Oregon's new smoke management rules. The Department will utilize existing staff to administer and distribute the grant funds.

A technical adjustment was approved to accurately reflect the reduction of a position eliminated in the Department's 2019-21 budget bill (HB 5017). General Fund was reduced from the Land Quality program to reflect the eliminated position; however, the position was funded across three programs, and an adjustment is made to reduce General Fund in Air Quality and Water Quality with a corresponding increase to Land Quality for a net zero impact.

The Subcommittee approved \$5,065,000 Article XI-Q bonds to finance \$5,000,000 of project costs and \$65,000 for costs of issuing the bonds. The Environmental Data Management System (EDMS) project is to develop and implement a customized off-the-shelf software solution that will replace multiple outdated and disparate information technology systems. The EDMS project will modernize and improve business processes by providing a common platform to receive and share environmental information and support e-commerce and web-based interactions. Early estimates indicate the EDMS project will cost around \$18 million to be completed. Also approved is \$834,752 General Fund for the debt service associated with the bonds, which are scheduled to be sold in May 2020.

## **Department of Fish and Wildlife**

The Subcommittee approved a \$200,000 one-time General Fund appropriation for the predator control program, which provides pass-through money to the U.S. Department of Agriculture Wildlife Services for predator control services in partnership with the Department of Agriculture and Oregon counties. A similar one-time appropriation is provided to the Department of Agriculture.

The Subcommittee approved a \$1,352,102 Other Funds expenditure limitation to continue operations of the Leaburg Hatchery. The Department will utilize a portion of the General Fund provided in SB 5510 for steelhead production to raise some of those fish at Leaburg instead of at the Santiam Hatchery. This will allow the Santiam Hatchery to continue to produce its current level of both steelhead and spring chinook, while Leaburg will be able to produce the summer steelhead and transport them to the Santiam waterways. To properly align the Department's budget and position need for the continued operation of Leaburg, there is a reduction of \$866,091 Federal Funds limitation that was carry-forward in the budget from 2017-19, the abolishment of a full-time technician position, and the addition of a half-time senior technician position, leaving a net reduction of 0.50 FTE. Total staffing at Leaburg will be 7 positions (6.50 FTE) funded with Other Funds fishing license revenue.

# BUDGET NARRATIVE

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## **Department of Forestry**

A one-time General Fund appropriation of \$200,000 to the Oregon Department of Forestry was approved to purchase a tract of timber land adjacent to the Santiam State Forest for inclusion in the Santiam State Forest. Purchase of the property is intended to resolve a legal dispute between the current owner and the Department of Forestry regarding access to the roughly 160-acre parcel. Access is limited due to the condition and availability of a logging road crossing existing state forest property that requires rebuilding.

A one-time General Fund appropriation of \$1.7 million to the Oregon Department of Forestry was approved for activities related to slowing or stopping the spread of *Phytophthora ramorum*, the invasive pathogen that causes sudden oak death.

The Subcommittee approved an increase of \$52,035 in the Other Funds expenditure limitation established for the Oregon Department of Forestry to accommodate the payment of bond issuance costs related to bonds issued for the replacement of a shared facility at Toledo. An increase of \$121,559 General Fund and Other Funds expenditure limitation of \$168,904 is included for the payment of debt service on the bonds for the project.

## **Department of Land Conservation and Development**

The Subcommittee approved a one-time General Fund appropriation in the amount of \$2,005,563 and the establishment of seven limited-duration positions (6.00 FTE) for the implementation of HB 2001 and HB 2003 by the Department of Land Conservation and Development. The funding is in addition to General Fund appropriated in HB 2001 and HB 2003 for assistance to local governments and provides for the administrative costs of the agency for implementing the provisions of the bills.

## **Department of Parks and Recreation**

An increase in the Lottery Funds expenditure limitation of \$448,769 was approved by the Subcommittee for the Oregon Parks and Recreation Department. This increase is due to updated projections of Lottery revenues as of the May 2019 revenue forecast. This increase will provide the Department with sufficient capacity to distribute the 12% of lottery revenues allocated to the Department that are dedicated to local parks.

The Subcommittee approved the establishment of an Other Funds expenditure limitation for the Parks and Recreation Department in the amount of \$33,023 for debt service. Investment earnings on non-expended bond proceeds are credited to the agency as Other Funds regardless of the type of bond issuance. These earnings are then expended by the agency to offset the debt service expenditures from the fund type that would otherwise be used. The offsetting reductions to Lottery Funds expenditure limitation for debt service are included in the statewide debt service adjustments.

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# BUDGET NARRATIVE

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An increase in the Other Funds expenditure limitation of \$5,106,587 for the Oregon Parks Department was approved by the Subcommittee for the expenditure of lottery bond proceeds for the Oregon Main Street Revitalization program. The funding will be used to provide competitive grants to organizations participating in the Oregon Main Street Network. The program awards grants to acquire, rehabilitate, and construct buildings on properties in designated downtown areas and facility community revitalization that leads to additional private investment, job creation or retention, expansion or establishment of viable businesses, or creating a stronger tax base. Of the total increase, \$106,587 is for the costs of bond issuance.

## **Department of State Lands**

An increase in Federal Funds expenditure limitation of \$154,000 was approved for the Department of State Lands' South Slough National Estuarine Research Reserve. The National Oceanic and Atmospheric Administration awarded a federal grant to the Department to expand the reserve's maintenance compound and enhance security for the reserve's facilities.

The Subcommittee approved an Other Funds expenditure limitation increase in the amount of \$6 million for the Department of State Lands from the Portland Harbor Cleanup Fund. The agency will use the increased limitation to transfer \$6 million from the fund to a trust account established by the state and the city of Portland under a settlement agreement for remedial design with the U.S. Environmental Protection Agency (EPA). The amount transferred will be matched by the city of Portland. Monies in the trust will be transferred to the EPA on an as-needed basis to fund the activities under the agreement.

## **Water Resources Department**

The Subcommittee approved the establishment of an Other Funds expenditure limitation for the Water Resources Department in the amount of \$394 for debt service. Investment earnings on non-expended bond proceeds are credited to the agency as Other Funds regardless of the type of bond issuance. These earnings are then expended by the agency to offset the debt service expenditures from the fund type that would be used otherwise. The offsetting reductions to Lottery Funds expenditure limitation for debt service are included in the statewide debt service adjustments.

The Subcommittee approved a total increase of \$25,521,689 in Other Funds expenditure limitation established for the Water Resources Department for the purpose of making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Development Fund established under section 3, chapter 784, Oregon Laws 2013. Of the amount of additional limitation provided for the expenditure of net bond proceeds allocated to the fund, \$15,000,000 is for Water Supply Development grants and loans to evaluate, plan, and develop in-stream and out-of-stream water development projects that repair or replace infrastructure to increase the efficiency of water use; provide new or expanded water storage; improve or alter operations of existing water storage facilities in connection with newly developed water; create new, expanded, improved, or altered water distribution, conveyance, or delivery systems in connection with newly developed water; allocate federally stored water; promote water reuse or conservation; provide streamflow protection or restoration; provide for water

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# BUDGET NARRATIVE

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management or measurement in connection with newly developed water; and, determine seasonally varying flows in connection with newly developed water. The budget includes \$521,689 for the payment of bond issuance costs. The remaining \$10 million expenditure limitation is for bond proceeds allocated to the fund for the Deschutes Basin Board of Control Piping Project. The funding will be combined with additional state, local, and federal funds to allow the Board of Control to pipe currently open canals for a total project cost of \$99.38 million.

The Subcommittee approved a total increase of \$18,327,563 in the Other Funds expenditure limitation established for the Water Resources Department for the purpose of making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Fund established by section 10, chapter 906, Oregon Laws 2009. Of the total increase, \$327,563 is for the estimated cost of bond issuance. The budget includes \$14 million for a grant to the Wallowa Lake Irrigation District for the rehabilitation of the Wallowa Lake Dam. The remaining \$4 million is for a grant to the City of Newport for planning, environmental permitting, and design costs to replace the Big Creek Dams.

## PUBLIC SAFETY

### Department of Corrections

The Subcommittee approved a General Fund appropriation of \$1,650,000 to the Department of Corrections for its Corrections Information System Tool Upgrade project.

The agency's General Fund appropriation for debt service was increased by \$1,579,588 for debt service to be paid in 2019-21 on \$47,835,000 in Article XI-Q bonds for the Department of Corrections' deferred maintenance program, wireless communications system, and camera system. Projects will be undertaken for facility improvements including building envelope, electrical systems, water systems, roofs, HVAC, fire systems and infrastructure improvements; to acquire and install wireless communications systems at 10 correctional facilities for mobile radio communications; and to acquire and install upgraded camera systems at 10 correctional facilities and place additional cameras in strategic locations to improve monitoring of activity. Debt service for bonds issued in 2019-21 is estimated to be \$12,463,107 General Fund in 2021-23.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$724,932 for cost of issuance of \$47,835,000 in Article XI-Q bonds for the Department of Corrections' deferred maintenance program. Bonds will be issued in May 2020 and in March 2021.

An Other Funds expenditure limitation for debt service of \$51,378 was established for the Department of Corrections in order to allow the agency to apply interest earned on bond proceeds to debt service on bonds.

# BUDGET NARRATIVE

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The Subcommittee approved an Other Funds expenditure limitation increase of \$4,585,442 for the Community Corrections program to allocate funding to counties from the Criminal Fines Account for the purpose of planning, operating, and maintaining county juvenile and adult corrections programs and facilities and drug and alcohol programs. The Subcommittee approved the following budget note:

**Budget Note:**

The Department of Corrections shall require county recipients of Criminal Fines Account disbursements to report annually on the programs and services funded with this allocation and on the number of clients served.

**Oregon Department of Justice**

The Subcommittee appropriated \$700,000 General Fund to support the Oregon Crime Victims Law Center, as a one-time increase. This will increase General Fund support for the Law Center from the Department of Justice (DOJ) from \$342,081 to \$1,042,081. This increase may supplant the need for DOJ to provide the Law Center with a state grant funded from punitive damage awards. In addition, the Law Center may continue to apply for, and possibly be awarded, federal Victim of Crime Act grant funding, as was the case during the 2017-19 biennium.

**Oregon Military Department**

The Subcommittee approved an increase in Other Funds expenditure limitation of \$348,000 for cost of issuance of \$22,275,000 in Article XI-Q bonds for Aviation Facility Emergency Enhancement projects in Salem and Pendleton, three Armory Service Life Extension projects at the Owen Summers and Anderson Readiness Center facilities in Salem and at the Jackson Armory in Portland, and construction of exhibit space at the Oregon Military Museum at Camp Withycombe. Bonds are planned to be issued in May 2020, and in March 2021.

The agency's General Fund appropriation for debt service was increased by \$533,528 for debt service on \$22,275,000 in Article XI-Q bonds estimated to be paid in 2019-21. Debt service for these bonds is estimated to be \$4,367,339 General Fund in 2021-23.

For a risk abatement study of the Critical Energy Infrastructure Hub located in Portland, the Subcommittee approved a one-time General Fund appropriation of \$300,000. The Office of Emergency Management will collaborate with the Department of Environmental Quality and the Department of Energy to commission a study that will evaluate the impacts of a catastrophic failure of fuel storage facilities located at the Critical Energy Infrastructure Hub following a Cascadia subduction zone earthquake.

**Criminal Justice Commission**

The Subcommittee approved adding Other Funds expenditure limitation of \$275,086 to the Criminal Justice Commission's 2019-21 budget to allow the agency to spend a grant award from the Laura and John Arnold Foundation. Oregon is one of five states chosen to participate in the

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# BUDGET NARRATIVE

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National Criminal Justice Reform Project and will use the grant funds to gather and establish baseline data on Oregon's pretrial detention system and pretrial jail population.

The Subcommittee approved transferring the responsibilities of the Criminal Justice Policy Research Institute's Law Enforcement Contacts Policy & Data Review Committee responsibilities from Portland State University to the Criminal Justice Commission, thereby consolidating both quantitative and qualitative data collection on traffic and pedestrian stops in one state agency. This action adds \$78,242 General Fund to the Criminal Justice Commission's 2019-21 budget and makes permanent an existing limited-duration Administrative Specialist 2 position.

To address the growth of the Criminal Justice Commission due to the programs, responsibilities, and positions added to the agency's budget through other legislation passed in 2019, an existing Program Analyst 4 is reclassified to a Principal Executive Manager F position, to ensure adequate managerial oversight of the grant programs operated by the Commission. This reclassification has no budget impact in 2019-21.

## Department of Public Safety Standards and Training

To accommodate a purchase not anticipated to be received by June 30, 2019, the Subcommittee approved increasing the Department of Public Safety Standards and Training's 2019-21 Federal Funds expenditure limitation by \$325,955 in order to carry forward a grant received from the Federal Emergency Management Agency's Assistance to Firefighters grant program in 2018 for the purchase of a new fire truck. This is a one-time increase in expenditure limitation for the 2019-21 biennium.

## Oregon Youth Authority

The Subcommittee approved an increase in Other Funds expenditure limitation of \$774,709 for cost of issuance of \$34,430,000 in Article XI-Q bonds to complete the remodel of seven living unit cottages at the MacLaren Youth Correctional Facility and dormitory spaces at the Rogue Valley Youth Correctional Facility; remodel three medical and dental clinics; renovate the control rooms at the Oak Creek, Rogue Valley, and Eastern Oregon youth correctional facilities; and undertake deferred maintenance projects in 2019-21. Bonds are planned to be issued in October 2019, May 2020, and in March 2021.

The agency's General Fund appropriation for debt service was increased by \$914,307 for debt service to be paid on \$34,430,000 in Article XI-Q bonds in 2019-21. Debt service for these bonds is estimated to be \$6,245,948 General Fund in 2021-23.

Other Funds expenditure limitation for debt service of \$95,000 was established for the Oregon Youth Authority in order to allow the agency to apply interest earned on bond proceeds to debt service on bonds.

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# BUDGET NARRATIVE

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## TRANSPORTATION

### Department of Transportation

The Subcommittee increased the Department of Transportation's (ODOT) Other Funds expenditure limitation, on a one time basis, by \$5,149,463 for ODOT project costs and cost of issuing lottery bonds. This amount consists of \$42,876 for the Sherwood Pedestrian Connectors Project and \$5,106,587 for the Coos Bay Rail Line and Bridge Replacement Project.

Additional one-time Other Funds expenditure limitation of \$1,000,000 was approved for the Neskowin Emergency Egress Project in Tillamook County. The source of funds for this project is the Transportation Operating Fund. The Transportation Operating Fund was also used to provide one-time Other Funds expenditure limitation of \$650,000 to support the upgrade and recapitalization of 44 electric vehicle charging station locations known as the West Coast Electric Highway.

The Subcommittee approved the addition of three limited duration Transportation Service Representative 1 positions (0.42 FTE) and \$221,442 Other Funds expenditure limitation to implement HB 2015 (2019).

Two budget notes were approved, as follows:

#### Budget Note

The Department of Transportation shall study the I-5 Boone Bridge Project and provide an estimate of the cost to complete the project. The Department shall report back to the Joint Committee on Ways and Means and the Joint Committee on Transportation no later than February 1, 2021.

#### Budget Note

The Department of Transportation, in coordination with the City of Sherwood, shall report to the Joint Committee on Ways and Means on the results of the City of Sherwood's Pedestrian Connector Project implementation and related feasibility study and submit a funding request for the balance of project costs in February 2020.

# BUDGET NARRATIVE

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## Adjustments to 2017-19 Budgets

### Department of Corrections

The Subcommittee approved a net-zero rebalance of \$650,000 between General Fund appropriations and appropriated an additional \$3,000,000 General Fund, on a one-time basis only, to the Department of Corrections to address the remainder of a known 2017-19 budget shortfall of \$20.2 million and additional unanticipated expenditures totaling \$23.5 million. Unanticipated expenditures included emergency repairs to facilities, spending on medication for Hepatitis C and for contract medical staff in prisons, computer replacements and necessary software upgrades, and to backfill a federal grant. The agency has mitigated its budget shortfall through management actions such as a hiring freeze on management positions, limiting spending on staff training, reducing inmate alcohol and drug treatment costs, and limiting inmate clothing orders through the end of the biennium, as well as by using Other Funds revenue where available.

# BUDGET NARRATIVE

80th Oregon Legislative Assembly – 2019 Regular Session

## HB 5030 A STAFF MEASURE SUMMARY

Carrier: Rep. Holvey

### Joint Committee On Ways and Means

**Action Date:** 06/25/19  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**House Vote**  
**Yeas:** 7 - Gombert, Holvey, McLain, Nosse, Piluso, Rayfield, Stark  
**Nays:** 1 - McLane  
**Exc:** 1 - Smith G  
**Senate Vote**  
**Yeas:** 7 - Beyer, Frederick, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner  
**Abs:** 5 - Baertschiger Jr, Girod, Hansell, Heard, Thomsen  
**Fiscal:** Fiscal impact issued  
**Revenue:** Revenue impact issued  
**Prepared By:** Amanda Beitel, Budget Analyst  
**Meeting Dates:** 4/19, 6/25, 6/25

#### WHAT THE MEASURE DOES:

House Bill 5030 authorizes the issuance of lottery revenue bonds for specified projects.

A total of \$273,211,872 of net lottery bond proceeds are authorized to be spent on 37 projects included in HB 5030. Total costs of issuance are estimated to be \$5,040,491 and amounts required for debt service reserve accounts are estimated to be \$24,252,637. HB 5005 establishes statutory lottery revenue bond authority of \$302,505,000 to allow for the issuance of lottery revenue bonds in HB 5030; generating proceeds for project costs, costs of issuance, and debt service reserves.

Authority to spend bond proceeds for project costs and pay for the cost of issuing bonds is included in the budget reconciliation (HB 5050) and capital construction (HB 5006) bills. Lottery revenue bonds are scheduled to be issued in spring 2021 and debt service payments will begin in the 2021-23 biennium.

Lottery revenue bonds are authorized for the projects listed on the following page.

#### ISSUES DISCUSSED:

- Projects funded with net lottery bond proceeds

#### EFFECT OF AMENDMENT:

The introduced bill includes the lottery revenue bonds included in the Governor's Budget. The amendment replaces the bill with the lottery revenue bonds authorized in the 2019-21 Legislatively Adopted Budget.

#### BACKGROUND:

Lottery Bond Projects				
2019-21 Legislatively Adopted Budget				
HB 5030 Section	Project	Project Funding	2019-21 Debt Service	2021-23 Debt Service
<i>Department of Administrative Services</i>				
10	Oregon Coast Aquarium	5,000,000	-	864,612
11	Center for Hope and Safety - HOPE Plaza	2,500,000	-	429,446
12	City of Gresham - Gradin Community Sports Park	2,000,000	-	349,011

*This summary has not been adopted or officially endorsed by action of the committee.*

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# BUDGET NARRATIVE

## HB 5030 A STAFF MEASURE SUMMARY

13	City of Roseburg - Southern Oregon Medical Workforce Center	10,000,000	-	1,726,955
14	Curry Health District - Brookings Emergency Room	2,000,000	-	349,011
15	Eugene Family YMCA Facility	15,000,000	-	2,569,340
16	Hacienda CDC - Las Adelitas Housing Project	2,000,000	-	349,011
17	Jefferson County - Jefferson County Health and Wellness Center	4,100,000	-	699,976
18	Multnomah County School District - Reynolds High School Health Center	2,331,872	-	407,652
19	Parrott Creek Child and Family Services - Building Renovation	3,500,000	-	600,118
20	Port of Cascade Locks - Business Park Expansion	2,400,000	-	414,666
21	Port of Morrow - Early Learning Center Expansion	1,400,000	-	248,803
22	Umatilla County Jail - Expansion for Mental Health Services	1,600,000	-	279,096
23	Wallowa Valley Center for Wellness	2,500,000	-	429,446
24	YMCA of Columbia-Willamette - Beaverton Hoop YMCA	5,000,000	-	864,612
		61,331,872	-	10,581,755
<i>Department of Transportation</i>				
37	City of Sherwood - Pedestrian Connectors	2,000,000	-	349,011
38	Port of Coos Bay - Coos Bay Rail Line Repairs and Bridge Replacement	5,000,000	-	864,612
		7,000,000	-	1,213,623
<i>Department of Veterans' Affairs</i>				
39	YMCA of Marion and Polk Counties - Veterans' Affordable Housing	4,000,000	-	690,005
<i>Higher Education Coordinating Commission</i>				
25	Blue Mountain CC - Facility for Agricultural Resource Management	6,500,000	-	1,115,125
<i>Housing and Community Services Department</i>				
7	Affordable Housing Preservation	25,000,000	-	4,274,920
8	Affordable Market Rate Housing Acquisition Loan Program	15,000,000	-	2,960,060
		40,000,000	-	7,234,980
<i>Oregon Business Development Department</i>				
1	Special Public Works Fund	30,000,000	-	5,884,221
2	Brownfields Redevelopment Fund	5,000,000	-	992,087
27	City of Mill City - Storm Drainage Improvements	1,880,000	-	327,104

This Summary has not been adopted or officially endorsed by action of the committee.

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# BUDGET NARRATIVE

## HB 5030 A STAFF MEASURE SUMMARY

<i>Confederated Tribes of the Warm Springs Reservation - Warm Springs Wastewater Treatment Plant, Water Meter, and Water Distribution System Improvements</i>				
30		7,800,000	-	1,335,592
31	City of Hood River - Waterfront Stormwater Line Replacement	1,700,000	-	299,194
33	Levee Grant Program	15,000,000	-	2,569,340
35(2)(a)	Beaverton Arts Foundation - Patricia Reser Center for the Arts	1,500,000	-	263,859
35(2)(b)	Lincoln City Cultural Center - Cultural Plaza and Exterior Grounds	1,500,000	-	263,859
42	Port of Coos Bay - Channel Deepening Project	15,000,000	-	2,569,340
		106,380,000	-	19,126,605
<i>Parks and Recreation Department</i>				
41	Oregon Main Street Revitalization Grant Program	5,000,000	-	864,612
<i>Water Resources Department</i>				
3(2)(a)	Water Supply Development Account	15,000,000	-	2,569,340
3(2)(b)	Deschutes Basin Board of Control Piping Project	10,000,000	-	1,726,955
4	City of Newport - Big Creek Dams	4,000,000	-	789,895
5	Wallowa Lake Dam Rehabilitation	14,000,000	-	2,399,013
		43,000,000	-	7,485,203
<b>Total Lottery Bond projects authorized in HB 5030</b>				
		273,211,872	-	48,311,908

*This Summary has not been adopted or officially endorsed by action of the committee.*

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# BUDGET NARRATIVE

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**FISCAL IMPACT OF PROPOSED LEGISLATION**  
80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office

Measure: HB 5030 - A

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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Prepared by: Amanda Beitel  
Reviewed by: Michelle Deister, Paul Siebert, Matt Stayner, Doug Wilson, Gregory Jolivet  
Date: June 26, 2019

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**Measure Description:**

Authorizes the issuance of lottery revenue bonds for the 2019-21 biennium.

**Government Unit(s) Affected:**

Oregon Department of Veterans' Affairs (ODVA), Housing and Community Services Department (HCSD), Department of Administrative Services (DAS), Oregon Department of Transportation (ODOT), Water Resources Department (WRD), Oregon Parks and Recreation Department (OPRD), Oregon Business Development Department (OBDD), Higher Education Coordinating Commission (HECC)

**Summary of Expenditure Impact:** See Analysis

**Summary of Revenue Impact:** See Analysis

**Analysis:**

House Bill 5030 authorizes the issuance of lottery revenue bonds for specified projects.

A total of \$273,211,872 of net lottery bond proceeds are authorized to be spent on 37 projects funded in the following state agencies:

- Department of Administrative Services - \$61,331,872
- Department of Transportation - \$7,000,000
- Department of Veterans' Affairs - \$4,000,000
- Higher Education Coordinating Commission - \$6,500,000
- Housing and Community Services Department - \$40,000,000
- Oregon Business Development Department - \$106,380,000
- Parks and Recreation Department - \$5,000,000
- Water Resources Department - \$43,000,000

Bond costs of issuance are estimated to be \$5,040,491. Amounts issued for deposit into debt service reserve accounts are estimated to total \$24,252,637. HB 5005 establishes statutory lottery revenue bond authority of \$302,505,000 to allow for the issuance of lottery revenue bonds in HB 5030; generating proceeds for project costs, costs of issuance, and debt service reserves as detailed above.

Other Funds limitation to expend bond proceeds for project costs and pay for the cost of issuing bonds is included in the budget reconciliation (HB 5050) and capital construction (HB 5006) bills. Lottery revenue bonds are scheduled to be issued in the spring of 2021, so no debt service payments are due in the 2019-21 biennium. Lottery Funds debt service is estimated to be \$48,311,908 in the 2021-23 biennium and \$481,882,815 over the life of the bonds.

# BUDGET NARRATIVE

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