

2015-17

BUDGET HIGHLIGHTS



**Legislative Fiscal Office
September 2015**

**State of Oregon
Legislative Fiscal Office**

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To the Members of the Seventy-Eighth Oregon Legislative Assembly:

Following is the *2015-17 Budget Highlights*, which provides summary information on the legislatively adopted budget; legislative actions affecting the budget; program areas and agencies; state bonding and capital construction; budget notes; information technology; fiscal impact statements; and substantive bills with a budget effect. A detailed analysis will be published shortly.

We hope you find this resource useful and invite you to call the Legislative Fiscal Office if you have any questions.

Ken Rocco
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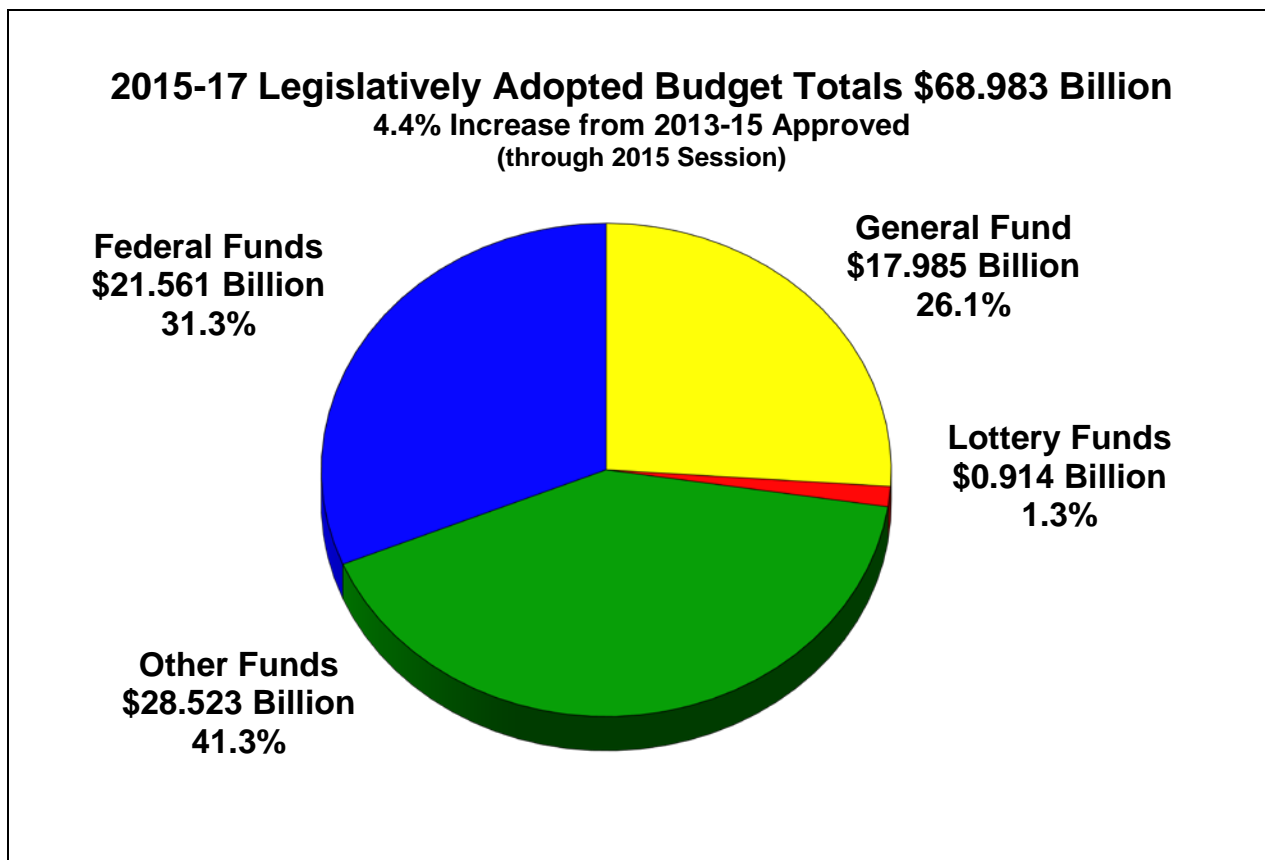
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Summary of the 2015-17 Legislatively Adopted Budget

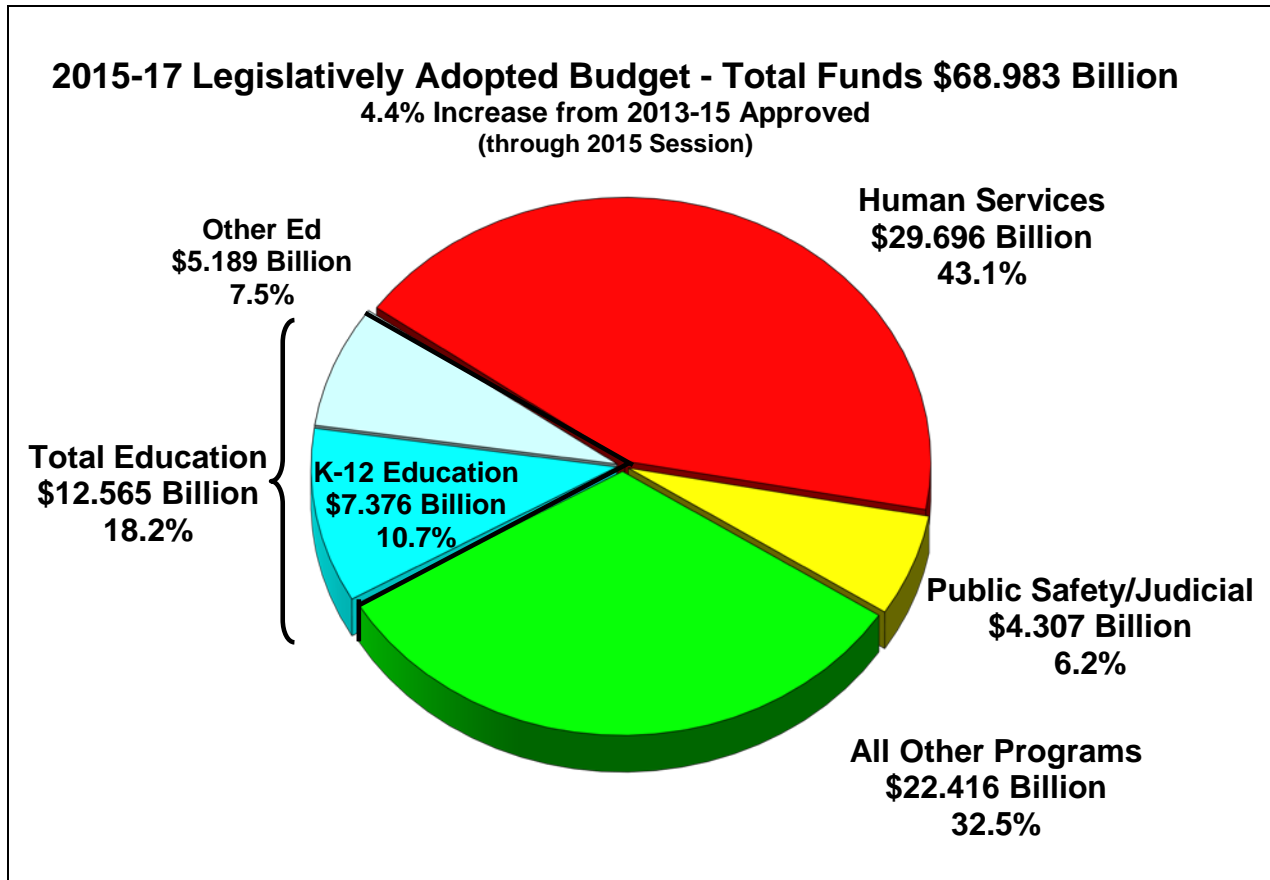
Overview

The legislatively adopted budget (LAB) for the 2015-17 biennium is \$68.983 billion total funds, an increase of \$2.9 billion from the 2013-15 legislatively approved budget of \$66.047 billion, or a gain of 4.4%. The increase between the two biennia is largely due to the authorization to spend \$2.1 billion more in General Fund in the 2015-17 biennium than was spent in 2013-15. This 13.2% increase in General Fund expenditures continues a recent trend of biennial double-digit percentage increases.

The LAB includes \$18.899 billion in combined General Fund and Lottery Funds, \$28.523 billion Other Funds, and \$21.561 billion Federal Funds. With the exception of 2011-13, when the total funds budget was actually lower than in the previous biennium, the total funds budget percentage increase for the 2013-15 biennium is the lowest since the 1987-89 biennium. The relatively slight growth in the total funds budget is primarily due to a 4.6% reduction in Other Funds and to another relatively recent trend of Other Funds Nonlimited increases between the adopted and approved budgets due to bond refundings to capture low interest rates. Nonlimited increases totaled over \$2 billion between the 2013-15 adopted and approved budgets, mostly due to bond refundings.



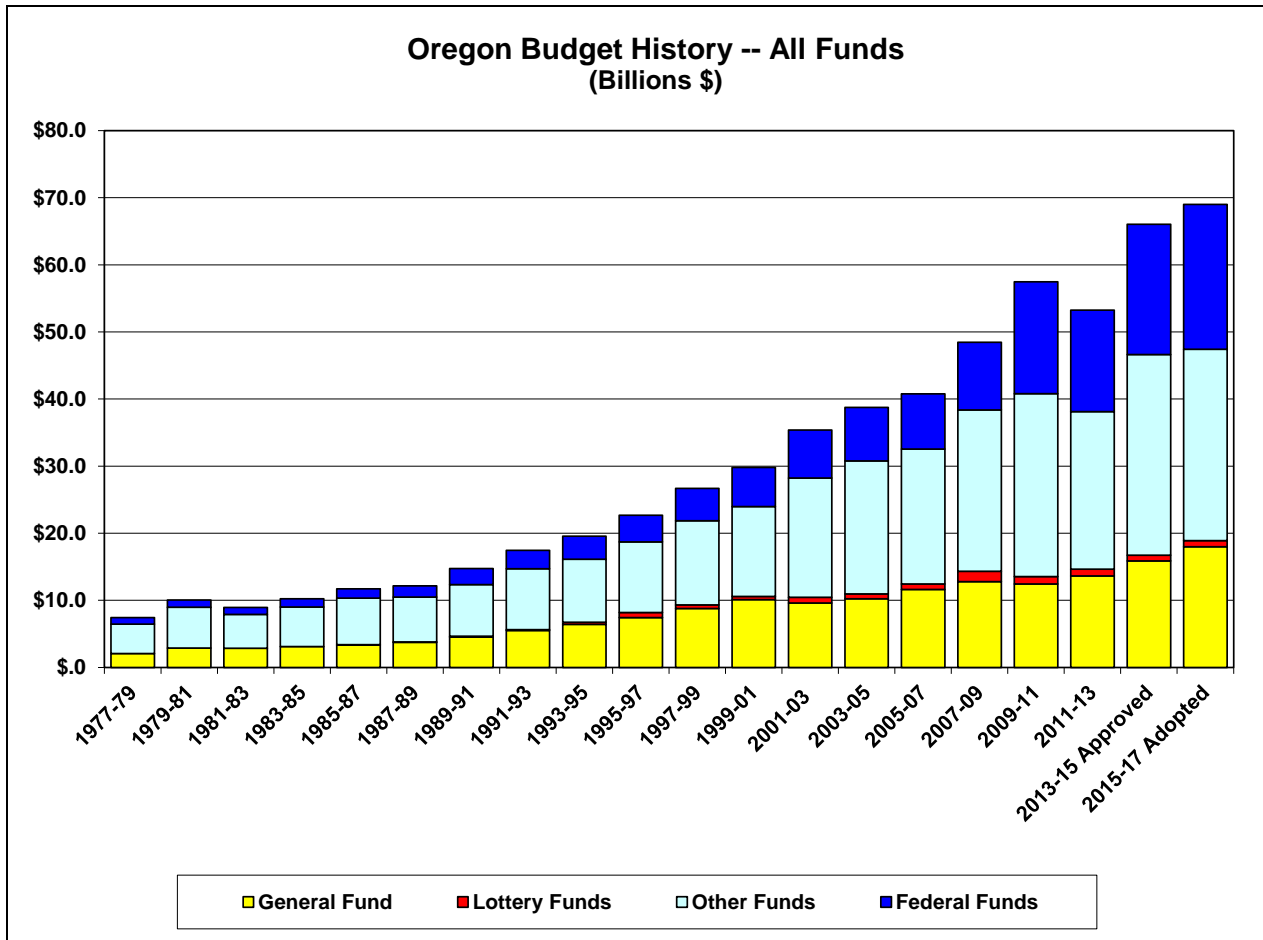
A constitutional amendment adopted by the people in November 2010 changed the historical Oregon biennial session process into annual sessions. The odd-numbered year session is limited to 160 calendar days and allows for an organizational session where action on bills is prohibited. The even-year session is limited to 45 calendar days. In each case, the Legislature by a two-thirds vote can extend the session by five calendar days. For the 2015 regular session, the Legislature organized January 12th through January 14th, began session activities on February 2nd, and completed business on July 6th, within the constitutionally required timeframes.



The Co-Chairs of the Joint Committee on Ways and Means revised the traditional process by developing and releasing an initial Budget Framework early in the session (January 15th), based on the 2013-15 legislatively approved budget. The framework provided a revenue target and a summary of General Fund and Lottery Funds to be spent in each program area, as well as outlined key priorities, targeted investments, and outstanding issues that would need to be addressed during session. This change was designed to allow discussions about priorities to occur earlier in the session; to increase the amount of time available to receive input, conduct research, and analyze information on major issues; and to provide direction and context for agency budget hearings. Typically, the Co-Chairs' initial budget document is not released until after receipt of the March economic and revenue forecast, significantly later in the session and after many agency budgets have already been through the public hearing process.

For the 2015-17 biennium, the Co-Chairs, in their Budget Framework, set an initial General Fund and Lottery Funds budget of \$18.509 billion. The revenue assumption of \$18.789 billion General Fund and Lottery Funds used to build the Budget Framework was from the December 2014 economic and revenue

forecast. Projected resources for 2015-17 declined very slightly (\$21.3 million) in the March 2015 economic and revenue forecast. Final budget adjustments for the 2015-17 biennium budget were made after the release of the May 2015 economic and revenue forecast. This forecast showed General Fund increases for both the 2013-15 biennium and the 2015-17 biennium. The net change was an additional \$420 million in available General Fund resources for the 2015-17 budget as compared to the March 2015 forecast.



To implement the budget decisions made during the 2015 regular session, besides individual agency budget bills, the Joint Committee on Ways and Means moved the following major bills that determined the final pieces of the 2015-17 adopted budget:

- SB 5507 – Emergency Fund and omnibus budget reconciliation
- SB 501 – non-appropriation program changes to implement budget decisions
- HB 5005 – bonding authorization
- HB 5506 – capital construction
- HB 5029 – lottery and Criminal Fine Account allocations
- HB 5030 – lottery bonding authorization
- HB 5039 – Tobacco Settlement Funds Account
- HB 5047 – Measure 91 (Recreational Marijuana) budget implementation

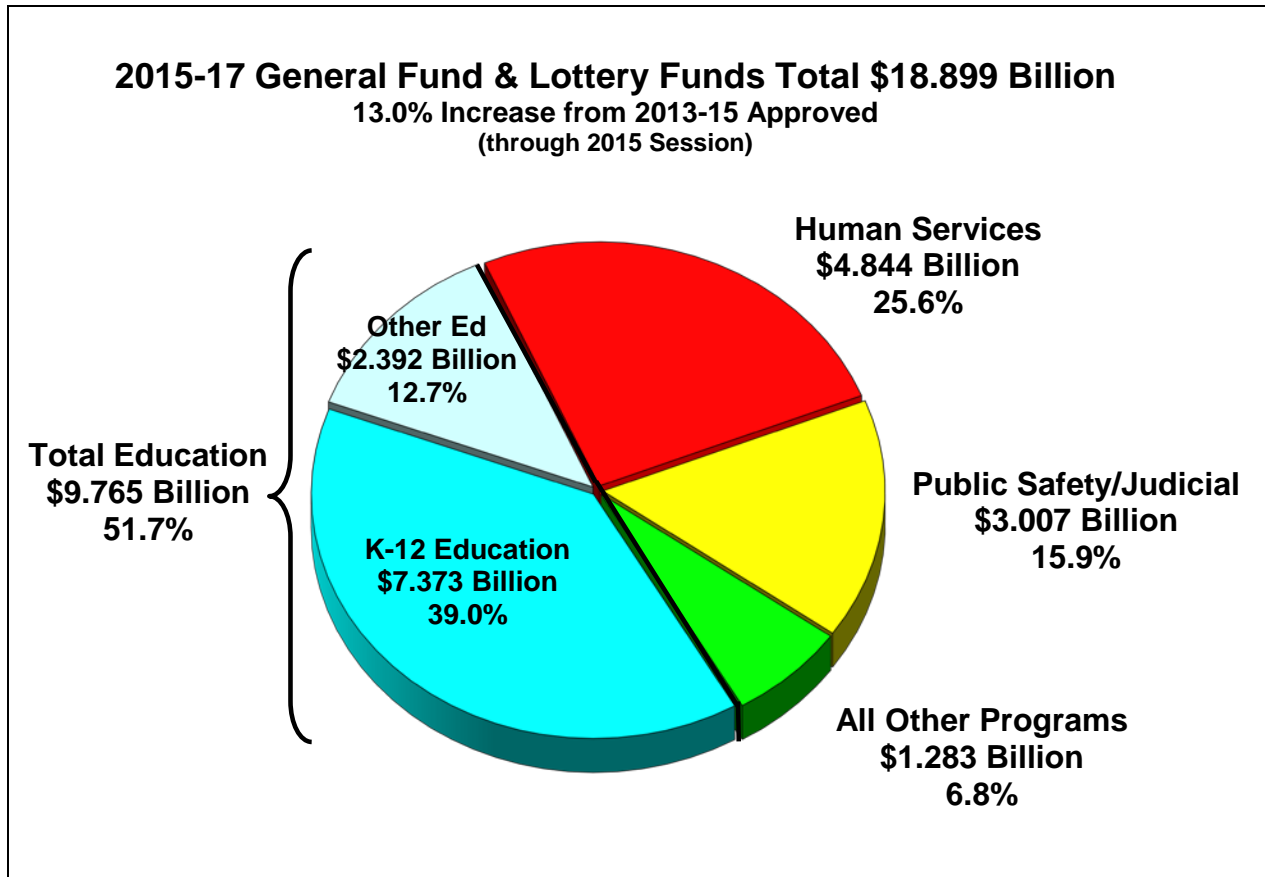
Details of the content of these bills are described in the following sections of this document.

With respect to the overall development of the 2015-17 LAB, highlights of the 2015 session budget process were:

- An organizational session held in January followed by the convening of the odd-numbered year regular session on February 2nd.
- The release of a Joint Committee on Ways and Means Co-Chair budget framework on January 15th, the earliest ever, that included an agreed upon revenue target and targeted expenditures by program area.
- Planning and executing a budget rebalance for the 2013-15 biennium by the end of February.
- Passage of the State School Fund budget by both chambers of the Legislature by April 6th, the earliest since 1991.
- The decision to direct 40% of any net General Fund increase between the March 2015 and May 2015 forecasts to the State School Fund, which ended up resulting in an increase of \$106 million for schools above the Co-Chair initial framework amount.
- A series of community hearings on the budget were held by the Joint Committee on Ways and Means between April 10th and April 25th. The hearings were held in LaGrande, Boardman, Lincoln City, Gresham, Portland, Springfield, Klamath Falls, and Grants Pass. During these community budget hearings, the Committee received verbal testimony from approximately 382 residents on a variety of budget-related topics.
- In addition to the 92 budget bills heard and passed by the Joint Committee on Ways and Means (and its eight subcommittees), the Committee also had approximately 326 policy bills referred to it, of which 197 received at least a public hearing and 163 were passed out of the Committee to either the Senate or House floor for further action.
- The processing of budget decisions and the development of budget documentation that enabled the Legislature to complete its business by the constitutional deadlines. Legislation passed to establish the annual session process allows for 160 calendar days for the odd-numbered year session, which would have forced *sine die* by July 11th. The session ended on July 6th.

General Fund and Lottery Expenditures

Combined General Fund and Lottery Funds expenditures for the 2015-17 biennium as a result of the 2015 legislative session actions total \$18.899 billion, up \$2.2 billion (or 13%) from the legislatively approved budget for the 2013-15 biennium. General Fund appropriations increased by \$2.1 billion (or 13.2%) in the adopted budget over the 2013-15 approved level, while the net Lottery Funds expenditure limitation increased by \$75.7 million (or 9%).



Planning for the 2015-17 budget started in the fall of 2014 with an estimated tentative budget that showed a \$916 million General Fund and Lottery Funds budget gap based on revenues projected in the September 2014 economic and revenue forecast. This tentative budget calculation is only provided to give decision makers a point-in-time estimate of the state's relative fiscal position for the coming two-year budget period. It is based on the projected revenues for the next two budget years and the "current service level" budget, or the amount needed to continue all currently existing programs, services, and revenue sources for the next two budget years. The adopted General Fund and Lottery Funds budget is only \$90.7 million below the calculated 2015-17 current service level budget, a reduction of 0.5%. Comparisons by program area can be found in the following table.

General Fund and Lottery Funds Total						
(\$ millions)						
Program Area	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 Legislatively Adopted	% Change 2015-17 Adopted from 2013-15 Approved	% Change 2015-17 Adopted from 2015-17 CSL
State School Fund	5,675.8	6,650.0	7,264.8	7,373.0	10.9	1.5
Other Education	1,677.8	1,991.2	2,137.0	2,391.8	20.1	11.9
Human Services	3,888.5	4,284.3	5,695.9	4,844.5	13.1	(14.9)
Public Safety	1,959.5	2,143.9	2,276.0	2,312.3	7.9	1.6
Judicial Branch	595.8	655.8	696.0	694.6	5.9	(0.2)
Economic Development	166.7	165.6	140.1	174.9	5.6	24.8
Natural Resources	294.4	402.9	298.6	372.4	(7.6)	24.7
Transportation	74.6	106.7	132.1	135.3	26.8	2.4
Consumer/Business Services	11.0	11.8	12.0	12.6	6.1	4.3
Administration	237.3	221.5	239.0	249.9	12.8	4.6
Legislative Branch	77.4	94.4	98.4	91.9	(2.6)	(6.5)
Emergency Fund	0.0	0.0	0.0	245.9	NA	NA
TOTAL	14,658.7	16,728.2	18,989.8	18,899.1	13.0	(0.5)

During budget development in both the 2011 and 2013 sessions, the Co-Chairs of the Joint Committee on Ways and Means crafted budgets that included a “supplemental” ending balance. This set aside was reduced from all state agency General Fund budgets at the end of each session to provide a supplemental source of funding due to general concerns about the status of the state’s economic situation and the effects of those conditions on revenues. In order to accomplish this plan, state agency budgets were developed and then 2% of the biennial appropriation was reduced from that amount and allowed to accumulate in a supplemental ending balance. The result was an additional \$155 million General Fund set aside in the supplemental ending balance. These amounts were to be potentially restored to state agencies if economic conditions held and revenue forecasts remained constant or improved. During the 2015 session, this practice was discontinued primarily due to general economic health. Instead, when the May 2015 forecast was released and showed a net General Fund resource increase for the 2015-17 budget period in excess of \$400 million, legislative leadership dedicated approximately \$100 million of that increase to enhance the planned General Fund ending balance. At the end of the session, the estimated ending balance for the 2015-17 biennium was \$310 million, or about 1.7% of projected expenditures.

The final legislatively adopted budget reflecting these actions is summarized in the following table. It is broken into three sections – resources, expenditures, and ending balance. An explanation of each of these sections follows the table.

2015-17 Legislatively Adopted Budget

May 2015 Forecast Revenues (millions)	General Fund	Lottery Discretionary	Lottery Measure 76	TOTAL
Revenues				
Beginning Balance	503.6	19.3	14.5	537.4
Agency Discretionary LF Balances Available for Budget	-	14.9	-	14.9
1% Appropriation to Rainy Day Fund	(159.2)	-	-	(159.2)
Adjustments				
<i>Projected TANS interest costs for 2015-17</i>	(20.2)	-	-	(20.2)
Projected Revenues	17,852.1	961.9	169.4	18,983.3
<i>Shared Services Fund (Gain Share)</i>	(86.2)	-	-	(86.2)
<i>Corporate Income Tax Transfer to RDF</i>	(10.1)	-	-	(10.1)
<i>Interest Earnings (ESF and PNRF)</i>	-	10.3	0.7	11.0
Distributions: Education Stability Fund/Counties				
<i>Education Stability Fund</i>	-	(203.3)	-	(203.3)
<i>County Economic Development</i>	-	(39.1)	-	(39.1)
Revenue enhancements/(reductions):				
<i>OLCC Bottle Surcharge (SB 501)</i>	14.8	-	-	14.8
<i>PEBB Stabilization Fund (SB 501)</i>	120.0	-	-	120.0
<i>OED - SEDAF (SB 501)</i>	13.0	-	-	13.0
<i>SOS Corporate Registration Fees (SB 501)</i>	6.2	-	-	6.2
<i>OBDD Connecting Oregon Communities Fund (SB 501)</i>	0.1	-	-	0.1
<i>CFA Costs Compared to Forecast (HB 5029)</i>	(7.1)	-	-	(7.1)
<i>OHA/DHS 2013-15 Rebalance Savings (HB 5043)</i>	39.7	-	-	39.7
<i>Shared Services Fund (Gain Share) Fix (SB 129)</i>	53.5	-	-	53.5
<i>Racing Commission Transfers to GF (HB 2719)</i>	(0.2)	-	-	(0.2)
<i>OST Oregon 529 Savings Board ABLE Act Program (SB 777)</i>	(0.2)	-	-	(0.2)
<i>DOR Fraud Analytics and Detection Revenue Impact (HB 5035)</i>	4.0	-	-	4.0
<i>CFA (GF) from Multomah County Violations (HB 2621)</i>	2.3	-	-	2.3
Tax Credit Extensions and New Tax Credits				
<i>Total Tax Credit Extensions (HB 2171)</i>	(20.9)	-	-	(20.9)
<i>Oregon Corporate Income Tax Jurisdictions (SB 61)</i>	0.1	-	-	0.1
2013-15 Rebalance Issues				
<i>HB 5045 (DOC and ODF)</i>	(9.6)	-	-	(9.6)
<i>Additional Remaining Issues (DOGAMI SB 5512)</i>	(0.8)	-	-	(0.8)
Total Resources	18,294.9	764.0	184.6	19,243.5
2015-17 Program Area Expenditures				
Education	2,328.0	63.8	-	2,391.8
Education - State School Fund	6,964.8	408.2	-	7,373.0
Human Services	4,833.2	11.3	-	4,844.5
Public Safety	2,304.4	-	7.8	2,312.3
Judicial Branch	694.6	-	-	694.6
Economic & Community Development	51.4	123.5	-	174.9
Natural Resources	200.8	13.0	158.6	372.4
Transportation	27.8	107.5	-	135.3
Consumer & Business Services	12.6	-	-	12.6
Administration	229.2	20.7	-	249.9
Legislative Branch	91.9	-	-	91.9
Emergency Board	245.9	-	-	245.9
Total 2015-17 Budgeted Expenditures	17,984.7	747.9	166.5	18,899.1
Projected Ending Balance	310.3	16.1	18.1	344.5

Resources

- Resources are based on the May 2015 forecast, but are adjusted to account for beginning balances and agency-specific interest earnings that are ultimately included in the budget.
- The General Fund resources from the forecast are adjusted by the estimated amount of interest costs for the use of Tax Anticipation Notes by the Treasury.
- Lottery Funds are reduced by projected distributions for county economic development and transfers to the Education Stability Fund, which are not part of the adopted budget.
- Additional resources approved by the Legislature during the session are identified.
- The amounts of additional tax credits beyond current law as approved by the Legislature are included.
- Actual final resources will be presented in the close-of-session forecast in September.
- Resources also include various expenditures for the 2013-15 biennium that result in a reduction of the projected beginning balance for the 2015-17 budget.

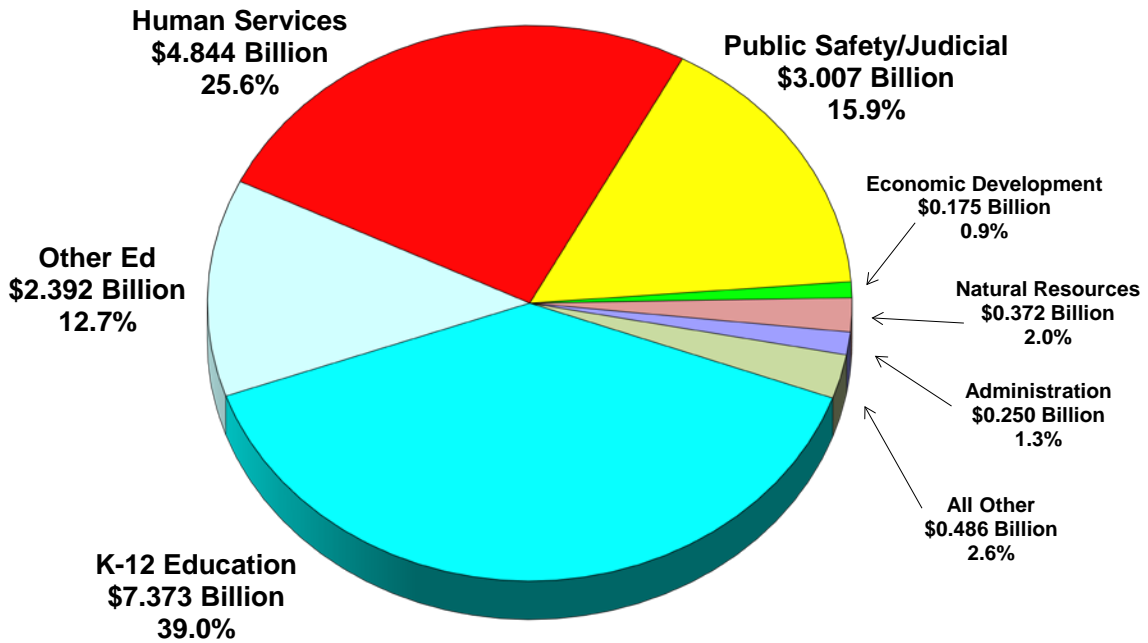
Expenditures

Expenditures are identified as approved by budget actions taken by the Legislature during the 2015 regular session for the 2015-17 biennium, both from agency budget bills and appropriations included in various policy bills.

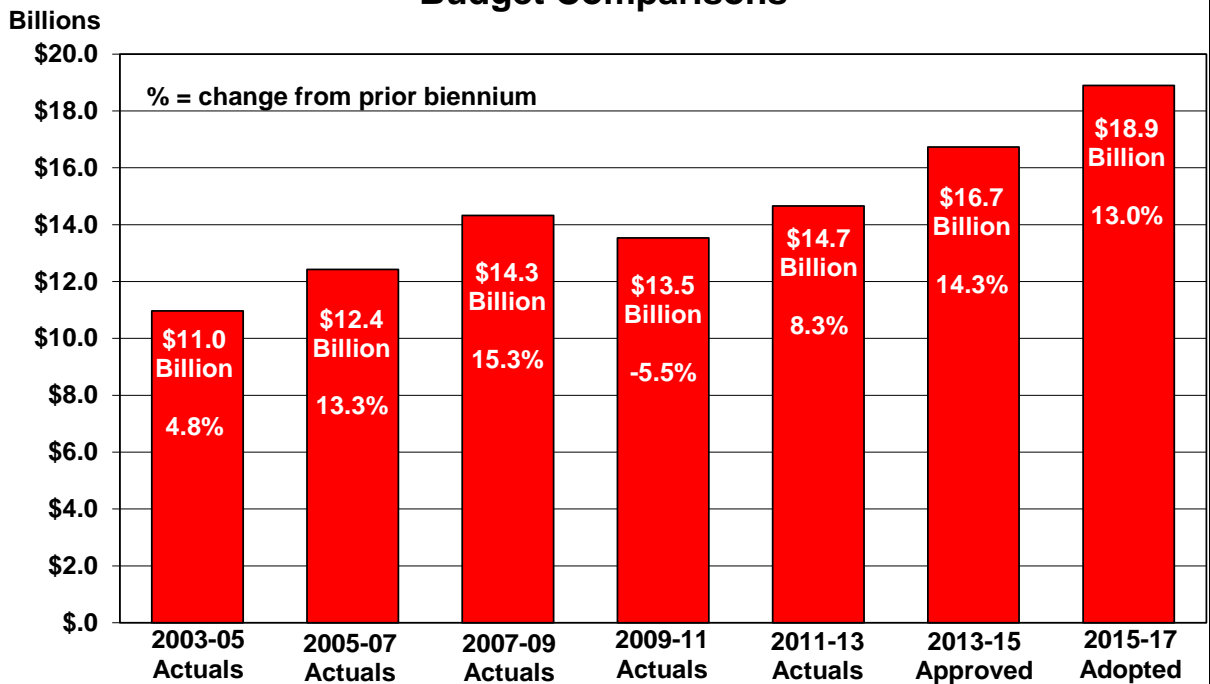
Ending Balance

- Regular ending balances include \$310.3 million General Fund and \$16.1 million Lottery Funds; the Lottery Funds ending balance is for salary and benefit adjustments and to protect against allocation reductions in case of future lottery revenue declines.
- The General Fund ending balance includes a projected Rainy Day Fund deposit of \$179.8 million (1% of projected expenditures) that will occur at the end of the 2015-17 biennium if a sufficiently large ending balance exists at that time to complete the transfer.
- The Measure 76 Lottery Funds ending balance (\$18.1 million) is for cash flow, salary and benefit adjustments, and other dedicated purposes for the Parks and Recreation Department and other Natural Resource program area agencies.

2015-17 General Fund & Lottery Funds Total \$18.899 Billion
 13.0% Increase from 2013-15 Approved
 (through 2015 Session)



**General Fund and Lottery Expenditures
 Budget Comparisons**



Lottery Resources and Lottery Expenditures

Lottery Resources

Lottery game earnings are forecast to grow 6.4% over the 2013-15 biennium level. The broader measure of total Lottery resources, which includes the beginning balance and reversions, is forecast to total \$1.156 billion in the 2015-17 biennium, an \$89.9 million (or 8.4%) increase over the 2013-15 biennium level. This will represent the first increase in biennial lottery resources following three biennia of declines. After a period of rapid growth earlier in the decade, lottery resources declined by 22.4% during the 2009-11 biennium, followed by smaller declines in the 2011-13 and 2013-15 biennia (0.4% and 1.7%, respectively). Even with the growth projected for this biennium, resources in 2015-17 will be 17.6% below the 2007-09 biennium peak. Although the Office of Economic Analysis anticipates that lottery resources will continue to grow going forward, it is not forecasting a return to the rapid growth rates that occurred early last decade when video lottery games were expanded. In fact, total biennial lottery resources are not forecast to exceed the 2007-09 biennium peak level until the 2021-23 biennium.

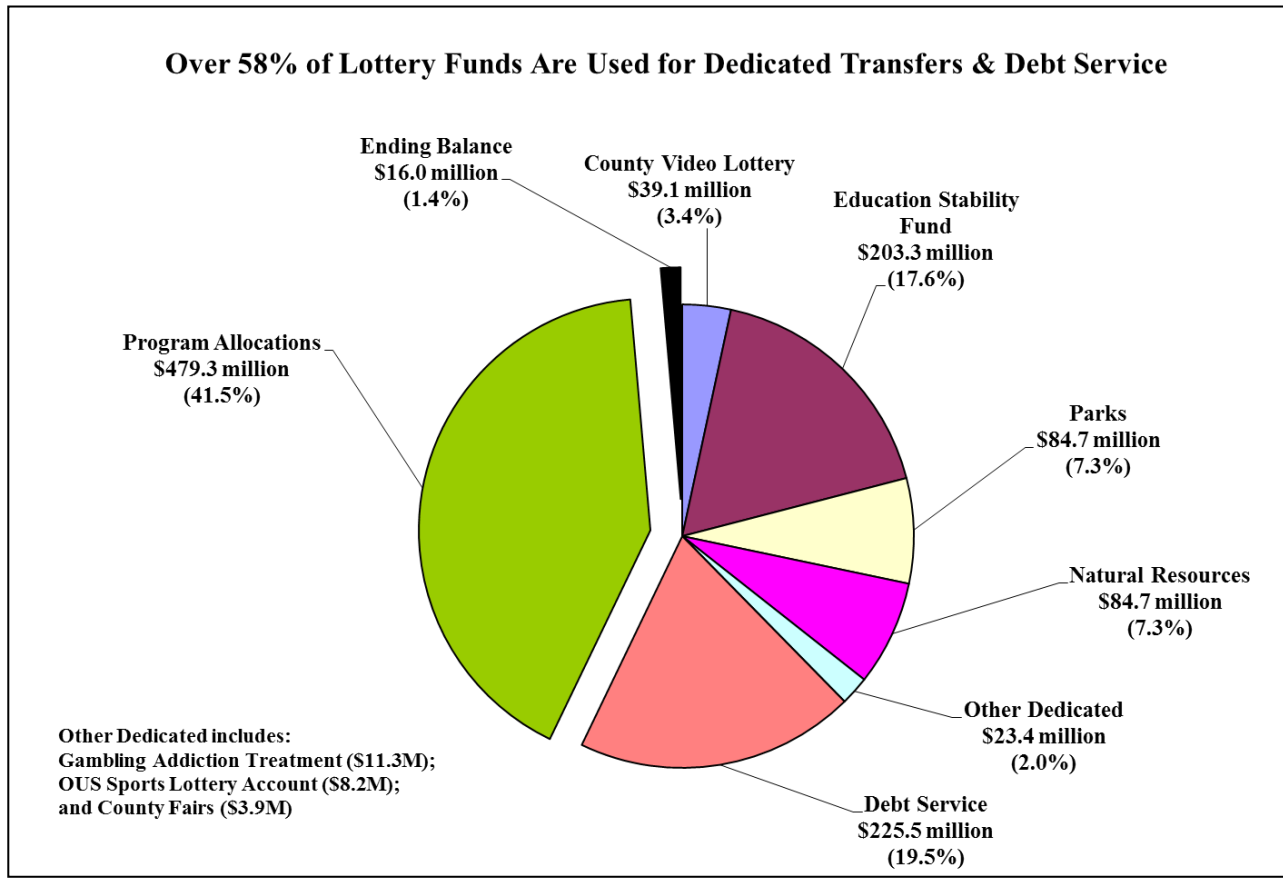
Difference between 2013-15 and 2015-17 Lottery Resources				
(\$ in millions)				
	2011-13	2013-15	2015-17	Difference
	Actuals	Legislatively Approved	Legislatively Adopted	2013-15 to 2015-17
Lottery Game Earnings	\$1,071.6	\$1,061.1	\$1,129.3	\$68.1
Beginning Balance & Reversions	2.3	3.5	24.7	21.2
Administrative Savings	8.0	0.0	0.0	0.0
Interest Earnings	2.1	1.4	2.0	0.6
Total Lottery Resources	\$1,084.0	\$1,066.0	\$1,155.9	\$89.9

During the 2013 session, the Legislature anticipated \$1.06 billion of total lottery resources, and adopted a budget that authorized \$1.04 billion of these resources for transfer and allocation, retaining an ending balance of \$15 million in the Administrative Services Economic Development Fund (EDF). Actual 2013-15 biennium lottery resources, however, came in approximately \$6.5 million above the level projected during the 2013 session. After the constitutionally-established distributions to the Education Stability Fund and the Parks and Natural Resources Fund, there was a remainder of \$4.4 million above the 2013 session forecast. The Legislature made a small increase of \$67,710 to total Lottery allocations during the 2014 session. After these adjustments, a 2013-15 biennium EDF ending balance of approximately \$19.3 million remained, which was available for the 2015-17 biennium budget.

Lottery Expenditures

Total lottery resources are used for four general purposes in the budget: Dedicated Transfers, Debt Service payments, Program Allocations, and the Ending Balance. EDF ending balances (including the \$19.3 million ending balance for 2013-15) are carried forward and become a resource for the next biennium's budget. Beginning in the 2015-17 biennium, Lottery Funds allocations that are unspent and uncommitted at the end of a biennium revert to the EDF and become available for re-allocation. During the 2015-17 biennium, \$5.3 million of prior Lottery Funds allocations to the Oregon Business Development Department were unspent and uncommitted at the close of the 2013-15 biennium and are forecasted to revert to the EDF.

The following chart shows the allocation of lottery resources to dedicated transfers, debt service, program allocations, and the ending balance in the 2015-17 legislatively adopted budget.



Dedicated Transfers

Certain portions of total lottery resources are dedicated to specific uses by either the state Constitution or by statute. The Legislature, therefore, cannot use these funds for other purposes within the regular budget process. The statutory dedications, however, can be modified by legislation.

There are two constitutionally dedicated transfers and four statutorily dedicated transfers. These dedicated transfers are projected to total \$372.7 million (or 32.2% of total lottery resources) during the 2015-17 biennium, a 6.4% increase over the prior biennium level. The constitutional dedicated transfers include:

- Education Stability Fund – In 1996, voters dedicated 15% of total net lottery proceeds and administrative savings transfers to the Education Endowment Fund. In 2002, in another vote, this fund was renamed the Education Stability Fund (ESF), and the percentage of proceeds transferred to the ESF was increased to 18%. The Constitution limits the balance of the ESF to an amount equal to no more than 5% of General Fund revenues in the prior biennium.

When the ESF balance reaches this limit, transfers into the Fund are suspended. During this suspension, a temporary transfer equal to 15% of net lottery proceeds and administrative savings is transferred to School Capital Matching Fund to be used to match designated school district capital expenditures. The ESF balance has never exceeded 5% of prior biennium General Fund revenues to

date. Dedicated transfers to the ESF are projected to total \$203.3 million in the 2015-17 biennium (up 6.4% from the \$191 million transferred in 2013-15).

10% of the amount deposited in the ESF goes into the Oregon Growth Account, which is a subaccount within the ESF. These deposits, which are allocated to illiquid investments, become unavailable for other budget purposes until earnings are declared on the invested funds. After accounting for the Oregon Growth Account deposit, \$182.9 million in Lottery Funds will be transferred to the ESF in the 2015-17 biennium and be available, if needed, for expenditure.

The Lottery Funds transferred to the ESF cannot be spent unless approved by a 3/5 vote in both houses of the Legislature. Certain conditions must be met, however, before such a vote can even take place, which include:

- The state experiences non-farm payroll employment declines extending for two or more consecutive quarters;
- the projected General Fund declines exceed levels established in the Constitution; or
- the Governor declares an emergency to exist.

The conditions allowing expenditure of ESF funds on approval of 3/5 votes without the need for a gubernatorial declaration of emergency were met during the 2009, 2010 and 2011 legislative sessions. During these three sessions, the Legislature approved transferring most of the ESF balance to the State School Fund. During the 2009 session, the Legislature transferred the 2007-09 ESF ending balance of \$393.8 million to the State School Fund to rebalance the 2007-09 biennium budget. During the 2010 and 2011 sessions, a total of \$180.7 million was transferred from the ESF to the State School Fund to rebalance the 2009-11 biennium budget, and a total of \$182.2 million was transferred to the State School Fund in 2011-13. The conditions allowing ESF expenditures without a gubernatorial declaration of emergency did not exist during the 2013, 2014, and 2015 legislative sessions, and no transfers to the State School Fund were approved. As a result, deposits into the Fund will be retained, and the 2015-17 biennium ESF ending balance is forecast to equal \$362.2 million, more than double the 2013-15 ending balance.

The investment earnings of the ESF, unlike the Fund's corpus, are distributed for expenditures on a regular basis. Investment earnings are distributed as follows: 75% to finance debt service costs on bonds that the Legislature approved for schools in the 1997 and 1999 sessions, and 25% for need-based college scholarships awarded through the Oregon Opportunity Grant program. The Legislature changed the distribution in 2015 to allow any funds otherwise dedicated to debt service, but not needed for that purpose, to be redirected to Opportunity Grants instead. As a result, an additional \$7.7 million of earnings that are not needed for debt service will fund Opportunity Grants in the 2015-17 biennium.

Funds available for these distributions have declined as ESF moneys were transferred to the State School Fund and as interest rates have fallen. During the 2013-15 biennium, earnings distributions for debt service and Opportunity Grants totaled only \$738,000 and \$246,000, respectively. Earnings are increasing again; however, as the ESF balance is rebuilt. In 2015-17, only \$56,496 of ESF earnings will be distributed for debt service, but \$10.2 million will be distributed for Opportunity Grants. These distributions are in addition to the total lottery resources figures noted previously.

- Parks and Natural Resources Fund – The other constitutionally-mandated transfer requires 15% of total lottery net lottery proceeds and administrative savings be dedicated to parks and natural resources. This dedication was established when voters approved Ballot Measure 66 in 1998, and extended and modified with the approval of Ballot Measure 76 in 2010. A total of \$169.4 million is forecast to be available for parks and natural resources in the 2015-17 biennium from this dedicated transfer, an increase of 6.4% over the prior biennium. An additional \$14.5 million is carried forward from prior biennium distributions. The 2015-17 legislatively adopted budget includes \$166.5 million of expenditures using Ballot Measure 76 lottery funds.

The 2015 Legislature approved temporary, one-biennium changes to all four of the statutorily-dedicated transfers in the 2015-17 biennium budget. The statutory transfer amounts and their modifications for the 2015-17 biennium are:

- 1% of total lottery transfers are dedicated to gambling addiction treatment programs operated by the Oregon Health Authority. In lieu of that formula-determined amount, however, the Legislature fixed the 2015-17 biennium allocation at the 1% of resources figure, and approved a fixed allocation of \$11,292,544. This amount will not vary with the level of lottery revenues. The allocation is a 6.6% increase over the prior biennium level.
- 1% of total lottery transfers are dedicated to the public universities for athletic programs and graduate student scholarships. The Legislature reduced the 2015-17 biennium dedication for this distribution to a fixed amount of \$8,240,000. The allocation is a 3% increase over the prior biennium level.
- 2.5% of video lottery earnings (not of total lottery resources) are dedicated to counties for economic development programs. The distribution of 2.5% of video lottery earnings to counties is the state's primary shared revenue supporting local economic development programs. In lieu of this transfer, the Legislature established a fixed allocation amount of \$39,083,827 for the 2015-17 biennium. This amount represents the forecasted level of the transfer at the full 2.5% rate, with a subtraction to finance one-half of the allocation made to the Governor's Office to support Regional Solutions positions. The allocation to counties is a 15.5% increase over the prior biennium level.
- 1% of total lottery resources, not to exceed \$1.53 million annually, are dedicated to the County Fair Account for distribution to counties. The maximum amount is adjusted each biennium pursuant to changes in the Consumer Price Index. The Legislature, however, instead established a fixed allocation of \$3,864,000 for the 2015-17 biennium, a 5.3% increase over the prior biennium level.

Debt Service

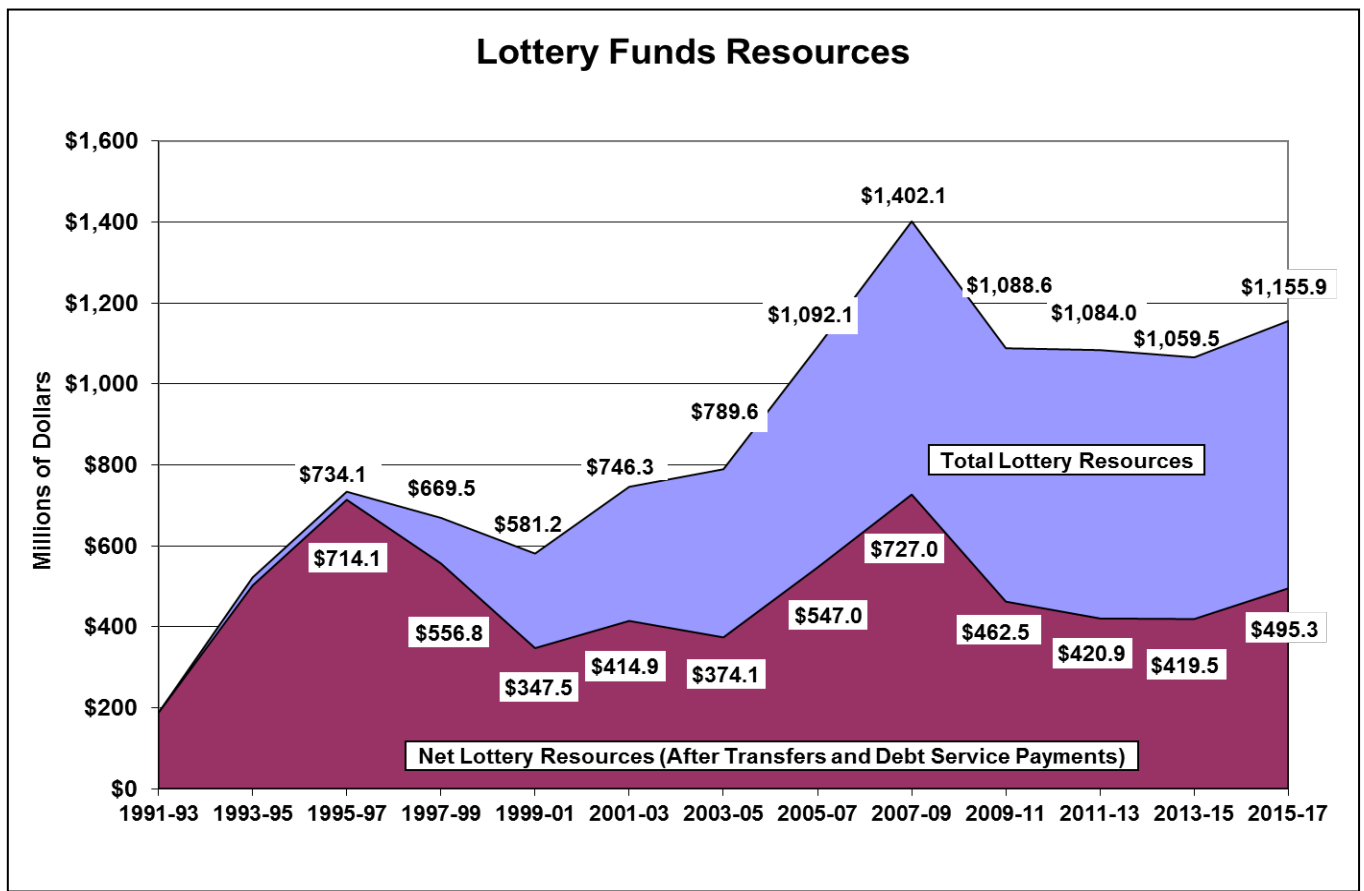
The second categorical use of lottery resources in the budget is to finance debt service costs associated with lottery revenue bonds. The state has issued lottery revenue bonds for a wide number of programs and projects that support public education or economic development. The state's lottery bond program includes covenants with bondholders guaranteeing that these obligations will be given priority over other uses. For example, the state guarantees that it will not reduce debt service payments on lottery bonds when resources are insufficient to finance all Lottery Funds-financed expenditures in the budget. In such circumstances, the state allocates the full amount of any necessary expenditure reductions to the ending balance and to dedicated transfers or program allocations instead.

The legislatively adopted budget allocates \$225.5 million for debt service costs on outstanding lottery revenue bonds. This amount is equal to 19.5% of total lottery resources, and is a 6.1% reduction from the amount allocated for debt service in the prior biennium. Although the budget

also supports issuing \$201.8 million of new lottery revenue bonds in the 2015-17 biennium, these bonds will not be issued until spring 2017, and therefore there are no debt service costs due on the new bonds in the 2015-17 biennium. Debt service on the new bonds is projected to total \$35.9 million in 2017-19, when debt service payments will first become due.

The debt service allocation in the 2015-17 biennium budget supports debt service costs for lottery revenue bonds issued for the Department of Transportation (\$107 million), the Oregon Business Development Department (\$45 million), public universities (\$31.4 million), the Housing and Community Services Department (\$11.7 million), the Department of Administrative Services (\$11.2 million), community colleges (\$10.4 million), the Department of Energy (\$3 million), the Water Resources Department (\$2.5 million), the Department of Forestry (\$2.5 million), and the Department of Education (\$0.8 million).

In the 2007-09 biennium, debt service payments were equal to 11.5% of total lottery resources. In the 2015-17 biennium, debt service payments equal 19.5% of total lottery resources (which is below the 22.5% level in 2013-15). A general bond covenant incorporated in the state’s lottery revenue bonds requires the state to restrict debt service costs to no more than 25% of total lottery resources. The State Debt Policy Advisory Commission calculates the capacity for the state to issue additional lottery revenue bonds on this basis.



Net Lottery Resources after Dedicated Transfers and Debt Service

Dedicated transfers and debt service payments have priority claims to lottery resources in statute and in the state Constitution. The resources remaining net of these purposes represent the funds available for two other uses: to be spent as program allocations to support education or economic development programs *in lieu* of General Fund, or to be saved in an ending balance. The amount of net resources available for these purposes is projected to total \$495.3 million in the 2015-17 biennium. This is equal to a \$75.8 million (or 8.4%) increase over the prior biennium level, somewhat below the 10.4% increase in net General Fund revenue, but still representing the first increase since the 2007-09 biennium. The net amount available for program allocations in the 2015-17 biennium is still 31.9% below the 2007-09 biennium level.

The \$479.3 million of approved program allocations is a 19.8% increase over the prior biennium level. The allocations are as follows:

- \$408.1 million to the State School Fund.
- \$62.1 million to the Oregon Business Development Department.
- \$5 million to the Department of Forestry for Federal Forest restoration.
- \$4.1 million to the Governor's Office for Regional Solutions positions.

A total of \$16 million remains unallocated from the Economic Development Fund and will be retained in the 2015-17 biennium ending balance.

The table on the following page compares 2013-15 and 2015-17 Lottery Funds resources and allocations.

LOTTERY FUNDS CASH FLOW SUMMARY

	2013-15 Legislatively Approved Budget ¹	2015-17 Legislatively Adopted Budget ²	Percent Change
ECONOMIC DEVELOPMENT FUND			
RESOURCES			
Beginning Balance	\$3,491,087	\$19,318,494	453.4%
Lottery Funds Reversions under ORS 461.559	0	5,339,361	N/A
REVENUES			
Transfers from Lottery			
Net Proceeds	1,061,129,097	1,129,256,402	6.4%
Administrative Savings	0	0	0.0%
Other Revenues			
Interest Earnings	1,400,000	2,000,000	42.9%
Total Revenues	1,062,529,097	1,131,256,402	6.5%
TOTAL RESOURCES	1,066,020,184	1,155,914,257	8.4%
DISTRIBUTIONS / ALLOCATIONS			
Distribution of Video Revenues to Counties	(33,849,166)	(39,083,827)	15.5%
Distribution to the Education Stability Fund	(191,003,237)	(203,266,152)	6.4%
Distribution to the Parks and Natural Resources Fund	(159,169,365)	(169,388,460)	6.4%
Distribution to HECC for Collegiate Athletics and Scholarships	(8,000,000)	(8,240,000)	3.0%
Distribution to OHA for Gambling Addiction Treatment Programs	(10,592,542)	(11,292,544)	6.6%
Distribution for County Fairs	(3,669,380)	(3,864,000)	5.3%
Allocation to the State School Fund	(327,374,109)	(408,150,516)	24.7%
Debt Service Allocations	(240,215,783)	(225,477,038)	-6.1%
Other Agency Allocations	(72,828,108)	(71,151,720)	-2.3%
TOTAL DISTRIBUTIONS / ALLOCATIONS	(1,046,701,690)	(1,139,914,257)	8.9%
ENDING BALANCE	\$19,318,494	\$16,000,000	-17.2%
EDUCATION STABILITY FUND			
(not including OGA or ORTDF)			
RESOURCES			
Beginning Balance	\$7,402,401	\$179,301,809	2322.2%
Revenues			
Transfer from the Economic Development Fund 5	171,899,408	182,939,537	6.4%
Interest Earnings	984,133	10,289,094	945.5%
Total Revenue	172,883,541	193,228,631	11.8%
TOTAL RESOURCES	180,285,942	372,530,440	106.6%
DISTRIBUTIONS			
Interest Distributions	(984,133)	(10,289,094)	945.5%
TOTAL DISTRIBUTIONS	(984,133)	(10,289,094)	945.5%
ENDING BALANCE	\$179,301,809	\$362,241,346	102.0%

1. The 2013-15 Legislatively Approved Budget is based on the May 2015 forecast of 2013-15 resources.

2. The 2015-17 Legislatively Adopted Budget is based on the May 2015 forecast of 2015-17 resources, adjusted to include Lottery Funds reversions under ORS 461.559.

3. 2015-17 Beginning Balance is equal to 2013-15 Ending Balance.

4. Declared earnings on the non-Oregon Growth Account portion of the Education Stability Fund are distributed. The Oregon Education Fund receives up to 75 percent of the earnings to pay debt service on Education Lottery Bonds. The Higher Education Coordinating Commission receives the remaining 25 percent, plus any other earnings not needed for debt service, for the Opportunity Grant program.

5. Only includes transfers to the Main ESF account and not the 10% transferred to the Oregon Growth Account.

Other Funds Expenditures

The 2015-17 legislatively adopted budget provides for the expenditure of \$28.523 billion in Other Funds resources. Other Funds are revenues received by a state agency other than General Fund, Lottery Funds, or Federal Funds that are restricted to defined purposes. Examples include revenue from licenses and fees; charges for service; fines, rents and royalties; interest earnings; bond sale proceeds; sales income; donations and contributions; loan repayments; and certain funds received from the federal government.

Other Funds comprise three categories of expenditures: Limited, Nonlimited, and Non-Adds. Limited Other Funds represent agency resources, excluding General Fund and Federal Funds, which are subject to a limitation on how much the agency may spend (expenditure limitation). Nonlimited Other Funds expenditures are generally difficult to precisely estimate and must be paid by law, such as trust fund payments. Consequently, no expenditure limitation is placed on agencies when Nonlimited expenditures are authorized. An example of a Nonlimited expenditure is unemployment insurance benefit payments, the level of which is dependent on external factors such as state and national economic conditions. Non-Adds reflect funds that are spent twice within the state's accounting system. An example is assessments charged against one agency for services provided by a second agency.

The 2015-17 legislatively adopted Other Funds budget represents a decrease of \$1.3 billion (or 4.6%) from the 2013-15 legislatively approved budget. Significant changes in Other Funds expenditure limitation include the following:

Education

- The budget for the Department of Education (ODE) includes an increase in Other Funds expenditures, primarily due to the establishment of a new \$125 million bonding program to provide matching grants to assist school districts in building new facilities and making capital improvements to existing facilities. In addition to the limitation related to the \$125 million in Article XI-P bonds proceeds, ODE costs include the creation of a new Office of School Facilities (\$737,256 Other Funds), grants to assist districts with assessing their facility needs (\$1.8 million Other Funds), and the estimated issuance costs of the bonds (\$1.2 million Other Funds).
- The Higher Education Coordinating Commission's budget includes \$586.5 million Other Funds for capital construction and bonding related costs, as well as for debt service not paid by the state on university self-support bonds.

Human Services

Other Funds of \$6.3 billion in the 2015-17 legislatively adopted budget for the Human Services program area represent a reduction of \$432.6 million (or 6.4%) from the 2013-15 legislatively approved budget. This decrease is primarily due to reductions in several areas of the Oregon Health Authority (OHA), including the Designated State Health Program in Medical Assistance Programs, the phasing-out of most programs in the Office of Health Policy, and the elimination of Capital Construction expenditure limitation related to the state hospital replacement project. Resources related to the hospital and long-term care (nursing) facility assessments have increased. Without the extension of the hospital provider assessment in HB 2395, which augments General Fund used to meet state matching requirements for Medicaid programs, there would have been a significant funding gap.

- The Department of Human Services (DHS) budget includes the current long-term care facility assessment, which was renewed through June 30, 2020 by HB 2216 (2013). For 2015-17, the assessment is expected to raise \$117 million in Other Funds revenues and result in federal matching revenues of \$211 million.

- The Oregon Health Authority budget includes the continuation of the current hospital assessment, which was scheduled to sunset in September of 2015. One percentage point of the assessment will go to the Hospital Transformation Pool, splitting the revenues in the pool between the hospitals and coordinated care organizations. The total assessment is expected to generate over \$900 million Other Funds revenues and result in additional federal matching revenues of \$2.4 billion. The budget also includes \$145 million of hospital assessment revenues that are expected to remain at the end of 2013-15 and carried forward for the 2015-17 biennium.
- The phase-down of the federal Designated State Health Program in OHA will result in an Other Funds decrease of about \$200 million between 2013-15 and 2015-17.
- The final phase-out of the Family Health Insurance Assistance Program (FHIAP), the Oregon Medical Insurance Pool (OMIP), the Federal Medical Insurance Pool (FMIP), and Healthy Kids Connect in OHA results in a reduction of Other Funds revenues of \$155 million (as well as a reduction of \$116 million Federal Funds). These resources were comprised of insurance premiums collected from insured individuals and insurer assessments.
- Other Funds in the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB) total over \$3.3 billion, an increase of \$30 million from 2013-15.
- The \$79 million of capital construction Other Funds expenditure limitation in the 2013-15 budget is eliminated from the OHA 2015-17 budget.

Public Safety and Judicial Branch

- The Department of Corrections has two significant increases in Other Funds. The first is \$14.2 million in Article XI-Q bond proceeds for deferred maintenance projects. The other increase, of \$3.6 million, is in the Inmate Work Program and reflects additional contracting work that is expected to occur, particularly in regard to wildland firefighting.
- The Other Funds budget for the Department of State Police is 7.7% higher than the 2013-15 legislatively approved budget, and 3% higher than the 2015-17 current service level. This increase appears modest but it is noteworthy that the agency's Other Funds budget incorporates the loss of \$5.2 million in fee revenue from the Department of Fish and Wildlife for fish and wildlife enforcement that was replaced with a corresponding increase in General Fund. Other significant changes including the following:
 - \$1.3 million in marijuana tax revenue and 4.00 FTE.
 - \$5 million in Other Funds expenditure limitation for replacement of Oregon's criminal justice data repository.
 - \$1.9 million in Other Funds fee revenue to support 4 additional trooper positions and capital equipment replacements.
- The Oregon Youth Authority's Other Funds expenditure limitation is increased \$49 million for bond proceeds to implement the 10-Year Facilities Strategic Plan, address widespread deferred maintenance needs, and to purchase additional security cameras. An additional \$1 million is provided for bond issuance costs.
- The Other Funds expenditure limitation for the Military Department was increased by \$11.8 million for capital projects including the Joint Forces Headquarters building (\$6.7 million) and expansion of the Youth Challenge Program space in Bend (just under \$5 million).
- Approval of a new statewide Mental Health Crisis Intervention program will increase Other Funds expenditures in the Department of Public Safety Standards and Training by \$379,000.

- Other Funds expenditure limitation for the Judicial Department was increased by \$31.5 million (or 29%) over the prior biennium level. This increase primarily reflects expanded Article XI-Q bond support for courthouse capital construction projects. The 2015-17 biennium budget includes:
 - \$27.8 million of bond proceeds for new courthouses in Multnomah, Jefferson, and Tillamook counties; Other Funds expenditure limitation was increased by \$39.8 million for bond proceeds and county matching funds for the Multnomah and Jefferson projects.
 - \$2.7 million for ongoing eCourt operational support and \$1.1 million for county court facilities security accounts. These increases were offset by a \$7.5 million reduction in bond-proceed support for the eCourt project, which is funded at a \$17 million level in 2015-17 for the final implementation, and the completion of a \$4.4 million deferred maintenance project at the Supreme Court Building.
 - Other Funds expenditures of \$1.2 million in the Public Defense Services Commission budget were shifted to the General Fund. This shift reverses a one-time fund shift in the 2013-15 biennium that used available fund balances from the Application/Contribution Program to support the public defense system.

Economic Development

- Other Funds expenditure limitations for the Oregon Business Development Department were increased \$216.4 million (or 280%) over the prior biennium level. The increase is primarily the result of expansions of the Department's lottery bond and general obligation bond-funded programs.
 - Other Funds expenditures were increased by \$160 million (from \$15 million in 2013-15 to \$175 million in 2015-17) for seismic rehabilitation grants for schools, and increased by \$15 million (from \$15 million to \$30 million) for seismic rehabilitation grants for emergency services facilities.
 - Regional Solutions project bond funding was increased by \$4 million (from \$9 million to \$13 million).
 - Bond support for cultural organization capital projects was increased \$2.75 million (from \$1.75 million to \$4.5 million).
 - Bond proceeds support Nonlimited Other Funds expenditures of \$7 million to recapitalize the Brownfields Redevelopment Fund, and \$18 million to recapitalize the Special Public Works Fund (including \$5 million specifically designated for levee projects). In the 2013-15 biennium, only \$9 million of bonds were provided for the Special Public Works Fund and none were provided for the Brownfields Redevelopment Fund.
- Other Funds expenditures in the Employment Department's budget include:
 - \$3.8 million for job placement assistance for special populations.
 - \$3 million for preliminary planning and design costs related to modernization of the agency's information systems.
 - \$1.3 million to detect and prevent unemployment insurance benefit overpayments.
 - \$1.9 million for physical improvements to regional WorkSource centers in an effort to improve customer service and productivity.
 - \$1.6 million to complete secured sign-in for the payroll reporting system.
 - \$0.9 million to complete work on the Office of Administrative Hearings' case management system.
- Other Funds expenditures in the Housing and Community Services Department budget include:
 - \$40 million in bond proceeds for construction of new affordable housing units (Other Funds Capital Construction).

- \$20 million in lottery bond proceeds for financing affordable housing for people with mental health and addictions issues.
- \$2.5 million in lottery bond proceeds for preservation of existing affordable housing.
- \$10.5 million related to energy assistance assessment collection and payments.
- The Department of Veterans' Affairs Other Funds budget include:
 - The addition of an Aging Veterans Services Director, at a cost of \$220,000 Other Funds to oversee care delivered to residents of the agency's two skilled nursing facilities.
 - \$250,000 for improvements to the Loan Program's information systems.
 - \$148,346 for one additional position in the Home Loan program to meet the demand for home loans.
 - Other Funds capital construction limitation in the amount of \$1.5 million will be matched by \$2.8 million in federal funds in the event that the agency is awarded a grant to update and remodel the Oregon Veterans' Home in The Dalles.

Consumer and Business Services

- An Other Funds increase of more than \$27 million for the Department of Consumer and Business Services is entirely due to the establishment of the Oregon Health Insurance Marketplace in conjunction with the dissolution of Cover Oregon. This \$33.7 million Other Funds budget addition was offset somewhat by the reduction of \$13 million in Other Funds for federal revenues being expended as Other Funds in prior biennia and reestablished as Federal Funds expenditures in the 2015-17 biennium.
- Other Funds expenditures for the policy and administration programs of the Public Utility Commission increased by \$5.2 million due to an increase in the annual fee imposed on public utilities and telecommunications providers from 0.25% to 0.30% of gross operating revenues. The increase enables the programs to maintain the current service level.
- Other Funds for the Board of Pharmacy increased \$898,636 from the 2013-15 legislatively approved budget. This increase includes position authority and a pay-line exception for a permanent full-time Program Analyst position to be established as a lead worker in the licensing unit to provide increased oversight and training to the licensing team. Additionally, the increase includes funding to replace licensing software at an estimated cost of \$316,756, of which \$275,000 is one-time cost.
- The Mortuary and Cemetery Board's Other Funds budget is up \$618,428 (or 42.6%) from the 2013-2015 legislatively approved budget due to the establishment of a position, which will be shared by the Health Related Licensing Boards, to provide budget and accounting services, and an additional expenditure limitation increase for pass-through funds related to the Indigent Disposition program that was transferred from the Oregon Health Authority to the Board in HB 3243.

Natural Resources

Total Other Funds decreased by \$211 million from the 2013-15 legislatively approved budget. Of the total reduction, \$49.4 million occurred in Nonlimited Other Funds due in part to elimination of \$10.5 million in the Department of Forestry that was included in the 2013-2015 budget for the purpose of bond refinancing and a \$35 million decrease in the Department of Energy. Major changes include:

- The Department of Agriculture Other Funds budget increased by \$5 million over 2013-15 levels due to fee increases in the pesticides, nursery, and other programs, as well as making the Pesticide Analytical Response Center and the Plant Health program fully supported by Other Funds rather than relying on a mixture of Other Funds and General Fund.

- The Department of Energy's Other Funds budget is 22.3% less than the 2013-15 legislatively approved budget. Other Funds reductions of \$4.4 million to balance expenditures with revenue shortfalls include reductions to the State Energy Efficient Design program, the Energy Facility Siting program, and the Energy Supplier Assessment. Expenditure reductions include closure of the Hermiston Office, elimination of 8 positions (7.42 FTE), and elimination of agency expenses due to the end of the Business Energy Tax Credit. Additional reductions of \$13.8 million Other Funds are associated with one-time payments in 2013-15, including lottery bond proceeds granted to Clean Energy Works Oregon (-\$9.7 million), funds for technology investments (\$-2.2 million), and funds for special payments to the Alternative Fuel Vehicle Loan program (-\$1.9 million).
- The Department of Environmental Quality 2015-17 Other Funds budget is \$6.2 million higher than 2013-15 due to fee increases in the water quality and solid waste disposal programs.
- Other Funds reductions of \$10.7 million in the Department of Fish and Wildlife were caused by program reductions and increases in General Fund support to replace decreased revenues from hunters and fishers.
- Other Funds for the Department of Forestry were reduced by \$177.3 million due to the phase-out of emergency fire costs from the 2013 and 2014 fire seasons.
- The Department of Geology and Mineral Industries budget included a reduction of \$6 million Other Funds from the 2013-15 legislatively approved budget, resulting from an increase in General Fund support to replace declining revenues for the geologic hazards programs and a reflection of the identified LIDAR contracts in place for the 2015-17 biennium. The Department may return to the Legislature, as in the 2013-15 biennium, to request an increase in Other Funds expenditure limitation if additional LIDAR work is identified.
- Other Funds are increased in the Parks and Recreation Department budget for Lottery Bond proceeds for three purposes: \$1.5 million for the City of Portland's Forest Park; \$7.5 million for the Willamette Falls River Walk project; and \$2.5 million to implement HB 3526, the Main Street Revitalization grant program. Offsetting these increases is a decrease of \$12.1 million due to the transfer of the Oregon State Fair and Exposition Center from the Parks and Recreation Department to a public corporation managed by the Oregon State Fair Council, as directed by SB 7 (2013).
- The Water Resources Department had a net increase of \$39.2 million in Other Funds, consisting of \$21.8 million in expenditure authority for lottery bond proceeds and issuance costs for various water planning, storage, and conservation projects and \$31.7 million in General Obligation bond proceeds to finance large water development projects. These increases were offset by elimination of \$10 million in unused bonding authority from the 2013-15 biennium and reductions in debt service payments.

Transportation

- The Department of Transportation received Other Funds expenditure limitation to accommodate a variety of initiatives for the 2015-17 biennium, including:
 - \$393 million in bond proceeds for the final phase of the Jobs and Transportation Act highway projects.
 - \$35 million from General Obligation bond proceeds for six critical highway safety projects throughout the state.
 - \$30.4 million to start the DMV Service Transformation Project.
 - \$45 million for the ConnectOregon multimodal transportation program.
 - \$10 million for the Coos Bay Rail Link.
 - \$983,000 to implement policy measures.

- HB 2075 raised aviation fuel taxes by 2 cents per gallon, which increased projected revenues to the Department of Aviation in 2015-17 by \$5.25 million. After 5% for administrative costs, 50% of the new revenue will be used for Federal Aviation Administration grant match, economic development, and emergency preparedness; 25% for commercial air service to rural Oregon; and 25% for safety and infrastructure improvements at federally and non-federally funded state-owned airports.

Administration

- Other Funds Limited expenditures for the Department of Administrative Services (DAS) are \$48.3 million lower than the 2013-15 legislatively approved budget. Reductions include:
 - \$17.5 million in Enterprise Technology Services.
 - Elimination of \$62.3 million in pass-through limitation for payments from the shared services fund. Modifications to this program capped payments to any one county at \$16 million annually and having the state make the payments directly to counties and not through DAS. This change eliminated the need for Other Funds expenditure limitation for the Shared Services program in the DAS budget.
- Other Funds Nonlimited Expenditures for DAS increased by \$63 million from 2013-15, due to the continuation of Nonlimited Other Funds authority for disbursement of proceeds from bonds sold for the benefit of higher education during the 2013-15 biennium. In the future, these disbursements will be made by the Higher Education Coordinating Commission.
- The Department of Revenue budget included the following significant Other Funds expenditures:
 - \$33.6 million for payments to counties from the County Assessment Function Funding Account.
 - \$30 million for payments to counties from the Senior Property Deferral Account.
 - \$26.3 million in Article XI-Q bonding for the Core System Replacement project.
 - \$2 million in Article XI-Q bonding for a Property Valuation System project.
 - \$1.9 million for the establishment of a marijuana tax program.
- Other Funds expenditures of note for the State Treasurer included \$7.4 million for the Investment Management Division and \$4.4 million for the replacement of the agency's cash management applications.
- Public Employees Retirement System Other Funds expenditures include:
 - \$1.9 million for the Individual Account program information technology project.
 - \$1.6 million for implementation of the recent Moro Supreme Court decision.
 - \$1.6 million for disaster recovery.
 - \$1 million for data verification.
- The Oregon Liquor Control Commission's budget consists entirely of Other Funds. The budget includes expenditure limitation for the following major initiatives:
 - \$5 million for upgrading the agency's shipping capacity to meet demand for distilled spirits for the next decade.
 - \$4.2 million to repair OLCC warehouse and office facilities.
 - \$8.3 million associated with the regulation of recreational marijuana.
- Other Funds expenditures for the Secretary of State include:
 - \$1.3 million for new positions in the Information Services Division, \$347,928 for 2 new Auditor positions, and \$229,952 for new and expanded positions in the Corporation Division.
 - \$800,000 for a one-time fund shift from General Fund in the Administrative Services Division budget. The one-time shift will be paid from accumulated Other Funds beginning balances.
 - \$1 million Other Funds increase to include expenditure of county payments for the Oregon Centralized Voter Registration system in the agency budget; however, this represents properly

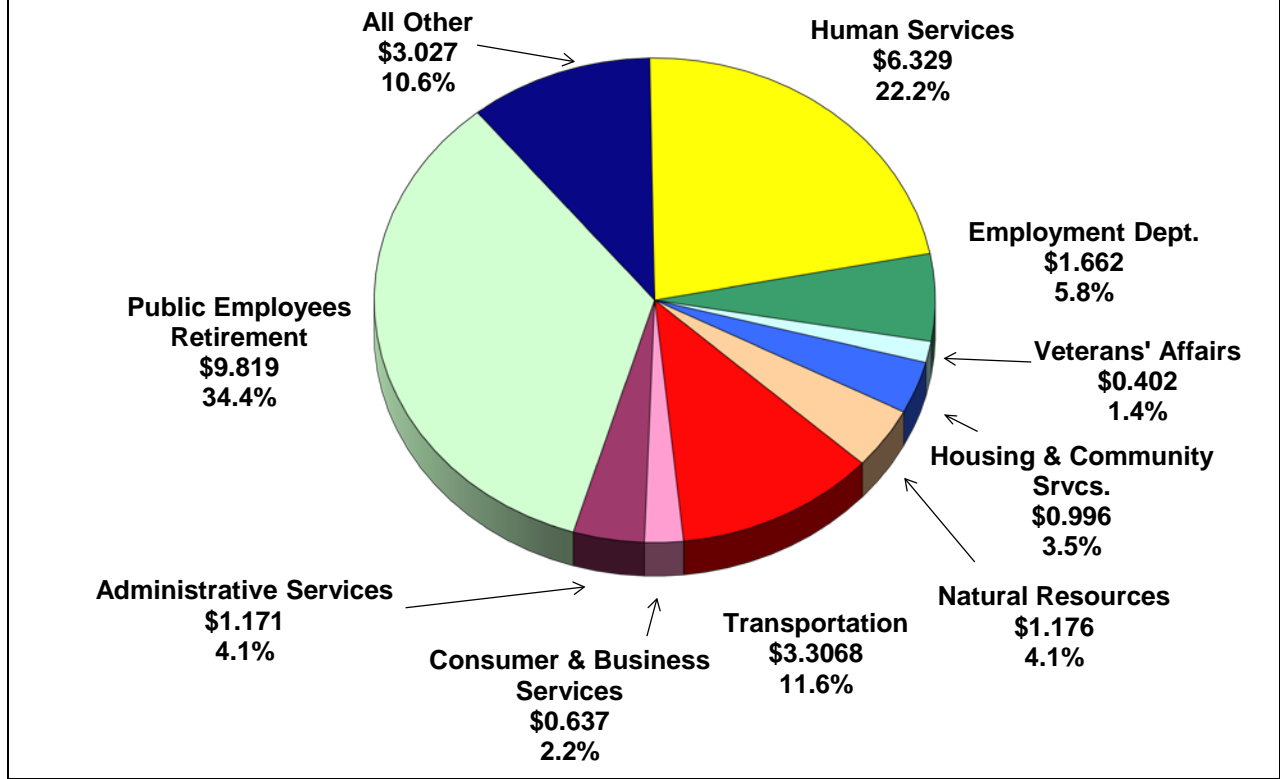
accounting for these expenditures and does not reflect an increase in the expenditures themselves.

Marijuana Regulation (multiple agencies)

The passage of Ballot Measure 91 in November, 2014, and subsequent legislation to implement a regulated recreational and medical marijuana program resulted in the need for expenditures by several agencies, as noted above. HB 5047 provided \$17.5 million in Other Funds expenditure limitation for the duties and activities outlined for each agency in HB 3400, HB 2041, SB 460, and SB 844, as follows:

- Oregon Liquor Control Commission: \$8.3 million Other Funds. OLCC is responsible for licensing growers, wholesalers, processors, and retailers of recreational marijuana and products made with marijuana. The budget funds 30 positions (24.91 FTE), including 11 regulatory specialists, compliance, licensing, and administrative personnel (\$3.8 million); development, procurement, and management of a product traceability system (\$1.9 million); and repayment of startup costs incurred in the 2013-15 biennium. Preliminary costs will be funded through a loan from the Liquor Fund, repaid by marijuana tax revenues plus 2% interest. The agency is anticipated to generate sustainable funding from licensing revenue beginning in 2017-19.
- Oregon Health Authority: \$6.7 million Other Funds. OHA's expenditures are related to licensing and regulating medical marijuana growers, processors, and dispensaries and include 25 positions (19.58 FTE). Fourteen compliance specialist (inspector) positions, and personnel related to policy, rulemaking, product tracking, communication/education, fiscal, and auditing functions are included. A portion of expenses will be passed through to the Department of Human Services for shared services, and costs related to sharing the traceability system being developed by OLCC are also included. OHA's start-up costs for the program will be funded using a portion of current ending balances from the existing medical marijuana and dispensary program and will be fee-supported going forward.
- Department of Human Services: \$0.4 million. DHS costs are related to conducting background checks on behalf of OHA and OHA will pay for these costs.
- Department of Revenue: \$1.9 million. DOR's costs are primarily attributable to collecting the tax imposed on marijuana at the point of sale. Personnel include 6 positions (2.32 FTE), and \$1.1 million of the total expenditure limitation is for the one-time expense of adding point-of-sale functionality to the Department's Core Systems Replacement project. DOR plans to leverage OLCC inspection activities to generate tax payment compliance. Federal banking restrictions may result in the majority of tax payments being made in cash, which may require additional expenditures to enhance agency security and infrastructure. The expenses will be funded through marijuana tax receipts.
- Department of Agriculture: \$0.2 million Other Funds. The Department of Agriculture will establish one position to serve as the Department's Marijuana Policy Analyst on issues related to food safety, weights and measures, pesticides, market access and development, nurseries, pesticides, and laboratory testing. The position will be funded from a transfer of revenue from OLCC.

2015-17 Other Funds Total \$28.523 Billion
4.6% Decrease from 2013-15 Approved Expenditures
 (Billions of Dollars/Percent of Total; through 2015 Session)



Federal Funds Expenditures

The 2015-17 legislatively adopted budget authorizes the expenditure of \$21.561 billion Federal Funds. Federal Funds is revenue from the federal government that is sent to state agencies to pay for specific programs and activities. Examples include competitive grants, matching funds, block grants, pass-through funds, or special payments. The 2015-17 legislatively adopted Federal Funds budget represents an increase of \$2.15 billion (or 11.1%) from the 2013-15 legislatively approved Federal Funds level.

Significant changes in Federal Funds expenditure limitation include the following:

Human Services

Federal Funds of \$18.5 billion in the 2015-17 legislatively adopted budget represent an increase of \$2.3 billion (or 14%) over the 2013-15 legislatively approved federal funds budget. The increase is primarily the result of the following changes:

- Federal Funds in the Oregon Health Authority increased about \$1.8 billion because of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level. This expansion will be entirely federally funded until the last six months of the 2015-17 biennium, when the state will pay for 5% of the costs.
- The Department of Human Services' budget reflects projected caseload growth and cost per case increases in Aging and People with Disabilities and Intellectual and Developmental Disabilities programs, which drives Federal Funds revenue increases in excess of 18%, or about \$521.5 million, for these two budget components. The programs are operating under a federal waiver through the

Community First Choice Option State Plan (K Plan). Under the K Plan, the state draws down an additional 6% in federal medical assistance percentage (FMAP) for qualifying services; program changes under the waiver have also broadened eligibility and service offerings for some programs.

Public Safety

- The Department of Justice will expend \$30 million in Federal Funds for its Child Support Enforcement Automated System, while Federal Funds for the High Intensity Drug Trafficking Area program will be reduced by \$6.4 million, due to the transfer of this program to the Department of Public Safety Standards and Training.
- For the Military Department, \$30.9 million in Federal Funds are phased out from the Readiness Sustainment Maintenance efforts at Camp Withycombe due to the reduced need for refurbished equipment with the drawdown of troops in the Middle East.
- The Department of Public Safety Standards and Training (DPSST) Federal Funds budget increased from \$382,000 in 2013-15 to \$4.15 million in 2015-17 due to the transfer in of the High Intensity Drug Trafficking Area (HIDTA) program from the Department of Justice. DPSST will assume responsibility for distributing \$3,368,301 in federal HIDTA grants to Oregon cities, counties, and multi-jurisdictional entities for drug trafficking reduction initiatives, and will retain \$393,251 and 2.00 FTE for grant accounting and administrative support.

Economic Development

- Federal Funds account for 8.2% of the Employment Department's budget for administrative costs for programs such as Unemployment Insurance administration (\$127.8 million), Trade Act job placement and training services (\$2.8 million), labor statistics services (\$3.5 million), and reemployment services (\$31.9 million). Another \$94.8 million in expenditures is classified as Federal Funds Non-Limited, attributable mostly to unemployment insurance benefit payments funded by the federal government or due to federal employees.
- The legislatively adopted budget transferred \$1.8 million in federal food assistance and commodity programs from the Housing and Community Services Department to the Department of Human Services, which will integrate the programs with the rest of its nutrition programs. Other significant sources of Federal Funds received and passed through by the Housing and Community Services Department include the following:
 - \$17.5 million for federal assistance related to homelessness and the Community Services Block grant.
 - \$76.3 million for energy assistance and weatherization programs.
 - \$14.6 million for multifamily housing development.
 - Federal rental subsidies of \$112.3 million Federal Funds Nonlimited.
- The Department of Veterans' Affairs 2015-17 legislatively adopted budget includes \$2.8 million in Federal Funds Capital Construction limitation (good for six years) to facilitate the receipt of a federal grant for remodeling the veterans' home facility in The Dalles. The grant will be matched by \$1.5 million of Other Funds (also capital construction limitation) from the Department.

Consumer and Business Services

- The 2015-17 legislatively adopted budget reduces federal fund expenditures for the Public Utility Commission by \$74.9% from the previous biennium, due to the phasing out of \$1.6 million associated with a federal broadband grant under the American Recovery and Reinvestment Act that ended during the 2013-15 biennium.

Natural Resources

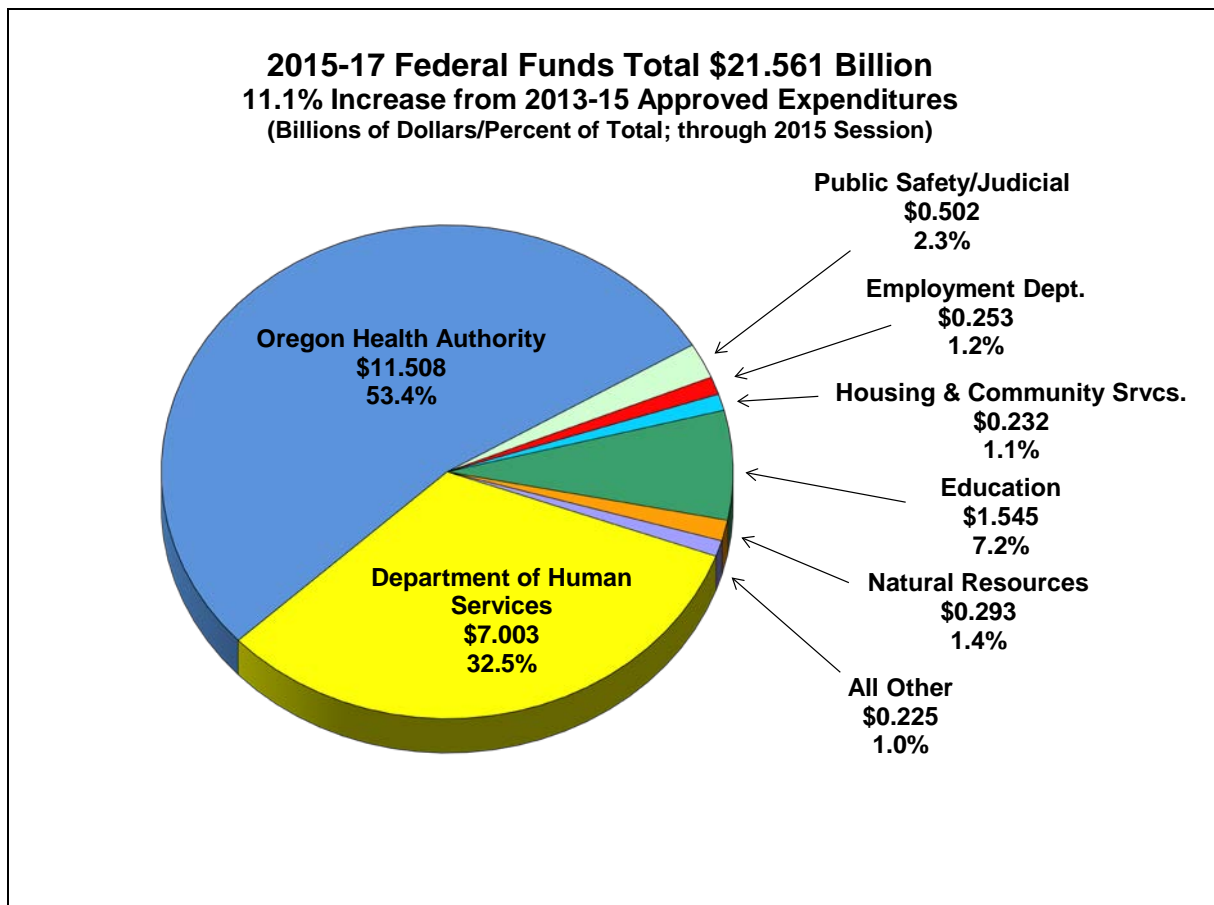
- A \$4.2 million increase in Federal Funds for the Department of Fish and Wildlife is the result of contracted work and due to substantial increases in the Pittman-Robertson Wildlife Restoration Act federal excise tax on the sales of firearms and ammunition.
- A \$4.1 million increase in Federal Funds to the Oregon Watershed Enhancement Board attributable to the Pacific Coastal Salmon Recovery Fund for salmon recovery activities.

Transportation

- The Department of Aviation’s Federal Funds expenditure limitation increased by 18.7% over the 2013-15 legislatively approved budget. The increase is due to entitlement revenue and capital limitation for capital construction projects at three state airports: Condon, McDermitt, and Aurora.

Administration

- Federal Funds expenditures for the Secretary of State were increased by \$1.1 million (or 23.7%) over the prior biennium level. This increase included \$753,445 for the agency’s costs to implement HB 2177, which requires the Secretary of State to register eligible voters based on Department of Transportation electronic records, and \$488,710 for Oregon Centralized Voter Registration system improvements. These increases are partially offset by a \$134,324 decrease in federal grant funds for the Archives Division.



Summary of Legislative Actions Affecting the Budget

Assumptions

In a typical biennium, various assumptions regarding rates and assessments are made while building the budget. The budget is initially built by taking the previous biennium's budget and adding in these new rates, assessment changes, inflation, and personal services cost increases.

Inflation

Standard inflation applies to most services and supplies, non-PICS personal services, capital outlay, and some special payment accounts. The standard inflation factor for 2015-17 is 3%. Non-state personnel costs (contract providers) were allowed a 3.3% inflation rate.

Medical inflation, which includes many human services programs and other programs that utilize trained medical staff, was set at a rate of 4.7%. Inflation rates for certain programs may be higher than the inflation rates listed above. Any exceptions to those rates were approved by the analysts assigned to that agency.

Rates

Some of the services and supplies accounts are based on rates charged for services. Inflation is not applied to these accounts. These accounts are adjusted by the rates that will be charged for the services. The Department of Administrative Services publishes the Price List of Goods and Services. This document contains all of the rates that agencies will be charged by other agencies.

During the 2015 session, adjustments were made to lower the rates for the Department of Administrative Services, the Attorney General, and the Secretary of State Audits Division.

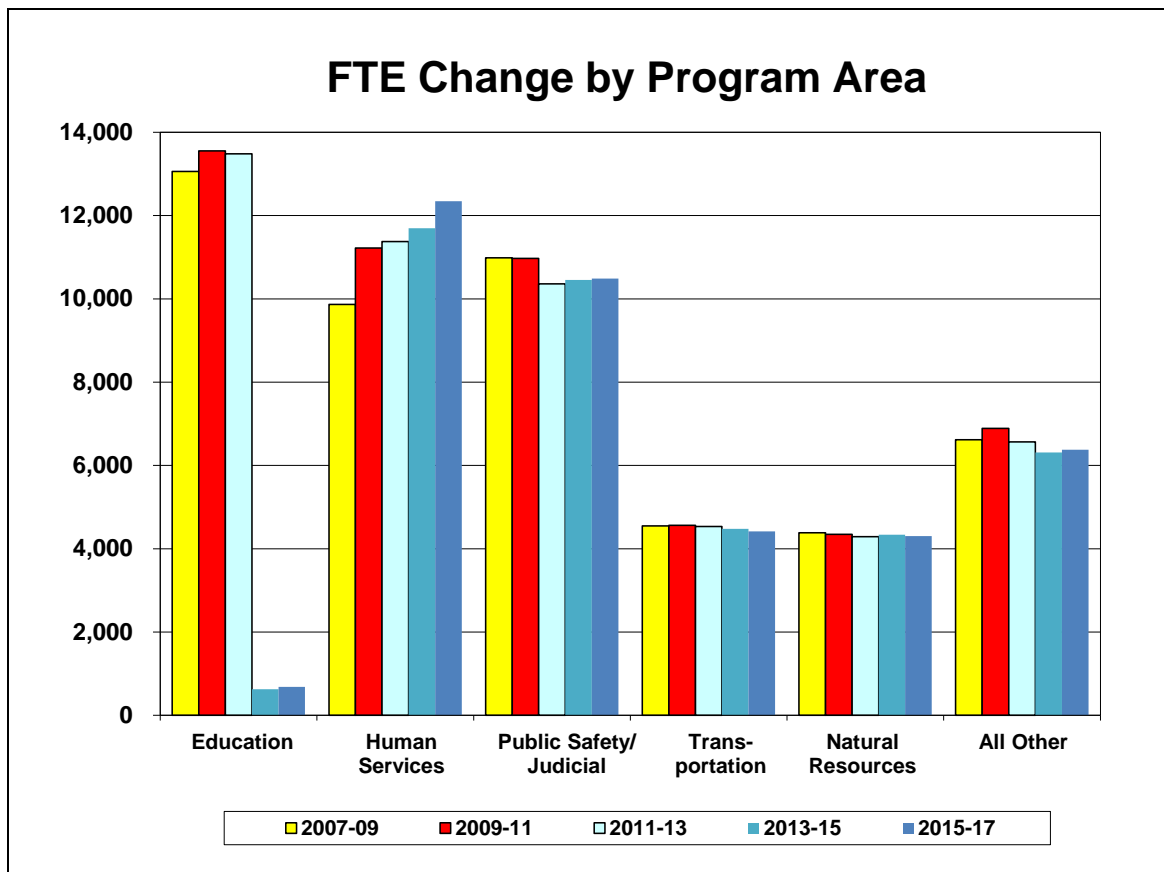
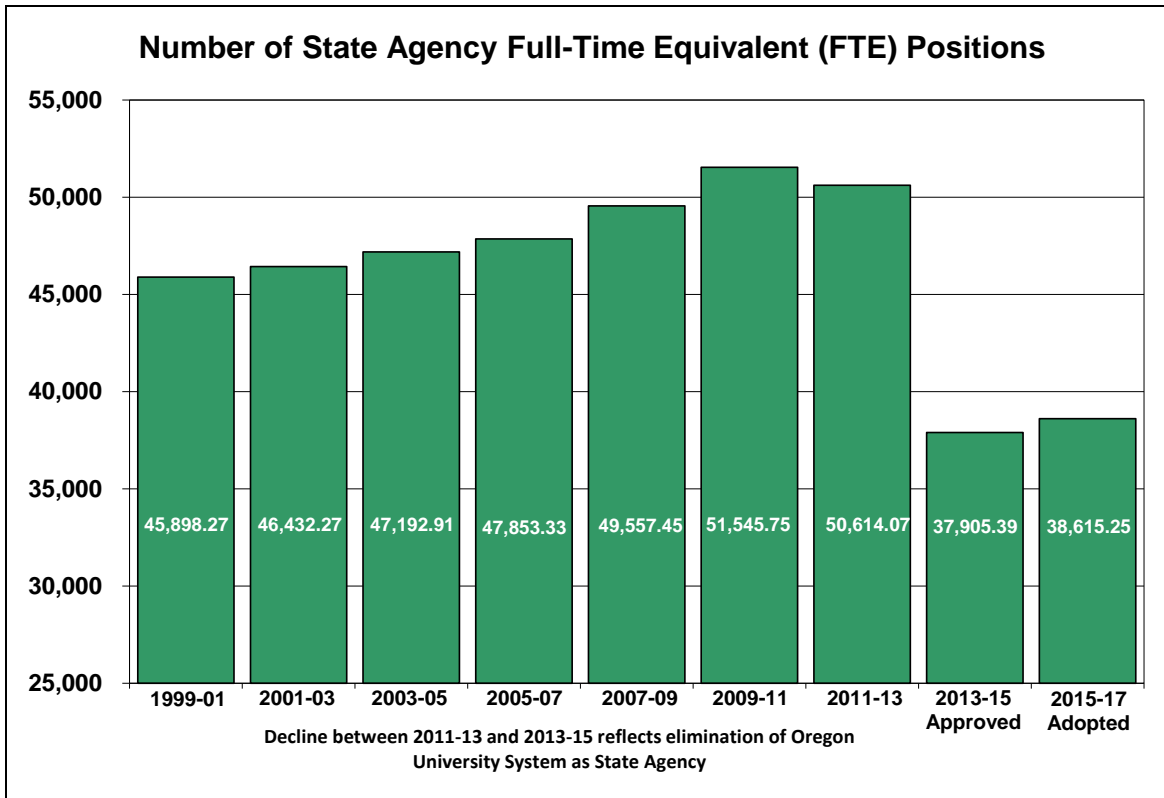
State Employees

Positions and Full-Time Equivalency

The legislatively adopted total funds budget supports 38,615.25 Full-Time Equivalent (FTE) positions. An FTE represents the number of months for which each position is budgeted during the 24-month biennium. State law (ORS 240.185) limits the number of state FTE positions to 1.5% of the state's population in the previous year. As of July 1, 2014, the state's population was estimated at 3,962,710. The FTE limit at the beginning of the biennium is therefore 59,440.65, substantially higher than the number included in the adopted budget. In addition, ORS 240.185 also provides for certain FTE exclusions, including employees in the legislative and judicial branches, the Offices of the Secretary of State, the Governor, and the State Treasurer, and some positions in the Employment Department. Of the total FTE in the 2015-17 legislatively adopted budget, nearly 55% of the approved FTE, or a total of 21,139.33, are in four state agencies (the Oregon Health Authority, and the Departments of Human Services, Corrections, and Transportation).

The number of state positions and FTE increased slightly in the 2015-17 adopted budget, up by 422 positions and 709.86 FTE (increases of 1% and 1.9%, respectively). Comparisons to earlier biennia are no longer valid because of the Legislature's decision to move the Oregon University System (OUS) to non-state agency status with the passage of SB 242 during the 2011 session. This resulted in a break in the state positions/FTE data series. In the 2011-13 legislatively approved budget, for example, OUS totaled

18,650 positions and 13,015.02 FTE; these are no longer counted in the totals for 2013-15 and subsequent biennia. A complete list of FTE by agency and program area can be found in Appendix C.



Salary and Benefit Actions

The 2015-17 legislatively adopted budget included \$120 million General Fund for state employee compensation issues and another \$10.7 million General Fund for non-state employee compensation. Both of these amounts were appropriated to the Emergency Board as special purpose appropriations to be allocated to the affected entities once final collective bargaining decisions are made. For state employees, collective bargaining resulted in new contracts that generally included the following components (not all collective bargaining units have completed negotiations or ratified the proposed contracts)¹: a 1.48% cost-of-living adjustment effective December 2015 and a 2.75% cost-of-living adjustment effective December 2016; effective November 2016, the state will discontinue the 6% PERS pickup, employees will receive a 6.95% salary increase, and employees will be required to begin making their own 6% contribution to PERS; continuation of the 5% employee contribution to the cost of health insurance premiums (with some options); a cost-of-living accelerator provision tied to Public Employees Benefit Board final composite rates for the 2017 benefit year; and adding the Friday after Thanksgiving as an additional state paid holiday. While final numbers have not yet been generated, preliminary expectations are that the special purpose appropriation should cover approximately 95% of the actual General Fund costs of the negotiated contracts.

For non-state employees, it is anticipated that the special purpose appropriation will help pay for compensation changes driven by collective bargaining, including cost of living rate increases for adult foster home providers. Funding is also expected to address child care and home care contract changes not covered in agency budgets.

Agency Organizational Changes

Agency organizational changes made during the 2015 session include:

- The final steps in the changing structure and consolidation of post-secondary education were implemented as part of the 2015-17 budget. The Higher Education Coordinating Commission (HECC) is the primary state agency for oversight and coordination of post-secondary education, and HECC's 2015-17 budget now consolidates the state-provided funding for the Community College system, the seven Public Universities that were part of the Oregon University System, student financial aid programs through the Oregon Student Access and Completion Office, and the programs at the Oregon Health and Science University (OHSU). A number of changes were also made relating to state authorized bonding and capital construction at post-secondary institutions to reflect the new structures and relationships between the state, HECC, and these institutions. Debt service and capital construction-related spending for OHSU currently remains with the Department of Administrative Services, despite the fact that all other debt and capital financing for universities has HECC oversight.
- Due to concerns regarding the financial operations of the Department of Geology and Mineral Industries, fiscal and accounting services were removed from the agency and were directed to be provided by the Department of Administrative Services' Shared Client Services unit. The agency is also reviewing organizational and accounting structures, business operations, program priorities, cash flows and fees, and conducting a comprehensive assessment of the agency's information technology-related operations and will report back to the Legislature in February 2016.

¹ This description reflects the tentative agreement made by the Service Employees International Union (SEIU) for a four-year term with a limited reopener on economics in 2017; the Association of Federal, State, County, and Municipal Employees (AFSCME) tentative agreement is for a two-year term and initially included a 2.25% cost-of-living adjustment effective December 2015 and no change to the PERS employer pickup, but does include a Letter of Agreement ("Me Too" clause) allowing for additional changes if SEIU reaches agreement with either a higher cost-of-living adjustment or a change to the PERS pickup.

- An accountant position established within the Mortuary and Cemetery Board, and to be shared by the six boards that comprise the Health Related Licensing Boards, will conduct the fiscal and accounting functions for the boards. These functions were previously provided by the Department of Administrative Services' Shared Client Services unit.
- The State Library's mission and governance structure was changed by the provisions of HB 3523 which reorganized the agency, changed the composition and number of members of the State Library Board, and provided for the appointment of the State Librarian by the Governor rather than by the Board.
- HB 3099 provides that the State Chief Information Officer (CIO) is the primary information technology (IT) and telecommunications advisor to the Governor and transfers certain duties, functions, and powers related to enterprise IT and telecommunications operations, service delivery, planning, policy adoption, rulemaking, standards setting, and oversight from the Department of Administrative Services to the State CIO. While the Office of the State CIO continues to be administratively housed within the Department of Administrative Services, HB 3099 provides that the State CIO's duties are specified by the Governor and empowers the State CIO to make administrative and organizational decisions for the office.

Prioritization Process for Agency Programs

Balancing the state budget necessitates resource allocation decisions concerning public services and programs. To facilitate the process, the Executive Branch adopted the review practice of the Joint Committee on Ways and Means by institutionalizing a program prioritization process in agency budget development. A "Prioritized List" worksheet, previously developed by the Legislative Fiscal Office to help agencies provide data in a consistent format, is now required to be included in agency budget documentation. Information required in the worksheet includes summary information for each activity, purpose and statutory authority, activity costs and source of funds, positions, and expected results (performance measures). The initial prioritization was accomplished by asking agencies to prioritize their own divisions or programs and then this information was consolidated to develop an agency-wide priority ranking. Agencies were instructed to document the criteria used to establish their priorities.

Performance Measurement and Management

Oregon has a history of performance measurement use that goes back to the late 1960s. Most of the current legal framework governing performance measures was passed by the 1993 Legislature. The 2013 Legislature established the Task Force on State Budget Process, which was charged with reviewing statutes governing the development of the state budget and identifying provisions that are outdated. The 2015 Legislature considered SB 159, which would have implemented the changes recommended by the Task Force, including some modification to provisions related to performance measurement and management. The bill did not make it through the entire legislative process before sine die, but is anticipated to be considered during the 2016 session. Even if the recommended changes are not enacted, state agencies will continue to be required to develop key performance measures (KPMs) demonstrating progress made towards achieving specified outcomes. During Oregon's budget development process, the Legislature reviews and approves KPMs and related targets for the next biennium. The Legislature may adjust an agency's KPM targets based on the final legislatively approved budget. In addition to providing KPM data, state agencies are responsible for analyzing, reporting, and addressing any negative changes in performance or shortcomings in reaching anticipated performance levels.

For the 2015-17 budget process, the Legislature again reviewed and approved agency KPMs and targets. The final decisions are reported along with each agency's budget bill budget report.

Oregon Reserve Funds

Education Stability Fund

The Education Stability Fund (ESF) was established in September 2002 when voters amended the Oregon Constitution to reformulate an existing education endowment fund into a reserve fund. The ESF is funded with 18% of the net proceeds from the state's lottery and is capped at 5% of the amount accrued in General Fund revenues during the prior biennium. Once the cap is reached, 15% of net lottery proceeds are deposited into the ESF's school capital matching subaccount. The Legislature is allowed to spend the principal of the fund for public education if there is an economic downturn and the expenditure is approved by three-fifths of the members in each chamber.

In order to access the ESF principal, the Legislature must make a finding that:

- the last quarterly economic and revenue forecast for a biennium indicates that moneys available to the state's General Fund for the next biennium will be at least 3% less than appropriations from the state's General Fund for the current biennium;
- there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or
- a quarterly economic and revenue forecast projects that revenues in the state's General Fund in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based.

If none of these conditions are met, the ESF can also be used by the Legislature for public education if the Governor declares an emergency and the expenditure is approved by a three-fifths majority of each chamber.

The ESF has been used several times to balance or rebalance a biennial budget. Although the ESF must be used for expenditures on public education, since education comprises a significant portion of the state's budget (K-12 through higher education), expenditure of ESF resources for public education allows the General Fund dollars designated for education to be redirected to other parts of the budget.

Information regarding the use of the ESD is outlined below:

- The constitutional amendment renaming the endowment fund as the Education Stability Fund (HJR 80) authorized a transfer of \$150 million from the ESF to the State School Fund (SSF) on May 1, 2003; this occurred during the 3rd special session of 2002 and offset an equivalent General Fund disappropriation to the SSF as part of the 2001-03 budget rebalance plan.
- During the 2003 session, the Legislature transferred an additional \$112 million from the ESF to the SSF in May 2003 as part of the final rebalance for the 2001-03 biennium.
- Also during the 2003 session, the Legislature prospectively transferred 90% of the lottery deposits to be made to the ESF between July 2003 and May 2005 to the SSF on May 1, 2005, as part of the balanced budget plan for the 2003-05 biennium.
- During the 2009 session, the Legislature transferred the balance of the ESF to the SSF, projected at \$394 million, as part of the rebalance of the 2007-09 budget.

- To guarantee a commitment made to provide a \$6 billion State School Fund for the 2009-11 biennium, the Legislature, during the February 2010 special session, made a prospective transfer of \$84.274 million from the ESF to the SSF to occur in May 2011.²
- In order to balance the 2009-11 budget and to address federal post-secondary education maintenance of effort requirements, \$96.425 million was transferred from the ESF to the SSF during the 2011 session.
- Also during the 2011 session, the Legislature transferred \$100 million from the ESF to the SSF as part of the 2011-13 budget and provided for an additional transfer of \$82.239 million from the ESF to the SSF to occur in May 2013 to be used for several education-related programs, including an enhancement to the SSF initial funding level.
- The Legislature took no action during the 2013 session to access resources in the ESF. The balance in the ESF at the end of the 2013-15 biennium was \$179.3 million.

As in 2013, the Legislature took no action during the 2015 session to access resources in the ESF. As of the May 2015 economic and revenue forecast, the projected balance for the fund for the biennium is \$362.2 million.

Oregon Rainy Day Fund

The Oregon Rainy Day Fund (ORDF)³ was established by the 2007 Legislative Assembly in HB 2707 as a general purpose reserve fund. The ORDF was originally capitalized with a deposit of approximately \$319 million from the retention of the majority of the corporate income tax “kicker” that was due to be restored to corporate taxpayers in the fall of 2007. Future deposits into the ORDF are to be from the state’s General Fund ending balance in an amount of up to 1% of the General Fund appropriations for the biennium. If the biennium’s ending balance is greater than 1% of the General Fund appropriations for that biennium, then an amount equal to 1% is transferred to the ORDF and the remaining amounts are retained by the General Fund. If the biennium’s ending balance is less than 1% of the General Fund appropriations for that biennium, then the full amount of the ending balance is to be transferred to the ORDF. Due to the amount of time necessary to make final determinations on biennial expenditures, this transfer from the ending balance would normally occur at the time of the March economic and revenue forecast in the year following the conclusion of the biennial budget period.

In addition to the ending balance transfer, HB 2073 passed by the Legislature during the 2009 session provided for the deposit of all revenue collected from corporate income and excise taxes above the 6.6% tax rate into the ORDF. These deposits will begin with the 2013 corporate tax year with revenues collected during the 2013-15 biennium. When HB 2073 was passed in 2009, the Legislative Revenue Office’s initial estimate was that \$69 million would be collected under the law for deposit in 2013-15. These transfers are to occur on or before June 30th of each odd-numbered year.

If the balance in the ORDF at the time of the ending balance transfer is greater than 7.5% of the General Fund revenues collected during the prior biennium, then the ending balance transfer is made to the General Fund instead of the ORDF. The full amount of the transfer is made to the ORDF if the fund balance does not equal at least 7.5% of the General Fund revenues collected during the prior biennium even if the transfer increases the amount in the ORDF over the cap.

² The amount of the transfer was determined by the June 2010 economic and revenue forecast and was equal to the difference between \$200 million and the combination of the balance in the Rainy Day Fund plus the projected General Fund ending balance for the 2009-11 biennium.

³ See ORS 293.144 - 293.148.

Like the Education Stability Fund, the ORDF also requires a three-fifths majority of both chambers of the Legislature to authorize an expenditure of funds from the reserve fund. The ORDF uses the same trigger mechanisms that are used for the ESF, with two exceptions. First, there is no allowance for a declaration of an emergency by the Governor. Second, unlike the ESF, the ORDF is a statutory, not constitutional, creation so the Legislature can change the existing triggers by passing a new law.

The Legislative Assembly is also limited to appropriating for any one biennium only up to two-thirds of the amount in the ORDF at the beginning of that biennium; if the appropriation is for a biennium that has not yet started, the Legislative Assembly can use the most recent official projection of the beginning balance of the ORDF for the biennium for which the appropriation is to be made. The ORDF retains all interest, which is calculated and transferred to the ORDF once a month by the Department of Administrative Services.

The ORDF has been used three times to balance or rebalance a biennial budget:

- During the 2009 session, the Legislative Assembly transferred two-thirds of the balance of the ORDF on July 1, 2009, estimated at \$225 million, to the General Fund for general governmental purposes as part of the final 2009-11 biennial balanced budget plan.
- In order to provide a \$6 billion State School Fund for the 2009-11 biennium, the Legislative Assembly provided a \$200 million trigger in the budget bill for the SSF during the 2009 session. The trigger amount was to come from a combination of the state's projected General Fund ending balance and the ORDF with amounts to be determined at the time of the June 2010 economic and revenue forecast; the amount eventually transferred was \$115.726 million.⁴
- As part of the 2009-11 budget rebalance plan crafted during the February 2010 special session, the Legislature transferred \$10 million from the ORDF to the General Fund for general governmental purposes.

The May 2015 economic and revenue forecast shows a balance of \$212 million in the ORDF at the end of the 2013-15 biennium, The projected balance in the ORDF at the end of the 2015-17 biennium is currently estimated at \$393.9 million.

Revenue Policy

Passage of a tax credit omnibus bill (HB 2171), a bill to substantially modify the Gain Share program revenue calculation (SB 129), and adoption of statutory language to implement a tax on recreational marijuana sales highlighted revenue policy actions by the 2015 Legislature.

HB 2171 contains a number of major tax credit policy decisions, of which the most significant is the combination of the working family credit and dependent care credits into a single credit. This reduces overlap and sets up a smooth phase-out of the credit as income rises. The net revenue impact (about \$31 million per year) is roughly neutral when compared with the expiring credits. Significant sunset extensions include the credit for individual development account donations and credits for those with severe disabilities and those with children that have severe disabilities. HB 2171 also modifies and extends the rural medical provider and the Office of Child Care contributions credits. In the former case, the credit is extended for only two years as the Legislature elected to wait for more detailed information on how the credit could work more consistently with other subsidies for rural medical providers. In

⁴ The language creating the transfer mechanism was included in SB 5520 (2009) and then subsequently modified during the February 2010 special session in SB 5565.

addition, HB 2171 adds a new provision designed to more clearly define state income tax residency requirements for active military personnel. As a consequence of the tax credit review process, the Legislature chose to allow a number of tax credits to expire. The most prominent of these are the TRICARE health care providers' credit and the credit for long-term care insurance. In the latter case, the sunset date was pulled forward to January 1, 2015. This had the effect of increasing General Fund revenue by \$10.4 million for the 2015-17 biennium. Finally, HB 2171 contains language disallowing the use of any tax credit against the corporate minimum tax. Disallowing tax credits against the minimum tax adds an estimated \$19.2 million in General Fund revenue for the 2015-17 biennium. Overall, the net revenue impact of HB 2171 is a reduction of \$20.9 million for the 2015-17 biennium; however, compared to the cost of simply extending the expiring tax credits, HB 2171 resulted in a net gain to the General Fund of \$43.1 million.

In 2007, the Legislature established the Shared Service Fund, which has become popularly known as "Gain Share." SB 129 extends the sunset on the existing program to 2024. It also substantially modifies the calculation for Gain Share revenue to the participating local governments. In addition to modifying the revenue calculation, SB 129 caps the total amount going to the taxing districts in an individual county at \$16 million annually. The annual cap reduced the estimated General Fund loss from Gain Share to \$32.7 million, a net increase of \$53.5 million to the General Fund in 2015-17.

Ballot Measure 91, approved by voters in 2014, legalized the sale and use of marijuana for recreational purposes. HB 2041 establishes a 17% tax on the retail sale of marijuana related items beginning January 1, 2016. The tax is to be collected by marijuana retailers at the point of sale and remitted to the Department of Revenue. After covering administrative costs, the Department of Revenue is directed to deposit the remaining revenue in the Oregon Marijuana Account. With collections not expected to begin flowing in until the second year of the biennium, gross marijuana tax revenue is projected at \$10.7 million for 2015-17, with an additional \$5.2 million coming from fee and license revenue. Revenue available for distribution, after netting out collections costs, is projected at \$4.4 million. Revenue is expected to ramp up after start up administrative costs are covered and the recreational marijuana market begins to mature. Net revenue for distribution is projected at \$59.2 million for the 2017-19 biennium.

Other Revenue Sources

Tobacco Master Settlement Agreement Funds

On November 23, 1998, 46 states and the four largest United States tobacco manufacturers (Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, and Lorillard Tobacco Company), collectively known as the Original Participating Manufacturers (OPMs), entered into an agreement known as the Master Settlement Agreement (MSA). For release from past and present smoking-related claims by the states and for a continuing release of future smoking-related claims, the OPMs agreed to make annual payments to the states in perpetuity. The MSA requires that the MSA Escrow Agent distribute the annual payments on or before April 15th of each year. The size of the annual payments is subject to numerous adjustments as outlined in the MSA. The OPMs also agreed to the imposition of certain restrictions on tobacco advertising and marketing.

The State of Oregon revenues are deposited to the Tobacco Settlement Funds Account administered by the Department of Administrative Services. During the 2015 session, the Legislature allocated the funds available from the account in HB 5039. The amounts outlined in this bill are based on resources

projected to be available for the 2015-17 biennium. As actual amounts vary, the allocations or distributions set out in the bill could also vary.

The Legislature approved the following allocations from the Tobacco Settlement Funds Account:

- \$30,909,888 to the DAS, Oregon Health and Science University Bond Fund to pay debt service and administrative fees on the Oregon Opportunity Bonds.
- \$101,760,000 to the Oregon Health Authority for the Oregon Health Plan.
- \$16,000,000 to the Oregon Health Authority for community mental health programs.
- \$4,120,000 to the Oregon Health Authority for tobacco prevention and cessation programs.
- \$4,120,000 to the Department of Education for physical education related grants authorized by ORS 329.501.

ORS 293.537 authorizes DAS to transfer sufficient funds from the Tobacco Settlement Funds Account for the enforcement of ORS 180.400 to 180.455. The Department of Justice's 2015-17 budget includes \$1,356,365 Other Funds expenditure limitation for this enforcement of the Non-Participating Manufacturer requirements under the MSA. The Department of Justice can request further resources for the enforcement activities, but must get approval of DAS and an increase in expenditure limitation approved by the Legislature or Emergency Board.

Criminal Fine Account

The Criminal Fine Account (CFA) includes criminal fines and other financial penalties imposed on conviction for felonies, misdemeanors, and violations other than parking infractions. Revenues are collected by the courts, including by the Judicial Department for the circuit courts, and by individual municipal (city) and justice (county) courts, and remitted to the Department of Revenue. During the 2015 session, the Legislature allocated resources from the CFA in HB 5029.

ORS 137.300 establishes the CFA and identifies program priorities, but does not specify a funding level for the programs. Expenditure limitations for programs receiving CFA allocations are established in the separate appropriation bills for the various receiving agencies. Once the specific program allocations have been made, any remaining CFA revenues are deposited into the General Fund.

The May 2015 revenue forecast projects that CFA revenues in the 2015-17 biennium will total \$116.8 million. Although this represents a 2.6% decline from the actual prior biennium level, it is 4.2% above the \$112.1 million CFA revenue forecast that was used when 2013-15 biennium allocations were approved during the 2013 session. The Legislature approved CFA allocations to agencies totaling \$72.5 million (a 7.9% increase over the prior biennium), leaving a balance of \$44.3 million to be deposited into the General Fund (a 15.9% reduction from the 2013-15 biennium). The specific allocations authorized are outlined in the following table.

CRIMINAL FINE ACCOUNT ALLOCATIONS

2015-17 Biennium Criminal Fine Account Revenues	\$ 116,772,418
Agency/Program (Bill number containing expenditure authority)	Allocation
<i>Department of Public Safety Standards and Training (SB 5534)</i>	
Operations	\$ 27,250,583
Public Safety Memorial Fund	128,420
	<u>Subtotal: \$ 27,379,003</u>
<i>Department of Justice (SB 5516)</i>	
Child Abuse Multidisciplinary Intervention (CAMI)	\$ 10,311,579
Regional Assessment Centers	787,663
Criminal Injuries Compensation Account (CICA)	8,775,830
Child Abuse Medical Assessments	666,107
	<u>Subtotal: \$ 20,541,179</u>
<i>Department of Human Services (HB 5026)</i>	
Domestic Violence Fund	\$ 2,224,675
Sexual Assault Victims Fund	533,332
	<u>Subtotal: \$ 2,758,007</u>
<i>Oregon Health Authority (SB 5526)</i>	
Emergency Medical Services & Trauma Services	\$ 331,824
Alcohol & Drug Abuse Prevention	42,884
Law Enforcement Medical Liability Account (LEMLA)	1,339,000
Intoxicated Driver Program	4,323,000
	<u>Subtotal: \$ 6,036,708</u>
<i>Oregon Judicial Department (SB 5514)</i>	
State court security and emergency preparedness	\$ 3,422,322
County court facilities security	4,148,922
Capital improvements for courthouses and other state court facilities	3,500,000
	<u>Subtotal: \$ 11,071,244</u>
<i>Oregon State Police (SB 5531)</i>	
Driving Under the Influence Enforcement	<u>\$ 253,000</u>
<i>Department of Corrections (SB 5504)</i>	
County correction programs and facilities, and alcohol and drug programs	<u>\$ 4,391,472</u>
<i>Governor's Office (HB 5021)</i>	
Arrest & Return for Extradition	<u>\$ 22,500</u>
	Total Allocations: \$ 72,453,113
Transfer to the General Fund	\$ 44,319,305

Fees

Fee changes considered by the 2015 Legislature included the ratification of fees set by administrative rule during the interim prior to the legislative session, fee changes anticipated in the 2015-17 biennium that were included in agencies' budgets, and changes in fees or establishment of fees that are required due to legislation other than an agency's budget bill. Some of the fees are specifically identified while others are part of fee schedules or are to be set by an agency to achieve specific revenue goals. The following table illustrates the legislative action related to each fee change, separated into each of the

enabling categories by agency. The number of fee changes may not accurately reflect the number of individual fees that were changed, since some individually counted fee changes may in fact be changes to fee schedules that contain multiple individual fees or are single fees broken in to multiple additive components.

	Ratification of fees changed or adopted by administrative rule during the interim	Fee changes anticipated in the 2015-17 biennium included in the legislatively adopted budget for the agency	Fee changes to be implemented in the 2015-17 biennium due to or as required by legislation	Total number of fee changes
Approved				
Board of Accountancy			2	2
Board of Chiropractic Examiners		6		6
Board of Dentistry		2		2
Board of Licensed Counselors and Therapists		2		2
Board of Pharmacy		2		2
Board of Psychologist Examiners		6		6
Board of Social Workers		6		6
Department of Energy			5	5
Department of Geology and Mineral Industries			7	7
Department of Justice		1		1
Department of State Lands			1	1
Environmental Quality		3	4	7
Fish and Wildlife		27	108	135
Higher Education Coordinating Commission	14		4	18
Marine Board			13	13
Medical Imaging	1		2	3
Oregon Department of Agriculture	13	1	5	19
Oregon Board of Nursing	4		1	5
Oregon Department of Aviation			21	21
Oregon Health Authority	40	66	13	119
Oregon Liquor Control Commission			1	1
Public Utility Commission			1	1
Teacher Standards & Practices			11	11
Veterinary Medical Examiners		1		1
Denied				
Department of Consumer and Business Services			1	1
Withdrawn				
Fish and Wildlife			4	4
Total	72	123	204	399

Of the 399 fee changes contemplated by the Legislature, 394 changes were approved. SB 276 that proposed the licensure and regulation of buy-here-pay-here auto dealers by the Department of Consumer and Business Services failed to be approved by the Legislature, resulting in the only proposed fee that was denied.

Four new fees proposed in SB 247 were withdrawn. The withdrawn proposals included fees for both resident and non-resident cougar hunting with dogs and additional fees for ocean fishing by both residents and non-residents. The measure included another 107 fee changes that were not withdrawn and the bill was adopted by the Legislature and signed into law by the Governor.

Change actions for fees fall into the four general categories of fee increases, fee decreases, fee establishment, and fee abolishment. For the 394 fee changes approved or adopted during the 2015 session, the following table illustrates the number of fees and estimated 2015-17 biennium revenue impact for each fee change type by agency.

Agency	Increase		Decrease		Establish		Abolish		Total	
	Number	Anticipated 2015-17 revenue impact	Number	Anticipated 2015-17 revenue impact	Number	Anticipated 2015-17 revenue impact	Number	Anticipated 2015-17 revenue impact	Total number	Total anticipated 2015-17 revenue impact
Fish and Wildlife	109	\$13,197,776	5	-\$577,930	16	\$2,007,868	5	-\$650,770	135	\$13,976,944
Environmental Quality	7	\$5,309,032							7	\$5,309,032
Public Utility Commission	1	\$5,281,765							1	\$5,281,765
Oregon Health Authority	112	\$4,391,117	2	\$0	5	\$722,310			119	\$5,113,427
Marine Board	13	\$4,775,141							13	\$4,775,141
Department of Geology and Mineral Industries	5	\$3,159,220			2	\$630,000			7	\$3,789,220
Teacher Standards & Practices	11	\$1,509,037							11	\$1,509,037
Higher Education Coordinating Commission	1	\$480,000			15	\$427,250	2	\$0	18	\$907,250
Oregon Department of Agriculture	10	\$563,191			9	\$322,616			19	\$885,807
Board of Dentistry	2	\$620,925							2	\$620,925
Oregon Board of Nursing	1	\$36,000			4	\$537,504			5	\$573,504
Board of Accountancy	2	\$403,500							2	\$403,500
Department of Justice	1	\$370,964							1	\$370,964
Oregon Department of Aviation	21	\$370,676							21	\$370,676
Oregon Liquor Control Commission					1	\$345,300			1	\$345,300
Board of Chiropractic Examiners	6	\$284,064							6	\$284,064
Department of Energy					5	\$280,600			5	\$280,600
Board of Social Workers	6	\$139,058							6	\$139,058
Veterinary Medical Examiners					1	\$125,000			1	\$125,000
Board of Licensed Counselors and Therapists	2	\$90,975							2	\$90,975
Medical Imaging					3	\$64,942			3	\$64,942
Department of State Lands					1	\$23,750			1	\$23,750
Board of Psychologist Examiners			6	-\$541,613					6	-\$541,613
Board of Pharmacy			2	-\$806,548					2	-\$806,548
Total	310	\$40,982,440	15	-\$1,926,091	62	\$5,487,140	7	-\$650,770	394	\$43,892,719

The largest estimated revenue impact from fee changes is at the Department of Fish and Wildlife. The majority of these changes are authorized by SB 247 that incrementally increases or establishes certain fees related to hunting, angling, and commercial fishing over a six-year period, with the changes taking effect January 1, 2016, January 1, 2018, and January 1, 2020, and consolidates certain hunting and angling fees into a statutory fee schedule. The changes include the reduction or elimination of a small number of fees and are augmented by additional surcharges imposed on angling licenses by SB 3012 to fund fish hatchery construction projects. SB 958 allows the agency to issue up to two licenses annually for pikeminnow (formerly known as squawfish) fishing tournaments at no charge.

The Higher Education Coordinating Commission eliminated two licenses related to instructors at cosmetology schools. The specific license type is no longer used as those instructors are simply included in a more generalized license and therefore no revenue impact is anticipated. Similarly, the Oregon Health Authority reduced the fee on certain microfiche reels and index cards to zero as a result of non-use.

The Board of Pharmacy included licensing fee reductions in its budget bill to provide for the transition to biennial licensure for Pharmacists and Certified Pharmacy Technicians at a reduced rate. Transitioning to biennial licensure will allow the Board to reduce its large ending balance and achieve workload efficiencies by adjusting the renewal cycle to alternate years.

The Board Psychologist Examiners included fee reductions in its budget bill to balance the fees collected to the cost of Board operations as required by statute. The budget includes a one-time reduction of licensure renewal fees. The fee reduction is scheduled to be in place for two calendar years, from January 1, 2015 through December 31, 2016, and will reduce renewal fees by 66%. Licensees renew their licenses biennially based on their birth month; therefore, the two-year reduction will ensure all licensees receive a one-time renewal fee reduction.

The following table presents changes by agencies, individual bill numbers by the type of legislation, and the estimated revenue impact for the 2015-17 biennium for approved fee changes.

	Number	Estimated Revenue Impact
Budget Bill		
Board of Chiropractic Examiners HB 5007	6	\$284,064
Board of Dentistry HB 5014	2	\$620,925
Board of Licensed Counselors and Therapists HB 5013	2	\$90,975
Board of Pharmacy SB 5530	2	-\$806,548
Board of Psychologist Examiners HB 5033	6	-\$541,613
Board of Social Workers HB 5009	6	\$139,058
Department of Justice SB 5516	1	\$370,964
Environmental Quality SB 245	3	\$1,880,000
Fish and Wildlife SB 5511	27	\$526,989
Oregon Department of Agriculture HB 5002	1	\$262,456
Oregon Health Authority SB 5526	66	\$3,083,336
Veterinary Medical Examiners HB 5023	1	\$125,000
Total Budget Bill Changes	123	\$6,035,605
Ratification		
Higher Education Coordinating Commission HB 5025	14	\$340,250
Medical Imaging HB 5031	1	\$56,992
Oregon Department of Agriculture HB 5003	13	\$540,366
Oregon Board of Nursing SB 5545	4	\$73,500
Oregon Health Authority SB 5527	40	\$1,436,336
Total Chages Ratified	72	\$2,447,444

Legislation

Board of Accountancy		
SB 581	2	\$403,500
Department of Energy		
HB 2448	2	\$10,000
HB 2449	3	\$270,600
Department of Geology and Mineral Industries		
HB 3563	7	\$3,789,220
Department of State Lands		
HB 2460	1	\$23,750
Environmental Quality		
HB3522	1	\$1,288,532
SB261	1	\$40,500
SB262	1	\$300,000
SB245	1	\$1,800,000
Fish and Wildlife		
SB 247	100	\$8,971,510
SB 247; SB 3012	6	\$4,475,645
SB 247; SB 517	1	\$2,800
SB 958	1	\$0
Higher Education Coordinating Commission		
SB 218	4	\$567,000
Marine Board		
HB 2459	13	\$4,775,141
Medical Imaging		
HB 2880	2	\$7,950
Oregon Department of Agriculture		
HB 2443	4	\$51,985
SB 254	1	\$31,000
Oregon Board of Nursing		
SB 5545	1	\$500,004
Oregon Department of Aviation		
SB 269	21	\$370,676
Oregon Health Authority		
SB 228	13	\$593,755
Oregon Liquor Control Commission		
HB 2480	1	\$345,300
Public Utility Commission		
SB 329	1	\$5,281,765
Teacher Standards & Practices		
HB 2411	11	\$1,509,037
Total Changes due to Legislation	199	\$35,409,670
Grand Total	394	\$43,892,719

Program Area Summaries

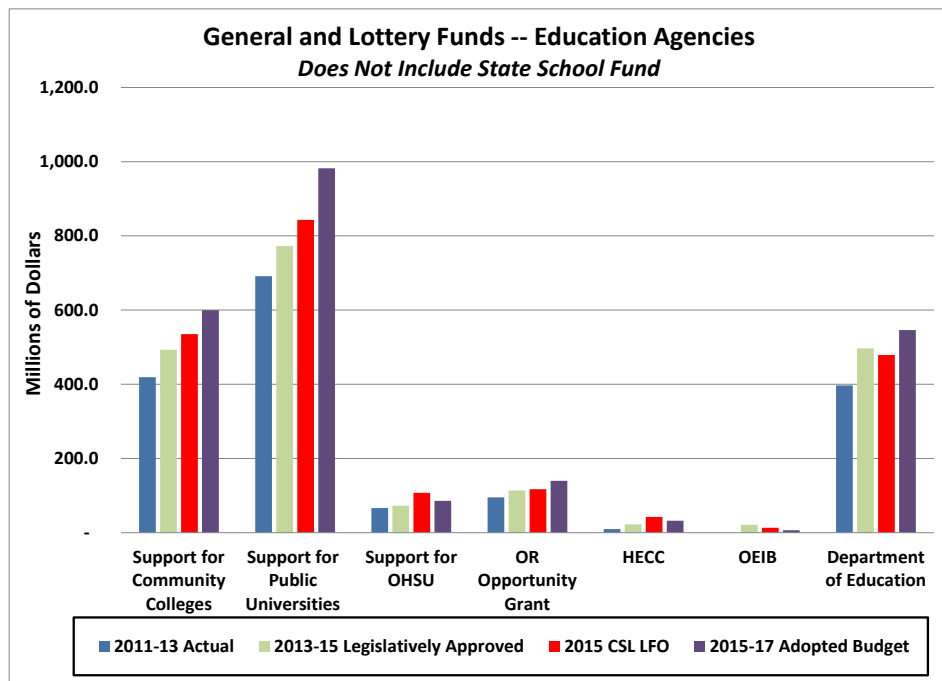
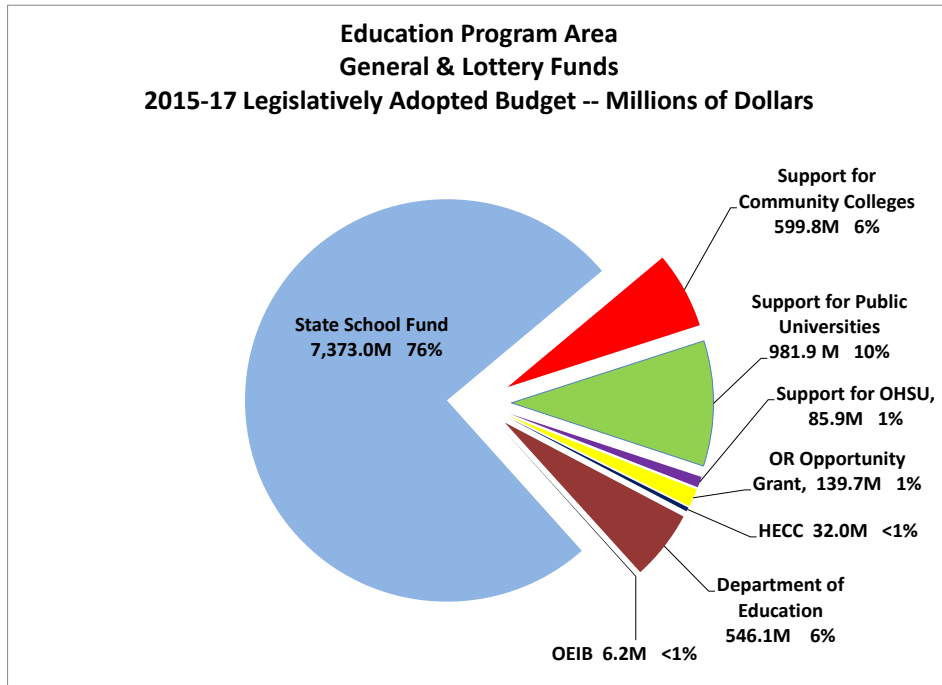
EDUCATION PROGRAM AREA

The Education program area includes state operated or financed activities serving children or students from early education through post-secondary education. This P-20 approach includes:

- Early childhood programs which have been centralized within the Early Learning Division in the Department of Education (ODE) and include child care assistance and regulation, Oregon Prekindergarten program and other preschool programs, Healthy Start, and Relief Nurseries.
- Kindergarten through 12th grade programs includes the State School Fund which provides the majority of funding for School Districts and Education Service Districts; licensing and regulation of teachers and other education professionals; and the monitoring and distribution of Federal Funds, including programs related to the Individuals with Disabilities Education Act, Elementary and Secondary Education Act and nutrition related programs.
- Youth development programs administered through ODE that include Juvenile Crime Prevention Programs, the federal Title XX Youth Investment Program, and other programs.
- Post-Secondary education programs administered at the state level through the Higher Education Coordinating Commission (HECC) that includes funding for the community college system, Oregon Health and Science University (OHSU), the seven public universities that were part of the Oregon University System (OUS), and student financial aid programs through the Oregon Student Access and Completion Office.

Beginning with the 2011 session, the agencies within the Education program area saw major reorganizational changes including the establishment of HECC, the move toward a more independent public university system, and the creation of the Oregon Education Investment Board (OEIB) originally designed to provide overall direction and advice to the Governor and Legislature on investments in the P-20 system. As mentioned above, early learning programs and youth development programs were consolidated into new ODE divisions. The major organizational change during the 2015 session was the termination of the OEIB (the Board itself) and a change in the focus of the Chief Education Officer to one of cross agency planning and “barrier busting,” specifically where existing systems overlap and in the area of education equity.

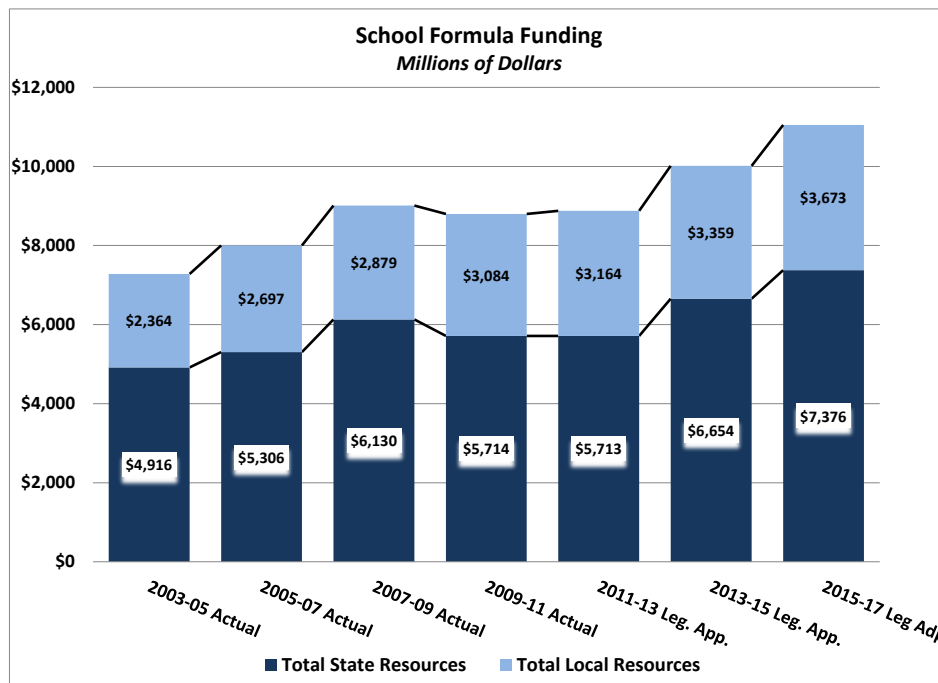
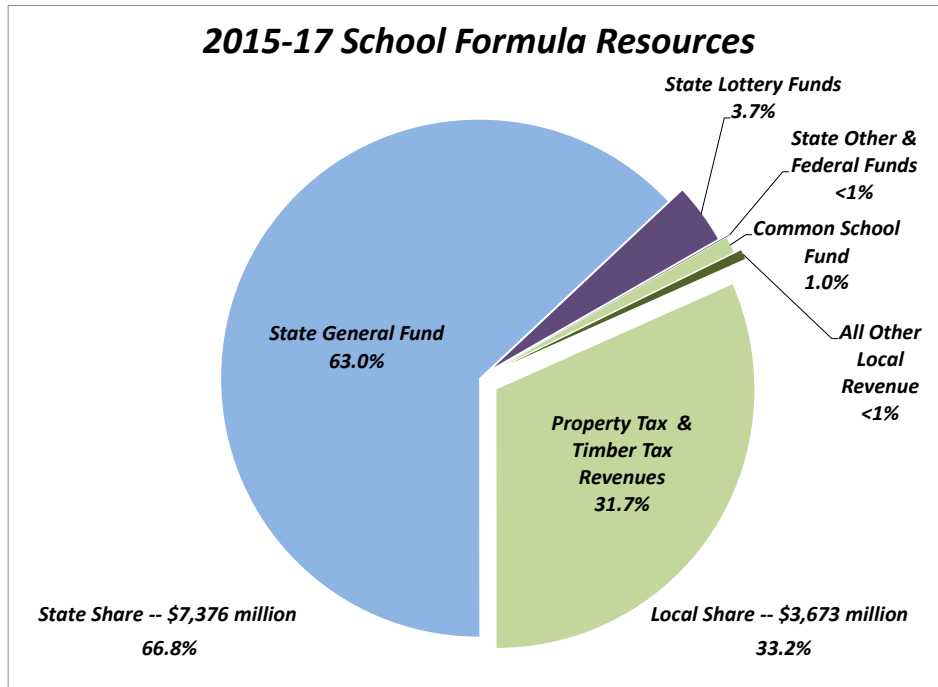
The General Fund and Lottery Funds support for the Education program area in the 2015-17 legislatively adopted budget is \$9.76 billion. This is an increase of \$1.12 billion (or 13%) from the 2013-15 legislatively approved budget. The total funds budget of \$12.6 billion reflects a 16.2% increase over the prior biennium. The State School Fund (SSF), as demonstrated in the first chart below, represents 75.5% of the General Fund and Lottery Funds in this program area, slightly less than the 77% for 2013-15. The second chart compares the non-SSF Education program area agencies’ 2011-13 actual expenditures, the 2013-15 legislatively approved budget, the 2013-15 current service level, and the 2015-17 legislatively adopted budget. The SSF historic spending is outlined in the K-12 funding section below.



State School Fund

The 2015-17 legislatively adopted budget includes \$7.376 billion total funds (\$6.96 billion General Fund and \$408.2 million Lottery Funds) for the State School Fund (SSF) which makes up the state portion of the amount distributed to School Districts and Education Service Districts (ESDs) through the school funding formula. The 2015-17 budget represents a \$723 million (or 10.9%) increase in General Fund and Lottery Funds for the SSF over the amount available in 2013-15. As with the 2013-15 biennium, no additional funding from the Education Stability Fund or the Oregon Rainy Day Fund is included in the SSF. Funding from the SSF will be split between the two school years of the biennium with 49.2% in the first year and the remaining 50.8% in the second year. An estimated \$2.9 million of the SSF is assumed to be the amount to cover the payments required under the Local Option Equalization Grants.

Overall, general purpose funding for School Districts and ESDs depends on both the state contribution through the SSF and the contributions of local revenue including property taxes, timber revenue, and distributions from the Common School Fund. The first chart below shows general state and local resources that are part of the calculation of the formula distribution for 2015-17 which totals \$11.05 billion. The second chart shows the funding trend and the split between state and local revenues over seven biennia.



There were relatively minor changes to the school funding formula during the 2015 session. They include:

- Continuing the Small School District Supplement which had again been scheduled to sunset.
- Continuing the carve-out for a funding stream for the Network on Quality Teaching and Learning (\$36 million).
- Establishing new carve-outs for school nutrition programs (\$2.4 million) and for English Language Learners (\$12.5 million).
- Reducing the amount designated for School Facilities grants from \$20 million per biennium to \$12.5 million.

Of the total \$7.5 million reduction in the Facilities grants, \$2.5 million will now be designated for the operations and grants through the new Office of School Facilities (SB 447) which will assist school districts with matching funds through the issuance of state bonds for various school construction and improvement projects. The carve-out for this office will increase to \$6 million beginning in 2017-19.

Department of Education

The budget for the Department of Education (not including K-12 School Funding) includes central operations, the School for the Deaf, Youth Corrections and Juvenile Detention Education Programs, Grant-in-Aid support to local programs, Common School Fund distributions, early learning programs, and youth development programs.

The 2015-17 legislatively adopted budget includes General Fund and Lottery Funds of \$546.1 million, which is \$49.7 million (or 10%) greater than the 2013-15 legislatively approved budget. The total funds budget of \$2.35 billion is 10.8% greater than the 2013-15 amount. The budget includes 552 positions (519.01 FTE). All of the Lottery Funds are for debt service to continue to pay off bonds issued for school district improvements. These bonds will be paid off in the 2019-21 biennium. The largest share of this budget (over 86%) is paid out to local school districts and other entities as Grant-in-Aid payments for educational services, as well as for early learning and youth development programs. While some of these programs are competitive grants, most of them are awarded based on criteria set in statute or by the federal government based on criteria such as income, disability, or educational need. The following table summarizes these payments.

Grant-in-Aid Programs

	<u>2013-15 Leg. Approved</u>		<u>2015-17 Leg. Adopted</u>	
	General Fund	Total Funds	General Fund	Total Funds
K-12 Grant-in-Aid				
Oregon Reads & Early Literacy Related Programs	7.80	7.80	1.53	1.53
Post Secondary Aspirations & Accelerated Credits	10.01	10.01	6.05	6.05
STEM and CTE Related Programs	21.36	21.36	33.72	33.72
Nutritional Programs	3.56	353.55	6.97	397.37
Physical Education Programs	0.37	4.37	0.38	4.50
Educator Effectiveness & Educator Professional Development (Network)	-	36.12	7.05	37.20
Closing the Achievement Gap (Network)	-	4.50	4.26	4.26
No Child Left Behind Program (NCLB)	-	416.97	-	431.48
Individuals with Disabilities Education Act (IDEA)	-	246.86	-	254.26
Early Childhood Special Education & Early Intervention (EI/ECSE)	134.96	162.96	150.39	178.51
Regional Programs	25.92	56.55	26.69	58.27
Long Term Care Program (LTCT)	15.81	39.50	18.26	43.00
Hospital Programs	1.28	3.56	1.32	8.97
Blind & Visually Impaired Student Fund	0.97	5.67	1.00	5.85
Other Grant Programs	0.05	62.34	-	75.04
TOTAL K-12 Grant-in-Aid (SCR 300)	222.09	1,432.12	257.62	1,540.01
Early Learning Division Grant-in-Aid				
Pre-Kindergarten Program	127.42	127.42	131.24	131.24
Early Head Start	1.54	1.54	1.59	1.59
Early Learning Hubs - Infrastructure	4.43	4.43	14.88	14.88
Healthy Families Oregon	14.13	18.09	24.00	28.10
Relief Nurseries	6.60	8.85	8.30	10.62
Kindergarten Readiness Grants	4.00	4.00	9.12	9.12
Mixed Delivery Pre-School	-	-	8.77	8.77
Childcare Quality Initiatives	-	-	2.28	2.28
Race to the Top	-	4.19	1.36	1.36
Other Early Learning Programs	2.99	141.04	-	135.14
TOTAL Grant-in-Aid (SCR 500)	161.11	309.56	201.54	343.10
Youth Development Division Grant-in-Aid				
Juvenile Crime Prevention Grants	5.66	8.64	5.83	8.90
Community Schools	0.09	0.15	0.10	0.15
Youth Innovation	1.60	8.03	3.29	9.92
Youth & Community Grant Program	-	-	2.26	2.26
Casey Program	-	0.30	-	-
Title XX backfill	-	-	0.63	-
TOTAL Grant-in-Aid (SCR 550)	7.35	17.12	12.11	21.23

Major features and changes to the ODE budget for 2015-17 are outlined below.

- There are significant increases for early learning programs including \$24 million General Fund for Healthy Families Oregon (a home visitation program), additional funding for Early Learning Hubs bringing total funding to \$15 million, \$9.1 million for Kindergarten Readiness grants, and new funding for preschool programs including an additional \$8.8 million for Oregon Pre-Kindergarten. A \$17.5 million special appropriation to the Emergency Board is for a mixed-delivery preschool program to expand the types of providers that offer publically funded preschool programs. The new program was authorized in HB 3380 and will begin in the second year of the biennium.
- Career Technical Education (CTE) and Science, Technology, Engineering and Mathematics (STEM) programs share \$35 million of General Fund resources including continued funding for the current Regional Stem Hubs and CTE Revitalization grants. New programs in this area include STEM Innovation grants, CTE summer programming, a Career Pathways Fund, and initiatives to increase the number and skills of CTE and STEM teachers.
- Professional development investments include \$16 million for school district collaboration grants and \$10 million for teacher mentoring. Another \$7.7 million General Fund is directed at assisting low performing schools and districts, as well as providing specific training for their leaders. Other new professional development resources are for efforts to more effectively use assessment results. A mix of General Fund and resources from the Network for Quality Teaching and Learning carve-out from the State School Fund is used to fund these programs.

- To assist in closing the achievement gap for some students, \$3 million General Fund to develop an African American Education plan and \$1.5 million General Fund for a pilot project directed to improve attendance of Native American students were included in the budget.
- A new \$125 million bonding program is established to provide matching grants to assist school districts in building new facilities and making capital improvements to existing facilities. In addition to the limitation related to the \$125 million in Article XI-P bond proceeds, ODE's budget includes the creation of a new Office of School Facilities (\$737,256 Other Funds), grants to assist districts with assessing their facility needs (\$1.8 million Other Funds), and the estimated issuance costs of the bonds (\$1.2 million Other Funds).

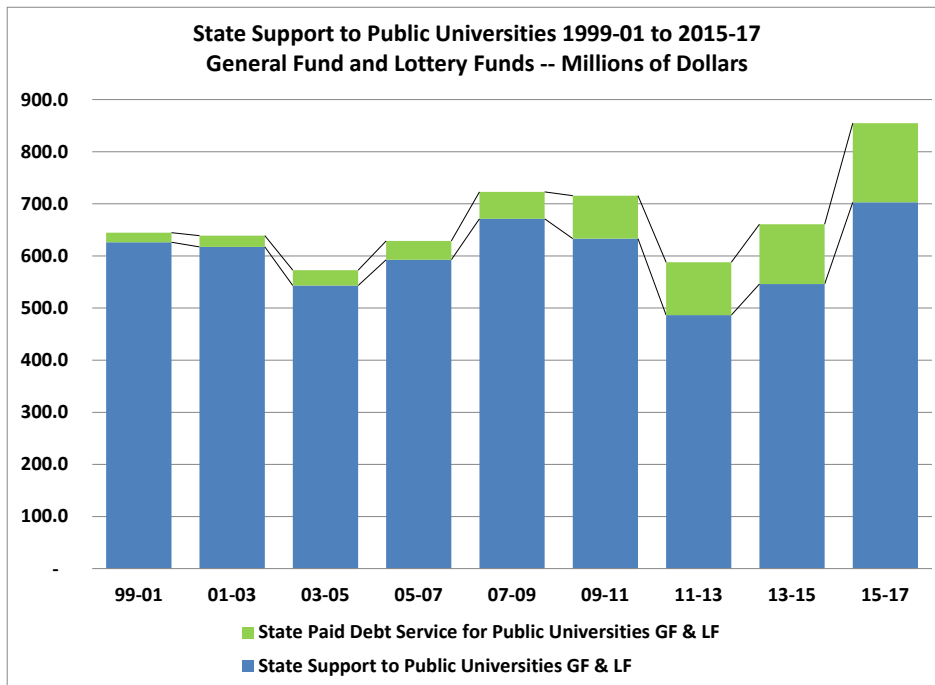
Post-Secondary Education

State funded post-secondary education resources are now almost entirely channeled through the budget of the Higher Education Coordinating Commission (HECC). This includes the seven public universities that in the past made up the Oregon University System, the community college system, the other components of the former Department of Community Colleges and Workforce Development (CCWD), the Oregon Health and Science University (OHSU), and the Oregon Student Assistance and Completion office (formally the Oregon Student Assistance Commission or OSAC). Overall, the 2015-17 legislatively adopted budget for HECC is \$1.839 billion of General Fund and Lottery Funds, an increase of \$365.6 million (or 24.8%) from the 2013-15 legislatively approved budget. The largest increases were in State Support for Public Universities and Community Colleges as outlined below.

State Support for Public Universities

State General Fund support for the seven public universities (formally the Oregon University System or OUS) in the 2015-17 legislatively adopted budget totals \$941.7 million and Lottery Funds total another \$40.1 million. This is an increase of \$202.9 million General Fund (or 27.5%) and \$6.5 million Lottery Funds (or 19.3%) from the 2013-15 legislatively approved budget. Public universities are no longer subject to Other Funds expenditure limitation by the Legislature, but Other Funds resources of \$586.5 million are included in HECC's budget for capital construction and bonding related costs, as well as for non-state paid debt service on university self-support bonds.

General Fund support for the Public University Support program, which includes the instruction, research, some public service expenditures, and operating costs of the seven institutions, totals \$665 million, which is a \$144.5 million (or 28%) increase from the 2013-15 level. General Fund support for the State Programs area, which includes support for programs with a statewide focus and special programs that cross institutions, totals \$38.1 million. State funding for debt service payments is \$119.7 million General Fund and \$31.9 million Lottery Funds, for a total of \$151.6 million in state paid debt for the 2015-17 biennium. This represents a 32% increase over 2011-13 debt service levels of \$114.7 million. The following graph illustrates the history of state support to public universities, as well as the increasing amount the state pays for debt service related to public universities.

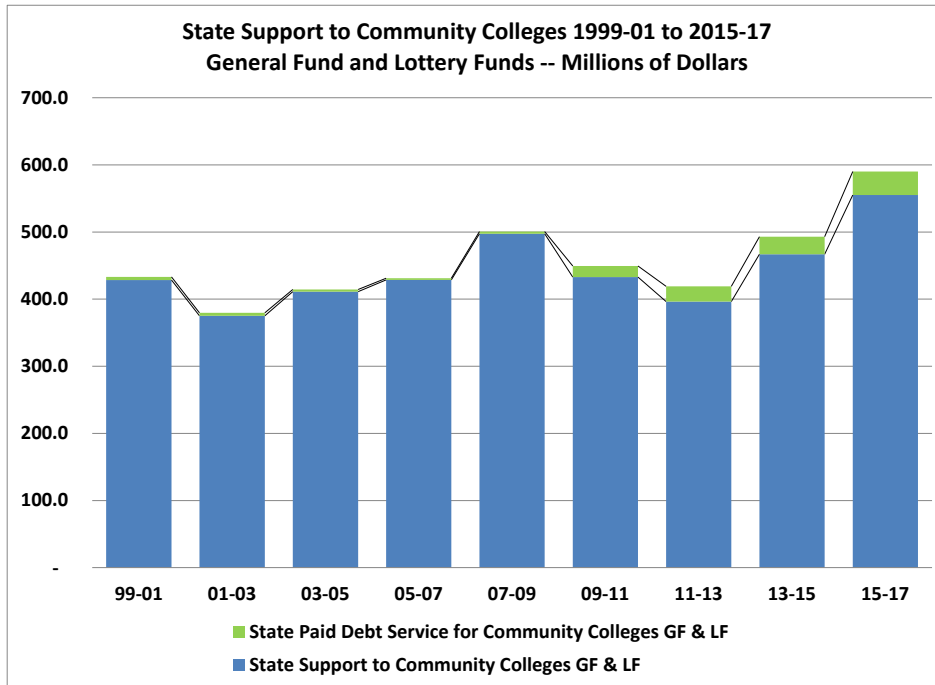


The Legislature increased General Fund support for the three Statewide Public Service programs (Agricultural Experiment Stations, the Extension Service, and the Forest Research Laboratory) at Oregon State University by \$14 million above normal inflationary increases, to a total of \$118.5 million, which is 17% above 2013-15 budget levels. Sports Lottery funding was approved at \$8.24 million for the biennium, with Oregon State University and the University of Oregon capped at \$1 million each.

State Support for Community Colleges

The 2015-17 legislatively adopted budget of \$599.8 million combined General Fund and Lottery Funds is \$106.9 million (or 21.7%) greater than the 2013-15 legislatively approved budget. General support for the 17 community colleges is the largest portion of this budget. The 2015-17 legislatively adopted budget of \$550 million General Fund is \$85 million (or 18.3%) greater than the \$465 million General Fund included in the 2013-15 legislatively approved budget. This is a significant increase in state support and surpasses the \$495 million level distributed to the community colleges in 2007-09. The following graph shows the funding for nine biennia and the significant increase for 2015-17.

Beyond the general support for community colleges, the state provides other support for Community Colleges and their students. Included in the total General Fund and Lottery Funds amount of just under \$600 million is the debt service paid by the state for projects located at community colleges. For 2015-17, this amount is \$24.6 million General Fund and \$10.5 million Lottery Funds, which represents a \$9 million (or 34.7%) increase in debt service funding over the 2013-15 level. This continues the state commitment to finance community college facilities.



Included in the total General Fund and Lottery Funds amount benefitting community colleges and their students is \$9.6 million for implementation of SB 81 in the second year of the biennium which will provide grants to eligible students to offset tuition and possibly fees. Eligible students must meet a set of criteria including enrolling for the program within six months of high school graduation or completing the requirements for a diploma, having accepted all state and financial aid, maintaining a 2.5 GPA, being at least a half-time student, and other requirements. Also included is funding for the two Skill Centers (\$0.6 million), additional funding for academic counselors in the second year of the biennium (\$1.5 million), and funding for grants to increase the number of underserved, low income, or first generation students, as authorized in HB 3063 (\$3 million).

State Support for the Oregon Health and Science University

The 2015-17 legislatively adopted budget of \$85.9 million General Fund is \$13.2 million (or 18.3%) greater than the 2013-15 legislatively approved budget. Most of these resources (\$71.1 million) are appropriated to HECC for supporting the Schools of Medicine, Nursing and Dentistry; the Area Health Education Centers and Office of Rural Health; the Oregon Poison Center; and the Child Development and Rehabilitation Center (CDRC). Another \$6.2 million General Fund, which will pass through HECC, is for the Scholars for a Healthy Oregon and the Primary Health Care Loan Forgiveness Program to provide financial assistance to health professionals in the Oregon Health and Science University education programs. This overall General Fund for OHSU represents a 6.6% increase over the 2013-15 amount.

An additional \$8.5 million General Fund is appropriated to the Department of Administrative Services for payment of estimated debt service due in 2015-17 for the \$200 million in state bonds that are scheduled to be issued for the Knight Cancer Institute. To continue the debt service payments for bonds sold to enhance OHSU’s genetics and biotechnology research programs, \$30.9 million Other Funds are included in the budget. These payments are from proceeds from the Tobacco Master Settlement Agreement. Finally, \$208.8 million Other Funds expenditure limitation was included to account for legacy debt payments made by OHSU for state bonds and for the capital construction limitation for the Knight Cancer Institute related bonds.

Oregon Opportunity Grants

The 2015-17 legislatively adopted budget of \$139.7 million General Fund and Lottery Funds is an increase of \$26 million over the 2013-15 legislatively approved budget. Combine this amount with the \$1.2 million Other Funds from available JOBS Plus resources and the total amount for the 2015-17 budget for Opportunity Grants is \$140.9 million total funds. This is a \$27 million (or 23.7%) increase over the 2013-15 level. The program is expected to assist approximately 84,000 recipients at an average amount of \$1,680 for the biennium.

Other Programs of the Higher Education Coordinating Commission

The remainder of the HECC budget is composed of the Commission's staff (143 positions, 124.30 FTE), including those that had been part of the Department of Community Colleges and Workforce Development (CCWD), the Office of Student Assistance and Completion, the Private Career Schools program, and the Office of Degree Authorization. Also included in this budget are the ASPIRE program, workforce development programs, and a variety of other smaller programs. Overall, the budget for this area is \$32 million General Fund and \$193.4 million total funds representing increases of \$9.4 million (or 42.6%) and \$14.9 million (or 8.3%) respectively. Major features of these increases include:

- \$2 million General Fund to support efforts to assist underserved students and populations to obtain a high school equivalency credential (GED).
- \$1 million General Fund to link community college and workforce related staff funding with their actual work responsibilities.
- Additional funding through fee increases for private career schools and schools subject to the Office of Degree Authorization (\$0.5 million Other Funds) to solve staffing shortages and provide additional resources to address the increasing workload due to closures of private career and other post-secondary schools.
- \$0.4 million General Fund to provide staffing resources to implement SB 81's tuition waiver grants for community college students (as outlined in the Support for Community Colleges section).
- \$1.4 million Federal Funds in the second year of the biennium to increase ASPIRE and other outreach efforts to increase the number of students continuing post-secondary education.
- \$2.5 million General Fund to provide staff, information systems, and other resources to strengthen the ability of HECC to operate as an independent, integrated, and successful agency.

Oregon Education Investment Board / Chief Education Office

The 2015-17 legislatively adopted budget of \$6.2 million General Fund for what was the Oregon Education Investment Board (OEIB) is significantly less than the \$21 million General Fund included in the 2013-15 legislatively approved budget. The budget includes 17 positions (14.64 FTE). The 2013-15 budget included almost \$15 million for the Engineering Technology and Industry Council (ETIC) after that program was transferred to OEIB during the 2014 session. For 2015-17, the ETIC funding was split between public universities and the Talent Council in the Employment Department's budget. The budget also reflects passage of SB 215 which eliminated the OEIB Board itself but retained the staff in what will now be the Chief Education Office. Adjustments were made to the budget to reflect the organizational changes including the elimination of the Chief of Staff position. Funding of \$550,000 General Fund and 3 positions (1.14 FTE) was included to continue the development of the Statewide Longitudinal Data System (SLDS) until March 2016. The SLDS Project will need to return to the Legislature in 2016 to request funding for continued development of the project.

Teacher Standards and Practices Commission

The Teacher Standards and Practices Commission (TSPC) 2015-17 legislatively adopted budget of \$6.2 million Other Funds is \$1.2 million (or 23%) greater than the 2013-15 legislatively approved budget. The budget includes 27 positions (24.88 FTE). This increase follows two biennia of fiscal constraints as revenues fell due to fewer licensees. The 2015-17 increase reflects the funding of 7 new positions (4.88 FTE) to provide additional support to reduce backlogs in investigations, processing of licenses, and review of professional educator training programs. The 2015-17 budget also includes \$200,000 General Fund to provide grants to professional educator training programs to assist in obtaining accreditation from a national organization.

HUMAN SERVICES PROGRAM AREA

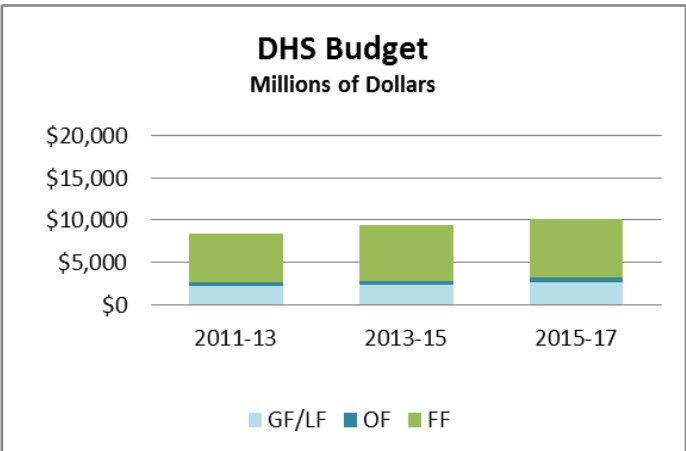
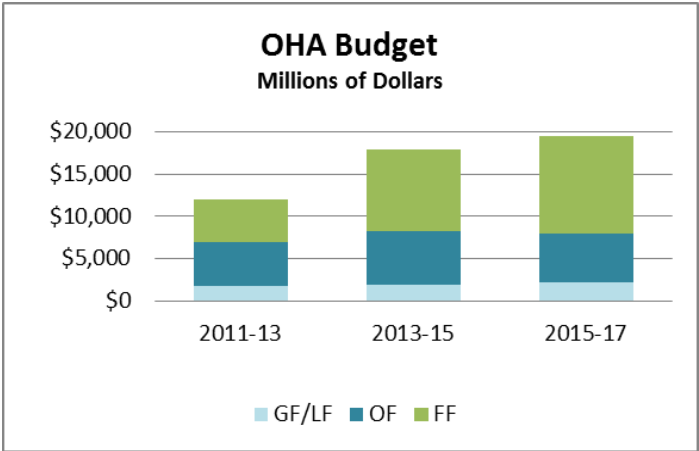
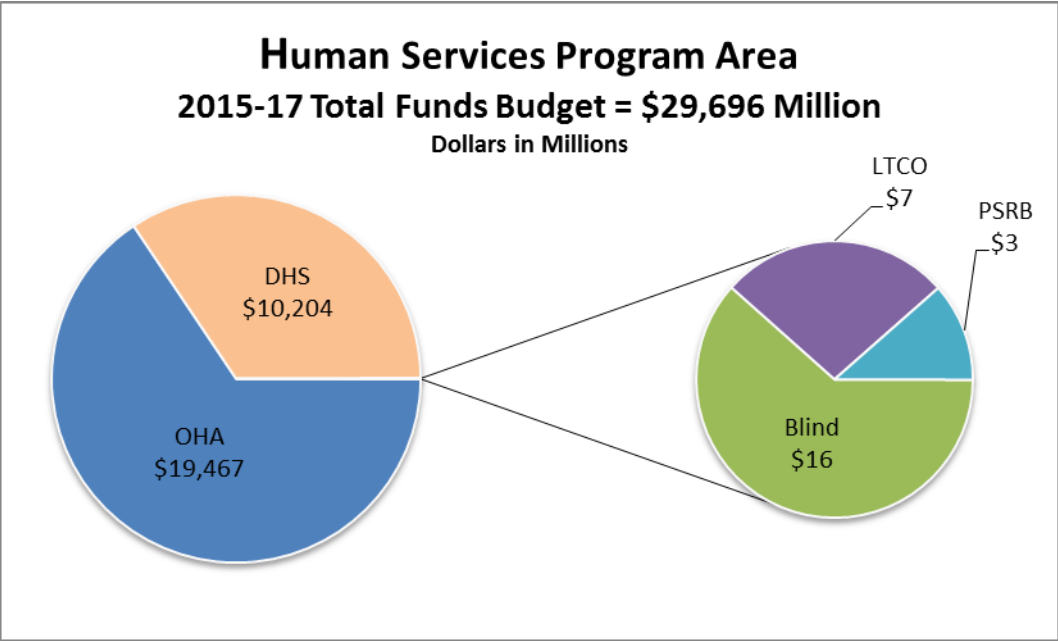
The agencies in the Human Services program area work with local governments, private for-profit and non-profit organizations, communities, and individuals to provide cash and employment assistance, nutrition assistance, medical coverage, long-term care, and other support to low-income individuals and families, including Oregonians with disabilities; intervene in cases of child abuse and neglect; offer treatment services to persons with mental disorders, alcohol or drug addictions; regulate the state's public health systems; supervise placements for those with mental illness who have been found guilty of committing a crime; and advocate for residents of long-term care facilities.

The 2015-17 legislatively adopted budget for the human services agencies totals \$4.84 billion combined General Fund and Lottery Funds, and \$29.70 billion total funds. This is 13.1% more than the 2013-15 legislatively approved budget in General Fund and Lottery Funds resources, and an 8.8% increase in total funds. The combined General Fund and Lottery Funds budget is \$560 million more than in the 2013-15 biennium, while the total funds budget for the program area is a \$2.4 billion increase from the 2013-15 biennium. A significant portion of the total funds increase is the result of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014.

The Human Services program area budget includes \$6.33 billion Other Funds, with PEBB/OEBB resources making up over half of the total. Other significant sources are Medicaid provider assessments, tobacco taxes, tobacco master settlement revenues, transfers from other agencies, and various fees.

At \$18.52 billion, Federal Funds include matching funds such as Medicaid, capped block grants such as Temporary Assistance to Needy Families (TANF), numerous other federal grants, and Nonlimited funds, primarily for Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits.

The chart on the following page shows the 2015-17 total funds budget for the agencies in this program area, and is followed by charts showing budget comparisons for the last three biennia for the Oregon Health Authority (OHA) and the Department of Human Services (DHS).



Budget highlights for each agency in the program area are provided below.

Oregon Health Authority

The 2015-17 legislatively adopted budget for the Oregon Health Authority is \$2.12 billion General Fund, \$19.47 billion total funds, and 4,428 positions (4,361.01 FTE). This represents a 9.7% increase in General Fund and a 9% increase in total funds since 2013-15.

General Fund increased by \$187 million as a result of investments in the community mental health system, as well as to cover caseload costs, inflation, and backfill of one-time revenue in the Oregon Health Plan. Total funds increased \$2.4 billion over the 2013-15 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014. Services for most of these new clients will be paid with 100% Federal Funds through 2016 and the state will contribute 5% of costs for the last six months of the 2015-17 biennium.

More detail follows on OHA’s four major program areas: Medical Assistance Programs, Public Employees’ Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB), Addictions and Mental Health, and Public Health.

Medical Assistance Programs

Medical Assistance Programs (MAP) delivers medical care to over one million low-income Oregonians primarily through the Oregon Health Plan. It is funded with a combination of state funds and federal matching Medicaid funds. Over 400,000 additional Oregonians have health care coverage through the Oregon Health Plan since the Affordable Care Act expansion starting in January 2014. Services for most of these new clients are funded with 100% Federal Funds through 2016. The state will pay 5% of those costs for the last six months of the 2015-17 biennium.

The 2015-17 legislatively adopted budget is \$1.1 billion General Fund and \$13.7 billion total funds. This is a 14.7% total funds increase over the 2013-15 legislatively approved budget, primarily the result of expansion under the Affordable Care Act. Health care costs in the Oregon Health Plan are capped at per-client increases of 3.4% per year, as required by Oregon's current federal waiver. Those increases are fully funded in the budget. The continuation of the current hospital assessment generates \$3.3 billion in additional resources to help pay for the Oregon Health Plan, after accounting for federal matching revenues.

Public Employees' Benefit Board / Oregon Educators Benefit Board

The Public Employees' Benefit Board (PEBB) contracts for and administers medical and dental insurance programs for state employees and their dependents, while the Oregon Educators Benefit Board (OEBB) contracts for insurance for various school, education service, and community college districts throughout the state. The 2015-17 legislatively adopted budget for PEBB is \$1.78 billion Other Funds, while the budget for OEBB is \$1.56 billion Other Funds. The budget for OEBB is moved from Other Funds Nonlimited to Other Funds Limited, to provide more accountability and to be consistent with PEBB. Both budgets were constructed to reflect a per-employee growth rate of 3.4% per year, which are consistent with Oregon's Medicaid waiver.

Addictions and Mental Health

The Addictions and Mental Health (AMH) program provides treatment services to Oregonians at risk of developing or who have been diagnosed with any behavioral health disorder. Services are delivered through county mental health agencies, coordinated care organizations, community non-profit providers, as well as the state hospital system. The 2015-17 legislatively adopted budget is \$782.7 million General Fund and \$1,172.6 million total funds. This is an increase of 14% General Fund and 13.4% total funds compared to the 2013-15 budget.

After funding the continuation of all on-going program investments made in community mental health in 2013-15, the budget makes additional investments of \$28 million in both community mental health and addictions. Four of the six wards in the new Junction City hospital facility are funded for the 2015-17 biennium. Three of these wards opened in the spring of 2015, and the fourth will open in the fall of 2015.

Public Health

Public Health provides a diversity of services to improve and protect the health of all Oregonians, and to support the goals of Oregon's health care transformation. The program manages more than 100 prevention-related programs that halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. Much of the work is carried out by local county health departments which are supported in their work by Public Health staff.

The 2015-17 legislatively adopted budget is \$606.9 million total funds, which is 15.7% more than the 2013-15 legislatively approved budget level. This is primarily the result of the transfer of the CAREAssist program from Medical Assistance Programs to Public Health. The General Fund budget of \$42.2 million is 5% above the 2013-15 level of \$40.2 million.

Generally, this budget maintains current program levels. Both the Contraceptive Care services (CCare) and the Breast and Cervical Cancer Screening budgets were reduced to account for lower caseload as a result of more Oregonians having health insurance. Both budgets are expected to be adequate to fully fund caseload costs during the 2015-17 biennium. The budget includes \$4.1 million of Tobacco Master Settlement Agreement resources for tobacco prevention and cessation programs. The budget also includes fee increases for a number of programs.

The Public Health budget includes \$4.4 million Other Funds to implement the various aspects of Ballot Measure 91, legalization of marijuana, as it relates to the medical marijuana program. Most of these resources are expected to come from fee revenues generated by licensing growers and processors.

Department of Human Services

The 2015-17 legislatively adopted budget for the Department of Human Services is \$2.701 billion General Fund, \$10.204 billion total funds, and 8,038 positions (7,897.81 FTE). The budget is 15.8% General Fund and 8.4% total funds more than the agency's 2013-15 legislatively approved budget.

The most significant budget and cost drivers for DHS include caseload growth, cost per case, continuation or roll up of prior biennium investments, loss of one-time non-General Fund revenues, and new spending. Some trends that influence demand on agency programs and its budget include a fast-growing population of older adults, an increasing number of people with disabilities, more jobs returning but with lower wages, and an uneven pace of economic recovery, especially in rural Oregon.

To support the prioritization of finite resources, the adopted budget includes two strategies initially proposed in the Governor's Budget. The first removes standard inflation on base expenditures and the second applies a 3% across-the-board vacancy factor. These actions provide \$47.9 million General Fund to help balance the overall budget but will require careful management of spending and positions.

More detail follows for the agency's five major programs: Self Sufficiency, Child Welfare, Vocational Rehabilitation, Aging and People with Disabilities, and Intellectual and Developmental Disabilities.

Self Sufficiency

The agency's Self Sufficiency programs provide assistance for low-income families to promote family stability and help them become self-supporting. Services help clients meet basic needs, such as food and shelter, and include job training, employment assistance, parenting supports, health care, and child care. The legislatively adopted budget is \$404.6 million General Fund and \$3.456 billion total funds. At the total funds view, the budget is essentially flat funded between biennia; however, General Fund is a \$65.1 million (or 19.2%) increase from the 2013-15 legislatively approved budget. This net increase includes backfill of one-time non-general fund revenues and savings – tied to the elimination of standard inflation and lower caseloads in the Temporary Assistance for Needy Families (TANF) program – and new spending. The most significant investments occur in the TANF and Employment Related Day Care (ERDC) programs.

Nonlimited Federal Funds for the Supplemental Nutrition Assistance Program (SNAP/food stamps) make up 72.8% of the total budget for Self Sufficiency. At \$2.514 billion, SNAP benefit payments for the 2015-17 biennium are expected to resemble 2013-15 biennium need and spending patterns.

The legislatively adopted budget uses \$30 million General Fund from TANF caseload savings to maintain TANF programs and staffing while addressing program changes under HB 3535 (2015). These include expanding contracts for pre- and post-TANF services, raising the income level for TANF exit from \$616 to \$1012, reducing ERDC co-pays and providing limited transition payments while exiting TANF, and increasing flexibility in issuing support services to prevent TANF entry.

For the ERDC program, \$45 million General Fund is added to support program changes required under federal law and reflected in HB 2015 (2015), increases provider rates, and allow approximately 800 more families to participate. Program modifications include protecting eligibility for children for 12 months, allowing working student parents and self-employed parents to access ERDC, and moving exit eligibility from 185% to 250% of the Federal Poverty Level.

Other budget actions include moving food assistance programs from the Housing and Community Services Department to DHS, sending more money to the Oregon Food Bank, covering Hunger Task Force costs, funding the workload model at 75.8%, providing direct support to 211info with \$1 million General Fund, and funding a TANF pilot project for eligible clients in certain community college training programs.

Child Welfare

The Child Welfare program conducts prevention, protection, and regulatory activities to keep children safe and improve their quality of life. Services include responding to reports of child abuse or neglect, providing in-home supports or out-of-home care when necessary, and arranging adoption or guardianship services and supports.

The legislatively adopted budget is \$470.5 million General Fund and \$941.5 million total funds, which is 9.6% and 2.6% higher, respectively, than the \$429.1 million General Fund and \$917.8 million total funds in the 2013-15 legislatively approved budget. The budget continues support for 2013-15 program enhancements, which include increased staffing and expansion of Differential Response and Strengthening, Reunifying, and Preserving Families efforts. Also covered are cost per case increases, caseload changes, and funding the workload model at 85.6%.

New initiatives supported by General Fund include \$1.6 million for Runaway and Homeless Youth programs, \$250,000 for a youth shelter and assessment project in Lane County, \$800,000 for two pilot projects in the Child Welfare program focusing on enhanced supports for foster parents, and \$104,000 for a Family Sentencing Alternative Pilot Program.

Vocational Rehabilitation

The Vocational Rehabilitation program assists youth and adults with disabilities to obtain, maintain, or advance in employment. The program's overarching goal is to help clients succeed in jobs that allow them to live as independently as possible, reduce or eliminate their need for publicly funded benefits, and be fully contributing members of their local communities.

The legislatively adopted budget is \$20.7 million General Fund and \$97.2 million total funds, and is slightly below the 2013-15 legislatively approved budget, primarily due to the elimination of inflation. The budget continues essential services and includes additional counselor capacity for the Employment First Initiative which is budgeted within the Intellectual and Developmental Disabilities program. The budget was also realigned by category, adding positions to eliminate doublefills.

Aging and People with Disabilities

Aging and People with Disabilities (APD) programs provide long-term care services to seniors and people with physical disabilities. Clients are served in their own homes, in community based care settings, and in nursing facilities. The legislatively adopted budget is \$867.4 million General Fund and \$2.962 billion total funds, which is 18.1% and 3.4% higher, respectively, than the \$734.7 million General Fund and \$2.498 billion total funds in the 2013-15 legislatively approved budget.

The legislatively adopted budget accounts for overall caseload growth and cost per case changes based on the spring 2015 forecast and associated increases to workload models for field staff; APD workload is at 90.2% of the workload model with the AAAs at 95% equity. Caseload growth is especially significant for the in-home program, primarily due to increased access and program changes mostly associated with the K Plan. The agency is working to improve identification of truly new clients in order to tap additional federal dollars to pay for their services. A budget note directs DHS to develop program sustainability options targeted at suppressing budget growth.

To cover initial costs associated with implementing U.S. Department of Labor (USDOL) fair labor standards act rule changes affecting home care workers, the budget includes \$14.4 million General Fund (\$48 million total funds). A caregiver training effort is also continued at a cost of \$3.3 million General Fund.

The budget includes a total of \$24.5 million General Fund in DHS to continue funding investments made in senior programs during the 2013 special session; some portions of the overall \$42.4 million General Fund commitment are budgeted in other agencies. The DHS components of the spending plan include \$6 million to continue the current Oregon Project Independence (OPI) pilot expansion project serving younger people with disabilities, \$10.3 million for the base OPI program, and \$3.3 million for caregiver training.

Other investments include \$1.6 million General Fund to pay back property taxes for seniors eligible for hardship relief stemming from changes made to the senior deferral program, and \$200,000 General Fund to support a statewide community-based assessment of service needs for deaf or hard of hearing individuals. Home and community based care provider rates are increased by 2.5% annually, which drives increases of \$6.8 million General Fund and \$15.8 million Federal Funds. The budget also adds \$5.6 million total funds, a portion of which is supported by XI-Q bond revenues, for a new adult protective services data system.

The legislatively adopted budget does include General Fund reductions to help free up these funds for other uses. These include taking out standard inflation, eliminating \$2 million that had replaced federal Older Americans Act dollars, reducing all but \$350,000 from an innovation fund, and eliminating the Gatekeeper program.

Intellectual and Developmental Disabilities

The Intellectual and Developmental Disabilities (IDD) program provides services for Oregonians with intellectual and developmental disabilities of all ages. Services include in-home family support, intensive in-home supports, out-of-home 24-hour services delivered by proctor/foster care or residential care providers, and brokerage support services. The legislatively adopted budget is \$689.7 million General Fund and \$2.116 billion total funds, which is 18.4% and 17.6% higher, respectively, than the \$582.6 million General Fund and \$1.799 billion total funds in the 2013-15 legislatively approved budget.

Similar to APD, the legislatively adopted budget for IDD is experiencing caseload growth and budget pressure due to expanded services and costs per case for children and adults, primarily resulting from implementation of the K Plan. The budget incorporates that caseload growth and cost per case increases based on the spring 2015 forecast, including adjustments to workload models for the Community Developmental Disability Programs (CCDPs) and brokerages; these entities are funded at 95% equity.

For personal support workers, the budget includes \$3.6 million General Fund (\$10 million total funds) to cover initial costs associated with implementing U.S. Department of Labor (USDOL) fair labor standards act rule changes affecting personal support workers. To help non-bargained providers, \$8.5 million General Fund and \$26.7 million total funds are added to increase service rates by 4% effective January 2016. A related budget note directs providers to explain how they are using the rate adjustment to increase employee compensation.

To build on previous Employment First efforts, \$4.4 million General Fund is added to improve employment outcomes for IDD clients in the workplace and to continue helping providers transform services. To develop other provider resources for people with IDD that have significant, long-term challenges but who are not in crisis, \$0.8 million total funds is added in the Stabilization and Crisis Unit (SACU) program. The budget for that program is also expanded by \$5.7 million General Fund (\$13.4 million total funds) and 127 positions to address safety and staffing concerns; PERS police and fire benefits are also granted to this employee group.

The budget adds \$92,500 General Fund to the community housing ("Fairview") trust account to account for a property transfer; no other adjustments are made to the trust, leaving the balance of about \$6 million intact. An increase of \$40,000 General Fund effectively holds the Family-to-Family Network program harmless from reductions in standard inflation.

Commission for the Blind

The legislatively adopted budget for the Commission for the Blind is \$2.9 million General Fund, \$16.2 million total funds, and 56 positions (52.21 FTE). This is an 81% General Fund increase but a decrease of 0.7% total funds from the 2013-15 budget level. The budget includes three new rehabilitation instructors to address the increasing population of Oregonians who are 55 and older and visually impaired or blind. As approved, the budget meets federal maintenance of effort requirements, and allows the agency to match all available federal funds.

Long Term Care Ombudsman

The Long Term Care Ombudsman's 2015-17 legislatively adopted budget of \$6.2 million General Fund is 63.1% more than the 2013-15 budget of \$3.8 million General Fund, primarily due to the full phase-in of program expansions authorized by legislation. The budget includes 25 positions (24.50 FTE). SB 626 (2013) expanded duties to include advocating for residents of care facilities who have mental illness or

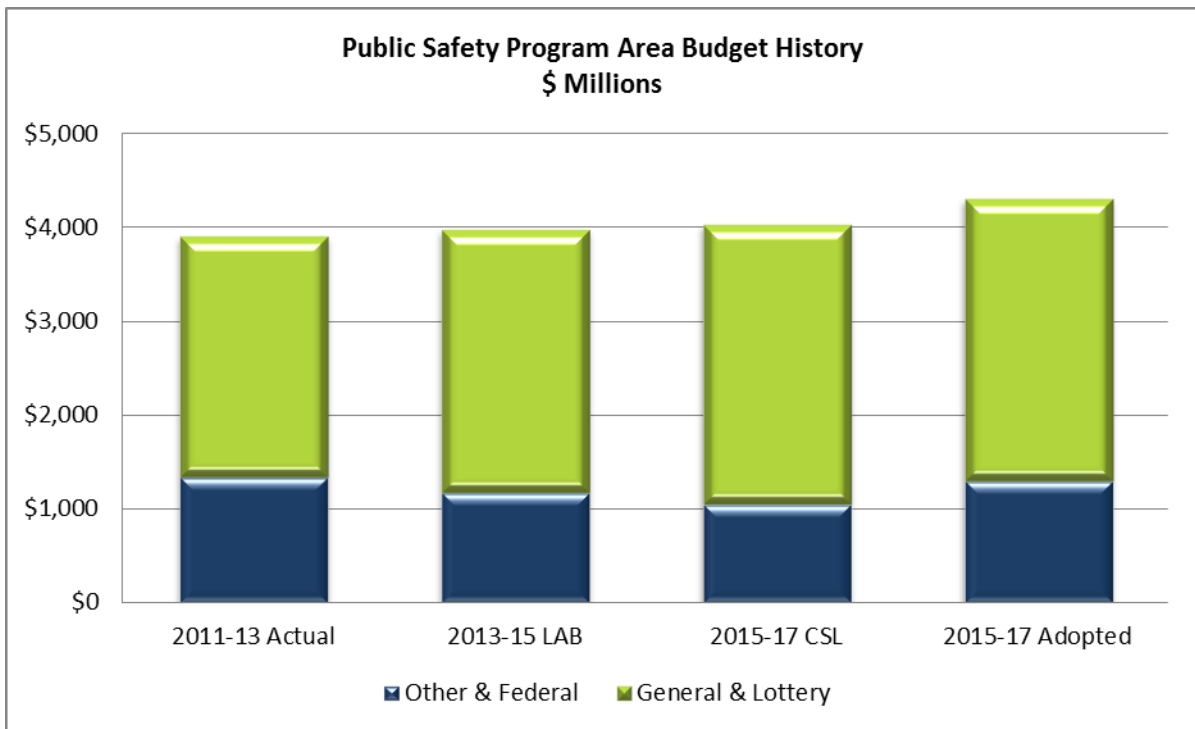
developmental disabilities. Under SB 1553 (2014), the agency became responsible for providing guardian and conservator services for eligible persons without relatives or friends willing or able to serve as guardians or conservators.

Psychiatric Security Review Board

The legislatively adopted budget for the Psychiatric Security Review Board, at \$2.6 million General Fund and \$2,168 Other Funds, is 5% more than the 2013-15 legislatively approved budget. The budget includes 11 positions (11.00 FTE). Federal grant funding that has been available for the last several years for the gun relief program has ended and is partially backfilled with General Fund.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

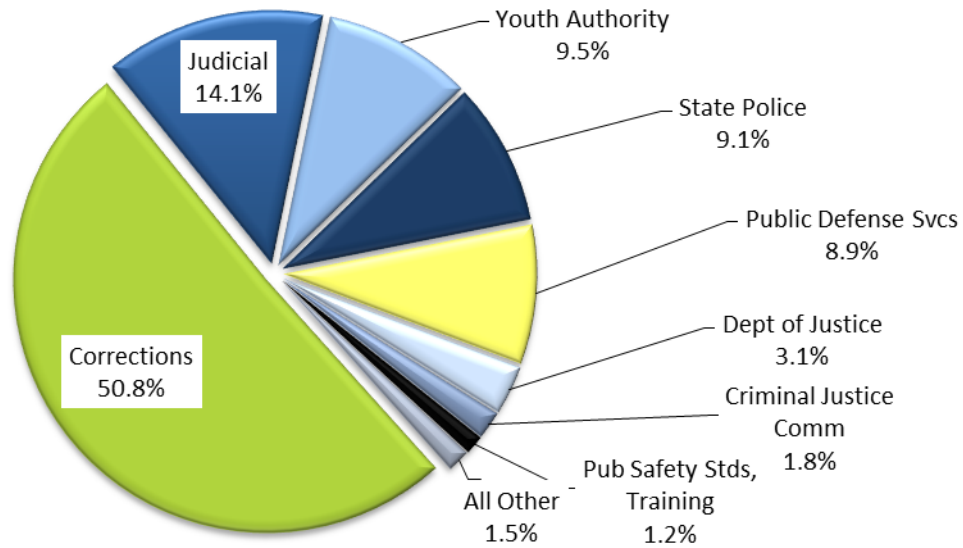
The agencies in the combined Public Safety and Judicial program area provide services to ensure the safety of Oregonians as it relates to criminal activities, civil disputes, highway safety, natural disasters, and homeland security. Public safety activities provide a systemic approach representing four major interconnected components: community safety, law enforcement, and resolution of civil matters; prosecution and defense services related to the court system; incarceration and related treatment services; and prevention and intervention programs.



This program area accounts for 15.9% of the statewide 2015-17 General Fund and Lottery Funds budget, and 6.2% of the statewide total funds budget. By a significant margin, incarceration and supervision costs represent the largest share of state spending for public safety and judicial related activities.

Several public safety agencies also receive Criminal Fine Account (CFA) revenues, as allowed by statute. Of the \$116.8 million total, \$63.6 million (or 54.5%) was allocated to public safety and judicial branch agencies. In agency budgets, the CFA funds appear as Other Funds, but because unallocated CFA funds are fungible (available for General Fund uses), they are included in the following chart.

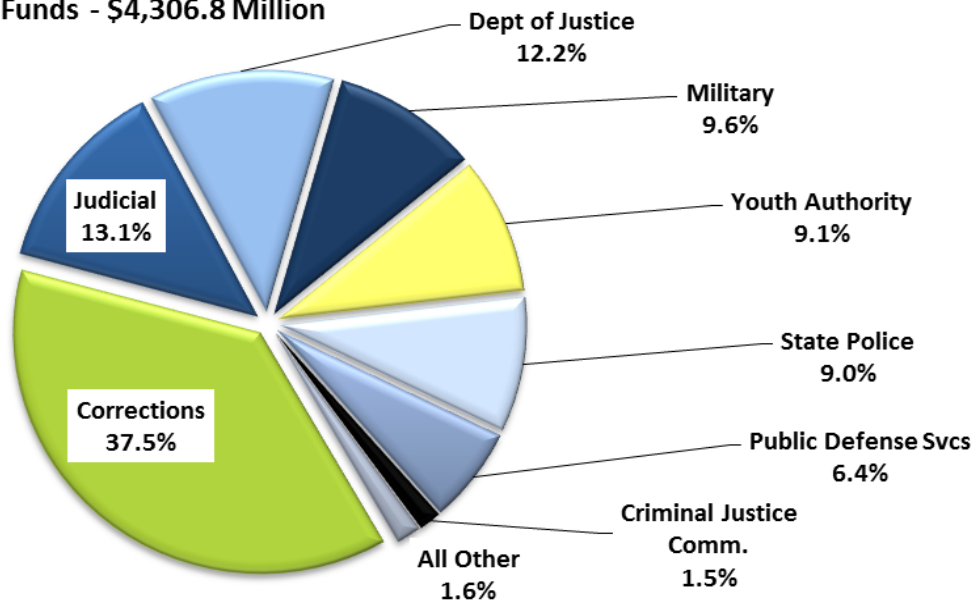
General, Lottery, and Criminal Fine Account Funds - \$3,070.5 Million



Included in the All Other category are the Military Department, District Attorneys and Their Deputies, the Board of Parole and Post-Prison Supervision, and the Judicial Fitness and Disabilities Commission.

This next chart shows each public safety agency's percent of total public safety funds.

Total Funds - \$4,306.8 Million



Included in All Other are Public Safety Standards and Training, District Attorneys and Their Deputies, the Board of Parole and Post-Prison Supervision, and the Judicial Fitness and Disabilities Commission.

Department of Corrections

The Department of Corrections (DOC) operates the state's 14 institutions for the incarceration of adult and certain juvenile felons sentenced to prison for more than 12 months. The April 2015 prison population forecast projects an average of 13,327 males and 1,261 females to be housed during the 2015-17 biennium. The Department is also responsible for community corrections offenders sentenced or sanctioned for incarceration of 12 months or less, known as the local control population, and all

felony offenders under community supervision for parole or probation. These offenders are managed by the counties, except for Douglas and Linn counties, which are managed by DOC. In total, the community corrections population is forecast to be 33,055 by the end of the 2015-17 biennium.

The 2015-17 legislatively adopted budget for DOC is \$1.56 billion General Fund, \$1.62 billion total funds, and 4,523 positions (4,479.62 FTE). General Fund is 7.4% higher than the 2013-15 legislatively approved budget, and total funds are 7.7% higher. Other Funds of \$53.2 million include \$4.4 million Criminal Fine Account revenue. The budget includes:

- \$8.6 million General Fund for projected prison and community corrections population changes, as calculated in the April 2015 Office of Economic Analysis prison population forecast.
- \$5.2 million and 33 positions for DOC's staff wellness initiative, which is intended to reduce the use of overtime and support better mental and physical health for DOC staff.
- \$1.9 million for a new program to divert offenders from prison when they have custody of their minor children at the time of the offense, in order to provide enriched treatment to offenders and to keep families together with the ultimate goal of interrupting the intergenerational crime cycle.
- \$1.1 million for information technology projects to begin converting medical records to electronic format and to upgrade the hardware that inmates use to access legally-required educational and law library materials.

The Legislature approved \$14.2 million in capital construction limitation and Article XI-Q bond proceeds for the agency to work on the top 25 deferred maintenance projects statewide. The bonds will be issued late in the biennium, such that debt service will not begin until 2017-19.

The agency's General Fund budget is reduced by \$20.2 million in response to statewide resource limitations. The agency is expected to meet the reduction target by holding positions vacant and other personal services actions.

Criminal Justice Commission

The Commission's 2015-17 legislatively adopted budget is \$55 million General Fund, \$62.8 million total funds, and 11 positions (11.00 FTE). This is an increase in General Fund of over 130% from the 2013-15 legislatively approved budget level. The 2015-17 budget provides \$40 million General Fund and adds 2 positions to continue and enhance the Justice Reinvestment grant program. For reference, in 2013-15, funding for the Justice Reinvestment grant program was \$10 million General Fund and \$5 million Federal Funds. The Commission's budget also retains \$14 million for specialty court funding.

District Attorneys and Their Deputies

The legislatively adopted budget for the 2015-17 biennium for the District Attorneys is \$11.6 million General Fund, an increase of 6.3% from the 2013-15 legislatively approved level, and includes 36 positions (36.00 FTE). The Legislature basically approved a current service level budget that pays for the salaries, benefits, and other payroll expenses of the 36 District Attorneys and covers state government service charges. Although the District Attorneys requested consideration of a salary increase during the 2015 session, the Legislature deferred decisions on District Attorney salaries to the next session.

Department of Justice

The Department of Justice legislatively adopted budget totals \$524.1 million which includes \$76.1 million General Fund; \$285 million Other Funds, of which \$20.5 million is supported by Criminal Fine

Account revenue; \$142.4 million Federal Funds; \$4.9 million Other Funds Nonlimited; and \$15.7 million Federal Funds Nonlimited. The total funds budget is a \$56.8 million (or 12.1%) increase from the 2013-15 legislatively approved budget. The budget includes 1,305 positions (1,291.70 FTE).

The single largest investment in the agency is \$45.4 million total funds for the second phase of the Child Support Enforcement Automated System, an information technology project. The project is funded with \$15.4 million Other Funds (Article XI-Q bonds) and \$30 million Federal Funds. The project includes 22 permanent full-time positions (21.13 FTE). The General Fund Debt Service cost during the 2015-17 biennium totals \$2.4 million for this phase of the project and will increase to \$7 million for the 2017-19 biennium. Additional General Fund investments include \$2 million to fill a punitive damage awards revenue shortfall in the Crime Victims' Services Division, \$806,958 for the Fusion Center, \$243,783 for the defense of the Master Tobacco Settlement agreement, and \$240,550 to support the Oregon Crime Victims Law Center.

Other Funds investments include \$2.6 million for the Mortgage Mediation program, \$2.3 million for a new case management system and agency website, \$2 million for Cover Oregon litigation, \$1.5 million for state agency litigation support, and \$794,618 for financial fraud enforcement.

The budget also includes a reduction of \$6.4 million Federal Funds due to the transfer of the High Intensity Drug Trafficking Area program to the Department of Public Safety Standards and Training, with the exception of the Investigative Support Center which DOJ will retain and which will be funded with Federal as Other Funds from DPSST (\$2.5 million).

In addition, a \$2 million General Fund special purpose appropriation was established in the Emergency Board for the Defense of Criminal Convictions as a contingency for potential caseload increases.

Military Department

The total funds budget is \$380.4 million, which is 11% lower than the 2013-15 legislatively approved budget. General Fund is \$25.3 million, an increase of 16% over the 2013-15 budget level. The budget includes 449 positions (406.01 FTE). The 2015-17 budget includes:

- \$1.4 million General Fund to fully fund airfield firefighters' salary expenses.
- \$940,000 General Fund and \$940,000 Federal Funds to rehabilitate the Forest Grove Armory in view of lead contamination.
- Continuing the 23 federally funded caretaker positions at the Umatilla Chemical Depot at \$6.5 million Federal Funds.
- Support for Next Generation 9-1-1 in the amount of \$500,000 from 9-1-1 tax revenues.
- Support for a military museum.
- Elimination of the federal equipment refurbishment activity at Camp Withycombe, which results in a reduction of \$30.9 million Federal Funds.

Oregon Youth Authority

The Youth Authority's 2015-17 budget is \$292 million General Fund, \$391.4 million total funds, and 1,022 positions (985.88 FTE). General Fund is a 5.9% increase over the 2013-15 legislatively approved budget, while total funds exceed the 2013-15 budget by 18.7%. The budget maintains current operations; restores 9 positions to continue work on the Youth Reformation System, a newly developed data-rich model that predicts optimum placement for each youth based on best practices in order to

return them to their communities healthy, educated, and prepared to be productive citizens; and adds 5 positions to address mental health and transition issues.

In addition, \$49 million in capital construction and bonding is authorized for the agency to begin implementation of the 10-Year Facilities Strategic Plan. The Plan will result in remodeling the MacLaren facility to support best practices in youth reformation, closing the Hillcrest facility, moving the Hillcrest youth to MacLaren, and making other changes to the remaining facilities including addressing deferred maintenance. Bond sales in the spring of 2016 will generate \$33 million of the total and will drive 2015-17 debt service costs of \$3.1 million General Fund.

Board of Parole and Post-Prison Supervision

The 2015-17 legislatively adopted budget for the Board is \$7.8 million total funds, an increase of 73% from the 2013-15 budget. The budget includes 28 positions (26.00 FTE), which is an increase of 12 positions or 75% from 2013-15.

The Legislature approved \$3.2 million General Fund to implement HB 2320, which directs the Board to adopt a sex offender risk assessment methodology and classify sex offenders into risk levels, increases the number of board members from three to five, and requires a minimum of three board members to make and review certain decisions.

Department of State Police

The legislatively adopted total funds budget for the Department (known as OSP) is \$389.5 million, which is comprised of \$271.4 million General Fund, \$100.5 million Other Funds, \$7.84 million Lottery Funds, \$9.76 million Federal Funds, and 1,286 positions (1,255.37 FTE). The total fund budget is 11% higher than the 2013-15 legislatively approved budget. General Fund increased by 12.9%, in part due to a fund shift of \$5.2 million from the Department of Fish and Wildlife Other Funds revenues to General Fund.

Other General Fund increases include \$2.7 million for 20 new trooper positions to be phased in over the 2015-17 biennium, \$623,000 for 2 new forensic scientist positions, and \$1.9 million for 33 patrol cars. One-time General Fund of \$1.8 million is added to move the Astoria office out of a tsunami inundation zone, to move the Springfield patrol office into adequate space, and to expand the Springfield lab. HB 3225 added \$365,000 and one position to coordinate the statewide response to hazardous spills during rail transport and SB 128 adds \$214,000 to fund collectively-bargained pay increases for OSP telecommunicators.

15% of the anticipated revenue from the legal sale of marijuana is dedicated to law enforcement, and adds \$1.3 million Other Funds and 4 positions (4.00 FTE) to the Patrol and Criminal Investigation programs. Other Funds expenditure limitation is increased by \$5 million to begin replacing the CrimeVue criminal history repository database.

Department of Public Safety Standards and Training

The legislatively adopted budget for the Department of Public Safety Standards and Training is \$9.5 million General Fund for debt service, \$37.2 million Other Funds (including \$27.4 million supported by criminal fines revenue), and \$4.1 million Federal Funds for a total biennial budget of \$50.9 million, including 139 positions or (137.17 FTE). The 2015-17 budget is 10.1% higher than 2013-15, primarily due to the transfer in of the \$3.7 million federally-funded Oregon High Intensity Drug Trafficking Area program from the Department of Justice.

Funding for DPSST is sufficient to maintain programs at their current service level, as well as to add a new statewide Mental Health Crisis Intervention Training program at a cost of \$379,000. The budget also includes one-time federal grant funds of \$126,000 for firefighter training equipment.

Judicial Department

The 2015-17 legislatively adopted budget for the Judicial Department (OJD) of \$562.5 million total funds is 10.1% greater than the 2013-15 legislatively approved budget. The Department's operating costs are primarily supported by the General Fund. The \$422 million of General Fund support is 4.9% greater than the prior biennium level. The agency is also projected to carry forward approximately \$2.9 million of General Fund from 2013-15, which will be added to its 2015-17 biennium budget without additional legislative action.⁵ Key provisions of the budget include the following enhancements, reductions, and adjustments:

- \$873,660 General Fund and \$2.7 million Other Funds, and establishment of 15 permanent and 7 limited duration positions, to provide operational support for the Oregon eCourt system and to help courts more fully utilize the new system. The positions are located in several divisions of the Office of the State Court Administrator (OSCA) to centrally provide services to both the courts and to OSCA. The Other Funds revenue is accrued to the State Court Technology Fund.
- \$1.25 million General Fund, and 12 additional positions, for the Multnomah County Circuit Court Violations Bureau, for costs associated with citations generated by HB 2621. That bill authorizes the City of Portland to operate fixed photo radar systems in urban high crash corridors. The budget also includes an additional \$1 million General Fund special purpose appropriation to the Emergency Board for HB 2621 costs that will occur if the number of citations generated by the photo radar units exceeds 50,000 per year.
- \$5.7 million total funds to finance 2015-17 biennium merit increases for the Department's personnel (other than judges).
- \$192,229 General Fund and one position, dedicated to improving outcomes related to how courts address family law and child support issues, and the special needs of self-represented litigants.
- \$100,000 General Fund in additional support for the Oregon Law Commission and \$600,000 General Fund in one-time supplemental support for Legal Aid.
- A \$5.6 million General Fund reduction to adjust debt service on previously-issued Article XI-Q bonds to currently-required levels. The reduction reflects both a reduction in the amount of bonds that were issued for eCourt during the Spring 2015 bond sale and the favorable interest rates obtained in that sale. This funding reduction has no impact on OJD operations.
- A \$2.4 million General Fund reduction that will be restored during the 2015-17 biennium with the carry-forward of the 2013-15 biennium General Fund ending balance. After these reductions, OJD will retain approximately \$0.5 million of its projected \$2.9 million General Fund carryforward, primarily concentrated in the third-party debt collection program.
- A \$1.9 million General Fund reduction to remove General Fund rolled up in the budget for the cost of unfunded compensation plan changes adopted for OJD employees following the 2013 session. This reduction requires the plan changes to be financed from operating efficiencies, as was done in the 2013-15 biennium.
- \$77.7 million of Article XI-Q bond proceeds and county match funds (both Other Funds), for county courthouse capital construction projects funded through the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF). This expenditure authority accommodates funding for courthouse replacement projects in Multnomah and Jefferson counties, and includes

⁵ ORS 293.195 allows for retention of unused biennial General Fund appropriations for state agencies in the Judicial and Legislative branches.

expenditures of bond proceeds and county matching funds that were authorized for the 2013-15 biennium and carried forward to 2015-17. The expenditure limitation does not include expenditures for a third approved courthouse replacement project in Tillamook County. OJD will report to the Joint Committee on Ways and Means or to the Emergency Board on the Tillamook County Courthouse project, and request Other Funds expenditure limitation for the project, prior to distributing any money from the OCCCF. New Article XI-Q bonds authorized in the 2015-17 biennium budget total \$27,775,000, which includes \$17.4 million for the Multnomah County Central Courthouse project, \$2.5 million for the Jefferson County Courthouse project, and \$7,875,000 for the Tillamook County Courthouse project.

- \$17.3 million of Article XI-Q bond proceeds (Other Funds) for the final implementation of the Oregon eCourt Program. During the 2015-17 biennium, eCourt will be implemented in all remaining circuit courts and the Tax Court, completing a three-biennium implementation of the Odyssey system. The costs will be financed from a combination of \$14.5 million of new Article XI-Q bonds to be issued in the spring of 2017, and \$2.8 million of proceeds remaining from the spring 2015 bond sale.
- \$3.5 million of Criminal Fine Account monies (Other Funds) to finance a number of local court facility infrastructure projects, including \$2.5 million to fund life and safety projects at the Malheur and Wallowa courthouses and \$1.2 million for smaller projects at court facilities in Grant, Coos, Douglas, Clatsop, and Josephine counties.
- \$1.1 million of Criminal Fine Account monies (Other Funds) for one-biennium supplemental funding for county court facilities security accounts to accommodate temporary funding reductions associated with HB 2562 (2013).

Public Defense Services Commission

The 2015-17 legislatively adopted budget for the Public Defense Services Commission (PDSC) of \$276.8 million total funds is 7.4% greater than the 2013-15 legislatively approved budget. The agency's operating costs are primarily supported by the General Fund. The \$272.4 million of General Fund support is 7.6% greater than the prior biennium level. Key provisions of the budget include the following enhancements and adjustments:

- \$5.2 million General Fund to increase case rates paid to private and consortia attorneys to the levels paid to public defender offices. Case rate increases are provided in two steps. Beginning January 1, 2016, the PDSC will increase case rates by approximately 55% of the amount initially requested. Beginning January 1, 2017, PDSC will increase case rates to the full levels provided for in their initial package request.
- \$161,700 General Fund to pay mileage reimbursements to providers in the Eastern, North Coast, Central, Southern Oregon, and Willamette Valley regions. Funding for mileage reimbursements becomes effective in contracts beginning January 2016.
- \$222,953 General Fund, and establishment of one permanent full-time Deputy General Counsel position (1.00 FTE), to administer the Parent Child Representation Program (a.k.a, Juvenile Dependency Improvement Program).
- \$406,962 General Fund to finance 2015-17 biennium merit increases for PDSC employees. Funding for merit increases was included in Judicial Branch budgets even though merit increases were generally not funded in Executive Branch agency budgets.
- A \$1.2 million fund shift from Other Funds to General Fund. This shift reverses a one-time fund shift in the 2013-15 biennium that used available fund balances from the Application/Contribution Program to support the public defense system. The projected Other Funds ending balance, after this action, will be sufficient to cover approximately 2.6 months of expenditures.

Commission on Judicial Fitness and Disability

The 2015-17 legislatively adopted budget for this agency of \$219,804 General Fund is 6.4% greater than the 2013-15 legislatively approved budget. The budget includes one position (0.50 FTE) and reflects the current service level, including the impacts of standard adjustments applied to all General Fund budgets. The agency is also projected to carry forward \$3,950 of General Fund from its 2013-15 biennium appropriation, which will be added to its 2015-17 biennium budget without additional legislative action.

ECONOMIC DEVELOPMENT PROGRAM AREA

Agencies within the Economic and Community Development Program Area include the Oregon Business Development Department, the Employment Department, the Housing and Community Services Department, and the Department of Veterans' Affairs. In their own way, each of these agencies contributes to Oregon's prosperity by supporting business, employment, or by improving the economic prospects of Oregonians through anti-poverty initiatives and creating opportunities for homeownership. The agencies are funded through a mix of General Fund; Other Funds bond proceeds, loan programs, and fees; Federal Funds. Lottery Funds and General Fund are provided for debt service related to specific projects or initiatives and Lottery Funds also support programs and operations of the Oregon Business Development Department.

Oregon Business Development Department

The legislatively adopted budget for the Oregon Business Development Department (OBDD) totals \$688.2 million, a \$205.3 million (or 42.5%) increase over the prior biennium and includes 137 positions (134.74 FTE). The increase is the result of expanded support for the agency's bond-funded programs, and additional General Fund for debt service costs. These increases are partially offset by reductions in Lottery Funds debt service and reductions in Nonlimited Other Funds expenditures because \$18.2 million of bond refunding expenditures in the 2013-15 biennium are phased out.

The OBDD budget includes \$128.6 million of state support (Lottery Funds and General Fund), of which \$111.8 million is Lottery Funds. The state support total is \$2.6 million (or 2.1%) above the prior biennium level. The increase is entirely due to debt service costs on lottery revenue and general obligation bonds. Lottery Funds and General Fund debt service costs are \$6 million (or 11.5%) above the prior biennium level. Lottery Funds and General Fund expenditures for the agency's other operating and program costs are reduced by \$3.3 million (or 4.5%) from the prior biennium level.

The budget greatly expands the agency's bond-funded (Other Funds) programs. The 2015-17 legislatively adopted budget provides \$249.1 million of lottery revenue and general obligation bond proceeds for the agency's programs, almost 4.25 times the \$58.7 million provided in the prior biennium. General Fund and Lottery Funds debt services costs on these bonds are projected to total \$42.8 million per biennium when the costs fully phase-in during the 2017-19 biennium. The budget for the agency includes the following highlights:

- \$17.9 million Lottery Funds was authorized for Oregon Innovation Council (Oregon InC) initiatives. The funding amount is 5.8% below the prior biennium level. Funding for the Oregon Story Board within Oregon InC was discontinued. Funding for ongoing Oregon InC initiatives was provided as follows: SOAR Oregon funding was increased 240.1%, funding for the Oregon Translational Research and Drug Development Institute (OTRADI) was increased 1.5%, funding for the Oregon Built Environment and Sustainable Technology Center (Oregon BEST) was increased 0.7%, and funding for the Oregon Nanoscience and Microtechnologies Institute (ONAMI) was

increased 0.3% over prior biennium levels. Funding, on the other hand, for the Oregon Wave Energy Trust (OWET) was reduced 87.2% from the prior biennium level and Drive Oregon funding was reduced by 49%. Support was provided with the understanding that the aggregate funding level would be added to the OBDD base budget for purposes of calculating the current service level. No specific funding amounts were established for individual initiatives and Oregon InC and OBDD may adjust initiative support levels within the current service level in its budget request each biennium.

- Lottery Funds support for the Strategic Reserve Fund was reduced \$1.7 million. The reduction was partially offset by a \$900,000 increase in Other Funds expenditures, reducing total funding by \$800,000, to a total of \$11.7 million for new projects. This represents a 3.6% reduction from the prior biennium support level. The Department may direct any amount of these funds to the Business Retention and Expansion Program.
- \$3.25 million Lottery Funds was provided for the Oregon Metals Initiative and the Northwest Collaboratory for Sustainable Manufacturing. This amount includes \$749,065 of base funding transferred to OBDD from the Higher Education Coordinating Commission (thereby consolidating support in OBDD) and \$2.5 million of funding enhancements. A minimum of \$500,000 is dedicated for Oregon State University, Portland State University, and Oregon Instituted of Technology research equipment purchases.
- \$1.05 million Lottery Funds for one-time support of Western Juniper harvesting and the manufacturing of products from Western Juniper.
- \$500,000 Lottery Funds for the Oregon Growth Fund to address capital gaps facing Oregon businesses. Funding for this program in the prior biennium totaled \$1.9 million.
- \$300,000 Lottery Funds to supplement support to the Oregon Small Business Development Center Network, increasing total support to \$2.3 million.
- \$411,043 Lottery Funds and 2 additional positions were provided to fund administrative support for research, data collection, and analysis and to increase international trade capacity.
- \$189,859 Other Funds was added to increase the number of Regional Coordinator positions from 10 to 11.
- \$200,000 Lottery Funds was provided to continue Grow Oregon, a pilot project providing economic gardening services.

The budget also includes \$252.2 million of lottery revenue bond proceeds and general obligation bond proceeds for Department programs (\$241.9 million) and costs of issuance (\$3.1 million). This amount includes the following:

- \$205 million for the Seismic Rehabilitation Grant Program, including \$175 million for seismic rehabilitation grants for schools and \$30 million for grants for emergency services facilities. The program is a competitive grant program that provides funding for the seismic rehabilitation of critical public buildings. The state issues general obligation bonds, authorized under Article XI-M and Article XI-N of the Oregon Constitution, to finance these grants. Funding in the prior biennium totaled \$30 million.
- \$18 million for the community development revolving loan fund (Special Public Works Fund). These monies will be added to the corpus of the Fund and be used for infrastructure development for industrial land sites, water and wastewater systems, and other economic development-related infrastructure. The funding level is double the prior biennium level, with \$5 million of the proceeds being specifically designated for levee projects.

- \$13 million for Regional Solutions capital projects. The funds will be distributed to support priority projects identified by local Regional Solutions Advisory Committees. Last biennium, \$9 million was approved for this program.
- \$7 million to recapitalize the Brownfields Redevelopment Fund. No funds were provided for this program last biennium.
- \$4.5 million for cultural organization capital projects at the Oregon Shakespeare Festival, the Portland Japanese Garden, Oregon Public Broadcasting, and the Aurora Colony Museum. Funding last biennium for cultural organization capital projects totaled \$1.75 million.
- \$1.6 million for repairs and upgrades to the Port of Brookings Harbor dock.

The legislatively adopted budget also allocates lottery revenues to counties for economic development programs to the full amount reflecting the statutory distribution of 2.5% of video lottery revenue proceeds, minus one-half of the costs of supporting Regional Solutions positions in the Office of the Governor. Funding to counties totals \$39.1 million, a 15.5% increase over the prior biennium level.

Employment Department

The Legislature approved a total funds budget of \$1.9 billion and 1,272 positions (1,237.76 FTE) for the Employment Department, 84% of which is attributable to projected unemployment insurance payments to claimants. The legislatively adopted budget is a 12.5% decrease from the 2013-15 legislatively approved budget, primarily due to the discontinuation of federal emergency unemployment compensation funds for unemployment insurance claimants. With the exception of funding for the Oregon Talent Council, the Employment Department's budget is completely comprised of Other Funds and Federal Funds.

The budget includes expenditures of \$3 million for preliminary planning and design costs related to the modernization of the agency's information systems. It continues job placement assistance for special populations (\$3.8 million and 26 positions), continues to meet projected job training and placement assistance associated with the federal Trade Adjustment Act program (\$2.8 million and 19 positions), and continues efforts to detect and prevent overpayments (\$1.5 million and 9 positions). The Legislature approved completion of information systems related to the Office of Administrative Hearings case management system and secured access to the employer payroll reporting system.

Passage of HB 2728 resulted in the establishment of the Oregon Talent Council, which is to act as a resource for agencies and educational institutions on developing talent to fill the needs and gaps of Oregon's traded sector and high growth industries. The Talent Council is established within the Employment Department and accompanying support consists of \$6.1 million General Fund for grants and administrative costs.

The legislatively adopted budget transferred \$13 million from the Supplemental Employment Department Administrative Fund to the General Fund.

Housing and Community Services Department

The Legislature approved a 2015-17 total funds budget of \$1.255 billion and 130 positions (126.17 FTE) for the Housing and Community Services Department. The budget is a 17% increase over the 2013-15 legislatively approved budget, primarily due to the addition of investments for development of affordable housing, as follows:

- \$40 million in bonds issued pursuant to Article XI-Q of the Constitution for low income Oregonians.
- \$20 million in lottery bonds to provide financing for affordable housing for people with mental health and addictions issues.

Another \$2.5 million in lottery bond proceeds was approved for efforts associated with preserving affordable housing with expiring federal subsidies.

The Legislature approved the transfer of \$3.7 million in food and nutrition programs to the Department of Human Services to better integrate the programs with other assistance. Of the total amount, \$1.8 million is attributable to the Oregon Hunger Response Fund, which is supported with General Fund.

General Fund investments in the Emergency Housing Account and State Homeless Assistance Program were continued at 2013-15 legislatively approved levels (\$2 million more than the 2015-17 current service level). Another \$1.4 million General Fund was approved for counseling and legal aid services associated with the Oregon Foreclosure Avoidance Program, which provides a forum for mediation between lenders and borrowers. This amount is anticipated to be sufficient to fund services through February 2016, at which time the Department will report to the Legislature on foreclosure rates and program utilization.

One-time operating support in the amount of \$250,000 General Fund was approved for Oregon Volunteers, along with a budget note directing the agency and the Commission's Board to report back on efforts to make the organization self-sufficient and identification of other state agency or not-for-profit administrative hosts for the organization. The Legislature approved the continuation of an administrative support position for the Court Appointed Special Advocates (CASA) program, as well as \$2.5 million for CASA grants (\$210,000 more than the 2015-17 current service level).

Department of Veterans' Affairs

The Legislature approved a total funds budget of \$417,655,531 and 88 positions (87.76 FTE) for the Department of Veterans' Affairs, 76% of which is attributable to bond-related activities, debt service, and loan repayments associated with the Veterans' Home Loan program. The budget is a 5.5% increase over the 2013-15 legislatively approved budget.

The Legislature continued funding for County Veteran Service Officers (CVSOs) at the 2013-15 legislatively approved budget level (\$4.7 million General Fund). The budget discontinued the educational aid program and reduced resources for the Emergency Assistance program (\$150,000 is budgeted for this program in 2015-17) in favor of more targeted investments for veteran service officers who help veterans access federal and state benefits, and for training for CVSOs.

Additional staff support was added to the Department, as follows:

- One additional loan specialist to meet projected demands for veteran home loans in 2015-17.
- A training position was added to the Veteran Services program to support CVSO accreditation and continuing education.
- A director of aging veterans' services to oversee the operations and resident care at the agency's two skilled nursing facilities.
- A Women's Veteran Coordinator position and a Lesbian, Gay, Bisexual and Transgender Veteran Coordinator position to focus on outreach and needs of these underserved veterans populations.

Capital Construction expenditure limitation was approved in the amount of \$1.5 million Other Funds and \$2.8 million Federal Funds for remodeling and updating of the Veterans' Home skilled nursing facility in The Dalles.

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

The Consumer and Business Services program area includes the Oregon Board of Accountancy, Board of Chiropractic Examiners, Board of Clinical Social Workers, Construction Contractors Board, Department of Consumer and Business Services, Board of Licensed Professional Counselors and Therapists, Board of Dentistry, Oregon Health Licensing Agency, Health-Related Licensing Boards, Bureau of Labor and Industries, Oregon Medical Board, Board of Nursing, Board of Pharmacy, Board of Psychologist Examiners, Public Utility Commission, Real Estate Agency, and Board of Tax Practitioners. These agencies are primarily funded with Other Funds revenues generated through licenses and fees.

The 2015-17 legislatively adopted budget for the Consumer and Business Services program area totals \$668 million, of which \$12.6 million is General Fund, \$371.6 million is Other Funds, and \$18.6 million is Federal Funds. The budget also includes \$197.6 million in Nonlimited Other Funds for Workers' Compensation and Insurance programs and \$66.3 million Nonlimited Other Funds for the Oregon Universal Service Fund, which subsidizes the rates charged by any eligible carrier providing basic telephone service in high cost areas. The 2015-17 total funds budget for the Consumer and Business Services program area is approximately \$20.5 million above the 2013-2015 legislatively approved budget.

The General Fund budget for the program area increased by \$726,102 from the 2013-2015 legislatively approved budget. The Bureau of Labor and Industries is the only agency in this program area supported by the General Fund. Other Funds expenditure limitation increased by \$29.5 million (or 8.62%) from the 2013-2015 budget, which was driven largely by a \$27 million net increase in the Department of Consumer and Business Services (DCBS) due to the transfer of the Oregon health insurance exchange to DCBS from Cover Oregon. Significant Other funds reductions include \$1.6 million from the Construction Contractors Board and \$3.9 million from the transfer of the Oregon Health Licensing Agency budget to the Oregon Health Authority. Federal Funds increased by \$8.2 million (or 78.8%) from the 2013-2015 legislatively approved budget primarily due to a change in the DCBS budget where Federal Funds that had previously been expended as Other Funds will, going forward, be expended as Federal Funds.

Board of Accountancy

The Board's 2015-17 budget totals \$2,454,268 Other Funds and includes 8 positions (8.00 FTE). The budget is a 6.5% increase from the 2013-2015 legislatively approved budget and the projected ending balance of approximately \$895,905 will leave the Board with an estimated 8.7 months of operating expenses. The projected ending balance is increased as a result of an increase in the fees for CPA licensure from \$160 to \$255, contained in SB 581 (2015). The budget includes the establishment of a Financial Investigator position to allow the Board to address increases in the number and complexity of complaints received from the public against licensees. The budget also includes additional limitation to provide the Board with contract investigators and resources to pay for assistance from the Department of Justice to reduce the current backlog of 87 cases.

Board of Chiropractic Examiners

The Board's 2015-17 budget totals \$1,889,260 Other Funds and includes 6 positions (5.10 FTE). The budget is an 18% increase over the 2013-2015 legislatively approved budget and the projected ending balance of \$378,350 will leave the Board with approximately 4.8 months of operating expenses. The budget makes the Health Care Investigator position permanent, addresses rising costs associated with Attorney General legal services and administrative hearings, as well as accommodates the new Executive Director's salary differential and other costs associated with merchant fees for the online license renewal system. The budget also includes licensing fee increases for Doctors of Chiropractic and Certified Chiropractic Assistants.

Board of Licensed Social Workers

The Board's 2015-17 budget totals \$1,471,646 Other Funds and includes 6 positions (6.00 FTE). This budget is a 5.5% increase from the 2016-15 legislatively approved budget. The Board is responsible for the standard of practice, ethics, and the regulation of Social Workers. The Board intends to increase fees by 10%, in 2015, under their rulemaking authority, which will increase the ending fund balance from just under three months of operating expenses to five months of operating expenses.

Construction Contractors Board

The Board's 2015-17 budget totals \$14,659,027 Other Funds and includes 62.00 positions (62.00 FTE). This budget is a 10% decrease from the 2013-2015 legislatively approved budget and the projected ending balance of \$2,212,333 will leave the Board with approximately 3.6 months of operating expenses. The budget eliminates 7 positions that were vacated due to a reorganization of the agency during the 2013-15 biennium.

Department of Consumer and Business Services

The total funds budget for the Department of Consumer and Business Services totals \$457,228,905 and includes 962 positions (952.57 FTE). The budget includes \$197.6 million in Nonlimited Other Funds for Workers' Compensation and Insurance programs. This budget is an 8.45% increase from the 2013-2015 legislatively approved budget.

The DCBS budget includes funding and expenditure limitation for the establishment of the Oregon Health Insurance Marketplace (OHIM). Biennial revenues associated with the OHIM assume a beginning balance transfer of \$8.24 million upon dissolution of Cover Oregon, premium assessment revenue of \$21.2 million, and a transfer of \$13.2 million from the Oregon Health Authority for information technology professional service contract obligations. Budgeted expenditures for the OHIM total \$33,676,551 Other Funds including intra-agency administrative costs. The marketplace adds 34 positions (31.00 FTE). The OHIM budget provides for an estimated ending fund balance of \$8,960,802. Based on the estimated ongoing expenditures of the program this amount equates to approximately 12.7 months of operating reserves.

Excluding the OHIM portion of the budget, the Other Funds budget for DCBS is just under 2.5% less than the 2013-2015 legislatively approved budget as a result of the reduction of \$13.14 million Other Funds expenditure authority for federal fund revenues that were being expended as Other Funds in prior biennia. The budget includes a corresponding establishment of Federal Funds expenditure authority for those revenues in 2015-17. The budget also provides increased personnel capacity for workload increases in the Workers' Compensation, Oregon OSHA, Insurance, and Building Codes divisions, adding

9.00 FTE in total for these functions and corrects the funding type for 11 positions; moving the funding from Nonlimited Other Funds to Other Funds limited.

Board of Dentistry

The Board's 2015-17 budget totals \$2,985,971 Other Funds and includes 8.00 positions (8.00 FTE). This budget is a 12.4% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$693,568 will leave the Board with approximately 5.5 months of operating expenses. The budget includes the establishment of a permanent full-time Dental Investigator position in order to address increases in volume and complexity of complaints. The addition of the Dental Investigator position will allow the Board to phase out the use of contract investigators and reduce the average time of investigations from 10 months to 3.5 months. The budget also includes a fee increase, effective July 1, 2015. The biennial fees for dental licenses will be increased from \$315 to \$390 and the biennial fees for dental hygienists will be increased from \$155 to \$230. The fee increase is necessary to fund the continued operations of the Board while maintaining an adequate ending balance.

Mortuary and Cemetery Board

The Board's 2015-17 budget totals \$2,062,770 Other Funds and includes 7.00 positions (7.00 FTE). This budget is an 42.6% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$900,849 will leave the Board with approximately 12.6 months of operating expenses. The budget includes the establishment of a permanent full-time Accountant 2 position to provide budget and accounting services to be shared by the Health Related Licensing Boards. The budget also includes an additional \$378,000 Other Funds expenditure limitation for pass-through funds related to the Indigent Disposition Fund program that was transferred from the Oregon Health Authority to the Board in HB 3243 and a reclassification and FTE increase of an existing position to administer this program.

Board of Naturopathic Medicine

The Board's 2015-17 budget totals \$706,025 Other Funds and 3 positions (2.50 FTE). The budget is an 8.1% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$216,503 will leave the Board with approximately 7.3 months of operating expenses. The budget is slightly less than the current service level and includes a reduction to reflect the prorated cost savings from utilizing 12% of the shared Accountant 2 position, housed in the Mortuary and Cemetery Board, for budget and accounting functions.

Occupational Therapy Licensing Board

The Board's 2015-17 budget totals \$454,683 Other Funds and includes 2 positions (1.50 FTE). The budget is a 19.6% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$174,413 will leave the Board with approximately 9.2 months of operating expenses. The budget includes a reclassification and FTE increase for an existing position to provide increased administrative support. The budget also includes a reduction to reflect the prorated cost savings from utilizing 7% of a shared Accountant 2 position, housed in the Mortuary and Cemetery Board, for budget and accounting functions.

Board of Medical Imaging

The Board's 2015-17 budget totals \$926,705 Other Funds and includes 3.00 positions (3.00 FTE). The budget is an 8.2% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$201,013 will leave the Board with approximately 5.2 months of operating expenses. The budget includes increased limitation for criminal background checks on initial licensure as a pass-

through to the Department of State Police, and a budget reduction to reflect the prorated savings from utilizing 20% of a shared Accountant 2 position, housed in the Mortuary and Cemetery Board, for budget and accounting functions.

Board of Examiners for Speech-Language Pathology and Audiology

The Board's 2015-17 budget totals \$661,269 Other Funds and includes 3 positions (2.50 FTE). The budget is a 21.5% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$189,236 will leave the Board with approximately 6.8 months of operating expenses. The budget includes increased expenditure limitation and position authority for a limited duration part-time investigator and a budget reduction to reflect the prorated savings from utilizing 8% of a shared Accountant 2 position, housed in the Mortuary and Cemetery Board, for budget and accounting functions.

Veterinary Medical Examining Board

The Board's 2015-17 budget totals \$895,606 Other Funds and includes 4 positions (3.50 FTE). The budget is an 18.4% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$426,733 will leave the Board with approximately 11.3 months of operating expenses. The budget includes expenditure limitation and position authority for a permanent full-time Investigator 2 position to inspect registered veterinary facilities as part of passage of HB 2474. The Board intends to charge a \$150 registration fee for veterinary facilities to fund the inspection and registration program. The budget also includes a reduction to reflect the prorated savings from utilizing 17% of a shared Accountant 2 position, housed in the Mortuary and Cemetery Board, for budget and accounting functions.

Bureau of Labor and Industries

The 2015-17 legislatively adopted budget for the Bureau of Labor and Industries is \$26,247,425 and includes 104 positions (101.42 FTE), a 3.8% increase from the 2013-2015 legislatively approved budget. General Fund comprises 47.9% of the agency's budget. The budget made permanent an administrative position in the Apprenticeship and Training division to support the Heavy Highway Supportive Services program that trains women, minorities and other special populations training for highway construction jobs, and added a Training and Development Specialist position to increase training and seminar capacity for employers throughout the state. The passage of SB 454 resulted in an additional 3 positions, one of which is limited duration, to implement a new paid sick leave requirement for employers. A half-time position was added to staff a toll-free phone line for workers who provide live entertainment, to field questions and complaints regarding employment conditions and status.

Board of Licensed Professional Counselors and Therapists

The Board's 2015-17 budget totals \$1,505,938 Other Funds and includes 6 positions (4.50 FTE). The budget is a 33.5% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$272,742 will leave the Board with approximately 4.3 months of operating expenses. The budget includes increased limitation and position authority for 2 half-time limited duration positions, an Office Specialist and an Investigator, to handle the increase in licensing applications and investigative workload. These positions will remain limited duration as the Board works with the Board of Psychologist Examiners towards a proposal for merging staff of the two Boards by the 2017-19 biennium.

Medical Board

The 2015-17 budget for the Oregon Medical Board totals \$11,269,353 Other Funds and includes 39 positions (38.79 FTE). The budget is a 5.03% increase from the 2013-2015 legislatively approved budget and is projected to leave an ending fund balance of \$5.1 million Other Funds, roughly equal to 11 months of operating expenses. The budget provides additional expenditure limitation for an increase in leased office space, the establishment of an investigative staff position, and the reclassification of 6 positions.

Board of Nursing

The 2015-17 budget for the Board totals \$15,265,753 Other Funds and includes 48 positions (47.80 FTE). The budget is a 5.33% increase from the 2013-2015 legislatively approved budget and is projected to leave an ending fund balance of \$4.2 million Other Funds, roughly equal to seven months of operating expenses. The budget includes \$74,095 for IT equipment upgrades and \$500,000 for a pass-through fee collected by the Board and distributed to a non-profit advancing the profession of nursing and conducting research on the nursing workforce as required by the passage of SB 72. The budget includes revenue from fees established by administrative rule and ratified by the Legislature with passage of SB 5545 for prescriptive privileges for Certified Registered Nurse Anesthetists and for an increase in late license renewal fees.

Board of Pharmacy

The Board's 2015-17 budget totals \$6,856,245 Other Funds and includes 20.00 positions (20.00 FTE). The budget is a 15.1% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$2,706,092 will leave the Board with approximately 9.4 months of operating expenses. The budget includes a reduction to revenue reflected in the transition from annual licensure to biennial licensure for Pharmacists and Certified Pharmacy Technicians. This transition is expected to reduce the Board's large ending balance and achieve workload efficiencies by alternating the renewal cycle. The budget also includes expenditure limitation and position authority for a permanent full-time Program Analyst position to be established as a lead worker in the licensing unit to provide increased oversight and training to the licensing team.

Board of Psychologist Examiners

The Board's 2015-17 budget totals \$1,284,790 Other Funds and includes 6 positions (4.50 FTE). The budget is a 23.8% increase from the 2013-2015 legislatively approved budget and the projected ending balance of approximately \$129,086 will leave the Board with an estimated 2.4 months of operating expenses. The projected ending balance is decreased as a result of a one-time fee reduction scheduled to take place for two calendar years that will reduce renewal fees by 66%. Licensees renew biennially based on birth month, so the two-year reduction will ensure all licensees receive a one-time renewal fee reduction. The budget includes the establishment of 2 limited duration half-time positions, an Office Specialist and an Investigator, to address the increase in customer service and administrative workload and to allow the Board to actively investigate and prevent unlicensed and untrained individuals from providing mental health services.

Public Utility Commission

The legislatively adopted budget for the Public Utility Commission is \$44,128,339 Other Funds, \$66,279,866 Nonlimited Other Funds, \$698,049 Federal Funds, and 128 positions (125.97 FTE). This budget increases the Board of Maritime Pilots' executive director position from 0.5 to 1.00 FTE, and increases Other Funds expenditure limitation by \$120,374 to cover the expense. The 2015-17 budget is

0.2% less than current service level, and 9.6% less than the 2013-2015 legislatively approved budget. The expenditure reduction results primarily from phasing out \$1.6 million Federal Funds associated with a federal broadband grant under the American Recovery and Reinvestment Act (ARRA) that ended during the 2013-2015 biennium. The agency is funded with revenue generated from utility and telecommunications fees and from federal funds for pipeline safety programs. SB 329 increased utility and telecommunication providers' fees from a maximum of 0.25% to a maximum of 0.30% of a utility's gross operating revenues, allowing the agency to maintain operations at the current service level.

Real Estate Agency

The 2015-17 legislatively adopted budget for the Real Estate Agency is \$6,897,314 Other Funds and 29 positions (29.00 FTE). This amount represents a 5.2% decrease from the 2013-15 legislatively approved budget, due to the elimination of a vacant information services position and reductions in services and supplies costs to increase the agency's ending balance. The agency is expected to have an ending balance equivalent to 1.5 months of operating expenditures.

Board of Tax Practitioners

The Board's 2015-17 budget totals \$1,235,571 Other Funds and includes 4.00 positions (4.00 FTE). The budget is a 4.4% increase from the 2013-2015 legislatively approved budget and the projected ending balance of \$275,259 will leave the Board with approximately 5.4 months of operating expenses. The budget includes revenue reductions to account for a temporary \$10 licensing fee decrease that the Board implemented in August, 2013.

NATURAL RESOURCES PROGRAM AREA

Natural resource agencies are largely funded with Other Funds revenues, generated through fee assessments and other regulatory actions, and Federal Funds. While dependence on Other and Federal Funds can provide greater stability during economic down-turns, these revenues tend to have restricted uses; typically their use is limited to funding regulatory activities, grants, or federally delegated programs. General and Lottery Funds supplement other sources and fund constitutionally dedicated programs. After several biennia of slow economic growth which severely limited the availability of General Fund to support Natural Resource agencies, the 2015-17 biennia saw an increased investment of General Fund support. Lottery Funds on the other hand have significantly stabilized in the last few biennia and are projected to grow slowly in the future. This comes at a time when Lottery dollars are playing an increasingly important role for funding several natural resource agencies.

The 2015-17 legislatively adopted budget for the Natural Resources program area totals \$1.84 billion, including \$201 million General Fund, \$172 million Lottery Funds, \$897 million Limited Other Funds, and \$293 million Federal Funds. The budget also includes \$278 million in Nonlimited Other Funds, mainly for loan program activities at the Departments of Environmental Quality and Energy.

Including Nonlimited Other Funds, the total program area budget for 2015-17 is approximately \$66 million (or 3.7%) more than the 2013-15 legislatively adopted budget. The combined budget for the natural resource agencies, excluding Nonlimited expenditures from revolving loan programs and therefore more representative of agency operational activities, is over \$101 million, or 6.9%, above the previous biennium approved budget totals. General Fund alone is \$35.8 million (or 21.7%) more than the 2013-15 legislatively adopted budget due to investments in a number of programs, including a 70% increase in General Fund support for the Department of Fish and Wildlife to lessen the agency's reliance

on revenues from hunters and fishers and to reduce proposed increases in hunting and fishing licenses and tags. Lottery Funds are up slightly due to increased investment of non-constitutionally dedicated Lottery Funds that are traditionally used for economic development activities. Limited Other Funds is \$43.3 million (or 5%) higher than 2013-15 due largely to increased revenue from fees and charges. Total anticipated Federal Funds spending for 2015-17 is up \$16.3 million (or 5.8%) from 2013-15 legislatively adopted budget totals.

Department of Agriculture

The adopted budget for the Department of Agriculture totals \$105.8 million. The budget includes \$23.4 million General Fund, \$6.3 million Lottery Funds, \$60.6 million Other Funds, \$15.6 million Federal Funds, and 527 positions (378.84 FTE).

The total funds budget is 9.3% higher than the 2013-15 legislatively approved budget level. The General Fund budget is 20% higher than 2013-15 levels due to investments in the laboratory to replace old equipment and purchase a new lab tracking system, increased state support for administrative activities that replaced Other Funds to lessen the burden on fee payers, increased support for the wolf compensation and grant assistance program, and increased staffing for the agricultural water quality program. A budget note was included directing the Department to work with the Oregon Watershed Enhancement Board to make additional grant funding available for water quality improvement projects associated with agricultural lands. The budget also fully supports the State Veterinarian with General Fund and provides increased General Fund support for the Threatened and Endangered Plant program and the Invasive Species Council.

Other Funds expenditures from fee increases in the motor fuel quality, fertilizer, and nursery programs were approved in the budget. In addition, HB 3549 increased pesticide program fees by over \$2 million to support additional pesticide investigators, improvements in investigation and case management database, and additional staffing for the Pesticide Analytical Response Center.

Columbia River Gorge Commission

The Columbia River Gorge Commission's legislatively adopted Oregon budget for the 2015-17 biennium totals \$908,983 total funds and includes \$903,983 General Fund and \$5,000 Other Funds. The General Fund budget is a 1.5% increase over the 2013-15 legislatively approved budget level. The two states of Oregon and Washington are required by interstate compact to equally share the operational costs of the Commission. Washington's General Fund budget for the Commission was set relatively early in the Washington 2015 session at \$904,000, which Oregon subsequently matched. There are no Oregon positions or FTE associated with the Commission; all Commission staff are considered to be State of Washington employees.

Department of Energy

The legislatively adopted budget for the Department of Energy is \$2,980,496 Lottery Funds for debt service, \$34,515,467 Other Funds, \$3,129,106 Federal Funds, \$140.8 million in Nonlimited Other Funds for small-scale energy loans, \$104,000 in Nonlimited Federal Funds, and 105 positions (104.50 FTE).

The total funds budget is 21.6% less than the 2013-15 legislatively approved budget level. Other Funds reductions of \$4.4 million include revenue shortfalls from the State Energy Efficient Design program, the Energy Facility Siting program, and the Energy Supplier Assessment. Associated expenditure reductions include closure of the Hermiston Office, elimination of 8 positions (7.42 FTE), and elimination of services

and supplies no longer needed due to the end of the Business Energy Tax Credit. Additional reductions of \$13.3 million Other Funds include the reduction of expenditure limitation associated with a one-time grant of lottery bond proceeds to Clean Energy Works Oregon and reduction of one-time funds for technology investments and for special payments into the Alternative Fuel Vehicle Loan program.

The agency does not receive General Fund. The 2015-17 budget includes a fee increase in the Biomass Producer or Collector Tax Credit program, expected to raise \$270,600 and to fully support the program. A budget note directs the Department to limit its Energy Supplier Assessment-supported expenditures to \$13.1 million in 2015-17, and to prepare its 2017-19 budget request at the same level.

Department of Environmental Quality

The legislatively adopted budget for the Department of Environmental Quality is \$34 million General Fund, \$4 million Measure 76 Lottery Funds, \$149 million Other Funds, \$29 million Federal Funds, and 739 positions (722.57 FTE). The budget total also includes \$127 million of Nonlimited Other Funds for Clean Water State Revolving Fund loan activities and debt service.

The total funds budget is 3.2% higher than the 2013-15 legislatively approved budget level. The General Fund budget is 9% higher than 2013-15 due largely to investments in the Water Quality program. General Fund was added to backfill Federal Funds in the wastewater permitting and non-point source pollution programs; increase staffing in the wastewater permitting program to reduce permit backlog; fund a coordinator position to oversee the Portland Harbor cleanup project; and continue increased air toxics monitoring that was begun last biennium. Other Funds expenditures from fee increases in the wastewater permitting, solid waste disposal, and the oil spill prevention programs were also included in the approved budget.

Department of Fish and Wildlife

The Department of Fish and Wildlife (ODFW) 2015-17 budget totals \$347.3 million and includes \$30.2 million General Fund, \$4.8 million Measure 76 Lottery Funds, \$175.7 million Other Funds, \$136.7 million Federal Funds, and 1,474 positions (1,198.26 FTE). The total funds budget is 1.6% higher than the 2013-15 legislatively approved budget, while FTE is 5% lower and there are 46 fewer positions than in 2013-15. General Fund support is 70% higher than in 2013-15 due in large part to the addition of \$6.6 million to reduce reliance on revenue from hunters and fishers. In addition, \$2 million was added to continue Columbia River fish management changes enacted in 2013. Other General Fund additions include \$1 million to continue the Western Oregon Stream Restoration Program and \$800,000 to fund research at the Oregon Hatchery Research Center. Reliance on fees from hunters and fishers was further reduced by the addition of \$5.2 million General Fund to the Department of State Police budget which replaced Other Funds support from ODFW for Fish and Game officers.

Other Funds expenditures are 5.2% lower than 2013-15, even with the inclusion of revenue from increases to hunter and fisher licenses and tags approved in SB 247. Reductions to programs and positions reliant on Other Funds were part of the strategy used by the Department to lessen the proposed increases to hunting and fishing licenses and tags. Federal Funds are increased slightly, including additional funding from the Pittman-Robertson Wildlife Restoration Act federal excise tax on the sales of firearms and ammunition.

Department of Forestry

The Department of Forestry 2015-17 total funds budget is \$330,389,922 and supports 1,197 positions (875.54 FTE). This amount is 41.2% lower than the 2013-2015 budget due primarily to the phase-out of \$63,214,841 General Fund and \$180,647,505 Other Funds for emergency fire costs related to the 2013 and 2014 fire seasons. The General Fund budget for the agency totals \$63,414,691, a 46.7% reduction from the 2013-15 legislatively approved budget.

The legislatively adopted budget includes the addition of 2 positions and the partial funding of an existing position funded with General Fund (\$368,000) to support Rangeland Fire Protection Association activities. In conjunction with these positions, the Legislature provided \$1.2 million in grant funding for distribution to counties and rangeland fire protection associations for rangeland wildfire threat reduction. This funding is associated with the Governor's initiative to protect Sage Grouse habitat. General Fund (\$400,000) was included for a grant to Clackamas County to establish a forestry product cooperative pilot project for products grown on non-forest land. The agency's budget bill also included an appropriation of \$6 million General Fund to the Emergency Board for allocation to the Department of Forestry for severity resources (\$4 million) and anticipated catastrophic fire insurance premium costs (\$2 million)

One-time funding of \$1.4 million, including \$838,438 General Fund and \$558,960 Other Funds was included in the budget for the implementation of two incremental enhancements to the Forestry Activity Electronic Reporting and Notification System and ongoing funding for system maintenance and support. Additional Other Funds changes include a \$2 million reduction due to the elimination of 9 vacant positions in the State Forests Program and an increase of \$821,154 in the Administration program for budgetary restorations, technical position adjustments, and re-classification of certain information technology positions.

\$2.885 million in Lottery Funds for the east-side federal forest restoration program that were included in the 2013-2015 biennium were phased out of the current biennium budget and replaced with \$5 million in Lottery Funds for the expansion of the program statewide in the 2015-17 biennium.

The budget includes the re-establishment of \$3 million Federal Funds expenditure limitation for purchase of land for the Gilchrist State Forest due to the purchase not being completed in the 2013-15 biennium.

Department of Geology and Mineral Industries

The Department's 2015-17 budget totals \$15.6 million and includes 42 positions (41.16 FTE). This is 4% higher in total funds than the 2013-15 legislatively approved budget. General Fund, however, which is 27% of the total budget, is 2.4% greater than the 2013-15 budget level. It should be noted that the 2013-15 legislatively approved budget was increased by \$800,000 General Fund during the 2015 session to backfill a shortfall in Other Funds and Federal Funds revenues.

The increase in General Fund will stabilize funding for subject matter expertise in the geologic hazards programs within the agency, and provide a one-time state match of \$770,000 General Fund for a Light Detection and Ranging (LIDAR) mapping contract with the U.S. Geological Survey. The budget includes reprioritizing financial and administrative functions and eliminates 3 positions related to the budget and accounting functions of the agency. The Department will contract with the Department of Administrative Services to provide those functions. Additionally, the budget includes the establishment

of a Grants Coordinator position to facilitate and track the increasing complexity of project grants. Finally, the budget includes establishing a separate Other Funds limitation for the Mined Land Reclamation program and includes a fee increase anticipated to generate \$600,000 Other Funds to help cover operating costs of the program.

Three budget notes were added, involving the agency reporting back to the Legislature in 2016 on a number of issues, including both organizational and accounting structures, reviews of the agency business operations, program priorities, cash flows and fees, and a comprehensive assessment of the agency's information technology related operations.

Department of Land Conservation and Development

The Department's 2015-17 total funds budget is \$19,892,764 and includes 57 positions (55.90 FTE). This amount is 2.34% higher than the 2013-15 legislatively approved budget. The General Fund budget for the agency totals \$13,152,774, a 5.54% increase from the 2013-15 legislatively approved budget and includes the re-establishment of \$194,000 as a one-time General Fund appropriation for unexpended amounts related to the Southern Oregon Regional Pilot Program that were included in the agency's 2013-15 budget. General Fund of \$498,997, of which \$294,000 is for one-time expenditures, is included for the continuation of the agency's Information Management Modernization Initiative that began in the prior biennium. General Fund of \$300,000 was provided to establish a "SageCon" coordinator to lead staff participating in the SageCon Governance and Implementation Teams. The position will work with and take direction primarily from the Governor's Office to provide overall leadership and direction for state agencies working with public and private stakeholder interests in the energy, agricultural, and conservation sectors related to sage grouse conservation.

Parks and Recreation Department

At \$201.9 million total funds, the agency's budget is 5% lower than the 2013-15 legislatively approved budget and 3.7% below current service level. The budget includes 847 positions (576.26 FTE). The Oregon State Fair and Exposition Center was moved from the Department to a public corporation managed by the Oregon State Fair Council. This accounted for a budget reduction of \$15.7 million total funds. Additions to the budget include pass-through lottery bond proceeds for Forest Park in Portland (\$1.5 million) and for the Willamette Falls Riverwalk (\$7.5 million). This is in addition to the 2013-15 Willamette Falls investment of \$5 million. Additional lottery bond proceeds of \$2.5 million fund HB 3526 – Oregon Main Street Revitalization, for preservation-based community revitalization and economic development. Parks will develop and administer this competitive grant program beginning late in the 2015-17 biennium, as no lottery bond sales will occur until spring of 2017. The additional RV revenue distribution to counties (2014) is fully phased in at 45% to counties, or \$14.1 million. After several successive quarters of reductions in Lottery revenue, the March and May 2015 forecasts show improvement. The budget is adjusted to provide the required 12% distribution to local governments, to use some of the increased funding for acquisitions and deferred maintenance, and to assure a prudent ending balance.

Department of State Lands

The 2015-17 budget for the Department of State Lands is \$48.2 million total funds and 110 positions (109.00 FTE). This is 6.3% higher than the 2013-15 budget. The budget includes General Fund to implement SB 912 – Submerged or Submersible land. With respect to historically filled lands, the Department is required to inventory such lands, research land ownership, identify and digitize historical land records, and provide notification to land owners. The budget also directs funding for continued

forensics on the Portland Harbor Superfund site, continuing the Elliott State Forest alternatives study, an agricultural rangeland conversion, wildland firefighting costs, improved internal controls, and final reorganization efforts.

Land Use Board of Appeals

The Land Use Board of Appeals 2015-17 total funds budget is \$1,801,528 supporting 6 positions (6.00 FTE). This amount is 8.45% higher than the 2013-15 budget. The General Fund budget for the agency totals \$1,772,887, a 12.65% increase from the 2013-15 legislatively approved budget and includes funds to increase the staff attorney position at the Board from three-quarter time to full-time. This position was established during the previous biennium to enable the Board to maintain compliance with the 77-day statutory deadline for the issuance of final orders and to conduct needed legal research.

Marine Board

The Marine Board's total funds budget for 2015-17 is \$33,708,773 and 38 positions (38.00 FTE). The budget includes \$26,244,249 Other Funds and \$7,464,524 Federal Funds. This funding level is a 0.1% increase from the 2013-15 legislatively approved budget. The Board is funded by three major sources, business license and fees, motor boat fuel tax revenues, and federal grants. On average, Other Funds account for nearly 80% of revenue and Federal Funds for the remaining 20%. HB 2459 increased certain fees for the Board to generate sufficient revenue to maintain Law Enforcement Grants and Boating Facility Grants. These fees will generate approximately \$5.2 million revenue in 2015-17, \$4.7 million Other Funds and \$500,000 Federal Funds.

Water Resources Department

The Department's 2015-17 total funds budget is \$107,382,446 supporting 164 positions (162.58 FTE). This amount is 62.4% higher than the 2013-15 budget, but the increase is almost entirely due to the inclusion of just over \$53 million Other Funds for bond proceeds. The General Fund budget for the agency totals \$29,622,753, an 8.7% increase from the 2013-15 legislatively approved budget.

The budget includes \$345,982 General Fund for 2 limited duration positions for expanded grant activities for place-based water resource planning and feasibility studies for water conservation, reuse, and storage. Support was also included in the budget for the Integrated Water Resource Supply Development program (three permanent positions and \$615,399 General Fund), along with the establishment of a chief groundwater technology scientist position funded evenly between the General Fund and Other Funds from the fee-based Water Rights Operating Fund. The budget also provides for a limited duration position to address water right processing backlogs and a permanent position to assist with water management and monitoring in the Klamath basin (\$355,955 General Fund).

Lottery bond issuance was approved to fund various programs within the Department. The budget for the agency includes \$21,440,889 Other Funds expenditure limitation for lottery bond proceeds, including \$440,889 for bond issuance costs. No debt service expenditures are included in this biennium's budget since the bonds are not anticipated to be issued until the end of the biennium. The bond proceeds net of issuance costs are allocated as follows:

- \$750,000 for place-based water resource strategy planning.
- \$1 million for the replacement, repair, or remediation of well casings in the Mosier Creek area.
- \$2 million for feasibility studies and initial implementation of water conservation, reuse, and storage projects.

- \$6.25 million additional capitalization of the Water Supply Development Fund.
- \$11 million for water supply and storage projects in the Umatilla Basin.

The Legislature authorized the issuance of general obligation bonds for the recapitalization of the Water Development Administration and Bond Sinking Fund. This fund is a loan program to facilitate the financing of large water development projects requiring the repayment of the bond proceeds by the borrowers of the funds. The budget includes Other Funds expenditure limitation of \$31,721,865, including \$1,721,865 in bond issuance and debt service costs. Bonds under this program will only be issued once a project is approved for funding.

Oregon Watershed Enhancement Board

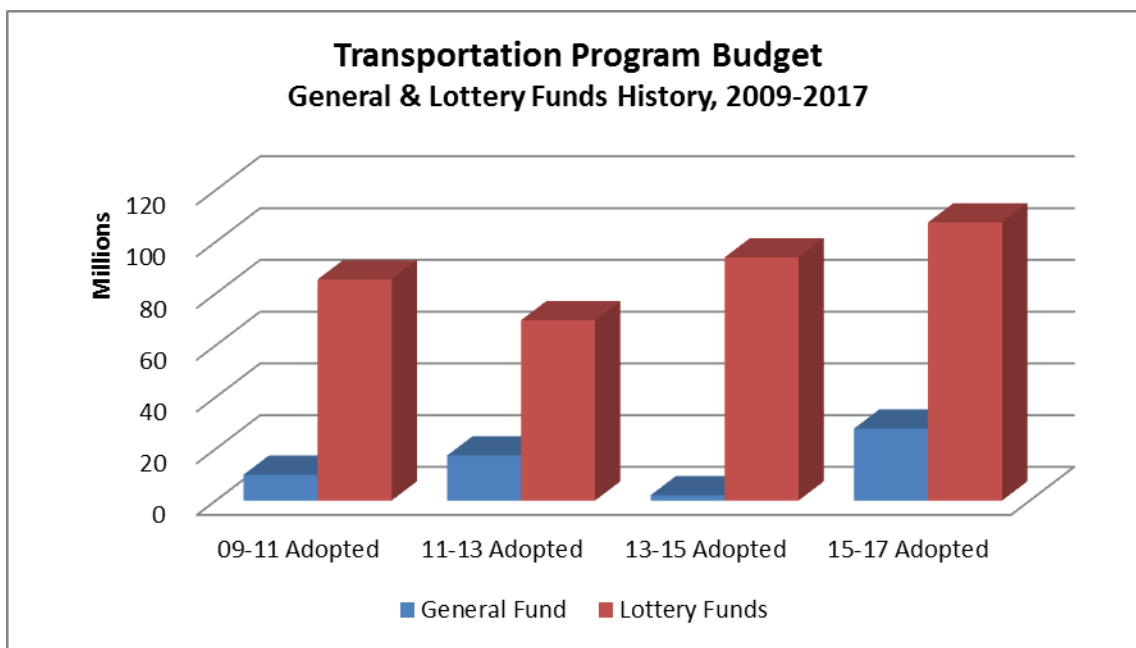
The budget for the Oregon Watershed Enhancement Board (OWEB) is divided into two areas, grants and operations. The Legislature provided OWEB with a total of \$6.7 million in operations Lottery Funds, \$50,000 Other Funds, \$2.1 million Federal Funds, and 35 positions (34.25 FTE) to support administration of the grant program. The grant program budget is \$3.5 million Other Funds and \$34.9 million Federal Funds. All Other Funds from the sales of Salmon Plates were moved to the grants program where they will be used solely for grants; no Salmon Plate revenues are to be used to support administrative functions during the 2015-17 biennium. Most of the federal monies are derived from the federal Pacific Coastal Salmon Recovery Fund. In addition, the budget included \$55.6 million in Lottery Funds expenditure limitation (to be available for a 6-year period) for new grants awarded during the 2015-17 biennium.

TRANSPORTATION PROGRAM AREA

The Transportation Program Area includes the Department of Transportation (ODOT) and the Department of Aviation. Transportation agencies are primarily funded by revenues generated through motor and jet fuel taxes, licenses and fees, bond revenue, and Federal Funds. The State Highway Fund is shared between ODOT, counties, and cities. Oregon's population growth rate, employment levels, vehicle fuel efficiency, and E-commerce continue to influence traffic congestion and demands for maintenance, pavement preservation, Driver and Motor Vehicle (DMV) services, and Motor Carrier Transportation activities.

The 2015-17 legislatively adopted budget for the Transportation program area totals \$3.6 billion, of which \$27.8 million is General Fund, \$107.5 million Lottery Funds, \$3.3 billion Other Funds, and \$118.6 million Federal Funds. The budget also includes \$18.2 million in Nonlimited Other Funds for the Infrastructure Bank Loan program activity and \$21.6 million in Nonlimited Federal Funds for debt service supported by Federal Funds.

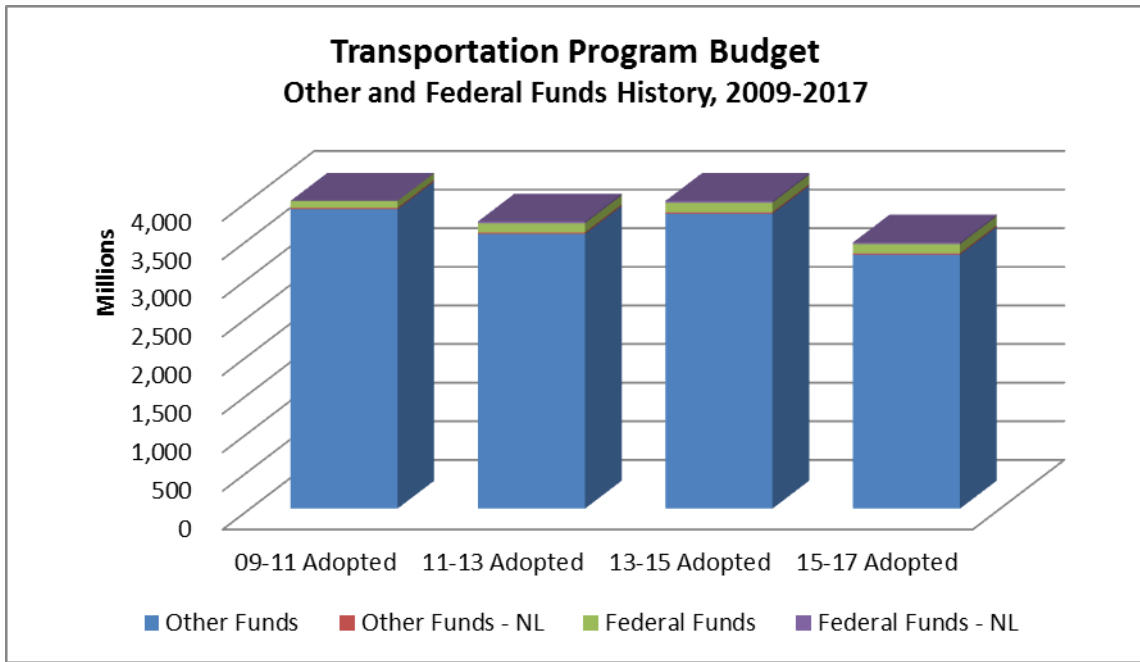
Excluding Nonlimited Funds, the total program area budget for 2015-17 is approximately \$558 million (or 13.6%) below the 2013-15 legislatively approved budget. It is \$193.4 million (or 5.7%) above the 2015-17 current service level. The decrease in total funds from 2013-15 is primarily due to completion of highway construction and bridge projects financed with bond proceeds and cancellation of the Columbia River Crossing project.



The Department of Aviation’s total funds budget is \$20.5 million, which is \$6.76 million (or 49.2%) higher than the 2013-15 approved budget. HB 2075 raised aviation fuel taxes by 2 cents per gallon, which increased revenue to the Department of Aviation in 2015-17 by \$5.25 million. The Aviation budget also includes \$5.6 million in capital construction approved for three airport improvement projects at the Condon, McDermitt, and Aurora state airports.

General Fund resources for ODOT increased by \$15.1 million (or 118%) from the 2013-15 approved budget. The Legislature authorized \$10.4 million for operating the Amtrak *Cascades* passenger rail service and \$9.4 million for Senior and Disabled Transportation operating grants. In addition, \$7.9 million was included for debt service payments on debt related to the State Radio Project.

Lottery Funds expenditure limitation increased by \$13.5 million (or 14.4%) as a result of refinancing existing debt in the spring of 2015 and borrowing late in the 2013-15 biennium. The Legislature also approved the use of lottery-backed bonds for \$45 million to fund the ConnectOregon program of multimodal projects to improve public transportation, bicycle and pedestrian paths, aviation, rail networks, and marine ports. Lottery bond proceeds will also provide \$10 million for the Coos Bay Rail Link. Bond issuance costs for the 2015-17 biennium are estimated to be \$880,000, with no debt service on the new bonds in 2015-17 due to their planned sale in the spring of 2017. Debt service on the 2017 issuance is estimated to be \$10.2 million Lottery Funds in 2017-19.

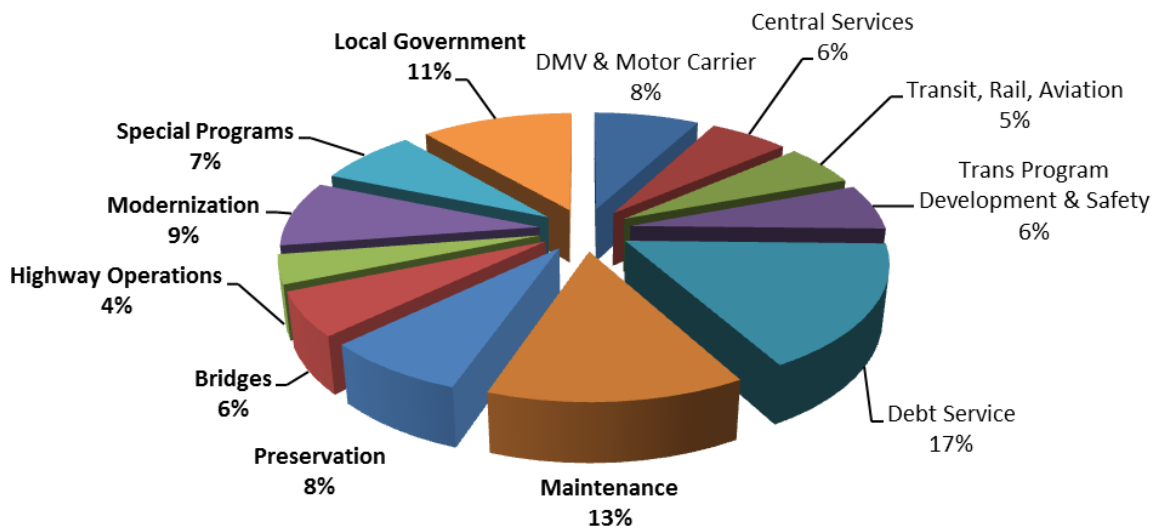


The Other Funds budget decreased by \$571.8 million (or 14.8%) from the 2013-15 legislatively approved budget level. It increased, however, by \$182.2 million (or 5.9%) over the 2015-17 current service level. Current service level includes \$786.2 million in phase-outs for completed highway, bridge, and multimodal transportation projects; one-time passenger rail expenditures; and expenditure limitation for the Columbia River Crossing project. The 2015-17 legislatively adopted budget for ODOT contains a relatively flat forecast for gas tax revenues, and 82 positions are eliminated because revenues are increasing more slowly than expenses. After adding positions for specific policy measures, the net reduction is 40 positions (52.09 FTE). The total Other Funds expenditure limitation includes:

- \$725 million Federal Funds recorded as Other Funds.
- \$393 million in bond proceeds for the final phase of Jobs & Transportation Act (JTA) highway projects.
- \$35 million in General Obligation Bond proceeds for six critical highway safety projects throughout the state.
- \$557,800 capital authorization for projects at three state airports: Condon, McDermitt, and Aurora.
- \$30.4 million to start the DMV Service Transformation Project.
- \$6.3 million for DMV credit/debit card acceptance at field offices statewide.
- \$45 million for multimodal transportation.
- \$10 million for the Coos Bay Rail Link.
- \$983,000 to implement various policy measures.

As shown in the following chart, highway maintenance and construction programs use 58% of the total Transportation Program budget. Just more than half of that 58% is dedicated to modernization, preservation, local government, and bridge improvements.

Highway Maintenance & Construction Programs are 58% of the 2015-17 Transportation Program Budget



Federal Funds limitation is decreased \$14.9 million (or 11.2%) from the 2013-15 legislatively approved budget, but increased \$8.1 million (or 7.3%) from the current service level. The decrease reflects phase-outs of one-time rail expenses. Increases include Aviation entitlement revenue and capital limitation for capital improvements at three state airports: Condon, McDermitt, and Aurora; and additional passenger rail funding for trips between Eugene and Portland.

ADMINISTRATION PROGRAM AREA

The Administration program area provides services to state agencies and local governments. Such services include: central administration and support of agencies, retirement administration, labor relations, government ethics and lobby regulation, library services, income and property tax administration, alcohol regulation, and pari-mutuel racing regulation. Additionally, it includes the Governor’s Office, financial and performance auditing, elections, and records management by the Secretary of State, and financial and investment activities of the State Treasurer. State pass-through funding is included for public broadcasting, county fairs, and the Historical Society, among others.

The 2015-17 legislatively adopted budget for the program area is \$11.7 billion total funds. The adopted budget is \$607 million (or 5.5%) more than the 2013-15 legislatively approved budget and includes 3,029 positions (2,923.48 FTE). This program area accounts for 17% of the \$69 billion statewide total funds budget.

Of the adopted budget, \$9.7 billion (or 83%) is attributable to benefit payments to state and local government retirees, which is an increase of \$445.6 million (or 4.8%) over the 2013-15 legislatively approved budget. The remainder of the program area budget totals \$2 billion and experienced a \$162 million (or 8.9%) increase in funding over the prior biennium.

The program is supported by \$229.2 million General Fund, \$20.7 million Lottery Funds, \$1.4 billion Other Funds, \$10 billion Other Funds Nonlimited, and \$11.3 million Federal Funds. Major sources of Other Funds revenue include: Public Employees Retirement System employer contributions, including investment returns; assessments on state agencies and local government; corporate registration fees; and liquor sales. A portion of Other Funds revenue originates as General Fund.

Notable budget highlights are described below.

Department of Administrative Services

The budget for the Department of Administrative Services is \$918.6 million total funds (excluding Nonlimited), which is more than a 5% decrease from the 2013-15 legislatively approved budget. The total funds budget, including Other Funds Nonlimited, is \$1.19 billion, compared to \$1.16 billion for 2013-15, which represents a \$76.5 million (or 39% increase) in Other Funds Nonlimited. This Nonlimited increase is due to the addition of \$145.9 million for disbursement of proceeds from bonds issued for the benefit of public universities at the end of the 2013-15 biennium. In the future, under HB 3199, these disbursements will be done by the Higher Education Coordinating Commission. The DAS budget supports 827 positions (813.17 FTE).

Other Funds reductions included \$4.8 million due to elimination of 22 vacant positions, \$10 million from Enterprise Technology Services (ETS), assessments, and \$13.3 million in ETS expenditures due to the Oregon Lottery no longer procuring the majority of its information technology services from ETS. Other Funds additions include \$3.4 million and 12 positions to the Chief Information Office for more rigorous review and oversight of agency IT projects, \$2 million to continue facility assessments of agency-owned assets, and \$2 million for the purchase of new vehicles, which is half of what was requested. In addition, revenue from rates and assessments was reduced by \$10 million to avoid accumulating higher than needed fund balances.

The budget contains \$2.5 million General Fund for organizations and programs focused on affordable housing; skills training for veterans, at-risk youth, and former inmates; firefighting; and economic development studies. Also included is \$15.6 million Other Funds supported by revenues from the sale of lottery bonds for 11 projects around the state.

Fairs (County and State)

Under ORS 565.447, County Fairs are provided state support (as a pass-through from DAS) for financial assistance related to county fair activities. For 2015-17, County Fairs are provided \$3,864,000 Lottery Funds, which is a \$216,000 increase over what would have been transferred under the existing formula. In addition, \$1,015,299 General Fund for state support of the State Fair was transferred from the Parks and Recreation Department to DAS. These monies will be transferred to the State Fair Council, which now operates the State Fairgrounds.

Oregon Historical Society

The Oregon Historical Society was provided \$1,125,000 General Fund to support daily operations. This is a \$386,250 General Fund increase over 2013-15. No state General Fund support was provided during the 2011-13 biennium due to statewide budget constraints. The budget also includes \$210,392 Lottery Funds to cover the bond debt service for payment of mortgage costs associated with the society's storage facility in Gresham.

Oregon Public Broadcasting

Oregon Public Broadcasting (OPB) was provided \$750,000 General Fund to support daily operations. This is a \$257,500 General Fund increase over 2013-15. No state General Fund support was provided during the 2011-13 biennium due to statewide budget constraints. In addition, \$2,013,018 Lottery Funds were allocated for debt service on bonds previously issued for infrastructure improvements.

Oregon Advocacy Commissions Office

The budget for the Advocacy Commissions Office is \$644,451 total funds, which is a 38.2% increase from the 2013-15 legislatively approved budget. The budget includes \$602,262 General Fund, \$42,189 Other Funds, and 3 positions (2.50 FTE). The budget reclassifies an existing position to a higher classification and establishes a new Operations and Policy Analyst 3 position.

Employment Relations Board

The budget for the Employment Relations Board is \$4.4 million total funds, which is a 4.9% increase from the 2013-15 legislatively approved budget. The budget includes \$2.4 million General Fund, \$2 million Other Funds, and 13 positions (13.00 FTE). The budget provides \$45,320 total funds for an electronic case management system.

Government Ethics Commission

The budget for the Government Ethics Commission is \$2.7 million Other Funds, which is a 28.9% increase from the 2013-15 legislatively approved budget. It includes 9 positions (8.88 FTE). The budget provides \$200,000 for the final phase of an electronic reporting system. Ethics reform legislation added \$455,076 for an additional Compliance Specialist 3 position and an electronic case management system for online posting of agency findings.

Office of the Governor

The budget for the Office of the Governor is \$19.7 million total funds, which is approximately an 11.2% increase from the 2013-15 legislatively approved budget. The budget includes \$12.5 million General Fund, \$4.1 million Lottery Funds, \$3.2 million Other Funds, and 63 positions (61.67FTE).

In February 2015, there was a sudden change in Governorship, following the resignation of Governor Kitzhaber. The Legislature recognized that with the unexpected change in the administration, the Office needs some time to determine what organizational changes should be made and the appropriate level of resources. The Legislature approved the budget with instructions for the Office to return during the 2016 session with a recommended budget for the remainder of the biennium. The revised budget should address a number of concerns that have been raised by the Legislature, including a review of positions that are funded by other agencies, as well as vacant positions, and a proposal to reduce, eliminate or realign the positions.

Oregon Liquor Control Commission

The budget for the Oregon Liquor Control Commission is \$178.7 million Other Funds, which is a 16.2% increase from the 2013-15 legislatively approved budget. It includes 261 positions (251.16 FTE).

The budget includes \$8.3 million and 30 positions (24.91 FTE) for marijuana regulation, due to the passage of HB 5047 (2015) and Ballot Measure 91 in November, 2014, which legalized the use of recreational marijuana in Oregon. The Commission will be reporting to the Legislature about the fees set

for marijuana licensees, and about how staff resources and costs for marijuana regulation are allocated throughout the agency so as to maximize efficiency while preserving data integrity.

The budget also includes other major investments in facilities and infrastructure to accommodate liquor shipping capacity needs for the next decade (\$5.02 million) and to protect inventory assets and employees with repairs to building roofs, walls, and safety systems (\$4.2 million). Included in the budget are resources for training agency enforcement personnel (\$261,000), resources to facilitate on-line licensing and payment options (\$345,000), adjustments to the liquor agent compensation formula related to exclusive versus non-exclusive liquor stores (\$612,000), and a marijuana products inventory and tracking information technology system (\$1.94 million).

Public Employees Retirement System

The budget for the Public Employees Retirement System is \$9.8 billion total funds, which is a 4.9% increase from the 2013-15 legislatively approved budget. The budget includes \$9.7 billion Other Funds Nonlimited (benefit payments), \$95.2 million Other Funds limited (administrative costs), and includes 380 positions (380.00 FTE). The agency's administrative budget increased by \$7 million (or 7.9%) and the budget for benefit payments to state and local government retirees increased by \$445.6 million (or 4.8%) over the 2013-15 legislatively approved budget.

The budget added \$644,083 and 6 positions (6.00 FTE) to address workload issues, \$956,875 and 7 positions (7.00 FTE) for verification of member data, \$4.3 million for information technology needs, and \$1.6 million to implement the recent Supreme Court decision on benefit reform.

Racing Commission

The budget for the Racing Commission is \$6.2 million Other Funds, which is a 4.9% increase from the 2013-15 legislatively approved budget. It includes 14 positions (12.27 FTE). An investigator position was eliminated due to a long-term vacancy in the agency, but an equivalent increase in services and supplies expenditures was approved to more accurately reflect expected agency expenditures.

Department of Revenue

The budget for the Department of Revenue is \$317.6 million total funds, which is a 37.7% increase from the 2013-15 legislatively approved budget. The budget includes \$186.7 million General Fund, \$13.9 million Other Funds and includes 1,082 positions (1,012.41 FTE). The large increase in the agency's Other Funds budget reflects moving \$63.6 million in existing payments to counties into the budget. In prior biennia, these payments had been transfers of revenue outside of the budget process.

The budget includes \$1.1 million General Fund for fraud analytics and detection that will complement the Core Systems Replacement project. The estimated revenue impact of this investment is \$4 million General Fund for the 2015-17 biennium.

Funding was included for the second of a four-phase project to replace most of the agency's core information technology systems, which is considered the most critical phase as it will include the replacement of the personal income tax applications. The approved budget for phase two totals \$30.8 million total funds, of which \$4.9 million is General Fund and \$25.9 million is Other Funds (Article XI-Q bonds). An additional \$3.7 million General Fund Debt Service was budgeted for this phase of the project.

Also approved is a second major information technology project for a property valuation system, the cost of which totals \$1.9 million (Article XI-Q bonds). An additional \$71,843 General Fund Debt Service was budgeted for this project.

A \$1.8 million General Fund special purpose appropriation to the Emergency Fund is established to address declining revenue in the County Assessment Function Funding Assistance Account in the Property Tax Division.

Secretary of State

The Secretary of State's total funds budget of \$70.3 million is a 9.8% increase over the 2013-15 legislatively approved budget. The budget includes 212 positions (210.71 FTE), a 5% increase over the 2013-15 biennium level. General Fund support of \$9.4 million represents an 8.8% increase over the prior biennium. Both General Fund and total funds expenditures in the budget reflect the impact of ongoing funding increases, one-time funding increases, and one-time funding reductions.

The budget includes four adjustments affecting General Fund support levels:

- \$533,529 General Fund and \$1,253,371 Other Funds to establish 9 new full-time positions (8.68 FTE) in the agency's Information Systems Division to support IT infrastructure security and application development and enhancements. The General Fund-supported positions established to support Elections Division IT systems were approved on a limited duration basis, pending a planned review of development plans for the Oregon Election System for Tracking and Reporting (ORESTAR) system.
- \$384,000 General Fund for county costs associated with new voter registrations established under HB 2177 which requires the Secretary of State to register eligible voters based on Department of Transportation electronic records. The cost to counties to maintain each additional voter on the registration list is estimated to equal \$1.75 per person. The budget also establishes a \$384,000 General Fund special purpose appropriation to the Emergency Board for county costs. The Secretary may request allocation of the special purpose appropriation after submitting a report to the Emergency Board on the impact of the bill on voter registration rolls and county costs.
- \$285,000 General Fund for one-time support for maintenance and improvements needed to the ORESTAR system for the 2016 Election. The agency may submit a detailed plan and funding request for long-term ORESTAR upgrades to the Legislature in the 2016 session.
- A one-time \$800,000 General Fund reduction, offset by an \$800,000 Other Funds increase, to use accumulated Other Funds beginning balances in lieu of General Fund support for the Administrative Services Division budget.

Principal Other Funds adjustments in the Secretary of State budget include:

- \$1.3 million for new positions in the Information Services Division described in the first bullet under General Fund adjustments above.
- \$500,000 to complete installation of high density/compact shelving on the first floor of the Archives Building.
- \$347,928 to establish 2 new Auditor positions.
- \$229,952 for new and expanded positions in the Corporation Division, including a third position for the Office of Small Business Assistance.
- Other Funds were also increased by \$800,000 for a one-time fund shift from General Fund in the Administrative Services Division budget. The one-time shift will be paid from accumulated Other Funds beginning balances.

- A \$1 million Other Funds increase to include expenditure of county payments for the Oregon Centralized Voter Registration system in the agency budget. This adjustment reflects properly accounting for these expenditures and does not reflect an increase in the expenditures themselves.

Federal Funds budget adjustments include a \$753,445 increase for the agency's costs of implementing HB 2177, which requires the Secretary of State to register eligible voters based on Department of Transportation electronic records, and a \$488,710 increase for Oregon Centralized Voter Registration system improvements. These increases are partially offset by a \$134,324 decrease in federal grant funding for the Archives Division

Finally, the adopted budget transfers \$6.2 million of the agency's Other Funds to the General Fund, to help balance the state's 2015-17 biennium budget. These funds consist of business registration fee revenues that exceed the cost of operating the agency's business registration program. After making this transfer, the agency is projected to maintain a \$2.7 million ending balance in the Corporation Division, equal to approximately 3.4 months of operating costs.

State Library

The budget for the State Library is \$14.8 million total funds, which is a 4.9% increase from the 2013-15 legislatively approved budget. The budget includes \$3.5 million General Fund, \$6.2 million Other Funds, \$5.1 million Federal Funds, and includes 42 positions (40.26 FTE). One librarian position was added related to the transfer of a statewide reference service from Multnomah County Library to the State Library. HB 3523 reformed the agency's mission and governance structure.

Oregon State Treasury

The budget for the Oregon State Treasury is \$62.8 million Other Funds, which is a 30.8% increase from the 2013-15 legislatively approved budget. It includes 123 positions (117.45 FTE).

Recent consultant studies have detailed significant and systemic deficiencies within the Investment Division. To address these deficiencies, a \$7.3 million Other Funds budget request by the State Treasurer was approved by the Legislature, which included 24 positions (21.60 FTE). The Legislature added new investment staff; established and staffed a compliance program; added information technology and data management staff; and increased resources for enhanced internal auditing and general agency administrative functions. In addition to, but apart from, the State Treasurer's budget, the Oregon Investment Council has contracted for a state-of-the-art investment information technology application, risk management consulting services, and a contract for investment accounting services.

The budget also added \$4.5 million to continue the modernization of the state's cash management infrastructure, \$922,171 and 2 positions (2.00 FTE) to continue a recently established Information Security Management Program, and \$306,018 and one position (1.00 FTE) to continue a marketing position for the 529 College Network Savings program.

LEGISLATIVE BRANCH

The 2015 Legislature adopted a budget of \$91.9 million General Fund and \$100.6 million total funds for the six legislative branch agencies. The General Fund budget is a 2.6% decrease from the 2013-15 legislatively approved budget. The total funds budget is a 32.1% decrease from the 2013-15 legislatively approved budget. One-time funding for the design phase of the Oregon Capitol Renovation Project was

included in the 2013-15 budget. Funding to continue the project was not approved during the 2015 session and, therefore, was not included in the 2015-17 budget.

The following actions were approved for Legislative Branch agencies:

Legislative Assembly

- An increase of \$2,000 General Fund to each member's session budget, for a total of \$180,000 General Fund.
- A net-zero change to the Secretary of the Senate budget to better reflect actual expenditures, increasing General Fund personal services by \$103,535 and decreasing General Fund services and supplies by \$103,535.
- A reduction of \$2,000 General Fund to the Presiding Officer's change reserve account.
- An increase of \$30,000 General Fund for caucus office transition funds.
- An increase of \$29,255 General Fund and one permanent part-time position (0.25 FTE) for an additional page/doorkeeper for the House.
- A fund shift for the Member Lounge staff, resulting in an increase of \$60,038 General Fund and a decrease of \$60,038 Other Funds.
- A reduction of \$24,611 General Fund that eliminates the Assembly Post Session Account.
- An increase of \$5,000 General Fund to facilitate additional field hearings.
- A reduction of \$4,100,000 General Fund for anticipated reversions.

Legislative Administration

- A reduction of \$200,000 General Fund to account for implementation of expanded policy support for the Branch after the 2016 session.
- An increase of \$105,890 General Fund for a Disaster Recovery Cold Site.
- An increase of \$364,000 General Fund for three facilities projects. The projects include repair to the basement ceiling in the Capitol (\$180,000), fire suppression and server room upgrades (\$94,000), and panic button upgrades (\$90,000).
- A reduction of \$1,251,629 General Fund and an increase of \$365,000 Other Funds for debt service adjustments.
- A reduction of \$1,100,000 General Fund for anticipated reversions.

Legislative Counsel Committee

- An increase of \$366,665 General Fund to establish two full-time editor positions (2.00 FTE) (\$312,804), the reclassification of a position for the bill drafting project (\$37,891), and the reclassification of the computer services coordinator position (\$15,970).
- A reduction of \$400,000 General Fund for anticipated reversions.

Legislative Fiscal Officer

- An increase of \$260,000 General Fund , \$100,000 Other Funds, and one permanent position (1.00 FTE) for a Principal Legislative Analyst that will focus on bonding and capital construction.
- A reduction of \$100,000 General Fund for anticipated reversions.

Legislative Revenue Officer

- A technical adjustment to remove \$200,000 General Fund for one-time funding for a clean air fee/tax report that was funded in 2013-15 and was inadvertently left in the 2015-17 budget.
- A reduction of \$250,000 General Fund for anticipated reversions.

Commission on Indian Services

- A reduction of \$90,000 General Fund for anticipated reversions.

EMERGENCY FUND

The Oregon Constitution authorizes the Legislature to establish a joint committee, known as the Emergency Board, to exercise certain powers during the interim between sessions of the Legislative Assembly. These powers include allocating funds appropriated by the Legislature for emergencies, increasing expenditure limitations on continuously appropriated agency funds, establishing or revising budgets for new activities, and authorizing transfers within agency budgets. The Emergency Fund consists of monies appropriated to the Emergency Board for general purposes and special purpose appropriations made to the Emergency Board for specified uses in specified agencies.

The 2015-17 legislatively adopted budget for the Emergency Board includes a \$30 million general purpose appropriation, plus special purpose appropriations totaling \$215.9 million as follows:

- \$120 million for state employee compensation changes.
- \$10.7 million for non-state employee compensation changes.
- \$40 million for the Oregon Health Authority or the Department of Human Services for caseload costs, potential rate changes, or other unanticipated issues.
- \$17.5 million for the Department of Education for the mixed delivery preschool program established in HB 3380.
- \$6.9 million for the Higher Education Coordinating Commission for college readiness programs.
- \$6.5 million for the Department of Administrative Services to cover potential changes in Enterprise Technology Services rates and assessments.
- \$6 million for the Department of Forestry for fire protection expenses.
- \$3 million for education needs.
- \$2 million for the Department of Justice for Defense of Criminal Convictions caseload costs.
- \$1.8 million for the Department of Revenue to address the shortfall in County Assessment Function Funding Assistance Account (CAFFA) funds.
- \$1 million for the Judicial Department for Multnomah County Circuit Court work-related costs for photo radar violations.
- \$384,000 for the Office of the Secretary of State to cover county costs for expanded voter registration associated with HB 2177.
- \$100,000 for the Department of Human Services for provider audits, compliance work, or reporting activities.

If the amounts in the special purpose appropriations are not allocated by the Emergency Board by December 1, 2016, the remaining amounts become available to the Board for any legal use.

State Bonding and Capital Construction

State Bonding

In January 2015, the State Debt Policy Advisory Commission updated their recommended capacity limits for General Fund and Lottery Funds debt based upon the updated revenue forecast.

The Commission recommended that the Legislature and Governor issue no more than \$974 million in General Fund-supported debt for the 2015-17 biennium. There was an additional \$260.1 million of debt that was not issued in 2013-15 so the available capacity increased to \$1,234.1 million.

The Legislature approved \$1,067.2 million in General Fund debt. The amount includes:

- \$345.8 million of Article XI-G bonds for post-secondary education and the Knight Cancer Institute at OHSU.
- \$352.4 million in Article XI-Q bonds are backed by General Fund.
- \$35.5 million of Article XI – Section 7 bonds were authorized for highway safety projects.
- \$207.3 million in Article XI-M and Article XI-N seismic bonds for schools and emergency services buildings.
- \$126.2 million in Article XI-P bonds that provide matching grants to school districts for capital projects.

Article XI-F general obligation bonds provide bond financing for the public universities' self-supporting capital construction projects. The Legislature approved \$71 million for three projects. These bonds are not supported by General Fund.

For the first time in several biennia, the Legislature approved \$30.5 million in Article XI-I bonds. These bonds will be issued to fund loans for water development projects.

Direct revenue bonds total \$944.9 million and include \$393.2 million for Highway User Tax bonds, \$300 million for housing bonds, \$30 million for economic and community development, and \$20 million for the energy programs. Lottery bonds are also included in this category.

Pass-through revenue bonds total \$1.41 billion and include \$200 million in Industrial Development bonds, \$950 million for the Oregon Facilities Authority, \$250 million for housing projects, and \$10 million for a beginning and expanding farmer loan program.

A complete list of General Fund projects can be found in Appendix B. General Fund debt service for approved projects is estimated to be \$12.4 million in 2015-17, rolling up to \$174.3 million in 2015-17.

Lottery Revenue Bonds

The 2015-17 biennium legislatively adopted budget authorizes new lottery revenue bonds at a reduced level compared to the prior biennium. New lottery revenue bond authorizations are 8.2% below the amount approved in the 2013-15 biennium budget; however, approximately 24.5% of the bonds authorized for 2013-15 were not issued. As a result, lottery revenue bonds authorized in the 2015-17 biennium represent a 21.6% increase over the amount actually issued during the prior biennium.

The state's capacity to issue lottery revenue bonds is restricted by bond covenants that require debt service costs to be limited to no more than one-quarter of unobligated net Lottery revenues. The 2015 Report of the State Debt Policy Advisory Commission determined that if all of the lottery revenue bonds authorized in the 2013 and 2014 legislative sessions were issued, compliance with these bond covenants limited additional lottery bond debt capacity to \$161 million in the 2015-17 biennium. However, because the bonds for two approved projects (OHSU Cancer Institute Project and the Roseburg Veterans' Home) in the amount of \$53.7 million were not issued, the 2015-17 biennium lottery bond debt capacity was effectively equal to \$214.7 million.

The 2015 Legislature authorized a total of \$201,795,000 of lottery revenue bonds to generate \$180,167,157 of lottery bonds proceeds for identified projects, and to pay associated bond-related costs. There is \$12.9 million in remaining capacity for the biennium. The approved project funding level represents a \$17 million (or 8.6%) decline from the \$197.2 million of lottery revenue bond proceeds approved in the 2013-15 biennium budget. Furthermore, all lottery bond sales were delayed until in the spring of 2017. As a result of this timing delay, there are no debt service costs due on the new bonds during the 2015-17 biennium. Beginning with the 2017-19 biennium, however, when the debt service costs for the new bonds are fully phased in, debt service costs will total \$35.9 million per biennium.

A complete list of lottery bond projects can be found in Appendix B.

Capital Construction

The Legislature provides six-year expenditure limitation for new capital construction projects. Projects in excess of \$1 million that build, acquire, adapt, replace, or change the use or function of a facility are categorized as capital construction projects.

New legislatively adopted capital construction projects total \$542.8 million. Other Funds projects total \$511.3 million and Federal Funds projects total \$31.4 million. The largest expenditures include:

- \$311.3 million for distribution of general obligation bond proceeds to public universities for various projects.
- \$49 million for improvements at existing Oregon Youth Authority facilities.
- \$40 million for family affordable housing.
- \$35 million for highway improvement projects.
- \$33.1 million for Oregon Military Department projects
- \$18.9 million for various projects overseen by the Department of Administrative Services.
- \$17 million for purchase of an office building by DAS.

A complete list of capital construction projects for all agencies is included in Appendix A.

Budget Notes

A budget note is a non-binding directive to a state agency on the legislative intent of a particular budget measure, directing administrative and managerial actions relating to the agency's execution of its biennial budget.⁶ A budget note originates from one legislative committee, the Joint Committee on Ways and Means, and is found exclusively in a budget report, which is the measure summary that accompanies most measures passed by Ways and Means. The only exception is when separate Senate and House budget committees are appointed.

Volume of Budget Notes (2015 Session)

- 63 Total number of budget notes
- 62 Total number of unique budget notes
 - 1 Total number of duplicate budget notes
 - 7 Total number of joint budget notes or those detailing more than one agency
- 30 Number of budget reports with a budget note (out of 150 budget reports)
- 29 Number of agencies with at least one budget note (out of approximately 100)
- 12 Number of agencies with more than one budget note
- 11 Greatest number of budget notes for one agency

General Purpose of Budget Notes (2015 Session)

- 47 Number of budget notes dealing with submission of a report
 - 1 Number of budget notes dealing with performance measures
- 27 Number of budget notes providing instruction on budget execution
 - 9 Number of budget notes dealing with expenditure limitation or scheduling
 - 2 Number of budget notes establishing work groups

The following budget notes are sorted by program area, agency, measure number, and Oregon Chapter law reference.⁷ Please note that a budget note affecting more than one agency may only be listed once under the primary agency. Also note that a measure's budget report may include additional language beyond the note itself that establishes context or provides additional information on a specific note.

EDUCATION PROGRAM AREA

Department of Education

HB 5016 (Chapter 759, Oregon Laws 2015)

BUDGET NOTE: The Department of Education is instructed to coordinate the activities and provide funding from existing professional development and operational funds to support the annual conference dedicated to Oregon civics as required by HB 2955.

⁶ For a more complete discussion of what a budget note is – origin, legal standing, and use – please refer to *Budget Information Brief #2007-3, Budget Note* available via the "Publications" link at www.leg.state.or.us/comm/lfo/home.htm

⁷ The Oregon Chapter Law is the legal citation for an enrolled measure and does not serve as a reference for a budget report or budget note.

BUDGET NOTE: The Department of Education must initiate direct contact with school districts that report a graduation rate below the state average to verify the accuracy of the data before it is released publicly. In addition, the Department must report back to the Legislature prior to March 1, 2016 on its efforts to provide direction, and if necessary, training to staff from school districts and education service districts for reporting this data.

BUDGET NOTE: The Oregon Department of Education is instructed to base the allocation of funding for long-term care and treatment programs under ORS 343.243 on a minimum staffing standard based on best practices instead of a per student basis. The minimum standard should be based on a ratio of staff to students approximately equal to: one teacher and two instructional assistants for up to 10 students or classroom; or one teacher and three instructional assistants per 15 students. When there are more than 15 students in a classroom, the distribution should factor in adding one teacher and two additional assistants for every 10 students. Staffing levels may vary from this guideline if safety, student characteristics, or treatment needs indicate it is in the best interest of the students to do so. In addition, a 15% increase for overhead costs may be factored into the distribution of resources for this program at the Department's discretion. The Department is instructed to report back to the Joint Committee on Ways and Means during the 2016 regular session on the distribution of resources under this program. The report should include how many programs implemented the minimum staffing levels, the number of students served in these programs, and a proposal on how to measure the effectiveness on how this change on student and program measures.

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The Department of Education is instructed to use \$500,000 General Fund from the Early Intervention/Early Childhood Special Education (EI/ECSE) budget to support two to four communities in developing pathways from screening to services to make it easier for families to receive services that screening identifies. Use of this funding is aligned with best practices for how EI/ECSE programs should address the needs of children and their families who do not meet the legal requirements for eligibility and connect them to other services and supports. The Early Learning Council shall report on the progress and outcomes of this work to the appropriate legislative committee and include any recommendations for the 2017 legislative session.

BUDGET NOTE: Given the expanded Healthy Families Oregon home visiting funding added to the Early Learning Division's budget, the Early Learning Division and the Oregon Health Authority are instructed to: Develop a set of outcome metrics connected to evidence of impact for consideration by the Early Learning Council and the Oregon Health Policy Board that any home based service that receives state dollars must meet in order to continue to receive state funds, effective July 1, 2016; develop a plan and timeline for integrating the state's professional development system for early learning providers with the emerging professional development system for home visitors; and develop a common program agnostic screening tool to identify potential parent/child risk factors and intake form for families who are eligible for home visiting services and require implementation by state funded home visiting programs by July 1, 2016. The Early Learning Division and the Oregon Health Authority shall report on progress to the appropriate legislative committee.

BUDGET NOTE: The Department of Education is instructed to survey school districts on the financial effects of the: (1) adaptation of new instructional hour minimums, (2) mandated full scheduling of 92% of students, and (3) projections for programs and personnel possibly eliminated in order to

comply with these mandates at current budget levels. The Department is to report back to the Joint Committee on Ways and Means by February 1, 2016.

Higher Education Coordination Commission

HB 5005 (Chapter 685, Oregon Laws 2015)

BUDGET NOTE: The Higher Education Coordinating Commission, in collaboration with the seven public universities and the Department of Administrative Services, shall submit a report by December 31, 2015 to the Legislative Fiscal Office that identifies whether and how revisions in statute and/or administrative rules are needed to better enable universities to use capital repair and renewal funds to implement disability access improvements.

HB 5024 (Chapter 642, Oregon Laws 2015)

BUDGET NOTE: The budget for the Higher Education Coordination Commission for 2015-17 moves some of the funding for administrative support services like finance, information technology and human resources, but the staff for these functions remains in the individual office or functional budget units. In the development of the 2017-19 budget, the Commission should prepare a budget which incorporates all administrative support related positions and associated resources into a single division or unit for the Commission.

BUDGET NOTE: Prior to the final adoption of any significant change to the distribution of the Community College Support Fund, the Higher Education Coordinating Commission is directed to consult with the appropriate legislative committees including the interim policy committees with jurisdiction on post-secondary education issues and the Interim Joint Committee on Ways and Means or the Emergency Board on the proposed distribution change.

BUDGET NOTE: The additional \$30 million post-revenue forecast allocation for the biennium is to be used to fund campus investments in targeted tuition remissions for undergraduate Oregonians, and programs to improve student graduation. These would be programs detailed previously by the universities to the HECC for how they would use additional investments addressing access, affordability, and student success. The seven universities will commit to continuing these investments in both years of the biennium. The universities will report to HECC, and legislative committees, how they have invested the funds. All additional funds will flow through the Student Success and Completion Model (SSCM).

BUDGET NOTE: Oregon State University shall provide a report to the Legislative Assembly for consideration during the 2016 legislative session regarding the implementation of programs and activities enabled by the \$14 million funding increase for the Statewide Public Service Programs – the Agricultural Experiment Station, the Extension Service, and the Forest Research Laboratory. This report should identify the progress made in hiring additional staff and researchers, and the various activities undertaken and planned for the remainder of the 2015-17 biennium and into the future.

Teacher Standards and Practices Commission

SB 5538 (Chapter 602, Oregon Laws 2015)

BUDGET NOTE: The Teacher Standards and Practices Commission is instructed to report to the Joint Committee on Ways and Means during the 2016 legislative session or to the Interim Joint Committee on Ways and Means on the following areas: fee related revenue and expenditure trends for the first months of the 2015-17 biennium; progress in addressing the backlogs for investigations and responding to emails and phone calls; impact on agency workload from the implementation of the new on-line licensing system; and progress on the scanning of investigative case files and implementation of a case management system for the investigative case files.

HUMAN SERVICES PROGRAM AREA

Department of Human Services

HB 5026 (Chapter 760, Oregon Laws 2015)

BUDGET NOTE: The Department of Human Services is directed to report to the Joint Committee on Ways and Means during the 2016 legislative session on ways to ensure services to older adults and people with disabilities and people with intellectual and developmental disabilities remain sustainable into the future with a goal of capping biennial general fund budget growth at 10%. Issues explored should include, but are not limited to, service eligibility, income eligibility criteria, and service array or level of services offered. For identified options, the report will cover associated fiscal impacts, potential implementation timelines, state law or rule changes required, experiences from or comparisons to other states, and the likelihood of obtaining any needed federal authorization. The Department will also report on cost per case and caseload trends, for both the Aging and People with Disabilities and the Intellectual and Developmental Disabilities programs, to the Interim Joint Committee on Ways and Means in September 2015.

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The Department of Human Services is directed to work with community-based organizations to develop and implement two pilot programs, one serving a rural part of the state and the other one serving an urban area, to improve the quality and effectiveness of foster care for children and wards who have been placed in the Department's legal custody for care, placement, and supervision. The programs shall target youth who have experienced multiple foster care placements and who are at significant risk of suffering lifelong emotional, behavior, developmental, and physical consequences due to disrupted and unsuccessful placements in the foster care system. The following services for foster parents shall be included in the programs: trauma-informed, culturally appropriate care training; behavioral supports; ongoing child development and parent training; 24-hour, daily on-call caregiver support; respite care; tutoring; and assistance with locating immediate and extended healthy, biological family members. Each pilot program will have an advisory group that includes at least one individual who has experienced multiple placements in the foster care system and at least one foster parent. The legislative expectation is that at least \$800,000 of the total funding for the pilots will be provided directly to community-based organizations to deliver program services. On or before May 1, 2017, the Department shall report to the legislative

committees having authority over the subject areas of child welfare and juvenile dependency regarding the status of the pilot programs and, to the extent possible, placement outcomes for children and wards who participated in the pilot program and children and wards not receiving pilot program supports. The Department will also provide an update on the pilot projects as part of its budget presentation during the 2017 legislative session.

BUDGET NOTE: It is the intent of the Legislature that \$26.7 million total funds in provider rate increases approved in HB 5026 (budget bill for the Department of Human Services) result in wage increases for direct care staff serving people with intellectual and developmental disabilities (IDD). The legislative expectation is that compensation (wages and/or benefits) for direct care staff in programs serving people with IDD should be increased by at least 4% during the 2015-17 biennium. During the 2016 legislative session, an informational hearing will be scheduled for IDD community providers to present the actions they have taken or plan to take to meet budget note requirements. On a parallel track and prior to seeking an allocation from the special purpose appropriation, the Department of Human Services will compile information on any complaints received regarding wage increases and consult with legal counsel and contract staff to determine the best, yet most cost-effective, approach to address potential provider noncompliance. The Department will also report to the Joint Committee on Ways and Means during the 2017 legislative session on activity related to and progress made under this budget note.

BUDGET NOTE: The Department of Human Services shall work with the intellectual and developmental disabilities (IDD) provider community and appropriate state and federal agencies to assess the feasibility, potential benefits, and potential drawbacks of a provider assessment, or transient lodging tax, on the provider organizations serving adults with IDD, with the goal of maximizing federal matching funds for IDD services and addressing the direct care workforce shortage. The Department shall report the results of its assessment to the Legislature by December 1, 2015.

Oregon Health Authority

SB 5526 (Chapter 838, Oregon Laws 2015)

BUDGET NOTE: The budget for the Medical Assistance Programs includes a consensus product developed with stakeholders, the Governor's Office and the Legislature. As part of the funding package, the Legislature passed HB 2395 to renew the hospital provider assessment with the assumption that the base rate for the provider assessment would be 5.3%. The base rate shall only be adjusted during the 2015-17 and 2017-19 biennia in accordance with Section 2, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 780, Oregon Laws 2007, section 51, chapter 828, Oregon Laws 2009, section 17, chapter 867, Oregon Laws 2009, section 2, chapter 608, Oregon Laws 2013 and HB 2395. The budget has made assumptions about the Other Funds and Federal Funds expenditure limitations to assure the program continues to operate as it has and stays within the state and federal requirements.

BUDGET NOTE: The Oregon Health Authority shall put together a work group to compile a list of the current issues of concern in regards to the functioning of the Medicaid Management Information System (MMIS) as it relates to other systems and interfaces, and to make recommendations on resolving those issues. The group shall include staff from the agency, three coordinated care

organizations, three health care providers, and the Legislative Fiscal Office. By November 2015, the agency will report the findings of the group, and the resolution or expected resolution of the issues, to the Interim Joint Committee on Ways and Means.

BUDGET NOTE: The budget for the Public Employees' Benefit Board has been limited to annual per employee growth of 3.4%. It is the legislature's expectation that PEBB will meet these limits by holding health plans accountable to change the health care delivery system to promote better health, better care and lower costs, and not by shifting costs to PEBB members.

BUDGET NOTE: The budget for the Oregon Educators Benefit Board has been limited to annual per employee growth of 3.4%. It is the legislature's expectation that OEGB will meet these limits by holding health plans accountable to change the health care delivery system to promote better health, better care and lower costs, and not by shifting costs to OEGB members.

BUDGET NOTE: The Oregon Health Authority will report to the Interim Joint Committee on Ways and Means in September 2015 on their plan for investing the new resources in mental health and addictions, the process being used, and progress to date. The agency will report again during the 2016 legislative session on the implementation of the program investments, including details of the specific program investments, how these investments address gaps in the current system, community partnerships supporting these investments, progress to date, and expected or actual outcomes.

BUDGET NOTE: The Oregon Health Authority will report to the 2016 legislative session regarding the problem of "boarding" of patients with mental illness in hospital emergency departments while patients wait for a bed in an appropriate setting. The report will contain a thorough description of the system and process as it works now and why, including relevant statutes and reimbursements. It will also include data to describe the magnitude of the problem. Finally, the report will contain an analysis of the reasons for the "boarding," such as gaps in necessary services within the system, and proposals for potential solutions.

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The Oregon Health Authority shall engage in a rural hospital stakeholder process to gather input on potential transformation strategies to ensure that Oregon's small and rural hospitals continue to be sustainable in the future. Potential transformation strategies could include grant or bridge funding, transformation pilot programs, or incentive programs to assure funding stability for hospitals and access to health care services for rural Oregonians. Based on the work with stakeholders, OHA will develop a set of recommendations. OHA shall report to the Joint Committee on Ways and Means during the 2016 legislative session on any hospital assessment revenues received for the 2013-15 biennium and available for use in 2015-17. The revenue may include assumed hospital assessment revenue in the OHA 2015-17 budget or any additional hospital assessment revenue not included in the OHA budget that could potentially be used to fund one or more of the strategies recommended, but not to exceed \$10 million. The agency should include in that report any information on federal matching resources that may be available for those strategies.

BUDGET NOTE: The Oregon Health Authority is directed to prepare a report in collaboration with the Employment Department stating the number of Oregonians enrolled in the Oregon Health Plan

while employed at least 260 hours in any calendar quarter by a company with 25 or more employees. This report should be presented to the Interim Joint Committee on Ways and Means, Subcommittee on Human Services no later than January 2016.

BUDGET NOTE: The Oregon Health Authority, in collaboration with the Department of Consumer and Business Services, shall work with the University of Oregon on the vaccination program for meningitis. The Department of Consumer and Business Services shall ensure timely insurance coverage is covering appropriate costs for those with insurance. The Oregon Health Authority shall, within existing emergency preparedness funds, work with the University of Oregon on funding appropriate costs. The Oregon Health Authority and the University of Oregon shall report to the appropriate legislative committee the final cost of the program including any additional funding needs by December 2015 and any recommendations to ensure effective and efficient response to any future events.

BUDGET NOTE: The Oregon Health Authority shall conduct a minimum of five community meetings in a variety of geographic locations across the state. The goal of the community meetings is to capture, understand, and report to the Legislature on the experience of children, adolescents, and adults experiencing mental illness and their ability to access timely and appropriate medical, mental health and human services to support their success in the community. The meetings shall not be restricted to publicly financed services or individuals eligible for public benefits. The focus will be on the entirety of the Oregon mental health system, both public and private. Issues to be considered should include but not be limited to: access to child and adolescent services; boarding in hospital emergency rooms; access to housing, addiction, and recovery services; family support services; waiting periods for services; workforce capacity; affordability for non-covered individuals to access mental health services; and coordination between behavioral health and physical health services. The Oregon Health Authority shall consult and coordinate with stakeholders to plan and conduct the community meetings. The Oregon Health Authority is expected to report progress and findings to the appropriate legislative committees and the 2016 Legislature.

BUDGET NOTE: The Oregon Health Authority will use \$3.5 million of the \$6 million included in the new investments for A&D services included in the OHA 2015-17 budget to increase rates to addiction treatment providers. OHA will report the final rate increases to the Interim Joint Committee on Ways and Means by November 2015.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

Board of Parole and Post-Prison Supervision

HB 2320 (Chapter 820, Oregon Laws 2015)

BUDGET NOTE: The Board is directed to report to the February 2016 session of the Legislative Assembly on the hiring and implementation process to meet the requirements of HB 2320. In addition, the Board should report to the Legislative Assembly on progress in reducing the backlog of Static 99 reviews, reviews for female and juvenile offenders, and a forecast on current offenders eligible for appeal of their status.

Department of Corrections

SB 5504 (Chapter 655, Oregon Laws 2015)

BUDGET NOTE: The Department of Corrections, in coordination with the Office of Economic Analysis, shall provide interim reports to the Legislature on the status of the female population and, if deemed necessary, request funding support for the early activation of the Oregon State Penitentiary Minimum Security Facility. These status reports and potential funding requests will be submitted for review and approval at each meeting of the Interim Joint Ways and Means Committee throughout the 2015-17 biennium.

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The Department of Corrections is directed to work with the YWCA to serve the best interests of the children of incarcerated parents by facilitating enriched visitation, parenting education, and family support. Cooperation will include: DOC staff assisting in the referral of high-risk offenders to the program and conferring with the Department of Human Services about referral of possible high-risk children; providing adequate program space for twice-monthly therapeutic, face-to-face parent and child visiting sessions for a minimum of three hours per session; facilitating parent-teacher conferences and parent-caregiver communication and visitation; and providing appropriate outcome data to the YWCA.

Military Department

HB 5032 (Chapter 594, Oregon Laws 2015)

BUDGET NOTE: Oregon Emergency Management (OMD) is directed to work with the Oregon State Chief Information Officer (OSCIO) to produce a Next Generation 9-1-1 GIS Project Plan for the collection, management, and sharing of geographic data sets and geographic information systems capabilities required to effectively implement Next Generation 9-1-1 throughout the state of Oregon. The Next Generation 9-1-1 GIS Project Plan is to be submitted to the Legislative Fiscal Office in December 2015, and jointly presented by OMD and the OSCIO to the Joint Legislative Committee on Information Management and Technology and to the Joint Committee on Ways and Means during the 2016 legislative session.

Oregon Youth Authority

SB 5542 (Chapter 617, Oregon Laws 2015)

BUDGET NOTE: OYA is directed to report, before February 2016, to the Interim Joint Committee on Ways and Means Public Safety Subcommittee, the progress of its Isolation and Reintegration Project. The report will include progress and recommendations on: redefining when and how youth may be placed in isolation; delineating how OYA will ensure due process rights are met; developing an effective reintegration program/process after isolation; identifying resources to support a reintegration program/process so that it is implemented and sustained as designed; and aligning related OYA policies and administrative rules. The Isolation and Reintegration Project is connected to other agency efforts to implement a data driven/research based approach to juvenile justice. OYA is

further directed to report back on how its initiatives on Positive Human Development, Youth Reformation System, and the 10-Year Facilities Strategic Plan address broader issues of culture, practice and facility design to influence positive outcomes for youth and community safety.

ECONOMIC DEVELOPMENT PROGRAM AREA

Oregon Business Development Department

SB 5525 (Chapter 694, Oregon Laws 2015)

BUDGET NOTE: The Subcommittee finds that the Oregon Metals Initiative contributes to the advancement of Oregon’s innovation and entrepreneurship economy. The Subcommittee understands that the Oregon Metals Initiative will add the director of the Oregon Business Development Department, or the Director’s designee, to the Board of the Oregon Metals Initiative as an ex-officio member, to continue the successes of the Oregon Metals Initiative, and to further enhance the collaboration between private businesses and public entities.

Housing and Community Services Department

SB 5513 (Chapter 747, Oregon Laws 2015)

BUDGET NOTE: The Housing and Community Services Department and the Board of the Oregon Commission on Voluntary Action and Service shall report to the Legislature during the 2016 session on the status of Oregon Volunteers and the future of the commission. The report should include: an analysis of the current financial state of the commission, its ongoing and predictable revenue and expenditures, and a plan to ensure the fiscal sustainability of the commission without reliance on Housing and Community Services Department Resources by the 2017-19 biennium and beyond; comparison of Oregon’s volunteer oversight and coordinating entity to similar entities in other states; and recommendations on whether the commission shall: remain as an entity within the Housing and Community Services Department; become incorporated into another state agency; be incorporated into an existing not-for-profit agency or institution of higher education; or become an independent agency or not-for-profit entity.

Department of Veterans’ Affairs

SB 5539 (Chapter 616, Oregon Laws 2015)

BUDGET NOTE: The Oregon Department of Veterans’ Affairs (ODVA) shall coordinate with Oregon Health Authority (OHA) to establish a veterans’ crisis suicide line that offers free, anonymous assistance, 24 hours a day, to active-duty service members, veterans and their families. To avoid duplication of services and in order to provide delivery of the most efficient services, coordination should ensure that the contract for suicide crisis intervention services is with a provider that has contractual affiliation with the National Suicide Prevention Line and the national Veteran’s Crisis Line. Specific statistical information should be maintained associated with services delivered to veterans.

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

Department of Consumer and Business Services

HB 5012 (Chapter 592, Oregon Laws 2015)

BUDGET NOTE: The budget for the Department of Consumer and Business Services includes funding for marketing and outreach efforts. DCBS is instructed to complete a plan and report on each of the publicity and publication campaigns either upcoming or implemented for the Health Insurance Marketplace Program. The plan and report must be completed and submitted to the Joint Committee on Ways and Means prior to the beginning of the 2016 legislative session. This plan and report must include at a minimum: a narrative description of each campaign; the total amount of biennial expenditures of each campaign; the goals and objectives of each campaign; the expected results of each campaign activity; and identification of the quantitative measures that directly demonstrate the effectiveness of the campaign with respect to the goals of the campaign. It is the intent of the Legislature that the information provided by the plan and report is to be used to formulate potential Key Performance Measures related to the expenditure of funds for publication, promotion, and outreach efforts undertaken by the agency.

Public Utility Commission

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The Public Utility Commission is directed to collect reports from the governing boards of all independent utilities in the state on each utility's program to ensure health and safety of vulnerable Oregonians during possible utility shutoffs that might take place during extreme weather situations. The Public Utility Commission will present a summary of the reports to the appropriate committees during the 2016 legislative session.

NATURAL RESOURCES PROGRAM AREA

Department of Agriculture

HB 5002 (Chapter 683, Oregon Laws 2015)

BUDGET NOTE: The Oregon Department of Agriculture (ODA) shall coordinate with the Oregon Watershed Enhancement Board (OWEB) to implement an initiative to direct conservation investments for water quality improvement and watershed restoration projects associated with working agriculture land. To achieve this, the OWEB Board shall include a minimum of \$1,000,000 Lottery Funds in the Board's 2015-17 spending plan to work in collaboration with ODA to provide grants to Soil and Water Conservation Districts, Watershed Councils, and other local stewardship organizations, for technical assistance and projects to restore riparian function, improve watershed health and increase water quality in Strategic Implementation Initiatives Areas identified by the ODA Agriculture Water Quality program. ODA staff shall be primarily responsible for supporting this grant program.

Department of Energy

SB 5510 (Chapter 656, Oregon Laws 2015)

BUDGET NOTE: The Oregon Department of Energy is instructed to limit the amount assessed under the Energy Supplier Assessment to a total of \$13.1 million for the 2015-17 biennium and is instructed to prepare its 2017-19 agency requested budget to reflect a total assessment from the Energy Supplier Assessment to not exceed \$13.1 million.

Department of Environmental Quality

HB 5018 (Chapter 593, Oregon Laws 2015)

BUDGET NOTE: Water Quality Permitting: The Subcommittee expressed concerns with the backlog in renewing water quality permits and directed the Department of Environmental Quality (DEQ) to undertake a review of its permitting program. To achieve this, the Department is directed to hire an outside consultant with the knowledge and skills needed to conduct an evaluation of the program and the ability to make recommendations. These recommendations will focus on improving the quality and timeliness of water quality permits issued under the NPDES program and meeting the associated metrics developed by the Blue Ribbon Committee in its 2004 report (percent of permits being current, inspections, DMR reviews and assignment of general permit coverage) or any agreed upon replacement metrics. DEQ will report to the appropriate legislative committee on or before December 2015 and again by December 2016 on progress toward completing the evaluation, meeting the program metrics and implementing recommendations that come out of the consulting work. DEQ will work with the Blue Ribbon Committee on implementing these recommendations for meeting programs goals and will provide the Blue Ribbon Committee with periodic updates on progress being made to improve the program.

Department of Fish and Wildlife

SB 5511 (Chapter 690, Oregon Laws 2015)

BUDGET NOTE: During the 2015-17 biennium, the Department of Fish and Wildlife is encouraged to implement and promote a “Trophy Trout” program that includes the following areas: Trojan Pond (Columbia County); Willow Creek Reservoir (Morrow County); Garrison Lake (Curry County); Timothy Lake (Clackamas County); and Philips Reservoir (Baker County).

Department of Geology and Mineral Industries

SB 5512 (Chapter 657, Oregon Laws 2015)

BUDGET NOTE: The approved budget is designed to maintain current operations and provide a level of financial and management assistance to deliver stability to the Department. The Department is instructed to report during the February 2016 legislative session to the Natural Resources Subcommittee on its progress in implementing appropriate measures to improve the agency’s business practices. In its report, the Department must outline what specific measures have been taken to address the following: reorganization of accounting and budget structures, including

creating an accounting and budget structure to separate LIDAR from other organization operations; address the agency's antiquated accounting systems and procedures and implementation of modern practices; review the agency's current business and organizational infrastructure; review the agency's core operations, program priorities and funding sources; review of the agency's cash flow and application of indirect rates that fund some administrative functions; and review current fee structures and the level of fee revenue necessary to cover program costs within the Mineral Land Regulation and Reclamation Program. The Department of Administrative Services, in conjunction with other state agencies, will provide business operating services and management support through February 2016 and will assist in reporting to the Legislature during the 2016 session.

BUDGET NOTE: The Department is directed to work with the Office of the State Chief Information Officer (OSCIO) to conduct a comprehensive assessment of the agency's information technology related operations. The assessment is to include, but not be limited to, an evaluation of the following: IT organizational structure, policies and practices, management and staffing, funding and expenditures, and governance; inventory of current systems, hardware, software, data resources, and applications; business drivers and organizational mandates for information technology and data management; current operational and technical deficiencies and gaps; current, and any potential alternative methods, for data exchange and providing online access to data resources; operation and technical requirements for systems, data, and applications; and requirements necessary for any recommended changes or enhancements to IT management, staffing, funding, policies, and practices. A report on this comprehensive assessment is to be submitted to the Legislative Fiscal Office in December 2015 and jointly presented by DOGAMI and the OSCIO to the Joint Legislative Committee on Information Management and Technology and to the Joint Committee on Ways and Means during the 2016 legislative session.

BUDGET NOTE: The Department is directed to provide online to the public any mineral inventory studies previously completed by the Department that address the mineral potential of southern and eastern Oregon counties.

Marine Board

SB 5522 (Chapter 601, Oregon Laws 2015)

BUDGET NOTE: The Marine Board is directed to continue public outreach to non-motorized boaters with respect to a methodology for licensing non-motorized boats and return to the 2017 Legislative Assembly with a formal proposal and a legislative concept for implementation of the fee.

Oregon Watershed Enhancement Board

SB 5541 (Chapter 680, Oregon Laws 2015)

BUDGET NOTE: The Oregon Watershed Enhancement Board (OWEB) shall coordinate with the Oregon Department of Agriculture (ODA) to implement an initiative to direct conservation investments for water quality improvement and watershed restoration projects associated with working agricultural lands. To achieve this, the OWEB Board shall include a minimum of \$1,000,000 Lottery Funds in the Board's 2015-17 spending plan to work in collaboration with ODA to provide grants to Soil and Water Conservation Districts, Watershed Councils, and other local stewardship

organizations, for technical assistance and projects to restore riparian function, improve watershed health and increase water quality in Strategic Implementation Initiatives Areas identified by the ODA Agriculture Water Quality program. ODA staff shall be primarily responsible for supporting this grant program.

TRANSPORTATION PROGRAM AREA

Department of Transportation

HB 5040 (Chapter 761, Oregon Laws 2015)

BUDGET NOTE: The DMV STP will replace aging hardware and software solutions with a modern business and information platform. The approved budget incorporates ODOT-DMV request for \$30.4 million for the DMV Service Transformation Program (STP). Resources to implement this program may be unclassified. The Oregon Department of Transportation (ODOT) is directed to convene a legislative workgroup to oversee the near-term phase and the long-term strategy to modernize all aspects of the DMV Service Transformation Program. The Workgroup shall consist of the following: three Oregon Senate Members; three Oregon House Members; the State Chief Information Officer or designee; one Legislative Fiscal Office representative, and two private sector members from the Technology Association of Oregon. The Department (ODOT) is further directed to work with the OSCIO and LFO, to engage and follow the “Stage-Gate” project and approval process. Additionally, the Department is directed to report to the Joint Committee on Ways and Means during the 2016 legislative session on the status of the DMV Service Transformation Program.

BUDGET NOTE: ODOT DMV and Motor Carrier Divisions are instructed to work collaboratively with the State Treasurer to develop necessary systems, agreements and requirements to implement a credit card merchant fee cost recovery method. This may include, but not be limited to: an assessment of transactions wherein the user of the card is charged the bank transaction fee, in addition to payment made to the agency for the tax, fee or other charge required by the Department, and the 2014 recommendations of the Task Force on Transportation and Customer Service Efficiency.

ADMINISTRATION PROGRAM AREA

Department of Administrative Services

SB 5502 (Chapter 654, Oregon Laws 2015)

BUDGET NOTE: Use of accounting mechanisms to circumvent the limiting of Other Funds expenditures: The Subcommittee was concerned over the use of accounting mechanisms by the Department of Administrative Services and other state agencies which have the effect of undermining legislatively established Other Funds expenditure limitations. The Department of Administrative Services (DAS) shall limit the use of reduction of expenses or reduction of revenues accounting mechanisms and entries during the 2015-17 biennium and report any use of either mechanism to the Legislative Fiscal Office in a timely manner. If DAS determines that Other Funds expenditure limitation is insufficient during 2015-17 budget execution, the Department shall request from the Legislative Assembly an Other Funds expenditure limitation adjustment, rather than use

reduction of expenditures or reduction of revenues accounting entries. DAS shall report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2016 session on the general usage of Other Funds reduction of expenses or reduction of revenues accounting mechanisms by executive branch agencies, including DAS but excluding the Secretary of State and the State Treasurer, during the 2013-15 biennium. DAS shall report by agency, what the mechanisms were used for, how much money was involved in each use or group of similar uses, and the reason reduction of expenses or reduction of revenues accounting mechanisms and entries were used.

BUDGET NOTE: Enterprise Technology Services: Given the uncertainty involving which services Enterprise Technology Services will offer in the future due to the ongoing IT Common Service Delivery review currently underway and concerns over management of ETS which have led to numerous outside reviews and audits, the Subcommittee agreed to only partially fund the Enterprise Technology Services budget requests for 2015-17. The State Chief Information Officer (SCIO), through the Department of Administrative Services (DAS), shall return during the 2016 legislative session to the appropriate subcommittee of the Joint Committee on Ways and Means with recommendations on changes to ETS information technology services provided, which services it will no longer offer and state agencies will then be responsible, the budgetary impact of these decisions on state agencies, as well as DAS, changes in ETS operations implemented or considered as a result of outside reviews and audits completed by the time of the report, and timelines for additional changes to ETS services or operations being contemplated and how those could affect budgets. In addition, SCIO shall recommend a new funding formula for ETS that refocuses charges to state agencies on fees for service and deemphasizes the use of assessments which fund all positions regardless of reductions in services delivered, show how reductions in services purchased by state agencies would be reflected in reductions in operating expenses, and include price list adjustments needed for implementation of a new revenue formula at the start of second year of the biennium.

BUDGET NOTE: Agencies other than DAS providing administrative services to state agencies: The Department of Administrative Services shall compile a list of all state agencies receiving administrative support services from an agency other than itself, or the Department of Administrative Services. DAS shall collect information on what services are being provided, how much agencies getting services have agreed to pay and how much the providing agencies expect provision of these services will cost them to provide for provision of each service identified, how long the agency has been using that particular agency for services, and how long those services have been outsourced to any state agency including DAS. The Department shall report on information collected during the 2016 legislative session to the appropriate subcommittee of the Joint Committee on Ways and Means.

Government Ethics Commission

HB 5020 (Chapter 465, Oregon Laws 2015)

BUDGET NOTE: The Government Ethics Commission is to report to the Interim Joint Committee on Ways and Means in the fall of 2015 to document the Agency's readiness to proceed with the implementation of the Electronic Filing System by the statutory date of January 1, 2016.

Office of the Governor

SB 5021 (Chapter 810, Oregon Laws 2015)

BUDGET NOTE: Given the timing of the change in leadership, the Governor's Office should review the current organizational structure and create a report showing any requested position changes. The report should also look at positions that are funded by other agencies and include the total number of those positions, the total cost of those positions, and a proposal to reduce, eliminate, or realign those positions. The agency should also review its Key Performance Measures and prepare a report on any proposed changes. Both of these reports should be presented to the Joint Committee on Ways and Means during the 2016 session.

Oregon Liquor Control Commission

HB 5047 (Chapter 817, Oregon Laws 2015)

BUDGET NOTE: When setting fees for the recreational marijuana program, the Oregon Liquor Control Commission shall consider the following: fees charged should provide for sustainable operations in the 2017-19 biennium and beyond; fees charged should consider the relative size and scale of operation for all classes of licenses (growers, processors, wholesalers and retailers); and fees charged to licensees should not be lower than those charged by the Oregon Health Authority for equivalent medical marijuana license classes. The Oregon Liquor Control Commission shall report quarterly to the Legislative Fiscal Office on the number of license applications, the number of licenses approved, fee amounts received, marijuana program expenditures, and progress on implementing technology initiatives associated with the recreational marijuana program.

SB 5520 (Chapter 600, Oregon Laws 2015)

BUDGET NOTE: In order to achieve efficiencies and promote cross-training to enhance staff expertise, it is expected that OLCC will integrate positions approved for the implementation of Ballot Measure 91 into existing divisions where appropriate. However, the Oregon Liquor Control Commission is directed to work with the Legislative Fiscal Office and the Department of Administrative Services in preparing a 2017-19 agency budget that provides for the following: inclusion of a cost allocation plan for marijuana-related central agency administrative services; differentiation of revenue received from the regulation of alcoholic beverages and related licensees, and revenue derived from regulation of marijuana and related licensees; and 2017-19 budgeted expenses and information on actual 2015-17 expenses, that illustrates the extent to which agency resources and personnel are devoted to the regulation of alcohol and marijuana, respectively.

Public Employees Retirement System

HB 5034 (Chapter 595, Oregon Laws 2015)

BUDGET NOTE: The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Ways and Means during the legislative session in 2016, or the next Emergency Board, if the PERS Board adopts any change to the assumed earnings rate. The report is to include an actuarial analysis specially focused on the change in the assumed earnings rate.

BUDGET NOTE: The Public Employees Retirement System, in consideration of a future information technology upgrade of its retirement applications, is directed to undertake a statutory review to identify recommendations for simplifying and reducing the costs of the statutory benefits structure and its administration. The report is to be submitted to the appropriate legislative committee(s) by September 2016.

BUDGET NOTE: The Public Employees Retirement System (PERS) is directed to conduct a detailed health check and risk assessment of the current state of its disaster recovery and business continuity environment, including the state of its current disaster recovery and business continuity plans. PERS is to develop an associated prioritized action plan to correct all identified deficiencies and to ensure that its disaster recovery and business continuity plans are in alignment with state policies, standards, and guidelines. PERS is directed to report to the Joint Committee on Ways and Means during the legislative session in 2016 with its findings and prioritized action plan.

Department of Revenue

HB 5035 (Chapter 596, Oregon Laws 2015)

BUDGET NOTE: The Department of Revenue is to conduct detailed reviews of its enterprise cash management practices, debt cancellation and write-off practices, and audit selection processes, and report individually its findings on each to the Joint Committee on Ways and Means during the legislative session in 2016. As part of these reports, the agency is to provide metrics on current performance and recommendations on statutory and administrative changes to increase revenue collection.

BUDGET NOTE: The Department of Revenue is to report to the Joint Committee on Ways and Means during the legislative session in 2016 on its implementation of HB 2550 (2011), which allows the agency to enter into an agreement to recover non-tax debt owed the state or federal government.

BUDGET NOTE: The Department of Revenue is to report to the Interim Joint Committee on Ways and Means in the fall of 2015 to document the agency's readiness to proceed with the final implementation of the Core Systems Replacement project's Personal Income Tax program.

Oregon State Treasury

HB 5041 (Chapter 689, Oregon Laws 2015)

BUDGET NOTE: The State Treasurer is to report to the Legislature in 2016 on the hiring of newly authorized positions and the associated improvements to: risk management; compliance; investment decision support systems; investment analysis; data security; management reporting; internal controls; segregation of duties issues; internal auditing; and the updating of policy and procedures.

SB 5507 (Chapter 837, Oregon Laws 2015)

BUDGET NOTE: The State Treasurer is requested to report to the Interim Joint Committee on Ways and Means during Legislative Days in November 2015 on local and tribal government investment

opportunities in the intermediate term pool or other intermediate term pooled investment options offered by the State Treasurer. The report is to define how, and when, the program will be implemented; how investments will be made, overseen, and administered; the status of development of administrative rules; and how the program compares to the existing state intermediate term investment pool. The cost of administering the program is to be detailed, including both State Treasurer and third party costs, and the basis on which local and tribal governments will be charged. The agency is to identify the potential level of participation, both immediate and over the long-term, as well as the level of potential investment. The agency is to report on the number of pending and signed investment agreements. The agency is to identify how it will accommodate future demand for program growth as well as any short-term program capacity or resource constraints issues.

Information Technology

Information technology (IT) is a critical component in the State of Oregon's ability to operate government programs efficiently and effectively, provide access to government information and to provide services to Oregonians.

During the 2015 legislative session, the Joint Committee on Ways and Means ensured the following work was completed:

- Reviewed proposed IT related law and policy changes.
- Evaluated business case, value, and foundational work and provided recommendations on agency IT budget requests.
- Provided oversight for IT projects exceeding \$1 million.
- Identified IT projects requiring budget notes or other legislative directives.
- Reviewed agency IT organizational structure, budget and project requests, project status, budget notes, and proposed measures.

IT-related initiatives reviewed and discussed include:

- Update on the Oregon Transparency Website and adoption of the Transparency Oregon Advisory Commission's biennial report
- Statewide IT Overviews – Executive, Legislative, and Judicial Branches
- Enterprise IT Systems and budget note reports
- Secretary of State Audit – DAS Major IT Project Oversight
- Agency IT Overview Presentations by more than 20 agencies including:
 - Department of Administrative Services
 - Department of Consumer and Business Services
 - Department of Corrections
 - Department of Education
 - Oregon Education Investment Board
 - Employment Department
 - Department of Forestry
 - Oregon Health Authority
 - Higher Education Coordinating Commission
 - Department of Human Services
 - Judicial Department
 - Department of Justice
 - Legislative Administration
 - Public Employees Retirement System
 - Department of Revenue
 - Secretary of State
 - Department of State Police
 - Oregon State Treasury
 - Department of Transportation
 - Oregon Youth Authority
- HB 3099 related to state information technology:
 - Transfers certain duties, functions and powers related to enterprise information technology and telecommunications operations, service delivery, policy and oversight from the Department of Administrative Services to State Chief Information Officer (CIO).
 - Provides that the State CIO is primary information technology and telecommunications advisor to Governor and that the duties of the State CIO are specified by the Governor.

Budget Notes and Reports

Of the major IT projects and initiatives included in the 2015-17 legislatively approved budget, several were of particular interest to the Legislature due to their overall cost, complexity and risk, cross-biennium implementation timeframes, or importance to state government.

In nearly all cases, the sponsoring agency was requested to return to the Legislature during the 2015-17 interim and/or the 2016 regular session to report on project status and progress toward satisfying legislative direction or budget note requirements. By program area, these Major IT projects and initiatives included the following:

Education

- Oregon Education Investment Board (OEIB) – State Longitudinal Data System Project
- Higher Education Coordinating Commission – Oregon Student Assistance Commission
- Project – Financial Aid Management (FAM) Information System Replacement

Human Services

- OHA – MAGI Medicaid System Transfer Project
- DHS – Non-MAGI Eligibility Automation Project
- DHS – Statewide Adult Abuse and Report Writing System
- DHS/OHA – Race, Ethnicity, Language and Disability (REAL+D)/Master Client Data Svc.

Public Safety

- OJD – Oregon e-Court Program
- OSP – CRIMEvue System Replacement Project
- DOJ – Legal Case Management Project
- DOJ – Child Support Enforcement Application System (CSEAS) Project
- DOJ – Attorney General Website Upgrade Project
- DOC – Electronic Health Record Project
- DOC – Inmate Thin Client Network Replacement Project
- OMD – Next Gen 9-1-1 Implementation Project

Economic Development

- OED Modernize Business Systems and Technology Infrastructure Project

Natural Resources

- ODF – Forestry Activity Electronic Reporting and Notification System (FERNS) Enhancement Project

Transportation

- ODOT State Radio Project
- ODOT DMV – Service Transformation Program

Administration

- DAS Human Resource Information System
- DOR Core System Replacement Project & Fraud Analytics and Detection
- DOR – Property Valuation System Project
- OST – Business Systems Renewal Projects (ACH, Local Government Investment Pool (LGIP), and Core Banking)
- PERS – Individual Account Program (IAP) Administration Project
- PERS – Technology Maintenance and Enhancements Project
- PERS – Disaster Recovery Infrastructure Upgrades
- OLCC – Recreational Marijuana Licensing and Tracking System

Although specific legislative direction was provided for each of the IT projects and initiatives, the responsible agency was generally directed to meet the following requirements:

- Work closely with and regularly report project status to the Office of the State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (LFO) throughout the lifecycle of the proposed project.
- Follow the Joint State CIO/LFO Stage Gate Review Process.
- Use qualified project management services. Develop or update the project's business case and foundational project management documents.
- Work with OSCIO to acquire Independent Quality Management Services as required to:
 - Conduct an initial risk assessment
 - Perform quality control reviews
 - Perform quality management services
- Submit the updated Business Case, project management documents, initial risk assessment, and QC reviews to the OSCIO and LFO for Stage Gate Review.
- Report back to the Legislature on project status during the 2016 legislative session and/or to interim committees as required.
- Utilize the Office of the State CIO's Enterprise Project and Portfolio Management system as it is deployed for all project review, approval, and project status and closeout reporting activities throughout the life of the proposed IT project.

Additional IT Project and Initiatives of Interest to be Initiated/Implemented in 2015-17

Education

- HECC – Information Systems Transition and Consolidation
- ODE – Early Learning Information System (ELIS)

Human Services

- OHA – Oregon Health IT Program Implementation (HB2294)
- OHA – Medical Marijuana Licensing and Tracking System (HB 3400)
- OHA – Medicaid Management Information System (MMIS) Workgroup (SB 5526)
- DHS – Provider Time Capture Project

Public Safety

- OYA – Juvenile Justice Information System (JJIS) Modernization

Economic Development

- ODVA – Loan Program IT Modernization
- OED Agency Security Compliance Project
- OED Oregon Payroll Reporting System Project
- OED OAH Case Management System Project
- OED PRISM Enhancement Project

Consumer and Business Services

- DCBS – Oregon Health Insurance Marketplace Transition Project

Natural Resources

- ODA – Laboratory Infrastructure Improvements
- DEQ – WQSI (Water Quality Permitting) Replacement Project
- DOGAMI – Agency IT Operational Assessment
- DOGAMI Oregon LIDAR Project and Data Acquisition

Transportation

- ODOT – Road Usage Charge Program

Administration

- Office of the State CIO – Implementation of HB3099 (Transfer of Enterprise IT Authority)
- Office of the State CIO – Implementation of SB 515 (Transparency Website)
- Office of the State CIO – FirstNet (Public Safety Broadband Network Planning)
- Office of the State CIO – Develop New Governance Structure for IT
- Office of the State CIO – Quality Assurance Policy Implementation
- Office of the State CIO – Project and Portfolio Management System
- Office of the State CIO – Enterprise GIS Software License
- Office of the State CIO – ETS Reorganization and Rate Development
- Office of the State CIO – ETS Security and IT Operations Audit Support
- OGEC – Electronic Filing System
- DOR CSR – Marijuana Point of Sale functionality
- OLCC – Online and E-Commerce Licensing Project (Liquor Program)
- SOS – Oregon Business Registry Enhancements
- SOS – Oregon Central Voter Registration System Modernization
- SOS – ORESTAR Upgrade project
- SOS – HB 2177 Implementation Project
- SOS – License Directory Modernization Subscription
- OST – Information Security Management Program
- Legislative Administration – Disaster Recovery Cold Site

Fiscal Impact Statements

A fiscal impact statement is an independent, objective analysis of the expenditure, revenue, staffing, and organizational effects of a substantive legislative measure on state and local government. A fiscal impact means an increase or decrease in program expenditures, revenues (non-tax), positions, or full-time equivalent (FTE) compared to the amounts in the current biennium's approved budget. There are four general types of fiscal impact statements:⁸

- **No fiscal impact:** A statement issued on an original measure that has no expenditure impact, or on a measure that was originally "fiscal" but has been amended so that the fiscal impact is eliminated.
- **Minimal fiscal impact:** A statement issued when a measure has a fiscal impact, but the impact can be absorbed or accommodated within an agency's existing legislatively approved budget without additional appropriation or expenditure limitation.
- **Written fiscal analysis:** A statement issued on a measure determined to have a fiscal impact beyond a "minimal" fiscal impact. When a fiscal impact cannot be determined, an "indeterminate" fiscal impact statement may be issued in order to explain why. An "explanatory" fiscal analysis may be used to describe a measure's mechanical defects or ambiguity.
- **May have Fiscal Impact:** A generic statement to categorize an introduced measure for which a Legislative Fiscal Office fiscal impact analysis has yet to be completed based on a formal request from a substantive committee.

2015 Process

Oregon Revised Statute Chapter 173 states that fiscal impact statements are required on measures that are reported out of committee. During the 2015 session, House and Senate substantive committees, by model committee rules, were required to receive and review a fiscal impact statement prior to a measure being reported out of committee. This rule applied to most substantive measures, including those with subsequent referrals to the Committees on Finance and Revenue and/or the Joint Committee on Ways and Means.⁹ The purpose of the rules was to inform substantive committee decision-making on the fiscal implications of a particular measure. This rule change continues to result in the issuance of a significantly larger number of fiscal impact statements, particularly on amendments.

Fiscal Impact Statistics

The fiscal impact process is affected by a number of factors including: the volume of measures introduced, the number of substantive committees, committee model rules, committee scheduling of a measure, whether the measure is amended, the number of amendments, the fiscal nature and complexity of the measure and/or amendment, the duration of the session, and Legislative Fiscal Office (LFO) and state and local government staffing and their experience with the legislative and fiscal impact processes.

⁸ A budget report is also considered a type of fiscal impact. A budget report, however, is a product of the Joint Committee on Ways and Means and is produced for any bill, substantive or budgetary, that appropriates or allocates funds, limits expenditures, or provides for new position or full-time equivalent authority.

⁹ A fiscal impact was not required for measures with a subsequent referral to another substantive committee (i.e., "Hall Pass"). There were 48 "Hall Passes" issued during the 2009 session as compared to 269 issued during the 2007 session, many of which were for measures transiting to the Joint Committee on Ways and Means. In 2011, "Hall Passes" were not issued and instead a "Fiscal Lite" was issued outlining the potential fiscal impact of the measure as it was sent from substantive committee to substantive committee or from substantive committee Revenue of JWM. There were 451 "Fiscal Lites" issued during the 2015 session a 60.5% increase over 2013.

There were 2,641 measures introduced during the session, which is 34 less than the 2013 session and 304 fewer than the average of the last eight biennia. The number of amendments drafted, which was approximately 4,106, increased from the 2013 session by 165 amendments. Of the 2,675 measures introduced, 847 (32%) survived to become law. While not every measure introduced or amendment drafted advanced legislatively and had a fiscal impact prepared, LFO produced 3,275 fiscal impacts during the 2015 session, which is 271, or 9%, more than the 2013 session and 561 more than the average for the last eight biennia.

Of the 3,275 fiscal impacts issued: 1,475 (45%) were written Fiscal Impact statements; 1,007 (31%) were Minimal Fiscals; and 793 (24%) were No Fiscals. The number of written Fiscal Impact statements is a 15.7% increase over the 2013 session.

The following table provides a comparison of fiscal impact-related information as well as an average for the last eight regular legislative sessions.

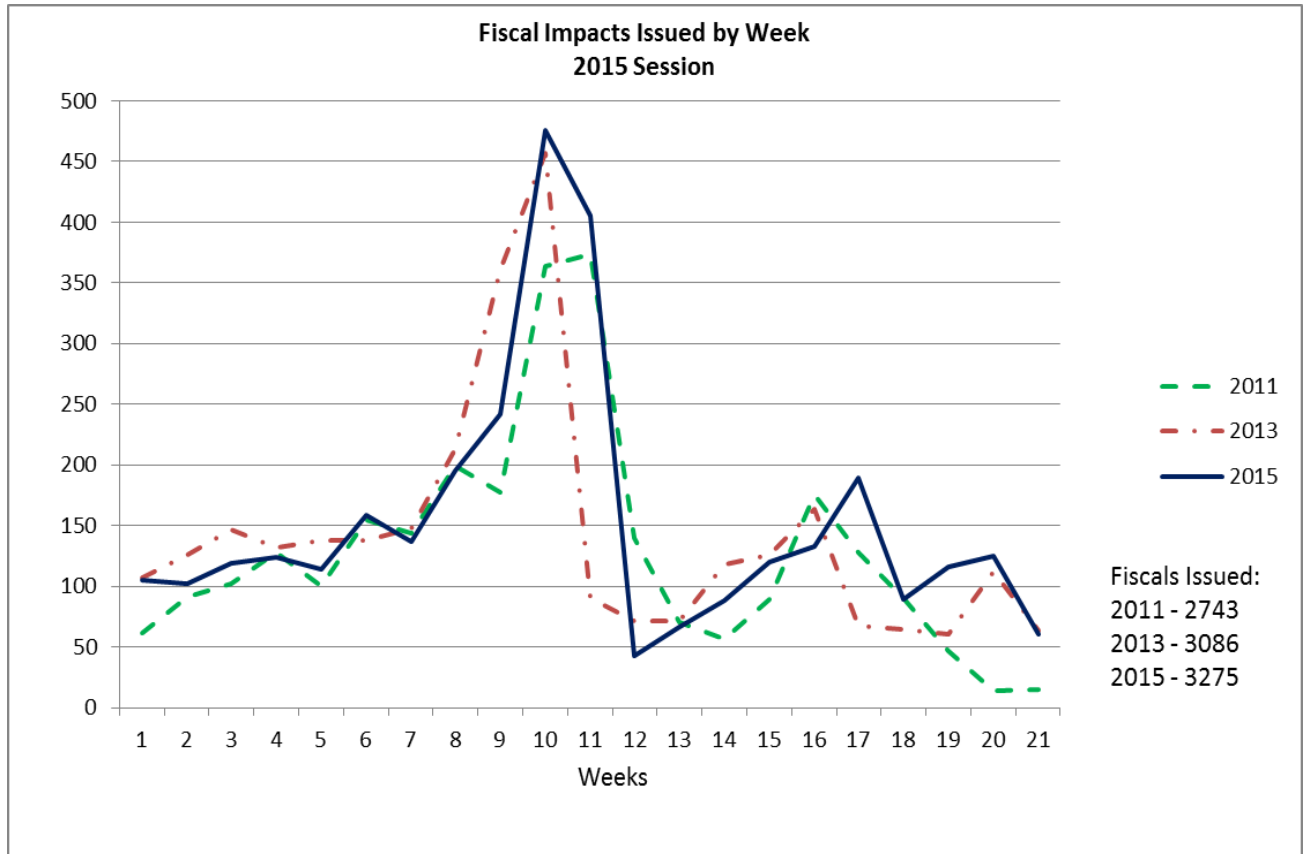
Regular Legislative Session	2001	2003	2005	2007	2009	2011	2013	2015	Eight Biennia Average
Biennium/Statistic									
Length of Regular Session	181	227	208	171	170	149	154	153	178
Number of Measures and Amendments									
Measures introduced	3,297	2,922	3,141	2,920	2,782	3,020	2,675	2,641	2945
Amendments drafted	5,133	4,569	4,202	4,365	4,407	3,636	3,941	4,106	4279
Total	8,430	7,491	7,343	7,285	7,189	6,656	6,616	6,747	7224
Measures Enrolled	1,075	869	914	982	980	793	720	847	886
% of measures introduced enrolled	32.60%	29.70%	29.10%	33.60%	35.23%	26.30%	26.92%	32.07%	30.04%
Fiscal Impact Statements (FIS)									
Written Fiscal Analysis	1,233	716	524	658	1,133	1,123	1,275	1,475	1,001
Minimal Fiscal	400	387	478	380	1,095	880	1,198	1,007	676
No Fiscal	1,431	1,003	1,252	923	997	740	613	793	969
Total	3,064	2,106	2,254	1,961	3,225	2,743	3,086	3,275	2,714
% Written Analysis	40.20%	34.00%	23.30%	33.60%	35.10%	40.90%	41.32%	45.04%	36.68%
% Minimal Fiscal	13.10%	18.40%	21.20%	19.40%	34.00%	32.10%	38.82%	30.75%	25.97%
% No Fiscal Impact	46.70%	47.60%	55.60%	47.10%	30.90%	27.00%	19.86%	24.21%	37.37%

Note 1: The primary sources of information for this table include the Oregon Legislative Information System LFO Fiscal Docket; the Final Status Report(s) for House and Senate Measures; and Legislative Counsel's Statistical Summaries.

Note 2: Some percentages may not foot.

Note 3: Budget report statistics are excluded from this analysis.

The following chart outlines the number of fiscal impacts issued each week in the 2011, 2013, and 2015 sessions. The volume of fiscals issued in 2015 peaked during the weeks of April 13 and April 20, which corresponds to the deadline for bills to be reported out of the committee of origin. This not only resulted in a substantially increased workload, over triple the average, but also an increase in bills subsequently referred to the Rules Committees, Revenue Committees, and the Joint Committee on Ways and Means. During this two-week period, there were 881 fiscal impacts issued, 27% of all fiscals issued and an 8% increase over 2013 for the same time period. There were a total of 326 bills referred to the Joint Committee on Ways and Means and, of this number, 197 (60.4%) received a hearing and 163 (50%) were ultimately passed out to the chambers.



Substantive Bills Enacted into Law with a Budget Effect

In addition to appropriation bills, the Legislature approved a number of substantive bills that had a budgetary or fiscal impact. The following is a brief summary, by program area, of noteworthy substantive bills reported out of the Joint Committee on Ways and Means and which became law or were referred to voters.¹⁰

Also discussed are substantive bills passed to implement Ballot Measure 91, the marijuana initiative, including HB 3400, HB 2041, and SB 460. Although these bills did not go through the Joint Committee on Ways and Means, the combined budget for implementing them is addressed in a budget bill, HB 5047.

Referrals to the Joint Committee on Ways and Means

Of the 2,799 measures introduced during the 2015 session, 431 (15.40%) were referred to the Joint Committee on Ways and Means¹¹. Of the referred bills, 105 (24.36%) were budget bills referred directly to the Joint Committee on Ways and Means. The remaining 326 (75.64% of bills) were substantive or non-budget bills. Of the substantive bills referred to the Joint Committee on Ways and Means, 190 (58.28%) received a public hearing and 163 (50.00%) were reported out. Of the 326 referred substantive or non-budget bills, 51 (15.64%) established a task force, work group, or advisory council. Of these 51 bills, 21 (41.18%) received a public hearing and 18 (35.29%) were reported out.

EDUCATION PROGRAM AREA

HB 2016 (Chapter 618, 2015 Oregon Laws) requires the Department of Education to develop and implement a statewide plan for students enrolled in early childhood through post-secondary education who are black or African-American or are students not covered under an existing culturally-specific statewide education plan and have experienced disproportionate educational results due to historical practices, as identified in rule by State Board of Education. The budget for ODE (HB 5016) includes \$3 million General Fund to develop and implement the plan.

HB 2545 (Chapter 718, 2015 Oregon Laws) requires school districts to provide lunch free of charge to students who are eligible for reduced price lunches. The Department of Education is to reimburse the districts for their costs. The program is funded with a \$2.4 million “carve-out” from the State School Fund included in HB 5017, the State School Fund bill.

HB 2870 (Chapter 726, 2015 Oregon Laws) allows the Higher Education Coordinating Commission (HECC) to enter into contracts with independent, nonprofit postsecondary institutions to review and act on complaints filed against the institutions and to adopt rules governing the resolution of complaints. The bill provides HECC with \$190,452 Other Funds expenditure limitation to implement rules, contract for professional support, and fulfill tasks and responsibilities associated with the review, investigation, hearing process, and resolution of complaints.

¹⁰ Additional information can be found in a measure’s budget report, an agency budget report, the budget reconciliation (i.e., SB 5507) budget report, or a fiscal impact statement. This information is available on the Oregon Legislative Information System (OLIS). Other information posted to the Legislature’s website includes summaries of major legislation produced by the Legislative Revenue Office and Legislative Committee Services.

¹¹ The average number of measures referred to the Joint Committee on Ways and Means since the 2003 biennium is 13.71% of introduced measures.

HB 2871 (Chapter 727, 2015 Oregon Laws) established the Open Educational Resources (OER) Grant Program within the Higher Education Coordinating Commission (HECC) to encourage the use of low or no-cost open educational resources as an alternative to increasingly high priced textbooks and other materials in post-secondary education. HECC, in coordination with public universities and community colleges, is directed to identify open educational resources that can be adopted as the primary instructional material for at least 15 courses meeting specific criteria outlined by the bill. The bill directs HECC to award grants to community colleges and universities to support the work of the institutions to meet the requirements of the bill. The bill includes \$700,000 General Fund and establishes a limited duration Education Specialist 2 (0.92 FTE) to identify available OERs and provide training on their use and a limited duration Program Analyst 3 (0.44 FTE) to provide technical assistance in the development of contracts, compliance, reporting and monitoring of the OER grants.

HB 3063 (Chapter 825, 2015 Oregon Laws) appropriates \$3,000,000 General Fund to the Higher Education Coordinating Commission (HECC) for a grant program to community colleges to increase the number of underserved, low-income and first-generation college-bound students who enroll in college and make progress toward a degree or a certificate.

HB 3072 (Chapter 763, 2015 Oregon Laws) provides authority for the Department of Education to administer a number of Career and Technology Education (CTE) and science, technology, engineering, and mathematics (STEM) programs. It also establishes a distribution process for CTE and STEM programs starting in 2017-19. There is \$35 million General Fund for these and other CTE and STEM related programs included as part of the ODE budget appropriated in HB 5016.

HB 3308 (Chapter 741, 2015 Oregon Laws) requires the Higher Education Coordination Commission (HECC) to convene and staff a workgroup to analyze and develop recommendations to address disparities in higher education within traditionally marginalized, underserved or underrepresented communities. HECC is directed to submit a report detailing the analysis and recommendations to the interim legislative committees on higher education by June 30, 2016. The bill includes a one-time General Fund appropriation of \$48,092 and one limited duration Operations and Policy Analyst 4 position (0.25 FTE) to support the workgroup.

HB 3380 (Chapter 745, 2015 Oregon Laws) establishes a program to expand preschool options in the state. The bill authorized the Department of Education to establish a mixed delivery preschool program coordinated through local early learning hubs. Funding is to be provided for students who meet a set of income and other eligibility criteria and attend preschool programs that meet certain quality and other criteria. Preschool programs can include programs such as Head Start, Oregon PreK, or programs provided by a child care provider, relief nursery, private preschool, public charter school, school district, ESD, or a community-based organization. A \$17.5 million special purpose appropriation to the Emergency Board is available to fund this program in the second year of the biennium.

SB 78 (Chapter 756, 2015 Oregon Laws) requires the Teacher Standards and Practices Commission (TSPC) to establish standards related to a teacher education program to be accredited by a national organization, as well as adopt standards related to the approval of a public teacher education program of more than four years duration. The bill increases Other Funds expenditure limitation for one limited duration Principal Executive Management position (0.50 FTE), as well as an appropriation for \$200,000 General Fund for grants which are to be awarded to teacher education programs for the purpose of

having programs accredited by the organization. Funding for the position will come from existing licensure and fingerprint fees collected by TSPC.

SB 81 (Chapter 697, 2015 Oregon Laws) establishes the Oregon Promise tuition waiver program, to be administered by the Higher Education Coordinating Commission, to provide grants to recent high school graduates to offset the cost of tuition and possibly fees at Community Colleges. Students must accept all federal and state aid, maintain a minimum grade point average, be at least a half-time student, and meet other eligibility requirements. Funding of \$9.6 million General Fund is available for implementation of the program for the second year of the biennium. Four positions (1.93 FTE) are authorized at a cost of \$437,708 General Fund to develop and implement the program.

SB 113 (Chapter 768, 2015 Oregon Laws) requires the Higher Education Coordinating Commission (HECC) to convene two stakeholder work groups to determine the most appropriate method for public institutions of higher education to report employment data, and to identify how each public university and community college calculates part-time faculty member hours to determine if a part-time faculty member is eligible for health care benefits. HECC was also directed to compile a report that details faculty and staff at each public university and community college. To complete this work, the bill includes a \$106,500 General Fund appropriation and establishes one part-time limited duration Operations and Policy Analyst 4 position (0.50 FTE).

SB 418 (Chapter 781, 2015 Oregon Laws) charges the Higher Education Coordination Commission, along with other education related agencies, to recommend ways to encourage becoming ready for college, take courses for college credit, and transition from high school to post-secondary education. A \$6.9 million special purpose appropriation to the Emergency Board is included for implementation of the recommendations after review by the Legislature during the 2016 session. The bill also requires HECC and other agencies and stakeholders to identify ways to improve the success of students receiving Community College tuition waiver grants under SB 81. Two positions (0.58 FTE) are included for staffing the work required by the bill.

SB 447 (Chapter 783, 2015 Oregon Laws) establishes a grant program to provide matching grants to school districts for capital grants. The bill also establishes an Office of School Facilities in the Department of Education to administer the program, provide hardship grants, provide grants for preparation of facilities assessment and long-range facilities plan, and maintain the Oregon School Facilities Database. The bill provides \$2.5 million Other Funds expenditure limitation and 5 permanent positions (3.38 FTE) for the Office of School Facilities.

SB 473 (Chapter 670, 2015 Oregon Laws) requires public universities to allow students, faculty, and staff to identify their sexual orientation on forms used to collect demographic data. The Higher Education Coordination Commission (HECC) is directed to establish the format and time frame for data collection and reporting and to assist the universities with implementation of the preferred first name policy. HECC is directed to work with community college representatives to determine and report on methods for the colleges to administer collection of data and allow enrolled students to use preferred first names on certain college documents. An appropriation of \$53,707 General Fund was made to fund one limited duration Program Analyst 3 (0.25 FTE) to implement the bill.

SB 586 (Chapter 788, 2015 Oregon Laws) increases the maximum age of youth for whom the Youth Development Council may oversee services. The change will likely result in additional community-based

programs applying for grant funds. To accomplish the work, \$154,229 General Fund was appropriated to support one permanent full-time Operations and Policy Analyst 3 position (0.75 FTE).

SB 612 (Chapter 790, 2015 Oregon Laws) includes the designation of a state dyslexia specialist, the creation of a plan to screen for dyslexia and provide notifications for students at risk for dyslexia, as well as a requirement for at least one kindergarten through grade five teacher in each school district to receive training related to dyslexia. The budget provides \$190,592 General Fund and one permanent part-time Education Specialist 2 position (0.75 FTE) to act as the state dyslexia specialist and to help develop the plan.

SB 860 (Chapter 801, 2015 Oregon Laws) requires the Higher Education Coordinating Commission (HECC) to solicit applications from public universities to participate in a career advising and mentorship pilot program. The bill appropriates \$427,500 General Fund for two universities to hire Student Career Advising and Mentorship Coordinators, equivalent to one full-time position, to design and develop the pilot program.

SB 932 (Chapter 846, 2015 Oregon Laws) extends eligibility for receiving state financial aid, scholarships, and grants to specified students who qualify for the existing statutory exemption from paying nonresident tuition. The bill appropriates \$43,499 General Fund to the Higher Education Coordinating Commission and establishes one limited duration part-time Information System Specialist 7 (0.08 FTE) to implement the provisions of the bill.

HUMAN SERVICES PROGRAM AREA

HB 2015 (Chapter 698, 2015 Oregon Laws) includes program changes that align with federal requirements for the Employment Related Day Care (ERDC) program in the Department of Human Services. Changes include protecting eligibility for 12 months, allowing working student parents to access ERDC to cover work and school hours, restoring eligibility for self-employed parents, and promoting higher quality care by offering lower copays and provider incentives. For the Office of Child Care, part of the Early Learning Division within the Department of Education, the bill supports onsite inspections and development of quality supports for license-exempt providers who care for children whose cost for care is subsidized. The bill has a direct fiscal impact of \$15 million General Fund, \$1.9 million Federal Funds, and 20 positions (12.27 FTE); these budget adjustments are in the primary budget bills for DHS (HB 5026) and ODE (HB 5016).

HB 2392 (Chapter 710, 2015 Oregon Laws) requires the Department of Human Services to print the names of authorized users on Oregon Trail replacement cards for cards that are reported lost or stolen. This requirement applies to most benefits issued to Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) recipients. The bill's fiscal impact of \$189,374 General Fund and \$189,365 Federal Funds pays for one position and special printing equipment; the budget authority is part of DHS' main budget bill, HB 5026.

HB 2393 (Chapter 711, 2015 Oregon Laws) requires the Oregon State Lottery to hold a lottery prize in excess of \$600 that is owed to a person that has not repaid overpayment of certain public benefits issued by the Department of Human Services and the Oregon Health Authority. The Lottery will notify DHS and OHA of winnings so that those agencies may initiate garnishment proceedings, if applicable. For 2015-17, the bill has a fiscal impact of \$105,762 General Fund and \$99,138 Federal Funds, mostly tied to

one-time expenditures to establish a data exchange and match system between Lottery and DHS/OHA. Ongoing costs are estimated to be a little over \$40,000 per biennium with biennial estimated overpayment recoveries projected to be in excess of \$200,000 total funds. The funding is included in the DHS budget bill, HB 5026.

HB 2395 (Chapter 16, 2015 Oregon Laws) extends the hospital assessment for four more years from September 30, 2015 to September 30, 2019. It extends the repeal date of these statutes, as well as the date for any moneys remaining in the Hospital Quality Assurance Fund to be transferred to the General Fund. The bill also repeals the sunset date of statutes related to mandatory reimbursement rates by coordinated care organizations to non-contracting hospitals. The extension of the assessment is expected to generate about \$880 million in Other Funds revenues and \$2.4 billion in federal matching funds during the 2015-17 biennium. The expenditure limitation was included in SB 5526, the budget bill for the Oregon Health Authority.

HB 2618 (Chapter 822, 2015 Oregon Laws) extends Public Employees Retirement System (PERS) police and fire benefits to employees who work in the Stabilization and Crisis Unit within the Department of Human Services. Employees classified as police and fire under PERS statutes can retire at an earlier age and have a higher benefit factor used in calculating their retirement benefits. The bill's fiscal impact is tied to the higher rate (police and fire instead of general service) that DHS will be charged for these employees. This will fluctuate based on actual employee salaries, but is estimated to cost approximately \$1,418,668 total funds (\$528,450 General Fund plus \$890,218 Federal Funds) per biennium; funding is provided in the bill.

HB 2642 (Chapter 722, 2015 Oregon Laws) establishes the nine-member Board of Certified Advanced Estheticians within the Health Licensing Office in the Oregon Health Authority. The bill authorizes the Health Licensing Office to certify the practice of advanced non-ablative esthetics. The Board of Certified Advanced Estheticians is to be self-funded via fees. The bill includes an increase of \$386,294 Other Funds expenditure limitation and the establishment of 2 permanent positions (1.28 FTE) for OHA.

HB 2796 (Chapter 632, 2015 Oregon Laws) authorizes the Health Licensing Office, within the Oregon Health Authority, to issue licenses to practice music therapy and specifies licensing criteria. The bill also authorizes the Health Licensing Office to adopt rules for licensing, qualifications, fees, and to establish standards. The fiscal impact of the bill is expected to be minimal; however, the agency may need to request additional expenditure limitation or staffing later in the biennium if the cumulative effect of all bills passed during the session is more than they can absorb.

HB 2828 (Chapter 725, 2015 Oregon Laws) extends the sunset date of provisions requiring the Oregon Health Authority to contract with a third party to conduct a study to examine options for financing health care delivery in Oregon. OHA is expected to report on the progress of the study during the 2016 session and submit the final report by November 1, 2016. The bill appropriates \$300,000 General Fund to OHA for the study.

HB 3100 (Chapter 736, 2015 Oregon Laws) restructures the framework for conducting public health activities and duties in the state and for how public health services are provided to Oregonians. The bill requires the Oregon Health Authority to adopt and update a statewide public health modernization assessment and to establish, by rule, the foundational capabilities necessary to protect and improve the health of Oregonians. Each local public health authority, subject to availability of funds, is required to

administer and enforce public health modernization and foundation program activities. The 2015-17 budget for Public Health, within OHA, includes a one-time \$500,000 General Fund package to cover the planning and assessment activities required by this bill.

HB 3230 (Chapter 740, 2015 Oregon Laws) requires registration of community-based structured housing, which is defined as congregate housing, excluding residential care or treatment, where services and supports are provided to assist residents who have mental, emotional, behavioral, or substance abuse disorders. The bill would authorize the Oregon Health Authority to establish licensing standards and review processes for these facilities. The bill includes \$106,320 General Fund to support a half-time position to oversee the registration and inspection for these newly defined community-based structured housing facilities.

HB 3243 (Chapter 651, 2015 Oregon Laws) transfers the indigent disposition fund program from the Oregon Health Authority to the Oregon Mortuary and Cemetery Board. This program is funded by a portion of the death record filing fee paid by funeral service practitioners. Of the \$20 fee, \$6 goes to the indigent disposition fund to reimburse funeral practitioners for the disposition of indigent remains.

HB 3396 (Chapter 829, 2015 Oregon Laws) creates the Health Care Provider Incentive Fund to consolidate Oregon's provider incentive programs. The bill appropriates \$180,000 General Fund to the Oregon Health Policy Board in the Oregon Health Authority to study the effectiveness of current financial incentives offered by the state to recruit and retain qualified health care providers with the aim of developing recommendations to restructure, consolidate, repeal, or continue existing incentives.

HB 3535 (Chapter 765, 2015 Oregon Laws) includes changes for the Temporary Assistance for Needy Families (TANF) program that align with investments in the Department of Human Services budget made possible due to caseload savings. The changes are targeted at helping participants transition off the program, simplifying eligibility requirements to strengthen family connections and stability for children, and providing services that can prevent families from entering TANF. The bill has a fiscal impact of \$8,996,538 General Fund, which is included in the DHS primary budget bill, HB 5026, as part of an overall TANF reinvestment plan of \$30 million.

SB 307 (Chapter 839, 2015 Oregon Laws) expands the duties of the office of the Long Term Care Ombudsman to advocate for residents of the independent living section of a Continuing Care Retirement Community (CCRC). The bill requires CCRCs to adopt written policies and procedures to resolve resident grievances. One-time resources in the amount of \$100,000 General Fund to help initiate the program and recruit volunteers are included in the omnibus end of session bill (SB 5507).

SB 469 (Chapter 669, 2015 Oregon Laws) requires each hospital in Oregon to establish a hospital nurse staffing committee to develop a written hospital-wide staffing plan to ensure that the hospital is staffed to meet the health care needs of patients. The bill appropriates \$552,592 General Fund to the Oregon Health Authority and requires the agency to audit each hospital in Oregon once every three years; and to compile and make available to the public an annual report of these audits.

SB 478 (Chapter 786, 2015 Oregon Laws) establishes the "Toxic-Free Kids Act" requiring manufacturers of children's products containing certain chemicals that are offered for sale in Oregon to provide notice to the Oregon Health Authority or to the Interstate Chemicals Clearinghouse. The bill appropriates \$87,673 General Fund and authorizes one permanent full-time Program Analyst 2 position (0.38 FTE) for

the OHA's Public Health program to establish and maintain on its website a list of designated high priority chemicals of concern for children's health used in children's products and to periodically review and revise the list.

SB 606 (Chapter 842, 2015 Oregon Laws) appropriates \$100,000 General Fund to the Oregon Health Authority, and extends the Dental Pilot Project established by SB 738 (2011) that permitted OHA to approve, subject to available funding, pilot dental projects that encourage the development of innovative practices in oral health care delivery systems with a focus on providing care to populations that evidence-based studies have shown have the highest disease rates and the least access to dental care. The bill requires providers of dental services in a dental pilot project approved by OHA to be eligible for reimbursement if the services are provided to a recipient of medical assistance.

SB 660 (Chapter 791, 2015 Oregon Laws) appropriates \$200,000 General Fund to the Public Health Program of the Oregon Health Authority, and directs the agency to expand the screening and provision of dental sealants to appropriate student populations who attend an elementary school or a middle school in which at least 40% of all students are eligible to receive assistance under the USDA National School Lunch Program. In addition, the bill directs the agency to develop a plan for transitioning schools served directly by OHA to receive the services from local dental sealant programs. OHA is required to assist schools in making this transition, as well as to establish procedures and qualifications for the certification, recertification, and oversight for local dental sealant programs to ensure quality services are being provided.

SB 774 (Chapter 796, 2015 Oregon Laws) appropriates \$1,000,000 General Fund to the Department of Human Services to help the Home Care Commission adopt a statewide plan to improve participation in the home care registry, increase the number of home care workers, continue creation of a career ladder to help home care workers become more skilled and gain certifications, conduct orientation sessions for home care workers, and develop an outreach and marketing strategy.

SB 841 (Chapter 800, 2015 Oregon Laws) requires a health plan to reimburse the cost of prescription drugs dispensed in accordance with the plan's synchronization policy. The bill also requires the Oregon Health Authority to implement a synchronization policy for the dispensing of prescription drugs to recipients of medical assistance who are not enrolled in a coordinated care organization. The bill includes \$850,000 in Other Funds expenditure limitation for the Public Employees Benefit Board and the Oregon Educators Benefit Board within OHA.

SB 900 (Chapter 845, 2015 Oregon Laws) appropriates \$238,276 General Fund to the Oregon Health Authority and requires the agency to post to its website, at least annually, health care information to empower consumers to make economically sound and medically appropriate decisions.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

HB 2002 (Chapter 681, 2015 Oregon Laws) requires law enforcement agencies to have policies and procedures prohibiting profiling and to provide copies of profiling complaints to the Law Enforcement Contacts Policy and Data Review Committee within the Criminal Justice Policy Research Institute at Portland State University. The measure appropriates \$250,431 General Fund to the Higher Education Coordinating Commission, public university statewide programs for the Law Enforcement Contacts Policy and Data Review Committee to provide training and research capacity for law enforcement.

HB 2320 (Chapter 820, 2015 Oregon Laws) directs the Board of Parole and Post-Prison Supervision to adopt a sex offender risk assessment methodology and classify sex offenders into risk levels. The measure appropriates \$3,163,183 General Fund which will allow for the establishment of 12 positions (10.00 FTE) to conduct these assessments.

HB 2621 (Chapter 721, 2015 Oregon Laws) allows the City of Portland to operate fixed photo radar units in urban high crash corridors. The Oregon Judicial Departments' Multnomah County Circuit Court processes the City of Portland's traffic violations. The fiscal and revenue impacts as a result of this program are dependent on the number of units in operation and the volume of citations from each unit. The measure includes \$1.25 million General Fund for 12 positions within the Court's Violations Bureau to process the expected additional workload. Additionally, the measure includes a special purpose appropriation to the Emergency Board of \$1 million in the event that the numbers of citations reach levels beyond the initial estimates.

HB 2700 (Chapter 2, 2015 Oregon Laws) requires the court to order at least 50% of unclaimed damages from class action settlements to be paid or delivered to the Oregon State Bar for the funding of the Legal Services Program, also known as Legal Aid. Any remaining unclaimed damages are to be paid to an entity for purposes directly related or beneficial to the interest of the class involved in the settlement. Currently, unclaimed damages are returned to the defendant. The State of Oregon currently provides \$11.9 million of Other Funds court fee revenues to the Legal Service Program each biennium. Any funds paid directly to the Oregon State Bar would be in addition to the state's support, would not be included in the state budget, and are not required to be continuously appropriated.

HB 3225 (Chapter 739, 2015 Oregon Laws) appropriates \$365,225 General Fund to the Department of State Police, Office of the State Fire Marshal. The measure directs the State Fire Marshal to adopt a plan to coordinate responses to oil or hazardous material spills that occur during rail transport. The funding provided will allow the State Fire Marshal to hire a position to coordinate outreach, develop a spill response plan in conjunction with local public safety organizations, and conduct exercises and training.

HB 3503 (Chapter 830, 2015 Oregon Laws) directs the Department of Corrections to establish a Family Sentencing Alternative Pilot Program in partnership with circuit courts, participating county community corrections agencies, and the Department of Human Services. DOC and DHS are directed to submit a report on the program to the Legislative Assembly no later than January 1, 2017. The measure includes funding for probation officers in community corrections agencies participating in the pilot program as well as for services to defendants participating in the program. The measure appropriates \$1,895,450 General Fund to DOC for the costs of probation officers, services, and a position to coordinate the program. The measure also appropriates \$104,550 General Fund and provides \$44,655 Federal Funds limitation to DHS for a position to coordinate implementation of the program with DOC.

SB 128 (Chapter 769, 2015 Oregon Laws) appropriates \$213,936 General Fund to the Department of State Police for pay parity of telecommunicators employed by OSP. The bill defines "comparable" for the purpose of establishing base pay for OSP telecommunicators as the base pay for telecommunicators employed by the five Oregon public safety answering points with the most employees. Provisions apply to arbitration hearings commenced on or after the bill's effective date.

SB 222 (Chapter 776, 2015 Oregon Laws) extends the sunset from June 30, 2015 to June 30, 2018 for Department of Human Services child welfare case workers to appear in some juvenile court dependency

proceedings without counsel. The measure includes \$175,707 General Fund for the Governor's Office and establishes one limited duration position (0.75 FTE) to staff a Task Force on Legal Representation in Childhood Dependency to develop a solution to the legal representation issue. The fiscal impact for DHS is indeterminate and is minimal for other affected agencies.

ECONOMIC DEVELOPMENT PROGRAM AREA

HB 2539 (Chapter 821, 2015 Oregon Laws) appropriates \$87,750 General Fund to the Department of Veteran's Affairs to conduct a statewide study regarding the delivery, use, and barriers to access of health care and medical services for women veterans.

HB 2728 (Chapter 682, 2015 Oregon Laws) establishes the Oregon Talent Council (OTC) and specifies its membership and responsibilities. The bill directs OTC to advise and act as a resource for state agencies and educational institutions on issues of talent development, in order to promote growth and competitiveness in Oregon's traded sector and high growth industries. The council is charged with working with the Oregon Employment Department to provide industry-based information and data on talent needs and gaps. It is also responsible for developing criteria and measurements for making performance-based, limited duration investments of public and private funds provided for this use. The bill appropriates \$6,112,818 General Fund and establishes 2 permanent positions (1.65 FTE) in the Employment Department to operate the council.

HB 2997 (Chapter 635, 2015 Oregon Laws) provides \$250,000 Lottery Funds to the Oregon Business Development Department to support cooperative efforts to promote western juniper harvesting and the manufacturing of products from western juniper.

HB 2998 (Chapter 636, 2015 Oregon Laws) provides \$800,000 Lottery Funds to the Oregon Business Development Department, and \$100,000 General Fund for the Institute for Natural Resources at Portland State University, to support western juniper harvesting and the manufacturing of products from western juniper. The OBDD will use \$500,000 of the funds provided to it for business loans and grants, \$200,000 to provide technical assistance to businesses, and the remaining \$100,000 to support workforce training programs. Funding for the Institute for Natural Resources will be used to map marketable western juniper stands.

HB 3148 (Chapter 737, 2015 Oregon Laws) establishes the Wildfire Damage Housing Relief Account within the Oregon Housing Fund and directs the Housing and Community Services Department to issue grants in the amount of \$5,000 to each qualifying household that suffers loss of housing due to a wildfire. The bill appropriates \$50,000 General fund to OHCS for this purpose.

HB 3257 (Chapter 187, 2015 Oregon Laws) extends the sunset to January 1, 2018 for collection of a surcharge from electric companies for purposes related to low income electric bill payment assistance. The bill will result in an additional \$10 million collected and distributed to qualifying households in the 2015-17 biennium. The dollars are collected by electric utility companies, remitted to the Housing and Community Services Department, which in turn contracts with local Community Action agencies that assist low income Oregonians with utility bill payments.

HB 3479 (Chapter 752, 2015 Oregon Laws) establishes a women's veteran coordinator position in the Department of Veterans' Affairs. The position will conduct outreach, provide assistance in applying for

grants, research and disseminate best practices for serving the women veteran population, and develop and distribute informational materials for women veterans. The bill appropriates \$263,217 General Fund and phases in a permanent position (0.88 FTE).

SB 296 (Chapter 348, 2015 Oregon Laws) transfers the Elderly Rental Assistance program from the Department of Revenue to the Housing and Community Services Department, effective July 1, 2017. There is no fiscal impact in the 2015-17 biennium, but funding and administration for the program will be built into the agency's 2017-19 budget.

SB 441 (Chapter 668, 2015 Oregon Laws) makes changes to statutes relating to the Trust for Cultural Development Account. The bill increased the Other Funds expenditure limitation for the Cultural Trust by \$306,770, and establishes one full-time permanent Office Manager 2 position (1.00 FTE) to address increased workload.

SB 946 (Chapter 847, 2015 Oregon Laws) creates the permanent position of Lesbian, Gay, Bisexual and Transgender (LGBT) Coordinator at the Department of Veterans' Affairs. The position will serve as an outreach coordinator to the LGBT veteran population, will assist veterans in applying for an upgrade to the character of discharge, and will develop and distribute informational materials.

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

HB 3059 (Chapter 735, 2015 Oregon Laws) requires the Commissioner of the Bureau of Labor and Industries (BOLI) to implement and maintain a toll-free line to receive inquiries and complaints related to employment in the performance of live entertainment. The bill appropriates \$69,453 General Fund to BOLI to support a position (0.50 FTE) to carry out the duties of the bill.

HB 3243 (Chapter 651, 2015 Oregon Laws) transfers the indigent disposition program from the Oregon Health Authority to the Oregon Mortuary and Cemetery Board. The program includes monies received through the filing fee paid by funeral service practitioners which is also used to reimburse funeral practitioners for the disposition of indigent remains. The transfer of the program includes an increase of \$389,000 Other Funds expenditure limitation to the Board to pass through the monies in the fund and contains a corresponding reduction in Other Funds expenditure limitation to OHA.

SB 1 (Chapter 3, 2015 Oregon Laws) Abolishes the Oregon Health Insurance Exchange Corporation (Cover Oregon) and its board of directors, and transfers the functions of the corporation to the Department of Consumer and Business Services. The bill establishes the Health Insurance Exchange Fund, and specifies that unexpended balances will be transferred from Cover Oregon to the newly established Health Insurance Exchange Fund. Once transferred, these monies are available for expenditure by DCBS for Oregon Health Insurance Marketplace (OHIM) expenses for the biennium beginning July 1, 2013. The budgetary framework and expenditure limitation for these funds are contained within the budget bill for DCBS (HB 5012, Chapter 592, 2015 Oregon Laws). Biennial revenues associated with OHIM assume a beginning balance transfer of \$8.24 million upon dissolution of Cover Oregon, premium assessment revenue of \$21.2 million, and a transfer of \$13.2 million from the Oregon Health Authority for information technology professional service contract obligations. Budgeted expenditures for the OHIM total \$33,676,551 Other Funds including intra-agency administrative costs. The marketplace adds 31.00 FTE and 34 positions.

SB 72 (Chapter 660, 2015 Oregon Laws) requires the Oregon State Board of Nursing to impose a \$9.00 fee on all examinations and license renewals for registered nurses and licensed practical nurses. The fee revenue, estimated to be roughly \$500,000 each biennium, is required to be deposited in the Oregon Nursing Advancement Fund created by the bill. Each year, the principal balance of the fund is to be paid by the Board of Nursing to an Oregon nonprofit organization that provides various services supporting and researching nursing and the nursing workforce in Oregon. The recommended amendment provides biennial Other Funds expenditure limitation to the budget of the Board of Nursing for the required payments from the Oregon Nursing Advancement Fund.

SB 454 (Chapter 537, 2015 Oregon Laws) requires most employers having ten or more employees to implement a sick time policy allowing an employee to earn, accrue, donate, or use up to 40 hours of paid sick time per year. Most employers who employ fewer than ten employees are required to implement an unpaid sick time policy. Employers located in Portland are required to comply with the same provisions, except they would be required to provide up to 40 hours of paid sick time if they have six or more employees. The bill appropriates \$1,421,547 General Fund for three agencies: the Bureau of Labor and Industries (BOLI), the Department of Human Services, and the Oregon Health Authority. Additional BOLI positions include one Training and Development Specialist 2 limited duration position (0.75 FTE), one permanent full-time Civil Rights Field Representative 2 position (0.75 FTE), and one permanent full-time Compliance Specialist 2 position (0.75 FTE) for related investigations.

NATURAL RESOURCES PROGRAM AREA

HB 2459 (Chapter 627, 2015 Laws) HB 2459 increases certain fees for the Oregon State Marine Board to generate sufficient revenue to maintain Law Enforcement Grants and Boating Facility Grants. The bill will generate approximately \$5.2 million revenue in 2015-17, \$4.7 million Other Funds and \$500,000 Federal Funds. The majority of the revenue (85%) will be generated by fees on boats and sailboats over 12 feet in length. The fee for this class of boats will increase from \$3/foot to \$4.50/foot.

HB 2984 (Chapter 733, 2015 Oregon Laws) establishes a one-time \$400,000 General Fund appropriation to the Department of Forestry for the purpose of issuing one or more grants to Clackamas County for studying matters regarding, and making preparations for, the Clackamas Forestry Product Cooperative Project, a pilot program for forestry products grown on non-forest land.

HB 3089 (Chapter 826, 2015 Oregon Laws) appropriates \$25,000 General Fund to the Department of Geology and Mineral Industries to conduct a study of the mineral resource potential in eastern and southern Oregon counties and to publish the results of the study online.

HB 3362 (Chapter 744, 2015 Oregon Laws) appropriates \$50,000 General Fund to the Department of Agriculture to develop, in consultation with Oregon State University, a bee incident reporting system as part of the pollinator health outreach and education plan.

HB 3526 (Chapter 831, 2015 Laws) establishes the Oregon Main Street Revitalization Grant Program within the Parks and Recreation Department for the purpose of awarding annual competitive grants for preservation-based community revitalization and economic development. The program is anticipated to be supported by the issuance of lottery bonds sufficient enough to produce \$2.5 million in funding. To establish, administer, and meet the financial responsibilities of the grant program, the Department anticipated needing a limited duration Program Analyst 2 and an Accountant 2. Those positions,

however, were not added to OPRD's budget. Rulemaking costs are assumed to be absorbable within existing resources in the agency budget.

HB 3549 (Chapter 833, 2015 Laws) requires the Department of Agriculture to establish qualifications for obtaining and maintaining an aerial pesticide applicator certificate, increases certain civil penalties, requires the Pesticide Analytical Response Center to develop standards for response to pesticide related complaints, and requires a biennial report to the Legislative Assembly. The bill requires the Department to operate a telephone line to receive and coordinate responses to pesticide related complaints by the public. Beginning January 1, 2016, a 60-foot unsprayed strip along inhabited dwellings or schools for aerial herbicide applicators is established and is to be included as part of the Forest Practices Act. The bill provides \$250,000 Other Funds expenditure limitation for rulemaking, changes to the licensing system, development of a database to track complaints, and establishment and maintenance of a dedicated phone line to receive and coordinate responses to pesticide related complaints.

SB 912 (Chapter 804, 2015 Laws) clarifies the distinction between "historically filled lands" and "new lands" for purposes of determining ownership and transfer of ownership of lands created upon submersible or submerged lands by artificial fill or deposit. The bill establishes a process for the State Land Board to identify and declare the state's interest in historically filled lands and to provide notice of declaration, and directs the Department to provide a progress report to the Legislative Assembly by September 15, 2017. The bill appropriates \$328,228 General Fund and provides 2 positions (2.00 FTE) to implement the measure.

TRANSPORTATION PROGRAM AREA

HB 2075 (Chapter 700, 2015 Oregon Laws) increases aircraft fuel taxes by two cents per gallon for aviation gasoline, jet fuel, and motor fuel used for aviation starting October 5, 2015. It allows the Department of Aviation to retain 5% of the revenue for administration, with the remaining revenue to be distributed as follows: 50% for Federal Aviation Administration (FAA) grant match, economic development, and emergency preparedness; 25% for commercial air service to rural Oregon; and 25% for safety and infrastructure improvements at federally and non-federally funded state owned airports.. The measure establishes a process, mechanism, and criteria for distributing the new revenue and sets reporting requirements for the Department of Aviation. The increase sunsets on January 1, 2022. The measure increases the Department of Aviation's Other Funds expenditure limitation by \$5.23 million for administration and grant-making purposes outlined in the measure.

HB 2730 (Chapter 806, 2015 Oregon Laws) eliminates the current limit on the number of special registration license plates and replaces it with a new system, with a directive to the Department of Transportation to create a program for new special registration plates to be approved administratively for production and distribution. The measure also creates two new special vehicle registration plates: a Portland Trail Blazers plate, which will raise revenue for the Trail Blazers Foundation; and a Breast Cancer Awareness plate, which will raise money for the Oregon Health Authority Fund. The measure increases Other Funds expenditure limitation in the Driver and Motor Vehicles program budget by \$248,095 for startup and manufacturing costs associated with implementing the new registration plates.

HB 3402 (Chapter 746, 2015 Oregon Laws) increases the speed limit for passenger vehicles and certain other vehicles on segments of Interstate 84, Highway 95, Highway 20, Highway 197, Highway 198, Highway 31, Highway 78, Highway 395, Route 205, and Highway 26 in eastern Oregon. The measure

exempts portions of Highway 95, Highway 20, and Highway 197 that fall inside of city limits. The measure increases the Department of Transportation's Other Funds expenditure limitation by \$735,000 in 2015-17 to replace approximately 370 speed limit signs and to conduct speed studies on certain road segments.

ADMINISTRATION PROGRAM AREA

HB 2019 (Chapter 619, 2015 Oregon Laws) expands the membership of the Government Ethics Commission from seven to nine members, modifies the appointment process for Commissioners, establishes new criteria for the composition of the Commission, reduces the number of days allowed for the preliminary review phase of an ethics investigation from 135 to 30 days, and requires advisory opinions and specified statements to be made available online by January 1, 2017. The measure includes \$455,076 Other Funds and the establishment of one position (0.88 FTE).

HB 2177 (Chapter 8, 2015 Oregon Laws) directs the Department of Transportation to share electronic information including age, residence, citizenship data, and copies of signatures with the Office of the Secretary of State. The Secretary of State will use this information to automatically register voters and maintain up-to-date voter rolls. Individuals may choose to opt out of registration. The measure also increases the maximum number of electors in a precinct from 5,000 to 10,000. The budget for the Office of the Secretary of State includes \$384,000 General Fund for payments to counties for costs associated with implementing the measure and Federal Funds expenditure limitation of \$753,445 and one limited duration position for technology and other administrative needs. In addition, there is a General Fund special purpose appropriation to the Emergency Board of \$384,000 that is available to pay for additional county costs incurred to implement the measure.

HB 2250 (Chapter 758, 2015 Oregon Laws) continues the process of consolidating background and criminal records check rule-making authority within the Department of Administrative Services. The bill also provides direction on how fitness determinations are to be conducted and shifts some background check activities currently conducted by the Department of State Police to the Department of Human Services. The measure includes \$144,705 General Fund (\$627,454 total funds) and one position for DHS to conduct work under the bill.

HB 2270 (Chapter 762, 2015 Oregon Laws) creates the office of the State Resilience Officer within the Office of the Governor to direct, implement, and coordinate seismic safety and resilience goal setting and state agency planning and preparation. The bill appropriates \$304,653 General Fund and establishes 2 permanent positions (1.50 FTE).

HB 2719 (Chapter 723, 2015 Oregon Laws) increases the share of moneys retained by the Oregon Racing Commission by \$189,999 from payments it receives for gross receipts of pari-mutuel wagering recorded by the totalizer system, from 66 2/3% to 75%; the remaining 25% (as opposed to the current 33 1/3%) is to be deposited into the General Fund. The amount retained by the Racing Commission is used for the benefit of the racing industry in Oregon, funding racing associations, county fair race meets, the race meet at Portland Meadows, drug testing lab services, and for capital improvements at race tracks to ensure the safety of equine athletes and their human handlers.

HB 2803 (Chapter 724, 2015 Oregon Laws) modifies the beverage container redemption program and expands the requirements to be administered and enforced by the Oregon Liquor Control Commission.

The bill provides OLCC with \$133,738 Other Funds expenditure limitation and one permanent full-time Compliance Specialist 3 position (0.75 FTE) to manage increased workload.

HB 2960 (Chapter 557, 2015 Oregon Laws) creates the Oregon Retirement Savings Board, which is charged with the establishment of a defined contribution retirement plan for people whose employers do not offer a qualified retirement plan under federal law. The measure includes a \$993,541 General Fund appropriation to the Oregon State Treasury and the establishment of 2 positions (1.50 FTE). Future costs are assumed to be a General Fund obligation, either partially or fully, until sufficient revenue is received to pay expenses.

HB 3199 (Chapter 828, 2015 Oregon Laws) establishes in statute the process for issuing State of Oregon general obligation bonds authorized under Article XI-F(1) and Article XI-G of the Oregon constitution for public university capital projects. The bill increases the Other Funds expenditure limitation for the Department of Administrative Services Chief Financial Office by \$637,294 and establishes one permanent full-time Operations and Policy Analyst 4 position (1.00 FTE). HB 5024, the Higher Education Coordination Commission (HECC) appropriation bill, includes resources to allow HECC to perform its duties under this bill.

SB 55 (Chapter 766, 2015 Oregon Laws) changes state debt collection and debt management processes, including requiring notification on certain forms that Social Security numbers which are provided voluntarily may be used for debt collection purposes. The Department of Administrative Services must establish policies and procedures regarding state debt collection practices and the sharing of Social Security numbers between agencies. DAS is also charged with providing training and technical assistance to agencies. The measure authorizes DAS to assess state agencies to cover implementation costs and provides an Other Funds expenditure limitation of \$660,474.

SB 777 (Chapter 843, 2015 Oregon Laws) creates the Achieving a Better Life Experience Act (ABLE) program, which permits the creation of tax-free savings accounts to pay for disability-related expenses. The measure also forms a single state 529 program by merging the existing Oregon 529 College Savings Network program with the ABLE program. The measure includes a \$664,743 General Fund appropriation to the Oregon State Treasury and the establishment of 2 positions (0.75 FTE). Future costs are assumed to be a General Fund obligation, either partially or fully, unless sufficient revenue is received to pay expenses.

OTHER

Bills Establishing Task Forces, Work Groups, and Advisory Councils

Of the 326 referred substantive or non-budget bills, 52 (15.95%) established a task force, work group, or advisory council. Of these 51 bills, 22 (42.31%) received a public hearing, and the Joint Committee on Ways and Means reported out the following 19 (36.54%). Unless otherwise noted, agencies are expected to reprioritize the duties of existing staff and resources to absorb the cost of staffing and serving on each task force.

HB 2016 (Chapter 618, 2015 Oregon Laws) directs the Department of Education (ODE) to form an advisory group to help develop a plan and grant program for early learning hubs, providers of early learning services, school districts, post-secondary institutions of education, and community-based organizations. ODE is directed to report to the Legislature by January 1, 2016 regarding the plan.

HB 2209 (Chapter 814, 2015 Laws) establishes the Oregon Shellfish Task Force to establish priorities and implementation strategies for addressing shellfish production in Oregon. In addition, the bill directs the Department of Agriculture to develop a pilot project for monitoring water quality in Tillamook Bay. The bill appropriates \$125,000 General Fund to the Department for the purposes of developing the pilot project and appropriates \$500,000 General Fund to the Higher Education Coordinating Commission to fund shellfish research at Oregon State University.

HB 2233 (Chapter 706, 2015 Oregon Laws) requires the Department of Human Services to create an advisory committee within its Office of Adult Abuse Prevention and Investigations to advise DHS with respect to residential care for children, youth, or youth offenders and programs and facilities that provide residential care for this population. The bill directs DHS to focus the work of the committee on evaluating the current process for making findings of abuse or neglect in residential care, and developing recommendations for ensuring the safety of children, youth, or youth offenders in residential care. The Department is required to report to an interim committee of the Legislature by December 15, 2015.

HB 2402 (Chapter 712, 2015 Oregon Laws) establishes the Task Force on Funding for Fish, Wildlife and Related Outdoor Recreation and Education, and appropriates \$200,000 General Fund to the Legislative Administration Committee to support the work of the task force. Any remaining moneys in the fund on December 31, 2016, revert back to the General Fund. The task force is charged with identifying and recommending potential alternative and sustainable funding sources for the Department of Fish and Wildlife, and opportunities for ODFW to better achieve its mission and conservation program objectives through leveraging funding sources. The task force is required to report to the Legislature within 30 days after its final meeting or at a time designated by the President and Speaker. The bill sunsets on December 31, 2016.

HB 2522 (Chapter 717, 2015 Oregon Laws) requires the Department of Consumer and Business Services to develop recommendations for the creation of a premium assistance program for low-income Compact of Free Association (COFA) islanders to enable COFA residents of Oregon to purchase health benefit plans through the health insurance exchange. The bill directs DCBS to convene an advisory group to advise the Department in developing these recommendations. The bill requires DCBS to report its recommendations to the Legislature by September 15, 2016.

HB 2547 (Chapter 719, 2015 Oregon Laws) establishes the Task Force on Housing with Services charged with seeking input from stakeholders in order to recommend a definition for housing with services, defining consumer rights, setting standards for licensure and registration, and investigating the market demand for housing with services projects. The Department of Human Services is required to provide staff support for the task force. The Long Term Care Ombudsman, the Housing and Community Services Department, the Department of Veterans' Affairs, the Department of Justice, and counties are expected to participate on the task force. The task force is required to report to an interim legislative committee by December 1, 2015, which is also its sunset date.

HB 2838 (Chapter 824, 2015 Oregon Laws) creates the eight-member Task Force on Incarcerated Veterans to study and make recommendations on strategies for outreach to inform veterans about available benefits and programs. The bill appropriates \$21,068 General Fund to the Department of Veterans' Affairs to staff the task force.

HB 2928 (Chapter 728, 2015 Oregon Laws) establishes a 15 member Task Force on Class Sizes to determine appropriate class sizes, identify methods to reduce class sizes, identify costs for methods to reduce class sizes, and report to the Legislative Assembly no later than September 15, 2016. The Legislative Administration Committee is directed to provide staff support to the task force and agencies of state government are directed to assist the task force.

HB 3499 (Chapter 604, 2015 Oregon Laws) relates to English language learner (ELL) program and whether school districts are meeting the needs of ELL students. Two workgroups are established to develop uniform budget coding and reporting requirements on spending on ELL programs and identify and recommend best practices for ELL programs. The Department of Education is to administer a grant program to assist those school districts with lower performing ELL programs as well as to implement a statewide plan. Funding for the grants and plan implementation is a \$12.5 million “carve-out” from the State School Fund.

HB 3525 (Chapter 753, 2015 Oregon Laws) establishes a 12 member Task Force on Immigration Consultant Fraud charged with studying violations of the prohibition on acting as an immigration consultant without a bar license and the practice of immigration consultants attempting to obstruct people from reporting violations of this prohibition. The task force is required to submit a report to an interim Legislative committee by September 15, 2015 and sunsets on December 31, 2016. The Oregon Advocacy Commission Office is required to provide staff support to the task force.

SB 32 (Chapter 754, 2015 Oregon Laws) directs the Public Utility Commission to form a work group for the purpose of conducting a study on methods by which a public utility that furnishes natural gas may expand the public utility’s service to areas that do not have access to natural gas. The task force sunsets on September 15, 2016.

SB 131 (Chapter 770, 2015 Oregon Laws) establishes a 17-member Task Force on the Willamette Falls Navigation Canal and Locks charged with compiling information relating to the Willamette Falls navigation canal and locks, and facilitating the repair and reopening of the canal and locks. The bill directs the task force to secure federal and other sources of funding for the repair, reopening, and operation of the canal and locks. The task force is required to submit a quarterly report to the Legislature or interim committee and sunsets on December 31, 2017. Oregon Solutions at Portland State University is required to provide staff support to the task force. The Legislative Assembly, Parks and Recreation Department, State Marine Board, Department of Transportation, Port of Portland, Clackamas County Board of County Commissioners, Confederate Tribes of the Grand Ronde, City of West Linn City Council, Oregon City Commission, and Metro council are required to appoint representatives to serve as members of the task force.

SB 202 (Chapter 771, 2015 Laws) establishes the 15-member Task Force on Independent Scientific Review for Natural Resources. The task force is to assess the need for independent scientific review in Oregon and make recommendations regarding which entities should conduct or coordinate scientific review across the broad range of natural resource issues. The task force is to submit a report of its findings and recommendations to the Governor and the Legislature by September 15, 2016. The Institute for Natural Resources will staff the Task Force. The Task Force will sunset on January 2, 2019. The bill also abolishes the Independent Multidisciplinary Science Team on January 1, 2017. The bill appropriates \$108,907 General Fund to the Higher Education Coordinating Commission to be distributed

to Oregon State University for use by the Institute of Natural Resources to carry out the provisions of the bill. This funding is to be phased out in the 2017-19 biennial budget.

SB 226 (Chapter 777, 2015 Oregon Laws) establishes the 17-member Task Force on Client and Staff Safety charged with recommending measures to improve the safety and success of Stabilization and Crisis Units in Oregon. The task force is required to submit a report to an interim committee by September 15, 2016 and sunsets on December 31, 2016.

SB 608 (Chapter 789, 2015 Oregon Laws) establishes the nine-member Palliative Care and Quality of Life Interdisciplinary Advisory Council in the Oregon Health Authority to advise OHA on establishing, maintaining, operating, and evaluating palliative care initiatives in Oregon. OHA is required to publish information and resources about palliative care on its website.

SB 698 (Chapter 793, 2015 Oregon Laws) establishes the 14-member Task Force on School Nursing charged with examining and recommending sustainable funding sources for school health services. The task force is required to submit a report to an interim Legislative committee by September 15, 2016 and sunsets on December 31, 2016. The bill also appropriates \$216,365 General Fund to the Oregon Health Authority and creates the position of State School Nursing Consultant to coordinate and collaborate with the Department of Education's school nurse specialist in providing leadership and integration in the delivery of nursing services in schools.

SB 800 (Chapter 797, 2015 Oregon Laws) establishes the 10-member Task Force on Reserve Funds charged with reviewing existing constitutional and statutory provisions governing the Education Stability Fund and the Oregon Rainy Day Fund in order to recommend a comprehensive package of constitutional or statutory changes or management practices designed to enhance the effectiveness and performance of the funds. The task force is required to submit a report to the Legislature by September 15, 2016 and sunsets on the convening of the 2017 legislative session. The bill directs the Legislative Fiscal and the Legislative Revenue Offices to staff the task force.

SB 844 (Chapter 784, 2015 Oregon Laws) creates the 15-member Task Force on Researching the Medical and Public Health Properties of Cannabis. The task force is charged with studying and reporting on the development of a medical cannabis industry that provides patients with medical products meeting individual needs. The measure specifies information that must be contained in the report and that the task force is to report to the Legislative Assembly by December 15, 2015 on its progress, with a final report due by February 1, 2016. The Oregon Health Authority is charged with providing staff support to the task force. OHA estimates costs of approximately \$125,000 to provide such support, which includes funds for hiring or contracting for staff support, research, attorney general legal services, and meeting expenses.

SB 969 (Chapter 848, 2015 Oregon Laws) establishes the 15-member Task Force on Reentry, Employment and Housing charged with studying and recommending methods and actions that state and local governments should adopt to assist no-longer-incarcerated persons with criminal convictions with housing and employment. Committee Services is required to provide staff support to the task force. The Housing and Community Services Department is to reimburse non-legislative members of the task force. The Department of Corrections, the Employment Department, the Higher Education Coordinating Commission, the Criminal Justice Commission, and counties are to participate as members of the task force and to play a role in furnishing the task force with existing available data, information, advice, and

other support. The task force is expected to report to an interim legislative committee by December 15, 2015 and sunsets on December 31, 2016.

Substantive Bills Pass to Implement Measure 91 Marijuana Initiative

HB 2041, HB 3400, and SB 460 were not considered by the Joint Committee on Ways and Means. However, Ways and Means did pass a budget bill, HB 5047, which provided for the budgetary impacts of the following substantive bills.

HB 2041 (Chapter 699, 2015 Oregon Laws) establishes a tax, at the rate of 17 percent, on the retail sale of marijuana items beginning January 1, 2016. The tax is to be collected by marijuana retailers at the point of sale and allows for retailers to retain 2% of the taxes to cover their costs of collection. Retailers would be required to submit quarterly returns and tax payments to the Department of Revenue. The measure requires the Oregon Liquor Control Commission and DOR to enter into an agreement for administering and enforcing the provisions of the measure, and further outlines the requirements and processes associated with the new tax.

HB 3400 (Chapter 614, 2015 Oregon Laws) outlines responsibilities and authorities for the implementation of Oregon's recreational marijuana program. The measure also outlines the responsibilities and authorities related to Oregon's medical marijuana program.

SB 460 (Chapter 784, 2015 Oregon Laws) authorizes medical marijuana dispensaries to elect to sell limited marijuana retail product as specified beginning October 1, 2015. Cities and counties would be allowed to adopt ordinances prohibiting such sales. These provisions are repealed on December 31, 2016. The measure grants rule-making authority to the Oregon Health Authority.

Appendix A

2015-17 Capital Construction Projects

Higher Education Coordinating Commission

The Legislature approved a total of \$311,267,945 Other Funds Capital Construction six-year expenditure limitation for the Higher Education Coordinating Commission for distribution of general obligation bond proceeds to public universities. This amount corresponds to the total project amounts for the 14 university projects authorized in House Bill 5005. Projects are funded with proceeds from the issuance of Article XI-G bonds, Article XI-Q bonds, and Article XI-F (1) bonds and will be disbursed as grants or loans, as applicable, pursuant to grant contracts and loan agreements between HECC and each university. The following projects were approved:

All Public Universities

Capital renewal, code compliance, and safety: \$65,770,000 Article XI-Q bonds was approved to maintain facilities and keep the deferred maintenance backlogs from growing. These projects do not involve acquisition of buildings, structures, or land. HECC initially will allocate funds to the individual universities based on square footage in education and general services facilities, following past OUS practice.

Eastern Oregon University

Hunt Hall Demolition and Site Renovation: \$3,040,000 Article XI-Q bonds was approved to demolish an existing building that has exceeded its useful life. The project also involves upgrades to parking, campus roadways and pathways, compliance with Americans with Disabilities Act accessibility requirements, upgrades to campus communication network distribution and restoration of historic campus features.

Oregon Institute of Technology

Center for Excellence in Engineering and Technology, Phase One: \$785,000 Article XI-G bonds and \$10,395,000 Article XI-Q bonds was approved for construction of a laboratory and classroom building adjacent to Cornett Hall. The university will use funds from campus auxiliaries and a legal settlement for the constitutionally required 50% match against the Article XI-G bonds.

Oregon State University

Forest Science Complex: \$30,140,000 Article XI-G bonds was approved for renovation of Peavey Hall Classroom Building and construction of a new research facility to house an applied research center in wood products engineering and manufacturing.

Marine Studies Campus, Phase One: \$25,155,000 Article XI-G bonds was approved to construct a research, classroom, and academic building at the Hatfield Marine Science Center in Newport. The facility constitutes the first phase in an effort to expand the university's marine studies academic and research programs.

Modular Data Center: \$7,085,000 Article XI-F (1) bonds was reauthorized, which were originally authorized as Article XI-Q bonds in the 2013-15 legislatively adopted budget to create small data centers throughout the campus intended to support research, instructional, and administrative activities. Debt

service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's tuition revenue.

Portland State University

Neuberger Hall Deferred Maintenance and Renovation: \$10,220,000 Article XI-G bonds and \$50,660,000 Article XI-Q bonds was approved to completely renovate and upgrade an academic and administration facility built in the 1960s.

Broadway Housing Purchase: \$53,680,000 Article XI-F (1) bonds was approved to purchase a ten story housing facility currently owned by the PSU Foundation. The building was constructed in 2003 by a limited liability corporation under contract with the university and financed by City of Portland economic development revenue bonds. Issuance of State of Oregon general obligation bonds will allow the university to purchase the building from its foundation at a lower interest rate than the foundation is paying on the city bonds. Debt service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's housing and dining fees, retail space rent receipts, and university general fund revenues.

University Center Land Purchase: \$10,220,000 Article XI-F (1) bonds was reauthorized, which were originally authorized in the 2013-15 legislatively adopted budget for purchase of land under the university-owned University Center building. Debt service on the Article XI-F (1) bonds will be paid by loan repayments made by the university to HECC, which are expected to be supported through the university's savings from lease payments that will no longer be incurred.

Southern Oregon University

Britt Hall Renovation: \$4,785,000 Article XI-Q bonds was approved for renovation and seismic upgrades to an administration, classroom, and student services building.

University of Oregon

Klamath Hall Renovation: \$6,325,000 Article XI-G bonds and \$6,075,000 Article XI-Q bonds was approved to renovate one floor and add an additional floor to an academic and research building to accommodate increased enrollment in chemistry and other sciences.

College and Careers Building: \$17,275,000 Article XI-G bonds was approved for construction of a new office and classroom building that will house the College of Arts and Sciences and the Career Center.
Chapman Hall Renovation: \$2,550,000 Article XI-G bonds and \$5,570,000 Article XI-Q bonds was approved to remodel and seismically upgrade Chapman Hall, which houses the university's Honors College.

Department of Corrections

Deferred Maintenance: \$14,220,432 Other Funds (Article XI-Q bonds) was approved to address highest priority deferred maintenance projects. Projects are located at facilities throughout the state and address a range of needs including HVAC repairs, security and electrical systems changes, and some structural improvements.

Military Department

Military Headquarters Facility: \$6,700,000 Other Funds (Article XI-Q bonds) and \$18,463,000 Federal Funds (National Guard Bureau) was approved to fund the planning, design, and construction of a new Joint Force Headquarters building to be located in Salem.

Youth Challenge Armory: \$4,977,000 Other Funds (Article XI-Q bonds) was approved for the expansion and renovation of the current facility located in Bend to increase capacity for at-risk youths participating in the Youth Challenge Program.

Planning and Pre-Design: \$136,281 Other Funds (Capital Construction Account) and \$140,770 Federal Funds (National Guard Bureau) was approved for planning and preliminary design work at various sites throughout the state where the agency was planning future capital construction projects.

Medford Armory: \$1,943,648 Federal Funds (National Guard Bureau) was approved for the service life extension project to renovate the facility. The project includes upgrades to the building envelope, HVAC system, seismic resilience, utility system, lighting, restrooms, and finishes throughout the building.

Baker City Readiness Center: \$750,000 Federal Funds (National Guard Bureau) was approved to construct a new military vehicle compound, expand the parking lot, and move an HF antenna from the old armory to the new readiness center.

Military Museum: \$2,082,893 Federal Funds (National Guard Bureau) was approved to update the primary building at the Military Museum located at Camp Withycombe. The project includes expansion of the building entrance and lobby, installation of a fire protection system, upgrades of facility utilities, modifications to classrooms, additional restrooms, and a weapons storage vault.

Oregon Youth Authority

MacLaren Facility Improvements: \$30,934,000 Other Funds (Article XI-Q bonds) was approved to fund deferred maintenance, additions, site improvements, and renovations to address safety needs at MacLaren. This project will facilitate the eventual planned closure of Hillcrest and consolidation of youth populations into MacLaren.

Rogue Valley Facility Improvements: \$9,880,000 Other Funds (Article XI-Q bonds) was approved to fund deferred maintenance, additions, site improvements, and renovations to address safety needs at the facility in Rogue Valley.

Deferred Maintenance: \$7,058,000 Other Funds (Article XI-Q bonds) was approved to address high priority deferred maintenance projects to provide a safe and secure environment for the public and residents. Projects are located at facilities throughout the state including Oak Creek, North Coast, Eastern Oregon, Tillamook, Camp River Bend, Camp Florence, and Hillcrest and address a range of needs including fire alarms, water and electrical systems, and structural repairs.

CCTV Cameras: \$1,147,435 Other Funds (Article XI-Q bonds) was approved to acquire and install security systems including improved and expanded camera surveillance, electronic key monitoring systems, and door access controls.

Housing and Community Services

Family Affordable Housing: \$40,000,000 Other Funds (Article XI-Q bonds) was approved to fund the state's equity (ownership) interest in a variety of projects to provide affordable housing to low-income Oregonians. The form of projects may include small scale and mid-size new construction, land or building acquisition, or modular construction.

Department of Veterans' Affairs

The Dalles Veterans' Home Renovation: \$1,510,547 Other Funds (reserves of the Veterans' Home Program) and \$2,805,303 Federal Funds (U.S. Department of Veterans' Affairs construction grant) was approved for major renovations to the state veterans' home located in The Dalles. The project includes: new flooring, paint, wallpaper, and ceiling tile throughout the facility; furniture replacement; remodel of the nurse stations; upgrades of all resident rooms; remodel of the production kitchen and nutrition centers; and remodel of the rehabilitation and therapy area including replacement of equipment. In addition, a storage building will be added to the facility.

Department of Fish and Wildlife

Willamette Falls Fishway Repair: \$1,000,000 Federal Funds (U.S. Fish and Wildlife Service) was approved to repair two portions of the Willamette Falls Fishway to restore structural integrity and stability of the fish ladder.

Lower Deschutes River Ranch Acquisition: \$1,323,750 Federal Funds (U.S. Fish and Wildlife Service) was approved for a cooperative acquisition project with the Trust for Public Lands to acquire over 10,000 acres of property that will be incorporated into the current Lower Deschutes Wildlife Area.

Department of Aviation

Condon State Airport Renovations: \$2,035,000 Federal Funds (Federal Aviation Administration) and \$226,111 Other Funds (aircraft registration fees) was approved to conduct renovations at the Condon State Airport. This project includes widening the taxiway to meet current federal design standards, grading the runway safety area, improving the airport drainage system, replacing the airport beacon tower and windsock, and replacing the runway end identifier lights.

McDermitt State Airport Rehabilitation: \$1,815,000 Federal Funds (Federal Aviation Administration) and \$201,667 Other Funds (aircraft registration fees) was approved to conduct rehabilitation at the McDermitt State Airport. This project includes rehabilitating the runway and replacing lighting and the beacon tower, which are needed to meet federal standards for safe operating conditions.

Aurora State Airport Apron/Taxiway and Taxilane: \$1,170,000 Federal Funds (Federal Aviation Administration) and \$130,000 Other Funds (aircraft registration fees) was approved to conduct reconstruction and rehabilitation at the Aurora State Airport. This project includes reconstruction and relocation of the main apron connector, relocation of parking, required environmental work, an Airport GWAS survey, and rehabilitation of the taxilanes, which are needed to meet federal design requirements and compliance standards.

Department of Transportation

Highway Improvements: \$35,000,000 Other Funds (Article XI, Section 7 bonds) was approved to fund the following highway improvement projects:

US 26, 116th - 136th Safety Improvements: \$17,000,000 was approved. The intersection of 122nd and Powell had the highest number and severity of crashes of any intersection in the state in 2012. This corridor had eight sites in the top 10% of high crash locations in the state. The project will make safety improvements on Powell Boulevard including sidewalks, buffered bike lanes, and a center turn lane. Planning level cost estimates are \$22 to \$25 million for this entire segment. These funds would be concentrated on the highest crash segment (122nd - 136th).

State Highway 34 Safety Improvements: \$3,000,000 was approved. Highway 34 has a long history of crashes. Several intersections are in the top 10% of statewide high crash locations. This segment also experiences a high number of lane departure crashes which result in high speed head-on crashes or vehicles running off the road. The project will add rumble strips and center median barrier along State Highway 34 between Peoria Road and the Corvallis Bypass, where feasible, to reduce the number and severity of crashes.

OR 126 Eugene to Florence Safety Improvements: \$7,000,000 was approved. Segments of OR 126 have very high concentrations of fatal and serious crashes (232% above the statewide average for similar roadways). The project would make safety improvements including: widening shoulders to six feet and installing shoulder rumble strips from Mile Post 27.27 to Mile Post 51.7 and adding a passing lane between Walker and Chickahominy Creek westbound.

Interstate-5/Interstate-205 Cable Barrier: \$2,500,000 was approved. Lane departure and crossover crashes have been increasing. On high-speed, high-volume interstates, cable barrier has proven to be a very effective counter-measure. Senate Bill 921 gave ODOT direction to move forward with closing medians on the interstates. These funds would help complete cable barrier installation on I-5 in Southern Oregon and I-205.

US 26 Warm Springs Downtown to Museum/Casino Plaza Connectivity: \$1,500,000 was approved. Pedestrian facilities are needed along and across US 26, for access/connectivity and improved safety for those walking and biking (including commuters) along and across a busy highway. These funds would construct a 10-foot-wide multiuse path running parallel to and across US 26 between the Warm Springs downtown commercial area to the Museum/Plaza commercial area.

Interstate-84 (Pendleton - La Grande) Blue Mountains Snow Zone Safety Improvements: \$4,000,000 was approved. This section of I-84 experiences a two- to three-times greater number of crashes than the statewide average for interstates, likely due to inclement winter weather conditions. The project will reduce accidents throughout the snow zone by having variable speed limits between Pendleton and La Grande in snow zone areas, thus allowing a reduction of speeds for all traffic in a consistent way.

Department of Transportation (Non-General Fund Supported Projects)

South Coast Maintenance Station: \$4,500,000 Other Funds (fee revenue) was approved to fund the purchase of land, site development, and design for a new maintenance station to relocate the South Coast Maintenance Station and consolidate from three sites to one centralized location.

Meacham Maintenance Station: \$7,500,000 Other Funds (fee revenue) was approved to design and construct a new Meacham Maintenance Station to replace the existing outdated station. The project includes redevelopment of the current site to provide adequate sewage management and additional space for new buildings of sufficient size to handle the fleet needed to maintain mountain passes.

Maintenance Facilities Co-location: \$1 Other Funds (fee revenue) was approved as a placeholder for projects to consolidate a number of facilities as opportunities emerge. Currently, there are no specific co-location projects ready to move forward.

Department of Administrative Services

North Campus Demolition and Site Improvement: \$8,300,000 Other Funds (Capital Projects Fund) was approved for demolition of the structures and hazardous material abatement on the North Campus of the Oregon State Hospital including Santiam Hall, Breitenbush Hall, McKenzie Hall, Eola Hall, and the Fitness Center. In addition, utility drops will be installed for the Dome Building as part of this project.

Employment Building Upgrades: \$2,217,398 Other Funds (Capital Projects Fund) was approved to upgrade restrooms and replace the cooling tower, chillers, AC units, and chilled water lines in the Employment Building.

Electrical Upgrades and Replacements: \$2,089,795 Other Funds (Capital Projects Fund) was approved to upgrade switch keepers and electrical panels, increase electrical capacity, and replace lighting systems in several state buildings.

Public Health Lab Emergency Generator Upgrade: \$2,926,140 Other Funds (Capital Projects Fund) was approved to add an emergency generator for the Department of Environmental Quality Public Health Lab to provide backup for the entire building in the event of a power failure.

Planning: \$350,000 Other Funds (Capital Projects Fund) was approved to contract with various architects, engineers, and other specialists to develop feasibility analyses and reliable cost information; to prepare preliminary design for small to medium-sized projects; and to evaluate options to address maintenance problems.

Human Services Building Cooling Tower Replacement: \$1,701,702 Other Funds (Capital Projects Fund) was approved to replace the cooling towers in the Human Services Building.

Executive Building Central Stairway Upgrade: \$377,443 Other Funds (Capital Projects Fund) was approved to upgrade the central stairway in the Executive Building including the construction of a code compliant egress stair enclosure.

Executive Building Elevator Upgrades: \$875,461 Other Funds (Capital Projects Fund) was approved for upgrades to elevators in the Executive Building to address safety issues.

Executive Building Fire Sprinkler: \$89,322 Other Funds (Capital Projects Fund) was approved to upgrade the fire sprinkler system in the Executive Building.

Capital Investments/Acquisitions: \$17,000,000 Other Funds (Article XI-Q bonds) was approved for acquisition of an office building that was currently being offered for sale.

Appendix B

2015-17 State Paid Bonds

GENERAL FUND

Agency	Type	Amount
<u>Higher Education Coordinating Commission - Community Colleges</u>		
Blue Mountain - Animal Science Ed. Center	XI-G	3,331,350
Columbia Gorge - Advance Technology Center	XI-G	7,320,000
Klamath - Student Success and Career/Tech Center	XI-G	7,850,000
Mt. Hood - Technology Innovation Center	XI-G	8,000,000
Rogue - Health and Science Center	XI-G	8,000,000
Southwestern - Heath and Science Building	XI-G	8,000,000
Treasure Valley - Workforce Vocational Center	XI-G	2,830,250
Umpqua - Industrial Arts Center	XI-G	8,000,000
<u>Higher Education Coordinating Commission - Universities</u>		
All Universities - Capital Repair, Renewal, Accessibility	XI-Q	65,770,000
Portland State University - Neuberger Hall - DM and Renovation	XI-G	10,220,000
	XI-Q	50,660,000
Oregon State University - Forest Science Complex	XI-G	30,140,000
University of Oregon - Klamath Hall for 21st Century Chem. - Renovation	XI-G	6,325,000
	XI-Q	6,075,000
Oregon State University - Marine Sciences Campus Phase I	XI-G	25,155,000
University of Oregon - College and Careers Building	XI-G	17,275,000
Oregon Institute of Technology - Center for Excellence in Eng. and Tech - Phase I	XI-G	785,000
	XI-Q	10,395,000
University of Oregon - Chapman Hall Renovation	XI-G	2,550,000
	XI-Q	5,570,000
Western Oregon University - Natural Sciences Building Renovation	XI-Q	6,015,000
Southern Oregon University - Britt Hall Renovation	XI-Q	4,785,000
Eastern Oregon University - Hunt Hall Demolition and Site Restoration	XI-Q	3,040,000
<u>Oregon Health and Science University</u>		
Knight Cancer Institute	XI-G	200,035,000
<u>Oregon Business Development Department</u>		
Seismic Bonds (public education buildings)	XI-M	176,870,000
Seismic Bonds (emergency services buildings)	XI-N	30,440,000

Agency	Type	Amount
<u>Department of Education</u>		
Matching Grants for Capital Costs in School Districts	XI-P	126,210,000
<u>Oregon Department of Transportation</u>		
Highway Safety Improvements	Sec. 7	35,475,000
<u>Judicial Department</u>		
e-Court	XI-Q	14,755,000
Multnomah County Courthouse	XI-Q	17,675,000
Jefferson County Courthouse	XI-Q	2,550,000
Tillamook County Courthouse	XI-Q	8,005,000
<u>Housing and Community Development Department</u>		
Affordable Housing	XI-Q	40,585,000
<u>Oregon Youth Authority</u>		
Rogue Valley	XI-Q	10,100,000
MacLaren	XI-Q	31,460,000
Oak Creek	XI-Q	2,145,000
CCTV Cameras	XI-Q	1,190,000
North Coast	XI-Q	625,000
Eastern Oregon	XI-Q	1,540,000
Tillamook	XI-Q	1,225,000
Camp River Bend	XI-Q	790,000
Camp Florence	XI-Q	765,000
Hillcrest	XI-Q	235,000
<u>Department of Justice</u>		
Child Support Enforcement	XI-Q	15,415,000
<u>Department of Revenue</u>		
Core Replacement	XI-Q	19,375,000
Property Valuation System	XI-Q	1,960,000
<u>Department of Corrections</u>		
Deferred Maintenance	XI-Q	14,475,000
<u>Military Department</u>		
Youth Challenge	XI-Q	5,045,000
Oregon Military Dept. Headquarters Fac. Fund	XI-Q	6,785,000

Agency	Type	Amount
<u>Department of Human Services</u>		
Adult Abuse Data and Reporting Writing System	XI-Q	3,355,000
General Fund Total		1,067,176,600

LOTTERY FUNDS

Agency	Type	Amount
<u>Oregon Business Development Department</u>		
Brownfields Revolving Loan Fund	Lottery	7,875,000
Regional Solutions	Lottery	13,530,000
Special Public Works Fund	Lottery	
Recapitalization	Lottery	14,635,000
Levee projects	Lottery	5,605,000
Oregon Shakespeare Festival	Lottery	2,240,000
Portland Japanese Garden	Lottery	1,685,000
Oregon Public Broadcasting	Lottery	675,000
Aurora Colony Museum	Lottery	450,000
Port of Brookings Harbor Dock Repair	Lottery	1,755,000
<u>Higher Education Coordinating Commission</u>		
Linn-Benton Community College		
Advanced Transportation Technology Center	Lottery	1,710,000
<u>Department of Transportation</u>		
Connect Oregon VI	Lottery	49,815,000
Coos Bay Rail Line	Lottery	11,160,000
<u>Water Resources Department</u>		
Water Supply Fund	Lottery	13,325,000
Water Supply Development Account	Lottery	7,070,000
Water Conservation/Reuse/Storage Investment Fund	Lottery	2,275,000
Mosier Creek Well Casing Leakage	Lottery	1,135,000
<u>Housing and Community Development Department</u>		
Mental Health Housing	Lottery	22,430,000
Housing Alliance	Lottery	2,825,000

Agency	Type	Amount
<u>Department of Veterans' Affairs</u>		
Roseburg Veterans' Home	Lottery	11,715,000
<u>Parks and Recreation Department</u>		
Renew Forest Park - Portland Parks and Recreation	Lottery	1,690,000
Main Street Revitalization Grant Program	Lottery	2,825,000
Willamette Falls Riverwalk	Lottery	8,320,000
<u>Department of Administrative Services</u>		
Condordia/PPS - Faubion PreK-8 school	Lottery	860,000
Elgin Health Clinic	Lottery	1,415,000
Open Meadow - Open School	Lottery	1,135,000
Rockwood Boys and Girls Club	Lottery	1,135,000
Riverside Park Renovation - Grants Pass	Lottery	590,000
Career Technical Education Center (North Salem)	Lottery	1,135,000
Wheeler County/OHSU Fiber Line Development	Lottery	2,265,000
Hermiston Chamber of Commerce/EOTEC	Lottery	1,690,000
Trillium Children's Farm Home	Lottery	3,340,000
Early Childhood Development Center - Port of Morrow	Lottery	1,795,000
Tigard's Hunziker Industrial Core	Lottery	1,690,000
Lottery Funds Total		201,795,000

Appendix C

Number of Positions and Full-Time Equivalency

	2013-15	2013-15	2015-17	2015-17
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: EDUCATION				
EDUCATION, DEPT OF	519	485.39	552	519.01
HIGHER EDUCATION COORDINATING COMMISSION	113	104.02	143	124.30
OREGON EDUCATION INVESTMENT BOARD	15	15.00	17	14.64
TEACHER STANDARDS & PRACTICES COMMISSION	20	20.00	27	24.88
EDUCATION TOTAL	667	624.41	739	682.83
PROGRAM AREA: HUMAN SERVICES				
BLIND, COMMISSION FOR THE	51	46.98	56	52.21
HUMAN SERVICES, DEPT OF	7,635	7,479.14	8,038	7,897.81
LONG TERM CARE OMBUDSMAN	24	16.81	25	24.50
OREGON HEALTH AUTHORITY	4,532	4,143.41	4,428	4,361.01
PSYCHIATRIC SECURITY REVIEW BOARD	11	11.00	11	11.00
HUMAN SERVICES TOTAL	12,253	11,697.34	12,558	12,346.53
PROGRAM AREA: PUBLIC SAFETY				
CORRECTIONS, DEPT OF	4,488	4,441.68	4,523	4,479.62
CRIMINAL JUSTICE COMMISSION	9	8.38	11	11.00
DISTRICT ATTORNEYS & THEIR DEPUTIES	36	36.00	36	36.00
JUSTICE, DEPT OF	1,285	1,266.83	1,305	1,291.70
MILITARY DEPARTMENT	522	477.51	449	406.01
PAROLE & POST PRISON SUPERVISION, BOARD OF	16	15.67	28	26.00
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF	135	133.06	139	137.17
STATE POLICE, DEPT OF	1,259	1,245.63	1,287	1,255.24
YOUTH AUTHORITY, OREGON	1,025	989.79	1,022	985.88
PUBLIC SAFETY TOTAL	8,775	8,614.55	8,800	8,628.62
PROGRAM AREA: JUDICIAL BRANCH				
JUDICIAL DEPARTMENT	1,889	1,763.60	1,921	1,783.83
JUDICIAL FITNESS AND DISABILITY, COMM. ON	1	0.50	1	0.50
PUBLIC DEFENSE SERVICES COMMISSION	76	75.79	77	76.11
JUDICIAL BRANCH TOTAL	1,966	1,839.89	1,999	1,860.44

	2013-15	2013-15	2015-17	2015-17
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT				
BUSINESS DEVELOPMENT DEPARTMENT	135	131.88	137	134.74
EMPLOYMENT DEPARTMENT	1,347	1,286.63	1,272	1,237.76
HOUSING & COMMUNITY SERVICES DEPT.	169	150.33	130	126.17
VETERANS' AFFAIRS, DEPT OF	84	82.63	88	87.76
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,735	1,651.47	1,627	1,586.43
PROGRAM AREA: TRANSPORTATION				
AVIATION, DEPT OF	13	12.50	15	13.75
TRANSPORTATION, DEPT OF	4,556	4,467.47	4,510	4,400.89
TRANSPORTATION TOTAL	4,569	4,479.97	4,525	4,414.64
PROGRAM AREA: CONSUMER AND BUSINESS SERVICES				
ACCOUNTANCY, BOARD OF	8	8.00	8	8.00
CHIROPRACTIC EXAMINERS, BOARD OF	6	4.88	6	5.10
CONSTRUCTION CONTRACTORS BOARD	75	74.50	62	62.00
CONSUMER & BUSINESS SERVICES, DEPT OF	923	914.18	962	952.57
COUNSELORS AND THERAPISTS, BOARD OF LICENSED	4	3.50	6	4.50
DENTISTRY, BOARD OF	7	7.00	8	8.00
<i>HEALTH RELATED LICENSING BOARDS</i>				
MORTUARY & CEMETERY BOARD	6	5.71	7	7.00
NATUROPATHIC MEDICINE	3	2.50	3	2.50
OCCUPATIONAL THERAPY LICENSING BOARD	2	1.25	2	1.50
MEDICAL IMAGING	3	3.00	3	3.00
SPEECH PATHOLOGY AND AUDIOLOGY	2	2.00	3	2.50
VETERINARY MEDICAL EXAMINERS BOARD	3	2.75	4	3.50
LABOR & INDUSTRIES, BUREAU OF	101	98.38	104	101.42
MEDICAL BOARD, OREGON	39	38.33	39	38.79
NURSING, BOARD OF	48	47.80	48	47.80
PHARMACY, BOARD OF	19	19.00	20	20.00
PSYCHOLOGIST EXAMINERS, BOARD OF	4	3.50	6	4.50
PUBLIC UTILITY COMMISSION	130	127.25	128	125.97
REAL ESTATE AGENCY	30	29.75	29	29.00
SOCIAL WORKERS, BOARD OF LICENSED	6	6.00	6	6.00
TAX PRACTITIONERS, STATE BOARD OF	4	4.00	4	4.00
CONSUMER & BUSINESS SERVICES TOTAL	1,423	1,403.28	1,458	1,437.65

	2013-15	2013-15	2015-17	2015-17
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: NATURAL RESOURCES				
AGRICULTURE, DEPT OF	480	352.92	527	378.84
ENERGY, DEPT. OF	114	112.81	105	104.50
ENVIRONMENTAL QUALITY, DEPT OF	720	704.87	739	722.57
FISH & WILDLIFE, DEPT OF	1,520	1,258.99	1,474	1,198.26
FORESTRY, DEPARTMENT OF	1,200	871.72	1,197	875.54
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	50	49.20	42	41.16
LAND CONSERVATION & DEVELOPMENT, DEPT OF	61	57.68	57	55.90
LAND USE BOARD OF APPEALS	6	5.75	6	6.00
LANDS, DEPT. OF STATE	107	106.00	110	109.00
MARINE BOARD	40	39.50	38	38.00
PARKS & RECREATION, DEPT OF	862	592.15	847	576.26
WATER RESOURCES DEPARTMENT	157	154.55	164	162.58
WATERSHED ENHANCEMENT BOARD	32	32.00	35	34.25
NATURAL RESOURCES TOTAL	5,349	4,338.14	5,341	4,302.86
PROGRAM AREA: ADMINISTRATION				
ADMINISTRATIVE SERVICES, DEPT OF	810	793.90	827	813.17
ADVOCACY COMMISSIONS OFFICE	2	2.00	3	2.50
EMPLOYMENT RELATIONS BOARD	13	13.00	13	13.00
GOVERNMENT ETHICS COMMISSION	8	7.88	9	8.88
GOVERNOR, OFFICE OF	57	56.50	63	61.67
LIBRARY, STATE	41	39.26	42	40.26
LIQUOR CONTROL COMMISSION	234	226.21	261	251.16
PUBLIC EMPLOYEES RETIREMENT SYSTEM	369	367.23	380	380.00
RACING COMMISSION	15	13.27	14	12.27
REVENUE, DEPT OF	1,074	1,016.66	1,082	1,012.41
SECRETARY OF STATE	202	200.61	212	210.71
TREASURER OF STATE	96	91.30	123	117.45
ADMINISTRATION TOTAL	2,921	2,827.82	3,029	2,923.48
PROGRAM AREA: LEGISLATIVE BRANCH				
INDIAN SERVICES, COMM	2	2.00	2	2.00
LEGISLATIVE ADMINISTRATION	142	100.65	142	100.65
LEGISLATIVE ASSEMBLY	422	251.27	423	251.52
LEGISLATIVE COUNSEL	55	45.60	57	47.60
LEGISLATIVE FISCAL OFFICER	21	21.00	22	22.00
LEGISLATIVE REVENUE OFFICER	8	8.00	8	8.00
LEGISLATIVE BRANCH TOTAL	650	428.52	654	431.77
STATE OF OREGON TOTAL POSITIONS/FTE	40,308	37,905.39	40,730	38,615.25

Appendix D

Program Area Budget Totals

2015-17 Legislatively Adopted Budget by Program Area and Fund Source

Program Area	General Fund	Lottery Funds	GF&LF Total	Other Funds	Federal Funds	All Funds
State School Fund	6,964,849,484	408,150,516	7,373,000,000	3,260,692	0	7,376,260,692
Education (Other)	2,327,949,465	63,841,082	2,391,790,547	1,251,809,461	1,545,051,119	5,188,651,127
Human Services	4,833,199,764	11,292,544	4,844,492,308	6,328,625,086	18,522,501,228	29,695,618,622
Public Safety	2,304,444,952	7,841,010	2,312,285,962	654,949,493	500,640,485	3,467,875,940
Judicial Branch	694,589,225	0	694,589,225	142,765,908	1,598,284	838,953,417
Natural Resources	200,760,190	171,619,001	372,379,191	1,175,976,129	293,162,959	1,841,518,279
Economic Development	51,385,843	123,465,892	174,851,735	3,579,142,667	527,837,210	4,281,831,612
Consumer and Business Svs.	12,563,620	0	12,563,620	636,755,217	18,606,127	667,924,964
Transportation	27,827,995	107,484,140	135,312,135	3,306,081,497	140,236,429	3,581,630,061
Administration	229,231,555	20,699,514	249,931,069	11,434,925,050	11,304,542	11,696,160,661
Legislative Branch	91,939,095	0	91,939,095	8,636,929	0	100,576,024
Miscellaneous (E Fund)	245,927,114	0	245,927,114	0	0	245,927,114
Total	17,984,668,302	914,393,699	18,899,062,001	28,522,928,129	21,560,938,383	68,982,928,513

Appendix E

Summary of Expenditures

Notes:

- Special purpose appropriations to the Emergency Board that were allocated to specific agencies are included within the agency General Fund budgets for the 2013-15 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2015-17 legislatively adopted amounts, but are included in the legislatively adopted amount appropriated to the Emergency Board and will be displayed under the Emergency Board until allocated to the specific agency.
- The 2013-15 legislatively approved amounts represent expenditure authorizations through all 2013-15 Emergency Board actions and all 2013-15 budget adjustments addressed during the 2015 legislative session. The 2013-15 legislatively approved budget also includes certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds.

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
EDUCATION				
Higher Education Coordinating Commission				
General Fund	9,600,443	22,259,231	42,345,342	32,035,777
Other Funds	26,355,159	29,329,484	26,015,882	30,509,613
Other Funds Nonlimited	-	200,000	206,000	206,000
Federal Funds	88,359,232	107,788,824	111,219,540	111,680,983
Federal Funds Nonlimited	4,111,284	18,968,831	18,968,831	18,968,831
Total Expenditures	128,426,118	178,546,370	198,755,595	193,401,204
State Support for Public Universities				
General Fund	668,264,553	738,772,154	799,670,318	941,746,515
Lottery Funds	22,938,784	33,571,489	43,555,018	40,127,710
Other Funds	-	-	-	311,267,945
Other Funds Nonlimited	-	-	-	275,233,857
Federal Funds Nonlimited	-	-	-	1
Total Expenditures	691,203,337	772,343,643	843,225,336	1,568,376,028
State Support for Community Colleges				
General Fund	411,984,495	483,425,453	524,375,484	589,305,847
Lottery Funds	7,144,078	9,521,027	10,694,235	10,462,066
Other Funds	9,829,758	109,013,959	45,810	1,588,637
Other Funds Nonlimited	-	42,346,031	-	-
Federal Funds Nonlimited	-	1	1	1
Total Expenditures	428,958,331	644,306,471	535,115,530	601,356,551
State Support for Oregon Health and Science University (OHSU)				
General Fund	66,041,261	72,562,387	100,690,118	85,855,331
Lottery Funds	-	-	6,669,787	-
Other Funds	31,305,192	231,675,116	30,909,888	238,724,306
Total Expenditures	97,346,453	304,237,503	138,269,793	324,579,637
Oregon Opportunity Grant Program				
General Fund	95,139,260	111,206,740	113,389,821	127,883,621
Lottery Funds	240	2,546,223	3,775,731	11,816,379
Other Funds	-	158,459	163,213	1,213,213
Total Expenditures	95,139,500	113,911,422	117,328,765	140,913,213
Education, Dept of				
General Fund	342,555,451	453,969,907	477,507,151	544,682,780
Lottery Funds	54,160,517	42,371,076	1,434,927	1,434,927
Other Funds	55,850,443	134,784,035	133,175,436	273,993,743
Other Funds Nonlimited	102,877,565	107,674,086	112,394,452	112,916,253
Federal Funds	926,814,515	1,005,410,381	1,019,470,199	1,026,393,576
Federal Funds Nonlimited	350,935,688	374,992,872	388,007,727	388,007,727
Total Expenditures	1,833,194,179	2,119,202,357	2,131,989,892	2,347,429,006

		2011-13		2013-15		2015-17		2015-17
		Actual		Legislatively		Current Service		Legislatively
				Approved		Level (LFO)		Adopted
		\$		\$		\$		\$
State School Fund								
	General Fund	5,129,904,792		6,322,625,891		6,937,384,687		6,964,849,484
	Lottery Funds	545,904,513		327,374,109		327,374,109		408,150,516
	Other Funds	340,252		3,936,407		3,936,407		3,260,692
	Federal Funds	22,449,100		-		-		-
	Total Expenditures	5,698,598,657		6,653,936,407		7,268,695,203		7,376,260,692
Oregon Education Investment Board								
	General Fund	-		21,008,299		12,912,353		6,239,594
Teacher Standards & Practices Comm								
	General Fund	-		-		-		200,000
	Other Funds	4,932,111		5,004,014		5,416,839		6,155,894
	Federal Funds	12,893		35,000		-		-
	Total Expenditures	4,945,004		5,039,014		5,416,839		6,355,894
EDUCATION PROGRAM AREA TOTAL								
	General Fund	6,723,490,255		8,225,830,062		9,008,275,274		9,292,798,949
	Lottery Funds	630,148,132		415,383,924		393,503,807		471,991,598
	Other Funds	128,612,915		513,901,474		199,663,475		866,714,043
	Other Funds Nonlimited	102,877,565		150,220,117		112,600,452		388,356,110
	Federal Funds	1,037,635,740		1,113,234,205		1,130,689,739		1,138,074,559
	Federal Funds Nonlimited	355,046,972		393,961,704		406,976,559		406,976,560
	Total	8,977,811,579		10,812,531,486		11,251,709,306		12,564,911,819

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
HUMAN SERVICES				
Blind, Commission for the				
General Fund	1,148,036	1,598,027	1,608,959	2,892,992
Other Funds	2,612,522	2,025,381	1,512,345	992,094
Federal Funds	11,175,815	12,693,894	12,510,659	12,319,703
Total Expenditures	14,936,373	16,317,302	15,631,963	16,204,789
Health Authority, Oregon				
General Fund	1,692,058,113	1,933,995,531	2,984,628,258	2,120,607,875
Lottery Funds	10,098,261	10,592,532	10,927,879	11,292,544
Other Funds	2,271,074,220	4,298,153,731	2,860,991,653	5,683,377,776
Other Funds Nonlimited	2,910,050,130	1,934,789,195	1,859,287,088	143,500,000
Federal Funds	5,062,816,693	9,575,251,558	9,088,144,815	11,400,938,911
Federal Funds Nonlimited	108,360,598	106,880,067	106,653,023	106,653,023
Total Expenditures	12,054,458,015	17,859,662,614	16,910,632,716	19,466,370,129
Human Services, Department of				
General Fund	2,181,831,985	2,331,938,111	2,690,113,377	2,700,922,689
Other Funds	442,634,121	525,411,809	521,233,837	500,033,526
Federal Funds	3,309,228,368	4,042,575,062	4,306,485,425	4,488,244,260
Federal Funds Nonlimited	2,482,546,921	2,514,345,331	2,514,345,331	2,514,345,331
Total Expenditures	8,416,241,395	9,414,270,313	10,032,177,970	10,203,545,806
Long Term Care Ombudsman				
General Fund	1,583,563	3,784,880	6,066,619	6,172,203
Other Funds	644,092	743,321	726,536	719,522
Total Expenditures	2,227,655	4,528,201	6,793,155	6,891,725
Psychiatric Security Review Board				
General Fund	1,749,915	2,372,291	2,533,824	2,604,005
Other Funds	216,225	110,734	2,168	2,168
Total Expenditures	1,966,140	2,483,025	2,535,992	2,606,173
HUMAN SERVICES PROGRAM AREA				
General Fund	3,878,371,612	4,273,688,840	5,684,951,037	4,833,199,764
Lottery Funds	10,098,261	10,592,532	10,927,879	11,292,544
Other Funds	2,717,181,180	4,826,444,976	3,384,466,539	6,185,125,086
Other Funds Nonlimited	2,910,050,130	1,934,789,195	1,859,287,088	143,500,000
Federal Funds	8,383,220,876	13,630,520,514	13,407,140,899	15,901,502,874
Federal Funds Nonlimited	2,590,907,519	2,621,225,398	2,620,998,354	2,620,998,354
Total	20,489,829,578	27,297,261,455	26,967,771,796	29,695,618,622

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
PUBLIC SAFETY				
Corrections, Dept of				
General Fund	1,359,596,909	1,484,533,867	1,564,005,330	1,555,904,536
Other Funds	29,873,109	42,995,385	35,186,893	53,232,352
Other Funds Nonlimited	346,773,770	5,558,586	-	-
Federal Funds	7,892,138	7,369,007	5,587,424	5,710,107
Federal Funds Nonlimited	1,232,825	1,262,826	1,119,495	1,119,495
Total Expenditures	1,745,368,751	1,541,719,671	1,605,899,142	1,615,966,490
Criminal Justice Commission				
General Fund	4,760,995	23,851,046	25,047,019	55,035,612
Other Funds	71,880	1,341,680	494,068	494,015
Federal Funds	16,386,362	9,770,318	6,830,202	7,304,929
Total Expenditures	21,219,237	34,963,044	32,371,289	62,834,556
District Attorneys and Their Deputies				
General Fund	10,565,984	10,925,293	11,644,429	11,610,450
Justice, Dept of				
General Fund	58,984,867	65,463,853	80,722,195	76,083,264
Other Funds	216,864,634	258,769,616	260,788,031	284,955,845
Other Funds Nonlimited	5,179,686	4,753,390	4,895,992	4,895,992
Federal Funds	101,301,300	123,061,473	117,124,477	142,401,423
Federal Funds Nonlimited	14,681,023	15,281,798	15,740,252	15,740,252
Total Expenditures	397,011,510	467,330,130	479,270,947	524,076,776
Military Department				
General Fund	27,975,478	21,832,071	23,632,023	25,019,969
Other Funds	112,147,990	117,196,910	97,672,979	110,312,549
Other Funds Nonlimited	3,041,910	75,955	-	-
Federal Funds	226,182,554	290,059,506	280,239,389	278,357,971
Total Expenditures	369,347,932	429,164,442	401,544,391	413,690,489
Oregon Youth Authority				
General Fund	255,625,166	275,459,280	289,985,793	291,989,720
Other Funds	8,306,362	19,553,725	13,250,954	63,325,954
Federal Funds	27,194,810	34,680,918	36,125,986	36,097,766
Federal Funds Nonlimited	-	1	-	1
Total Expenditures	291,126,338	329,693,924	339,362,733	391,413,441
Parole & Post Prison Supervision, Bd. of				
General Fund	3,533,911	4,539,720	4,595,471	7,807,978
Other Funds	-	10,536	10,852	10,852
Total Expenditures	3,533,911	4,550,256	4,606,323	7,818,830

		2011-13		2013-15		2015-17		2015-17
		Actual		Legislatively		Current Service		Legislatively
				Approved		Level (LFO)		Adopted
		\$		\$		\$		\$
Police, Dept of State								
	General Fund	221,267,355		240,382,479		258,900,297		271,442,947
	Lottery Funds	6,549,992		7,166,858		7,866,688		7,841,010
	Other Funds	82,358,056		93,291,730		97,555,140		100,483,764
	Federal Funds	8,214,066		9,446,084		9,746,648		9,760,242
	Total Expenditures	318,389,469		350,287,151		374,068,773		389,527,963
Public Safety Standards & Training, Dept of								
	General Fund	10,593,375		9,788,298		9,550,476		9,550,476
	Other Funds	30,570,748		35,668,666		37,097,042		37,238,170
	Other Funds Nonlimited	59,971,796		415,461		-		-
	Federal Funds	15,605		382,614		260,660		4,148,299
	Total Expenditures	101,151,524		46,255,039		46,908,178		50,936,945
PUBLIC SAFETY PROGRAM AREA								
	General Fund	1,952,904,040		2,136,775,907		2,268,083,033		2,304,444,952
	Lottery Funds	6,549,992		7,166,858		7,866,688		7,841,010
	Other Funds	480,192,779		568,828,248		542,055,959		650,053,501
	Other Funds Nonlimited	414,967,162		10,803,392		4,895,992		4,895,992
	Federal Funds	387,186,835		474,769,920		455,914,786		483,780,737
	Federal Funds Nonlimited	15,913,848		16,544,625		16,859,747		16,859,748
	Total	3,257,714,656		3,214,888,950		3,295,676,205		3,467,875,940

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
JUDICIAL BRANCH				
Judicial Department				
General Fund	365,417,114	402,434,862	430,137,118	422,015,555
Other Funds	47,973,194	107,478,241	33,402,862	138,932,144
Federal Funds	1,198,808	1,233,153	1,258,284	1,598,284
Total Expenditures	414,589,116	511,146,256	464,798,264	562,545,983
Judicial Fitness, Commission on				
General Fund	169,135	206,651	219,815	219,804
Public Defense Services Commission				
General Fund	230,208,646	253,165,468	265,595,131	272,353,866
Other Funds	3,799,452	3,995,099	5,033,764	3,833,764
Total Expenditures	234,008,098	257,160,567	270,628,895	276,187,630
JUDICIAL BRANCH PROGRAM AREA				
General Fund	595,794,895	655,806,981	695,952,064	694,589,225
Other Funds	51,772,646	111,473,340	38,436,626	142,765,908
Federal Funds	1,198,808	1,233,153	1,258,284	1,598,284
Total	648,766,349	768,513,474	735,646,974	838,953,417

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
ECONOMIC DEVELOPMENT				
Business Development Department				
General Fund	3,842,479	8,371,867	13,252,554	16,845,486
Lottery Funds	129,621,500	117,636,290	88,648,842	111,789,423
Other Funds	18,380,783	77,260,374	66,679,836	293,644,535
Other Funds Nonlimited	259,589,335	240,583,659	200,972,465	225,972,465
Federal Funds	24,904,462	39,051,307	39,811,990	39,967,883
Total Expenditures	436,338,559	482,903,497	409,365,687	688,219,792
Employment Department				
General Fund	-	-	-	6,112,818
Other Funds	109,943,193	127,704,596	122,514,742	141,800,701
Other Funds Nonlimited	1,544,709,275	1,634,912,351	1,520,000,000	1,520,105,053
Federal Funds	171,190,409	168,973,715	155,935,577	157,985,169
Federal Funds Nonlimited	1,471,745,386	264,035,745	94,832,000	94,832,000
Total Expenditures	3,297,588,263	2,195,626,407	1,893,282,319	1,920,835,741
Housing & Community Services Dept				
General Fund	16,374,753	20,426,812	13,238,551	15,679,188
Lottery Funds	10,464,680	9,428,966	11,937,489	11,676,469
Other Funds	131,786,323	138,522,567	136,988,473	212,088,734
Other Funds Nonlimited	634,042,969	943,757,955	938,043,926	783,429,303
Federal Funds	155,310,950	117,493,813	121,110,888	119,926,854
Federal Funds Nonlimited	107,148,727	110,250,000	112,320,000	112,320,000
Total Expenditures	1,055,128,402	1,339,880,113	1,333,639,327	1,255,120,548
Veterans' Affairs, Department of				
General Fund	6,394,644	9,699,442	10,908,167	12,748,351
Lottery Funds	-	-	2,093,963	-
Other Funds	53,357,640	50,400,107	81,630,223	83,768,166
Other Funds Nonlimited	152,151,905	352,225,000	318,333,710	318,333,710
Federal Funds	26,702,288	400,000	-	2,805,304
Total Expenditures	238,606,477	412,724,549	412,966,063	417,655,531
ECONOMIC DEVELOPMENT PROGRAM AREA				
General Fund	26,611,876	38,498,121	37,399,272	51,385,843
Lottery Funds	140,086,180	127,065,256	102,680,294	123,465,892
Other Funds	313,467,939	393,887,644	407,813,274	731,302,136
Other Funds Nonlimited	2,590,493,484	3,171,478,965	2,977,350,101	2,847,840,531
Federal Funds	378,108,109	325,918,835	316,858,455	320,685,210
Federal Funds Nonlimited	1,578,894,113	374,285,745	207,152,000	207,152,000
Total	5,027,661,701	4,431,134,566	4,049,253,396	4,281,831,612

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES				
Accountancy, Board of				
Other Funds	1,833,249	2,304,122	2,165,759	2,454,268
Chiropractic Examiners, Board of				
Other Funds	1,345,507	1,600,901	1,540,715	1,889,260
Licensed Social Workers, Board of				
Other Funds	1,244,783	1,395,325	1,484,362	1,471,646
Construction Contractors Board				
Other Funds	12,623,574	16,287,732	15,829,174	14,659,027
Consumer and Business Services, Dept of				
Other Funds	174,809,628	216,088,555	221,417,741	243,170,782
Other Funds Nonlimited	199,295,655	199,565,185	199,655,595	197,626,507
Federal Funds	2,800,470	5,936,901	3,006,195	16,431,616
Total Expenditures	376,905,753	421,590,641	424,079,531	457,228,905
Dentistry, Board of				
Other Funds	2,314,426	2,656,916	2,759,205	2,985,971
Health Licensing Agency*				
Other Funds	6,948,084	3,882,241	-	-
Health Related Licensing Boards:				
Mortuary and Cemetery Board				
Other Funds	1,170,556	1,446,342	1,540,845	2,062,770
Naturopathic Examiners				
Other Funds	554,932	653,339	712,433	706,025
Occupational Therapy Licensing Bd				
Other Funds	289,761	380,132	396,582	454,683
Medical Imaging				
Other Funds	649,139	856,351	883,136	926,705
Speech-Language Path. and Audio.				
Other Funds	372,427	544,232	571,124	661,269
Veterinary Medical Examiners Bd				
Other Funds	579,583	756,229	800,298	895,606
Health Related Licensing Boards Total				
Other Funds	3,616,398	4,636,625	4,904,418	5,707,058

		2011-13	2013-15	2015-17	2015-17
		Actual	Legislatively	Current Service	Legislatively
			Approved	Level (LFO)	Adopted
		\$	\$	\$	\$
Labor & Industries, Bureau of					
	General Fund	11,007,503	11,837,518	12,045,974	12,563,620
	Other Funds	8,151,754	10,550,519	10,843,736	10,831,529
	Other Funds Nonlimited	1,191,801	1,200,000	1,236,000	1,236,000
	Federal Funds	1,253,026	1,683,613	1,483,701	1,476,462
	Total Expenditures	21,604,084	25,271,650	25,609,411	26,107,611
Licensed Prof Counselors and Therapists, Bd					
	Other Funds	877,340	1,128,319	1,225,769	1,505,938
Medical Board, Oregon					
	Other Funds	8,989,112	10,729,843	11,191,833	11,269,353
Nursing, Board of					
	Other Funds	12,452,336	14,493,701	14,803,516	15,265,753
Pharmacy, Board of					
	Other Funds	4,684,935	5,957,609	6,164,443	6,856,245
Psychologist Examiners, Board of					
	Other Funds	939,957	1,038,215	1,135,985	1,284,790
Public Utility Commission					
	Other Funds	35,001,412	40,901,178	44,333,835	44,128,339
	Other Funds Nonlimited	75,277,984	82,271,765	66,279,866	66,279,866
	Federal Funds	3,118,132	2,783,200	698,049	698,049
	Total Expenditures	113,397,528	125,956,143	111,311,750	111,106,254
Real Estate Agency					
	Other Funds	6,198,690	7,277,657	7,628,558	6,897,314
Tax Practitioners, Board of					
	Other Funds	1,045,923	1,183,845	1,242,678	1,235,571
CONSUMER AND BUSINESS SERVICES PROGRAM AREA					
	General Fund	11,007,503	11,837,518	12,045,974	12,563,620
	Other Funds	283,077,108	342,113,303	348,671,727	371,612,844
	Other Funds Nonlimited	275,765,440	283,036,950	267,171,461	265,142,373
	Federal Funds	7,171,628	10,403,714	5,187,945	18,606,127
	Total	577,021,679	647,391,485	633,077,107	667,924,964

* Health Licensing Agency moved to Oregon Health Authority

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
NATURAL RESOURCES				
Agriculture, Department of				
General Fund	12,134,881	19,445,889	20,362,282	23,396,301
Lottery Funds	7,199,518	6,473,272	6,518,078	6,289,958
Other Funds	50,402,029	55,589,067	57,832,722	60,578,804
Federal Funds	11,285,459	15,320,730	14,994,510	15,563,845
Total Expenditures	81,021,887	96,828,958	99,707,592	105,828,908
Columbia River Gorge Commission				
General Fund	779,799	891,000	919,132	903,983
Other Funds	-	5,000	5,152	5,000
Total Expenditures	779,799	896,000	924,284	908,983
Energy, Department of				
Lottery Funds	2,164,181	2,166,050	3,282,990	2,980,496
Other Funds	84,439,571	50,489,645	38,256,836	34,288,279
Other Funds Nonlimited	52,438,426	176,018,807	140,840,333	140,853,963
Federal Funds	31,841,586	2,977,118	3,129,106	3,128,423
Federal Funds Nonlimited	-	40,000	104,000	104,000
Total Expenditures	170,883,764	231,691,620	185,613,265	181,355,161
Environmental Quality, Department of				
General Fund	25,011,532	30,961,259	31,304,184	33,948,448
Lottery Funds	4,502,197	3,873,265	3,955,299	3,945,160
Other Funds	112,649,579	142,862,396	148,052,220	149,103,999
Other Funds Nonlimited	109,364,580	127,290,278	87,108,417	127,264,767
Federal Funds	28,811,248	28,010,107	28,654,759	28,970,775
Total Expenditures	280,339,136	332,997,305	299,074,879	343,233,149
Fish & Wildlife, Department of				
General Fund	6,777,283	17,665,411	19,474,146	30,081,289
Lottery Funds	5,824,398	4,921,716	4,502,746	4,752,746
Other Funds	183,659,786	185,369,107	183,822,368	174,604,641
Federal Funds	108,741,697	134,778,425	108,558,057	138,976,588
Total Expenditures	305,003,164	342,734,659	316,357,317	348,415,264
Forestry, Department of				
General Fund	53,860,677	119,048,444	60,902,285	63,414,691
Lottery Funds	2,437,861	5,408,132	2,524,885	7,481,960
Other Funds	174,569,610	402,004,076	226,271,512	224,734,577
Other Funds Nonlimited	-	10,473,825	-	-
Federal Funds	24,526,686	31,108,167	32,103,731	34,758,694
Total Expenditures	255,394,834	568,042,644	321,802,413	330,389,922

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
Geology & Mineral Industries, Dept of				
General Fund	2,464,702	4,040,945	2,814,992	4,138,836
Other Funds	9,009,907	12,146,280	4,945,009	6,092,210
Federal Funds	3,894,652	4,429,263	2,354,365	5,356,535
Total Expenditures	15,369,261	20,616,488	10,114,366	15,587,581
Land Conservation & Development, Dept of				
General Fund	10,382,331	12,462,786	12,244,349	13,152,774
Other Funds	874,713	960,315	484,999	484,999
Federal Funds	5,617,444	6,014,070	6,267,596	6,254,991
Total Expenditures	16,874,488	19,437,171	18,996,944	19,892,764
Land Use Board of Appeals				
General Fund	1,319,536	1,573,758	1,730,596	1,772,887
Other Funds	61,346	87,401	28,641	28,641
Total Expenditures	1,380,882	1,661,159	1,759,237	1,801,528
State Lands, Department of				
General Fund	681,266	-	-	328,228
Other Funds	24,318,252	34,393,584	27,261,518	35,792,955
Other Funds Nonlimited	27,703,187	11,634,249	10,234,249	10,234,249
Federal Funds	4,417,118	2,881,911	1,634,429	1,795,917
Total Expenditures	57,119,823	48,909,744	39,130,196	48,151,349
Marine Board				
Other Funds	22,664,349	26,214,465	24,456,874	26,181,068
Federal Funds	5,351,936	7,450,387	6,964,524	7,464,524
Total Expenditures	28,016,285	33,664,852	31,421,398	33,645,592
Parks & Recreation Department				
General Fund	-	980,000	1,015,299	-
Lottery Funds	75,351,082	86,964,694	88,459,511	81,406,896
Other Funds	93,035,795	112,681,149	110,934,206	108,236,201
Other Funds Nonlimited	4,624,178	-	-	-
Federal Funds	8,445,700	11,858,367	9,193,806	12,306,810
Total Expenditures	181,456,755	212,484,210	209,602,822	201,949,907
Water Resources Department				
General Fund	20,359,290	27,256,741	28,396,203	29,622,753
Lottery Funds	587,540	574,025	3,404,416	2,511,482
Other Funds	8,654,128	34,736,737	20,690,296	73,945,808
Other Funds Nonlimited	-	2,296,505	-	-
Federal Funds	780,727	1,275,264	1,302,403	1,302,403
Total Expenditures	30,381,685	66,139,272	53,793,318	107,382,446

		2011-13		2013-15		2015-17		2015-17
		Actual		Legislatively		Current Service		Legislatively
				Approved		Level (LFO)		Adopted
		\$		\$		\$		\$
Oregon Watershed Enhancement Board								
	Lottery Funds	62,582,581		58,227,336		6,755,388		62,250,303
	Other Funds	899,683		1,852,224		1,552,060		3,545,968
	Federal Funds	30,224,432		32,817,029		21,266,418		37,179,454
	Total Expenditures	93,706,696		92,896,589		29,573,866		102,975,725
NATURAL RESOURCES PROGRAM AREA								
	General Fund	133,771,297		234,326,233		179,163,468		200,760,190
	Lottery Funds	160,649,358		168,608,490		119,403,313		171,619,001
	Other Funds	765,238,748		1,059,391,446		844,594,413		897,623,150
	Other Funds Nonlimited	194,130,371		327,713,664		238,182,999		278,352,979
	Federal Funds	263,938,685		278,920,838		236,423,704		293,058,959
	Federal Funds Nonlimited	-		40,000		104,000		104,000
	Total	1,517,728,459		2,069,000,671		1,617,871,897		1,841,518,279

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
TRANSPORTATION				
Aviation, Department of				
Other Funds	5,461,765	6,562,654	6,114,823	11,979,625
Federal Funds	1,849,401	7,163,379	3,416,147	8,504,014
Total Expenditures	7,311,166	13,726,033	9,530,970	20,483,639
Transportation, Department of				
General Fund	1,970,000	12,740,000	17,289,285	27,827,995
Lottery Funds	72,614,922	93,953,970	114,855,747	107,484,140
Other Funds	2,793,642,941	3,853,134,402	3,099,642,389	3,275,943,658
Other Funds Nonlimited	242,708,238	1,448,098,943	18,158,214	18,158,214
Federal Funds	111,311,859	126,380,415	107,136,132	110,110,886
Federal Funds Nonlimited	21,621,529	21,621,529	21,621,529	21,621,529
Total Expenditures	3,243,869,489	5,555,929,259	3,378,703,296	3,561,146,422
TRANSPORTATION PROGRAM AREA				
General Fund	1,970,000	12,740,000	17,289,285	27,827,995
Lottery Funds	72,614,922	93,953,970	114,855,747	107,484,140
Other Funds	2,799,104,706	3,859,697,056	3,105,757,212	3,287,923,283
Other Funds Nonlimited	242,708,238	1,448,098,943	18,158,214	18,158,214
Federal Funds	113,161,260	133,543,794	110,552,279	118,614,900
Federal Funds Nonlimited	21,621,529	21,621,529	21,621,529	21,621,529
Total	3,251,180,655	5,569,655,292	3,388,234,266	3,581,630,061

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
ADMINISTRATION				
Administrative Services, Dept of*				
General Fund	9,008,749	12,030,189	7,084,159	9,577,939
Lottery Funds	6,649,695	8,135,841	14,459,411	10,553,686
Other Funds	884,902,596	946,777,833	840,868,413	898,482,207
Other Funds Nonlimited	165,097,339	209,238,802	126,229,653	272,104,653
Total Expenditures	1,065,658,379	1,176,182,665	988,641,636	1,190,718,485
Fairs (County and State)*				
General Fund	-	-	-	1,015,299
Lottery Funds	3,435,817	3,669,380	3,648,000	3,864,000
Total Expenditures	3,435,817	3,669,380	3,648,000	4,879,299
Historical Society*				
General Fund	-	738,750	750,000	1,125,000
Lottery Funds	208,513	210,392	210,392	210,392
Other Funds	2,520,863	-	-	-
Total Expenditures	2,729,376	949,142	960,392	1,335,392
Oregon Public Broadcasting*				
General Fund	-	492,500	500,000	750,000
Lottery Funds	1,558,359	546,157	2,013,018	2,013,018
Other Funds Nonlimited	2,862,769	-	-	-
Total Expenditures	4,421,128	1,038,657	2,513,018	2,763,018
Advocacy Commissions Office				
General Fund	365,513	425,525	481,478	602,262
Other Funds	7,884	40,960	42,189	42,189
Total Expenditures	373,397	466,485	523,667	644,451
Employment Relations Board				
General Fund	1,903,465	2,061,040	2,374,084	2,393,033
Other Funds	1,723,240	2,140,264	1,998,164	2,014,991
Total Expenditures	3,626,705	4,201,304	4,372,248	4,408,024
Government Ethics Commission				
Other Funds	1,518,135	2,110,362	1,956,828	2,720,429
Governor, Office of the				
General Fund	50,737,961	11,386,541	11,493,196	12,448,211
Lottery Funds	1,758,023	3,376,215	2,730,536	4,058,418
Other Funds	15,557,628	2,910,655	3,155,147	3,152,058
Federal Funds	2,744,411	-	-	-
Total Expenditures	70,798,023	17,673,411	17,378,879	19,658,687

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
Oregon Liquor Control Comm				
Other Funds	137,037,933	153,815,309	156,820,358	178,713,603
Other Funds Nonlimited	-	-	-	-
Total Expenditures	137,037,933	153,815,309	156,820,358	178,713,603
Public Employees Retirement System				
Other Funds	75,017,618	88,153,980	89,655,192	95,161,904
Other Funds Nonlimited	7,779,837,107	9,277,875,000	8,476,114,000	9,723,458,062
Total Expenditures	7,854,854,725	9,366,028,980	8,565,769,192	9,818,619,966
Racing Commission, Oregon				
Other Funds	4,923,397	5,905,502	6,028,486	6,193,966
Revenue, Dept of				
General Fund	146,312,349	166,486,971	182,285,108	186,702,371
Other Funds	28,771,284	64,202,113	44,411,510	130,931,438
Other Funds Nonlimited	261,337	-	-	-
Total Expenditures	175,344,970	230,689,084	226,696,618	317,633,809
Secretary of State				
General Fund	12,500,138	8,663,845	9,109,410	9,422,659
Other Funds	36,900,243	50,265,885	49,566,983	54,607,321
Federal Funds	4,115,805	5,045,103	5,144,079	6,242,689
Total Expenditures	53,516,186	63,974,833	63,820,472	70,272,669
State Library				
General Fund	2,868,303	3,314,923	1,863,415	3,536,497
Other Funds	5,684,714	5,932,223	3,218,775	6,227,861
Federal Funds	4,514,751	4,887,539	2,543,056	5,061,853
Total Expenditures	13,067,768	14,134,685	7,625,246	14,826,211
Treasury, Oregon State				
General Fund	-	-	-	1,658,284
Other Funds	33,698,125	47,996,510	49,103,524	61,114,368
Other Funds Nonlimited	3,542,141	-	-	-
Total Expenditures	37,240,266	47,996,510	49,103,524	62,772,652
ADMINISTRATION PROGRAM AREA				
General Fund	223,696,478	205,600,284	215,940,850	229,231,555
Lottery Funds	13,610,407	15,937,985	23,061,357	20,699,514
Other Funds	1,228,263,660	1,370,251,596	1,246,825,569	1,439,362,335
Other Funds Nonlimited	7,951,600,693	9,487,113,802	8,602,343,653	9,995,562,715
Federal Funds	11,374,967	9,932,642	7,687,135	11,304,542
Total	9,428,546,205	11,088,836,309	10,095,858,564	11,696,160,661

* Oregon Public Broadcasting, State and County Fairs, and Oregon Historical Society are included in the budget for the Department of Administrative Services as pass-throughs; they are shown separately in this table for informational purposes.

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
LEGISLATIVE BRANCH				
Indian Services, Commission on				
General Fund	376,203	488,767	491,939	401,349
Other Funds	1,645	6,586	6,784	6,784
Total Expenditures	377,848	495,353	498,723	408,133
Legislative Administration Committee				
General Fund	28,217,422	34,695,320	36,972,843	34,865,791
Other Funds	2,422,050	37,929,526	1,860,416	2,225,416
Other Funds Nonlimited	345,550	10,033,667	597,932	597,932
Total Expenditures	30,985,022	82,658,513	39,431,191	37,689,139
Legislative Assembly				
General Fund	33,225,889	42,069,611	42,987,670	39,090,875
Other Funds	61,617	278,847	285,390	225,352
Other Funds Nonlimited	84,354	93,553	96,360	96,360
Total Expenditures	33,371,860	42,442,011	43,369,420	39,412,587
Legislative Counsel Committee				
General Fund	8,039,603	10,427,834	10,888,581	10,841,717
Other Funds	1,290,567	1,681,068	1,515,091	1,515,091
Other Funds Nonlimited	540,849	562,803	526,136	526,136
Total Expenditures	9,871,019	12,671,705	12,929,808	12,882,944
Legislative Fiscal Officer				
General Fund	5,532,954	3,888,952	4,170,986	4,324,440
Other Funds	-	3,179,547	3,343,858	3,443,858
Total Expenditures	5,532,954	7,068,499	7,514,844	7,768,298
Legislative Revenue Officer				
General Fund	1,969,632	2,796,123	2,867,874	2,414,923
LEGISLATIVE BRANCH PROGRAM AREA				
General Fund	77,361,703	94,366,607	98,379,893	91,939,095
Other Funds	3,775,879	43,075,574	7,011,539	7,416,501
Other Funds Nonlimited	970,753	10,690,023	1,220,428	1,220,428
Total	82,108,335	148,132,204	106,611,860	100,576,024

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
MISCELLANEOUS				
Emergency Board				
General Fund		-		30,000,000
Total Expenditures	-	-	-	30,000,000
Special Purpose Appropriations (details below)		-	-	215,927,114
MISCELLANEOUS PROGRAM TOTAL				
General Fund	-	-	-	245,927,114
Total	-	-	-	245,927,114
Special Purpose Appropriations (SPA)				
Department of Forestry - Fire protection expenses		-		6,000,000
Various - Salary adjustment		-		120,000,000
Various - Non-State salary adjustment		-		10,700,000
Department of Revenue - CAFFA Funding Shortfall				1,836,836
Secretary of State - Payments to Counties HB 2177 Costs				384,000
Judicial Department - Multomah County Circuit Court Violations				1,000,000
Higher Education Coordinating Commission - College Readiness				6,865,921
Oregon Health Authority/Dept. of Human Services - Caseload				40,000,000
Education Agencies - Early Learning to Post-Secondary				3,000,000
Department of /Education - Mixed Delivery Pre-School Program				17,540,357
Dept. of Administrative Services - ETS Rate Adjustments				6,500,000
Department of Justice - Defense of Criminal Convictions				2,000,000
Department of Human Services - Provider Audits				100,000
SPA Totals	-	-	-	215,927,114

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level (LFO)	2015-17 Legislatively Adopted
	\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES				
General Fund	13,624,979,659	15,889,470,553	18,217,480,150	17,984,668,302
Lottery Funds	1,033,757,252	838,709,015	772,299,085	914,393,699
Other Funds	8,770,687,560	13,089,064,657	10,125,296,333	14,579,898,787
Other Funds Nonlimited	14,683,563,836	16,823,945,051	14,081,210,388	13,943,029,342
Federal Funds	10,582,996,908	15,978,477,615	15,671,713,226	18,287,226,192
Federal Funds Nonlimited	4,562,383,981	3,427,679,001	3,273,712,189	3,273,712,191
Total Expenditures	53,258,369,196	66,047,345,892	62,141,711,371	68,982,928,513
STATE OF OREGON TOTAL EXPENDITURES				
General Fund	13,624,979,659	15,889,470,553	18,217,480,150	17,984,668,302
Lottery Funds	1,033,757,252	838,709,015	772,299,085	914,393,699
Other Funds	23,454,251,396	29,913,009,708	24,206,506,721	28,522,928,129
Federal Funds	15,145,380,889	19,406,156,616	18,945,425,415	21,560,938,383
Total Expenditures	53,258,369,196	66,047,345,892	62,141,711,371	68,982,928,513