

# ORBITS Budget Narrative

## III. Legislative Action

75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: HB 5020-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Shields

Carrier – Senate: Sen. Walker

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

**Vote:** 20-0-2

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc: C. Edwards

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett

– Nays:

– Exc: Winters

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

**Reviewed By:** John Borden, Legislative Fiscal Office

**Meeting Date:** June 23, 2009

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**Agency**

Oregon Judicial Department

**Budget Page**

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**LFO Analysis Page**

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**Biennium**

2009-11

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### Budget Summary\*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				SS Change	% Change
General Fund	\$ 321,426,492	\$ 336,208,975	\$ 288,141,746	\$ -33,284,746	-10.4%
General Fund Debt Service	\$ 0	\$ 11,839,344	\$ 7,657,794	\$ 7,657,794	---%
Other Funds	\$ 44,719,467	\$ 36,072,994	\$ 46,512,559	\$ 1,793,092	4.0%
Other Funds Nonlimited	\$ 10,492,966	\$ 10,233,769	\$ 0	\$ -10,492,966	-100.0%
Federal Funds	\$ 1,013,463	\$ 1,047,391	\$ 869,835	\$ -143,628	-14.2%
<b>Total</b>	<b>\$ 377,652,388</b>	<b>\$ 395,402,473</b>	<b>\$ 343,181,934</b>	<b>\$ -34,470,454</b>	<b>-9.1%</b>

### Position Summary

Authorized Positions	2,074	2,065	1,803	-271
Full-time Equivalent (FTE) positions	1,912.85	1,923.13	1,638.92	-273.93

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

### Summary of Revenue Changes

Oregon Judicial Department (OJD)'s revenues are generated from fines, fees, and restitution associated with cases in the 36 trial courts, the Tax Court, the Court of Appeals, and the Supreme Court. OJD retains a percentage of the total collected revenues to fund its collection program. The remaining revenue is transferred to the General Fund, the Criminal Fine and Assessment Account, and to state and local government agencies.

Other Fund revenue is also generated through the sale and distribution of court publications, manuals and forms, and providing online access to the Oregon Judicial Information Network. Revenue from these transactions is used to pay for the cost of these programs. Other revenues also include transfers from the State Office for Services to Children and Families to assist in funding the Citizen Review Board's review of child placements, assessments to the State of Oregon Law Library, and funds from the Public Defense Services Commission (PDSC) to pay for the services of court staff to verify indigence of persons seeking state-paid court-appointed counsel.

Restitution and compensatory fines collected by the courts are distributed directly to victims.

Federal Funds are received from a grant from the Department of Health and Human Services for the continuation of the Juvenile Court Improvement Project.

House Bill 2287 (2009), if passed into law, would establish temporary surcharges on a variety of filing fees and establish several temporary fees. All the surcharges and fee amounts would be statutorily established and be temporary with a June 30, 2011 sunset. The bill creates a Judicial System Surcharge Account, and all fee and surcharge revenue collected from July 1, 2009 through June 30, 2011 is deposited into this new

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account, with the exception of that raised by local Justice of the Peace, municipal, and county courts. House Bill 2287 provides for an initial distribution of up to \$10 million from the Judicial System Surcharge Account contingent on funds being available in the account. These funds would be distributed on a 65 percent/35 percent basis to OJD and PDSC. Any further distribution would require legislative action. House Bill 2287 would raise an estimated \$39.6 million revenue. The expenditure limitation for these revenues is included in House Bill 5054, the end of session reconciliation bill.

The legislative-intended use of House Bill 2287 revenue is to meet the state's obligation to ensure citizen access to the judicial system, including restoring the reductions to the PDSC for trial court representation for indigent persons. This includes the intent to restore the OJD budget to no less than a 7.5 percent General Fund reduction level. However, the allocation of any House Bill 2287 revenue is subject to change due to the uncertainty associated with Oregon's economy and state budget situation, caseloads for the public safety system, and passage (or failure) of key legislation.

### **Summary of the Public Safety Subcommittee Action**

OJD operates 36 circuit courts located in 27 judicial districts statewide. It operates the Oregon Supreme Court, Court of Appeals, and the Tax Court. The department administers the Mandated Payments Program that pays for the cost of jurors, transcript costs for certain indigents in civil appeals, Americans with Disabilities Act compliance, and interpreters for non-English-speaking and hearing-impaired persons in the courts.

The Subcommittee approved a budget of \$343.2 million total funds, \$295.8 million General Fund and 1,638.92 FTE for the OJD. The approved budget is a decrease of \$25.6 million General Fund (8 percent), \$34.5 million total funds (9.1 percent), and 271 positions (273.93 FTE) from the 2007-09 Legislatively Approved Budget as of December 2008 (LAB). Compared to the 2009-11 Essential Budget Level, the General Fund reduction of \$52.3 million is 15 percent, while total funds are a 13.1 percent reduction.

### **010 – Judge Compensation**

This is a new budget division for the OJD. It collects in one place the cost of Personal Services for the system's judges. Added funding in this division is offset by equal reductions in Trial and Appellate/Tax Court Operations. The Subcommittee approved one package.

Package 818: Judge Compensation adds \$62.7 million General Fund, 191 positions (191.00 FTE). The package captures compensation for all judges in the system in accordance with statutory rates. The OJD is instructed to establish four separate ORBITS Detail Cross Reference structures for: Supreme Court, Appellate Court, Tax Court, and circuit court judgeships.

### **087 – eCourt Debt Service**

The Debt Service Program provides the funding to make payments on principal, and interest, and financing costs associated with the issuance of certificates of participation (COPs). COPs are tax exempt government securities. The department's debt service is related exclusively to the eCourt Program.

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Issuance of COPs for eCourt was authorized by legislation passed in the 2008 supplemental session in House Bill 5100. The initial COP issuance was \$8 million. A second COP issuance of \$7.5 million was approved early in the 2009 Legislature. OJD's 2009-11 base budget, however, assumed debt service to support repayment of a higher amount. The issuance of the lower amount has resulted in debt service savings. As adjusted by the following package, total debt service is \$7.7 million General Fund.

Package 801: LFO Analyst Technical Changes reduces debt service associated with the eCourt project by \$4.2 million General Fund.

### 100 - Trial Court Operations

This division includes the resources for operating the circuit courts in Oregon. These courts adjudicate matters and disputes in criminal, civil, domestic relations, traffic, juvenile, small claims, violations, abuse prevention act, probate, mental commitments, adoption, and guardianship cases. Trial court resources also include those related to revenue management and collections.

The Subcommittee approved a budget of \$156.4 million General Fund, \$176.5 million total funds (1,251.06 FTE). This is a reduction from the 2007-09 LAB of \$74.7 million General Fund or 32.3 percent. Much of the reduction is associated with shifting Personal Services expense for trial court judges to the new Judge Compensation budget division.

The Subcommittee approved nine packages and two budget notes:

Package 804: Roll-Up of 2007-09 Reductions reduces General Fund Personal Services by \$61,953 and Other Funds by \$0.3 million to eliminate four long-term vacant positions (2.74 FTE), that were originally identified as part of the OJD's 2007-09 biennium reduction plan.

Package 810: Merit/Inflation/Mandated Payment Reduction reduces \$6.3 million General Fund and \$0.7 million Other Funds to eliminate standard employee merit increases, assumed as equivalent to one salary step increase per eligible position. It also eliminates the 2.8 percent inflation factor assumed in the 2009-11 budget instructions. The package does not affect current employee or judge compensation.

Package 811: Central Administrative Reduction reduces General Fund just under \$3 million and eliminates 20 information technology positions (20.00 FTE). To mitigate the impact of this reduction, the OJD would pursue a regionalized IT service model delivery system. Services and Supplies are reduced for costs associated with the positions as well as savings from reducing mileage and equipment replacement expenses and eliminating some contract and service agreements.

Package 812: Court Support Services Reduction reduces General Fund by just under \$4.2 million and eliminates 35 positions (34.38 FTE). The positions are two law clerks (2.00 FTE), eight stenographic court reporters (7.00 FTE), and 25 drug treatment court coordinator positions (25.38 FTE).

Package 813: Cost Shift Reduction reduces General Fund by \$8.2 million and eliminates 58 positions (53.99 FTE), in four programs. In Pre-Trial Release 12 positions (12.00 FTE) are eliminated, which creates a cost shift to local government. The Court Referee program is eliminated at \$4.5 million General Fund, 28 positions (23.07 FTE). General Fund support for the Pro Se Facilitation program is eliminated, as well as the 12 positions (12.24 FTE) associated with the program. The Mediation program loses all General Fund support, six positions (6.68 FTE).

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In the interest of budgetary transparency, the Subcommittee added the following budget note:

### **Budget Note**

The Department is directed to work with the Legislative Fiscal Office to develop program and subprogram structures in the Oregon Budget Information Tracking System that transparently reflect the Department's budgetary activities. The Department is also directed to identify the complete budgetary costs, by budget category, of each subprogram level activity within ORBITS.

Package 814: Additional Program Reductions eliminates the General Fund portion of indigent defense verification and the Application Contribution Program. The program retains the Other Fund positions, which are paid from an Application Contribution fee received from the PDSC. The impact is a reduction of \$0.9 million General Fund, eight positions (11.84 FTE).

Package 815: Court Operations Reduction is this division's share of an across-the-board reduction of three percent of the OJD's remaining essential budget level General Fund. The impact in this package is a reduction of \$6.5 million and 54 positions (54.00 FTE).

Package 817: Non-Limited to Limited reflects the legislative preference in recent biennia to reduce Nonlimited authority and thereby retain, rather than delegate, its budget authority by limiting expenditures through the appropriation process. Any needed increase to Other Funds expenditure limitation can be accommodated by a request from the OJD to the Emergency Board or a Regular or Special Session of the Legislature. The package moves \$0.8 million Nonlimited Other Funds limitation to Other Funds limitation. The funding is a fee the OJD collects to recover costs of labor and materials to provide court forms.

Package 818: Judge Compensation moves Personal Services costs of 173 circuit court judgeship positions (173.00 FTE), into a newly established budgetary program. The purpose is to differentiate the compensation of statutory judgeships from the Department's operating expenses. The differentiation is important because constitutionally the Legislature is unable to reduce the compensation of any judge presiding during his or her term of office. In the future, this structure will allow for new judgeship requests and compensation changes to be more easily identified. The \$56.4 million General Fund reduction in this package is exactly offset in the Judge Compensation budget division.

In consideration of legislation concurrently working its way through the system, the Subcommittee added the following budget note:

### **Budget Note**

The Department is instructed to report to the 2010 Special Session of the Legislature on current caseload trends and any resentencing costs required by legislation enacted during the 2009 Session.

### **101 - Appellate/Tax Courts**

This program funds the operations and staffing of the Supreme Court, Court of Appeals, and Tax Courts. The Supreme Court is established by the Oregon Constitution, and consists of seven justices elected to serve six-year terms. The Court of Appeals consists of ten judges who hear appeals

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from trial courts, and state agencies and boards. The Tax Court consists of one judge, who hears matters arising from Oregon tax law, and a Tax Magistrate Division created in 1997 to replace the informal administrative tax appeals process conducted by the Department of Revenue.

The Subcommittee approved a budget of \$10.2 million total funds of which \$10.1 million is General Fund, 50 positions (47.60 FTE) for these courts. This is a reduction of \$9.2 million or 47.5 percent from the 2007-09 LAB. In large part the reduction stems from moving the Personal Services expense of the judges from this division to the Judge Compensation budget division. In developing its budget, the OJD determined that there is a revenue shortfall of \$193,626 Other Funds in the mediation program and eliminated the expenditure along with one position (0.60 FTE) in an 070: Revenue Reductions/Shortfall package to reconcile the essential budget level.

The Subcommittee approved four packages:

Package 810: Merit/Inflation/Mandated Payment Reduction reduces \$0.3 million General Fund and \$3,006 Other Funds to eliminate standard employee merit increases, assumed as equivalent to one salary step increase per eligible position. It also eliminates the 2.8 percent inflation factor assumed in the 2009-11 budget instructions. The package does not affect current employee or judge compensation.

Package 812: Court Support Services Reduction reduces General Fund by just under \$1.4 million and eliminates 11 positions (11.00 FTE). The positions are Appellate and Tax Court support staff.

Package 815: Court Operations Reduction is this division's share of an across-the-board reduction of three percent of the OJD's remaining essential budget level General Fund. The impact in this package is a reduction of \$0.5 million, four positions (4.00 FTE).

Package 818: Judge Compensation moves Personal Services costs of seven Supreme Court judgeships, 10 Appellate Court judgeships, and one Tax Court judgeship (18.00 FTE), into a newly established budgetary program. The purpose is to differentiate the compensation of statutory judgeships from the department's operating expenses. The differentiation is important because constitutionally the Legislature is unable to reduce the compensation of any judge presiding during his or her term of office. In the future, this structure will allow for new judgeship requests and compensation changes to be more easily identified. The \$6.3 million General Fund reduction in this package is exactly offset in the Judge Compensation budget division.

### **102 - Administration and Central Support**

The State Court Administrator (SCA) supports and assists the Chief Justice in exercising administrative authority and supervision over the trial and appellate courts of this state and in establishing statewide administrative policies and procedures. This division includes resources for the Revenue Management Program, budget and accounting, personnel, legal, audit, education, court programs and analytical services, pro tem services, and information technology. In addition the SCA has responsibility for administrative management of the Appellate Court Records Section, State of Oregon Law Library, publications, interpreter and shorthand reporter certification programs, and state Citizen Review Board program.

The Subcommittee approved a budget of \$45.1 million General Fund, \$65.1 million total funds (121.02 FTE). This is a reduction from the 2007-09 LAB of \$10.7 million General Fund or 19.1 percent. In developing its budget, the OJD determined that there is a revenue shortfall of \$390,078

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Other Funds in the publications and state court services programs and eliminated the expenditure along with two positions (3.10 FTE) in an 070: Revenue Reductions/Shortfall package to reconcile the essential budget level. A feature of the state position information system adds \$3 General Fund.

The Subcommittee approved nine packages and one budget note:

Package 801: LFO Analyst Technical Changes phases out a 2007 one-time grant to the Oregon State Bar for legal aid expenses of \$700,000 General Fund.

Package 804: Roll-Up of 2007-09 Reductions reduces Other and Federal Funds Personal Services by \$0.2 million to eliminate four long-term vacant positions (1.65 FTE), that were originally identified as part of the OJD's 2007-09 biennium reduction plan.

Package 810: Merit/Inflation/Mandated Payment Reduction reduces \$1.4 million General Fund, \$0.5 million Other Funds, and \$29,791 Federal Funds to eliminate standard employee merit increases, assumed as equivalent to one salary step increase per eligible position. It also eliminates the 2.8 percent inflation factor assumed in the 2009-11 budget instructions. The package does not affect current employee or judge compensation.

Package 811: Central Administrative Reduction reduces General Fund by \$8.3 million and eliminates 49 positions (49.00 FTE). Reductions are made by:

- Reducing mileage reimbursements, delaying equipment replacement, and eliminating some contract and service agreements (\$1.8 million);
- Reducing travel costs for statewide committee meetings, workgroups, education, and training events (\$2.3 million);
- Consolidating Citizen Review Board program functions and eliminating ten vacant positions (10.00 FTE) without jeopardizing the Board's capacity to meet federal statutory review requirements or the level of federal Title IV-E funding for the Department of Human Services (\$1.1 million);
- Reducing central support activities related to the state law library, legal counsel, education and outreach, internal audit, procurement, performance analysis, strategic planning, case flow management, and statewide reporting; and
- Eliminating two information technology positions.

Package 812: Court Support Services Reduction reduces General Fund by \$0.6 million and eliminates two positions in the Appellate Court Publications section (2.00 FTE), and 2.00 FTE on positions in the State Law Library.

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Package 813: Cost Shift Reduction reduces General Fund by \$1.6 million and Other Funds by \$1.5 million and eliminates 25 positions (25.00 FTE), which is the remaining resource for the Citizen Review Board. This reduction may adversely affect federal Title IV-E funding received by the state Department of Human Services.

Package 815: Court Operations Reduction is this division's share of an across-the-board reduction of three percent of the OJD's remaining essential budget level General Fund. The impact in this package is a reduction of \$1.6 million, 14 positions (14.00 FTE).

Package 817: Non-Limited to Limited reflects the legislative preference in recent biennia to reduce Nonlimited authority and thereby retain, rather than delegate, its budget authority by limiting expenditures through the appropriation process. Any needed increase to Other Funds expenditure limitation can be accommodated by a request from the OJD to the Emergency Board or a Regular or Special Session of the Legislature. The package moves just under \$9 million Nonlimited Other Funds limitation to Other Funds limitation. The funding is fees the OJD collects to recover costs of third party collectors or credit card fees.

Package 841: State Court Security Account provides the vehicle to move expenditures out of Administration and Central Support to a newly established budgetary division to differentiate the department's statutory State Court Facilities Security Account activities. It reduces Other Funds expenditure limitation by \$2.9 million and transfers out four positions (3.50 FTE). This package has an equal offset in the State Court Facilities Security Account budget division.

In consideration of further budgetary transparency, the Subcommittee included the following Budget Note.

### Budget Note

The Department is directed to work with the Legislative Fiscal Office to reconcile in Oregon Budget Information Tracking System the General and Other Funds budget and staffing level associated with its Revenue Management and Collections Program.

### 200 - Mandated Payments

The Mandated Payments Program funds the jury system and access to courts by all persons. This program finances costs associated with the administration of the trial and grand jury systems. Services include:

- Foreign-language interpreters for court proceedings;
- Provision of assistive devices required to provide reasonable accommodation to disabled persons;
- State-paid sign interpreters or real-time reporters for hearing-impaired jurors;
- Mileage reimbursed to grand and trial jurors;
- Payment of jurors' meals, lodging, and commercial transportation at the actual cost;
- Per diem provided to grand and petit jurors;
- Summoning and qualifying jurors and providing jurors' orientation programs and materials; and
- Payment of other miscellaneous costs.

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The Subcommittee approved a budget of \$14.4 million total funds, of which \$13.9 million is General Fund, 20 positions (19.65 FTE). This is a General Fund reduction of \$1.5 million or ten percent from the 2007-09 LAB. Total funds is reduced \$2.1 million or 12.6 percent.

The Subcommittee approved three packages:

Package 810: Merit/Inflation/Mandated Payment Reduction reduces just under \$1 million General Fund to eliminate standard employee merit increases, assumed as equivalent to one salary step increase per eligible position. It also eliminates the 2.8 percent inflation factor assumed in the 2009-11 budget instructions and \$0.5 million mandated caseload adjustment made to the base budget. The package does not affect current employee or judge compensation.

Package 816: Mandated Payment Reduction reduces General Fund by \$1.5 million affecting a portion of the essential budget for:

- Foreign language interpreters;
- Trial and grand jury system administrative costs;
- Americans with Disabilities Act accommodations; and
- Waiver of appellate transcript costs in civil proceedings when a party is indigent.

Package 817: Non-Limited to Limited reflects the legislative preference in recent biennia to reduce Nonlimited authority and thereby retain, rather than delegate, its budget authority by limiting expenditures through the appropriation process. Any needed increase to Other Funds expenditure limitation can be accommodated by a request from the OJD to the Emergency Board or a Regular or Special Session of the Legislature. The package moves \$0.5 million Nonlimited Other Funds limitation to Other Funds limitation. The funding is associated with juror per diem and mileage reimbursement.

### **400 – State Court Facilities Security Account**

This is a newly established budget division for the department. The Subcommittee recommended a \$3.2 million Other Funds budget, six positions (5.50 FTE), and approved two packages:

Package 204: Continue E-Board Approved Staffing converts two limited-duration positions to permanent full-time status, funded with the State Court Facilities Security Account. The cost is \$0.3 million Other Funds. One position will continue to provide statewide security improvements, emergency preparedness, and business continuity training. The other position will manage security development and business continuity for the Multnomah Circuit Court.

Package 841: State Court Security Account is the offset to the same numbered package in Administration and Central Support. It is the vehicle to move expenditures and positions to this newly established budgetary division to distinguish the department's statutory State Court Facilities Security Account activities. It increases Other Funds expenditure limitation by \$2.9 million and transfers in the four positions (3.50 FTE) from Administration and Central Support.

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### **500 – Electronic Court**

The Oregon eCourt is the projected seven year program to modernize Oregon court business practices. The Oregon Judicial Information Network (OJIN), which is the department's current electronic case management system, has been in operation for the past 25 years. OJIN contains all of the records of circuit courts, including financial information. The records are an integral part of Oregon's civil, business, and public safety systems and provide various jurisdictions and agencies with data relevant to judicial determinations. However, maintaining these records in such an antiquated system is risky, and OJIN does not provide courts with any flexibility in accessing and using these records, including compiling outcome or other essential decision support data.

Implementation of the Oregon eCourt Program involves far more than information technology, and will require major reengineering of OJD's business practices across the department's 36 circuit courts that are consolidated administratively in 27 judicial districts statewide, as well as the Oregon Supreme Court, Court of Appeals, and the Tax Court. The complexity of the revising (and gaining acceptance) of business practices equals, if not exceeds, its high technical complexity. In addition, the implementation plan is highly complex and assumes that its nine separate projects will be designed and implemented independently, but simultaneously.

The Legislature considers the eCourt Program a key component in increasing data sharing across all of the state's public safety entities.

ECourt is funded with a combination of General Fund, Other Funds, and proceeds from sales of COPs, which are supported with General Fund debt service.

This is a newly established budgetary division to isolate and make transparent the costs associated with implementing the multi-phase, multi-year project. The Subcommittee approved a budget of \$3.5 million Other Funds, 27 positions (3.09 FTE). These expenditures are the costs to implement the 2009-11 portion of the project.

Package 844: eCourt – SB 5543 was approved by the Subcommittee. It establishes eCourt in this budgetary division. The Other Funds limitation of \$3.5 million is related to a previously authorized COP issuance of \$7.5 million for the program. This funding would allow the department to continue eCourt activities until October 2009. In addition, \$41,535 in General Fund savings is identified.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2009-11 Key Performance Measures form.

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75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY

MEASURE: HB 5054-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Winters

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

**Vote:** 21 – 1 – 0

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays: Girod

– Exc:

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

**Reviewed By:** Laurie Byerly and Sheila Baker, Legislative Fiscal Office

**Meeting Date:** June 29, 2009

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<u>Agency</u>	<u>Budget Page</u>	<u>LFO Analysis Page</u>	<u>Biennium</u>
Emergency Board	L-1	520	2009-11
Various Agencies	---	---	2007-09

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### 2009-11 Budget Summary \*

	2007-09 Legislatively Approved Budget <sup>(1)</sup>	2009-11 Essential Budget Level	2009-11 Committee Recommendations	Committee Change From 2007-09 Leg. Approved	
				\$\$ Change	% Change
<b><u>Emergency Board</u></b>					
General Fund	\$ 0	\$ 0	\$ 30,000,000	\$ 30,000,000	100.0%
General Fund - Special Purpose Appropriations					
State Employee Benefit Costs	\$ 0	\$ 0	\$ 32,000,000	\$ 32,000,000	100.0%
Department of Justice	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000	100.0%
Legislative Branch Agencies	\$ 0	\$ 0	\$ 800,000	\$ 800,000	100.0%
Legislative Administration/Secretary of State	\$ 0	\$ 0	\$ 600,000	\$ 600,000	100.0%
<b><u>Various Agencies -- see Attachment A</u></b>					
General Fund	\$ 0	\$ 0	\$ -130,037,109	\$ -130,037,109	100.0%
Lottery Funds	\$ 0	\$ 0	\$ -2,441,266	\$ -2,441,266	100.0%
Other Funds	\$ 0	\$ 0	\$ -117,564,861	\$ -117,564,861	100.0%
Federal Funds	\$ 0	\$ 0	\$ -45,398,104	\$ -45,398,104	100.0%
<b><u>ADMINISTRATION PROGRAM AREA</u></b>					
<b><u>Department of Administrative Services</u></b>					
General Fund	\$ 0	\$ 0	\$ 9,324,234	\$ 9,324,234	100.0%
Lottery Funds	\$ 0	\$ 0	\$ 5,133,130	\$ 5,133,130	100.0%
Other Funds	\$ 0	\$ 0	\$ 68,865,995	\$ 68,865,995	100.0%
<b><u>Department of Revenue</u></b>					
General Fund	\$ 0	\$ 0	\$ 1,501,251	\$ 1,501,251	100.0%
<b><u>Secretary of State</u></b>					
General Fund	\$ 0	\$ 0	\$ 668,587	\$ 668,587	100.0%
Other Funds	\$ 0	\$ 0	\$ 2,935,380	\$ 2,935,380	100.0%
Federal Funds	\$ 0	\$ 0	\$ 20,000	\$ 20,000	100.0%
<b><u>State Treasurer</u></b>					
Other Funds	\$ 0	\$ 0	\$ 394,972	\$ 394,972	100.0%

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<b><u>2009-11 Budget Summary *</u></b>	<b>2007-09 Legislatively Approved Budget <sup>(1)</sup></b>	<b>2009-11 Essential Budget Level</b>	<b>2009-11 Committee Recommendations</b>	<b>Committee Change From 2007-09 Leg. Approved</b>	
				<b>\$\$ Change</b>	<b>% Change</b>
<b><u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u></b>					
<b><u>State Board of Chiropractic Examiners</u></b>					
Other Funds	\$ 0	\$ 0	\$ 18,305	18,305	100.0%
<b><u>Construction Contractors Board</u></b>					
Other Funds	\$ 0	\$ 0	\$ 170,970	170,970	100.0%
<b><u>Consumer and Business Services, Department of</u></b>					
Other Funds	\$ 0	\$ 0	\$ -192,496	-192,496	100.0%
<b><u>Bureau of Labor and Industries</u></b>					
General Fund	\$ 0	\$ 0	\$ 1,162,272	1,162,272	100.0%
<b><u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u></b>					
<b><u>Economic and Community Development Department</u></b>					
Lottery Funds	\$ 0	\$ 0	\$ 2,304,921	2,304,921	100.0%
Other Funds	\$ 0	\$ 0	\$ 747,868	747,868	100.0%
<b><u>Employment Department</u></b>					
Other Funds	\$ 0	\$ 0	\$ 3,655,665	3,655,665	100.0%
Federal Funds	\$ 0	\$ 0	\$ 15,347,053	15,347,053	100.0%
Other Funds Nonlimited	\$ 0	\$ 0	\$ 38,643,600	38,643,600	100.0%
<b><u>Housing and Community Services Department</u></b>					
General Fund	\$ 0	\$ 0	\$ 171,358	171,358	100.0%
Other Funds	\$ 0	\$ 0	\$ 83,872	83,872	100.0%
<b><u>Department of Veterans' Affairs</u></b>					
General Fund	\$ 0	\$ 0	\$ 420,658	420,658	100.0%

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<u>2009-11 Budget Summary *</u>	<u>2007-09 Legislatively Approved Budget <sup>(1)</sup></u>		<u>2009-11 Essential Budget Level</u>		<u>2009-11 Committee Recommendations</u>		<u>Committee Change From 2007-09 Leg. Approved %</u>	
							<u>\$\$ Change</u>	<u>Change</u>
<b><u>EDUCATION PROGRAM AREA</u></b>								
<b><u>Department of Education</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	-143,029,979	\$	-143,029,979	100.0%
Lottery Funds	\$	0 \$	0 \$	0 \$	-99,271,573	\$	-99,271,573	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	2,985,218	\$	2,985,218	100.0%
Federal Funds	\$	0 \$	0 \$	0 \$	226,099,942	\$	226,099,942	100.0%
<b><u>Department of Community Colleges and Workforce Development</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	81,442	\$	81,442	100.0%
Lottery Funds	\$	0 \$	0 \$	0 \$	1,394,779	\$	1,394,779	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	410,414	\$	410,414	100.0%
<b><u>Department of Higher Education</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	-68,954,992	\$	-68,954,992	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	227,540	\$	227,540	100.0%
Federal Funds	\$	0 \$	0 \$	0 \$	69,361,591	\$	69,361,591	100.0%
<b><u>Oregon Health and Science University</u></b>								
Other Funds	\$	0 \$	0 \$	0 \$	65,983	\$	65,983	100.0%
<b><u>Oregon Student Assistance Commission</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	-781,023	\$	-781,023	100.0%
Lottery Funds	\$	0 \$	0 \$	0 \$	981,023	\$	981,023	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	200,000	\$	200,000	100.0%
<b><u>HUMAN SERVICES PROGRAM AREA</u></b>								
<b><u>Department of Human Services</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	-25,990,614	\$	-25,990,614	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	30,039,139	\$	30,039,139	100.0%
Federal Funds	\$	0 \$	0 \$	0 \$	87,730	\$	87,730	100.0%
<b><u>JUDICIAL BRANCH</u></b>								
<b><u>Judicial Department</u></b>								
General Fund	\$	0 \$	0 \$	0 \$	3,490,783	\$	3,490,783	100.0%
Other Funds	\$	0 \$	0 \$	0 \$	12,173,209	\$	12,173,209	100.0%

# ORBITS Budget Narrative

## III. Legislative Action

<b><u>2009-11 Budget Summary *</u></b>	<b><u>2007-09 Legislatively Approved Budget <sup>(1)</sup></u></b>		<b><u>2009-11 Essential Budget Level</u></b>		<b><u>2009-11 Committee Recommendations</u></b>		<b><u>Committee Change From 2007-09 Leg. Approved</u></b>	
							<b><u>\$\$ Change</u></b>	<b><u>% Change</u></b>
<b><u>Public Defense Services Commission</u></b>								
General Fund	\$	0	\$	0	\$	-807,328	\$ -807,328	100.0%
Other Funds	\$	0	\$	0	\$	3,500,000	\$ 3,500,000	100.0%
<b><u>LEGISLATIVE BRANCH</u></b>								
<b><u>Legislative Counsel Committee</u></b>								
Other Funds	\$	0	\$	0	\$	275,000	\$ 275,000	100.0%
<b><u>NATURAL RESOURCES PROGRAM AREA</u></b>								
<b><u>State Department of Agriculture</u></b>								
General Fund	\$	0	\$	0	\$	325,784	\$ 325,784	100.0%
<b><u>State Department of Energy</u></b>								
Lottery Funds	\$	0	\$	0	\$	590,347	\$ 590,347	100.0%
Other Funds	\$	0	\$	0	\$	6,077,239	\$ 6,077,239	100.0%
<b><u>State Department of Fish and Wildlife</u></b>								
Other Funds	\$	0	\$	0	\$	413,500	\$ 413,500	100.0%
<b><u>State Forestry Department</u></b>								
Lottery Funds	\$	0	\$	0	\$	1,507,601	\$ 1,507,601	100.0%
Other Funds	\$	0	\$	0	\$	394,381	\$ 394,381	100.0%
<b><u>State Marine Board</u></b>								
Other Funds	\$	0	\$	0	\$	588,500	\$ 588,500	100.0%
<b><u>Water Resources Department</u></b>								
Lottery Funds	\$	0	\$	0	\$	354,911	\$ 354,911	100.0%
Other Funds	\$	0	\$	0	\$	3,591,125	\$ 3,591,125	100.0%
<b><u>PUBLIC SAFETY PROGRAM AREA</u></b>								
<b><u>Department of Corrections</u></b>								
General Fund	\$	0	\$	0	\$	300,000	\$ 300,000	100.0%

# ORBITS Budget Narrative

## III. Legislative Action

<b><u>2009-11 Budget Summary *</u></b>	<b><u>2007-09 Legislatively Approved Budget<sup>(1)</sup></u></b>		<b><u>2009-11 Essential Budget Level</u></b>		<b><u>2009-11 Committee Recommendations</u></b>		<b><u>Committee Change From 2007-09 Leg. Approved</u></b>	
	\$	0 \$	\$	0 \$	\$	\$	\$	%
							<b><u>\$\$ Change</u></b>	<b><u>% Change</u></b>
<b><u>Oregon Criminal Justice Commission</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	-700,000	\$ -700,000	100.0%
<b><u>Department of Justice</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	642,861	\$ 642,861	100.0%
Other Funds	\$	0 \$	\$	0 \$	\$	-267,015	\$ -267,015	100.0%
<b><u>Oregon Military Department</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	2,013,231	\$ 2,013,231	100.0%
Other Funds	\$	0 \$	\$	0 \$	\$	31,135,750	\$ 31,135,750	100.0%
Federal Funds		0 \$	\$	0 \$	\$	-286,356	\$ -286,356	100.0%
<b><u>Department of State Police</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	3,500,000	\$ 3,500,000	100.0%
Other Funds	\$	0 \$	\$	0 \$	\$	250,000	\$ 250,000	100.0%
<b><u>Department of Public Safety Standards and Training</u></b>								
Other Funds	\$	0 \$	\$	0 \$	\$	240,000	\$ 240,000	100.0%
<b><u>Oregon Youth Authority</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	5,072,937	\$ 5,072,937	100.0%
<b><u>TRANSPORTATION PROGRAM AREA</u></b>								
<b><u>Department of Transportation</u></b>								
General Fund	\$	0 \$	\$	0 \$	\$	10,000,000	\$ 10,000,000	100.0%
Lottery Funds	\$	0 \$	\$	0 \$	\$	-12,343,460	\$ -12,343,460	100.0%
Other Funds	\$	0 \$	\$	0 \$	\$	-35,002,047	\$ -35,002,047	100.0%
<b>General Fund Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>-266,725,647</b>	<b>\$ -266,725,647</b>	
<b>Lottery Funds Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>-101,789,587</b>	<b>\$ -101,789,587</b>	
<b>Other Funds Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>16,413,606</b>	<b>\$ 16,413,606</b>	
<b>Other Funds Nonlimited Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>38,643,600</b>	<b>\$ 38,643,600</b>	
<b>Federal Funds Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>265,231,856</b>	<b>\$ 265,231,856</b>	
* Excludes Capital Construction								
(1) Through December, 2008								

# ORBITS Budget Narrative

## III. Legislative Action

<u>Position Summary</u>	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendations	Committee Change From 2007-09 Leg. Approved Change	% Change
<b><u>Department of Administrative Services</u></b>					
Authorized Positions	0	0	8	8	
Full-time Equivalent (FTE) positions	0.00	0.00	7.34	7.34	
<b><u>Department of Revenue</u></b>					
Authorized Positions	0	0	9	9	
Full-time Equivalent (FTE) positions	0.00	0.00	7.36	7.36	
<b><u>Secretary of State</u></b>					
Authorized Positions	0	0	4	4	
Full-time Equivalent (FTE) positions	0.00	0.00	4.00	4.00	
<b><u>State Treasurer</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00	
<b><u>Construction Contractors Board</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00	
<b><u>Bureau of Labor and Industries</u></b>					
Authorized Positions	0	0	8	8	
Full-time Equivalent (FTE) positions	0.00	0.00	8.50	8.50	
<b><u>Economic and Community Development Department</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	0.84	0.84	
<b><u>Employment Department</u></b>					
Authorized Positions	0	0	154	154	
Full-time Equivalent (FTE) positions	0.00	0.00	146.36	146.36	
<b><u>Housing and Community Services Department</u></b>					
Authorized Positions	0	0	2	2	
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00	

# ORBITS Budget Narrative

## III. Legislative Action

<b><u>Position Summary</u></b>	<b>2007-09 Legislatively Approved Budget <sup>(1)</sup></b>	<b>2009-11 Essential Budget Level</b>	<b>2009-11 Committee Recommendations</b>	<b>Committee Change From 2007-09 Leg. Approved</b>	
				<b>Change</b>	<b>% Change</b>
<b><u>Department of Community Colleges and Workforce Development</u></b>					
Authorized Positions	0	0	4	4	
Full-time Equivalent (FTE) positions	0.00	0.00	2.66	2.66	
<b><u>Department of Higher Education</u></b>					
Authorized Positions	0	0	2	2	
Full-time Equivalent (FTE) positions	0.00	0.00	1.25	1.25	
<b><u>Judicial Department</u></b>					
Authorized Positions	0	0	58	58	
Full-time Equivalent (FTE) positions	0.00	0.00	57.14	57.14	
<b><u>State Department of Agriculture</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00	
<b><u>State Department of Energy</u></b>					
Authorized Positions	0	0	3	3	
Full-time Equivalent (FTE) positions	0.00	0.00	2.50	2.50	
<b><u>State Department of Fish and Wildlife</u></b>					
Authorized Positions	0	0	11	11	
Full-time Equivalent (FTE) positions	0.00	0.00	3.15	3.15	
<b><u>State Marine Board</u></b>					
Authorized Positions	0	0	3	3	
Full-time Equivalent (FTE) positions	0.00	0.00	2.38	2.38	
<b><u>Water Resources Department</u></b>					
Authorized Positions	0	0	2	2	
Full-time Equivalent (FTE) positions	0.00	0.00	2.00	2.00	
<b><u>Oregon Watershed Enhancement Board</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	1.00	1.00	

# ORBITS Budget Narrative

## III. Legislative Action

### Position Summary

	2007-09 Legislatively Approved Budget <sup>(1)</sup>	2009-11 Essential Budget Level	2009-11 Committee Recommendations	Committee Change From 2007-09 Leg. Approved Change      % Change	
<b><u>Department of Justice</u></b>					
Authorized Positions	0	0	3	3	
Full-time Equivalent (FTE) positions	0.00	0.00	2.38	2.38	
<b><u>Oregon Military Department</u></b>					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	0.79	0.79	
<b><u>Department of State Police</u></b>					
Authorized Positions	0	0	0	0	
Full-time Equivalent (FTE) positions	0.00	0.00	13.25	13.25	
<b><u>Oregon Youth Authority</u></b>					
Authorized Positions	0	0	0	0	
Full-time Equivalent (FTE) positions	0.00	0.00	26.13	26.13	

### 2007-09 Supplemental Appropriations

	2007-09 Legislatively Approved Budget		2007-09 Committee Recommendations	Committee Change From 2007-09 Leg. Approved \$\$ Change      % Change	
<b><u>Department of Education</u></b>					
General Fund	\$ 0		\$ -210,591	\$ -210,591	
<b><u>Board of Licensed Professional Counselors and Therapists</u></b>					
Other Funds	\$ 0		\$ 7,000	\$ 7,000	
<b><u>Board of Naturopathic Examiners</u></b>					
Other Funds	\$ 0		\$ 12,000	\$ 12,000	

### Summary of Revenue Changes

House Bill 5054 uses \$295.5 million in new federal funds, available with enactment of the federal American Recovery and Reinvestment Act of 2009 (the federal stimulus package), as part of the 2009-11 budget for the education program area.

# ORBITS Budget Narrative

## III. Legislative Action

### Summary of Capital Construction and Information Technology Subcommittee Action

House Bill 5054 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budget 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 \$30 million General Fund to the Emergency Board for general purposes.

The Subcommittee made four special purpose appropriations to the Emergency Board, totaling \$34.9 million General Fund:

- \$32 million to finance supplemental agency budget needs, including, but not limited to, negotiated increases in state employee benefits. This special purpose appropriation expires July 1, 2010 if not allocated before that date.
- \$1.5 million for the Department of Justice for the on-going legal costs associated with the state's defense of the revenue stream generated from the Master Settlement Agreement entered into with major tobacco companies. This appropriation is in addition to \$1 million total funds included in the budget for Department of Justice (Senate Bill 5022) for this purpose.
- \$800,000 for legislative branch agencies for costs associated with a special session.
- \$600,000 to be allocated to the Legislative Administration Committee or the Secretary of State for costs associated with redistricting.

Unless otherwise noted, if these special purpose appropriations are not allocated by the Emergency Board before December 1, 2010, any remaining funds become available to the Emergency Board for general purposes.

### Adjustments to Approved Budgets

#### **ADMINISTRATION**

#### Department of Administrative Services

House Bill 5054 adds \$5,971,896 General Fund to the Department of Administrative Services (DAS) budget to pay debt service on projects funded with Certificates of Participation that were approved in Senate Bill 338.

The Subcommittee also approved increased Other Funds expenditure limitation of \$67,510,241 to support the following:

- \$10,023,186 and eight positions (7.34 FTE) for the State Data Center to support projects approved in agency budgets. The Department's policy package for this purpose was denied as projects in other agency budgets had not yet been approved. The expenditures are supported by direct payments for services from the agencies receiving the project support, primarily the Department of Human Services, the Employment Department, and the Department of Transportation.

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# ORBITS Budget Narrative

## III. Legislative Action

- \$1 million for transferring a portion of the budget for Capitol Mall Security (state police troopers) from the Legislative Assembly budget to the Department. The agency will use ending balance to support the expenditure in 2009-11 and will develop an assessment funding model for 2013-15 that will charge the 30 or so agencies located on the Capitol Mall the cost of these services.
- \$9,763,000 for the Public Employees' Benefit Board (PEBB) to pay an assessment on self-insured group health plans and the one percent premium tax on its fully insured health plans, as required in House Bill 2116. This amount is the estimated 2009 cost and would be paid out of the PEBB stabilization fund. The agency will need to come to the Legislature or Emergency Board to request expenditure limitation to cover assessments in 2010 and 2011. Future assessments will likely need to be recouped through premium increases.
- \$47,969,809 for costs of issuance and special payments associated with the distribution of proceeds from several Lottery Bond sales identified in the Lottery Bond bill (Senate Bill 5535). In addition, the Subcommittee approved \$5,133,130 Lottery Funds to cover the debt service on those Lottery Bonds.

The Subcommittee approved General Fund appropriations for the following programs: Oregon Historical Society - \$625,000, Portland Art Museum - \$500,000, Oregon Public Broadcasting Operations - \$125,000, Oregon Legal Aid - \$1,000,000, and The Skanner Foundation - \$150,000. These amounts will be passed through the DAS budget to the receiving entities. The Department of Administrative Services is asked to unschedule one-half of the appropriations for each of these entities until July 1, 2010. If the statewide budget needs to be rebalanced during the 2009-11 biennium, the Subcommittee wanted to ensure that a portion of these funds would still be available to assist with that exercise. The Subcommittee also approved \$415,000 General Fund for DAS to pass through to the Jefferson County Economic Development Fund.

The Subcommittee increased Other Funds expenditure limitation by \$110,000 for costs of issuance associated with \$5 million in Certificates of Participation (COPs) for the Mill Creek Capital Construction project approved in the capital construction bill. The Subcommittee also approved \$537,338 General Fund for debt service related to the Mill Creek COPs.

### Department of Revenue

The Subcommittee added \$1,501,251 General Fund and nine positions (7.36 FTE) to the Department of Revenue to support additional work driven by House Bill 3405. This measure, which raises the corporate minimum tax along with other corporate taxes and fees, is expected to increase compliance issues, tax processing volumes, collections, customer service needs, and system programming costs.

### Secretary of State

The Subcommittee increased the Other Funds expenditure limitation for the Secretary of State by \$2,935,380 and added two positions (2.00 FTE) to support four policy packages that are funded as a result of new revenues made available by House Bill 3405. The Department of Administrative Services is asked to unschedule the limitation until the Legislative Fiscal Office and Budget and Management Division have determined that the proper documentation has been provided.

The Subcommittee approved a \$68,645 General Fund appropriation for costs associated with Senate Bill 783. The funds will be used to cover the costs of programming changes to the electronic campaign finance reporting system that will be necessary with the passage of the bill. In addition, the Federal Funds expenditure limitation for Archives Division has been increased by \$20,000 to allow the Division to spend a federal grant.

# ORBITS Budget Narrative

## III. Legislative Action

The Subcommittee also approved a \$599,942 General Fund appropriation and added two positions (2.00 FTE), a Compliance Specialist 2 and a Compliance Specialist 3, for costs associated with initiative petition and referendum signature verification; \$166,680 of this appropriation has been identified as temporary funding.

### State Treasurer

The Subcommittee increased the Other Funds expenditure limitation by \$249,999 to support acquisition of a Debt Management System, which will be available to customers over the Internet. The new system will replace the current 11-year old debt reporting system. The agency budget bill contained a \$1 placeholder pending review of a business case by the Legislative Fiscal Office (LFO) IT analyst, which has been completed and approved. The Subcommittee also added \$144,973 Other Funds expenditure limitation to restore one Fiscal Analyst 2 position (1.00 FTE).

### CONSUMER AND BUSINESS SERVICES

#### State Board of Chiropractic Examiners

Other Funds expenditure limitation for the Board of Chiropractic Examiners is increased by \$18,305 to accommodate an increase in per diem rates authorized in separate legislation.

#### Construction Contractors Board

House Bill 5054 increases the Board's Other Funds expenditure limitation by \$170,970 for House Bill 3127, which establishes a certification program for locksmiths in the Construction Contractors Board. One position (1.00 FTE) was established to implement the new program, including the development of administrative rules, licensing, continuing education, and enforcement activities. Revenues from application and certification fees are expected to be \$240,000 during the 2009-11 biennium.

#### Department of Consumer and Business Services

The Subcommittee added \$401,857 Other Funds expenditure limitation and two limited-duration Policy Analyst 4 positions (2.00 FTE) for the Building Codes Division's (BCD) activities related to Senate Bill 79, which requires the BCD to consult with advisory boards, adopt, amend, and administer an energy reach code separate from the state building code. The Department of Energy will provide the revenue to BCD for this work through a Special Payment.

The Subcommittee reduced the Other Funds limitation by \$938,423 and removed five positions (5.00 FTE) in order to move the Office of Minority, Women and Emerging Small Business from the Department of Consumer and Business Services to the Economic and Community Development Department as part of House Bill 2152. With respect to this transfer, the bill reduces Other Funds revenues in the Department of Consumer and Business Services as follows: Interest Income (\$12,128); Ending Fund Balance (\$11,442); Transfer in from DAS (\$1,251,920); Transfer in from ODOT (\$585,895); and Transfer Out to the Governor's Office (\$577,500).

The Subcommittee also added \$344,070 Other Funds expenditure limitation and three positions (3.00 FTE) to support House Bill 2009 improving the availability and affordability of health insurance in Oregon. The new staff will implement new data reporting requirements for insurers and develop standards for reviewing insurer administrative cost increases. The following budget note was also approved:

# ORBITS Budget Narrative

## III. Legislative Action

### BUDGET NOTE

The Department of Consumer and Business Services is directed to report to the Joint Committee on Ways and Means during the anticipated February 2010 Legislative Session and the 2011 regular Legislative Session on implementing Sections 28-31 of House Bill 2009. The reports shall include updates on the Department's rulemaking activities as well as its review of health insurance premium rates.

### Bureau of Labor and Industries

The Subcommittee approved a total \$1 million General Fund appropriation and position actions for the agency, as follows:

- Commissioner's Office/ Support Services: \$470,817 General Fund and the establishment of three permanent, full-time positions (3.00 FTE). The positions include one new position in Technical Assistance, the restoration of the Administrative Specialist 2 position eliminated in House Bill 5024, and the establishment of one new Information Systems Specialist 2 position.
- Civil Rights Division: \$280,680 General Fund for the establishment of two new permanent full-time Civil Rights Field Representative 2 positions (2.00 FTE) and increasing to 0.75 FTE the Civil Rights Field Rep that was reduced to 0.25 FTE in House Bill 5024 (0.50 FTE).
- Wage and Hour Division: \$112,272 General Fund for one permanent, full-time Wage & Hour Compliance Specialist (1.00 FTE).
- Apprenticeship and Training: \$136,231 General Fund and restoration of one permanent, full-time Apprenticeship & Training Representative position (1.00 FTE) that was eliminated in House Bill 5024.

The Subcommittee also approved \$162,272 General Fund and the establishment of one limited-duration, full-time Wage and Hour Compliance Specialist position (1.00 FTE), in one-time supplemental support of Wage and Hour Division enforcement activities.

### **ECONOMIC AND COMMUNITY DEVELOPMENT**

#### Economic and Community Development Department

The Subcommittee increased the Other Funds expenditure limitation by a total of \$973,748 for the costs of issuance related to the increase in Lottery Bonds to be sold for recapitalizing the department's Infrastructure funds (\$473,748), and for the department's Oregon Main Street program [\$500,000 and one position (0.84 FTE)]. The Oregon Parks and Recreation Department will transfer the revenue to the department from its Oregon Property Management Account. The Subcommittee increased Lottery Funds by \$2,304,921 for debt service, and decreased Other Funds debt service by \$225,880.

#### Employment Department

The Subcommittee added \$3,655,665 Other Funds expenditure limitation and \$14,811,038 Federal Funds expenditure limitation. The increases provide support for 142.00 limited-duration FTE and services and supplies associated with additional unemployment insurance caseload growth pursuant to the May 2009 employment forecast. Unemployment insurance benefit payments from the Unemployment Insurance Trust Fund, which are Other Funds Nonlimited, will also increase as a result of the caseload growth.

# ORBITS Budget Narrative

## III. Legislative Action

The Subcommittee approved an increase of \$536,015 Federal Funds, \$38,643,600 Other Funds Nonlimited, and six positions (4.36 FTE) to implement House Bill 3483. The bill authorizes 13 weeks of emergency unemployment benefits, beginning October 4, 2009 and ending on January 2, 2010, for claimants who have exhausted regular benefits, if no federal extension is authorized during this period. House Bill 3483 also expands eligibility for unemployment insurance benefits to specified workers participating in economically distressed worker training programs. These are workers who are currently eligible for benefits, and who have been employed in work paying less than 110 percent of the minimum wage during their entire base year.

### Housing and Community Services Department

The Subcommittee approved \$83,872 Other Funds expenditure limitation and two permanent half-time positions (1.00 FTE) to implement the provisions of Senate Bill 772. The act improves the registration of manufactured dwelling parks in Oregon, allows landlords to convert certain utility and service billing procedures and requires the department to implement registration fee and continuing education requirements. The bill adds provisions that define temporary occupancy and increases civil penalties for registration and continuing education non-compliance. Other Funds expenditure limitation in the amount of \$2,700 was added to correct a drafting error in House Bill 5019. The Subcommittee also restored General Fund reductions to the State Homeless Assistance Program, adding \$171,358 General Fund.

### Department of Veterans' Affairs

House Bill 5054 makes a General Fund appropriation of \$125,000 to the Department of Veterans' Affairs for payments to war veteran's service organizations. Payments to counties are increased by \$210,118 General Fund. As a result of Senate Bill 606, the Subcommittee also added \$85,540 General Fund to support Services and supplies costs for a public information campaign on mental health issues affecting veterans.

## EDUCATION

### Department of Education

The Subcommittee appropriated a total of \$2,938,390 General Fund to the Department of Education for the following purposes:

- \$500,000 General Fund for grants to school districts and public charter schools for physical education as established by ORS 329.501 and any conditioning provided as part of a physical education program; and \$60,700 General Fund for grant administration and required reporting.
- \$2,295,000 General Fund to make breakfast accessible at no charge to students who qualify for reduced price lunches as provided by ORS 327.535(4).
- \$46,690 General Fund for support of the Joint Boards of Education in development of a plan to offer applied baccalaureate degree programs (House Bill 3093).
- \$36,000 General Fund for resources to carry out data collection and reporting related to school district nursing services (House Bill 2693).

The Subcommittee added \$2,985,218 Other Funds expenditure limitation for the Department of Education to allow for the continued expenditure from the Blind and Visually Impaired Student Fund established in House Bill 2834.

# ORBITS Budget Narrative

## III. Legislative Action

### *School Funding*

A General Fund reduction of \$226.1 million is made in the State School Fund, with a corresponding addition of \$226.1 million in Federal Funds, to reflect increased federal funding received under the American Recovery and Reinvestment Act of 2009, the federal stimulus package. To comply with federal requirements, the Federal Funds expenditure limitation is established on an annual basis, with \$160 million approved for the 2009-10 fiscal year and \$66.1 million approved for the 2010-11 fiscal year.

The State School Fund was further adjusted to reflect a rebalance of statewide resources. The total funding level remains at \$6.00 billion as approved in Senate Bill 5520, but the specific funding sources are modified as follows: an increase of \$80.13 million General Fund, a decrease of \$99.27 million Lottery Funds, and an increase of \$19.14 million from the Common School Fund.

House Bill 5054 also makes a technical adjustment to align Lottery Funds allocations from the Economic Development Fund and the Oregon Education Fund.

### Department of Community Colleges and Workforce Development

The Subcommittee increased Lottery Funds by \$1,394,779 to pay debt service on \$13.7 million in Lottery-backed bonds to be sold for community college capital construction and deferred maintenance projects. Expenditure limitation for the projects is included in Senate Bill 5505. An additional \$410,414 Other Funds was added for issuance costs relating to the Lottery-backed bonds.

In addition, \$81,442 General Fund and 2 limited-duration positions (0.66 FTE), an Education Specialist 2 and an Office Specialist 2, were added to work on a plan, in conjunction with the Department of Higher Education, for offering applied baccalaureate degree programs as required by House Bill 3093.

House Bill 2398 creates the permanent Career Readiness Certification Program. The agency's budget includes \$3.35 million of Federal Funds for this program. The department will use \$297,023 of these funds for personal services, but needs two permanent positions, an Operation & Policy Analyst 3 and a Program Analyst 3 (2.00 FTE), to be established to implement the program.

### Department of Higher Education

The Subcommittee added \$139,460 General Fund and \$227,540 Other Funds expenditure limitation for a permanent treasury management position (0.92 FTE) to implement House Bill 2208, which allows greater flexibility in cash and investment management for Department deposits.

The Committee also added \$200,000 General Fund for consulting fees, on a one-time basis, to conduct a study of converting some or all state institutions of higher education and community colleges to a semester calendar and to study approaches needed to increase the enrollment and success of students from rural areas of the state. Both of these studies are required by Senate Bill 442. The Department of Higher Education will provide administrative support and services necessary to support the Joint Boards of Education and the State Board of Higher Education in conducting these studies. The studies must be completed by October 1, 2010. In addition, \$67,139 General Fund and one limited-duration position (0.33) were added on a one-time basis to work on a plan, in conjunction with Department of Community Colleges and Workforce Development, for offering applied baccalaureate degree programs as required by House Bill 3093.

# ORBITS Budget Narrative

## III. Legislative Action

A General Fund reduction of \$69.4 million is made in the Education and General Services budget, with a corresponding addition of \$69.4 million in Federal Funds, to reflect increased federal funding received under the American Recovery and Reinvestment Act of 2009, the federal stimulus package. To comply with federal requirements, the Federal Funds expenditure limitation is established on an annual basis, with \$30 million approved for the 2009-10 fiscal year and \$39.4 million approved for the 2010-11 fiscal year.

### Oregon Health and Science University

Other Funds expenditure limitation was increased by \$65,983 for debt management costs related to Article XI-L general obligation bonds sold for the Oregon Opportunity Program. The costs are paid with Tobacco Master Settlement Agreement funds, as is debt service on the bonds.

### Oregon Student Assistance Commission

The Subcommittee approved \$200,000 General Fund and \$200,000 Other Funds to implement Senate Bill 701 that establishes the Nursing Faculty Loan Repayment Program.

The Lottery Funds expenditure limitation for the Oregon Opportunity Grant program was increased by \$981,023, with a corresponding decrease of \$981,023 General Fund, as a result of Senate Bill 496. That bill reduces, from ten percent to five percent, the portion of the transfer to the Education Stability Fund (ESF) that is deposited into the Oregon Growth Account. This provision expires on June 30, 2013. The bill also distributes declared earnings from the Oregon Growth Account to the Commission and the Oregon Education Fund, rather than transferring them to the Commercialized Research Fund.

## HUMAN SERVICES

### Department of Human Services

The Subcommittee added \$3.2 million General Fund for Oregon Project Independence (OPI), \$321,886 General Fund for the Oregon Nurses Foundation for its WorkDrugFree for a Healthy Oregon Workforce Program, and \$487,500 for a new suicide hotline administered by Oregon Partnerships. The Subcommittee also replaced \$30 million General Fund with Tobacco Master Settlement Agreement (TMSA) Other Funds revenue within the Department of Human Services Division of Medical Assistance Programs.

With funding included in the Seniors and People with Disabilities budget in Senate Bill 5529, the \$3.2 million General Fund added here brings OPI funding for the 2009-11 biennium to \$13.2 million total funds, 1.5 percent more than the \$13 million authorized for the 2007-09 biennium.

In addition, \$39,139 Other Funds and \$87,730 Federal Funds limitation were added for Oregon Health Plan Adult Vision services to correct for deductions inadvertently taken in Senate Bill 5529, the DHS budget bill.

# ORBITS Budget Narrative

## III. Legislative Action

### JUDICIAL BRANCH

#### Judicial Department

House Bill 5054 increases the Judicial Department's General Fund appropriation by \$3,441,247 for payment of debt service for the Electronic Court (eCourt) Program; increases Other Funds expenditure limitation by \$5,328,209 for Certificates of Participation (COPs) proceeds to continue the eCourt project implementation; establishes an Other Funds limitation of \$345,000 for costs of issuance for the COPs. The Department will add 4.78 FTE related to the eCourt project.

The bill also adds \$6.5 million Other Funds expenditure limitation and establishes 58 limited-duration positions (52.36 FTE) related to House Bill 2287 revenue backfill of General Fund reductions. The Subcommittee added the following instruction to the Department:

It is the Legislative intent that the Judicial Department use the \$6.5 million in House Bill 2287 revenue to restore General Fund budget reductions in the following priority order, based on the statewide risk and impact of these cuts: 1) Citizen Review Board, to avoid possible loss of Adoption and Safe Families Act Federal Funds; 2) Court Referees, to reduce the harm to juveniles from delays in adjudication of juvenile matters; 3) Pre-Trial Release Programs, to reduce the cost and impact to local detention facilities from avoidable pre-trial detention; 4) Pro Se Facilitation Programs, to ensure public service and reduce the impact to state court system processes; and 5) Paid Mediation Programs to ensure public service and reduce the impact to state court system processes. The Judicial Department is requested not to use the \$6.5 million in House Bill 2287 revenue to restore the unspecified 3 percent across-the-board reductions until these programs have been restored.

The Subcommittee also added \$49,536 General Fund for meeting the requirements of House Bill 2343, which expands the definition of "mentally incapacitated" to any situation where the victim is rendered incapable of appraising or controlling his or her conduct at the time of an offense to the victim.

#### Public Defense Services Commission

The Subcommittee appropriated \$192,672 General Fund to the Commission for meeting the requirements of House Bill 2343, which expands the definition of "mentally incapacitated" to any situation where the victim is rendered incapable of appraising or controlling his or her conduct at the time of an offense to the victim.

House Bill 5054 disappropriates \$1 million General Fund in the Commission from the Public Defense Services account.

The Subcommittee approved adding expenditure limitation of \$3.5 million Other Funds related to House Bill 2287 revenue backfill of General Fund reductions.

# ORBITS Budget Narrative

## III. Legislative Action

### LEGISLATIVE BRANCH

#### Legislative Counsel Committee

House Bill 5054 establishes an Other Funds expenditure limitation for Legislative Counsel of \$275,000 related to House Bill 2287 revenue backfill of General Fund reductions for the Council on Court Procedures (\$52,000) and the Oregon Law Commission (\$223,000). Funding these will enable the state to continue to attract matching funding.

### NATURAL RESOURCES

#### State Department of Agriculture

The Subcommittee added \$150,784 General Funds to restore a permanent Confined Animal Feeding Operations (CAFO) inspector position (1.00 FTE) eliminated in the Senate Bill 5502, the budget bill for the Department of Agriculture. This position was added back to address concerns expressed by the Natural Resources Subcommittee over the possible impact of this reduction on remaining CAFO staff's workload and the state's compliance with federal guidelines for operation of a state-run CAFO program. In addition, \$175,000 General Fund was appropriated as one-time funding to develop a business plan to produce energy from agricultural sources.

#### State Department of Energy

Other Funds expenditure limitation for the department is increased by a total of \$6,077,239 to support the following:

- \$608,872 Other Funds and one position (1.00 FTE) to support the department's activities required under Senate Bill 79.
- \$2,000 Other Funds for costs of issuance related to the issuance of State Energy Loan Program bonds in House Bill 2182.
- \$5,466,367 Other Funds and 2 positions (1.50 FTE) for ongoing administration, the costs of issuance associated with the sale of Lottery Bonds, and expenditures from the Loan Offset Grant Fund related to the Energy Efficiency and Sustainable Technology loan program (EEAST) in House Bill 2626.

The Subcommittee approved \$590,347 Lottery Funds for debt service on the issuance of \$5 million in Lottery Bonds (identified in Senate Bill 5535) for the loan offset grant fund in House Bill 2626.

#### State Department of Fish and Wildlife

House Bill 2220 authorizes inspection stations for recreational watercraft, requires biennial reporting of efforts to prevent aquatic invasive species importation, and imposes civil penalties for importation of such species in addition to establishing the new permit fee. The Oregon Department of Fish and Wildlife will provide five mobile units of two technicians each in its regions. These mobile units will inspect and decontaminate vessels at boating sites and fishing tournaments. House Bill 5054 adds \$413,500 Other Funds expenditure limitation and 11 limited-duration positions (three full-time, eight seasonal, 3.15 FTE) for the Department to begin this work.

# ORBITS Budget Narrative

## III. Legislative Action

### State Forestry Department

The Subcommittee provided \$1,507,601 Lottery Funds for debt service and \$394,381 Other Funds for cost of issuance for the acquisition of forest property in Klamath County known as the former Gilchrist Tract forest lands, and other adjacent forest lands. The source of funding for this acquisition will be \$15 million from the sale of Lottery Revenue Bonds.

### State Marine Board

House Bill 2220 authorizes inspection stations for recreational watercraft, requires biennial reporting of efforts to prevent aquatic invasive species importation, and imposes civil penalties for importation of such species in addition to establishing the new permit fee. The Marine Board will charge, process and distribute aquatic species boating fee revenue to other state agencies. It will replace its antiquated boat registration information technology system, based on a business case to be reviewed by the Legislative Fiscal Office. The Board will also provide education, public outreach, and coordination. The Subcommittee added \$588,500 Other Funds expenditure limitation and three limited-duration positions (2.38 FTE) for a Program Analyst 3, an Accounting Technician 2, and an Information Services Specialist 3 to begin program implementation.

### Water Resources Department

The Subcommittee approved \$354,911 Lottery Funds debt service and \$3.6 million Other Funds expenditure limitation for proceeds from the issuance of Lottery Revenue Bonds associated with Umatilla Basin critical ground water projects (\$2.5 million), development of an integrated water resources strategy (\$283,000, 2 positions, and 2.00 FTE), grants for evaluating the feasibility of developing a water conservation, reuse or storage project as provided in Senate Bill 1069 (2008) (\$0.5 million), administrative costs to re-establish a loan program for water development projects (\$217,000), and costs of issuance (\$0.1 million). With the funding for administrative costs, the Water Resources Department is to work with bond counsel, financial advisors, and the Department of Justice as necessary to re-establish a loan program as provided in House Bill 3369.

### Oregon Watershed Enhancement Board

The Subcommittee added one full-time limited-duration position (1.00 FTE) to implement Senate Bill 513. On June 3, 2009, the Oregon Watershed Enhancement Board (OWEB) approved funding for a grant from research non-capital Measure 66 Lottery Funds to support staffing and some administrative expenses of an ecosystem services markets working group created in Senate Bill 513. The grant, which is contingent upon passage of the bill, provides funding for a position within OWEB that would be dedicated to implementation of the bill (0.40 FTE) and efforts within OWEB's partnership investment program (0.60 FTE). Of the total \$118,331 grant funds, \$60,573 will support Personal Services costs, and \$57,758 will be used for services and supplies, including \$15,000 for meeting expenses and \$30,000 for professional contract services. OWEB already has expenditure limitation for the grant funding, but needs position authority.

## **PUBLIC SAFETY**

### Department of Corrections

The Subcommittee approved an additional General Fund appropriation of \$300,000 for the Transitional Services Division for cognitive programs.

### Oregon Criminal Justice Commission

House Bill 5054 disappropriates \$700,000 General Fund that was appropriated for drug court grants. The reduction is in addition to reductions made in the Commission's main appropriation bill, House Bill 5007.

# ORBITS Budget Narrative

## III. Legislative Action

### Department of Justice

The Subcommittee approved the addition of \$642,861 General Fund to establish three positions (2.38 FTE) to address legal issues relating to civil rights enforcement. The following budget note was approved:

#### **BUDGET NOTE**

Protecting the civil rights of Oregonians is a necessary and proper function of state government. Especially during these difficult economic times, all state services, including civil rights enforcement, must be exercised with great efficiency. It is therefore imperative for state agencies to not duplicate each other's services. The Department of Justice may therefore use funds from this 2009-11 biennial budget to pursue those actions and suits under state and federal civil rights laws that it has authority to pursue, other than laws related to unlawful practices and unlawful employment practices that are subject to enforcement under ORS chapter 659A unless first referred by the Bureau of Labor and Industries.

The Subcommittee approved a \$769,000 Other Funds reduction in the Crime Victims Services programs, from Criminal Fine and Assessment Account (CFAA) resources. The reductions are to be taken proportionally over the programs administered by the Crime Victims program unit.

As a result of Senate Bill 628, \$501,985 Other Funds expenditure limitation was approved for grants to nonprofit entities to provide foreclosure relief services. The funds are from the proceeds of the State of Oregon's settlement with Countrywide Financial Corporation.

### Oregon Military Department

The Subcommittee approved \$1,598,514 General Fund to adjust the agency's General Fund appropriation to account for debt service savings and debt costs associated with new projects, as follows:

- \$1,236,337 General Fund for debt service costs for Seismic Rehabilitation bonds under Articles XI-M and XI-N.
- \$100,222 General Fund for debt service costs for The Dalles Readiness Center to be funded with COPs.
- \$450,617 General Fund for debt service costs for the Milton Freewater Armory to be funded with COPs.
- \$216,335 General Fund for debt service for the Hood River Armory to be funded with COPs.
- \$404,997 General Fund debt service savings due to reconfirmation of the debt service.

The Subcommittee approved \$660,000 Other Funds expenditure limitation for financing costs of issuance, as follows:

- \$100,662 Other Funds for The Dalles Readiness Center.
- \$62,000 Other Funds for the Milton Freewater Armory.
- \$38,238 Other Funds for the Hood River Armory.
- \$459,100 Other Funds for cost of issuance of issuance of Seismic Rehabilitation bonds.

# ORBITS Budget Narrative

## III. Legislative Action

The Subcommittee approved \$250,000 General Fund and \$250,000 Other Funds to the Administration program to provide emergency financial assistance to National Guard members. The Subcommittee also approved \$30,000 Other Funds to make payments to members of Oregon National Guard who were exposed to hexavalent chromium while serving at Qarmat Ali water treatment plant in Basra, Iraq, in 2003 and who develop cancer as result of exposure, to implement House Bill 3480 (2009).

The Subcommittee approved \$154,997 General Fund to the Administration program to phase-in one permanent, full-time Principal Executive Manager F position (0.79 FTE), which is the agency's Director of Human Resources, and was eliminated in Senate Bill 5536. The Subcommittee also approved \$9,720 General Fund to the Administration program to create information campaigns on certain mental and physical disorders affecting veterans.

The Subcommittee reduced \$90,606 Federal Funds from the Operations program due to prior elimination of a position under Senate Bill 5536.

The Subcommittee increased \$195,750 Other Funds and decreased \$195,750 Federal Funds for Oregon Emergency Management due to fund shifts of five positions within the division under Senate Bill 5536.

House Bill 5054 establishes \$30,000,000 Other Funds expenditure limitation for Seismic Rehabilitation bonds under Article XI-M and XI-N. The Subcommittee requested that the Department of Administrative Services unschedule this expenditure limitation until the need for the funds are demonstrated to the Legislative Fiscal Office and the Department of Administrative Services Budget and Management Division. The Subcommittee also approved the following Budget Note:

### **BUDGET NOTE**

Prior to the expenditure of Article XI-M or XI-N bond proceeds, the Oregon Military Department is directed submit to Legislative Leadership by August 1, 2009 the following documentation related to the Seismic Rehabilitation Program: (a) a Business Case; (b) a Program Management Plan; (c) a Program Charter; (d) a Governance, Oversight, and Accountability Plan; (e) Financial Management Plan; (f) Risk Management Plan; (g) a Staff Resources Management Plan; (h) a Stakeholder Plan; and (i) Communications Plan. The above documentation must meet standard Program Management Body of Knowledge requirements.

The Military Department is directed to enter into an memorandum of understanding with the Department of Administrative Services (Facilities Division) related to the Department of Administrative Service's participation in the Seismic Rehabilitation Program. The Military Department and the Department of Administrative Services are directed to work collaboratively to insure the successful implementation of the Program.

The Military Department and the Department of Administrative Services are directed to submit bi-monthly Seismic Program status reports to Legislative Leadership. The Departments are also directed to report jointly to the Emergency Board or the Interim Joint Committee on Ways and Means or a special session of the Legislature as requested by legislative leadership.

# ORBITS Budget Narrative

## III. Legislative Action

### Department of State Police

The Subcommittee added \$3.5 million to accelerate the hiring of 39 troopers for the Patrol Division. The first 17 are to be hired effective July 1, 2009 to avoid laying off any sworn personnel from reductions in the Criminal Division. The remaining 22 troopers would be hired on July 2010.

House Bill 2220 authorizes inspection stations for recreational watercraft, requires biennial reporting of efforts to prevent aquatic invasive species importation, and imposes civil penalties for importation of such species in addition to establishing the new permit fee. The Oregon State Police will provide support to the mobile units and enforce the program as necessary. Existing Fish and Wildlife positions will cover the workload, and OSP will be reimbursed for their time, resulting in a \$250,000 Other Funds expenditure limitation increase.

### Department of Public Safety Standards and Training

House Bill 5054 increases Other Funds expenditure limitation by \$240,000 to cover costs related to transitioning training of Department of Corrections (DOC) from the agency to DOC.

### Oregon Youth Authority

The Subcommittee approved \$3.5 million General Fund to restore 51 beds at Hillcrest Youth Correctional Facility (28 positions, 25.21 FTE) and one parole and probation position (0.92 FTE) that were scheduled to be eliminated September 1, 2009. The Subcommittee also added \$772,937 General Fund to restore Multnomah County gang funding, and \$800,000 General Fund to restore funding for East Multnomah gang services.

## TRANSPORTATION

### Department of Transportation

The Subcommittee added \$10 million General Fund for Senior and Disabled Transportation operating grants in the Oregon Transportation Department's Public Transit Division. Public transit activities include offering mobility grants to communities to ensure equality of opportunity to access transportation systems and services for seniors and individuals with disabilities.

The Subcommittee reduced Lottery Funds Debt Service expenditure limitation by \$12,343,460 related to bond refunding.

The Subcommittee increased Other Funds limitation by \$20,000,000 for the Public Transit Division to provide the division with the authority to expend the proceeds of Lottery Bonds sold late in the 2007-09 biennium. These funds will be used to provide grants to municipalities for the purchase of streetcars that are manufactured by a company that is owned and based in Oregon. The Subcommittee also decreased the Other Funds limitation for the Highway-Bridge Program by \$27,378,701 and the Highway-Special Programs unit by \$27,378,701 Other Funds to reflect updated information related to the timing of payments for highway projects in 2009-11. Finally, a technical adjustment was added by the Subcommittee which reduced Personal Services in Central Services by \$244,645 Other Funds.

# ORBITS Budget Narrative

## III. Legislative Action

### Adjustments to 2007-09 Budgets

#### Department of Education – State School Fund

House Bill 5054 decreases the 2007-09 General Fund appropriation to the State School Fund by \$490,000. However, payments to school and education service districts will not be reduced. This adjustment reflects projected expenditures less than the maximum allowed in statute [ORS 327.008 (11)] by the Department of Education for auditing the business practices of districts.

The Subcommittee added \$279,409 General Fund for local option equalization grants to eligible local school districts for the 2008-09 school year.

#### Oregon Board of Licensed Professional Counselors and Therapists

House Bill 5054 increases the Board's expenditure limitation by \$7,000 Other Funds to cover unanticipated expenses for temporary and part-time staff to address workload associated with the agency's complaint case backlog and other expenses.

#### Board of Naturopathic Examiners

Expenditure limitation for this Board is increased by \$12,000 Other Funds to pay the cost of additional contested cases.

#### Judicial Department

Budget adjustments are made to rebalance Other Funds expenditure limitation to accommodate debt service payments in 2007-09 by reducing Other Funds limitation that was authorized in Chapter 16, Section 46, Oregon Laws 2008, by \$280,400, and establishing Other Funds Debt Service limitation in the amount of \$280,400.

### Other Adjustments

Other omnibus adjustments reflect reductions in the hourly rate for Department of Justice attorney charges, reductions in the Department of Administrative Services assessments and charges for services, and other reductions from agency management actions, services and supplies savings, position vacancy savings, and other personal services savings. The combined results of these changes on individual agency budgets are presented in Attachment A. Total savings are \$130.0 million General Fund, \$2.4 million Lottery Funds, \$117.6 million Other Funds, and \$45.4 million Federal Funds.

### BUDGET NOTE

In taking this action, it is the Subcommittee's preference that state agencies use all means possible to maximize efficiency in the expenditure of appropriated funds while maintaining delivery of services to the public. Agencies are encouraged to find these efficiencies through the use of management actions that focus on reducing services and supplies and capital outlay expenditures and that manage position vacancies to the greatest extent practicable to generate budget savings. It is the Legislature's expectation that no more than half of the savings anticipated by this action come from compensation reductions.

# ORBITS Budget Narrative

## III. Legislative Action

### Other Budget Notes

#### BUDGET NOTE

The Oregon Educators Benefit Board (OEBB) and the Public Employees' Benefit Board (PEBB) shall identify and merge those administrative functions that will result in increased efficiencies with no adverse impact on budget or limitation. The agency shall report on the administrative changes and outcomes to the next Legislative Assembly.

Administrative changes that will improve efficiencies but affect budget or require legislation shall be included in the agency's budget request for 2011-13. Given the administrative challenges before OEBB, still in its first three years of establishment, and before PEBB, with its decision to move from a fully-insured to a self-insured model, the priority over the next three to five years must be on administrative stabilization, not further restructuring.

#### BUDGET NOTE

If the Port of Newport is not selected as the home port for the National Oceanographic and Atmospheric Administration's Marine Operations Center and Pacific-based research vessels, the Legislature will allocate an additional \$8 million of lottery bonds for Oregon Military Department armory projects at the next regular or special session.

### Information Technology Program/Project Directives

See attached reports for the Oregon Wireless Interoperability Network (OWIN) Project and Electronic Court (e-Court) Program.

# ORBITS Budget Narrative

## III. Legislative Action

2009 Regular Legislative Session  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
 Prepared by the Oregon Legislative Fiscal Office

**MEASURE NUMBER:** HB 2476                      **STATUS:** Original  
**SUBJECT:** Creates sentencing enhancement for certain sex crimes.  
**GOVERNMENT UNIT AFFECTED:** Department of Corrections, Oregon Judicial Department and Public Defense Services Commission  
**PREPARED BY:** Tim Walker  
**REVIEWED BY:** Doug Wilson and John Borden  
**DATE:** March 10, 2009

<b>EXPENDITURES:</b>	<u>2009-2011</u>	<u>2011-2013</u>
Department of Corrections – General Fund		
Prison Cost	\$ 86,988	\$ 311,708
Probation Cost	\$ 30,661	\$ 167,379
Oregon Judicial Department – General Fund	\$ 12,900	\$ 17,200
Public Defense Services Commission – General Fund	\$ 6,262	\$ 8,350
<b>Total</b>	<b>\$ 136,811</b>	<b>\$ 504,637</b>

**EFFECTIVE DATE:** January 1, 2010

**GOVERNOR'S BUDGET:** This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** This bill provides a sentencing enhancement in the case of sexual abuse in the second degree when the offender is over 21 years of age and is, or has been, the coach of the victim. The bill also designates sexual abuse in the second degree a Class C felony, with a crime seriousness level of 8, when committed under these circumstances.

The Criminal Justice Commission estimates that due to the provisions of the bill that elevate sexual abuse in the second degree, a Class C felony, from a crime seriousness level 7 to 8, would result in 10 convictions per year. Of these offenders, 33% would receive prison sentences of 18 months and the balance would receive probation for three years. Moving a sexual abuse III, Class A misdemeanor, to a sexual abuse II, a Class C felony, could result in an additional 14 convictions per year. Of these offenders, 10% would receive a prison sentence of 18 months and the other 90% would receive 3 years of probation.

The Department of Corrections estimates the need for an additional two prison beds in 2009-11, at a cost of \$86,988, an additional five beds in 2011-13 at a cost of \$311,708, and the prison bed impact would level off in 2013-15 at six beds at a cost of \$313,930. The probation costs in 2009-11 would be \$30,661, in 2011-13 it would be \$167,379 and in 2013-15 the cost would be \$221,306. Community corrections departments of counties are paid to supervise offenders sentenced to probation and the state pays according to the level of risk the offender presents. There are two counties that do not participate and the state is responsible for the costs associated with supervision of offenders sentenced to probation.

The Oregon Judicial Department (OJD) estimates that to conduct a felony trial costs and additional \$344 more than a misdemeanor trial. OJD also estimates an additional 25 trials a year at cost of \$8,600. The Public Defense Services Commission estimates that a felony trial cost an additional \$167 over a misdemeanor trial and this would result in an additional \$4,175 per year in defense counsel costs.

# ORBITS Budget Narrative

## III. Legislative Action

75th OREGON LEGISLATIVE ASSEMBLY--2009 Regular Session

### Enrolled House Bill 2476

Sponsored by Representative WINGARD; Representatives BARKER, BRUUN, CAMERON, FREEMAN, JENSON, G SMITH, SPRENGER, THATCHER, THOMPSON, WEIDNER, WHISNANT, Senators DEVLIN, GEORGE, MORRISSETTE, WINTERS (at the request of Ray Thomas)

CHAPTER .....

AN ACT

Relating to sexual abuse; creating new provisions; amending ORS 163.425; and appropriating money.

Be It Enacted by the People of the State of Oregon:

**SECTION 1.** (1) As used in this section, "coach" means a person who instructs or trains an individual or members of a team in a sport.

(2) The Oregon Criminal Justice Commission shall classify sexual abuse in the second degree as described in ORS 163.425 (1)(a) as a crime category 8 of the sentencing guidelines grid of the commission if:

- (a) The victim is incapable of consent by reason of being under 18 years of age;
- (b) The offender is 21 years of age or older; and
- (c) At any time before the commission of the offense, the offender was the victim's coach.

**SECTION 2.** ORS 163.425 is amended to read:

163.425. (1) A person commits the crime of sexual abuse in the second degree when:

(a) [that] The person subjects another person to sexual intercourse, deviate sexual intercourse or, except as provided in ORS 163.412, penetration of the vagina, anus or penis with any object other than the penis or mouth of the actor and the victim does not consent thereto; or

(b)(A) The person violates ORS 163.415 (1)(b);

(B) The person is 21 years of age or older; and

(C) At any time before the commission of the offense, the person was the victim's coach as defined in section 1 of this 2009 Act.

(2) Sexual abuse in the second degree is a Class C felony.

**SECTION 3.** Section 1 of this 2009 Act and the amendments to ORS 163.425 by section 2 of this 2009 Act apply to conduct occurring on or after the effective date of this 2009 Act.

**SECTION 4.** (1) Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Corrections by section 1 (1), chapter \_\_, Oregon Laws 2009 (Enrolled House Bill 5005), for the biennium beginning July 1, 2009, is increased by \$86,988.

(2) Notwithstanding any other provision of law, the General Fund appropriation made to the Department of Corrections by section 1 (4), chapter \_\_, Oregon Laws 2009 (Enrolled House Bill 5005), for the biennium beginning July 1, 2009, is increased by \$30,561.

**SECTION 5.** Notwithstanding any other provision of law, the General Fund appropriation made to the Public Defense Services Commission by section 1 (2), chapter \_\_, Oregon Laws

Enrolled House Bill 2476 (HB 2476-A)

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2009 (Enrolled House Bill 5040), for the biennium beginning July 1, 2009, is increased by \$6,262.

**SECTION 6.** In addition to and not in lieu of any other appropriation, there is appropriated to the Judicial Department, for the biennium beginning July 1, 2009, out of the General Fund, the amount of \$12,900.

Passed by House June 26, 2009

Chief Clerk of House

Speaker of House

Passed by Senate June 29, 2009

President of Senate

Received by Governor:

M., 2009

Approved:

M., 2009

Governor

Filed in Office of Secretary of State:

M., 2009

Secretary of State

Enrolled House Bill 2476 (HB 2476-A)

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# ORBITS Budget Narrative

## III. Legislative Action

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

MEASURE: HB 5100-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

**Vote:** 22 – 2 – 0

House – Yeas: Barker, Buckley, Cowan, Edwards, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson, G. Smith

– Nays:

– Exc:

Senate – Yeas: Bates, Courtney, Edwards, Girod, Johnson, Monroe, Nelson, Shields, Verger, Winters

– Nays: Kruse, Whitsett

– Exc:

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

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

**Meeting Date:** February 22, 2010

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Agency

Budget Page

LFO Analysis Page

Biennium

Various Agencies

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2009-11

Emergency Board

# ORBITS Budget Narrative

## III. Legislative Action

Budget Summary *	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<b><u>Emergency Board</u></b>				
<b><u>Emergency Fund</u></b>				
General Fund - Emergency Fund	\$ 32,282,457	\$ 20,000,000	\$ -12,282,457	-38.05%
General Fund - Special Purpose Appropriations				
State Employee Benefit Costs	\$ 32,000,000	\$ 0	\$ -32,000,000	-100.00%
Forestry - Fire Protection Expenses	\$ 4,722,321	\$ 2,585,301	\$ -2,137,020	-45.25%
Oregon Student Assistance Commission	\$ 0	\$ 5,000,000	\$ 5,000,000	-
Columbia River Gorge Commission	\$ 25,000	\$ 0	\$ -25,000	-100.00%
Public Defense Services Commission	\$ 0	\$ 3,500,000	\$ 3,500,000	-
Department of Veterans' Affairs	\$ 0	\$ 168,359	\$ 168,359	-
Department of Human Services	\$ 0	\$ 30,000,000	\$ 30,000,000	-
Department of State Lands	\$ 0	\$ 2,825,910	\$ 2,825,910	-
<b><u>Education Program Area</u></b>				
<b><u>Department of Community Colleges and Workforce Development</u></b>				
General Fund	\$ 456,402,701	\$ 456,320,205	\$ -82,496	-0.02%
General Fund Debt Service	\$ 7,974,203	\$ 8,324,203	\$ 350,000	4.39%
Lottery Funds Debt Service	\$ 9,306,103	\$ 8,929,603	\$ -376,500	-4.05%
Other Funds	\$ 6,361,148	\$ 6,839,608	\$ 478,460	7.52%
Other Funds Debt Service	\$ 2,764,688	\$ 2,414,688	\$ -350,000	-12.66%
Federal Funds	\$ 157,859,780	\$ 163,149,805	\$ 5,290,025	3.35%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Department of Education</u></b>				
General Fund	\$ 5,447,767,562	\$ 5,477,294,224	\$ 29,526,662	0.54%
Lottery Funds	\$ 495,024,463	\$ 465,044,135	\$ -29,980,328	-6.06%
Federal Funds	\$ 1,507,717,758	\$ 1,508,127,734	\$ 409,976	0.03%

# ORBITS Budget Narrative

## III. Legislative Action

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

# ORBITS Budget Narrative

## III. Legislative Action

Budget Summary *				
	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<b><u>Public Safety Program Area</u></b>				
<b><u>Department of Corrections</u></b>				
General Fund	\$ 1,259,794,942	\$ 1,252,084,141	\$ -7,710,801	-0.61%
Other Funds	\$ 41,877,586	\$ 41,912,455	\$ 34,869	0.08%
Federal Funds	\$ 108,541,761	\$ 109,903,838	\$ 1,362,077	1.25%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>District Attorneys and their Deputies</u></b>				
General Fund	\$ 10,188,466	\$ 10,359,927	\$ 171,461	1.68%
<b><u>Department of Justice</u></b>				
General Fund	\$ 54,721,022	\$ 54,646,022	\$ -75,000	-0.14%
Other Funds	\$ 219,503,978	\$ 220,351,243	\$ 847,265	0.39%
Other Funds Nonlimited	\$ 7,871,355	\$ 10,371,355	\$ 2,500,000	31.76%
Federal Funds	\$ 126,512,997	\$ 129,648,146	\$ 3,135,149	2.48%
<b><u>Oregon Military Department</u></b>				
General Fund Debt Service	\$ 5,533,055	\$ 5,525,245	\$ -7,810	-0.14%
Federal Funds	\$ 252,020,858	\$ 251,401,858	\$ -619,000	-0.25%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Oregon Youth Authority</u></b>				
General Fund	\$ 266,009,019	\$ 265,234,385	\$ -774,634	-0.29%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>State Board of Parole and Post-Prison Supervision</u></b>				
General Fund	\$ 3,517,191	\$ 3,960,399	\$ 443,208	12.60%
<b><u>Department of State Police</u></b>				
General Fund	\$ 244,296,881	\$ 241,339,157	\$ -2,957,724	-1.21%
Other Funds	\$ 96,843,485	\$ 99,047,982	\$ 2,204,498	2.28%
Federal Funds	\$ 7,299,333	\$ 8,070,182	\$ 770,849	10.56%

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## III. Legislative Action

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

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## III. Legislative Action

Budget Summary *	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<b><u>Columbia River Gorge Commission</u></b>				
General Fund	\$ 860,811	\$ 885,811	\$ 25,000	2.90%
<b><u>State Department of Energy</u></b>				
Other Funds	\$ 32,298,391	\$ 33,307,287	\$ 1,008,896	3.12%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Department of Environmental Quality</u></b>				
General Fund	\$ 33,330,127	\$ 32,977,995	\$ -352,132	-1.06%
Lottery Funds	\$ 5,426,117	\$ 5,415,717	\$ -10,400	-0.19%
Other Funds	\$ 326,935,124	\$ 326,931,551	\$ -3,573	0.00%
<b><u>State Department of Fish and Wildlife</u></b>				
General Fund	\$ 13,521,898	\$ 14,230,033	\$ 708,135	5.24%
General Fund Debt Service	\$ 355,543	\$ 0	\$ -355,543	-100.00%
Other Funds	\$ 151,472,795	\$ 152,272,795	\$ 800,000	0.53%
<b><u>State Forestry Department</u></b>				
General Fund	\$ 37,668,398	\$ 39,805,418	\$ 2,137,020	5.67%
General Fund Debt Service	\$ 2,806,582	\$ 2,782,794	\$ -23,788	-0.85%
Lottery Funds Debt Service	\$ 1,507,601	\$ 1,374,135	\$ -133,465	-8.85%
<b><u>Department of State Lands</u></b>				
Other Funds	\$ 25,911,841	\$ 27,179,902	\$ 1,268,061	4.89%
Federal Funds	\$ 6,062,037	\$ 6,101,737	\$ 39,700	0.65%
<b><u>State Parks and Recreation Department</u></b>				
Lottery Funds	\$ 90,624,529	\$ 90,378,787	\$ -245,742	-0.27%
Other Funds	\$ 94,416,010	\$ 94,661,752	\$ 245,742	0.26%
Federal Funds	\$ 14,862,468	\$ 14,984,968	\$ 122,500	0.82%

# ORBITS Budget Narrative

## III. Legislative Action

Budget Summary *	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<b><u>Water Resources Department</u></b>				
General Fund	\$ 21,035,526	\$ 20,863,526	\$ -172,000	-0.82%
Other Funds	\$ 13,574,310	\$ 13,746,310	\$ 172,000	1.27%
<b><u>Transportation Program Area</u></b>				
<b><u>Department of Transportation</u></b>				
General Fund	\$ 10,000,000	\$ 7,700,000	\$ -2,300,000	-23.00%
Other Funds	\$ 3,564,265,962	\$ 3,567,265,962	\$ 3,000,000	0.08%
Federal Funds	\$ 87,466,949	\$ 89,466,949	\$ 2,000,000	2.29%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Consumer and Business Services Program Area</u></b>				
<b><u>Bureau of Labor and Industries</u></b>				
General Fund	\$ 13,156,979	\$ 12,915,379	\$ -241,600	-1.84%
Other Funds	6,645,662	6,862,262	216,600	3.26%
<b><u>Oregon Medical Board</u></b>				
Other Funds	\$ 9,457,645	\$ 9,532,401	\$ 74,756	0.79%
<b><u>Health Related Licensing Boards</u></b>				
Other Funds	\$ 3,760,743	\$ 3,798,593	\$ 37,850	1.01%
<b><u>State Board of Pharmacy</u></b>				
Other Funds	\$ 4,903,896	\$ 4,916,407	\$ 12,511	0.26%
<b><u>Oregon Health Licensing Agency</u></b>				
Other Funds	\$ 6,403,386	\$ 6,402,806	\$ -580	-0.01%
<b><u>Public Utility Commission</u></b>				
Other Funds	\$ 39,554,662	\$ 39,777,023	\$ 222,361	0.56%
Federal Funds	\$ 493,843	\$ 910,317	\$ 416,474	84.33%

# ORBITS Budget Narrative

## III. Legislative Action

Budget Summary *	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<b><u>Administration Program Area</u></b>				
<b><u>Department of Administrative Services</u></b>				
General Fund Debt Service	\$ 6,509,234	\$ 3,814,263	\$ -2,694,971	-41.40%
Lottery Funds	\$ 3,058,568	\$ 2,845,023	\$ -213,545	-6.98%
Lottery Funds Debt Service	\$ 7,013,455	\$ 6,856,504	\$ -156,951	-2.24%
Other Funds Debt Service	\$ 487,691,880	\$ 490,386,851	\$ 2,694,971	0.55%
Federal Funds Nonlimited Debt Service	\$ 0	\$ 1	\$ 1	-
<b><u>Employment Relations Board</u></b>				
General Fund	\$ 1,717,400	\$ 1,732,400	\$ 15,000	0.87%
<b><u>Department of Revenue</u></b>				
General Fund	\$ 152,533,566	\$ 152,089,266	\$ -444,300	-0.29%
<b><u>Office of the Governor</u></b>				
Lottery Funds	\$ 2,014,225	\$ 1,941,910	\$ -72,315	-3.59%
<b><u>Judicial Branch Program Area</u></b>				
<b><u>Judicial Department</u></b>				
General Fund	\$ 299,252,533	\$ 297,215,227	\$ -2,037,306	-0.68%
Other Funds	\$ 58,102,359	\$ 80,639,820	\$ 22,537,461	38.79%
<b><u>Public Defense Services Commission</u></b>				
General Fund	\$ 210,794,161	\$ 209,794,161	\$ -1,000,000	-0.47%
Other Funds	\$ 3,981,401	\$ 12,861,974	\$ 8,880,573	223.05%
<b><u>Legislative Branch Program Area</u></b>				
<b><u>Legislative Administration Committee</u></b>				
Other Funds	\$ 4,403,308	\$ 2,625,874	\$ -1,777,434	-40.37%
Other Funds - Debt Service	\$ 0	\$ 2,000,000	\$ 2,000,000	-

# ORBITS Budget Narrative

## III. Legislative Action

Budget Summary *	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
* Excludes Capital Construction				
<u>Legislative Fiscal Officer</u>				
Other Funds	\$ 0	\$ 100,000	\$ 100,000	-
General Fund Total			\$ 3,419,009	
Lottery Funds Total			-34,372,137	
Other Funds Total			84,541,847	
Federal Funds Total			<u>361,499,421</u>	
All Funds Total			\$ 415,088,140	

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## III. Legislative Action

<u>Position Summary</u>	2009-11 Legislatively Adopted Budget	February 2010 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2010 and 2009-11)	Percentage Change from Legislatively Adopted Budget
<b><u>Department of Community Colleges and Workforce Development</u></b>				
Authorized Positions	61	61	0	0.00%
Full-time Equivalent (FTE) positions	59.36	60.00	0.64	1.08%
<b><u>Oregon University System</u></b>				
Authorized Positions	18,251	18,250	-1	-0.01%
Full-time Equivalent (FTE) positions	12,909.01	12,908.68	-0.33	0.00%
<b><u>Department of Human Services</u></b>				
Authorized Positions	11,469	11,543	74	0.65%
Full-time Equivalent (FTE) positions	10,979.98	11,027.13	47.15	0.43%
<b><u>Psychiatric Security Review Board</u></b>				
Authorized Positions	5	8	3	60.00%
Full-time Equivalent (FTE) positions	5.00	6.89	1.89	37.60%
<b><u>Department of Justice</u></b>				
Authorized Positions	1,333	1,345	12	0.90%
Full-time Equivalent (FTE) positions	1,319.83	1,327.28	7.45	0.56%
<b><u>Department of Corrections</u></b>				
Authorized Positions	4,741	4,734	-7	-0.15%
Full-time Equivalent (FTE) positions	4,621.17	4,618.20	-2.97	-0.06%
<b><u>Oregon State Police</u></b>				
Authorized Positions	1,303	1,312	6	0.69%
Full-time Equivalent (FTE) positions	1,295.65	1,300.90	1.50	0.41%

# ORBITS Budget Narrative

## III. Legislative Action

### Position Summary

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

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## III. Legislative Action

### Revenue

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

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

### Summary of Committee Action

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

### Emergency Board

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

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

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## III. Legislative Action

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

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

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

### Adjustments to Agency Budgets

#### Education Program Area

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

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

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## III. Legislative Action

### BUDGET NOTE

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

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

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

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

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## III. Legislative Action

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

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

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

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

### Department of Education

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

### BUDGET NOTE

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

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

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### **BUDGET NOTE**

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

### **BUDGET NOTE**

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

### **Oregon University System**

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

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

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

### **Oregon Student Assistance Commission**

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

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

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

### Human Services Program Area

#### Department of Human Services

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

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

#### Administrative Services Division

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

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

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

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### Children, Adults and Families

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

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

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

### Health Services

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

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

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

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

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

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

### **BUDGET NOTE**

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

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

### **BUDGET NOTE**

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

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

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### Seniors and People with Disabilities

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

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

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

### State Commission on Children and Families

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

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

### Psychiatric Security Review Board

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

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

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

### Public Safety Program Area

#### Department of Corrections

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

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

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

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

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

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

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

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

### **Department of Justice**

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

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

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

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

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### **Oregon Military Department**

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

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

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

### **Oregon Youth Authority**

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

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

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

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

### **Department of State Police**

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

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

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

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

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

### **BUDGET NOTE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **BUDGET NOTE**

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

### **Employment Department**

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

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

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

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

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### **Housing and Community Services Department**

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

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

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

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

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

### **Natural Resources Program Area**

#### **State Department of Agriculture**

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

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### Columbia River Gorge Commission

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

### State Department of Energy

The Committee approved three technical adjustments to correct budget errors:

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

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

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

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

### BUDGET NOTE

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

### Department of Environmental Quality

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

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

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

To correct an error that double-counted debt service in House Bill 5054 (2009), House Bill 5100 reduces the Department's General Fund appropriation by \$355,543. The Committee approved an \$800,000 fund shift from General Fund to Other Funds in Administrative Services Division to use Other Funds from license and tag revenues to pay State Government Service Charges in place of General Fund.

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

### **State Forestry Department**

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

General Fund debt service was reduced by \$23,788 due to refinancing of outstanding Certificates of Participation (COPs), and Lottery Funds expenditure limitation was reduced by \$133,465 for debt service and related costs relating to the purchase of land in the Gilchrist Forest.

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

### **Department of State Lands**

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

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

### State Parks and Recreation Department

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

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

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

### Water Resources Department

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

### Transportation Program Area

#### Department of Transportation

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

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

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

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

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

### Consumer and Business Services Program Area

#### Bureau of Labor and Industries

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

#### BUDGET NOTE

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

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### Oregon Medical Board

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

### Health Related Licensing Boards

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

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

### State Board of Pharmacy

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

### Oregon Health Licensing Agency

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

### Public Utility Commission

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

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

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### Administration Program Area

#### Department of Administrative Services

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

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

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

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

#### Employment Relations Board

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

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

### Department of Revenue

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

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

### Office of the Governor

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

### Government Ethics Commission

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

## Judicial Branch

### Judicial Department

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

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

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

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

The Committee approved the following budget note:

### **BUDGET NOTE**

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

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

### **BUDGET NOTE**

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

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

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Based on the recommendations of the Joint Interim Committee on State Justice System Revenues, the Committee increased the Department's Other Funds expenditure limitation by \$15,502,205 and 119.58 FTE for House Bill 2287 (2009) revenue, to backfill specific General Fund reductions, and adopted the following budget note with the expectation that the Department will manage its budget to remain within actual House Bill 2287 revenue:

### **BUDGET NOTE**

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

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

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

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

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

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

### **BUDGET NOTE**

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

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

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

### **Public Defense Services Commission**

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

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

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

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

### **BUDGET NOTE**

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

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

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

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### Legislative Branch

#### Legislative Administration Committee

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

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

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

#### Legislative Fiscal Officer

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