

2017-19

**BUDGET HIGHLIGHTS UPDATE
(includes 2018 session actions)**



**Legislative Fiscal Office
March 2018**

**State of Oregon
Legislative Fiscal Office**

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March 30, 2018

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

Following is the *2017-19 Budget Highlights Update*, which incorporates legislative changes made to the budget during the 2018 session plus any other approved administrative changes since the adoption of the 2017-19 budget.

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

Ken Rocco
Legislative Fiscal Officer

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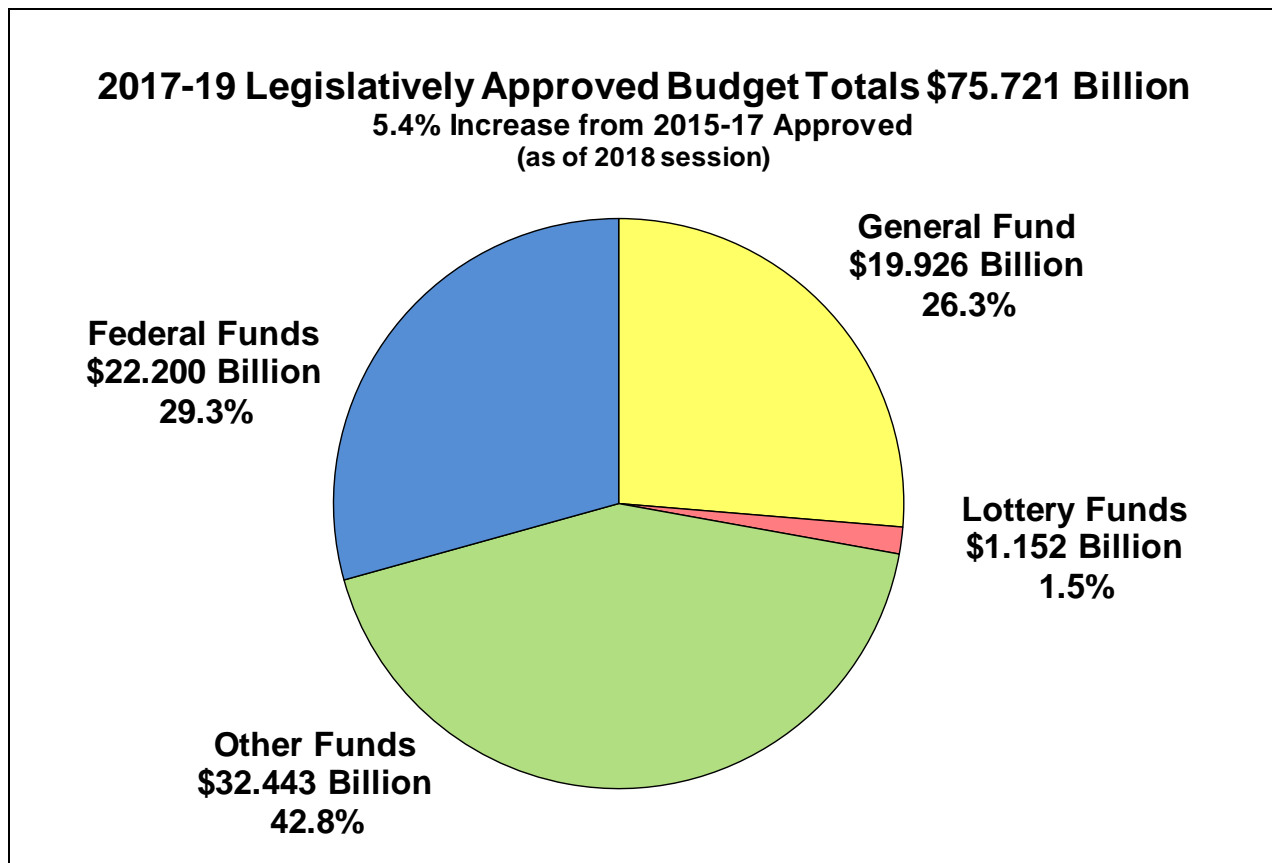
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Summary of the 2017-19 Legislatively Approved Budget / 2018 Session Actions

Overview

The legislatively approved budget (LAB) for the 2017-19 biennium, as adjusted during the 2018 regular session, and including authorized executive branch administrative actions, is \$75.721 billion total funds, an increase of \$1.331 billion from the 2017-19 budget adopted at the end of the 2017 session. The budget increase since the 2017 session was comprised of about \$408.1 million Federal Funds, mostly in human services programs, \$772.0 million Other Funds, and \$150.5 million in combined General Fund and Lottery Funds.

The total approved budget for 2017-19 includes \$21.077 billion in combined General Fund and Lottery Funds, \$32.443 billion Other Funds, and \$22.200 billion Federal Funds. The 2017-19 total budget represents a 5.43% increase over the 2015-17 legislatively approved total budget of \$71.823 billion, and a 1.79% increase from the budget adopted during the 2017 session. Lottery Funds are up almost \$195 million since 2015-17. Combined General Fund and Lottery Funds are up by \$2.1 billion over the 2015-17 budget, an increase of 11.1%. Federal Funds also increased by \$167.3 million, an increase of 0.76%. The other component of the state budget, Other Funds, recorded an increase of \$1.623 billion, or 5.26%, between 2017-19 and 2015-17.



Between July 2017 and February 2018, the Joint Interim Committee on Ways and Means met three times (September, November, and January). At these meetings, the Committee heard reports from state agencies, approved grant applications, and adjusted Other Funds and Federal Funds expenditure

limitations. During the regular 2018 session, the work of the interim committee was considered by the Co-Chairs of the Joint Committee on Ways and Means as they prepared the budget rebalance plan for the 2017-19 biennium.

The 2018 session was the fourth regular session of the Legislature occurring in an even-numbered year under the constitutional change authorizing annual sessions approved by the voters in November 2010. Ballot Measure 71 changed the requirement for the Legislature to meet from once every two years to once each year and limited the session length to 160 calendar days in the odd-numbered year and to 35 calendar days in the even-numbered year. For this fourth regular even-numbered year session, the Legislature convened on February 5, 2018, and completed business on March 3, 2018, within the constitutional 35 day limit.

As part of the 2018 session plan, the quarterly economic and revenue forecast was released on February 16th to provide the Legislature time to respond to any changes in the state's revenue situation. The forecast (still referred to as the March 2018 forecast) showed a slight increase over the previous forecast of \$69.8 million General Fund and \$19.2 million discretionary Lottery Funds. The net of these forecast changes left the state with projected ending balances of \$344.9 million General Fund and \$91.4 million Lottery Funds, prior to 2018 session actions.

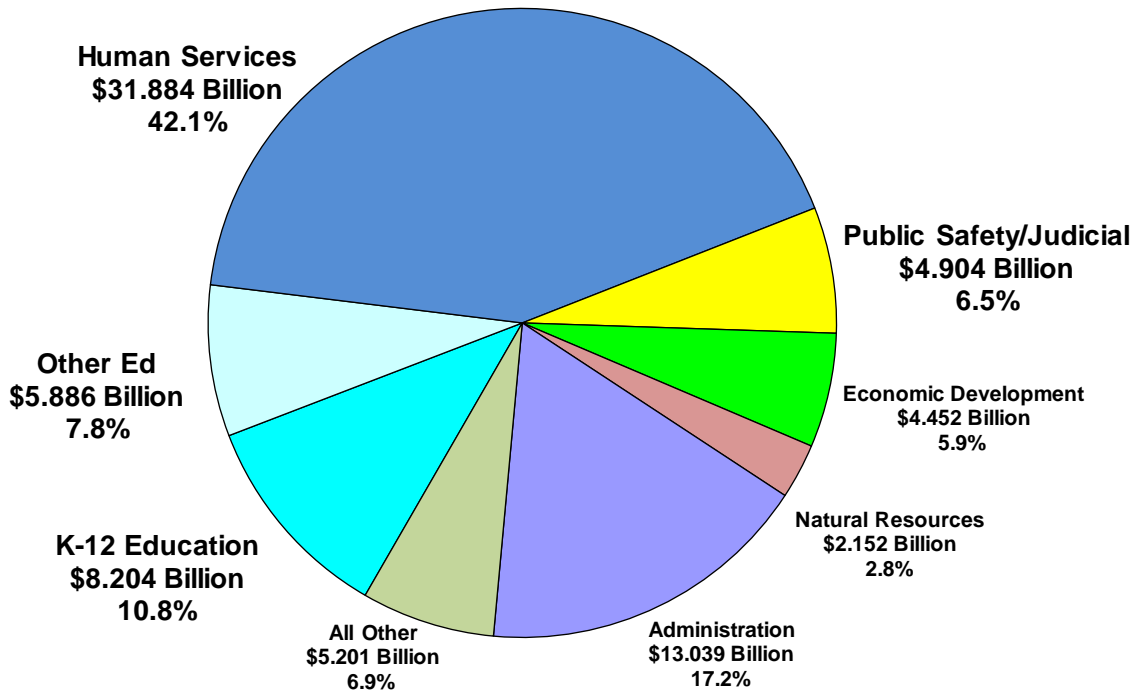
The 2018 session budget rebalance plan was characterized by reviewing and making disbursements and adjustments to special purpose appropriations to the Emergency Fund, updating revenue projections, taking steps to rebalance the budgets for the Department of Human Services and the Oregon Health Authority, and providing funding for new and continuing programs. In addition, concerns about the remaining revenue forecasts for the current biennium, as well as for the 2017-19 biennium, were discussed. To address concerns about future forecasts, the Committee plan retained a General Fund ending balance of \$293.2 million and \$20 million Lottery Funds, after all 2018 session actions were taken into account. These planned estimated ending balances did not rely on any revenue measures passed by the Legislature during the 2018 session and were based on projected resources from the March 2018 forecast only.

To implement the budget actions taken during the 2018 session, the Joint Committee on Ways and Means produced six main budget bills:

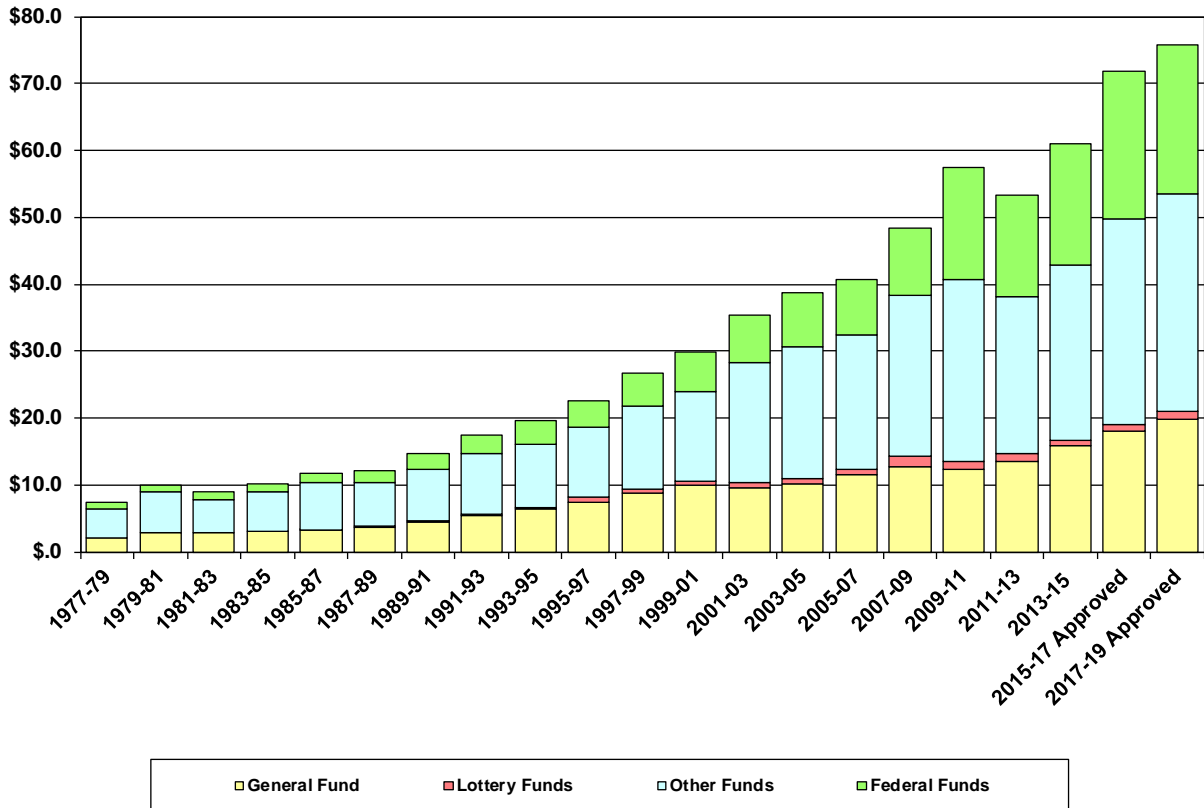
- HB 5201 – omnibus budget reconciliation
- HB 4163 – non-appropriation program changes to implement budget decisions
- HB 5202 – fee ratification
- SB 5703 – lottery funds and other allocation changes
- SB 5702 – bonding authorization changes
- SB 5701 – capital construction adjustments

Details of the content of these bills and the 2018 budget rebalance plan are described in the following sections of this document.

2017-19 Legislatively Approved Budget - Total Funds \$75.721 Billion
 5.4% Increase from 2015-17 Approved
 (as of 2018 session)



Oregon Budget History -- All Funds
 (Billions \$)



General Fund and Lottery Expenditures

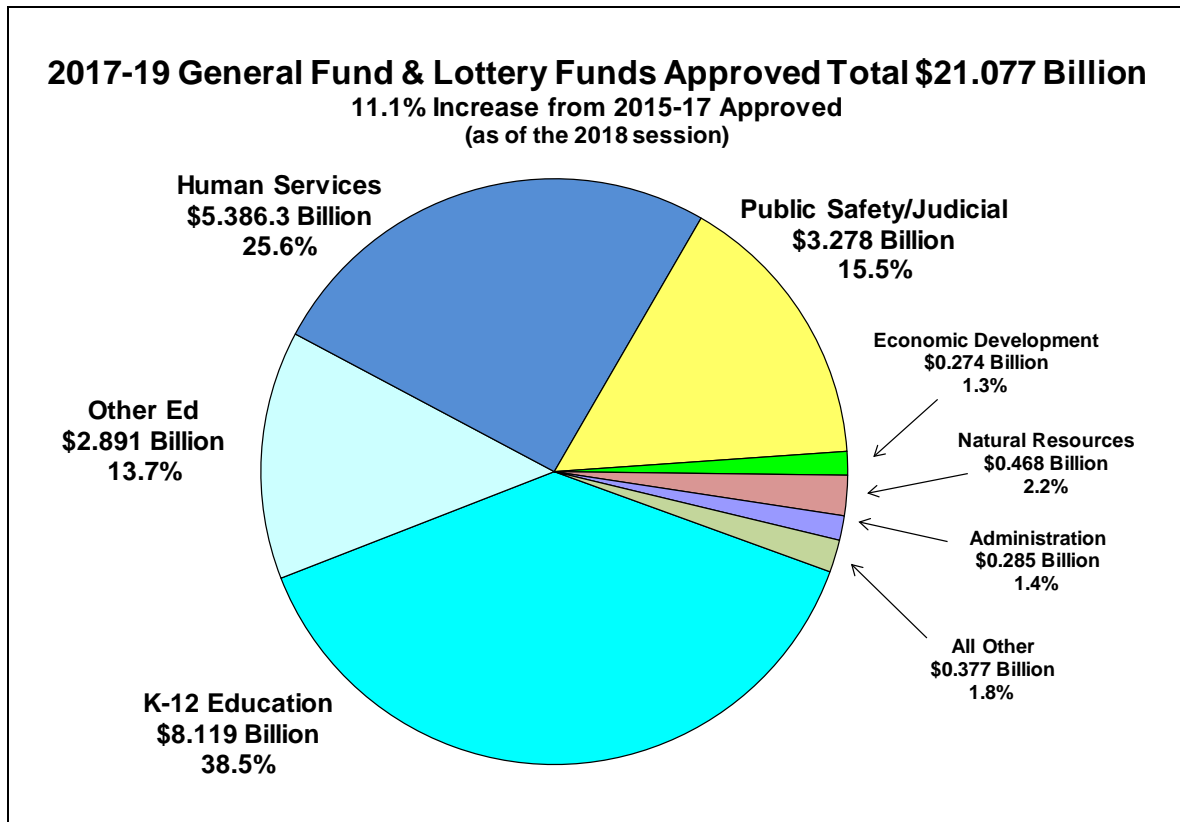
Combined General Fund and Lottery Funds expenditures for the 2017-19 biennium, as a result of 2018 session actions, total \$21.077 billion, up \$2.1 billion from the legislatively approved budget for the 2015-17 biennium, an increase of 11.1%. This total is also up \$150.5 million from the legislatively adopted budget for the 2017-19 biennium, an increase of 0.72%. Of the total increase, \$69.6 million was due to additional General Fund appropriations, which grew from \$19.856 billion in the 2017-19 adopted budget to \$19.926 billion in the 2017-19 approved budget. Lottery Funds expenditures increased by \$80.9 million from the adopted budget, from \$1.071 billion to \$1.152 billion. The 11.1% growth in combined General Fund and Lottery Funds expenditures exceeds the 10.3% growth in expenditures between the 2017-19 Legislatively Adopted budget and the 2015-17 Legislatively Approved Budget.

The economic situation heading into the 2018 session continued to be fairly stable, with a slight increase in forecasted revenues as compared to the 2017 close-of-session forecast. However, changes in the federal tax code result in increased uncertainty in the forecast. After release of the March 2018 forecast (in mid-February), the Co-Chairs of the Joint Committee on Ways and Means faced a situation where the state's projected General Fund ending balance was \$344.9 million, up significantly from the close-of-session estimate of \$196.9 million. The close of session projected General Fund ending balance was relatively low in comparison to recent budget periods and did not meet the statutory Rainy Day Fund deposit of 1% of appropriations. Again, this ending balance is very important due to the uncertainty of the forecast due to federal tax law changes, along with other known and potential budget issues, which may put pressure on the ability to continue to provide adequate funding for currently approved programs in the future. As stated earlier, the Co-Chairs developed a budget rebalance plan for the 2018 session that resulted in an estimated ending balance of \$293.2 million General Fund and \$313.2 million of combined General Fund and Lottery Funds resources.

Details of the 2017-19 biennium rebalance plan as enacted during the 2018 session can be found in the following table and sections of this document.

As mentioned above, the March 2018 forecast projected an increase of \$147.9 million in General Fund revenue for the 2017-19 biennium as compared to the close of session forecast. The 2017-19 budget rebalance resolved most known budget needs in the Department of Corrections, the Department of Human Services, and the Oregon Health Authority (beyond the amount set aside as a special purpose appropriation in the Emergency Fund for human service caseload issues). However, these budgets can be volatile and are sensitive to changes in the economy and federal law; a slight change in caseloads or federal reimbursement rates can create a multi-million dollar problem for the state. If problems in these agencies increase, additional funds will be needed in the current biennium, and further pressure will be put on the ability to fund currently approved programs in future biennia.

2018 Rebalance Plan for the 2017-19 Biennium		
	General Fund	Lottery Funds (Discretionary)
Legislatively Approved Expenditures through Dec. 2017	19,855,894,308	1,070,626,818
Projected Ending Balance for 2017-19 Biennium (Dec. 2017)	275,050,140	72,241,413
March 2018 Forecast Change	69,806,787	19,181,041
Projected Ending Balance - March 2018	344,856,927	91,422,454
Resource Adjustments/Expenditure Reductions		
Salary Compensation SPA Disappropriation	100,000,000	
Non-State Employee Compensation SPA Disappropriation	10,000,000	
ODF Fire Protection Expenses SPA Disappropriation	2,000,000	
Chief Education Office SPA Disappropriation	3,972,118	
DHS Foster Parent Supports SPA Disappropriation	750,000	
LTCO Oregon Public Guardian SPA Disappropriation	200,000	
OHA Rebalance Savings	5,633,809	
Debt Service Savings	2,833,589	1,429,444
CFA Allocation Adjustments	(3,758,407)	
Projected Additional Expenditures		
JWM Approved during Interim Meetings	(29,793,169)	
LFO Technical Adjustments	(94,408)	
Co-Chair Priority Issues Expenditures	(63,323,976)	(1,500,000)
HB 4006 (DLCD \$1.73 million/HCSO \$0.27 million)	(2,000,000)	
HB 4020 (OHA)	(245,991)	
HB 4035 (HECC)	(2,700,095)	
HB 4053 (HECC)	(175,276)	
HB 4118 (ODF)	(500,000)	
HB 4130 (ODE)	(250,000)	
HB 4133 (OHA)	(46,202)	
HB 4137 (OHA)	(46,202)	
HB 4143 (OHA)	(2,000,000)	
HB 4152 (OSP)	(151,000)	
SB 1518 (OSP/OMD)	(186,974)	
Salary Compensation Distribution	(96,904,909)	(390,585)
Non-State Employee Compensation Distribution	(9,687,882)	
ODF Fire Protection Expenses SPA Distribution	(2,000,000)	
Chief Education Office SPA Distribution	(3,175,953)	
DHS Foster Parent Supports SPA Distribution	(750,000)	
LTCO Oregon Public Guardian SPA Distribution	(200,000)	
OHA/DHS Caseload/Cost-Per-Case/Other Issues SPA	(30,000,000)	
SSF - General Fund - Lottery Funds Fund Shift	70,961,313	(70,961,313)
Net Ending Balance Position	293,217,312	20,000,000
Minimum Ending Balance for Rainy Day Fund Deposit	199,164,463	
Projected 2017-19 Ending Balance (2019-21 Beginning Balance)	94,052,849	20,000,000
General Purpose Emergency Fund Balance	49,747,628	
Remaining Special Purpose Appropriations (after 2018 action):		
ODF Fire Protection Expenses	4,000,000	
State Agencies for Grand Jury Recording Costs	7,900,000	
Total New General Fund Expenditures to Date	101,513,293	
New OHA/DHS SPA	30,000,000	
Legislatively Approved Expenditures after 2018 Session	19,916,446,288	
1% Rainy Day Fund Deposit Amount	199,164,463	

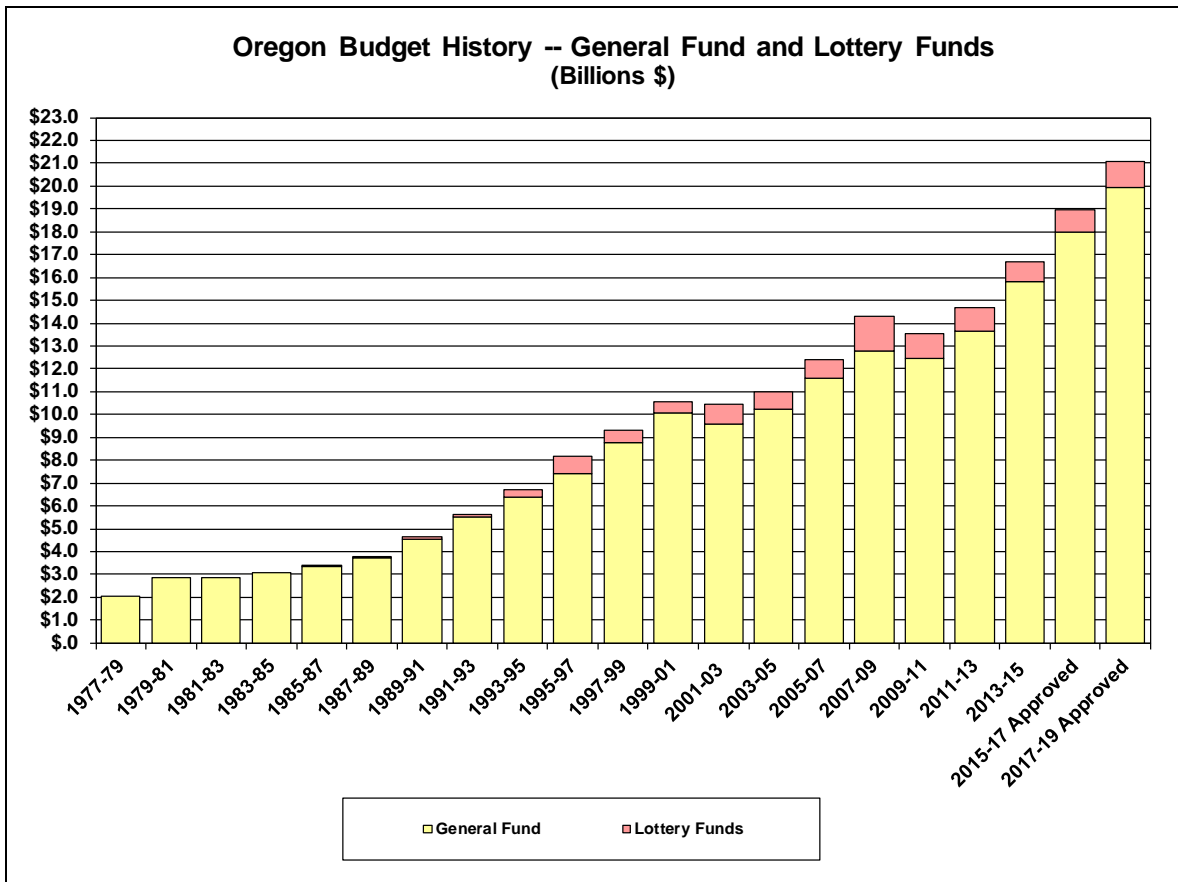
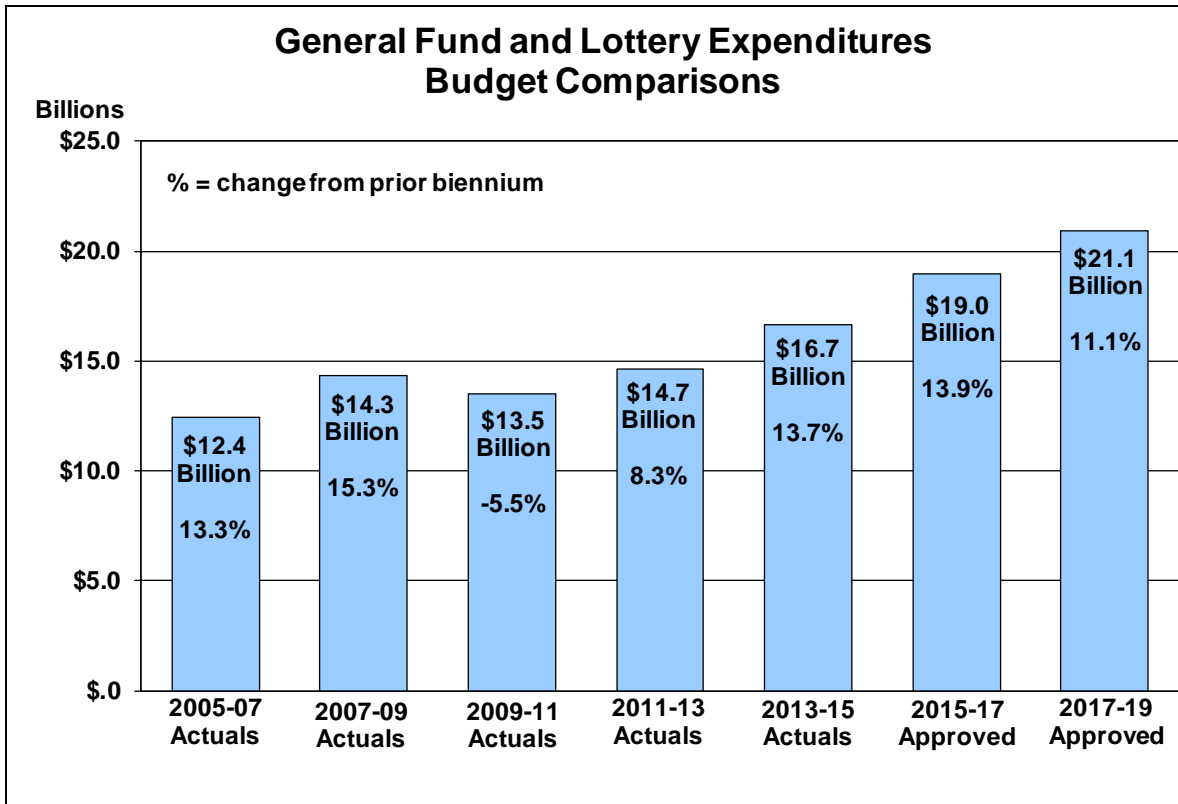


Other actions taken by the Legislature during the 2018 session towards rebalancing the 2017-19 budget included the following:

- Disappropriated special purpose appropriations made to the Emergency Board for state employee (\$100 million) and non-state employee (\$10 million) compensation changes. Total compensation adjustments of \$98.4 million General Fund, \$2.3 million Lottery Funds, \$80.8 million Other Funds, and \$43.3 million Federal Funds were made in HB 5201.
- Disappropriated several other special purpose appropriations to the Emergency Board established in the adopted budget totaling approximately \$6.9 million (these funds were then appropriated to the intended agency for the intended purpose).
- Established \$37.1 million in new special purpose appropriations for specified purposes. Of the total, \$30 million is for the Oregon Health Authority and the Department of Human Services for caseload costs or other budget challenges that the agencies may face during the remainder of the biennium. The remaining \$7.1 million is for:
 - Department of Revenue – potential position reconciliation costs
 - Oregon Health Authority – rate increases for certain residential mental health service providers
 - Secretary of State – reimbursement for costs related to the January 2018 Special Election
 - Department of Human Services – increase access to ventilator-assisted services in nursing facilities and for the Child Welfare program
- Established a \$1 million reservation within the general purpose Emergency Fund for the Department of Forestry for eradication efforts of the pathogen that causes sudden oak death disease.

Details regarding these actions can be found in the program area discussions included later in this document.

The following charts show the combined General Fund and Lottery Funds budget for 2017-19 in comparison to prior biennia budgets:



As a result of the March 2018 revenue forecast and the actions taken during the 2018 session, the 2017-19 budget rebalance plan assumed the following amounts as potential revenues or reserves for the remainder of the biennium:

- General Fund projected 2017-19 ending balance of \$293.2 million
- Emergency Fund balance of \$98.8 million (\$49.7 million general purpose and \$49 million special purpose appropriations, including one in the amount of \$30 million for Oregon Health Authority and Department of Human Services caseload costs or other budget needs)
- Lottery Funds projected 2017-19 ending balance of \$20 million
- Rainy Day Fund projected 2017-19 ending balance of \$594.5 million
- Education Stability Fund projected 2017-19 ending balance of \$608.5 million

The combined reserve funds (Rainy Day Fund and Education Stability Fund) equal \$1.203 billion, or 6.2% of projected General Fund revenues.

Lottery Resources and Expenditures

The March 2018 revenue forecast from the Office of Economic Analysis projects total 2017-19 biennium lottery resources of \$1.442 billion, a \$110.3 million (or 8.3%) increase over the resource level, based on the May 2017 forecast level, that was used during the 2017 session to develop the legislatively adopted budget. With this revised lottery resource forecast, current-biennium lottery resources are now projected to increase \$177 million (or 14%) above the prior biennium level.

Lottery Resources and Allocations				
(\$ in millions)				
	2015-17 Legislatively Approved	2017-19 Legislatively Adopted	2017-19 Legislatively Approved	2018 Session Changes
Net Lottery Proceeds	\$1,234.4	\$1,246.2	\$1,354.8	\$108.6
Beginning Balance	20.5	49.0	49.0	0.0
Administrative Actions	0.9	30.7	32.4	1.7
Reversions	7.4	4.0	4.0	0.0
Interest Earnings	2.0	2.0	2.0	0.0
Total Lottery Resources	\$1,265.3	\$1,331.9	\$1,442.3	\$110.3
Constitutional Allocations: Educational Stability Fund; Parks and Natural Resources Fund; Veterans' Services Fund				
	\$407.7	\$440.5	\$478.6	\$38.1
Statutory Allocations	808.6	872.3	943.7	71.4
Total Lottery Allocations	\$1,216.3	\$1,312.8	\$1,422.3	\$109.5
Lottery Funds Ending Balance	\$49.0	\$19.1	\$20.0	\$0.9

During the 2017 session, the Legislature anticipated \$1.332 billion of total lottery resources, and adopted a budget that authorized \$1.312 billion of these resources for transfer and allocation, retaining a \$19.1 million ending balance in the Administrative Services Economic Development Fund (EDF).

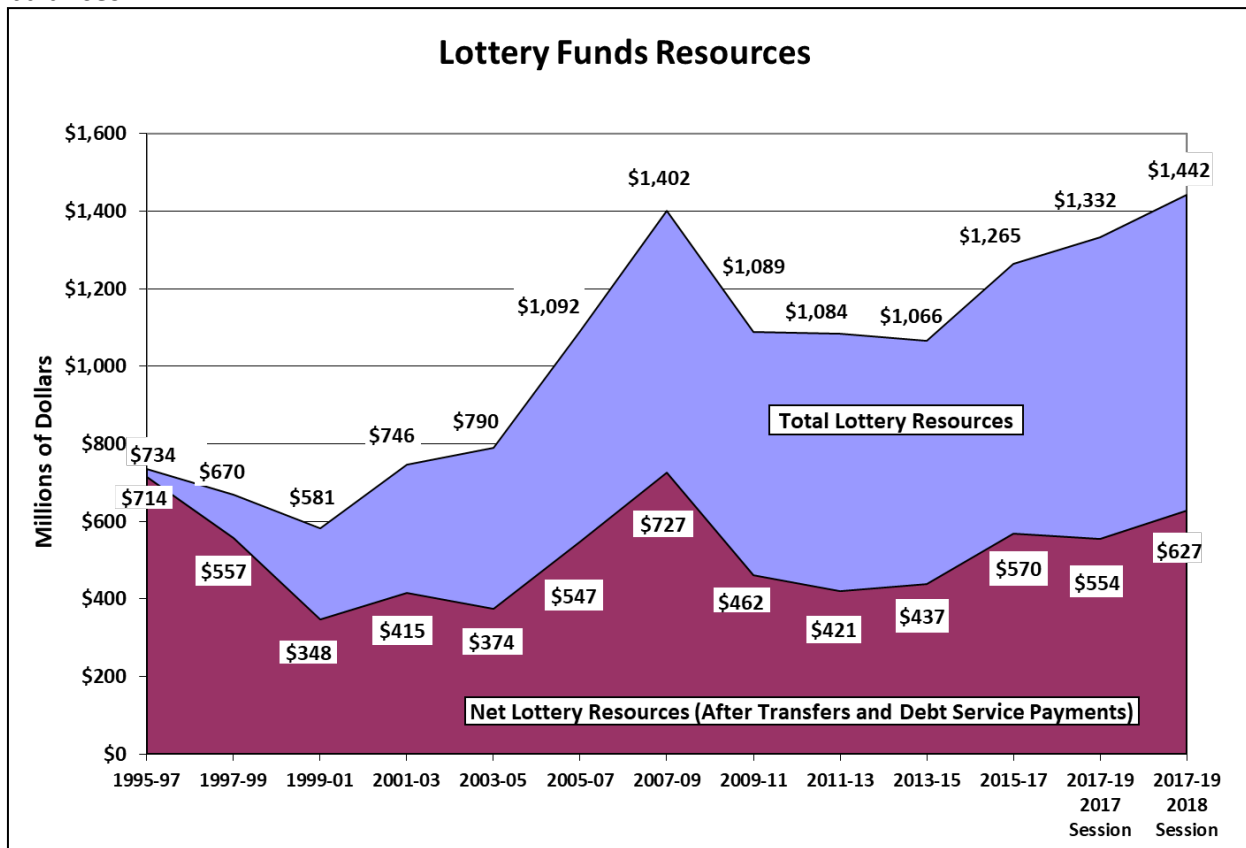
During the 2018 session, the Legislature approved eight statutory lottery allocation adjustments in SB 5703 that together increased allocations of Lottery Funds from the EDF by \$71.4 million (or 8.2%). This increase, combined with a \$38.1 million increase in lottery allocations to the Education Stability Fund, Parks and Natural Resources Fund, and Veterans' Services Fund, as required by the state constitution, results in an EDF projected ending balance of \$20 million – a \$0.9 million (or 4.5%) increase over the ending balance in the 2017 legislatively adopted budget. The \$20 million ending balance is equivalent to 1.4% of total lottery allocations.

The statutory EDF and Veterans' Services Fund allocation increases in SB 5703 include the following components:

- Employee Compensation – Allocations were increased by \$596,828 to finance the costs of compensation increases for state employees paid with Lottery Funds. Allocation increases for this purpose were provided to the following state agencies in the following amounts:
 - Oregon Business Development Department: \$313,943 for employees in the Operations; Business, Innovation and Trade; and Infrastructure Finance Authority divisions.
 - Department of Veterans' Affairs: \$206,243 for employees paid by Veterans' Services Fund revenues.
 - Office of the Governor: \$34,849 for employees in the Regional Solutions Program.
 - Oregon Health Authority: \$41,793 for employees in the Problem Gambling Service Program in the Addiction and Mental Health Division.
- Oregon Business Development Department – Program allocations to the Oregon Business Development Department were increased by a total of \$1.5 million, including:
 - The allocation to the Business, Innovation and Trade Division was increased by \$500,000 for transfer to the Local Economic Opportunity Fund program.
 - The allocation to the Infrastructure Finance Authority Division was increased by \$1 million. This total includes a \$500,000 increase for the City of Warrenton to rebuild a dock, and \$500,000 for the Port of Cascade Locks for development of a business park.
- Department of Veterans' Affairs – The allocation to the Veterans' Services Program from the Veterans' Services Fund was increased by \$136,531 for services, established under HB 4038, to veterans in incarceration and post-release.
- Lottery bond debt service – The allocation for debt service was decreased by \$1,429,444, to reflect the substitution of Other Funds for Lottery Funds to pay portions of the debt service costs for lottery bonds issued for Department of Transportation and Department of Administrative Services projects.
- State School Fund – The allocation for the State School Fund was increased by \$70,961,313. This increase reduced the forecasted EDF ending balance to \$20 million, which nonetheless is \$0.9 million more than the 2017 close of session forecasted ending balance. HB 5201 increased State School Fund Lottery Funds expenditures, and reduced the State School Fund General Fund appropriation, by \$70,961,313. Although this resulted in no net change in total State School Fund support, it allowed the General Fund savings realized by this action to be reallocated to other budget needs.

With these actions, the Administrative Services Economic Development Fund ending balance is projected to total \$20 million. If lottery resources ultimately decline by more than \$20 million, the Department of Administrative Services will make equal-proportionate reductions to all non-debt service statutory allocations, as needed, to rebalance the lottery allocations to available resources. Otherwise, any remaining ending balance is retained and becomes available for the 2019-21 biennium budget.

The chart and table on the following pages summarize lottery resource levels and trends since the 1995-97 biennium, and provide details of the impact of 2018 session actions on lottery allocations and balances.



Lottery resources have now exceeded the previous peak that was reached in the 2007-09 biennium. Nevertheless, the level of net lottery resources available after required transfers and debt service payments remains almost 14% below the 2007-09 biennium amount.

LOTTERY FUNDS CASH FLOW SUMMARY

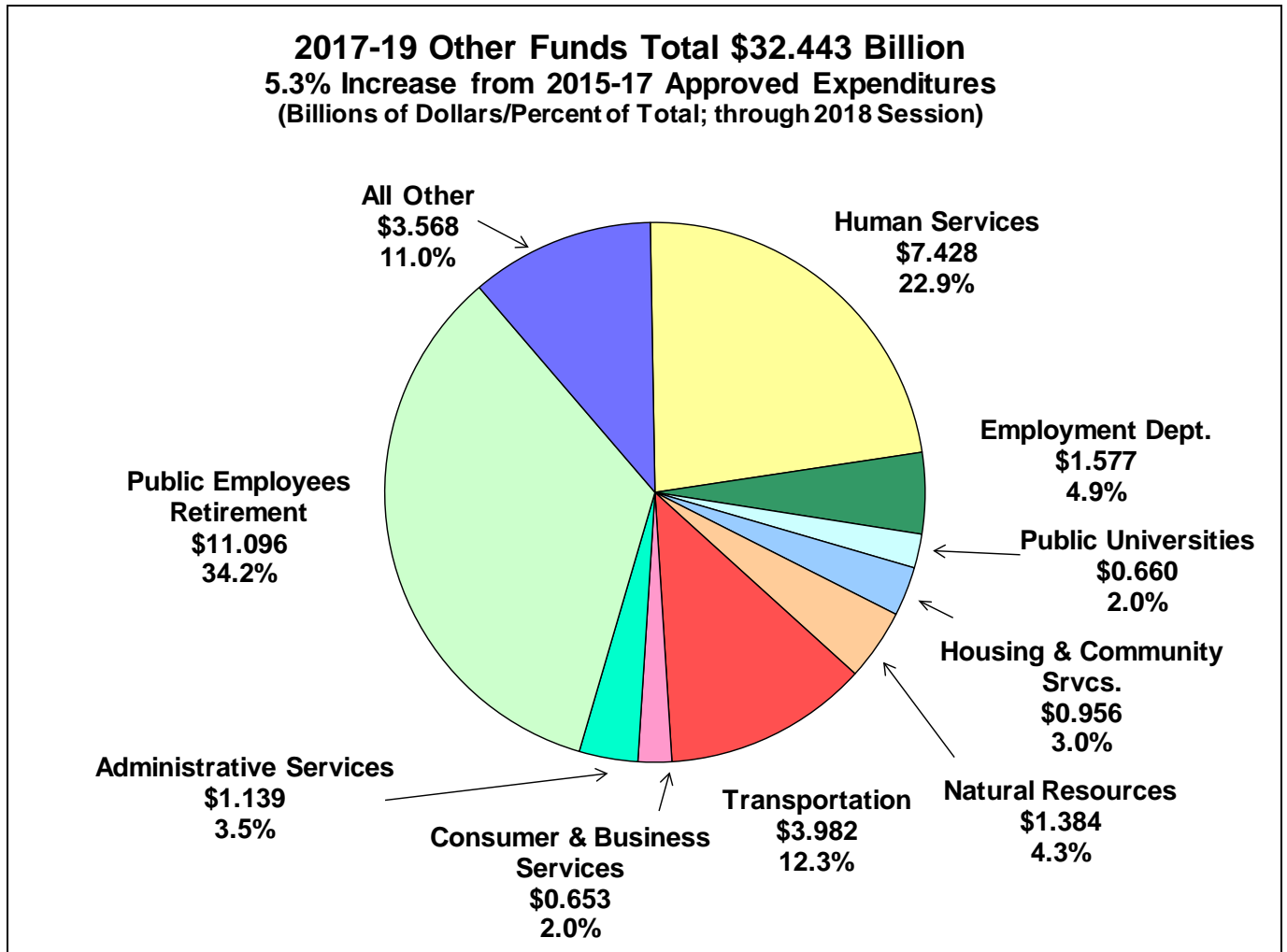
	2017-19 Legislatively Adopted Budget ¹	2017-19 Legislatively Approved Budget ²	2018 Session Changes	Percent Change
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	\$49,016,803	\$49,016,803	\$0	0.0%
Lottery Funds Reversions under ORS 461.559	4,034,893	4,034,893	0	0.0%
REVENUES				
Transfers from Lottery				
Net Proceeds	1,246,173,324	1,354,810,009	108,636,685	8.7%
Administrative Actions	30,700,000	32,413,026	1,713,026	5.6%
Other Revenues				
Interest Earnings	2,000,000	2,000,000	0	0.0%
Other				
Total Revenue	1,282,908,217	1,393,257,928	110,349,711	8.6%
TOTAL RESOURCES	\$1,331,925,020	\$1,442,274,731	\$110,349,711	8.3%
DISTRIBUTIONS / ALLOCATIONS				
Distribution of Video Revenues to Counties	(41,285,992)	(41,285,992)	0	0.0%
Distribution to Education Stability Fund	(229,837,198)	(249,700,146)	(19,862,948)	8.6%
Distribution to Parks and Natural Resources Fund	(191,530,999)	(208,083,455)	(16,552,456)	8.6%
Distribution for Outdoor School Fund	(24,000,000)	(24,000,000)	0	0.0%
Distribution for Veterans' Services Fund	(19,153,100)	(20,808,346)	(1,655,246)	8.6%
Distribution for Sports Programs	(8,240,000)	(8,240,000)	0	0.0%
Distribution for Gambling Addiction	(12,457,116)	(12,498,909)	(41,793)	0.3%
Distribution for County Fairs	(3,828,000)	(3,828,000)	0	0.0%
Allocation to State School Fund	(464,758,594)	(535,719,907)	(70,961,313)	15.3%
Debt Service Allocations	(247,787,311)	(246,357,867)	1,429,444	-0.6%
Other Agency Allocations	(69,903,317)	(71,752,109)	(1,848,792)	2.6%
TOTAL DISTRIBUTIONS / ALLOCATIONS	(\$1,312,781,627)	(\$1,422,274,731)	(\$109,493,104)	8.3%
ENDING BALANCE	\$19,143,393	\$20,000,000	\$856,607	4.5%
EDUCATION STABILITY FUND (not including OGA or ORTDF)				
RESOURCES				
Beginning Balance	\$383,759,105	\$384,170,765	\$411,660	0.1%
Revenues				
Transfer from the Economic Development Fund	206,853,478	224,730,132	17,876,654	8.6%
Interest Earnings	22,455,743	21,575,846	(879,897)	-3.9%
Oregon Growth Account Earnings Distributions	0	5,184,729	5,184,729	N/A
Total Revenue	229,309,221	246,305,978	16,996,757	7.4%
TOTAL RESOURCES	\$613,068,326	\$630,476,743	\$17,408,417	2.8%
DISTRIBUTIONS				
Oregon Opportunity Grant Program	(21,808,752)	(26,113,584)	(4,304,832)	19.7%
Debt Service Allocations to Department of Education	(646,991)	(646,991)	0	0.0%
TOTAL DISTRIBUTIONS	(\$22,455,743)	(\$26,760,575)	(\$4,304,832)	19.2%
ENDING BALANCE	\$590,612,583	\$608,900,897	\$18,288,314	3.1%

1. The 2017-19 Legislatively Adopted Budget is based on the May 2017 forecast of 2017-19 lottery resources with the adjustments shown for lottery reversions and administrative actions.

2. The 2017-19 Legislatively Approved Budget is based on the March 2018 forecast of 2017-19 lottery resources.

Other Funds Expenditures

The 2017-19 legislatively approved Other Funds budget totals \$32.4 billion, which is a 2.2% increase from the 2017-19 legislatively adopted budget, and a 5.3% increase from the 2015-17 legislatively approved budget.



Notable changes in Other Funds expenditures since the end of the 2017 session included the following:

Education

- The Other Funds expenditure limitation for the Oregon Department of Education was increased by \$39.3 million for the Oregon School Capital Improvement Matching program representing the estimated proceeds available for the program from Article XI-P bonds issued during the 2015-17 biennium for distribution during the 2017-19 biennium.
- The Higher Education Coordinating Commission’s (HECC) Other Funds expenditure limitation was increased by \$99.7 million, primarily due to new capital construction projects at public universities (\$74.7 million) and debt service on Article XI-I and XI-F bonds issued on behalf of the Oregon Health Sciences University (OHSU), transferred from the Department of Administrative Services to HECC (\$21.1 million).

Human Services

- Other Funds expenditure limitation increased by \$56.4 million for the Department of Human Services. The most significant component of this net increase is \$31.2 million needed to separately track expenditures for waived case management services in the Aging and People with Disabilities program. Also included is \$6.5 million to capture additional applicable child care savings, most of which will be used to pay a childcare stipend to working foster parents. To cover the Shared Services' budget portion for new positions in the background check unit, \$6.6 million was added.
- The additional \$78 million Other Funds expenditure limitation in the Oregon Health Authority results primarily from the combination of additional hospital assessment revenue used in place of General Fund, limitation to allow the agency to make the final distribution to the Hospital Transformation Performance Program, and limitation to allow the agency to spend available resources on the Women, Infants, and Children (WIC) Information System Tracker.

Public Safety and Judicial Branch

- A statewide adjustment to apply Other Fund balances generated through excess Lottery Fund reserves, excess bond proceeds, and interest earnings to debt service established an Other Funds expenditure limitation in the Department of Corrections to accommodate the application of \$42,042 in interest earnings toward debt service payments.
- Other Funds expenditures for the Department of Justice increased by \$9 million over the 2017-19 legislatively adopted budget, including \$2.8 million in supplemental contingency funding for the Child Support Enforcement Automated System, and \$1.3 million for supplemental staffing in the General Counsel Division.
- The Military Department's Other Funds expenditure limitation was increased by \$5,442,829 to cover firefighting expenditures incurred during the 2017 fire season.
- An Other Funds capital construction expenditure limitation for the Oregon Military Museum Project, established in 2015-17, was increased by \$378,726 to allow the Military Department to spend donations for the design and construction of a research library in the new museum. The new total for this portion of the Military Museum project is \$1,104,689.
- The Department of State Police received an increase in Other Funds expenditure limitation of \$12,770,000 for Federal Emergency Management Agency-reimbursable expenses incurred during the 2017 fire season in Oregon, along with a General Fund appropriation of \$3,255,945 for non-federally-reimbursable fire season expenses.
- For the Department of Public Safety Standards and Training (DPSST), the Legislature approved an increase in Other Funds expenditure limitation of \$623,260 for wildland firefighter training expenses incurred during the 2017 fire season. An additional increase of \$400,000 was approved for crisis intervention training for first responders, funded by the Oregon Health Authority.
- The Legislature increased DPSST's Other Funds expenditure limitation by \$3,657,838 and authorized thirteen permanent positions (7.54 FTE) to add classes to the agency's training calendar to meet demand during the 2017-19 biennium.
- The Criminal Justice Commission's Other Funds expenditure limitation was increased by \$450,000 for implementation of a new case management system for Oregon's specialty courts. Revenues supporting the expenditure limitation are from asset forfeitures, statutorily dedicated to specialty courts.
- The Department of Justice, General Counsel Division's budget was increased, on a one-time basis, by \$1.3 million Other Funds and four positions (2.68 FTE) for costs related to higher caseload work. The work includes: procurement, bonding, expended lottery offerings, litigation agreement

implementation, legal sufficiency reviews, and agency administrative rules development. The revenue sources for the Other Funds is billings to state agencies.

Economic and Community Development

- An additional \$13.2 million in Other Funds expenditure limitation was added to the Housing and Community Services Department (HCSD) budget to enable the agency to accommodate 2017-19 legislatively adopted budget investments in several programs. An additional \$5 million was added for 2018 one-time enhancements to the Emergency Housing Assistance program for homeless shelter capacity and homelessness prevention services. While the source of support for this program is General Fund, the agency spends the funds as Other Funds.
- Other Funds expenditure limitation of \$15,973,155 and six positions (2.34 FTE) were added to HCSD due to the passage of HB 4007, which provided for a \$40 increase in the recording fee associated with certain real property documents. The fee revenue will provide additional ongoing permanent funding for housing and homelessness prevention programs administered by the agency.
- Other Funds expenditure limitation of \$3.4 million was approved for the Department of Veterans' Affairs capital construction projects at the Veterans' Homes in The Dalles and Lebanon.

Consumer and Business Services

- The Other Funds budget for the Department of Consumer and Business Services (DCBS) was increased by \$6.31 million for compensation changes resulting from bargaining agreements, position reclassifications, and other compensation plan adjustments. An additional increase of \$425,022 Other Funds was included to accommodate the addition of three positions to administer the provisions of HB 4005 (2018) that was approved by the Legislature.
- The Other Funds expenditure limitation for the Bureau of Labor and Industries was increased by \$275,000 and 0.50 FTE related to a grant award for efforts to expand and enhance apprenticeship programs in the 2017-19 biennium.
- The Legislature increased the Board of Speech-Language Pathology and Audiology Other Funds expenditure limitation by \$131,158 and authorized one permanent investigator position (0.31 FTE) to address the continued increase in number and complexity of investigations.

Natural Resources

- A \$22.7 million Other Funds expenditure limitation increase for the Department of Forestry was approved for the payment of emergency firefighting costs, including the expenditure of reimbursed funds from the Federal Emergency Management Agency and the U.S. Forest Service.
- The Legislature approved a \$200,000 increase in the Other Funds expenditure limitation for the Oregon Parks and Recreation Department for expenses associated with Sudden Oak Death mitigation work on State Parks properties within the Cape Sebastian State Scenic Corridor.
- A one-time only Other Funds expenditure limitation increase for the Department of State Lands of \$7,244,215 was approved for expenses associated with the cleanup efforts at the Goble, Oregon site on the Columbia River.
- The Legislature approved a one-time increase in the Other Funds expenditure limitation for the Water Resources Department of \$5,269,633 for the expenditure of Lottery Revenue bond proceeds for distribution to the City of Carlton to replace the city's finished water supply line.
- The Legislature approved a \$17.8 million Other Funds expenditure limitation increase for the Department of Environmental Quality to implement a new electric vehicle rebate program. HB 2017

(2017) included a privilege tax of 0.5% on the sale or lease of vehicles to fund rebates on purchases of new electric vehicles (EV) to encourage increased utilization of EV.

Transportation

- For the Department of Aviation, the Legislature approved a one-time increase of \$950,000 Other Funds expenditure limitation for the Operations Division to oversee and fund Unmanned Aircraft Systems test ranges located in Tillamook, Warm Springs, and Pendleton, Oregon.
- Other Funds expenditure limitation for the Department of Transportation (ODOT) was increased by the following amounts: \$117,530,106 to fund implementation of the Transportation Package of 2017 (HB 2017); \$1,008,173 for a debt service adjustment; and \$10,000 on a one-time basis to implement SB 375 (2017 session), related to posting information on human trafficking at roadside rest areas.
- ODOT employee compensation costs resulting from collective bargaining agreements and other adjustments required \$21.5 million in additional Other Funds expenditure limitation.

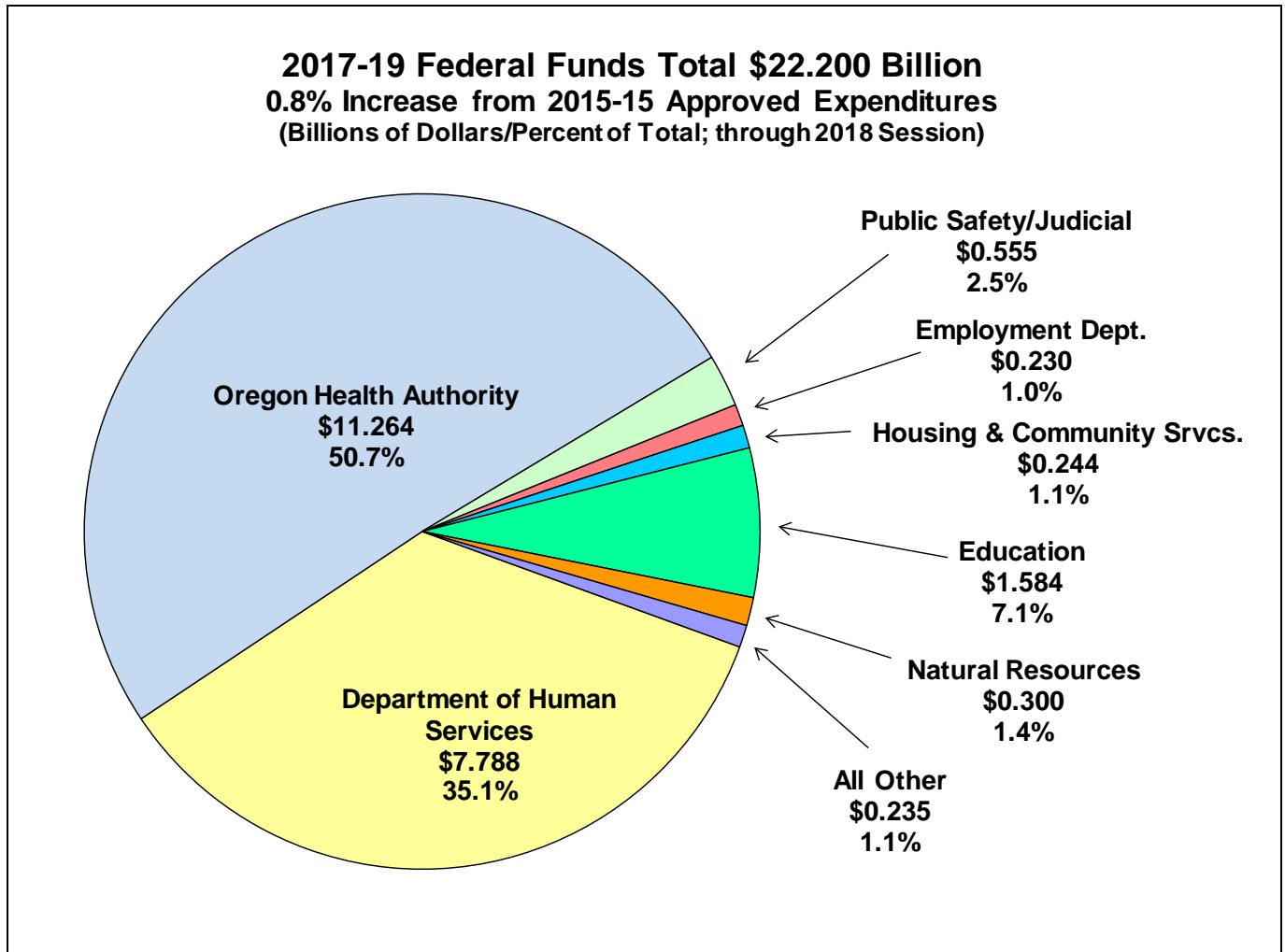
Administration

- Other Funds expenditures for the Public Employees Retirement System are \$3 million higher than the 2017-19 legislatively adopted budget. Major changes include \$663,835 resulting from position actions related to information technology positions and the addition of a permanent information security and risk officer position; \$200,000 for expenses related to an Oregon Investment Council decision to move the Individual Account Program to a target-date fund solution; and \$80,000 for independent review of the consulting actuarial firm's valuation.
- Department of Revenue Other Funds expenditure limitation was increased by \$5 million. Of the total, \$3.8 million was for implementation of legislation passed in the 2017 session for the transportation package and collection activities, and \$376,344 was for approved position actions.
- The 2017-19 Other Funds expenditure limitation for the Oregon Liquor Control Commission increased by \$6,902,538 and 22 positions (13.80 FTE) from the 2017 legislatively adopted budget, mostly due to new statutory requirements for medical marijuana growers and industrial hemp. Of the total increase, \$1.7 million was due to legislatively approved compensation plan changes, and \$677,175 was the result of information technology systems improvements and oversight.

Additional details on these projects and other changes to the Other Funds budget are discussed in the program area summaries of this document.

Federal Funds Expenditures

The 2017-19 legislatively approved Federal Funds budget totals \$22.2 billion, which is a 1.8% increase from the legislatively adopted budget, and a 0.8% increase from the 2015-17 legislatively approved budget for Federal Funds.



Notable Federal Funds changes for the 2017-19 budget since the end of the 2017 session include the following:

Human Services

- For the Department of Human Services (DHS), a total of \$111.1 million Federal Funds expenditure limitation was added. The most significant component of this net increase is \$103.5 million associated with transfer of Oregon Health Plan eligibility work and staff from the Oregon Health Authority to DHS. An increase of \$25.6 million Federal Funds expenditure limitation is due to adjustments for state employee compensation changes. These increases were offset by decreases in Federal Funds tied to a reduced Federal Medical Assistance Percentage rate (used for Medicaid programs) and caseload savings based on the spring 2018 forecast.
- Federal Funds expenditure limitation was increased by \$243.7 million in the Oregon Health Authority. The largest increase, \$150.7 million, is related to increased caseload as estimated in the fall 2017 caseload forecast. Other increases include limitation to allow the agency to make the final

distribution to the Hospital Transformation Performance Program, and for the increase in Hepatitis-C treatment services. Increases are offset by the transfer to the Department of Human Services to reflect the transition of all Medicaid eligibility services effective April 1, 2018.

Public Safety and Judicial

- Federal Funds expenditures for the Department of Justice (DOJ) increased by \$7.7 million from the 2017-19 legislatively adopted budget. The change was primarily due to \$5.4 million in supplemental contingency funding for the Child Support Enforcement Automated System, and \$159,723 for personal services expenses in the Medicaid Fraud Unit.
- The Legislature increased the Military Department's Federal Funds expenditure limitation by \$16,421,308 for lead dust remediation in eight indoor firing ranges at armories throughout the state, funded by the National Guard Bureau.
- The Legislature established \$6,125,000 of Federal Funds expenditure limitation to convert boilers from propane fuel to wood pellet fuel at Camp Umatilla. Decentralized wood-pellet boiler heating systems will be installed in eleven buildings at the Umatilla Training Center site, funded by the National Guard Bureau.
- The Legislature increased the Criminal Justice Commission's Federal Funds expenditure limitation by \$1,045,940 for two grants awards received in larger amounts than anticipated in the 2017-19 legislatively adopted budget. The awards supplement an existing program supporting Local Public Safety Coordinating Councils in rural Oregon counties and the state's Statistical Analysis Center program.
- The DOJ Civil Enforcement Division, Medicaid Fraud Unit budget was increased by \$201,964 and 0.25 FTE to permanently address a personal services budget shortfall in the unit. The revenue sources are Federal Funds (75%) and Other Funds in the form of a portion of civil settlement recoveries.

Economic and Community Development

- Federal Funds expenditure limitation for the Oregon Business Development Department was increased by \$703,125 for expenditure of grant funds received under the federal State Trade Expansion Program. The expenditures will supplement state efforts that promote small business export sales.
- Federal Funds expenditure limitation of \$6.3 million was approved for the Department of Veterans' Affairs capital construction projects at the Veterans' Homes in The Dalles and Lebanon. A further increase of \$500,000 Federal Funds expenditure limitation was approved for transportation of veterans in highly rural areas.

Consumer and Business Services

- The Federal Funds expenditure limitation for the Department of Consumer and Business Services (DCBS) was increased by \$1.97 million for additional federal grant monies received by the Department for the Senior Health Insurance Benefit Assistance (SHIBA) program and the Health Insurance Enforcement and Consumer Protections (HIECP) program.

Administration

- The Federal Funds expenditure limitation for the Office of the Governor was reduced by \$3.3 million to remove second-year expenditures included in the budget for the Oregon Volunteers Commission for Voluntary Action and Service (Oregon Volunteers Program). The Legislature transferred the program in the 2018 session to the Higher Education Coordinating Commission (HECC), effective

beginning the second year of the current biennium. The projected second-year Federal Funds expenditures were transferred to HECC.

Program Area Summaries

During the 2018 session, state agency budgets were adjusted primarily by HB 5201 (the omnibus budget reconciliation bill), HB 4163 (the non-appropriation bill implementing certain budgetary changes), SB 5701 (the capital construction bill), and by various other policy bills. Due to the distribution of resources for state employee costs resulting from bargaining agreements and other compensation plan adjustments included in HB 5201, nearly all state agency budgets received some amount of a budget adjustment in the 2018 session. In the following program area summaries, however, only agencies with material budget changes to the agency's 2017-19 legislatively adopted budget, in addition to the compensation changes, are discussed. Additional detail beyond the following highlights can also be found in the budget reports for bills that appropriate funding; along with information on budget adjustments, budget reports include discussion on caseload trends and other cost drivers, context for budget notes, and legislative direction or actions affecting agencies.

EDUCATION PROGRAM AREA

State School Fund

The funding mix for the State School Fund was changed to reflect the balance of available General Fund and Lottery Funds for the overall state budget. The General Fund was decreased by \$71 million with a corresponding increase in Lottery Funds of \$71 million. Total resources for the State School Fund for distribution to school districts and educational service districts remains at \$8.2 billion total funds for the 2017-19 biennium. The amount of recreational marijuana tax resources used for the State School Fund remained unchanged at \$81 million for the 2017-19 biennium.

Department of Education

Overall, the Department of Education's (ODE) 2017-19 budget was increased by \$4.1 million General Fund (\$47.2 million total funds) during the 2018 session including updated debt service adjustments. General Fund increases were made to the following programs:

- Nine positions (5.02 FTE) were added to the Early Learning Division's (ELD) Office of Child Care to address safety and quality issues within the child care system at a cost of \$1.16 million General Fund. Staff added include three compliance positions to reduce caseloads of existing staff who currently face caseloads approaching 1 compliance position to 150 child care facilities, significantly exceeding the 1 to 50 ratio suggested by national experts. Three senior compliance positions were added to provide training to licensing and inspection staff, review findings of enforcement sanctions, lead case reviews, and assist in reducing caseloads. To increase oversight and reduce existing workloads, three management positions were also added -- an overall licensing manager, a regional manager in the Medford region, and a Background, Intake and Customer Service manager.
- Another five compliance investigator positions (2.70 FTE) costing \$581,390 General Fund were added for a one-time pilot project with the Department of Human Services (DHS) for collaborative investigations when there are abuse or neglect cases at child care facilities.
- One-time resources of \$239,796 General Fund were directed to offset costs of child care providers for testing drinking water for lead contamination. ODE will use a portion of this funding for the staff costs associated with this program.
- Funding for a one-time grant of \$250,000 General Fund to the Salem-Keizer Education Foundation was included to assist in the funding for the Mike McLaran Center for Student Success which will

provide a variety of services to students including college preparation, career counseling, tutoring and mentoring, and social supports.

- A grant program was established providing up to 50% of transportation costs for extra-curricular activities for grades nine through twelve; \$250,000 General Fund was provided for these grants.

Other Funds expenditure limitation was increased by \$39.3 million for the grants made through the Oregon School Capital Improvement Matching program funded with proceeds from Article XI-P bonds issued during the 2015-17 biennium.

Two budget notes were included for ODE. First, the agency is to use \$100,000 from the Network for Quality Teaching and Learning for the 2018-19 Oregon Civics Day for Teachers. This is a one-time use of these funds. Secondly, if matching funds for the new Connecting Oregon Schools Fund (HB 4023) become available, ODE must consult with the Office of the State CIO to prioritize the use of funds for leveraging existing fiber to the extent possible.

Higher Education Coordinating Commission

A total of \$16.1 million General Fund (\$120 million total funds) was added to the budget of the Higher Education Coordinating Commission (HECC), including \$74.7 million in Other Funds capital construction expenditure limitation for projects at five of the public universities which are described in another section of this document. Budget actions included the following:

- The Oregon Volunteers Commission for Voluntary Action and Service program was transferred from the Office of the Governor to HECC effective for the second year of the biennium. Six positions (2.25) were established (three full-time and three part-time) to administer the AmeriCorps program and other activities of the Commission. To meet the federal match requirement and the overall funding needs of the Commission, \$250,000 General Fund was appropriated. In addition, \$3.6 million in Federal Funds expenditure limitation was added, primarily for AmeriCorps grants.
- HB 4035 established a tuition assistance program for qualified Oregon National Guard members who are working toward an Associate or Bachelor degree at an Oregon community college or public university. Participants must utilize federal and state financial aid (grants) before accessing this program. The intent is to make sure any eligible participant is not paying tuition costs. Funding of \$2.5 million General Fund was made available for the tuition assistance and another \$200,095 for staffing.
- Two one-time General Fund grants were approved. The first is \$250,000 for an Oregon Health and Science University (OHSU)/Portland State University Center for Violence Prevention Research, Education and Practice. The second is a \$3 million grant to Oregon State University's Northwest National Marine Renewable Energy Center. The grant is a portion of the match required for federal funds for the Pacific Marine Energy Center South Energy Test Site.
- A net increase of \$65,049 General Fund is to fill holes in the HECC Operations budget related to Enterprise Technology Services (ETS) charges and for funding a reduction taken twice in the development of the 2017-19 budget related to Department of Administrative Services (DAS) Client Services. The combined \$425,049 General Fund budget hole is largely offset by \$360,000 of savings for Open Education Resources (HB 2729; 2017 session) that are no longer required.
- Debt service on outstanding Article XI-F, Article XI-L, and Article XI-G general obligation bonds issued for the benefit of OHSU is transferred beginning May 1, 2018 from DAS to HECC. The debt service budget for HECC is increased by \$11,760,817 General Fund and new limitation of \$21,069,924 Other Funds is established.

- \$175,276 General Fund and three part-time positions were approved to prepare an annual report on accelerated college credit programs across the state. The first report is due by December 1, 2018.

Chief Education Office

Budget actions during the 2018 session moved the Chief Education Office (CEdO) to more of a research organization beginning in the second year of the biennium, including the continued development and management of the Statewide Longitudinal Data System (SLDS). The 2017 Legislature provided only a one-year budget and included resources for the second year in a special purpose appropriation to the Emergency Board. Actions taken during the 2018 session resulted in a net General Fund total of \$8.2 million, including a \$1.6 million General Fund increase for completing the initial development of the SLDS. An equivalent amount was provided in the 2015-17 budget, but was not spent.

Overall, CEdO staffing was reduced from 14 positions in the first year of 2017-19 to 12 positions in the second year. Positions eliminated include an Operations Director, the STEM/CTE Director, and the Education Innovation Officer. A Solutions Architect position was added for the SLDS. The FTE on an Executive Specialist position was also reduced to half-time. Resources were identified to fund an Education Advisor in the Governor's Office, since the Chief Education Officer will no longer act in this capacity.

HUMAN SERVICES PROGRAM AREA

Oregon Health Authority

The 2017-19 legislatively adopted budget for the Oregon Health Authority (OHA) was reduced by \$22.2 million General Fund, and increased by \$41,793 Lottery Funds, \$78 million Other Funds, and \$243.7 million Federal Funds. This results in a legislatively approved budget of \$2.16 billion General Fund and \$20.21 billion total funds. Excluding the distribution of funds from a special purpose appropriation for compensation costs of state employees, the overall General Fund for the agency is reduced by \$40.4 million. Nearly all of this reduction (\$39 million) is related to the transfer to the Department of Human Services of all Medicaid eligibility services effective April 1, 2018.

The legislatively approved budget implements an agency rebalance including \$33.2 million in increased General Fund costs mostly related to changes in the federal match rate, and loss of hospital assessment revenue resulting from the delay caused by the referendum to repeal parts of HB 2391. Costs were more than offset by savings from General Fund caseload changes and \$17.2 million of additional hospital assessment revenues remaining from the 2015-17 biennium which will be used in the budget in place of General Fund. Rebalance actions also increase Federal Funds expenditure limitation by \$237.8 million, partly related to increased caseload forecast as estimated in the fall 2017 caseload forecast. Other increases include limitation to allow the agency to make the final distribution to the Hospital Transformation Performance Program, and expenditure limitation related to the increase in Hepatitis-C treatment services.

The agency continues to face a number of budget risks that were not explicitly addressed in the approved budget. These include changes to caseload, the implementation of new quality and access programs for the Oregon Health and Science University and rural hospitals, and several ongoing and emerging issues that the agency is in the process of analyzing. A special purpose appropriation of \$30 million is established for OHA or the Department of Human Services to address caseload costs or other budget challenges that the agencies are unable to mitigate.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments include \$18.1 million General Fund and \$30.2 million total funds.

Other key budget adjustments are listed below:

- General Fund was increased by \$950,000 to supplement existing funding for the school-based mental health capacity fund. This fund is run by OHA to place mental health providers in school-based health centers and in schools without school-based health centers.
- An additional \$900,000 General Fund was appropriated to expand the current Oregon Psychiatric Access Line program at the Oregon Health and Science University. The program currently provides telephone or electronic real-time psychiatric physician consultations to primary care providers caring for children and adolescents, and this funding will expand the program to primary care providers caring for individuals 19 years of age or older.
- A special purpose appropriation was established for the Emergency Board of \$2 million to be available for rate increases for certain residential mental health service providers, if needed. Another \$152,500 General Fund was provided to OHA for actuarial services and to provide technical assistance to providers with data collection and billing.
- HB 4143 provides \$2 million General Fund to establish a pilot project in four counties for determining the effectiveness of establishing immediate access to appropriate evidence-based treatment for persons who suffer opioid and opiate overdoses. One emphasis will be on the use of peer recovery support mentors.
- Other Funds expenditure limitation was increased by \$10 million to allow additional revenues received in the Health Care Provider Incentive Fund to be spent on workforce training programs and/or provider incentive programs.
- Rebalance adjustments include an increase of \$691,552 General Fund to support rising caseloads in the Breast and Cervical Cancer Screening Program.
- Other Funds expenditure limitation was increased for the Medical Marijuana Program to allow for a pass-through fee increase and for four additional positions in the program, primarily for compliance activities.

Department of Human Services

The 2017-19 legislatively adopted budget for the Department of Human Services (DHS) was increased by \$88.1 million General Fund, \$56.4 million Other Funds expenditure limitation, and \$111.1 million Federal Funds expenditure limitation, resulting in a legislatively approved budget of \$3.2 billion General Fund and \$11.6 billion total funds. In addition, the budget adjustments include a net increase of 707 positions (448.10 FTE). The legislatively approved budget rebalances the agency's budget based on the fall 2017 caseload forecast, realigns eligibility work between DHS and the Oregon Health Authority (OHA), and reflects legislative spending priorities.

All DHS budget changes are captured in HB 5201, the 2018 session omnibus budget bill. Additional detail beyond the following highlights can be found in the budget report for HB 5201; along with information on budget adjustments, the budget report includes discussion on caseload trends, context for budget notes, and legislative direction or actions affecting the agency.

Overall, the DHS rebalance plan approved in the budget results in savings of \$4.3 million General Fund; the calculation assumes availability of \$9.7 million from the special purpose appropriation for non-state

employees and excludes the transfer in of Medicaid eligibility staff from OHA since those additional costs also come with funding from OHA. Rebalance assumptions around cost projections in the Intellectual and Developmental Disabilities (IDD) program were updated from the agency's original estimates provided in January 2018. Notably, the revised IDD assumptions will allow the agency to delay action on program eligibility or service changes until at least next biennium, which supports further vetting of options during the 2019 session.

While many issues are covered in the DHS rebalance plan and by other budget adjustments, budget risks do remain. These include changes to caseloads based on future forecasts, cost per case increases tied to client acuity or service array, the agency's ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties, federal law or funding changes, and legal costs. The Legislature acted on these risks by approving a \$30 million special purpose appropriation to the Emergency Board for both DHS and OHA to access if caseload costs or other budget challenges prove to be unmanageable.

At \$39 million General Fund, almost half of the \$88.1 million General Fund increase is because of moving Oregon Health Plan (OHP) eligibility work from OHA to DHS; this transfer also adds 476 positions (320.37 FTE). Over a third of the increase is due to compensation adjustments; \$24 million General Fund for state worker compensation and \$9.7 million General Fund for non-state worker compensation. The next largest investment is \$13.2 million for 186 positions (85.90 FTE) to help address concerns about child safety and staff workload in the foster care system. Embedded in the net General Fund savings of \$4.3 million related to rebalance are various actions and program adjustments; these include program funding gaps (non-caseload), caseload and cost per case pricing changes (upward and downward), technical adjustments, and budget transfers. Those savings are used to add 33 positions (24.75 FTE) to tackle a backlog in background check processing.

The most significant component of the net \$56.4 million Other Funds increase is \$31.2 million needed to separately track expenditures for waived case management services in the Aging and People with Disabilities program. Also included is \$6.5 million to capture additional applicable child care savings, most of which will be used to pay a childcare stipend to working foster parents. For Federal Funds, the \$111.1 million increase is primarily tied the move of OHP eligibility, which brings \$103.5 million Federal Funds expenditure limitation with it. Another \$41.1 million Federal Funds expenditure limitation is due to adjustments for state and non-state employee compensation changes. These increases were offset by decreases in Federal Funds tied to a reduced Federal Medical Assistance Percentage rate (used for Medicaid programs) and caseload savings based on the spring 2018 forecast.

Other notable elements of the legislatively approved budget are listed below:

- In the Self Sufficiency program, a one-time investment of \$300,000 General Fund was made for distribution to the Oregon Food Bank to improve cold storage infrastructure. Funding will help the state's food bank network upgrade and expand commercial refrigerators, freezers, mobile coolers, and refrigerated trucks.
- The rebalance used \$3.4 million in one-time federal reallocation dollars to cover Vocational Rehabilitation program costs, which are being driven by an increase in the number of clients with cognitive and psychosocial disabilities who have complex needs. Maintaining the program without activating the Order of Selection (priority wait list) will continue to be a challenge.

- The legislatively approved budget for Child Welfare includes \$750,000 General Fund to help foster parents by providing respite care, training experienced foster parents as mentors, and covering a child's immediate needs, such as purchasing a car seat or crib.
- In the Aging and People with Disabilities program, a rate increase already scheduled on July 1, 2018 for certain Community Based Care providers, was augmented to support a 5% instead of a 2.5% increase, at a cost of \$10.6 million total funds.

Long Term Care Ombudsman

For the Oregon Public Guardian (OPG) program, the Legislature increased the General Fund appropriation by \$200,000 to pay for two permanent, full-time Deputy Guardian positions (Program Analyst 2) effective July 1, 2018 (1.00 FTE). The positions will be out-stationed in rural areas of the state, which will overcome barriers to contracting in certain areas, provide maximum support for volunteers, and expand program access. With these resources, OPG should be able to serve a minimum of 40 additional clients and possibly more as the volunteer program evolves.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

Department of Corrections

The Legislature approved a net-zero rebalance that moved \$969,000 General Fund, \$22,000 Other Funds, and thirteen positions among programs within the Department to align reporting relationships, advance organizational initiatives, and properly assign oversight functions within the agency. Changes include moving four positions from the Central Distribution Center to the Oregon State Penitentiary Commissary, to properly align reporting relationships; moving five positions in the Network Infrastructure program into the Information Technology program, to properly align IT workload and network security oversight; moving a position from Community Corrections to the Transport program, to align workload; moving an administrative support position from Administrative Services to the Director's Office; and moving two corrections counselors from Operations into the Offender Management and Rehabilitation Division to work as Re-entry and Release counselors, due to business need.

A statewide adjustment to apply Other Fund balances generated through excess Lottery Fund reserves, excess bond proceeds, and interest earnings to debt service established an Other Funds expenditure limitation in the Department of Corrections to accommodate the application of \$42,042 in interest earnings toward debt service payments.

Additionally, the agency received \$25.6 million General Fund, and an Other Funds expenditure limitation increase of \$264,199 for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Department of Justice

The budget for the Department of Justice (DOJ) is \$602.7 million total funds, including \$85.7 million General Fund, \$330.3 million Other Funds, and \$186.7 million Federal Funds. The total funds budget is \$17.8 million (or 3%) more than the 2017-19 legislatively adopted budget. The number of budgeted positions increased by five (6.98 FTE) to 1,379 positions (1,355.40 FTE). The major changes to the budget include:

The Child Support Enforcement Automated System budget was increased, on a one-time basis, by \$8.2 million total funds, including \$2.8 million in Article XI-Q bonds authorized in SB 5702 and \$5.4 million

Federal Funds, as well as 3.42 FTE. This supplemental increase, if needed, is to safeguard the progress of the project should there be an issue arising during User Acceptance Testing. Additionally, \$23,047 in General Fund Debt Service savings was captured.

The General Counsel Division's budget was increased, on a one-time basis, by \$1.3 million Other Funds expenditure limitation and four positions (2.68 FTE) for costs related to higher caseload work related to: procurement, bonding, expended lottery offerings, litigation agreement implementation, legal sufficiency reviews, and agency administrative rules development. The revenue sources for the Other Funds is billings to state agencies.

The Civil Enforcement Division, Medicaid Fraud Unit budget was increased by \$201,964 and 0.25 FTE to permanently address a personal services budget shortfall in the unit. The revenue sources are Federal Funds (75%) and Other Funds in the form of a portion of civil settlement recoveries.

The Criminal Justice Division budget was increased by \$185,916 General Fund and one position (0.63 FTE) for the prosecution of election fraud violations.

Also funded was a technical adjustment totaling \$127,059 General Fund. DOJ reported during the session how the agency can provide more effective and cost-efficient legal services to state agencies, how the agency bills for legal services, and on extraordinary compensation adjustments for attorneys.

Military Department

In September 2017, the Military Department Office of Emergency Management received direction from the Federal Emergency Management Agency (FEMA) to immediately stop charging administrative costs to federal grants in the absence of a federally-approved indirect cost allocation plan. The Legislature appropriated \$1,590,544 General Fund to pay for the disallowed administrative costs in 2017-19. An additional \$260,724 General Fund was appropriated to the Military Department to pay for costs incurred during the total solar eclipse on August 21, 2017.

The Department's Other Funds expenditure limitation was increased by \$5,442,829 to cover firefighting expenditures incurred during the 2017 fire season. The agency also received increases of \$118,849 General Fund, \$416,853 Other Funds, and \$1,737,862 Federal Funds for employee costs resulting from bargaining agreements and other compensation plan adjustments.

In December 2016, the National Guard Bureau prohibited the use of indoor firing ranges and directed that lead-contaminated National Guard armories be closed and lead abatement remediation begin immediately, fully funded by the federal government. The Legislature increased the Military Department's Federal Funds expenditure limitation by \$16,421,308 for remediation of eight armories throughout the state, funded by the National Guard Bureau.

There were several changes made to capital construction projects:

- The Legislature approved establishing \$6,125,000 of Federal Funds expenditure limitation to convert boilers from propane fuel to wood pellet fuel at Camp Umatilla. Decentralized wood-pellet boiler heating systems will be installed in eleven buildings at the Umatilla Training Center site, funded by the National Guard Bureau.
- The Oregon Military Museum Project's Other Funds capital construction expenditure limitation established in 2015-17 was increased by \$378,726, to allow the Military Department to spend

donations for the design and construction of a research library in the new museum. The new total for this portion of the Military Museum project is \$1,104,689.

Department of State Police

The Department of State Police is undertaking a significant re-balance of its resources between program units to better support the Patrol Division and to minimize the practice of holding trooper positions vacant. The Legislature appropriated \$2,975,558 General Fund and established 25 positions (25.00 FTE) to resolve double-filled support positions. The agency was required to reduce its 2017-19 appropriation for services and supplies and capital outlay to fund \$1,737,202 of the total cost of these positions, which is \$4,712,760.

Additionally, a net-zero budget action was approved that re-classified 49 positions per classification studies completed by the Department of Administrative Services, Chief Human Resources Office. Once implemented, these position actions and increased General Fund support will allow the agency to begin to fill trooper positions, with a recruit school class of fourteen troopers anticipated for October 2018, and an additional class of twenty troopers in January 2019.

The Legislature increased the agency's General Fund appropriation by \$3,255,945 and increased its Other Funds expenditure limitation by \$12,770,000 for Federal Emergency Management Agency-reimbursable expenses incurred during the 2017 fire season in Oregon.

The Legislature allocated General Fund and increased Other Funds and Federal Funds expenditure limitations statewide to address compensation plan changes. This action increased the Department of State Police's General Fund appropriation by \$5,002,271, Other Funds expenditure limitation by \$1,788,834, Lottery Fund expenditure limitation by \$76,711, and Federal Funds expenditure limitation by \$24,396 to fund employee compensation increases resulting from collective bargaining agreements and other compensation plan adjustments.

HB 4152 appropriated \$151,000 General Fund, on a one-time basis, to the Office of the State Fire Marshal to issue non-competitive grants to the Multnomah County and Hood River County Sherriffs' Offices for expenses related to wildfire recovery, mitigation, and preparedness.

Department of Public Safety Standards and Training

The Legislature approved an increase in the Other Funds expenditure limitation of \$623,260 for wildland firefighter training expenses incurred during the 2017 fire season in Oregon. An additional increase of \$400,000 was approved for crisis intervention training for first responders, funded by the Oregon Health Authority.

The Legislature increased the agency's Other Funds expenditure limitation by \$3,657,838 and authorized thirteen permanent positions (7.54 FTE) to add five basic police classes and one basic corrections class to the agency's training calendar to meet demand during the 2017-19 biennium.

The agency also received increases of \$912,379 Other Funds and \$4,396 Federal Funds for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Criminal Justice Commission

The Legislature increased the Criminal Justice Commission's Federal Funds expenditure limitation by \$1,045,940 for two grant awards received in larger amounts than anticipated in the 2017-19 legislatively adopted budget. The awards supplement an existing program supporting Local Public Safety Coordinating Councils in rural Oregon counties and the state's Statistical Analysis Center program.

The Criminal Justice Commission's Other Funds expenditure limitation was increased by \$450,000 for implementation of a new case management system for Oregon's specialty courts. Revenues supporting the expenditure limitation are from asset forfeitures, statutorily dedicated to specialty courts.

The agency also received increases of \$95,330 General Fund and \$8,357 Federal Funds for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Judicial Department

General Fund support for the Judicial Department was increased by approximately \$7.5 million (or 1.7%) over the legislatively adopted budget level approved in the 2017 session, as adjusted for the carryforward of prior-biennium General Fund ending balances, while total funds expenditures were increased by \$7.9 million (or 1.1%).

The Legislature increased the General Fund appropriation for judicial compensation by \$735,683, for the 2017-19 biennium costs of providing a \$5,000 per year salary increase to all statutory judges, beginning on July 1, 2018. The judicial salary increase was enacted by HB 4163, the 2018 session program change bill. The total fiscal impact of the salary increase will be \$1.3 million General Fund in the current biennium. This cost is financed from the combination of this General Fund appropriation increase, and the carryforward of \$564,317 General Fund from the prior biennium. The cost of the salary increase will increase to approximately \$2.6 million General Fund beginning with the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Legislature also increased the General Fund appropriation for operations by \$2,378,568, to avoid employee layoffs, furloughs, court closures, and other significant public service reductions during the second year of the current biennium. The Judicial Department had presented a \$5.3 million General Fund request for this purpose to the interim Joint Committee on Ways and Means in January 2018. The combination of the approved General Fund increase, however, along with the distribution of General Fund to the Department for employee compensation costs and the carryforward of General Fund from the prior biennium, will support the expenditure level targeted in the original \$5.3 million January request and allow the courts to avoid additional service reductions.

The Joint Committee on Ways and Means also acknowledged receipt of a compensation plan change report. The report is posted on the Oregon Legislative Information System website with the Joint Ways and Means Capital Construction Subcommittee March 2, 2018 meeting materials. The Department reported that the Chief Justice has approved the same provision included the executive branch compensation plan for management service and unrepresented employees, whereby effective February 1, 2019, salaries are increased 6.95% and responsibility to pay the 6% PERS pick-up switches from the employer to the employee. The changes do not affect judges, and are projected to cost \$854,000 General Fund and \$62,800 Other Funds during the 2017-19 biennium. The costs will be covered within the legislatively approved budget.

Finally, the Department's General Fund was increased by \$4.37 million to support compensation plan cost increases. Including Other Funds and Federal Funds expenditure limitation adjustments, agency expenditures were increased by a total of \$4.8 million for compensation plan cost increases. In contrast to most executive branch agency budgets, the Department's budget as passed in the 2017 session already included merit ("step") increases. The funding and expenditures added in the 2018 session were supportive of other compensation cost components, primarily cost-of-living adjustments, elimination of the PERS pick-up, and flexible benefits costs.

Public Defense Services Commission

Total funds expenditures for the Public Defense Services Commission were increased by \$2 million (or 0.7%), over the legislatively adopted budget level approved in the 2017 session as adjusted for the carryforward of prior-biennium General Fund ending balances.

The Legislature increased the General Fund appropriation by \$1,340,000 to expand the Parent Child Representation Program. This program works to improve the quality of legal representation for parents and children in juvenile dependency and termination of parental rights cases. The program currently operates in three counties but will be expanded to include Coos and Lincoln counties beginning on July 1, 2018. The cost of this expansion will double to \$2,680,000 General Fund in the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Legislature also approved a one-time General Fund appropriation of \$450,000 to fund an Oregon-specific caseload standards study, and an assessment of Oregon public defense services. The Commission will work with the American Bar Association for a study to develop standards for the time attorneys need to adequately represent clients in various case types, and to develop associated workload/caseload standards. The Commission will also work with the Sixth Amendment Center to assess the status of public defense services in the state.

The Joint Committee on Ways and Means also approved an adjustment to the calculation of the 2019-21 biennium current service level for professional services. The Commission is instructed to add \$4.2 million General Fund to the current service level calculation. This adjustment is approved to address concerns about the contract rate levels paid to trial-level public defense contract and hourly-paid providers. The amount is calculated to equal the cost of providing a 2% increase in rates for the full twenty-four months of the 2019-21 biennium; however, it is understood that the Commission may choose to allocate the funds in a different manner to best address concerns about provider pay.

The agency also received increases of \$205,521 General Fund and \$13,630 Other Funds expenditure limitation for employee costs resulting from bargaining agreements and other compensation plan adjustments.

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

Oregon Business Development Department

The Legislature increased Lottery Funds by a total of \$1,500,000, to provide one-time support for three programs: funding of \$500,000 was provided for the City of Warrenton to finance the rebuilding of a dock destroyed by fire; \$500,000 was provided for the Port of Cascade Locks to finance infrastructure and business recruitment at the Port's Business Park; and \$500,000 was provided for deposit into the Local Economic Opportunity Fund, to assist community economic resilience planning.

The Legislature also transferred \$1,250,000 of Lottery Funds expenditure limitation from the Strategic Reserve Fund program to the Oregon Growth Fund. The Lottery Funds expenditures for the Oregon Growth Fund are approved on a one-time basis and will be phased out in the development of the agency's 2019-21 biennium current service level budget. The Oregon Growth Board will utilize the Oregon Growth Fund moneys as allowed to increase capital to the state's early-stage small businesses.

Other Funds expenditure limitation was increased by \$642,194 for repairing and improving docks owned by the Port of Brookings Harbor. Lottery bonds had been approved to finance this project in the 2017 session, but expenditure limitation for the bond proceeds had not been added to the agency budget in error. This additional Other Funds expenditure limitation corrects the error and permits the agency to distribute the bond proceeds. The Legislature also increased the Federal Funds expenditure limitation by \$703,125 to accommodate expenditure of federal grants awarded under the State Trade Expansion Program.

The agency also received increases of \$25,437 General Fund, \$313,943 Lottery Funds, \$406,574 Other Funds expenditure limitation, and \$36,799 Federal Funds expenditure limitation for employee costs resulting from compensation plan adjustments.

Employment Department

The Legislature increased the Other Funds expenditure limitation by \$5,574,000, and established 22 limited duration positions (19.25 FTE), to utilize grant funds received to provide enhanced employment services to Supplemental Nutritional Assistance Program eligible customers.

The agency also received increases of \$2,785,971 Other Funds expenditure limitation and \$3,717,268 Federal Funds expenditure limitation for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Housing and Community Services Department

The Legislature approved a one-time \$5 million General Fund increase for the 2017-19 biennium only, to enhance homeless shelter capacity and homelessness prevention services provided through the Emergency Housing Account program in specific communities, as specified in the budget report for HB 5201. A one-time General Fund appropriation of \$200,000 was also provided to the Department for costs related to the creation of a youth shelter for unaccompanied minors in the City of Salem.

The passage of HB 4006 provided \$270,000 General Fund for the Department to study cost drivers of the agency's existing affordable housing portfolio, with the intent of informing development practices and policies of future affordable housing; a portion of the funds are also authorized for technical assistance grants to applicants of the agency's affordable housing financing programs.

A total of \$34.5 million Other Funds expenditure limitation was added to the 2017-19 biennium for the following purposes:

- \$18,475,000 to accommodate the transfer of General Fund spent as Other Funds special payments by the Department.
- \$15,973,155 and 6 positions (2.34 FTE) related to the passage of HB 4007. The bill increased the document recording fee for certain real property documents, from \$20 to \$60, providing an increased level of support for the Emergency Housing Assistance program, the Home Ownership Assistance Program, and the General Housing Account Program, administered by the Housing and Community Services Department.

Lottery Funds expenditure limitation in the amount of \$1,150,000 was added on a one-time basis for veterans' homelessness and housing issues; these funds are associated with the passage of Measure 96 and allocated during the 2017 session. This amount augments \$350,000 of one-time lottery funds expenditure approved during the 2017 session for emergency housing assistance services to veterans.

The agency also received increases of \$55,021 General Fund, \$774,097 Other Funds expenditure limitation and \$124,414 Federal Funds expenditure limitation for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Department of Veterans' Affairs

The Legislature established capital construction expenditure limitation of \$2,111,875 Other Funds and \$3,922,053 Federal Funds for upgrades to the Oregon Veterans' Home in The Dalles. Capital construction expenditure limitation of \$1,305,815 Other Funds and \$2,425,085 Federal Funds was also established for upgrades to the Edward C. Allworth Veterans' Home in Lebanon. The Department of Veterans' Affairs (ODVA) is applying for U.S. Department of Veterans Affairs State Home Construction Grants that, if successful, will fund 65% of the capital projects with the remaining 35% state match being supported with Veterans' Home Program reserve funds.

An increase in Federal Funds expenditure limitation of \$500,000 was approved for transportation of veterans in highly rural areas. The increase results in total legislatively approved Federal Funds expenditure limitation of \$1 million, which will accommodate ongoing receipt and disbursement of the annual \$500,000 Highly Rural Transportation Grants.

Lottery Funds limitation in the amount of \$136,531 and one position (0.54 FTE) was approved in HB 4038 to establish a program to provide services to incarcerated veterans. ODVA determined that two permanent positions are needed to provide services to veterans during incarceration and post-release. One existing veterans' services officer position within the Department that has provided part-time support for incarcerated veterans pilot projects will be fully dedicated to the program. A Program Analyst 2 position is added for the second incarcerated veterans' services officer, as well as services and supplies costs to support the program.

The agency also received increases of \$187,515 General Fund, \$206,243 Lottery Funds, and \$208,976 Other Funds expenditure limitation for employee costs resulting from bargaining agreements and other compensation plan adjustments.

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

Board of Licensed Professional Counselors and Therapists

The Legislature ratified two new fees, the inactive status license fee of \$100, and the reactivation of inactive status license fee of \$125. The new inactive status is intended to better inform the public and to gain efficiencies by replacing the former procedure of granting a "continuing education waiver" that exempted licensees who were not practicing for an extended period of time from the continuing education requirements. The fees are anticipated to generate approximately \$140,150 Other Funds revenue during the 2017-19 biennium, and approximately \$160,458 Other Funds during the 2019-21 biennium.

Department of Consumer and Business Services

The Legislature increased the Federal Funds expenditure limitation for the Department of Consumer and Business Services (DCBS) by \$810,000 for the Senior Health Insurance Benefit Assistance (SHIBA) program that provides outreach, education, and financial support to seniors to maximize their Medicare benefits. The program is funded through a number of federal grant programs including the Safety and Health Investments Projects (SHIP) program, the Medicare Improvements for Patients and Providers Act (MIPPA), and the Senior Medicare Patrol (SMP) program. The additional expenditure limitation allows DCBS to expend federal amounts received that were in addition to those amounts originally anticipated in the agency's budget.

A one-time only increase in expenditure limitation of \$1,157,514 Federal Funds and the authorization for the establishment of a limited duration position (0.67 FTE) in conjunction with a federal grant award from the U.S. Department of Health and Human Services (DHHS) was approved for the planning and implementation of health insurance market reforms through the Health Insurance Enforcement and Consumer Protections (HIECP) grant program. The grant monies will be used to fund a limited duration Market Conduct Field Examiner position and to replace up to 10% of the existing funding for three market Analyst positions and a Grant Coordinator position at a total cost of \$281,261 in the 2017-19 biennium. The remaining \$876,252 in grant funding is for contracted consulting services by experienced clinicians with pharmaceutical expertise to review formularies and create standard operating procedures to ensure form filing reviewers can accurately review formularies and related documentation submitted by insurers.

The Legislature approved an increase in the Other Funds expenditure limitation of \$118,392 to reclassify positions in the Workers' Compensation Division and the Division of Financial Regulation. The change impacted three positions in total and each of the reclassification requests were reviewed and approved by the Department of Administrative Services, Chief Human Resource Office. No changes to the number of authorized positions or FTE were resultant from the reclassifications.

HB 4005 was approved by the Legislature and included an increase in expenditure limitation of \$425,022 Other Funds and authorized the establishment of three positions (1.50 FTE) by DCBS to administer the reporting program established in the measure on prescription drug prices and costs associated with developing and marketing prescription drugs.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$6.19 million Other Funds and \$369,822 Federal Funds were also approved.

Board of Pharmacy

The Legislature ratified two new fees related to the regulation of a new category of license called the Dispensing Practitioner Drug Outlet (DPDO). These fees apply to the registration of a DPDO for healthcare practitioners who have dispensing privileges from their practice location. The annual DPDO fee is \$100 per outlet and there is a DPDO delinquent fee of \$25 for late renewal. The fees are anticipated to generate approximately \$8,125 Other Funds revenue in the 2017-19 biennium and \$16,250 Other Funds revenue during the 2019-21 biennium.

Board of Psychology

The Legislature ratified an increase in fees for the application, permitting, jurisprudence exam, delinquency, and renewal of the various biennial licenses offered by the Board. The renewal fees have not been increased since 2010, while the other fees had remained unchanged since 2000. The fee increases were necessary to address increases in expenses for investigations and attorney general costs. The fees are anticipated to generate approximately \$49,580 Other Funds revenue during the 2017-19 biennium and \$69,500 Other Funds revenue during the 2019-21 biennium.

Board of Examiners of Speech-Language Pathology and Audiology

The Legislature approved an increase of \$131,158 Other Funds expenditure limitation and the establishment of a permanent half-time Investigator 2 position (0.31 FTE) for the Board of Speech-Language Pathology and Audiology to address the Board's costs related to investigations. Included in the \$131,158 increase is \$42,587 for personal services, \$3,571 services and supplies, \$60,000 for professional services for expert clinical review of case files, and \$25,000 for Attorney General costs.

Bureau of Labor and Industries

Other Funds expenditure limitation of \$275,000 and 0.50 FTE were added to the 2017-19 budget for the Bureau of Labor and Industries, for grant-funded apprenticeship expansion and diversification activities. The agency received an increase of \$341,885 General Fund, \$238,785 Other Funds, and \$38,949 Federal Funds for employee costs resulting from bargaining agreements and other compensation plan adjustments.

Occupational Therapy Licensing Board

The Legislature ratified fees established in rule by the Occupational Therapy Licensing Board for conducting fingerprint background checks on new applicants. The fee changes are expected to generate approximately \$24,000 Other Funds revenue in 2017-19, with all of it being passed through to the Department of State Police to conduct the fingerprint background checks. The Other Funds expenditure limitation for the Board was increased by \$24,000 to reflect this transfer of revenue.

Veterinary Medical Examining Board

The Legislature approved an increase of \$46,111 Other Funds expenditure limitation for the Veterinary Medical Examining Board for costs related to the veterinary facility inspection program established by HB 2474 (2015). The increase in limitation will be used to fund the cost of the full-time inspector position at a salary level higher than the budgeted step 2 and includes services and supplies for travel and per diem costs.

NATURAL RESOURCES PROGRAM AREA

Department of Agriculture

The Legislature increased constitutionally dedicated Lottery Funds by \$846,821 for additional costs related to Japanese beetle eradication efforts in the Cedar Mill and Bethany neighborhoods in NW Portland that began in the spring of 2017. During the 2017 calendar year eradication efforts, even more beetles were trapped in this area than were anticipated and beetles were also found in areas outside the initial treatment area. The increase in areas needing treatment, coupled with higher than anticipated costs to maintain the quarantine and dispose of green waste in the existing treatment area to avoid spreading the pests, required additional resources beyond the initial \$1.1 million approved in the 2017-19 adopted budget. To address future potential costs, the Lottery Funds allocation for the Department

was increased by \$1,359,653 to be available for any additional eradication efforts. The Department would need to request an increase in Lottery Funds expenditure limitation from either the Emergency Board or the Legislature to spend this additional Lottery Funds allocation.

Department of Environmental Quality

The Legislature approved a one-time increase of \$1,917,084 General Fund, \$2,965,300 Other Funds expenditure limitation, and the addition of months to six existing limited duration positions to continue planning and begin development of an environmental data management system. The Other Funds represent the portion of the proceeds from the sale of \$5 million Article XI-Q bonds that will be spent in the 2017-19 biennium. This funding is to be used to implement the foundational build of a customized off-the-shelf software solution that will replace multiple outdated and disparate information technology systems currently in use at the Department of Environmental Quality (DEQ). DEQ also received \$1 million General Fund and 4 positions to address backlogs in air quality permitting, with emphasis on processing permit renewals, and supporting process improvement initiatives.

In addition, \$17,834,248 Other Funds expenditure limitation was approved to implement a new electric vehicle rebate program. HB 2017 (2017) included a privilege tax of 0.5% on the sale or lease of vehicles beginning January 1, 2018. Monies raised by this tax are to be used for rebates on the purchase or lease of electric vehicles to encourage increased utilization of these vehicles. An additional \$165,892 Other Funds expenditure limitation was approved to support two positions to work on expanding the Department's existing Greenhouse Gas program to include collection of product output data, as well as, provide quality assurance of emissions data reported to the agency.

Department of Fish and Wildlife

The Assembly authorized a one-time General Fund appropriation of \$350,000 to operate the Leaburg Fish Hatchery located on the McKenzie River for the second year of the 2017-19 biennium. On July 1, 2018, the U.S. Army Corps of Engineers (Corps) will no longer pay for the Department of Fish and Wildlife (ODFW) to operate and maintain the hatchery, which it had done since the facility was constructed in 1953 to mitigate for lost trout habitat caused by construction of federal dams in the Willamette Valley. The Corps will now instead contract with a private entity to purchase trout and will continue to pay ODFW to produce steelhead at another ODFW facility. The state support will allow the Department to continue to produce trout at the facility, including trophy size fish. In addition, a one-time \$50,000 General Fund increase was approved for culling of elk herds on the Cold Springs National Wildlife Refuge, which is located just outside Hermiston. The elk forage outside the Wildlife Area and damage commercial agriculture operations on adjacent land.

Department of Forestry

A one-time only increase of \$26,194,224 General Fund to the Department of Forestry (ODF), Fire Protection Division was approved by the Legislature for the payment of emergency firefighting costs associated with the 2017 forest fire season, including costs for:

- Unbudgeted emergency firefighting (\$22,722,123)
- Fire protection district deductibles (\$915,600)
- Oregon State Treasury loan interest (\$63,561)
- Severity resources (\$2,492,940)

Of the \$2 million General Fund appropriation made to the Department for severity resources, an offsetting reduction of the same amount was made to the special purpose appropriation to the Emergency Board that had been established for this purpose. In addition, Other Funds expenditure limitation was increased one-time only by \$22,743,921, which includes \$10,130,317 for unbudgeted emergency fire costs, \$4,101,866 for reimbursed costs of emergency fire costs from other agencies including the Federal Emergency Management Agency, \$7 million for the payment of pass-through reimbursements to other agencies from federal sources, and \$1,511,738 for fire protection district deductibles.

The Legislature approved an increase in the General Fund appropriation made to ODF in the amount of \$500,000 and a decrease in the expenditure limitation of \$500,000 Other Funds to reverse a reduction in General Fund subsidy for fire patrol assessments on low-productivity, east-side forest lands that was included in SB 5519 (2017), the agency's budget bill.

The Legislature approved a one-time \$500,000 General Fund appropriation to ODF to fund staff and contractor costs incurred for Good Neighbor Authority (GNA) projects. Agency projected use of the funding includes:

- \$125,000 for direct and indirect expenses related to increasing hours for existing seasonal staff positions that perform timber sale layouts for GNA projects, design and implement internal processes to administer timber sales, and train ODF staff on how to conduct GNA timber sales.
- \$275,000 for contracting for environmental analysis related to GNA timber sales under the National Environmental Policy Act.
- \$100,000 for distribution as a special payment to the Department of Fish and Wildlife to develop GNA projects, which will benefit fish and wildlife habitats.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$1.17 million General Fund, \$3.81 million Other Funds, and \$0.25 million Federal Funds were approved by the Legislature.

A reservation within the general-purpose Emergency Fund of \$1 million was established by the Legislature for eradication efforts of the European lineage (EU1) of the invasive, non-native, pathogen that causes the sudden oak death (SOD) disease in tanoak and possibly damages or kills certain conifer tree species.

Department of Land Conservation and Development

A one-time increase of \$300,000 in General Fund for the Department of Land Conservation and Development, local government grants program was approved for the provisioning of technical assistance grants to eastern Oregon counties for conducting economic opportunity analyses.

A one-time appropriation of \$1,730,000 General Fund was approved in HB 4006 to fund contracted technical assistance to local governments through housing needs analysis, code audit assistance, code updates, and housing strategy implementation plans.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$0.18 million General Fund, \$50,716 Other Funds, and \$65,882 Federal Funds were approved by the Legislature.

Parks and Recreation Department

The Legislature approved an increase in the expenditure limitation for the Parks and Recreation Department (OPRD) of \$200,000 Other Funds for expenses associated with Sudden Oak Death mitigation work on State Parks properties within the Cape Sebastian State Scenic Corridor. Funding for the treatment will come from the Park Stewardship account which receives a portion of fees charged by the agency and is dedicated for the management of natural resources, hazard trees, landscape, and the ocean shore.

An increase in the expenditure limitation for OPRD of \$20,000 Lottery Funds was included for grants to repair recreational trails damaged due to the Chetco Bar fire during the 2017 fire season.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$9,835 General Fund, \$1.53 million Lottery Funds, \$1.09 million Other Funds, and \$32,079 Federal Funds were approved by the Legislature.

Department of State Lands

An increase in Federal Funds expenditure limitation in the amount of \$155,734 for the Department of State Lands (DSL) was approved for the expenditure of Wetland Program grant funds from the U.S. Environmental Protection Agency (EPA). The expenditure limitation increase included:

- \$121,734 for five individual initiatives identified in the updated Oregon Wetland Program Plan.
- \$25,000 for a supplemental Wetland Program Development Grant (WPDG) to contract with a third party to complete wetland functional assessments on existing wetland mitigation bank sites prior to the implementation of the Aquatic Resources Mitigation Program initiation in 2018.
- \$9,000 for federal grant funds that were not expended in the prior biennium from the original 2015 EPA WPDG.

The Legislature included a one-time technical adjustment in the DSL Other Funds expenditure limitation of \$235,081 to carry-forward 2015-17 biennium unexpended grant funding from the University of Michigan for the South Slough National Estuarine Research Reserve. This limitation would have normally been reestablished in the agency's budget bill, but the actual unexpended amount was not known at the time of the bill's passage.

A one-time only expenditure limitation increase for DSL of \$7,244,215 Other Funds was approved by the Legislature for expenses associated with the cleanup efforts at the Goble, Oregon site on the Columbia River. The funding is for the costs of site security, inventory and disposal of solid waste and hazardous material, asbestos inventory and abatement, and dewatering and disposal of vessels and structures due to default by the former lessee of the site.

The Legislature approved a \$410,102 increase in the Other Funds expenditure limitation for DSL and authorized the establishment of a limited duration project manager position (0.67 FTE), the establishment of a permanent, full-time network architect position (0.67 FTE), and the upward reclassification of an existing information systems supervisor position to address the need to continue the planning for the replacement of its aging Land Administration System (LAS) through the end of the current biennium and ongoing management of its information technology systems.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$621,679 Other Funds and \$48,996 Federal Funds were approved by the Legislature.

Water Resources Department

The Legislature approved a one-time increase in expenditure limitation for the Water Resources Department of \$5,269,633 Other Funds for the expenditure of Lottery Revenue bond proceeds for distribution to the City of Carlton to replace the city's finished water supply line.

Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$667,177 General Fund, \$288,859 Other Funds, and \$26,383 Federal Funds were approved by the Legislature.

Oregon Watershed Enhancement Board

The Legislature increased the Lottery Funds expenditure limitation for the Oregon Watershed Enhancement Board by \$5,000,000 to reflect increases in forecasted Lottery revenues constitutionally dedicated to the Parks and Natural Resources Fund and required to be expended on grants to non-state agencies.

TRANSPORTATION PROGRAM AREA

Department of Aviation

The Legislature approved a one-time increase of \$950,000 in Other Funds expenditure limitation for the Operations Division to oversee and fund test ranges for Unmanned Aircraft Systems. The test ranges are in Tillamook, Warm Springs, and Pendleton, Oregon.

Department of Transportation

The Legislature increased the agency's Other Funds expenditure limitation by \$117,530,106 to fund continued implementation of the Transportation Package of 2017 (HB 2017). The agency also received a one-time \$10,000 increase in Other Funds expenditure limitation to implement SB 375 (2017) related to posting information on human trafficking in roadside rest areas. Finally, there was a debt service technical adjustment of \$1,008,173 Other Funds.

The Legislature allocated General Fund and increased Other and Federal Funds expenditure limitations statewide to address compensation plan changes. This action increased the Oregon Department of Transportation's Other Funds expenditure limitation by \$21,507,311 to fund employee compensation increases resulting from collective bargaining agreements and other compensation plan adjustments.

ADMINISTRATION PROGRAM AREA

Department of Administrative Services

The budget for the Department of Administrative Services (DAS) increased by \$33.3 million total funds, or 2.9%, during the 2018 session over the 2017-19 legislatively adopted budget.

A one-time \$2.5 million Other Funds expenditure limitation increase was included for the Office of the State Chief Information Officer to support the leasing of existing fiber assets in partnership with Oregon State University for the establishment of a new core fiber network to support state agencies and

Oregon's research universities through the "OregonFIBER" partnership. This expenditure will enable the establishment of a new public statewide core network spanning more than 2,200 miles with speeds up to 100 Gbs. In addition, the Other Funds expenditure limitation for the State Data Center (SDC) was increased by \$779,157 on a one-time basis to pay the costs associated with moving the Oregon Youth Authority's (OYA) information technology assets into the SDC.

The Legislature approved the following Other Funds expenditure limitation increases for the Enterprise Asset Management program area:

- \$6,250,000 for infrastructure improvements at the Mill Creek Corporate Center in Salem. Infrastructure improvements at the Center are necessary for parcels to be sold and developed. These improvements are paid for with proceeds from land sales at the Center.
- \$1,375,000 Other Funds expenditure limitation increase for six limited duration construction manager positions established in the 2017-19 legislatively adopted budget to oversee deferred maintenance projects funded through the Capital Projects Fund. At the time the budget was adopted, DAS thought the positions could be paid for using expenditure limitation from each project. Since then the Department determined that the positions should be supported through standalone Other Funds expenditure limitation for personal services.
- \$860,000 to secure and maintain the Hillcrest (\$550,000) and the North Coast (\$310,000) Youth Correctional Facilities. Both facilities were transferred to DAS by OYA as surplus property. DAS will start the process of disposing of both properties in the current biennium, however, it is likely that final disposition will not occur until the 2019-21 biennium.

The Legislature added \$3.1 million Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$3,000,000 in lottery bonds for disbursement to Trillium Family Services for construction of a secure adolescent inpatient facility at the Trillium Children's Farm Home. Another \$2.1 million Other Funds was also approved for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$2,000,000 in lottery bonds for disbursement to DePaul Treatment Centers for construction of a new treatment facility. There is no debt service allocated in the 2017-19 biennium for these sales, as the bonds will not be sold until the spring of 2019. Debt service for 2019-21 is estimated at a combined total of \$864,212 Lottery Funds per biennium.

The Legislature also approved nine one-time General Fund appropriations to DAS for the following purposes:

- \$1,895,000 for disbursement to the Rogue River Valley Irrigation District for the Bradshaw Drop Irrigation Canal project.
- \$1,100,000 for disbursement to the National Urban Housing and Economic Community Development Corporation for implementation of a program to provide affordable homes, skills training, and jobs for unemployed prior-offenders, at-risk youth, and veterans.
- \$1,000,000 for disbursement to the City of Maupin for a new Civic Center that will replace the current library and City Hall.
- \$1,000,000 for disbursement to the Port of Umatilla to build a new facility to house the Hermiston Chamber of Commerce.
- \$500,000 for disbursement to the City of Maupin to complete a fiber project.
- \$300,000 for disbursement to the City of Milwaukie for expansion of the Ledding Library.

- \$300,000 for disbursement to Athena’s Gem, Inc. for transforming the Gem Theater property into a regional art center.
- \$200,000 for disbursement to Benton County for a ranked choice voting pilot project.
- \$100,000 for disbursement to Harney County for a study of the Silvies River and its drainages.

Finally, the Legislature made a one-time General Fund appropriation of \$1,435,000 to support operations of a Carbon Policy Office to be housed temporarily in DAS. The Office will be staffed by four limited duration positions: the Governor’s Carbon Policy Advisor, a Climate Policy Manager, a Project Manager, and a support staff position. The approved funding includes \$650,000 for studies to examine the following areas: an economic impact analysis of a cap and trade program on Oregon’s jobs and economy, leakage risk of emission intensive, trade exposed industries, and carbon sequestration.

Office of the Governor

The budget for the Office of the Governor was reduced by approximately \$2.5 million, or 9.2%, from the 2017-19 legislatively adopted budget. This reduction, however, entirely reflects the transfer out of the Oregon Volunteers Commission for Voluntary Action and Service (Oregon Volunteers) program. Excluding this action, support was increased by approximately \$803,000, or 3%.

The Legislature increased the General Fund appropriation by \$222,022, and added one permanent full-time education policy advisor position (0.50 FTE) to the Office. It also established a one-time \$230,772 General Fund appropriation and one limited duration full-time Census Coordinator position (0.63 FTE). This employee will coordinate state efforts to ensure an accurate census count in the federal 2020 Census. The Office of the Governor is expected to request re-establishment of this position for an additional eighteen-month period in its 2019-21 biennium budget request.

The Legislature also adjusted the Office’s budget to reflect the transfer of the Oregon Volunteers program to the Higher Education Coordinating Commission. HB 4163, the 2018 session program change bill, transfers the Oregon Volunteers program from the Office of the Governor to the Higher Education Coordinating Commission on July 1, 2018. The Legislature increased the agency’s General Fund appropriation for Oregon Volunteers by \$50,000 to fully-fund expenditures through June; decreased the Federal Funds expenditure limitation for Oregon Volunteers by \$3,337,261; and decreased position authority by 0.50 FTE, to reflect the transfer out of grant expenditures and the program Director position beginning July 1. The corresponding adjustments to the Higher Education Coordinating Commission budget are described in that section of this report.

Oregon Liquor Control Commission

The budget for the Oregon Liquor Control Commission (OLCC) increased by \$6.9 million, or 3.3%, from the 2017-19 legislatively adopted budget.

Other Funds expenditure limitation for OLCC was increased by \$677,175 and 1 position (0.67 FTE) for information technology improvements, management, and oversight. The limitation provides for the creation of a permanent Chief Information Officer to manage, plan, implement, and upgrade the agency’s multiple IT systems related to alcohol and cannabis regulation, as well as agency finance. Also included in the amount is limitation to accommodate increases in the agency’s software licensing and maintenance costs, and preliminary business case and planning funds for a new online beer and wine tax payment and reporting system. Limitation to continue a contracted Geographic Information System analysis for the remainder of the biennium is also included in this amount.

The agency anticipates at least 2,000 medical marijuana growers will be required to use the agency's cannabis tracking system under the provisions of SB 1057 passed in 2017. Thirteen additional regulatory specialist positions (8.67 FTE) and an associated \$2.1 million were added to the budget, based on estimates associated with a December 31 deadline included in the bill; another \$960,000 Other Funds is associated with these new registrant's cannabis tracking system access and user fee payments.

SB 1544 (2018) made clarifications to marijuana regulations, which are expected to result in an additional 378 medical marijuana growers subject to requirements to use the cannabis tracking system, and driving the need for another three Marijuana Regulatory Specialist positions. Of the \$600,693 in additional Other Funds expenditure limitation added to the OLCC budget related to this measure, \$181,440 is related to cannabis tracking system user fees, and \$154,818 is attributable to one-time services and supplies expenditures including training and equipment. Another major provision of SB 1544 is to change the quarterly amount of marijuana tax revenue transferred to OLCC for medical marijuana-related expenditures, from up to \$1.25 million per calendar quarter to \$875,000, through the year 2023. The Oregon Criminal Justice Commission will receive \$375,000 per quarter to administer a new Marijuana Market Enforcement Grant Program Fund for local law enforcement-related costs.

Three positions (2.00 FTE) and \$474,672 Other Funds were added for additional administrative functionality in the marijuana program to prevent backlogs, develop and refine licensing and compliance protocols, train investigators, and ensure accurate and consistent reporting.

HB 4089 will require the OLCC to track hemp and related products when they are transferred, sold, or transported to licensed premises. Two positions (0.83 FTE) and \$284,856 Other Funds were added to the 2017-19 agency budget to manage hemp-related responsibilities.

Public Employees Retirement System

The budget for the Public Employees Retirement System (PERS) increased by \$3 million Other Funds, or 3%, during the 2018 session over the 2017-19 legislatively adopted budget. The major changes to the budget are described below.

The Information Services Division's budget was increased by \$487,174 Other Funds expenditure limitation and two permanent full-time positions (1.34 FTE) for network operational activities and to pay for a temporary contract with a private vendor at a cost of \$206,000. The Division's budget was further increased by \$200,000 Other Funds, on a one-time basis, as the first installment to pay for expenditures that the agency has had to make to conform to an Oregon Investment Council decision to move the Individual Account Program to a target-date fund solution beginning January 2, 2018 (also see HB 4159).

The Compliance, Audit, and Risk Division's budget was increased by \$176,661 Other Funds and one permanent full-time (0.67 FTE) for an information security and risk officer position. The Division's budget was further increased by \$80,000 Other Funds for a pension and healthcare independent actuarial review.

Department of Revenue

The budget for the Department of Revenue (DOR) increased by \$11 million total funds, or 3.5%, during the 2018 session over the 2017-19 legislatively adopted budget.

The budget was increased by \$2.4 million Other Funds expenditure limitation and 13 permanent new full-time positions (5.59 FTE), and 30 limited duration positions (9.38 FTE), for supplemental funding for the implementation of HB 2017 (2017), the statewide transportation initiative. The Core Systems Replacement program (CSR) budget for HB 2017 was reduced by \$497,420 Other Funds to account for final contract savings. There was also a one-time increase of \$50,000 Other Funds related the Processing Center Modernization project.

Six Operations and Policy Analyst 3 positions were established to resolve outstanding CSR issues. Two Economist 4 positions were also established for the Research Section to provide internally-focused CSR research for agency management and performance purposes. DOR self-financed these position changes by eliminating or reclassifying existing positions.

New funding in the amount of \$1.8 million Other Funds expenditure limitation and 11 permanent full-time positions (5.79 FTE) was provided for the implementation of SB 1067 (2017), which centralizes most debt collection activity in state government within DOR. A fee will be charged to debtors to offset the cost. The Business Division's Other Agency Accounts collections section was increased by \$184,140 Other Funds and one permanent full-time position (0.50 FTE) to serve as the agency's Collections Administrator and, eventually, as the Collections Division Administrator once the division is formally established next biennium. Funding in the amount of \$377,227 General Fund and \$94,427 Other Funds was provided for the implementation of SB 254 (2017), which requires financial institutions to participate in a data match program with DOR.

The budget was increased, on a one-time basis, by \$604,613 General Fund and \$52,575 Other Funds and four limited duration positions to remedy a number of financial management deficiencies within the agency. These resources were funded by a decrease of \$604,613 General Fund and \$52,575 Other Funds for services and supplies expenditures as a result of savings in the Processing Center Modernization project and a re-estimation of State Data Center charges.

Various division-level budgets were increased by a combined total of \$928,6551 General Fund, \$192,204 Other Funds, seven permanent full-time positions (4.51 FTE), and 27 seasonal full-time positions (3.29 FTE) to remedy unbudgeted, double-filled, underbudgeted, and misclassified positions. A special purpose appropriation to the Emergency Board in the amount of \$650,000 was approved for additional position adjustments, with the priority being given to those in the Property Tax Division.

The budget was increased by \$524,929 General Fund and \$10,713 Other Funds and seven permanent full-time positions (2.92 FTE) for a remote customer service call center.

The agency fulfilled a number of budget note reporting requirements related to: an accounting and budget review, personnel practices, information technology projects, and taxpayer assistance. The Legislature instructed DOR to report back in 2019 on a feasibility study related to the establishment of a collections division, a report on SB 1067 (2017) implementation, and a report on private collection firms.

Secretary of State

The budget for the Secretary of State was increased by approximately \$3.6 million, or 4.9%, over the 2017-19 legislatively adopted budget.

The Legislature established a one-time \$1,663,885 General Fund appropriation for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. These costs were not previously included in the agency's budget. The funds will reimburse costs documented as of February 7, 2018, including \$353,922 of Elections Division expenditures, and \$1,309,963 for county costs. The appropriation was approved on a one-time basis, and will be phased out in the agency's 2019-21 biennium budget request. Total reimbursable costs of the special election are expected to equal approximately \$3.32 million. The Secretary of State may request reimbursement for remaining costs from the special purpose appropriation to the Emergency Board approved for this purpose.

The Legislature also increased the General Fund appropriation for the Elections Division by \$257,306, and decreased the Federal Funds expenditure limitation by \$42,616, to finance the continued printing and distribution of Oregon Motor Voter mailers required under state law. The appropriation increase will fund notifications and postage-paid return envelopes to persons about to be registered to vote under the Oregon Motor Voter program, that include instructions on how to opt-out of voter registration, and how to affiliate with a political party.

The Legislature also increased the General Fund appropriation by \$156,357 to establish one permanent full-time position (0.63 FTE), to support operational resilience and improve the cyber security of Elections systems, and increased the Other Funds expenditure limitation by \$139,367 to establish one new limited duration full-time Training and Development position (0.63 FTE) in the agency's Human Resources Division.

Oregon State Treasury

The budget for the State Treasury increased by \$3.5 million total funds, or 4.2%, during the 2018 session over the 2017-19 legislatively adopted budget.

The Oregon Retirement Savings Board budget was increased by \$1.8 million General Fund for services and supplies, which brings the 2017-19 approved budget to \$4 million General Fund. The supplemental increase is to pay for outreach and marketing and is considered a General Fund loan to be repaid by the Treasurer. State Treasury was also directed to report to the Interim Joint Committee on Ways and Means or the Emergency Board in May 2018 on investment expenses related to the Oregon Public Employees Retirement Fund.

LEGISLATIVE BRANCH

The Legislative Branch retains its General Fund reversions from the previous biennium. The legislatively adopted budget included reversion adjustments between legislative branch agencies; those adjustments resulted in a net-zero General Fund rebalance. The largest portion of the rebalance was to finalize the appropriate split of funds between Legislative Administration and the recently established Legislative Policy and Research Office. Reversion funds will cover costs for space planning, closed captioning, online training, and diversity and inclusion needs. An additional \$700,000 General Fund was provided to the Legislative Administration Committee for workplace improvements for the Legislative Branch.

The budget includes an increase in Other Funds expenditure limitation of \$151,550 for costs of issuance on Article XI-Q general obligation bonds authorized in SB 5702 for the Capitol Accessibility, Maintenance, and Safety project, also known as CAMS. An adjustment to debt service resulted in a General Fund reduction of \$48,618 and an increase in Other Funds expenditure limitation of \$48,619. An

increase of \$250,000 Other Funds expenditure limitation was included for the Legislative Counsel Committee for ongoing staffing and office needs.

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.

During the 2018 session, several changes affecting the Emergency Fund and Emergency Board were made:

General Purpose Adjustments

No adjustments were made to the general purpose Emergency Fund during the 2018 session, leaving the Emergency Fund at \$49.7 million available for the remainder of the 2017-19 interim.

Special Purpose Disappropriations

As part of the 2017-19 biennium statewide rebalance plan, HB 5201 adjusts the Emergency Board's special purpose appropriations as follows:

- Eliminates the special purpose appropriation for state agencies for compensation of state employees of \$100 million, and makes General Fund appropriations to various state agencies of \$96.9 for state employee compensation changes and adjustments for Pension Obligation Bond payments.
- Eliminates the \$10 million special purpose appropriation for compensation driven by collective bargaining costs of workers who are not state employees; the bulk of these funds are appropriated to the Department of Human Services. Details on how the funding is being used can be found in the Human Services Program Area summary earlier in this document.
- Eliminates the \$200,000 special purpose appropriation to the Emergency Board for costs associated with the public guardian program and makes a corresponding appropriation to the Long Term Care Ombudsman to provide the program additional resources.
- Eliminates the \$750,000 special purpose appropriation to the Emergency Board for foster parent supports and adds the same amount of General Fund to the Child Welfare program budget within the Department of Human Services.
- Eliminates the \$3,972,118 special purpose appropriation to the Emergency Board for funding the second year of the biennium for the Chief Education Office. This bill does appropriate General Fund for the full biennium for the Chief Education Office. The Office is set to sunset at the end of the current biennium.
- Reduces the special purpose appropriation for the Department of Forestry for fire protection expenses by \$2 million in conjunction with a corresponding General Fund appropriation to the Department of Forestry for emergency firefighting costs during the 2017 fire season; this leaves \$4 million in the special purpose appropriation for 2018 fire season issues.

Special Purpose Appropriation Establishment

- Establishes a \$650,000 special purpose appropriation for the Department of Revenue for potential position reconciliation costs with the priority assigned to those in the Property Tax Division.
- Establishes a \$2 million special purpose appropriation for the Oregon Health Authority for rate increases for certain residential mental health service providers.
- Establishes a \$1,656,115 special purpose appropriation to be allocated to the Secretary of State for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. The appropriation is available to reimburse eligible costs that were not reimbursed through a similar appropriation made directly to the Secretary of State for this purpose.
- Establishes a \$300,000 special purpose appropriation for Department of Human Services to increase access to ventilator-assisted services in nursing facilities.
- Establishes a \$30 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate. Known potential challenges include changes to caseloads based on future forecasts, the agencies' ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties or repayments, federal law or funding changes, and legal costs.
- Establishes a \$2.5 million special purpose appropriation for the Department of Human Services to access for the Child Welfare program as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce stability, and help foster families.

The Legislature also established a reservation within the general purpose Emergency Fund of \$1 million for the Oregon Department of Forestry (ODF) for the purpose of eradication efforts of the European lineage (EU1) of *Phytophthora ramorum*, the invasive, non-native, pathogen that causes the sudden oak death (SOD) disease in tanoak and possibly damages or kills certain conifer tree species. ODF may request allocation of the reservation from the Emergency Board if all other sources of funding supporting SOD eradication efforts have been expended and the agency evidences that additional funding will result in a demonstrative reduction in the incidence or spread of the pathogen in Oregon.

With these changes, the Emergency Fund consists of \$49.7 million for general purposes and \$49 million for specified purposes. Any special purpose appropriation not used by December 1, 2018 is available to the Emergency Board for any lawful use (including the original purpose). Any unused Emergency Fund resources will become available to the Legislature in the 2019 session or revert to the General Fund ending balance if not accessed during the next session.

Additional Session Actions

Program Change Measure

Each session the Legislature enacts, as part of a package of budget measures, what is commonly referred to as the “program change” measure. This measure makes the necessary changes in statutes and session laws to support the legislative budget, to clarify the application of statutes for the budget, and to modify provisions relating to the use of funds. For the 2018 session, HB 4163 served as the program change measure. The measure is not an appropriation bill and therefore does not include the appropriation of funds. The fiscal or budgetary impacts of provisions of this measure are contained in HB 5201 (omnibus budget reconciliation).

HB 4163 included the following provisions:

- Moved responsibility for administering debt service on outstanding general obligation bonds sold for the benefit of Oregon Health and Science University (OHSU) from the Department of Administrative Services to the Higher Education Coordinating Commission.
- Validated the General Fund appropriations made to the Criminal Justice Commission in section 7, chapter 673, Oregon Laws 2017 and to the Department of Justice in section 8, chapter 673, Oregon Laws 2017.
- Moved civil penalties collected by Oregon Liquor Control Commission (OLCC) due to violations of laws and rules governing recreational marijuana from the OLCC’s Marijuana Control and Regulation Fund to the General Fund, consistent with where civil penalties are deposited in other agencies.
- Changed the cost recovery requirement for financial institution data match.
- Provided for an actuarial review of the Public Employees Retirement System.
- Permitted the Oregon Health Authority to designate another entity to be responsible for the cancer registry.
- Made permanent current law and ongoing practice related to legislator salaries, and removed the requirement that the Legislative Branch must pay a contribution to state deferred compensation plan of 6% of salary for legislator members of the plan.
- Increased judges’ annual salaries by \$5,000 on July 1, 2018.
- Moved the Oregon Volunteers program from the Governor’s Office to the Higher Education Coordinating Commission.

HB 4163 included no reappropriation or transfer of agency funds to the General Fund for general governmental purposes.

State Employee Compensation

The 2017-19 legislatively adopted budget included a special purpose appropriation of \$100 million General Fund for state employee compensation adjustments to be allocated to affected agencies once final collective bargaining decisions were made. During the 2018 session, most of that special purpose appropriation was allocated in HB 5201 and is expected to cover the General Fund estimated costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements.

Total compensation adjustments included \$98.4 million General Fund, \$2.3 million Lottery Funds, \$80.8 million Other Funds, and \$43.3 million Federal Funds. The Lottery Funds, Other Funds, and Federal Funds expenditure limitations are calculated at fully funded amounts.

The following table shows the state agencies with the largest General Fund appropriations dedicated for employee compensation. These seven agencies account for 88% of the total General Fund allocated for state employee compensation changes.

Agency	2017-19 General Fund
Department of Corrections	\$25,614,486
Department of Human Services	\$23,957,501
Oregon Health Authority	\$18,143,501
Oregon Youth Authority	\$5,152,750
Department of State Police	\$5,002,271
Judicial Department	\$4,372,311
Department of Revenue	\$4,106,271

For state employees, collective bargaining resulted in new two-year contracts that generally included the following: merit increases, an annual cost of living adjustment of 1% in June 2018, insurance costs, selective salary increases, and the inclusion of a monthly wage floor of \$2,600.

In addition, almost all agreements except those for the Service Employees International Union (SEIU) include a provision that eliminates the 6% PERS “pick up,” usually beginning in February 2019. There is an associated 6.95% salary increase at that time, with the additional 0.95% expected to cover other payroll expenses that are affected by the increase in salary. SEIU was excluded because a similar provision was included in their agreements during the 2015-17 biennium that went into effect on November 1, 2016.

Employees will continue to pay 5% of their health insurance costs, however, employees will be required to pay only 1% if they choose a plan that is at least 10% cheaper than the most expensive plan. Health plans are generally 3.4% higher than in previous years and are expected to increase 3.4% in 2019.

Other statewide adjustments include adjustments for Pension Obligation Bond (POB) payments and fully funding the General Fund need of employee compensation for small agencies. POB adjustments generated a net cost of \$1.7 million total funds, but included General Fund savings of \$1.5 million.

Roll-up costs for the agreements are expected to be \$102.8 million General Fund and \$228.8 million total funds in 2019-21.

See the Legislative Fiscal Office budget information brief on compensation plan funding, <https://www.oregonlegislature.gov/lfo/Documents/2016-1%20Compensation%20Plan%20Funding.pdf>

Revenue Policy Legislation

One focus of revenue policy during the 2018 session was the impact on Oregon of the federal Tax Cuts and Jobs Act. This, once again, brought to the forefront the issue of Oregon’s connection to federal law.

Ultimately, the Legislature chose to tie to all provisions except two: a newly created deduction for certain business income (SB 1528), and the use of funds deposited into the state's 529 College Savings Network (HB 4080). Disconnecting from the former policy would have a positive revenue impact of \$245 million in 2017-19 and roughly \$400 million in each of the following two biennia. The latter policy is expected to have a minimal revenue impact but would require taxpayers to repay any 529 tax reductions they received if such funds are used for non-college expenses.

SB 1529 fixes a quirk in Oregon law so that the state can benefit from the federal repatriation policy. The bill also repeals the state's tax haven law. It is projected to have a net one-time revenue gain of \$145 million. As in prior even-year sessions, the Legislature made technical changes to several tax credits, mostly done with little or no revenue impact (HB 4028). One exception is that some limitations were placed on the Working Family Dependent Care tax credit, raising about \$1 million annually. With HB 4007 the Legislature created a new tax deduction and exemption for contributions to a home-buyer savings account. Within the same bill, they increased the document recording fee from \$20 to \$60. The tax preferences for the savings account are expected to reduce General Fund revenue by \$4 million in 2019-21 and \$6 million in 2021-23; the change to the recording fee is projected to increase Other Funds by \$30 million in 2017-19 and \$61 million in 2019-21. Other Funds were also increased when the Long-Term Care Facility Assessment was extended six years, through June 30, 2026 (HB 4162). It is projected to raise \$72 million in 2019-21 and \$156 million in 2021-23. Definitional changes were made to the Transient Lodging Tax in HB 4120 that are projected to increase state collections by about \$0.4 million and local collections about \$2 million annually.

Other Revenue Sources

Criminal Fine Account

The Criminal Fine Account (CFA) includes criminal fines and other financial penalties imposed on persons convicted of felonies, misdemeanors, and violations other than parking infractions. The fines are collected by courts and remitted to the Department of Revenue. During the 2018 session, the Legislature modified Criminal Fine Account allocations in SB 5703. Total CFA allocations were increased by \$3,758,407 (or 4.9%).

Although ORS 137.300 establishes the CFA and identifies program priorities, it does not specify funding levels for the programs. Those amounts are established through the budget process. Once the specific program allocations have been made, the balance of revenues in the CFA is deposited into the General Fund. The increases in the allocations in SB 5703 result in decreases of 2017-19 biennium General Fund revenues of the same amounts. The total of CFA revenue deposited into the General Fund is projected to equal \$63.2 million in the 2017-19 biennium, a 5.4% decrease from the level forecasted during the 2017 session.

The Legislature approved the following allocation increases in SB 5703:

- Increased the allocation to the Department of Public Safety Standards and Training for operations by \$3,731,494. This includes a one-time increase of \$2,986,494 to increase the number of training classes, and \$745,350 to address the costs of compensation plan changes for employees.
- Increased the allocation to the State Court Facilities and Security Account in the Oregon Judicial Department for state court security and emergency preparedness by \$26,913 to address the costs of compensation plan changes for employees.

Oregon Marijuana Account

The Legislature expanded, for the current biennium only, the allowable uses of the Oregon Marijuana Account moneys allocated to the Mental Health Alcoholism and Drug Services Account, to also include mental health treatment and alcohol and drug abuse prevention, early intervention and treatment programs.

Fees

The enabling legislation necessary to approve (ratify) fees adopted by state agencies through administrative rule, and approved by the Department of Administrative Services, during the period between the end of the 2017 session and the beginning of the 2018 session was provided in HB 5202. ORS 291.055(1)(e) mandates that all new state agency fees or fee increases adopted between regular sessions of the Legislative Assembly are rescinded upon adjournment of the next regular session unless authorized by enabling legislation setting forth the approved fees.

There were no fees directly established, increased, reduced, or eliminated by substantive legislation during the 2018 session. The authorization to establish fees by administrative rule was included in some bills, however, since the specific fee amounts were not defined in the enabling legislation, those actions are not included in this update. It is expected that if those fees are established during the interim, the specific fees will be brought before the Legislature for ratification as noted in the process above.

The following table summarizes the number of individual fee changes resulting from the establishment or increase in fees following the end of the 2017 session and prior to the beginning of the 2018 session that were approved in HB 5202 along with the anticipated impact on the agency's 2017-19 biennium revenues.

Revenue Impact of Fee Changes

	Established		Increased		Total	
	Number	Anticipated 2017-19 Revenue Impact	Number	Anticipated 2017-19 Revenue Impact	Number	Anticipated 2017-19 Revenue Impact
Board of Licensed Professional Counselors and Therapists	2	\$140,150			2	\$140,150
Board of Pharmacy	2	\$8,125			2	\$8,125
Board of Psychology			7	\$49,580	7	\$49,580
Department of Agriculture	2	\$387,000			2	\$387,000
Department of Consumer and Business Services	8	\$432,015	2	\$52,500	10	\$484,515
Department of Environmental Quality			78	\$61,022	78	\$61,022
Occupational Therapy Licensing Board	1	\$24,000			1	\$24,000
Oregon Health Authority	1	\$3,628,800			1	\$3,628,800
Oregon Liquor Control Commission	2	\$26,000			2	\$26,000
Total	18	\$4,646,090	87	\$163,102	105	\$4,809,192

The following agency fee changes were ratified in HB 5202:

- Board of Licensed Professional Counselors and Therapists – Established two new fees, the inactive status license fee of \$100, and the reactivation of inactive status license fee of \$125. The new inactive status is intended to better inform the public and to gain efficiencies by replacing the former procedure of granting a “continuing education waiver” that exempted licensees who were not practicing for an extended period of time from the continuing education requirements.
- Department of Consumer and Business Services – Adopted several fees related to the establishment of new regulatory programs related to Debt Buyers in HB 2356 (2017) and Mortgage Loan Servicers in SB 98 (2017) and the expansion of regulation for the Pharmacy Benefit Managers in HB 2388 (2017). The fees were necessary to cover the costs of administering the individual programs within the Department's Division of Financial Regulation.

- Department of Environmental Quality – Increased the existing fees related to the onsite septic system program by 3% in order to adequately support the program. The Environmental Quality Commission received feedback from fee payers that a regular, gradual increase to program fees is preferable to larger infrequent increases.
- Occupational Therapy Licensing Board – Established a fingerprint background check fee of \$40 for all new applicants for licensure. This fee is passed through entirely to the Department of State Police to conduct the fingerprint background check. There are about 350 new applicants per year, approximately 70% of which come from out of state.
- Board of Pharmacy – Adopted two new fees related to the regulation of a new category of license called the Dispensing Practitioner Drug Outlet (DPDO). These fees apply to the registration of a DPDO for healthcare practitioners who have dispensing privileges from their practice location. The annual DPDO fee is \$100 per outlet and there is a DPDO delinquent fee of \$25 for late renewal.
- Board of Psychology – Increased fees for the application, permitting, jurisprudence exam, delinquency, and renewal of the various biennial licenses offered by the Board. The renewal fees have not been increased since 2010 while the other fees had remained unchanged since 2000. The fee increases were necessary, as the Board has had increases in expenses for investigations and attorney general costs.
- Department of Agriculture – Established fees for the administration of the Bovine Manure Tax Credit program which was transferred under HB 2066 (2017) from the Department of Energy to the Department of Agriculture beginning tax year 2018. That transfer included authority to charge and collect a fee from applicants for certification of tax credits. The Department adopted an application fee of \$100 plus 3.8% of the tax credit, which matches the fees charged by the Department of Energy for the program.
- Oregon Health Authority – Established a fee to cover the costs of using the Oregon Liquor Control Commission (OLCC) cannabis tracking system as required by SB 1057 (2017) for tracking propagation, processing, and transfer of medical marijuana. The revenue from the fee will then be transferred to the Marijuana Control and Regulation Fund from which OLCC can pay program costs. The annual fee of \$480 for medical marijuana users of the system is identical to the fee already in place for recreational marijuana users of the system.
- Oregon Liquor Control Commission – Adopted two new fees related to new regulatory responsibilities established by legislation in 2017. SB 1057 (2017) allowed recreational marijuana growers to increase the size of their allowable canopy for medical marijuana patients, and SB 1015 (2017) provides for registration of hemp producers to allow for hemp products to be brought into recreational retailers, tested, and sold. The Medically Designated Canopy Registration fee is \$100 annually and the Hemp Certificate is \$500 annually.

Public Employees Retirement System Changes

The Legislature enacted two Public Employee Retirement System (PERS) measures during the 2018 session. SB 1566 was enacted to address the PERS Unfunded Accrued Liability. This measure did not impact PERS member defined pension or defined contribution benefits, but did provide a new source of financing for member pension benefits.

The measure established an Employer Incentive Fund to be used for a 25% match program. All PERS entities, including school districts, community colleges, and public universities, are eligible to participate in the matching funds program under the conditions outlined in the bill. The fund is capitalized with an estimated \$25 million in one-time funding from SB 1529.

The measure established a School Districts Unfunded Liability Fund. The PERS Board is planning to create a school districts pooled side account and proportionately distribute the side account among all school districts as an offset to employer contribution rates. The fund is capitalized with an estimated \$115 million in one-time funding from SB 1529. Additional revenue transfers that may become available include excess revenues from: debt collection, capital gains, estate taxes, and interest on unclaimed property.

The measure created an Unfunded Accrued Liability Resolution program to assist an employer in the development of a plan to improve the employer's funded status. Entities are authorized to make a lump-sum cash payment into a side account of \$10 million or more to choose an amortization period of six years, 10-years, 16-years, or 20-years. The measure includes various repeal dates, or date-specific limitations on sources of revenue, and also directed various reporting to the Legislature.

HB 4159 was enacted to provide for Individual Account Program (IAP) member choice in investment selection. The IAP is the defined contribution portion of a PERS benefit and is funded with 6% of a member's salary, which is either employee-paid or assumed and paid by the employer. The Oregon Investment Council moved the IAP to a target-date solution beginning January 2, 2018. IAP assets will be moved into an increasingly conservative portfolio as the member ages to help protect against market fluctuations. This change was mandatory and provided for no member choice to make individual investment decisions. HB 4159 provides for member choice beginning on January 1, 2019 as long as legal or fiduciary standards allow implementation. The fiscal impact was indeterminate; however, future costs are expected to be material.

State Bonding and Capital Construction

State Bonding

In January 2018, the State Debt Policy Advisory Commission (SDPAC) issued its updated recommended capacity limits for General Fund and Lottery Funds supported debt based upon the December 2017 revenue forecast, current market conditions, and bonding authorized during the 2017 session.

The Commission's 2018 Legislative Update Report recommended \$80.8 million in General Fund supported debt capacity and \$26.2 million in Lottery Funds supported debt capacity for the remainder of the 2017-19 biennium. SDPAC recommendations for total available debt capacity were developed considering that General Fund debt service should not exceed 5% of General Fund revenues; Lottery Funds debt service should not exceed 25% of Lottery Funds revenues; and total available debt capacity is averaged evenly over future biennia.

Article XI-G and Article XI-Q general obligation bond authorizations were increased by \$30.5 million and \$32.3 million, for the Higher Education Coordinating Commission to finance grants for the following public university projects:

- \$10.2 million Article XI-G bonds and \$29.4 million Article XI-Q bonds for Oregon State University's Cascades Campus Academic Building 2.
- \$20.3 million Article XI-G bonds for the University of Oregon's Campus for Accelerating Scientific Impact.
- \$2.9 million Article XI-Q bonds for Southern Oregon University to replace two steam boilers.

The Department of Administrative Services' Article XI-Q general obligation bond authority was increased by an additional \$17.6 million for capital projects owned or operated by the state. Approved projects include:

- \$5.1 million for the Department of Environmental Quality's Environmental Data Management System.
- \$2.8 million for the Department of Justice's Child Support Enforcement Automated System.
- \$9.7 million for the Legislative Administration Committee to make capital improvements to the State Capitol Building.

The Legislature increased the Department of Administrative Services' lottery revenue bond limit by \$21.1 million. The increased lottery revenue bond authorization provides funding for the following projects:

- Eastern Oregon University, Field House Facility: \$9.9 million of lottery bonds were approved to provide \$9 million in proceeds for the construction of a new field house.
- Department of Administrative Services, De Paul Treatment Center: \$2.2 million of lottery bonds were approved to provide \$2 million in net proceeds for distribution to De Paul Treatment Centers for a new treatment center facility.
- Department of Administrative Services, Trillium Children's Farm Home: \$3.3 million of lottery bonds were approved to provide \$3 million in net proceeds for distribution to Trillium Family Services for construction of the second of three buildings at the Children's Farm Home Corvallis campus that house the state's Secure Adolescent Inpatient Program (SAIP).

- Water Resources Department, City of Carlton Water Loss Reduction: \$5.7 million of lottery bonds were approved to provide \$5.15 million in net proceeds for distribution to the City of Carlton to replace the city's finished water supply line and reduce water loss. The additional authority increases the total amount of net proceeds available for the project to \$7.15 million for the 2017-19 biennium.

General Fund debt service on the additional bonding is estimated to be \$833,867 in the 2017-19 biennium and \$12.4 million in the 2019-21 biennium. Lottery Funds debt service is estimated to be \$3.3 million in the 2019-21 biennium.

Article XI-F (1) general obligation bond authority was increased by \$4 million to finance two public university projects that will be supported with university revenues. Authority for Other Financing Agreements was increased by \$17 million for the Department of Administrative Services to enter into capital lease agreements for various equipment needs during the 2017-19 biennium.

The Housing and Community Services Department's direct revenue bond authority was increased by \$100 million and pass-through revenue bond authority was increased by \$275 million to accommodate projected awards for first-time homebuyer mortgage financing and affordable multifamily housing. The increases result in total 2017-19 direct and pass-through revenue bond authority of \$400 million and \$600 million, respectively.

With the approvals during the 2018 session, General Fund supported bonds total \$1,182.6 million and Lottery Funds supported bonds total \$221 million for the 2017-19 biennium. Accordingly, there is \$419,348 of General Fund supported debt capacity and \$5.1 million of Lottery Funds supported debt capacity remaining for the 2017-19 biennium. Total General Fund debt service for authorized bonding in the legislatively approved budget is estimated to be \$26 million in the current biennium and \$196.6 million in 2019-21. There are no debt service payments due on total legislatively approved lottery revenue bonds in the 2017-19 biennium and an estimated \$35.6 million in 2019-21.

Capital Construction

During the 2018 session, the Legislature approved establishing additional Other Funds capital construction expenditure limitation of \$90.2 million and Federal Funds capital construction expenditure limitation of \$12.5 million for the 2017-19 biennium. Capital construction expenditure limitation for the 2015-17 biennium was also increased by \$436,658 Other Funds and \$521,380 Federal Funds.

Department of Administrative Services

Oregon Resilience Buildings: An increase of \$2,500,000 Other Funds (Capital Projects Fund) was approved for the Yellow Lot Building project that was established in the 2017 session for planning related to a seismically resilient facility to be located on the yellow lot (Oregon Resilience Building). The increase brings total Other Funds capital construction limitation approved for the project to \$7,079,431.

Department of Aviation

McDermitt State Airport Rehabilitation: An increase of \$521,380 Federal Funds (Federal Aviation Administration) and \$57,932 Other Funds (aircraft registration fees) was approved for the 2015-17 McDermitt State Airport Rehabilitation project. The increases bring total capital construction limitation approved for the project to \$2,336,380 Federal Funds and \$259,599 Other Funds to accommodate higher construction costs.

Department of Corrections

Capital Improvements and Renewal: An increase of \$54,000 Other Funds (interest) was approved for the Capital Improvements and Renewal project that was established in the 2017 session to make improvements in several facilities. The increase brings total Other Funds capital construction limitation approved for the project to \$26,347,534 and allows the Department to complete existing capital improvement projects, including a rooftop HVAC upgrade and water system re-piping project.

Department of Veterans' Affairs

The Dalles Veterans' Home Capital Improvements: \$3,922,053 Federal Funds (U.S. Department of Veterans' Affairs construction grant) and \$2,111,875 Other Funds (Veterans' Home Program reserves) was approved for upgrades to the Oregon Veterans' Home in The Dalles. The project includes replacing the roof, siding, and fascia; adding airlock areas near exterior doors; upgrading two exterior garden areas; replacing an industrial water heater; and replacing interior window sills in resident rooms.

Lebanon Veterans' Home Capital Improvements: \$2,425,085 Federal Funds (U.S. Department of Veterans' Affairs construction grant) and \$1,305,815 Other Funds (Veterans' Home Program reserves) was approved for upgrades to the Edward C. Allworth Veterans Home in Lebanon. The project includes addition of a memory-care activity room; construction of a multi-purpose building for medical office space, staff offices, and training rooms; construction of a storage building; and upgrading the heating and cooling system.

Higher Education Coordinating Commission

The Legislature approved a \$74,650,000 increase in Other Funds capital construction expenditure limitation for distribution of general obligation and lottery revenue bond proceeds to public universities. This amount corresponds to the total project amounts for three new university projects and increases in three previously approved projects. The following projects are funded with proceeds from the issuance of Article XI-G bonds, Article XI-Q bonds, Article XI-F (1), and Lottery Revenue bonds and will be disbursed as grants or loans, as applicable, pursuant to grant contracts and loan agreements between HECC and each university:

- Eastern Oregon University
 - Field House Facility: \$9,000,000 (Lottery Revenue Bonds) was approved to construct a new 30,000 square foot field house that will include a track and field area; physical activity and health education area; outdoor program area; locker rooms and public restrooms; and stadium seating. Cross-laminated timber (CLT) will be utilized as a primary construction material in the facility.
 - Track and Field Facilities Restoration: An increase of \$350,000 (Article XI-F (1) bonds) was approved for removal and replacement of the track and related infrastructure and the addition of a scorer's station, restroom facilities, and guest seating. The increase brings total 2017-19 Other Funds expenditure limitation approved for the project to \$1,100,000.
- Oregon State University
 - Cascades Expansion - Academic Building 2: \$29,000,000 (Article XI-Q bonds) and \$10,000,000 (Article XI-G bonds) was approved to construct a new 55,000 square foot academic building that will include laboratories, general purpose classrooms, faculty offices, and other learning and support and research spaces, as well as associated utilities and surface parking. Oregon building products, such as CLT and regional wood products, will be incorporated in the facility structural components and aesthetic features.

- Southern Oregon University
Boiler Replacement: \$2,800,000 (Article XI-Q bonds) was approved for the replacement of two steam boilers, a condensate storage tank, the boiler control system, and an undersized chiller.
- University of Oregon
Campus for Accelerating Scientific Impact, Phase II: \$20,000,000 (Article XI-G bonds) was approved to partially fund the second phase of the Campus, which includes new science lab facilities located north of Franklin Boulevard and other construction, improvements, or acquisitions to support the Campus. The Legislature previously approved \$50,00,000 for the initial phase of the Campus project during the 2017 session. CLT will also be incorporated in the public-facing areas of the building, including the structure that connects the two towers.
- Western Oregon University
Natural Sciences Building Renovation: \$3,500,000 (Article XI-F (1) bonds) was approved to renovate and seismically upgrade the Natural Sciences Building for use by the physical and natural sciences programs.

Legislative Administration Committee

Capitol Accessibility, Maintenance, and Safety: An increase of \$9,500,000 Other Funds (Article XI-Q bonds) was approved for the Capitol Accessibility, Maintenance, and Safety project that was established in the 2017 session to finance capital improvements to the State Capitol Building. The increase brings total 2017-19 Other Funds capital construction limitation approved for the project to \$23,269,092 and the total approved amount for the project to approximately \$60 million.

Military Department

Camp Umatilla Facilities Biomass Heating Upgrades: \$6,125,000 Federal Funds (National Guard Bureau) expenditure limitation was approved to convert boilers from propane fuel to wood pellet fuel at Camp Umatilla. Decentralized wood-pellet boiler heating systems will be installed in eleven buildings on the Umatilla Training Center site.

Oregon Military Museum: An increase of \$378,726 Other Funds (Capital Construction Account) expenditure limitation was approved for the 2015-17 Oregon Military Museum capital project. The increase brings total Other Funds capital construction limitation approved for the project to \$1,104,689 and will allow the Military Department to expend donations for the design and construction of a research library in the new museum.

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. 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.

The Legislature approved a total of nine budget notes during the 2018 session, seven of which are contained in the budget report for HB 5201, and two in the budget report for SB 5702:

EDUCATION PROGRAM AREA

Department of Education

BUDGET NOTE (HB 5201): The Oregon Department of Education is instructed to use one-time funding from the Network for Teaching and Learning to provide up to \$100,000 to support the Civic Scholars program under HB 2955 (2015) for the annual Oregon Civics Day for Teachers for the 2018-19 school year. This program provides ongoing professional development for civics teachers across the state.

BUDGET NOTE (HB 5201): Before disbursing any matching funds from the Connecting Oregon Schools Fund to provide schools with broadband access, the Oregon Department of Education shall consult with the Office of the State CIO in order to prioritize the disbursement of matching funds so as to leverage existing public fiber assets to the greatest extent possible. The Oregon Department of Education shall provide a report on the disbursement of funds to the Joint Committee on Information Management and Technology during the first Legislative Days after the disbursement of funds. The report shall identify the schools benefitting from the matching funds, the status of any broadband deployments, the broadband speed available per user, and the extent to which the disbursements leverage existing public fiber.

Higher Education Coordinating Commission

BUDGET NOTE (SB 5702): The Higher Education Coordinating Commission is directed to report to the Emergency Board in May 2018 on the statewide criteria developed to evaluate and prioritize Public University capital requests that are proposed in the agency's request budget. The criteria and evaluation process should provide, at a minimum, comparable information across projects, objective analysis of each request, and prioritization of deferred maintenance activities.

HUMAN SERVICES PROGRAM AREA

Department of Human Services

BUDGET NOTE (HB 5201): The Department of Human Services shall work with the Oregon Health Authority to develop a plan to increase access to ventilator-assisted services in nursing facilities, effective January 1, 2019. The plan should address criteria used to enroll nursing facilities and respiratory providers; the rate methodology proposed for compensating these services; state Medicaid plan amendments and administrative rules required to implement this initiative; any information technology changes needed to support the program; the projected costs for these services in the 2017-19 and 2019-21 biennium for the two agencies; and any other actions needed or barriers to be mitigated before service implementation. The Department shall prepare and submit a report containing the plan elements to the Emergency Board prior to October 1, 2018.

Oregon Health Authority

BUDGET NOTE (HB 5201): The Oregon Health Authority will use this additional funding to supplement the existing capacity grant program. Applicants should be encouraged to list potential community partnerships; other local, foundation or CCO financial participation; and how the efforts respond to adverse childhood experiences, critical mental or behavioral health challenges facing youth, or ensuring school and student safety. The proposals could be through direct funding of in-school services and/or leveraging other community resources and partnerships. The agency is encouraged to pass through these dollars to school and education service districts or their key partners, process applications in an efficient and timely manner, and to report back to the appropriate interim Committees by January 1, 2019 as to number of proposals received and project funding granted.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

Department of Corrections

BUDGET NOTE (HB 5201): As of January 25, 2018, the Department of Corrections had 297 inmates in custody over the age of 70. Elderly inmates are housed throughout the state, depending on the location of infirmary and hospice beds, single-story and single-bunk cells and dormitories, and proximity to health care facilities. The Department of Corrections is directed to evaluate the feasibility of using the Oregon State Penitentiary - Minimum as a dedicated facility for housing male prison inmates over the age of seventy-five. The Department should evaluate the suitability of using OSPM to house elderly inmates and identify any and all facility modifications that would be required to safely house a population that has an above average incidence of mobility limitations and serious health conditions. The suitability evaluation should include a detailed cost analysis and an estimated construction timeframe for those modifications to the existing facility necessary to provide an adequate number of infirmary and hospice beds for this population, as well as any security upgrades, infirmary improvements, medical equipment purchases, and accessibility modifications. The Department is directed to report to the Legislature by February 2019 on the cost and timeframe for remodeling and equipping OSPM, and on the estimated cost of operating the facility, including any extraordinary costs for medical staff, transportation, and other reasonably necessary resources for housing an elderly inmate population.

Military Department

BUDGET NOTE (HB 5201): The Oregon Military Department - Office of Emergency Management (OEM) is directed to assess and update OEM's processes, policies, and practices for internal control over grants management, separate from and in addition to any external financial or programmatic audits currently underway. The updated practices should align to the Internal Control-Integrated Framework as updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Military Department is to undertake immediate action to correct any identified deficiencies. The Military Department is directed to submit a quarterly progress report to the Legislature at each meeting of the Emergency Board in 2018. The Military Department is directed to provide a final written report on the assessment and corresponding updated processes, policies, and procedures to the Joint Committee on Ways and Means during the 2019 session, prior to consideration of the agency's budget for 2019-21.

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

Housing and Community Services Department

BUDGET NOTE (HB 5201): The Housing Stability Council, in alignment with preliminary findings from the Statewide Housing Plan, shall make recommendations to the Director of Oregon Housing and Community Services about how to prioritize funding for the Emergency Housing Account and the State Homeless Assistance Program to ensure that funds are being spent as efficiently and effectively as possible. At a minimum, the Council shall consider how the use of funding incentivizes regionally and nationally recognized best practices, and outcome oriented strategies, to create a more effective system to prevent and reduce homelessness. The Director shall present recommendations to the Legislature by February 28, 2019.

NATURAL RESOURCES PROGRAM AREA

Water Resources Department

BUDGET NOTE (SB 5702): The Water Resources Department (WRD) is directed to report to the Emergency Board, no later than December 2018, on publicly owned high-hazard dams in Oregon that have unsatisfactory or poor condition ratings. The report shall include existing WRD Dam Safety Program activities, such as dam inspection and Emergency Action Plans, as well as policy and budget recommendations related to the repair, remediation, and replacement of dams with significant risk of failure. The report should include the approximate cost to rehabilitate dam infrastructure with unsatisfactory and poor condition ratings and existing federal, state, and local resources currently available for this purpose.

Information Technology

During the 2018 session, the Joint Legislative Committee on Information Management and Technology (JLCIMT), staffed by the Legislative Fiscal Office, focused its activities on:

- Reviewing proposed Information Technology (IT) related law and policy changes.
- Reviewing and providing recommendations on agency IT budget requests.
- Reviewing and providing oversight for previously approved IT policy option packages.
- Evaluating business cases, foundational project management work, risk assessments, and quality assurance reports for new or ongoing major IT projects exceeding \$1 million.
- Identifying IT projects requiring budget notes or other legislative directives.
- Assuring JLCIMT and Joint Committee on Ways and Means review of major IT project status, budget notes, and issues.

The committee was referred one bill during the 2018 session (HB 4023) and reviewed the status of several key IT projects and initiatives that were of special interest. A majority of these projects and initiatives had an associated budget note or other legislative direction adopted to make sure that agencies proceeded consistent with the Legislature's direction during the 2017-19 biennium.

HB 4023, relating to broadband technology, was referred to JLCIMT and passed by the Legislature:

- HB 4023 recognizes the vital role that access to high-speed, affordable broadband plays in the effective and efficient delivery of public services to all Oregonians. To that end, the measure directs the Oregon Broadband Advisory Council to study and report to the Legislative Assembly on options for a local broadband champion program, and creates the Connecting Oregon Schools Fund for the purpose of providing matching funds for federal moneys received by school districts for broadband access.
- HB 4023 allows the State Chief Information Officer (CIO) to provide broadband communications services upon request to local governments, special districts, and federally recognized Indian tribes in Oregon, and focuses the broadband services the State CIO may provide on unserved or underserved areas of Oregon.
- HB 4023 makes clear that it is not the state's intent to engage in direct competition with telecommunications providers that offer comparable broadband services, and requires that rules adopted by the State CIO include a process by which telecommunications providers can demonstrate their ability to meet the specifications set for needed broadband services in the geographic areas to be served. The State CIO must present proposed rules to the JLCIMT prior to rule adoption.

Of the major IT projects or initiatives included in the 2017-19 legislatively approved budget, several were of particular interest to the Legislature due to their overall cost, complexity and risk, cross-biennium implementation timeframes, and/or their importance to state government. Informational meetings and work sessions were held, or written status reports were provided to the JLCIMT and various subcommittees of the Joint Committee on Ways and Means, on the following projects:

Human Services

- Department of Human Services and Oregon Health Authority – ONE Integrated Eligibility/Medicaid Eligibility Project

Public Safety and Judicial

- Department of Justice – Child Support Enforcement Automated System (CSEAS) Project

Consumer and Business Services

- Mortuary and Cemetery Board – IT Assessment Report

Economic and Community Development

- Employment Department – Modernization Initiative

Natural Resources

- Department of Environmental Quality – Environmental Data Management System Project
- Department of Geology and Mineral Industries – Data Preservation Program Grant

Administration

- Office of the State Chief Information Officer
 - Enterprise Information Resources Management (IRM) Strategy
 - Statewide Broadband Initiative
 - Information Security – Implementation of SB 90 (Chapter 513, Oregon Laws 2017)
 - Geospatial Data Sharing – Implementation of HB 2906 (Chapter 166, Oregon Laws 2017)
- Department of Administrative Services and Office of the State CIO – IT Vendor Management Program (BaseCamp)
- Department of Administrative Services – Human Resource Information System
- Department of Administrative Services – OregonBuys Project (e-procurement)
- Department of Revenue – Processing Center Modernization Project Report
- Department of Revenue – Core Systems Replacement Report

A compilation of IT related budget notes and legislative direction to agencies from the 2018 session is provided in other sections of this Budget Highlights Update document.

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:

- **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 (Fiscal Lite):** 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.

Process

ORS Chapter 173 states that fiscal impact statements are required on measures that are reported out of committee. During the 2018 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. The purpose of the rule is to inform substantive committee decision-making on the fiscal implications of a measure.

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 and state and local government staffing and their experience with the legislative and fiscal impact processes.

There were 259 measures introduced during the 2018 session, an 8.48% decrease from the 2016 session. A total of 141 bills passed both chambers and were enrolled, a decrease of two (1.40%) from the 2016 session. In total, the Legislative Fiscal Office produced 575 fiscal impacts on introduced, amended, and engrossed measures and minority reports: 150 (26.09 %) written Fiscal Impact statements; 162 (28.17 %) Minimal Fiscals; 88 (15.30 %) No Fiscals; 97 (16.87%) Indeterminate Fiscals; and 78 (13.57%) "fiscal lites."

Substantive Bills Enacted into Law with a Budget Effect

In addition to appropriation bills, the Legislature approved a number of substantive measures that had a budgetary or fiscal impact. The following is a brief summary, by program area, of noteworthy substantive measures reported out of the Joint Committee on Ways and Means (JWM) that became law or were referred to voters.¹

Referrals to the Joint Committee on Ways and Means

During the 2018 session, 259 measures were introduced. A total of 62 (23.9%) measures were referred to the JWM by legislative leadership. Of the 62 measures referred to JWM, six (9.7%) measures were directly referred to the Committee and 56 (90.3%) were subsequent referrals from policy committees or legislative leadership. Of the referred measures, 57 (91.9%) were substantive, including HB 4163 (the program change bill), and five (8.1%) were budget measures (i.e., 5000 series bills).²

Of the 62 measures referred directly or subsequently to JWM, 36 (58.1%) were reported out of the Committee; 25 (40.3%) of the measures did not receive a JWM hearing and remained in Committee upon adjournment, and one measure (1.6%) received a hearing but was not reported out.

In addition to the following measure synopsis listed by program area, HJR 201 is a substantive measure that did not go through JWM, but the budget impact for its implementation may need to be addressed in a future legislative session or by the Emergency Board. The measure refers, for voters' approval, a Constitutional amendment to allow municipal corporations to use certain bonded indebtedness to finance capital costs of affordable housing, with certain limitations.

EDUCATION PROGRAM AREA

HB 4035 establishes a program within the Higher Education Coordinating Commission (HECC) to provide tuition assistance for eligible undergraduate members of the Oregon National Guard who attend a community colleges or public university located in Oregon. Grant awards are calculated based on tuition charges less the value of federal and state aid. A \$2.5 million General Fund appropriation is provided to HECC for grants in the 2017-19 biennium for the academic year beginning 2018-19. The workload to HECC was funded with an additional \$200,095 General Fund for 3 positions (1.00 FTE) in the 2017-19 biennium.

HB 4053 directs the Chief Education Office (CEdO), in collaboration with HECC, to prepare an annual report on accelerated college credit programs by December 1, 2018. After June 30, 2019, HECC becomes the entity responsible for producing the report and must determine a methodology for developing a representative sample size of students that meet certain specifications under the bill. Public postsecondary institutions of education must provide required information to HECC by September 1 of each year; HECC will then provide the data to CEdO. HECC must also adopt statewide standards for public post-secondary institutions of education to make information related to accelerated college credit

¹ Additional information for each measure can be found in the measure's budget report, or a fiscal impact statement. This information is available on the Legislature's website at www.oregonlegislature.gov

² Also see the Capital Construction section (SB 5701) and the Additional Session Legislative Actions sections of this Highlights document for a more detailed discussion of these bills.

programs available on each institution's website. Overall, the ramifications of this bill are indeterminate due to the unknown sample size, methodology, and guidelines that HECC will develop for the accelerated college credit report; as well as the standards for accelerated college credit reporting on institutions' websites. This information will drive costs associated with data collection and report development, especially by postsecondary institutions. The fiscal impact to CEEdO is anticipated to be minimal and HECC was appropriated \$175,276 General Fund for 3 positions (0.88 FTE) in the 2017-19 biennium.

HB 4065 provides additional enforcement capacity to the Office of Child Care, within the Oregon Department of Education (ODE), and increases civil penalties for violations by child care facilities. The bill requires deposit of these civil penalties into the General Fund. This would reduce existing ODE Other Funds projections by \$9,031 in the 2017-19 biennium and \$14,450 in the 2019-21 biennium. Existing civil penalty revenues, as well as additional revenues resulting from the fee increase, would increase the General Fund by an estimated \$72,290 in the 2017-19 biennium and \$115,664 in the 2019-21 biennium. These revenue projections assume that child care facilities rectify violations within one day of the penalty assessment, as the new civil penalties can be assessed on a daily basis.

HB 4130 directs the Department of Education (ODE) to award grants to public school districts for up to 50% of student transportation costs, for students in grades 9-12, which are not reimbursed by the State School Fund. The State Board of Education must adopt the criteria for application review. A school district that receives a grant may transfer a portion of the grant to a public charter school. The bill specifies the manner in which grant awards should be determined. ODE was appropriated \$250,000 General Fund for the 2017-19 biennium which must be expended for the grant program. The total number of grant awards is indeterminate, therefore the workload impact to ODE to administer the grants is not fully known at this time. The agency may need to return to the Emergency Board to request expenditure limitation or position authority necessary to administer the program once grant requests are known.

HUMAN SERVICES PROGRAM AREA

HB 4020 requires the Oregon Health Authority (OHA) to implement a new program to license extended stay centers (ESC). OHA estimates the cost of implementing the ESC licensing program to be \$398,520 total funds, 1 position, 0.58 FTE for the 2017-19 biennium; and \$516,803 total funds, 0.25 FTE for the 2019-21 biennium.

HB 4079 directs the Department of Human Services (DHS) to disregard retirement and pension accounts when determining eligibility for Temporary Assistance for Needy Families (TANF). DHS anticipates this change to be minimal to its current caseload because, at present, the agency denies very few families for being over the TANF resource limit due to pension and retirement accounts. However, this change in eligibility may have significant impact in the event of future widespread economic crises, like the 2008 stock market crash, which may cause much higher numbers of applicants with established pension and retirement accounts who have lost work to apply for TANF. In addition, eligibility system changes will be needed to implement the bill and will be added to the agency's existing technology workplan. This may cause delays for other projects or system enhancements.

HB 4129 authorizes the Health Licensing Office (HLO) housed in OHA to add a new license category, residential care facility administrator, to the existing Nursing Home Administrators Board/ Long Term Care Administrator Board. The bill allows the HLO to charge fees to recover costs. HLO estimates the cost of this new licensing program to be \$96,427 Other Funds, 2 positions, and 0.50 FTE for the 2017-19 biennium.

HB 4133 creates the 11 to 15-member Maternal Mortality and Morbidity Review Committee in OHA. The committee is charged with making policy and budget recommendations to reduce incidence of maternal mortality and severe maternal morbidity in Oregon. OHA estimates the fiscal impact of this bill to be \$46,202 General Fund, 1 position, 0.17 FTE for 4 months of the 2017-19 biennium; and \$406,133 General Fund, 1 position, 1.50 FTE for the 2019-21 biennium.

HB 4137 authorizes the Director of the Alcohol and Drug Policy Commission to appoint employees to continue its work of developing and coordinating the implementation of a comprehensive addiction, prevention, treatment, and recovery plan for the state, with specific deadlines and reporting requirements. OHA estimates the cost of complying with the provisions of this bill to be \$46,202 General Fund, 1 position, 0.17 FTE for the 2017-19 biennium; and \$892,081 General Fund, 5 positions, 4.00 FTE for the 2019-21 biennium.

HB 4143 appropriates \$2 million from the General Fund to OHA to establish a pilot project to determine the effectiveness of immediate access to evidence-based treatment for persons who overdose on opioids. This includes using peer recovery support mentors to facilitate the link between the emergency department and appropriate treatment and resources. Most of the \$2 million will support grants or contracts to four counties to support pilot program activities, but \$200,000 will pay for one position to oversee the pilot program, as well as an external evaluation of the pilot project.

HB 4162 extends the Long Term Care Facility Assessment through June 30, 2026; the assessment was scheduled to sunset on June 30, 2020. While this change does not have a direct effect on the 2017-19 budget, the extension of the assessment allows this revenue source to be built into the Department of Human Services' (DHS) budget for the next three biennia. For the 2017-19 biennium, the assessment is expected to raise \$122.4 million, which in turn will be matched by \$211.4 million in federal Medicaid dollars. The bill also sets the rate at the 62nd percentile of costs, allows DHS to adopt and implement rates for complex medical needs, removes a limit on penalties for failing to report or pay an assessment, and clarifies the term of incentive payments related to reducing bed capacity.

PUBLIC SAFETY AND JUDICIAL BRANCH PROGRAM AREA

HB 4049 directs the Department of State Police (OSP) to establish a multidisciplinary committee on the tracking of sexual assault forensic evidence (SAFE) kits and to create and maintain a statewide electronic SAFE kit tracking system. The fiscal impact is indeterminate, but is anticipated to have a budgetary impact on OSP. The Department is evaluating the Portland Police Bureau's SAFE tracking system software program to determine if it fits the needs of the project, and what resources would be needed to support that program. Regardless of the viability of the Portland Police Bureau option and the use of the potential federal grant funds available to the Department, the Legislative Fiscal Office notes that OSP will need additional General Fund resources in the future for, at a minimum, the costs of an IT support position and State Data Center charges for the ongoing administration of the tracking system.

HB 4152 requires the Department of State Police, Office of the State Fire Marshal to issue grants for wildfire-fighting equipment and training to Hood River and Multnomah Counties before April 30, 2018. The bill contains a one-time General Fund appropriation of \$151,000 to the Office of the State Fire Marshal to finance the grants in the 2017-19 biennium only.

SB 1543 is an omnibus crime bill that includes a number of modifications to public safety statutes, including: changes to the Attorney General's advisory committee for batterers' intervention programs; retention requirements for sexual assault forensic evidence kits by law enforcement and directs the Department of Justice to create informational materials for victims and medical assessment providers; requires health care providers to share the medical records for persons under the jurisdiction of the Psychiatric Security Review Board (PSRB) with the Board; allows a supervising entity, or its designee, to issue an order for the return of a person found guilty except for insanity (GEI) and on conditional release to the state hospital or other designated facility; modifies elements of, and exceptions to, crime involving unlawful operation of an unmanned aircraft system; allows court to vacate conviction for a municipal prostitution ordinance under certain circumstances; prohibits garnishment or similar actions from inmate transitional funds; makes a general condition of probation to follow reasonable recommendations from a risk and needs assessment; and permits reduction of a Class B felony possession of a controlled substance conviction to a Class A misdemeanor upon successful completion of probation. The measure is anticipated to have a minimal fiscal impact to public safety agencies.

SB 1562 expands the definition of strangulation to include conduct that impedes the normal breathing or circulation of another person by applying pressure to the chest, reclassifies the offense as a Class C felony if the victim is a family or household member, and makes the felony crime in that circumstance a level 5 on the Oregon Sentencing Guideline. Currently, the crime of strangulation is a Class A misdemeanor except under certain circumstances where it is a felony level 6. The measure is anticipated to result in additional felony cases in circuit court and additional felony convictions. The impact of those cases and convictions is anticipated to be minimal on the Judicial Department, Public Defense Services Commission, District Attorney's and their Deputies, and the Department of Corrections.

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

HB 4006 requires the Housing and Community Services Department (HCSD) to provide cities, with a population of greater than 10,000 renter households, data which shows the percentage of renter households that spend more than 50% of the household income on rent. No later than February 1 of each year cities with a population of greater than 10,000 must provide the Department of Land Conservation and Development (DLCD) a report on a variety of types of housing units which were permitted in the previous calendar year. HCSD must collaborate with DLCD to develop a survey for cities to provide data related to the current and planned future actions by the city to reduce rent burdens for severely rent burdened households; this survey will be issued to cities with 25% or greater renter households that are severely rent burdened. Cities that are issued a survey are required to hold at least one public meeting to discuss causes, consequences, barriers, and solutions to reducing rent burdens. Cities must return the surveys to HCSD and DLCD within 60 days of receipt. A \$1.73 million General Fund appropriation was provided to DLCD to provide contracted services for technical assistance to local governments to increase the affordability of housing. An additional \$270,000 General Fund appropriation was provided to HCSD, in the 2017-19 biennium, to conduct a study on affordable housing and to provide technical assistance grants.

HB 4007 creates a first-time homebuyer savings account, increases the document recording fee, and increases eligibility for the Housing and Community Services Department's (HCSD) Home Ownership Assistance Program. A \$40 increase to the document recording fee results in an additional \$30.5 million being generated in the current biennium for affordable housing programs administered by HCSD; \$15.9 million in additional Other Funds expenditure limitation and six positions (2.34 FTE) are added to the HCSD 2017-19 biennium budget.

HB 4038 allows the Department of State Lands to deliver military medals to the Oregon Military Museum to serve as custodians of the medal until it is claimed by a service member or a descendant of the deceased service member. The bill also requires the Oregon Department of Veterans' Affairs (ODVA) to study and report to the Legislature on the progress of the Roseburg Veterans' Home, and to establish a program to provide veterans services to incarcerated veterans. The ODVA was provided \$136,531 of dedicated Measure 96 Lottery Funds in the 2017-19 biennium for one Program Analyst 2 (0.54FTE) for the additional workload associated with providing services to incarcerated veterans. The fiscal impacts to the Department of State Lands, Military Department, and the Department of Corrections are anticipated to be minimal and absorbable within existing budgetary parameters.

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

HB 4005 establishes the Prescription Drug Price Transparency Act requiring manufacturers of prescription drugs sold in Oregon to report specified information to the Department of Consumer and Business Services (DCBS). Manufacturers may be subject to a civil penalty for failure to comply with reporting requirements. The bill also requires insurers to include specified information regarding reimbursement of certain drugs along with current filing of health insurance rates. The bill authorizes DCBS to establish fees to be paid by manufacturers to pay the costs of carrying out the provisions of the bill. Based on the number of manufacturers currently licensed by the Oregon Board of Pharmacy and national trends in prescription drug prices, DCBS projects the cost of complying with the provisions of this bill to be \$425,022 Other Funds, 3 positions, 1.50 FTE for the 2017-19 biennium; and \$577,120 Other Funds, 3 positions, 3.00 FTE for the 2019-21 biennium. Funding for this program will be derived from fees to be paid to DCBS by manufacturers. Such fees will be set via rulemaking and are yet to be determined.

NATURAL RESOURCES PROGRAM AREA

HB 4118 declares it is the policy of the state to pursue projects under the Good Neighbor Authority Agreement (GNA) that increase timber harvest volume, contribute to job creation, reduce wildfire risks to all lands, improve wildlife habitat and watershed health, and stimulate local economies. The bill requires the Oregon Department of Forestry (ODF) and Oregon Department of Fish and Wildlife (ODFW) to work with federal land management agencies to give priority to projects that consist of additive activities, maximize economic benefit to Oregon, and recover state agency costs of project implementation. In addition, the bill appropriates \$500,000 General Fund to ODF to increase the hours of existing seasonal staff positions to perform timber sale layouts on GNA projects currently under development, design and implement internal processes to administer federal timber sales, and to train staff to conduct timber sales at an estimated total cost of \$125,000. An additional \$275,000 General Fund would be used to contract for environmental analyses under the National Environmental Policy Act to produce timber sales on federal land that ODF will administer under the GNA. ODF will transfer

\$100,000 General Fund to ODFW to add staff capacity to develop GNA projects that benefit wildlife and fish habitat

SB 1541 directs the Environmental Quality Commission (EQC) to develop rules to reduce the public health risks of air toxics emissions. The bill also directs the EQC to develop a pilot program for assessing the potential cumulative impacts from multiple sources of industrial air toxic emissions and under certain circumstances limit those emissions. The bill directs EQC to establish a fee applicable to air quality permit holders to cover the direct and indirect costs associated with developing and implementing a program and rules to reduce the public health risks associated with industrial air toxics. The bill increased the Other Funds expenditure limitation by \$2,000,156 for the Department of Environmental Quality (DEQ), for the development of rules and the pilot program, and authorized the establishment of 11 limited duration positions (5.00 FTE) for the 2017-19 biennium to develop and implement the new air toxics rules. In addition, DEQ will support expenditures within the Oregon Health Authority (OHA) to assist with implementing the new air toxics rules through a transfer of revenues from fees authorized by the bill. The bill also increases Other Funds expenditure limitation by \$365,000 for OHA to accomplish this work.

ADMINISTRATION PROGRAM AREA

HB 4139 replaces the existing personal property tax system for heavy equipment held for rental with a 2% point-of-sale tax. Heavy equipment rental providers will file returns and remit the tax to the Department of Revenue (DOR) quarterly. DOR will use up to 5% of the revenue for administrative costs and remit the remainder back to the counties. The fiscal impact to DOR is indeterminate at this time. It is anticipated that the Department will need to make a request to the Emergency Board for position authority and Other Funds expenditure limitation later this biennium.

HB 4159 provides for Individual Account Program (IAP) member choice in investment selection. The IAP is the defined contribution portion of a PERS benefit and is funded with 6% of a member's salary, which is either employee-paid or assumed and paid by the employer. The Oregon Investment Council moved the IAP to a target-date solution beginning January 2, 2018. IAP assets will be moved into an increasingly conservative portfolio as the member ages to help protect against market fluctuations. This change was mandatory and provided for no member choice to make individual investment decisions. The State Treasurer is to notify the PERS Board by December 31, 2018, if legal or fiduciary standards prohibit implementation. The bill also provides PERS with an exemption from standard procurement law in order to meet the implementation timeline. The fiscal impact is indeterminate at this time.

OTHER

Bills Affecting Medical and Recreational Marijuana Programs

SB 1544 establishes the Illegal Marijuana Market Enforcement Grant Program (IMMEGP). The Criminal Justice Commission is responsible for implementing and administering this grant program to assist cities and counties with the costs incurred by law enforcement agencies and district attorneys in enforcement efforts against illegal grows and distribution operations. The IMMEGP sunsets on January 2, 2024. To fund the program the bill suspends, from July 1, 2018 to January 2, 2024, statutory requirements that the Department of Revenue (DOR) first distribute no more than \$1.25 million quarterly from the Marijuana Account to the Oregon Liquor Control Commission (OLCC) to pay OLCC's administrative, inspection, and investigatory costs before making any other distributions from the Account. Instead,

starting July 1, 2018, and until October 1, 2023, DOR must distribute quarterly from the Marijuana Account \$875,000 to OLCC for deposit in its Marijuana Control and Regulation Fund and \$375,000 to the CJC for deposit in the IMMEGP Fund. CJC estimates the administrative costs of the grant program to be \$145,900 Other Funds, 1 position and 0.54 FTE for the 2017-19 biennium; and \$264,277 Other Funds, 1 position and 1.00 FTE for the 2019-21 biennium. An estimated \$1,354,100 will be available for grants during the 2017-19 biennium. The bill also exempts grow sites that grow for no more than two medical cardholders from the Oregon Cannabis Tracking System (OCaTS). With passage of this bill, grow sites growing for more than two medical marijuana cardholders, must enroll in OCaTS. OLCC predicts this provision could add an estimated 378 new medical marijuana grow sites to OCaTS. OLCC estimates the cost of addressing this anticipated tracking and inspection workload increase to be \$600,693 Other Funds, 3 positions, 1.63 FTE for the 2017-19 biennium; and \$851,529 Other Funds, 3 positions, 3.00 FTE for the 2019-21 biennium.

HB 4089 establishes a pilot program within the Department of Agriculture, requires OLCC to track hemp and related items within OCaTS, and establishes a separate Industrial Hemp Fund within ODA. OLCC estimates the cost of implementing the pilot program to be \$284,856 Other Funds, 2 positions, and 1.00 FTE for the 2017-19 biennium.

Bills Establishing Task Forces, Work Groups, and Advisory Councils

Of the 62 measures referred to the Joint Committee on Ways and Means, 13 (21%) established a task force, work group, or advisory council. Of these 13 bills, 3 (23.1%) received a public hearing, and were reported out by the Committee. 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 4005 not only established the Prescription Drug Price Transparency Act, but also establishes the 18-member Task Force on the Fair Pricing of Prescription Drugs charged with developing a strategy to obtain transparency for drug prices across the supply chain. The task force is required to submit a report to an interim legislative committee by November 1, 2018. The Legislative Policy and Research Director is directed to provide staff support to the task force. The task force sunsets December 31, 2020.

HB 4010 establishes the 11-member Task Force on Addressing Racial Disparities in Home Ownership charged with making recommendations for changes in lending practices to eliminate discrimination and remove barriers to home ownership for people of color in Oregon. The bill requires the task force to report to the Legislature by September 15, 2019. The task force sunsets December 31, 2019.

HB 4063 establishes the 31-member Task Force on Autonomous Vehicles. The task force is charged with developing recommendations for legislation to be introduced during the 2019 session regarding autonomous vehicles. The task force is required to submit a report regarding the deployment of autonomous vehicles on highways to an interim committee by September 15, 2018, and a report considering the potential long-term effects of autonomous vehicles by September 15, 2019. The task force sunsets January 2, 2021.

Appendix A

Number of Positions and Full-Time Equivalency

	2015-17 LEG APPROVED Positions	2015-17 LEG APPROVED FTE	2017-19 LEG APPROVED Positions	2017-19 LEG APPROVED FTE
PROGRAM AREA: EDUCATION				
EDUCATION, DEPT OF	555	520.90	565	544.76
HIGHER EDUCATION COORDINATING COMMISSION	143	124.30	134	120.33
CHIEF EDUCATION OFFICE	20	18.25	15	12.50
TEACHER STANDARDS & PRACTICES COMMISSION	27	24.88	27	25.71
EDUCATION TOTAL	745	688.33	741	703.30
PROGRAM AREA: HUMAN SERVICES				
BLIND, COMMISSION FOR THE	56	52.21	68	62.53
HUMAN SERVICES, DEPT OF	8,053	7,902.39	9,056	8,612.17
LONG TERM CARE OMBUDSMAN	25	24.50	27	25.50
OREGON HEALTH AUTHORITY	4,454	4,394.82	4,181	4,276.04
PSYCHIATRIC SECURITY REVIEW BOARD	11	11.00	11	11.00
HUMAN SERVICES TOTAL	12,599	12,384.92	13,343	12,987.24
PROGRAM AREA: PUBLIC SAFETY				
CORRECTIONS, DEPT OF	4,590	4,517.74	4,605	4,572.07
CRIMINAL JUSTICE COMMISSION	11	11.00	15	14.04
DISTRICT ATTORNEYS & THEIR DEPUTIES	36	36.00	36	36.00
JUSTICE, DEPT OF	1,329	1,300.27	1,379	1,355.40
MILITARY DEPARTMENT	451	408.01	477	426.82
PAROLE & POST PRISON SUPERVISION, BOARD OF	28	26.00	28	28.00
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF	154	146.91	165	157.59
STATE POLICE, DEPT OF	1,311	1,267.87	1,370	1,346.62
YOUTH AUTHORITY, OREGON	1,022	985.88	1,023	950.68
PUBLIC SAFETY TOTAL	8,932	8,699.68	9,098	8,887.22
PROGRAM AREA: JUDICIAL BRANCH				
JUDICIAL DEPARTMENT	1,921	1,783.83	1,900	1,776.58
JUDICIAL FITNESS AND DISABILITY, COMM. ON	1	0.50	1	0.50
PUBLIC DEFENSE SERVICES COMMISSION	77	76.11	77	76.23
JUDICIAL BRANCH TOTAL	1,999	1,860.44	1,978	1,853.31
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT				
BUSINESS DEVELOPMENT DEPARTMENT	140	136.32	136	134.50
EMPLOYMENT DEPARTMENT	1,272	1,237.76	1,320	1,259.03
HOUSING & COMMUNITY SERVICES DEPT.	149	135.15	171	155.62
VETERANS' AFFAIRS, DEPT OF	88	87.76	97	96.38
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,649	1,596.99	1,724	1,645.53

	2015-17 LEG APPROVED Positions	2015-17 LEG APPROVED FTE	2017-19 LEG APPROVED Positions	2017-19 LEG APPROVED FTE
PROGRAM AREA: NATURAL RESOURCES				
AGRICULTURE, DEPT OF	527	378.84	501	375.73
ENERGY, DEPT. OF	105	104.50	97	93.87
ENVIRONMENTAL QUALITY, DEPT OF	753	730.31	762	735.67
FISH & WILDLIFE, DEPT OF	1,474	1,199.26	1,375	1,154.05
FORESTRY, DEPARTMENT OF	1,201	878.04	1,181	867.89
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	45	42.54	43	42.92
LAND CONSERVATION & DEVELOPMENT, DEPT OF	58	56.57	58	56.90
LAND USE BOARD OF APPEALS	6	6.00	6	6.00
LANDS, DEPT. OF STATE	110	109.00	113	110.67
MARINE BOARD	38	38.00	39	39.00
PARKS & RECREATION, DEPT OF	847	576.26	867	596.05
WATER RESOURCES DEPARTMENT	165	163.25	170	167.59
WATERSHED ENHANCEMENT BOARD	35	34.25	33	33.00
NATURAL RESOURCES TOTAL	5,364	4,316.82	5,245	4,279.34
PROGRAM AREA: TRANSPORTATION				
AVIATION, DEPT OF	15	13.75	15	14.25
TRANSPORTATION, DEPT OF	4,510	4,400.89	4,715	4,502.97
TRANSPORTATION TOTAL	4,525	4,414.64	4,730	4,517.22
PROGRAM AREA: CONSUMER AND BUSINESS SERVICES				
ACCOUNTANCY, BOARD OF	8	8.00	8	7.50
CHIROPRACTIC EXAMINERS, BOARD OF	6	5.10	6	5.10
CONSTRUCTION CONTRACTORS BOARD	62	62.00	61	61.00
CONSUMER & BUSINESS SERVICES, DEPT OF	960	952.76	969	959.53
DENTISTRY, BOARD OF	8	8.00	8	8.00
<i>HEALTH RELATED LICENSING BOARDS</i>				
MORTUARY & CEMETERY BOARD	7	7.00	7	7.00
NATUROPATHIC MEDICINE	3	2.50	3	3.00
OCCUPATIONAL THERAPY LICENSING BOARD	2	1.50	2	1.50
MEDICAL IMAGING	3	3.00	3	3.00
SPEECH PATHOLOGY AND AUDIOLOGY	3	2.50	3	2.31
VETERINARY MEDICAL EXAMINERS BOARD	4	3.50	4	3.75
LABOR & INDUSTRIES, BUREAU OF	107	103.31	107	105.38
MENTAL HEALTH REGULATORY AGENCY	12	9.00	11	11.23
MEDICAL BOARD, OREGON	39	38.79	40	40.00
NURSING, BOARD OF	48	47.80	49	48.90
PHARMACY, BOARD OF	20	20.00	20	20.00
PUBLIC UTILITY COMMISSION	129	126.60	127	125.76
REAL ESTATE AGENCY	29	29.00	29	29.00
SOCIAL WORKERS, BOARD OF LICENSED	6	6.00	6	6.00
TAX PRACTITIONERS, STATE BOARD OF	4	4.00	3	2.50
CONSUMER & BUSINESS SERVICES TOTAL	1,460	1,440.36	1,466	1,450.46

	2015-17 LEG APPROVED Positions	2015-17 LEG APPROVED FTE	2017-19 LEG APPROVED Positions	2017-19 LEG APPROVED FTE
PROGRAM AREA: ADMINISTRATION				
ADMINISTRATIVE SERVICES, DEPT OF	864	840.32	914	906.96
ADVOCACY COMMISSIONS OFFICE	3	2.50	3	2.50
EMPLOYMENT RELATIONS BOARD	13	13.00	13	13.00
GOVERNMENT ETHICS COMMISSION	9	8.88	9	9.00
GOVERNOR, OFFICE OF	63	61.67	61	59.13
LIBRARY, STATE	42	40.26	42	40.04
LIQUOR CONTROL COMMISSION	268	255.33	326	312.62
PUBLIC EMPLOYEES RETIREMENT SYSTEM	380	380.00	376	374.30
RACING COMMISSION	14	12.27	14	12.27
REVENUE, DEPT OF	1,092	1,025.49	1,101	963.28
SECRETARY OF STATE	213	210.96	215	214.03
TREASURER OF STATE	123	117.45	160	150.09
ADMINISTRATION TOTAL	3,084	2,968.13	3,234	3,057.22
PROGRAM AREA: LEGISLATIVE BRANCH				
INDIAN SERVICES, COMM	2	2.00	2	2.00
LEGISLATIVE ADMINISTRATION	142	100.65	87	72.66
LEGISLATIVE ASSEMBLY	423	251.52	423	251.52
LEGISLATIVE COUNSEL	57	47.60	58	50.84
LEGISLATIVE FISCAL OFFICER	22	22.00	22	22.00
LEGISLATIVE POLICY AND RESEARCH OFFICE	0	0.00	61	41.29
LEGISLATIVE REVENUE OFFICER	8	8.00	8	8.00
LEGISLATIVE BRANCH TOTAL	654	431.77	661	448.31
STATE OF OREGON TOTAL POSITIONS/FTE	41,011	38,802.08	42,220	39,829.15

Appendix B

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 2015-17 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2017-19 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. Some of the special purpose appropriations included in the 2017-19 adopted budget were allocated to agencies during the 2018 session and are now included in the 2017-19 legislatively approved column.
- The 2015-17 and 2017-19 legislatively approved amounts represent expenditure authorizations through all budget adjustments addressed during the 2017 and 2018 regular sessions (including the most recent Department of Human Services and Oregon Health Authority rebalances).
- The legislatively approved budgets also include certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds.

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
EDUCATION					
Higher Education Coordinating Commission					
General Fund	22,259,231	36,407,725	31,389,124	31,611,113	35,163,956
Other Funds	29,329,484	31,615,691	27,530,024	34,277,137	35,810,339
Other Funds Nonlimited	200,000	206,000	206,000	206,000	206,000
Federal Funds	107,788,824	111,932,844	114,694,286	114,075,784	118,191,072
Federal Funds Nonlimited	18,968,831	18,968,831	18,968,831	18,968,831	18,968,831
Total Expenditures	178,546,370	199,131,091	192,788,265	199,138,865	208,340,198
State Support for Public Universities					
General Fund	738,772,154	943,190,004	1,018,009,031	1,057,495,453	1,058,505,323
Lottery Funds	33,571,489	40,127,710	44,233,875	64,121,610	64,121,610
Other Funds	-	322,671,360	-	331,725,000	408,615,132
Other Funds Nonlimited	-	545,735,949	208,941,256	212,840,781	212,840,781
Federal Funds Nonlimited	-	630,001	4,587,374	4,587,374	4,587,374
Total Expenditures	772,343,643	1,852,355,024	1,275,771,536	1,670,770,218	1,748,670,220
State Support for Community Colleges					
General Fund	483,425,453	601,771,949	621,634,342	640,683,334	640,455,743
Lottery Funds	9,521,027	10,462,066	11,733,159	11,699,204	11,699,204
Other Funds	109,013,959	30,438,637	45,810	103,493,051	103,720,643
Other Funds Nonlimited	42,346,031	33,357,952	-	-	-
Federal Funds Nonlimited	1	1	-	-	-
Total Expenditures	644,306,471	676,030,605	633,413,311	755,875,589	755,875,590
State Support for Oregon Health and Science University (OHSU)					
General Fund	72,562,387	80,856,311	102,324,188	99,052,202	99,027,769
Other Funds	231,675,116	238,724,306	38,828,443	38,828,443	38,576,738
Total Expenditures	304,237,503	319,580,617	141,152,631	137,880,645	137,604,507
Oregon Opportunity Grant Program					
General Fund	111,206,740	131,008,621	125,217,521	125,217,521	125,217,521
Lottery Funds	2,546,223	11,816,379	20,746,268	20,746,268	20,746,268
Other Funds	158,459	1,213,213	163,213	163,213	163,213
Total Expenditures	113,911,422	144,038,213	146,127,002	146,127,002	146,127,002
Education, Dept of					
General Fund	450,315,281	580,091,439	639,530,189	820,951,302	825,008,533
Lottery Funds	42,371,073	1,434,927	651,225	651,225	651,225
Other Funds	113,581,297	277,236,218	194,841,138	441,326,984	481,958,717
Other Funds Nonlimited	107,265,246	140,283,701	112,916,253	118,964,721	120,364,721
Federal Funds	880,475,218	1,038,273,686	1,058,609,260	1,053,144,232	1,054,258,511
Federal Funds Nonlimited	372,416,650	409,007,727	388,007,727	388,007,727	388,007,727
Total Expenditures	1,966,424,765	2,446,327,698	2,394,555,792	2,823,046,191	2,870,249,434

		2013-15		2015-17		2017-19		2017-19		2017-19
		Actuals		Legislatively		Current		Legislatively		Legislatively
				Approved		Service Level		Adopted		Approved
		\$		\$		\$		\$		\$
State School Fund										
	General Fund	6,322,625,891		6,925,296,093		7,543,537,881		7,653,853,380		7,582,892,067
	Lottery Funds	327,374,109		447,703,907		469,087,606		464,758,594		535,719,907
	Other Funds	400,826		3,260,692		3,260,692		85,248,393		85,248,393
	Total Expenditures	6,650,400,826		7,376,260,692		8,015,886,179		8,203,860,367		8,203,860,367
Chief Education Office*										
	General Fund	20,421,275		13,360,803		9,982,404		3,652,812		8,207,271
Teacher Standards and Practices Comm										
	General Fund	-		200,000		-		1,700,000		1,700,000
	Other Funds	4,943,382		6,874,833		6,654,885		8,961,470		9,106,410
	Federal Funds	10,893		-		-		-		-
	Total Expenditures	4,954,275		7,074,833		6,654,885		10,661,470		10,806,410
EDUCATION PROGRAM AREA TOTAL										
	General Fund	8,221,588,412		9,312,182,945		10,091,624,680		10,434,217,117		10,376,178,183
	Lottery Funds	415,383,921	-	511,544,989	-	546,452,133	-	561,976,901	-	632,938,214
	Other Funds	489,102,523	-	912,034,950	-	271,324,205	-	1,044,023,691	-	1,163,199,585
	Other Funds Nonlimited	149,811,277	-	719,583,602	-	322,063,509	-	332,011,502	-	333,411,502
	Federal Funds	988,274,935	-	1,150,206,530	-	1,173,303,546	-	1,167,220,016	-	1,172,449,583
	Federal Funds Nonlimited	391,385,482	-	428,606,560	-	411,563,932	-	411,563,932	-	411,563,932
	Total	10,655,546,550		13,034,159,576		12,816,332,005		13,951,013,159		14,089,740,999
* Previously known as the Oregon Education Investment Board										

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
HUMAN SERVICES					
Blind, Commission for the					
General Fund	1,582,598	3,693,316	3,602,734	3,426,922	3,535,937
Other Funds	1,667,196	1,183,547	1,020,372	1,475,033	1,482,049
Federal Funds	12,683,970	15,836,905	14,802,388	16,372,609	16,645,593
Total Expenditures	15,933,764	20,713,768	19,425,494	21,274,564	21,663,579
Health Authority, Oregon					
General Fund	1,933,379,158	2,158,369,827	3,190,659,426	2,185,935,679	2,163,688,359
Lottery Funds	10,591,632	11,348,753	12,456,604	12,457,116	12,498,909
Other Funds	3,885,646,674	6,138,031,417	5,733,331,142	6,653,688,309	6,731,665,968
Other Funds Nonlimited	1,521,434,616	273,000,902	40,000,000	40,000,000	40,000,000
Federal Funds	9,259,417,064	11,448,264,704	11,613,394,315	10,913,483,621	11,157,169,693
Federal Funds Nonlimited	101,837,124	106,853,023	106,448,361	106,448,361	106,448,361
Total Expenditures	16,712,306,268	20,135,868,626	20,696,289,848	19,912,013,086	20,211,471,290
Human Services, Department of					
General Fund	2,326,345,063	2,727,212,617	3,275,092,200	3,109,000,548	3,197,087,399
Other Funds	472,081,293	539,710,476	546,806,345	598,001,557	654,392,908
Federal Funds	3,844,676,602	4,805,209,969	5,279,895,699	5,463,087,605	5,574,153,008
Federal Funds Nonlimited	2,363,243,469	2,514,345,331	2,214,345,331	2,214,345,331	2,214,345,331
Total Expenditures	9,006,346,427	10,586,478,393	11,316,139,575	11,384,435,041	11,639,978,646
Long Term Care Ombudsman					
General Fund	2,510,888	6,306,755	6,960,132	6,087,623	6,401,552
Other Funds	670,166	737,916	779,795	894,242	908,057
Total Expenditures	3,181,054	7,044,671	7,739,927	6,981,865	7,309,609
Psychiatric Security Review Board					
General Fund	2,166,128	2,690,702	2,999,554	2,966,321	3,047,827
Other Funds	82,466	6,168	2,248	2,248	2,248
Total Expenditures	2,248,594	2,696,870	3,001,802	2,968,569	3,050,075
HUMAN SERVICES PROGRAM AREA					
General Fund	4,265,983,835	4,898,273,217	6,479,314,046	5,307,417,093	5,373,761,074
Lottery Funds	10,591,632	11,348,753	12,456,604	12,457,116	12,498,909
Other Funds	4,360,147,795	6,679,669,524	6,281,939,902	7,254,061,389	7,388,451,230
Other Funds Nonlimited	1,521,434,616	273,000,902	40,000,000	40,000,000	40,000,000
Federal Funds	13,116,777,636	16,269,311,578	16,908,092,402	16,392,943,835	16,747,968,294
Federal Funds Nonlimited	2,465,080,593	2,621,198,354	2,320,793,692	2,320,793,692	2,320,793,692
Total	25,740,016,107	30,752,802,328	32,042,596,646	31,327,673,125	31,883,473,199

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
PUBLIC SAFETY					
Corrections, Dept of					
General Fund	1,480,524,545	1,611,218,502	1,720,378,672	1,681,063,918	1,706,635,363
Other Funds	34,008,579	55,961,188	41,597,467	81,738,081	82,099,322
Other Funds Nonlimited	5,558,579	27,167,985	-	-	-
Federal Funds	7,087,555	5,710,107	4,363,309	4,352,986	4,352,986
Federal Funds Nonlimited	1,206,842	1,119,495	1,038,513	1,038,513	1,038,513
Total Expenditures	1,528,386,100	1,701,177,277	1,767,377,961	1,768,193,498	1,794,126,184
Criminal Justice Commission					
General Fund	23,421,910	55,132,449	57,382,338	64,926,239	65,021,569
Other Funds	862,857	864,042	512,529	511,392	2,461,392
Federal Funds	7,606,902	7,812,627	7,173,704	7,170,201	8,224,498
Total Expenditures	31,891,669	63,809,118	65,068,571	72,607,832	75,707,459
District Attorneys and Their Deputies					
General Fund	10,916,597	12,047,411	12,502,083	12,478,724	12,592,454
Justice, Department of					
General Fund	63,337,324	78,490,126	94,668,945	84,653,042	85,709,883
Other Funds	246,176,176	309,294,564	293,923,290	321,296,607	330,308,027
Other Funds Nonlimited	3,469,160	5,170,012	5,077,143	-	-
Federal Funds	110,148,006	168,304,853	122,484,387	179,004,039	186,688,612
Federal Funds Nonlimited	15,170,224	15,740,252	16,322,641	-	-
Total Expenditures	438,300,890	576,999,807	532,476,406	584,953,688	602,706,522
Military Department					
General Fund	21,821,936	25,558,014	26,930,695	25,608,114	27,578,231
Other Funds	102,454,814	126,321,819	101,022,153	120,386,657	126,246,339
Other Funds Nonlimited	75,953	60,624	-	-	-
Federal Funds	151,411,508	284,615,518	261,708,475	271,814,624	296,098,794
Total Expenditures	275,764,211	436,555,975	389,661,323	417,809,395	449,923,364
Parole and Post Prison Supervision, Bd. Of					
General Fund	4,451,421	8,044,741	8,691,974	8,868,686	9,048,876
Other Funds	835	10,852	11,254	11,254	11,254
Total Expenditures	4,452,256	8,055,593	8,703,228	8,879,940	9,060,130
Police, Department of State					
General Fund	240,373,065	282,360,406	302,306,358	269,292,257	280,677,031
Lottery Funds	6,734,971	8,018,000	8,320,015	8,069,250	8,145,961
Other Funds	91,342,128	110,242,484	100,425,032	136,707,491	151,266,325
Federal Funds	5,456,068	9,781,945	10,198,867	12,249,830	12,274,226
Total Expenditures	343,906,232	410,402,835	421,250,272	426,318,828	452,363,543

		2013-15	2015-17	2017-19	2017-19	2017-19
		Actuals	Legislatively	Current	Legislatively	Legislatively
			Approved	Service Level	Adopted	Approved
		\$	\$	\$	\$	\$
Public Safety Standards and Training, Dept of						
General Fund		9,778,922	10,146,476	9,795,963	9,795,963	9,795,963
Other Funds		33,587,100	44,986,840	44,545,374	43,523,261	49,116,738
Other Funds Nonlimited		415,460	-	-	-	-
Federal Funds		331,601	7,056,759	6,793,065	8,007,963	8,012,359
Total Expenditures		44,113,083	62,190,075	61,134,402	61,327,187	66,925,060
Oregon Youth Authority						
General Fund		267,119,142	297,695,975	329,961,808	307,443,048	312,595,798
Other Funds		12,165,807	63,399,605	14,321,252	60,916,760	60,852,433
Federal Funds		27,977,990	36,324,177	49,935,912	37,166,220	37,328,320
Federal Funds Nonlimited		-	1	-	-	-
Total Expenditures		307,262,939	397,419,758	394,218,972	405,526,028	410,776,551
PUBLIC SAFETY PROGRAM AREA						
General Fund		2,121,744,862	2,380,694,100	2,562,618,836	2,464,129,991	2,509,655,168
Lottery Funds		6,734,971	8,018,000	8,320,015	8,069,250	8,145,961
Other Funds		520,598,296	711,081,394	596,358,351	765,091,503	802,361,830
Other Funds Nonlimited		9,519,152	32,398,621	5,077,143	-	-
Federal Funds		310,019,630	519,605,986	462,657,719	519,765,863	552,979,795
Federal Funds Nonlimited		16,377,066	16,859,748	17,361,154	1,038,513	1,038,513
Total		2,984,993,977	3,668,657,849	3,652,393,218	3,758,095,120	3,874,181,267

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
JUDICIAL BRANCH					
Judicial Department					
General Fund	399,796,975	435,813,157	462,795,769	443,103,853	454,524,551
Other Funds	62,635,761	147,988,947	42,763,179	262,570,281	262,993,590
Federal Funds	1,067,674	1,606,769	1,339,352	1,339,352	1,344,289
Total Expenditures	463,500,410	585,408,873	506,898,300	707,013,486	718,862,430
Judicial Fitness, Commission on					
General Fund	196,415	440,898	254,889	245,362	252,710
Public Defense Services Commission					
General Fund	250,508,919	288,528,938	301,366,459	299,983,918	305,425,556
Other Funds	3,564,624	3,846,904	4,109,950	4,954,313	4,967,943
Total Expenditures	254,073,543	292,375,842	305,476,409	304,938,231	310,393,499
JUDICIAL BRANCH PROGRAM AREA					
General Fund	650,502,309	724,782,993	764,417,117	743,333,133	760,202,817
Other Funds	66,200,385	151,835,851	46,873,129	267,524,594	267,961,533
Federal Funds	1,067,674	1,606,769	1,339,352	1,339,352	1,344,289
Total	717,770,368	878,225,613	812,629,598	1,012,197,079	1,029,508,639

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
ECONOMIC AND COMMUNITY DEVELOPMENT					
Business Development Department					
General Fund	8,247,488	15,796,523	48,336,099	55,096,211	55,013,540
Lottery Funds	111,766,523	110,444,853	117,298,708	115,975,469	117,789,412
Other Funds	34,855,259	301,349,232	225,742,435	378,417,137	379,574,014
Other Funds Nonlimited	121,639,577	237,893,149	207,886,281	237,886,281	237,886,281
Federal Funds	29,226,631	40,523,014	40,730,835	40,717,603	41,457,527
Total Expenditures	305,735,478	706,006,771	639,994,358	828,092,701	831,720,774
Employment Department					
General Fund	-	6,133,655	6,252,676	-	-
Other Funds	109,896,730	146,303,204	146,868,691	144,544,337	152,904,308
Other Funds Nonlimited	1,191,961,129	1,520,105,053	1,424,000,000	1,424,000,000	1,424,000,000
Federal Funds	155,199,849	162,865,912	156,502,819	155,927,081	159,644,349
Federal Funds Nonlimited	241,841,739	94,832,000	70,000,000	70,000,000	70,000,000
Total Expenditures	1,698,899,447	1,930,239,824	1,803,624,186	1,794,471,418	1,806,548,657
Housing and Community Services Department					
General Fund	20,355,205	28,591,263	20,099,493	54,438,010	59,963,031
Lottery Funds	9,413,639	11,676,469	16,232,416	16,357,282	17,507,282
Other Funds	116,634,380	224,757,497	166,273,550	289,274,996	324,497,248
Other Funds Nonlimited	689,623,347	784,502,128	631,849,381	631,849,381	631,849,381
Federal Funds	112,299,387	120,118,294	122,847,675	122,692,797	122,817,211
Federal Funds Nonlimited	110,118,920	119,320,000	121,165,609	121,165,609	121,165,609
Total Expenditures	1,058,444,878	1,288,965,651	1,078,468,124	1,235,778,075	1,277,799,762
Veterans' Affairs, Department of					
General Fund	9,678,902	13,007,966	11,066,613	8,380,599	8,568,114
Lottery Funds	-	-	-	14,856,025	15,198,799
Other Funds	45,304,442	85,405,620	86,784,284	113,266,941	116,893,607
Other Funds Nonlimited	186,154,228	373,333,710	387,546,159	387,546,159	387,546,159
Federal Funds	40,000	4,452,891	-	500,000	7,347,138
Total Expenditures	241,177,572	476,200,187	485,397,056	524,549,724	535,553,817
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA					
General Fund	38,281,595	63,529,407	85,754,881	117,914,820	123,544,685
Lottery Funds	121,180,162	122,121,322	133,531,124	147,188,776	150,495,493
Other Funds	306,690,811	757,815,553	625,668,960	925,503,411	973,869,177
Other Funds Nonlimited	2,189,378,281	2,915,834,040	2,651,281,821	2,681,281,821	2,681,281,821
Federal Funds	296,765,867	327,960,111	320,081,329	319,837,481	331,266,225
Federal Funds Nonlimited	351,960,659	214,152,000	191,165,609	191,165,609	191,165,609
Total	3,304,257,375	4,401,412,433	4,007,483,724	4,382,891,918	4,451,623,010

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES					
Accountancy, Board of					
Other Funds	2,296,152	2,508,591	2,642,281	2,583,982	2,617,527
Chiropractic Examiners, Board of					
Other Funds	1,459,441	1,932,928	2,065,164	2,014,079	2,027,840
Construction Contractors Board					
Other Funds	12,949,609	15,069,970	16,327,641	15,859,876	16,174,047
Consumer and Business Services, Dept of					
General Fund	-	1,823,000	-	-	-
Other Funds	192,183,248	249,320,936	258,879,476	246,276,380	253,005,744
Other Funds Nonlimited	188,939,459	197,991,474	202,096,657	202,096,657	202,096,657
Federal Funds	3,063,362	17,420,257	14,941,294	14,466,034	16,803,370
Total Expenditures	384,186,069	466,555,667	475,917,427	462,839,071	471,905,771
Dentistry, Board of					
Other Funds	2,650,838	3,045,511	3,302,643	3,277,010	3,328,763
Health Related Licensing Boards:					
Mortuary and Cemetery Board					
Other Funds	1,417,530	2,118,785	2,133,838	2,152,200	2,191,749
Naturopathic Medicine					
Other Funds	641,218	733,930	751,080	799,923	809,413
Occupational Therapy Licensing					
Other Funds	366,776	474,187	509,134	483,425	514,522
Medical Imaging					
Other Funds	765,176	943,917	972,343	886,265	898,304
Speech-Language Pathology and Audiology					
Other Funds	543,636	680,390	717,500	615,945	756,010
Veterinary Medical Examining					
Other Funds	686,186	929,442	965,727	973,220	1,034,917
Health Related Licensing Boards Total					
Other Funds	4,420,522	5,880,651	6,049,622	5,910,978	6,204,915

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
Labor & Industries, Bureau of					
General Fund	11,279,003	12,908,494	13,660,976	13,119,229	13,461,114
Other Funds	9,331,143	11,628,973	12,885,753	12,162,061	12,675,846
Other Funds Nonlimited	975,996	1,236,000	1,281,732	1,281,732	1,281,732
Federal Funds	1,462,377	1,541,210	1,259,556	1,258,596	1,297,545
Total Expenditures	23,048,519	27,314,677	29,088,017	27,821,618	28,716,237
Licensed Social Workers, Board of					
Other Funds	1,248,425	1,502,105	1,667,617	1,697,440	1,717,671
Medical Board, Oregon					
Other Funds	9,777,175	11,614,923	12,534,486	12,595,547	12,840,109
Mental Health Regulatory Agency*					
Other Funds	2,041,873	2,950,769	2,741,358	3,462,553	3,509,699
Nursing, Board of					
Other Funds	13,507,035	15,829,482	16,504,867	16,595,386	16,847,478
Pharmacy, Board of					
Other Funds	5,599,379	7,061,708	7,163,478	7,335,399	7,464,610
Public Utility Commission					
Other Funds	37,395,874	45,634,617	48,094,159	45,128,415	45,919,838
Other Funds Nonlimited	80,665,904	69,279,866	56,290,822	56,290,822	56,290,822
Federal Funds	2,345,176	727,796	721,958	715,100	742,231
Total Expenditures	120,406,954	115,642,279	105,106,939	102,134,337	102,952,891
Real Estate Agency					
Other Funds	6,587,706	7,166,423	7,898,615	7,621,789	7,781,918
Tax Practitioners, Board of					
Other Funds	1,088,661	1,261,884	1,329,314	1,042,020	1,042,020
CONSUMER AND BUSINESS SERVICES PROGRAM AREA					
General Fund	11,279,003	14,731,494	13,660,976	13,119,229	13,461,114
Other Funds	302,537,081	382,409,471	400,086,474	383,562,915	393,158,025
Other Funds Nonlimited	270,581,359	268,507,340	259,669,211	259,669,211	259,669,211
Federal Funds	6,870,915	19,689,263	16,922,808	16,439,730	18,843,146
Total	591,268,358	685,337,568	690,339,469	672,791,085	685,131,496

* HB 2319 (2017) combined the Board of Licensed Professional Counselors and Therapists and the Board of Psychologist Examiners

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
NATURAL RESOURCES					
Agriculture, Department of					
General Fund	19,433,285	24,630,128	25,777,408	22,307,042	22,698,953
Lottery Funds	6,368,044	7,599,344	7,072,247	8,103,745	9,001,307
Other Funds	49,871,107	62,541,500	65,835,111	66,605,463	68,154,857
Federal Funds	10,334,960	17,630,167	15,958,792	17,452,844	17,615,623
Total Expenditures	86,007,396	112,401,139	114,643,558	114,469,094	117,470,740
Columbia River Gorge Commission					
General Fund	884,527	920,291	962,919	992,000	992,000
Energy, Department of					
Lottery Funds	2,166,048	2,980,496	3,023,630	3,023,630	3,023,630
Other Funds	33,214,314	35,104,816	35,412,377	35,206,624	35,609,279
Other Funds Nonlimited	83,385,513	212,753,963	119,282,861	119,282,861	119,282,861
Federal Funds	2,553,392	3,187,299	3,153,122	2,412,636	2,455,398
Federal Funds Nonlimited	-	104,000	104,000	104,000	104,000
Total Expenditures	121,319,267	254,130,574	160,975,990	160,029,751	160,475,168
Environmental Quality, Department of					
General Fund	30,960,731	38,164,101	39,963,680	44,629,011	48,377,650
Lottery Funds	3,873,253	4,084,177	4,187,950	4,610,577	4,732,711
Other Funds	120,390,027	153,167,568	160,645,627	169,639,110	194,863,032
Other Funds Nonlimited	104,790,547	131,264,767	91,216,687	131,686,687	131,686,687
Federal Funds	24,266,508	29,567,515	31,043,806	28,593,914	29,266,525
Total Expenditures	284,281,066	356,248,128	327,057,750	379,159,299	408,926,605
Fish and Wildlife, Department of					
General Fund	17,165,916	31,162,079	30,974,904	28,408,880	29,458,285
Lottery Funds	4,921,717	4,917,581	5,189,892	5,212,514	5,326,259
Other Funds	157,781,817	180,436,355	181,617,419	191,354,898	193,825,411
Federal Funds	110,892,069	142,766,627	144,836,135	133,139,592	135,372,685
Total Expenditures	290,761,519	359,282,642	362,618,350	358,115,884	363,982,640
Forestry, Department of					
General Fund	118,966,690	102,150,421	69,716,672	68,242,727	96,605,737
Lottery Funds	5,130,718	7,554,096	2,606,595	2,601,001	2,601,001
Other Funds	282,455,808	297,854,801	242,283,417	340,602,781	366,655,973
Other Funds Nonlimited	10,473,812	1,731,484	-	-	-
Federal Funds	14,096,634	35,066,180	33,515,674	33,657,195	33,907,251
Total Expenditures	431,123,662	444,356,982	348,122,358	445,103,704	499,769,962

	2013-15	2015-17	2017-19	2017-19	2017-19
	Actuals	Legislatively	Current	Legislatively	Legislatively
		Approved	Service Level	Adopted	Approved
	\$	\$	\$	\$	\$
Geology & Mineral Industries, Dept of					
General Fund	4,040,945	4,806,968	3,665,822	4,631,168	4,709,949
Other Funds	7,732,500	6,278,059	6,447,304	6,787,859	6,881,528
Federal Funds	4,370,000	6,947,079	5,047,592	5,937,915	6,040,857
Total Expenditures	16,143,445	18,032,106	15,160,718	17,356,942	17,632,334
Land Conservation and Development, Dept of					
General Fund	12,198,336	13,593,528	13,507,085	12,951,689	15,160,953
Other Funds	561,866	725,419	561,874	1,734,829	1,785,545
Federal Funds	5,247,072	6,396,794	6,629,806	6,421,857	6,487,739
Total Expenditures	18,007,274	20,715,741	20,698,765	21,108,375	23,434,237
Land Use Board of Appeals					
General Fund	1,573,758	1,846,330	1,926,784	1,927,050	1,952,556
Other Funds	30,252	28,641	29,700	33,700	33,700
Total Expenditures	1,604,010	1,874,971	1,956,484	1,960,750	1,986,256
Marine Board					
Other Funds	24,438,979	26,508,351	27,578,318	26,923,945	27,142,592
Federal Funds	5,711,179	7,467,774	6,632,414	6,631,041	6,633,313
Total Expenditures	30,150,158	33,976,125	34,210,732	33,554,986	33,775,905
Parks and Recreation Department					
General Fund	979,999	-	-	218,894	228,729
Lottery Funds	79,666,375	83,259,675	99,719,970	100,597,217	102,148,107
Other Funds	99,602,710	111,939,526	91,628,295	99,889,179	101,176,692
Federal Funds	9,358,198	12,874,261	9,871,343	16,389,923	16,422,002
Total Expenditures	189,607,282	208,073,462	201,219,608	217,095,213	219,975,530
State Lands, Department of					
General Fund	-	346,082	-	5,000,000	5,000,000
Other Funds	28,187,651	41,925,846	29,340,595	47,925,059	56,436,137
Other Funds Nonlimited	11,594,220	13,334,249	10,234,249	10,234,249	10,234,249
Federal Funds	2,475,172	2,396,484	1,723,318	2,261,458	2,466,188
Total Expenditures	42,257,043	58,002,661	41,298,162	65,420,766	74,136,574
Water Resources Department					
General Fund	27,202,391	31,220,037	32,932,622	31,483,809	32,150,986
Lottery Funds	571,605	2,511,482	6,032,844	3,953,969	3,953,969
Other Funds	7,700,475	74,257,142	41,237,275	61,306,369	66,864,861
Other Funds Nonlimited	2,296,497	-	-	-	-
Federal Funds	641,182	1,312,338	1,323,257	1,879,534	1,905,917
Total Expenditures	38,412,150	109,300,999	81,525,998	98,623,681	104,875,733

		2013-15	2015-17	2017-19	2017-19	2017-19
		Actuals	Legislatively	Current	Legislatively	Legislatively
			Approved	Service Level	Adopted	Approved
		\$	\$	\$	\$	\$
Oregon Watershed Enhancement Board						
General Fund		-	-	-	190,000	190,000
Lottery Funds		57,997,623	62,490,496	66,920,000	74,415,091	79,589,460
Other Funds		1,075,106	3,618,093	1,609,486	3,009,486	3,009,486
Federal Funds		23,075,625	37,274,113	25,924,237	41,671,381	41,759,143
Total Expenditures		82,148,354	103,382,702	94,453,723	119,285,958	124,548,089
NATURAL RESOURCES PROGRAM AREA						
General Fund		233,406,578	248,839,965	219,427,896	220,982,270	257,525,798
Lottery Funds		160,695,383	175,397,347	194,753,128	202,517,744	210,376,444
Other Funds		813,042,612	994,386,117	884,226,798	1,051,019,302	1,122,439,093
Other Funds Nonlimited		212,540,589	359,084,463	220,733,797	261,203,797	261,203,797
Federal Funds		213,021,991	302,886,631	285,659,496	296,449,290	300,332,641
Federal Funds Nonlimited		-	104,000	104,000	104,000	104,000
Total		1,632,707,153	2,080,698,523	1,804,905,115	2,032,276,403	2,151,981,773

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
TRANSPORTATION					
Aviation, Department of					
Other Funds	6,079,744	12,484,576	11,822,955	12,723,305	13,745,866
Federal Funds	4,938,736	9,510,298	1,266,499	9,307,461	9,318,243
Total Expenditures	11,018,480	21,994,874	13,089,454	22,030,766	23,064,109
Transportation, Department of					
General Fund	12,710,074	22,056,357	54,291,838	23,456,104	23,456,104
Lottery Funds	92,643,018	107,484,140	120,644,222	114,604,964	113,596,792
Other Funds	2,975,213,118	3,387,766,797	3,362,591,825	3,654,291,921	3,794,347,511
Other Funds Nonlimited	1,440,960,350	532,100,569	18,158,214	18,158,214	173,412,455
Federal Funds	93,204,038	118,275,491	99,748,065	105,699,330	105,756,768
Federal Funds Nonlimited	20,053,968	21,621,529	21,575,775	21,575,775	21,575,775
Total Expenditures	4,634,784,566	4,189,304,883	3,677,009,939	3,937,786,308	4,232,145,405
TRANSPORTATION PROGRAM AREA					
General Fund	12,710,074	22,056,357	54,291,838	23,456,104	23,456,104
Lottery Funds	92,643,018	107,484,140	120,644,222	114,604,964	113,596,792
Other Funds	2,981,292,862	3,400,251,373	3,374,414,780	3,667,015,226	3,808,093,377
Other Funds Nonlimited	1,440,960,350	532,100,569	18,158,214	18,158,214	173,412,455
Federal Funds	98,142,774	127,785,789	101,014,564	115,006,791	115,075,011
Federal Funds Nonlimited	20,053,968	21,621,529	21,575,775	21,575,775	21,575,775
Total	4,645,803,046	4,211,299,757	3,690,099,393	3,959,817,074	4,255,209,514

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
ADMINISTRATION					
Administrative Services, Dept of*					
General Fund	10,669,908	15,830,796	7,593,943	17,445,957	25,653,397
Lottery Funds	8,022,261	10,553,686	15,238,900	14,361,900	13,940,628
Other Funds	900,683,866	947,062,328	880,536,765	983,881,355	1,009,362,097
Other Funds Nonlimited	151,359,848	300,378,254	129,986,751	129,986,751	129,986,751
Total Expenditures	1,070,735,883	1,273,825,064	1,033,356,359	1,145,675,963	1,178,942,873
Fairs (County and State)*					
General Fund	-	1,015,299	1,052,865	1,015,299	1,015,299
Lottery Funds	3,669,380	3,864,000	3,648,000	3,828,000	3,828,000
Total Expenditures	3,669,380	4,879,299	4,700,865	4,843,299	4,843,299
Historical Society*					
General Fund	738,750	1,125,000	750,000	900,000	900,000
Lottery Funds	210,392	210,392	367,770	360,652	360,652
Total Expenditures	949,142	1,335,392	1,117,770	1,260,652	1,260,652
Oregon Public Broadcasting*					
General Fund	492,500	750,000	500,000	500,000	500,000
Lottery Funds	546,157	2,013,018	3,005,802	1,572,415	1,572,415
Total Expenditures	1,038,657	2,763,018	3,505,802	2,072,415	2,072,415
Advocacy Commissions Office					
General Fund	424,918	627,045	717,195	697,136	720,802
Other Funds	3,342	42,189	42,189	9,481	9,481
Total Expenditures	428,260	669,234	759,384	706,617	730,283
Employment Relations Board					
General Fund	2,031,615	2,463,085	2,720,476	2,491,749	2,556,694
Other Funds	1,955,487	2,067,604	2,164,482	2,500,764	2,556,456
Total Expenditures	3,987,102	4,530,689	4,884,958	4,992,513	5,113,150
Government Ethics Commission					
Other Funds	1,989,415	2,791,303	2,704,274	2,705,247	2,758,688
Governor, Office of the					
General Fund	11,189,877	12,784,089	13,250,527	12,947,791	13,660,135
Lottery Funds	3,032,991	4,211,103	4,434,432	3,689,100	3,723,949
Other Funds	2,326,520	3,250,620	3,387,418	3,322,288	3,413,769
Federal Funds	-	-	-	6,907,780	3,585,152
Total Expenditures	16,549,388	20,245,812	21,072,377	26,866,959	24,383,005

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
Oregon Liquor Control Comm					
Other Funds	151,299,015	186,681,809	191,327,026	206,250,022	213,152,560
Other Funds Nonlimited	-	-	-		
Total Expenditures	151,299,015	186,681,809	191,327,026	206,250,022	213,152,560
Public Employees Retirement System					
Other Funds	81,931,164	108,240,199	97,396,583	98,448,004	101,458,179
Other Funds Nonlimited	9,027,953,765	9,863,458,062	10,994,171,000	10,994,171,000	10,994,171,000
Total Expenditures	9,109,884,929	9,971,698,261	11,091,567,583	11,092,619,004	11,095,629,179
Racing Commission, Oregon					
Other Funds	5,146,512	6,279,468	6,443,325	6,353,396	6,422,599
Revenue, Dept of					
General Fund	160,778,293	192,458,207	210,070,974	188,533,904	194,469,572
Other Funds	49,798,657	138,309,985	115,770,126	124,776,501	129,820,700
Total Expenditures	210,576,950	330,768,192	325,841,100	313,310,405	324,290,272
Secretary of State					
General Fund	8,597,817	10,286,479	10,082,165	10,426,561	12,649,135
Other Funds	46,081,409	56,315,860	57,686,035	56,998,482	58,170,519
Federal Funds	2,832,662	6,278,282	5,194,107	4,721,387	4,882,166
Total Expenditures	57,511,888	72,880,621	72,962,307	72,146,430	75,701,820
State Library					
General Fund	3,314,924	3,628,773	4,059,622	3,990,257	4,060,172
Other Funds	5,653,370	6,443,435	6,899,420	6,717,774	6,842,189
Federal Funds	4,360,283	5,121,642	5,276,872	5,275,247	5,309,791
Total Expenditures	13,328,577	15,193,850	16,235,914	15,983,278	16,212,152
Treasury, Oregon State					
General Fund	-	1,940,360	2,043,089	3,490,552	5,361,270
Other Funds	44,521,998	62,192,111	65,851,074	80,418,025	82,003,898
Total Expenditures	44,521,998	64,132,471	67,894,163	83,908,577	87,365,168
ADMINISTRATION PROGRAM AREA					
General Fund	198,238,602	242,909,133	251,787,991	242,439,206	261,546,476
Lottery Funds	15,481,181	20,852,199	26,694,904	23,812,067	23,425,644
Other Funds	1,291,390,755	1,519,676,911	1,430,208,717	1,572,381,339	1,615,971,135
Other Funds Nonlimited	9,179,313,613	10,163,836,316	11,124,157,751	11,124,157,751	11,124,157,751
Federal Funds	7,192,945	11,399,924	10,470,979	16,904,414	13,777,109
Total	10,691,617,096	11,958,674,483	12,843,320,342	12,979,694,777	13,038,878,115
* 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.					

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
LEGISLATIVE BRANCH					
Indian Services, Commission on					
General Fund	391,128	508,295	539,068	537,318	629,880
Other Funds	1,688	6,784	7,035	7,035	7,035
Total Expenditures	392,816	515,079	546,103	544,353	636,915
Legislative Administration Committee					
General Fund	31,561,859	41,066,927	33,925,779	40,873,948	49,657,276
Other Funds	36,469,633	35,495,025	2,972,132	17,902,565	27,665,211
Other Funds Nonlimited	9,758,752	5,511,874	390,658	390,658	390,658
Total Expenditures	77,790,244	82,073,826	37,288,569	59,167,171	77,713,145
Legislative Assembly					
General Fund	36,056,735	43,821,552	46,348,363	40,368,569	46,054,850
Other Funds	62,126	223,530	26,570	26,570	26,570
Other Funds Nonlimited	88,971	106,360	115,520	115,520	115,520
Total Expenditures	36,207,832	44,151,442	46,490,453	40,510,659	46,196,940
Legislative Counsel Committee					
General Fund	9,505,417	11,580,183	12,745,700	12,552,965	13,397,725
Other Funds	1,119,499	1,552,105	1,638,291	1,579,137	1,846,216
Other Funds Nonlimited	5,206,141	526,136	554,913	554,913	554,913
Total Expenditures	15,831,057	13,658,424	14,938,904	14,687,015	15,798,854
Legislative Fiscal Officer					
General Fund	3,633,365	4,576,706	4,989,962	4,117,795	4,976,414
Other Funds	2,668,851	3,530,895	3,779,805	3,655,385	3,692,282
Total Expenditures	6,302,216	8,107,601	8,769,767	7,773,180	8,668,696
Legislative Policy and Research Office					
General Fund	-	-	9,792,462	8,847,088	9,903,112
Legislative Revenue Officer					
General Fund	2,555,506	2,738,657	3,286,432	3,017,916	3,069,127
LEGISLATIVE BRANCH PROGRAM AREA					
General Fund	83,704,010	104,292,320	111,627,766	110,315,599	127,688,384
Other Funds	40,321,797	40,808,339	8,423,833	23,170,692	33,237,314
Other Funds Nonlimited	15,053,864	6,144,370	1,061,091	1,061,091	1,061,091
Total	139,079,671	151,245,029	121,112,690	134,547,382	161,986,789

	2013-15 Actuals	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 Legislatively Adopted	2017-19 Legislatively Approved
	\$	\$	\$	\$	\$
MISCELLANEOUS					
Emergency Board					
General Fund	-	-	30,000,000	50,000,000	49,747,628
Total Expenditures	-	-	30,000,000	50,000,000	49,747,628
Special Purpose Appropriations (details below)	-		6,000,000	128,822,118	49,006,115
MISCELLANEOUS PROGRAM TOTAL					
General Fund	-	-	36,000,000	178,822,118	98,753,743
Total	-	-	36,000,000	178,822,118	98,753,743
Special Purpose Appropriations (SPA)					
Various - State Employee Salary Adjustment				100,000,000	-
Various - Non-state Employee Salary Adjustment				10,000,000	-
Department of Forestry - Fire protection expenses			6,000,000	6,000,000	4,000,000
Long Term Care Ombudsman - Public Guardian				200,000	-
Department of Human Services - Foster Parent Supports				750,000	-
Judicial Department - Grand Jury Recordings				7,900,000	7,900,000
Chief Education Office - 2nd Year Funding				3,972,118	-
Oregon Health Authority/Dept. of Human Services - Caseload costs					30,000,000
Department of Human Services - Child Welfare costs					2,500,000
Department of Human Services - Ventilator costs					300,000
Oregon Health Authority - Mental health residential rates					2,000,000
Secretary of State - 2018 Special Election costs					1,656,115
Department of Revenue - Position reconciliation					650,000
SPA Totals	-	-	6,000,000	128,822,118	49,006,115

		2013-15	2015-17	2017-19	2017-19	2017-19
		Actuals	Legislatively	Current	Legislatively	Legislatively
			Approved	Service Level	Adopted	Approved
		\$	\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES						
General Fund		15,837,439,280	18,012,291,931	20,670,526,027	19,856,146,680	19,925,773,546
Lottery Funds		822,710,268	956,766,750	1,042,852,130	1,070,626,818	1,151,477,457
Other Funds		11,171,324,917	15,549,969,483	13,919,525,149	16,953,354,062	17,568,742,299
Other Funds Nonlimited		14,988,593,101	15,270,490,223	14,642,202,537	14,717,543,387	14,874,197,628
Federal Funds		15,038,134,367	18,730,452,581	19,279,542,195	18,845,906,772	19,254,036,093
Federal Funds Nonlimited		3,244,857,768	3,302,542,191	2,962,564,162	2,946,241,521	2,946,241,521
Total Expenditures		61,103,059,701	71,822,513,159	72,517,212,200	74,389,819,240	75,720,468,544
STATE OF OREGON TOTAL EXPENDITURES						
General Fund		15,837,439,280	18,012,291,931	20,670,526,027	19,856,146,680	19,925,773,546
Lottery Funds		822,710,268	956,766,750	1,042,852,130	1,070,626,818	1,151,477,457
Other Funds		26,159,918,018	30,820,459,706	28,561,727,686	31,670,897,449	32,442,939,927
Federal Funds		18,282,992,135	22,032,994,772	22,242,106,357	21,792,148,293	22,200,277,614
Total Expenditures		61,103,059,701	71,822,513,159	72,517,212,200	74,389,819,240	75,720,468,544