

Budget Highlights

2013-15

Legislatively Adopted Budget



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SEPTEMBER 2013

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

Following is the *Budget Highlights: 2013-15 Legislatively Adopted Budget*. This publication provides summary information of legislative actions affecting the budget, assumptions in the development of the budget, program areas, capital construction and state bonding debt, information technology, budget notes, fiscal impact statements, and substantive bills with a budget effect.

A detailed analysis of the budget by program area and agency is also being prepared, and will be available later in September.

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

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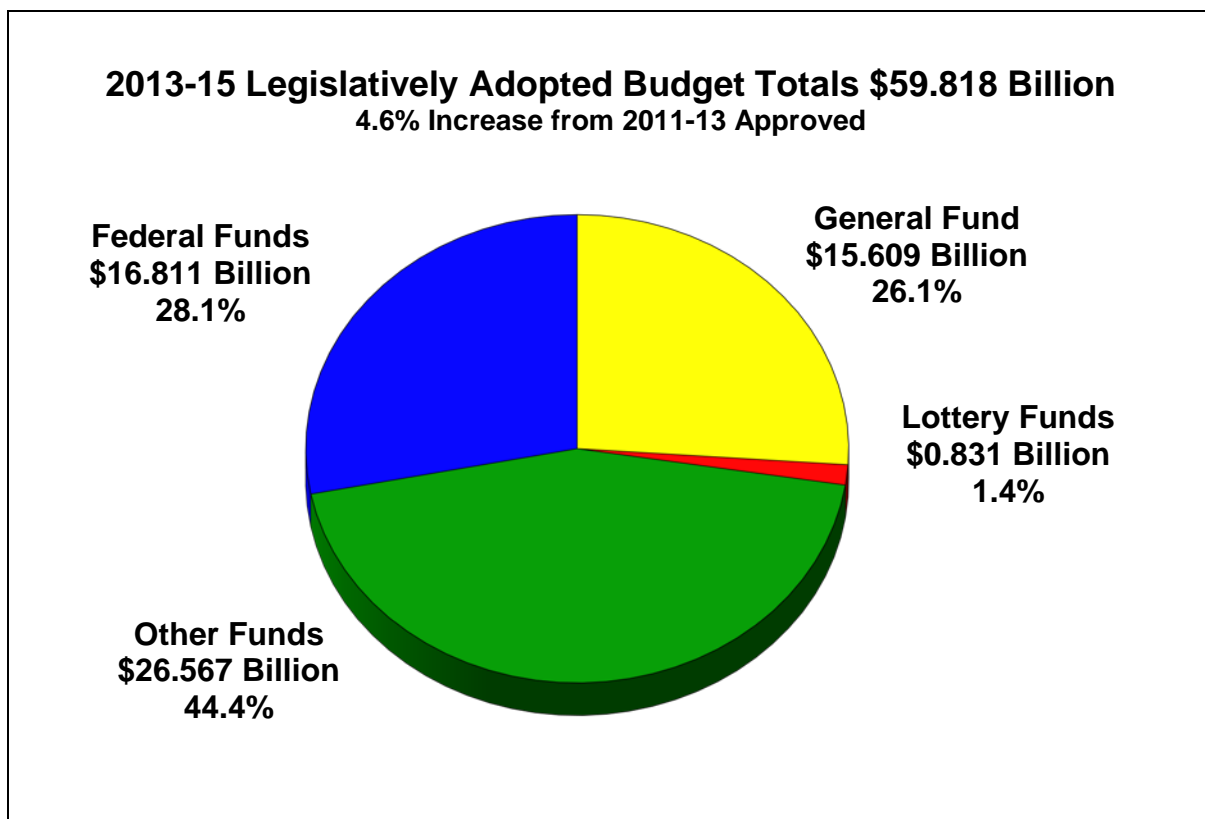
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Summary of 2013-15 Legislatively Adopted Budget

Budget Overview

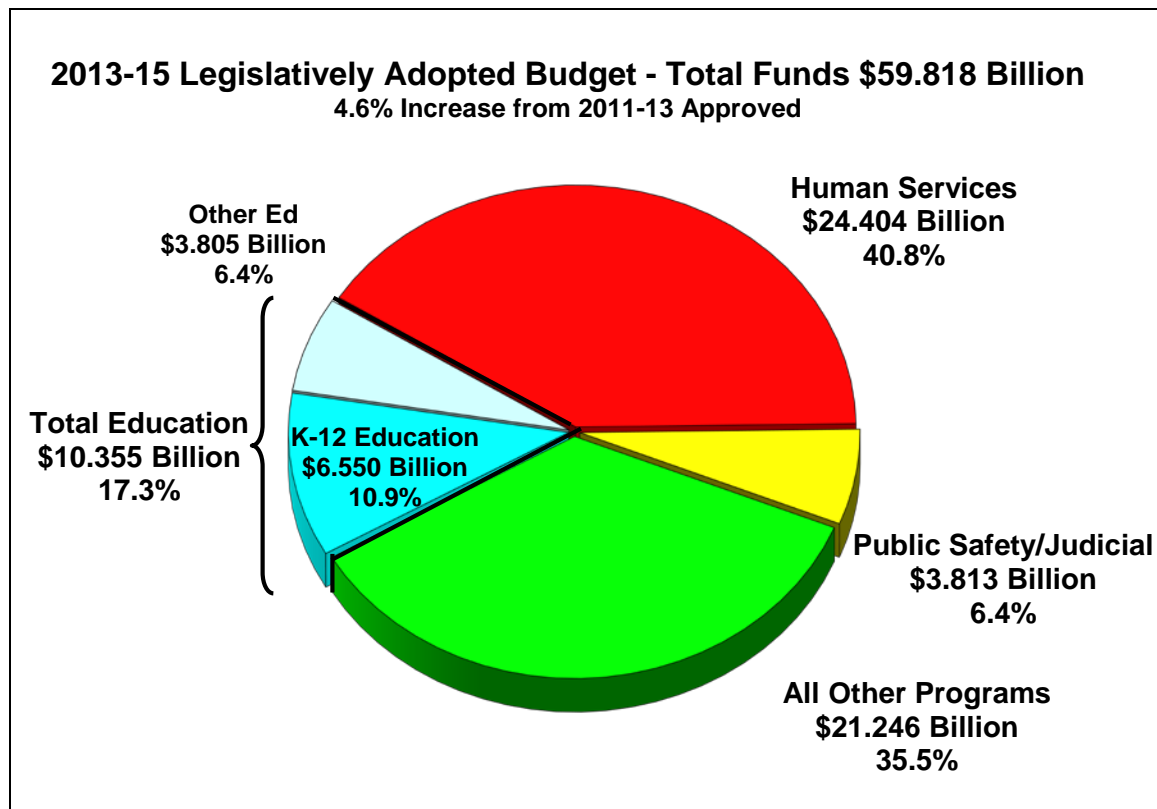
The legislatively adopted budget (LAB) for the 2013-15 biennium is \$59.818 billion total funds, an increase of \$2.6 billion from the 2011-13 legislatively approved budget of \$57.171 billion, or a gain of 4.6%. The increase between the two biennia is largely due to \$1.9 billion more in General Fund resources being authorized for expenditure in the 2013-15 biennium than were spent in 2011-13. This 14% increase in General Fund expenditures is the largest percentage increase since a 14.9% increase in the 1999-2001 biennium.

The adopted budget includes \$16.440 billion in combined General Fund and Lottery Funds, \$26.567 billion Other Funds, and \$16.811 billion Federal Funds. With the exception of 2011-13, the total funds budget percentage increase for the 2013-15 biennium is the lowest since the 1987-89 biennium. The relatively slight growth in the total funds budget is primarily due to a 21% reduction in Lottery Funds and continuation of a recent trend of slow to no growth in Other Funds. The 2013-15 adopted budget shows a \$17 million reduction in Other Funds, which is only a 0.06% decline, but follows another decline in the 2011-13 biennium. Due to a change in how the Oregon University System (OUS) is treated in the budget system starting with the 2011-13 biennium, comparisons of Other Funds expenditures to previous biennia will be misleading since OUS Other Funds are no longer included as part of the state budget as a result of passage of legislation making the university system an independent entity.



A constitutional amendment adopted by the people in November 2010 changed the historical Oregon biennial session process into annual sessions. The odd-numbered year session is limited to 160 calendar days and allows for an organizational session where action on bills is prohibited. The even-

year session is limited to 45 calendar days. In each case, the Legislature by a two-thirds vote can extend the session by five calendar days. For the 2013 regular session, the Legislature began on February 1st and completed business on July 8th, within the constitutionally required timeframes.

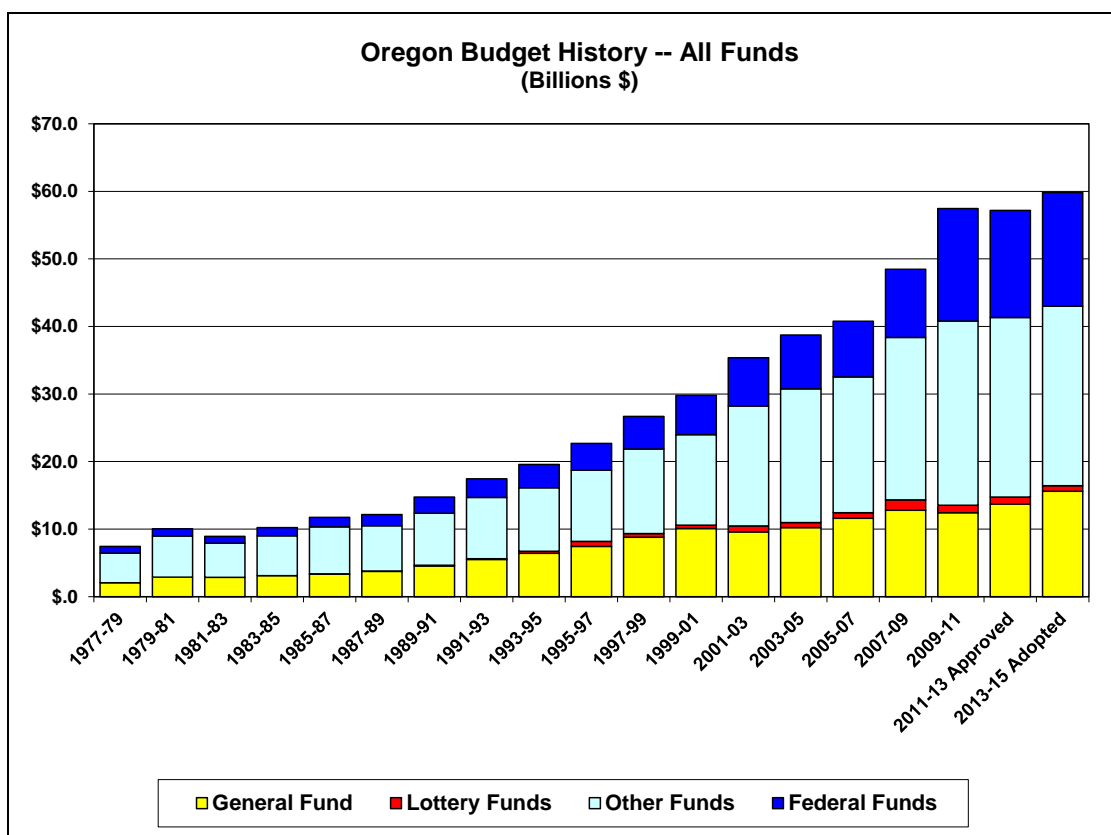


As part of the regular session plan, the Co-Chairs of the Joint Committee on Ways and Means initiated budget development for the 2011-13 budget using the March 2013 economic and revenue forecast that was released on February 15th to provide the Legislature time to respond to any changes in the state’s revenue situation. The forecast (still referred to as the March 2013 forecast) provided no clear picture for use by the Legislature in determining the budget for the 2013-15 biennium. While overall resources available for the 2013-15 budget were up, it was due to the net between an increase in resources for the current 2011-13 biennium and a decrease in new projected resources for the 2013-15 biennium. The Legislature had been dealing with a stable to down forecast situation for most of the 2011-13 biennium with General Fund resources \$225 million below the close-of-session forecast by December 2012. While the budget had been rebalanced during the 2012 session, the only reason that additional actions, such as the executive branch’s ability to use across-the-board reductions to maintain a balanced budget, were not necessary was due to the fact that the 2013 Legislature had left a \$446 million General Fund ending balance because of uncertainties concerning the state’s revenue situation. With the March 2013 forecast, that ending balance had been restored to \$382 million after falling to a low of \$221 million at the time of the December 2012 forecast.

For the 2013-15 biennium budget development, the Co-Chairs of the Joint Committee on Ways and Means used revenues in the March 2013 forecast to set an initial General Fund and Lottery Funds revenue target of \$16.443 billion for the 2013-15 budget. In addition, by early March, a preliminary budget plan was developed and an agreement was reached to budget toward a \$130 million ending balance, plus an additional \$180 million supplemental ending balance which was to be held back from each state agency General Fund and Lottery Funds budget by reducing the budget by 2%. The supplemental ending balance approach was first developed for the 2011-13 biennium budget due to

concerns about the state’s overall economic situation and the fact that the revenue situation had consistently deteriorated during the previous budget period. The Co-Chairs of the Committee indicated that if economic conditions stabilized or improved between the 2013 regular session and the next regular session in February 2014, consideration would be given to providing the 2% hold back that generated the supplemental ending balance to agencies to supplement second year of the biennium budgets. The initial budget plan also assumed the addition of another \$275 million in revenues; \$200 million of which was designed to achieve a balanced budget and \$75 million for additional resources for priority programs.

Final budget adjustments for the 2013-15 biennium budget were made after the release of the May 2013 economic and revenue forecast. This forecast showed General Fund increases for both the 2011-13 biennium and the 2013-15 biennium. The net change was an additional \$256 million in available General Fund resources for the 2013-15 budget.



To implement the budget decisions made during the 2013 regular session, besides individual agency budget bills, the Joint Committee on Ways and Means produced the following major bills that determined the final pieces of the 2013-15 adopted budget:

- HB 5008 – Emergency Fund and omnibus budget reconciliation
- HB 2322 – non-appropriation program changes to implement budget decisions
- SB 5506 – bonding authorization
- SB 5507 – capital construction
- SB 5532 – lottery allocations
- SB 5533 – lottery bonding authorization
- HB 5006 – criminal fines account

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

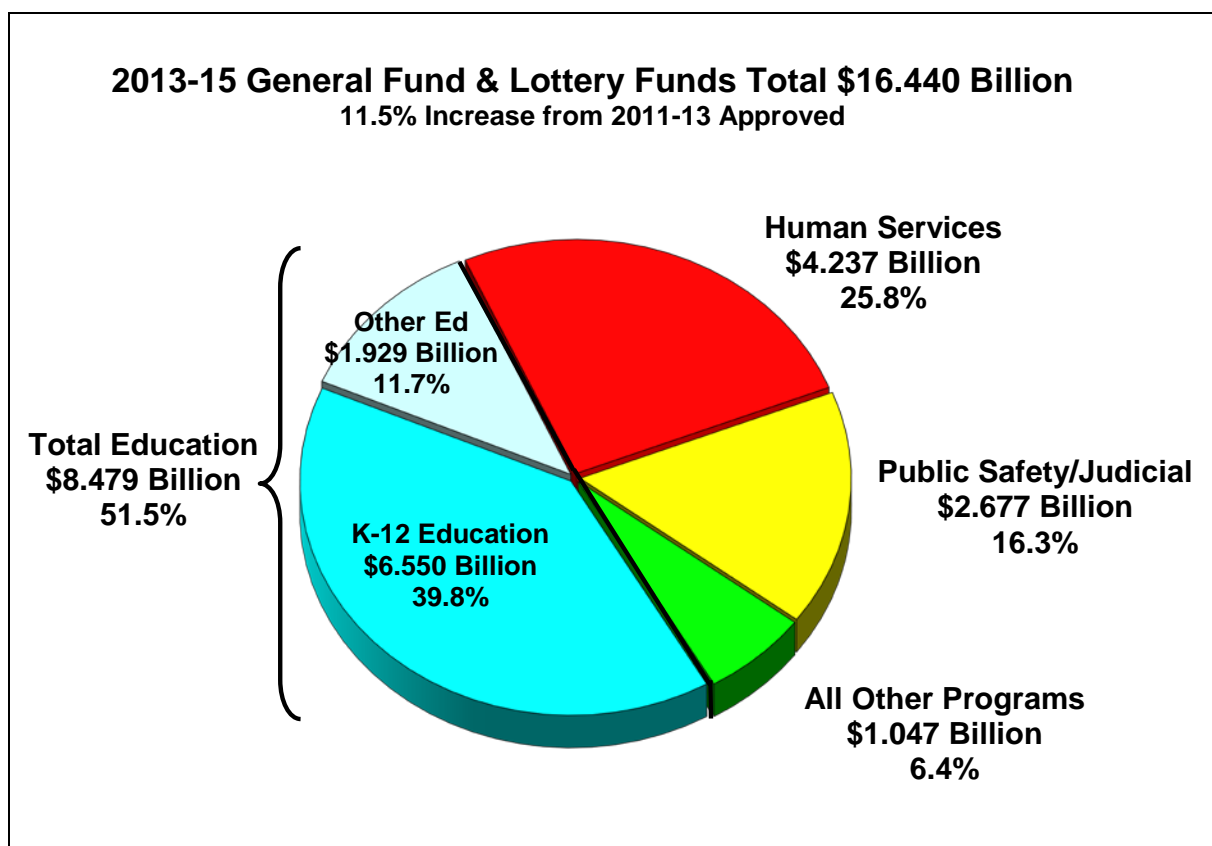
Budget Process

With respect to the overall development of the 2013-15 biennial budget, highlights of the 2013 session budget process were:

- An organizational session held in January followed by the convening of the odd-numbered year regular session on February 1st.
- Planning and executing a budget rebalance for the 2011-13 biennium budget during most of the month of March.
- The release of a Joint Committee on Ways and Means Co-Chair budget plan on March 4th that included an agreed upon revenue target and targeted expenditures by program area.
- The determination of a \$6.55 billion State School Fund budget as part of the Co-Chair budget release in early March, plus the assumption of another \$200 million in school district PERS savings.
- A series of community hearings on the budget were held by the Joint Committee on Ways and Means between April 12th and April 25th. The hearings were held in Eugene, Ashland, Bend, Portland, Tillamook, and Hermiston (with an audio/video link to LaGrande). During these community budget hearings, the Committee received verbal testimony from approximately 325 residents.
- In addition to the 96 budget bills heard and passed by the Joint Committee on Ways and Means (and its seven subcommittees), the Committee also had approximately 285 policy bills referred to it, of which 204 received at least a public hearing and with 176 being passed out of the Committee to either the Senate or House floor for further action.
- The processing of budget decisions and the development of budget documentation that enabled the Legislature to complete its business by the constitutional deadlines. Legislation passed to establish the annual session process allowed for 160 calendar days for the odd-numbered year session, which would have forced *sine die* by July 10th. The session ended on July 8th.

General Fund and Lottery Expenditures

Combined General Fund and Lottery Funds expenditures for the 2013-15 biennium as a result of the 2013 legislative session actions total \$16.440 billion, up \$1.7 billion from the legislatively approved budget for the 2011-13 biennium, an increase of 11.5%. General Fund appropriations increased by 14% in the adopted budget over the 2011-13 approved level, growth of \$1.9 billion, while the net Lottery Funds expenditure limitation was down by 21%, a decrease of \$220 million. The Lottery Funds reduction is partially due to the use of Education Stability Fund resources in the 2011-13 budget period; these resources are counted as Lottery Funds in the state budget.



Planning for the 2013-15 budget started with an estimated tentative budget that showed a \$960 million General Fund and Lottery Funds budget gap. This tentative budget calculation is only provided to give decision makers a point-in-time estimate of the state's relative fiscal position for the coming two-year budget period. It is based on the projected revenues for the next two budget years and the "current service level" budget, or the amount needed to continue all currently existing programs, services, and revenue sources for the next two budget years. The adopted General Fund/Lottery Funds budget is \$640 million below the calculated 2013-15 current service level budget, a reduction of 3.8%. Comparisons by program area can be found in the following table.

General Fund and Lottery Funds Total						
(\$ millions)						
	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted	% Change 2013-15 Adopted from 2011-13 Approved	% Change 2013-15 Adopted from 2013-15 CSL
State School Fund	5,383.9	5,714.8	6,315.4	6,550.0	14.6	3.7
Other Education	1,751.8	1,680.2	1,811.3	1,929.2	14.8	6.5
Human Services	3,294.1	3,914.4	5,239.8	4,236.6	8.2	(19.1)
Public Safety	1,785.2	1,964.9	2,176.5	2,038.1	3.7	(6.4)
Judicial Branch	495.6	598.4	660.9	638.9	6.8	(3.3)
Economic Development	142.0	176.9	128.2	151.2	(14.5)	18.0
Natural Resources	310.3	302.0	271.1	330.8	9.5	22.0
Transportation	97.4	74.6	116.4	96.0	28.7	(17.5)
Consumer/Business Services	11.8	11.1	12.1	11.5	3.3	(4.6)
Administration	192.1	219.6	255.7	214.3	(2.4)	(16.2)
Legislative Branch	70.5	82.9	92.9	88.0	6.1	(5.3)
Emergency Fund	0.0	0.0	0.0	155.1	NA	NA
Total	13,534.7	14,740.0	17,080.2	16,439.7	11.5	(3.8)

Another significant part of the 2013-15 budget plan was the decision to set aside a supplemental ending balance due to general concerns about the status of the state's economic situation and the effects of those conditions on revenues. A similar action was taken during the 2011 session for the 2011-13 adopted budget. In order to accomplish this plan, state agency budgets were developed and then 2% of the biennial appropriation was reduced from that amount and allowed to accumulate in a supplemental ending balance. The result was an additional \$155 million General Fund set aside in the supplemental ending balance. For the amounts reduced from each agency's budget for the supplemental ending balance, please see Appendix E.

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

2013-15 Legislatively Adopted Budget

2013-15 Legislatively Adopted Budget					
	General Fund	Lottery Funds	Lottery Funds-M76	Total GF/LF	Comments
May 2013 Forecast Revenues					
Beginning Balance	497.2	3.5	-	500.7	LF = EDF balance
Rainy Day Fund Deposit	(137.3)	-	-	(137.3)	
Carryforward	-	8.2	16.5	24.7	Agency retained plus interest
Interest Earnings	-	1.0	-	1.0	
Projected Revenues	15,485.7	897.8	158.2	16,541.6	
Total Resources	15,845.5	910.4	174.7	16,930.6	
Anticipated Administrative Actions	(18.2)	-	-	(18.2)	TANS projected interest costs
Total Available Resources	15,827.3	910.4	174.7	16,912.4	
Dedicated Distributions					
County Economic Development	-	(33.8)	-	(33.8)	Adjusted for Regional Solutions
Education Stability Fund	-	(189.8)	-	(189.8)	
Net Current Law Resources	15,827.3	686.8	174.7	16,688.7	
Additional Resources					
Emergency Fund Balance	50.4	-	-	50.4	HB 5008
DOR Tax Amnesty Fund	5.5	-	-	5.5	HB 2322
DEQ Assessment Deferral Loan Prg.	1.7	-	-	1.7	HB 2322
Employment Department SEDAF	10.0	-	-	10.0	HB 2322
DAS Insurance Fund	10.0	-	-	10.0	HB 2322
DOJ Protection and Education Fund	5.0	-	-	5.0	HB 2322
SOS Business Registry Fees	4.0	-	-	4.0	HB 2322
OLCC Bottle Surcharge	14.3	-	-	14.3	HB 2322
Corporate Tax Exemptions	1.0	-	-	1.0	HB 3477
Tax Compliance	1.0	-	-	1.0	HB 2464
Federal Tax Connection	(0.7)	-	-	(0.7)	HB 2492
Offshore Corporation Tax	18.0	-	-	18.0	HB 2460
Fire Insurance Premium Tax	(1.4)	-	-	(1.4)	HB 2084
DOR Collections Package	33.1	-	-	33.1	SB 5538
Criminal Fines Account	(9.2)	-	-	(9.2)	HB 2562
Central Government Service Charge	(3.0)	-	-	(3.0)	HB 2322
Total Additional Resources	139.7	-	-	139.7	
Tax Credits	(53.2)	-	-	(53.2)	HB 3367
Net Resources	15,913.7	686.8	174.7	16,775.1	
2013-15 Expenditures by Program Area	General Fund	Lottery Funds	Lottery Funds-M76	Total GF/LF	
Education (All Except SSF)	1,843.5	85.7	-	1,929.2	
State School Fund (SSF)	6,222.6	327.4	-	6,550.0	
Human Services	4,226.0	10.5	-	4,236.6	
Public Safety	2,031.2	-	6.9	2,038.1	
Judicial	638.9	-	-	638.9	
Transportation	2.1	94.0	-	96.0	
Economic Development	26.3	124.9	-	151.2	
Natural Resources	165.0	8.1	157.6	330.8	Regular LF is lottery bond debt service
Consumer and Business Services	11.5	-	-	11.5	
Administration	198.6	15.8	-	214.4	
Legislative Branch	88.0	-	-	88.0	
Emergency Fund	155.1	-	-	155.1	General Purpose (\$30 million) plus SPAs
Total 2013-15 Budgeted Expenditures	15,608.8	666.5	164.6	16,439.8	
Supplemental Ending Balance	154.9	1.4	-	156.2	If forecasts are stable, then may be restored to agencies in February 2014
Projected Regular Ending Balance	150.0	18.9	10.1	179.1	M76 = OPRD cash flow/debt service Lottery = \$15M EDF; rest agency retained
Total Ending Balance	304.9	20.3	10.1	335.3	

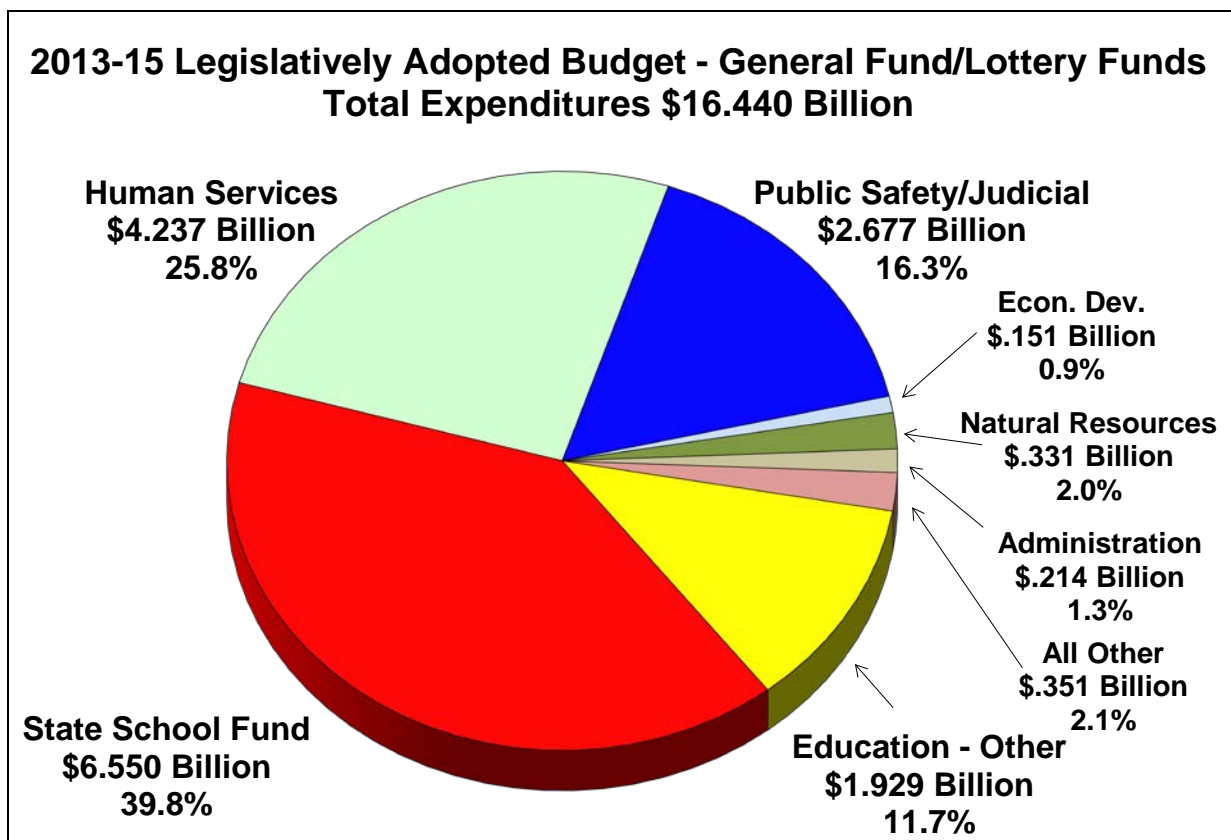
Resources

- Resources are based on the May 2013 forecast, but are adjusted with beginning balance and agency specific interest earnings that are ultimately included in expenditures.
- The General Fund resources from the forecast are adjusted by the estimated amount of interest costs for the use of Tax Anticipation Notes by the Treasury.
- Lottery Funds are reduced by projected distributions for county economic development and transfers to the Education Stability Fund, which are not part of the adopted budget.
- Additional resources approved by the Legislature during the session are identified including the legislation responsible for the resource change.
- Includes the amount of additional tax credits beyond current law as approved by the Legislature.

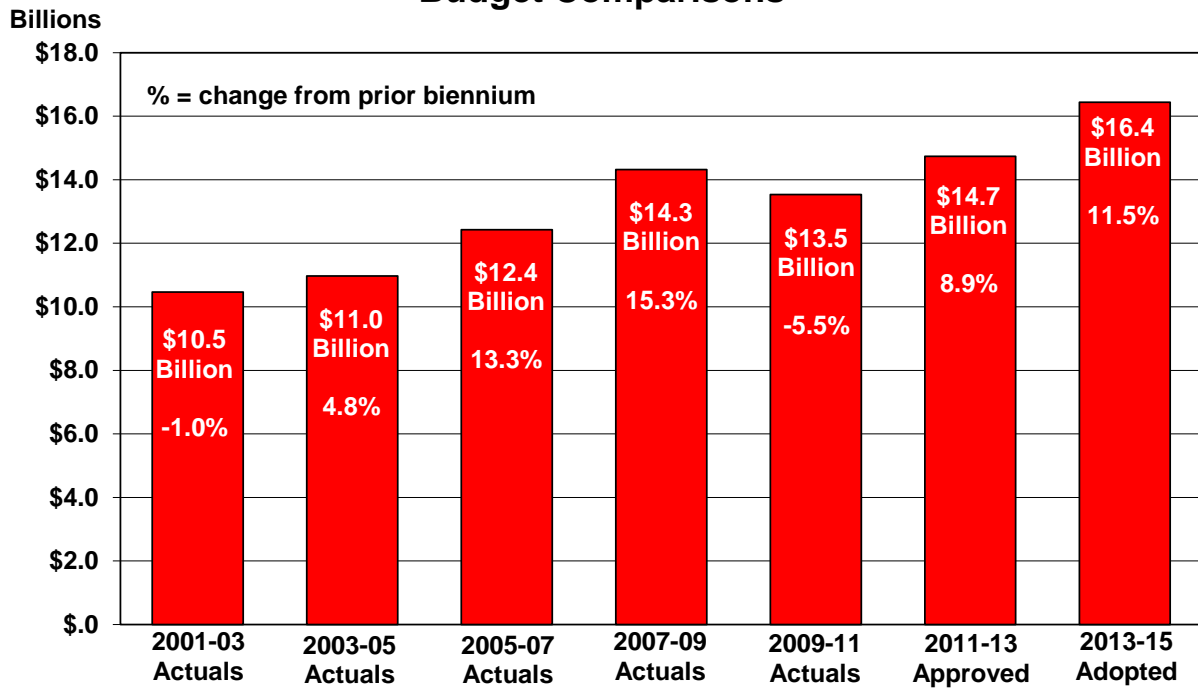
Expenditures are identified as approved in all budget actions taken by the Legislature during the 2013 regular session for the 2013-15 biennium.

Ending Balances:

- Regular ending balances include \$150 million General Fund and \$15 million Lottery Funds (another \$3.9 million Lottery Funds represents specific agency cash flow needs).
- The supplemental ending balance created due to uncertainty regarding the state's overall economic situation totals \$154.9 million General Fund and \$1.4 million Lottery Funds.
- The Measure 76 Lottery Funds ending balance (\$10.1 million) is for cash flow and debt service requirement of the Parks and Recreation Department.



General Fund and Lottery Expenditures Budget Comparisons



Lottery Resources and Expenditures

Lottery Resources

Lottery resources are forecast to total \$1.059 billion in the 2013-15 biennium, a \$24.5 million (or 2.3%) decline from the 2011-13 biennium level. This will represent the third consecutive biennium of declining lottery resources, following their peak in the 2007-09 biennium. After a period of rapid growth earlier in the decade, lottery resources declined by 22.4% during the 2009-11 biennium, followed by a smaller, 0.4% decline in the 2011-13 biennium. Resources in 2013-15 are forecast to be a full 24.4% below the 2007-09 biennium peak. Although the Office of Economic Analysis anticipates that lottery resources will begin to grow again starting in the 2015-17 biennium, it is not forecasting a return to the rapid growth rates that occurred early last decade when video lottery games were expanded. Indeed, total biennial lottery resources are not forecast to exceed the previous 2007-09 biennium peak level until the 2019-21 biennium.

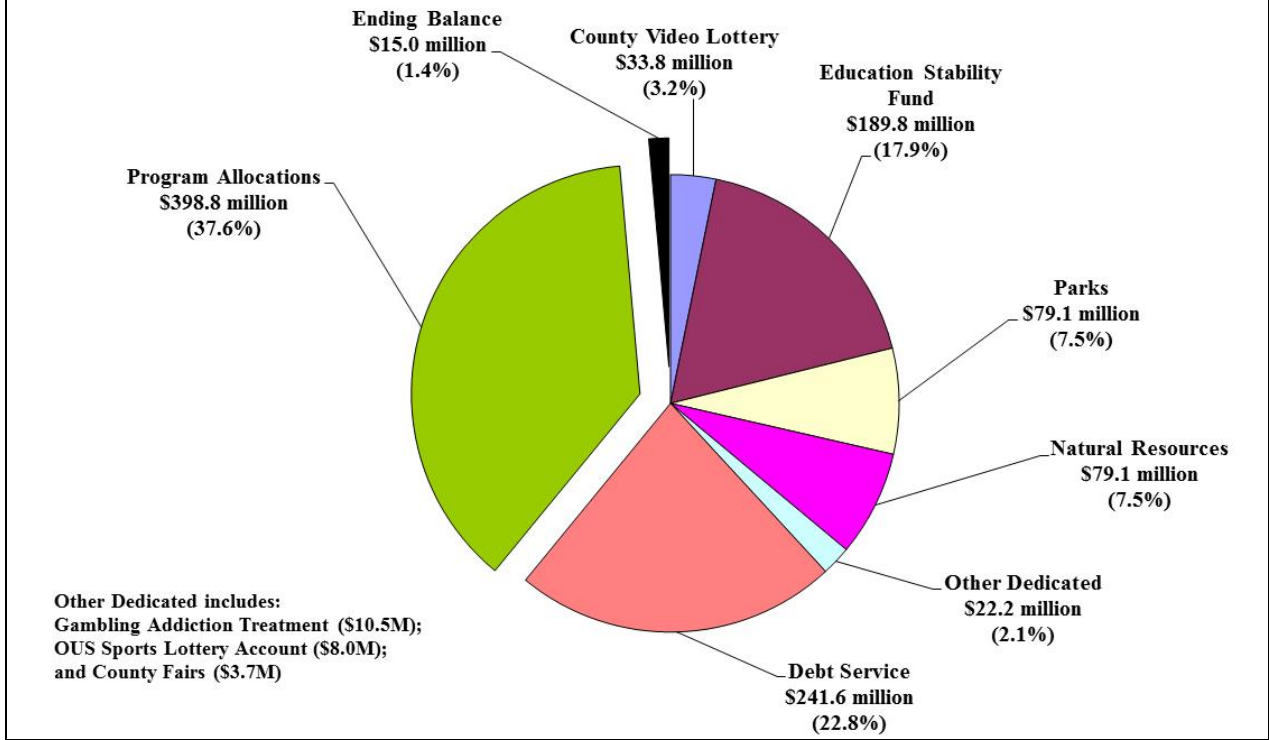
	2009-11 Actuals	2011-13 Legislatively Approved	2013-15 Legislatively Adopted	Difference 2011-13 to 2013-15
Total Earnings	\$1,056.8	\$1,071.6	\$1,054.6	(\$17.1)
Beginning Balance	1.4	0.3	3.5	3.2
Admin Savings and Contingency Transfers	29.3	8.0	0.0	(8.0)
Interest Earnings / Reversions	1.1	4.0	1.4	(2.6)
Total Lottery Resources	\$1,088.6	\$1,084.0	\$1,059.5	(\$24.5)

During the 2011 session, the Legislature anticipated \$1.13 billion of total lottery resources, and adopted a budget that authorized \$1.10 billion of these resources for transfer and allocation, retaining a \$27.5 million ending balance in the Administrative Services Economic Development Fund (EDF). Actual 2011-13 biennium lottery resources came in approximately \$47 million below the level projected in the 2011 session, however. The Legislature rebalanced the Lottery Funds budget twice to address this revenue shortfall, first during the 2012 session, and then a second time during the 2013 session. After these adjustments, transfers and allocations were reduced by \$23 million, leaving a 2011-13 biennium EDF ending balance of approximately \$3.5 million.

Lottery Expenditures

Total lottery resources are used for four general purposes in the budget: Dedicated Transfers, Debt Service payments, Program Allocations, and the Ending Balance. Under HB 2012 passed in the 2009 session and subsequent legislation, any ending balance in the EDF was transferred to the School Capital Matching Fund to match designated school district capital expenditures. In the 2013 session, however, the Legislature permanently repealed the ending balance transfer (after earlier, temporary repeals), meaning that EDF ending balances (including the \$3.5 million ending balance for 2011-13) are carried forward and become a resource for the next biennium's budget. The chart on the following page illustrates the allocation of lottery resources to dedicated transfers, debt service, program allocations, and the ending balance in the 2013-15 legislatively adopted budget.

Over 60% of Lottery Funds Are Used for Dedicated Transfers & Debt Service



Dedicated Transfers

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

There are two constitutional dedicated transfers and four statutory dedicated transfers. These dedicated transfers are projected to total \$404.1 million (or 38.1% of total lottery resources) during the 2013-15 biennium, a 2.6% decrease from the prior biennium level. The constitutional dedicated transfers include:

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

When the ESF balance reaches this limit, transfers into the Education Stability Fund are suspended. During this suspension, a temporary transfer equal to 15% of net lottery proceeds and administrative savings is transferred to School Capital Matching Fund to be used to match designated school district capital expenditures. The ESF balance has never exceeded 5% of prior biennium General Fund revenues to date. Dedicated transfers to the ESF are projected to total \$189.8 million in the 2013-15 biennium (down 2.3% from the \$194.3 million transferred in 2011-13).

Generally, 10% of the amount deposited in the Education Stability Fund is deposited into the Oregon Growth Account within the ESF. These deposits, which are allocated to illiquid investments, become unavailable for other budget purposes until earnings are declared on the invested funds. For the 2009-11 and 2011-13 biennia, the portion of ESF transfers deposited into the Oregon Growth Account was temporarily reduced to 5% (instead of 10%). Beginning with the 2013-15 biennium, the former 10% dedication to the Oregon Growth Account is restored. With the 10% dedication restored, the amount of Lottery Funds transferred to the Education Stability Fund in 2013-15 that will be available if needed for expenditure is \$170.8 million, a 7.6% reduction from the prior biennium level.

The Lottery Funds transferred to the Education Stability Fund cannot be spent unless approved by a 3/5 vote in both houses of the Legislature. Certain conditions must be met, however, before such a vote can even take place. Conditions that permit the Legislature, by 3/5 vote, to withdraw monies from the ESF for expenditure purposes include: a) the state experiences non-farm payroll employment declines extending for two or more consecutive quarters, b) projected General Fund declines exceed magnitudes established in the Constitution, or c) the Governor declares an emergency to exist. The conditions allowing expenditure of ESF funds on approval of 3/5 votes without the need of a gubernatorial declaration of emergency were met during the 2009, 2010 and 2011 legislative sessions. During these three sessions, the Legislature approved transferring most of the ESF balance to the State School Fund. During the 2009 session, the Legislature transferred the 2007-09 biennium ESF ending balance of \$393.8 million to the State School Fund to rebalance the 2007-09 biennium budget. During the 2010 and 2011 sessions, a total of \$180.7 million was transferred from the ESF to the State School Fund to rebalance the 2009-11 biennium budget, and a total of \$182.2 million was transferred to the State School Fund in 2011-13. The conditions allowing ESF expenditures without a gubernatorial declaration of emergency were no longer in place during the 2013 legislative session, and no transfer to the State School Fund was approved. As a result, deposits into the Fund will be retained, and the 2013-15 biennium ESF ending balance is forecast to equal \$179.4 million.

The investment earnings of the ESF, unlike the Fund's corpus, are distributed for expenditures on a regular basis. Investment earnings are distributed as follows: 75% to finance debt service costs on bonds that the Legislature approved for schools in the 1997 and 1999 sessions, and 25% for need-based college scholarships awarded through the Oregon Opportunity Grant program. Funds available for these distributions have declined as ESF moneys have been transferred to the State School Fund and as interest rates have fallen. During the 2013-15 biennium, the distributions to these two programs are forecast to total only \$739,000, and \$246,000, respectively. These distributions are in addition to, and are not included in, the total lottery resources figures noted above.

- *Parks and Natural Resources Fund* – The other constitutionally-mandated transfer is that 15% of total lottery net lottery proceeds and administrative savings be dedicated to parks and natural resources. This dedication was established when voters approved Ballot Measure 66 in 1998, and extended and modified with the approval of Ballot Measure 76 in 2010. A total of \$158.2 million is forecast for parks and natural resources in the 2013-15 biennium from this dedicated transfer, a decline of 2.3% from the prior biennium. An additional \$16.5 million is carried forward from prior biennium distributions. The 2013-15 legislatively adopted budget includes expenditures of \$164.6 million of Measure 76 lottery funds.

The 2013 Legislature approved temporary, one-biennium changes to all four of the statutory-dedicated transfers in the 2013-15 biennium budget. The statutory transfer amounts, and their modifications for the 2013-15 biennium, are:

- 1% of total lottery transfers are dedicated to gambling addiction treatment programs operated by the Oregon Health Authority. In lieu of that formula-determined amount, however, the Legislature fixed the 2013-15 biennium allocation at the 1% of resources figure, and approved a fixed allocation of \$10,545,832. This amount will not vary with the level of lottery revenues. The allocation is a 1.9% increase over the prior biennium level.
- 1% of total lottery transfers are dedicated to the Oregon University System for athletic programs and graduate student scholarships. The Legislature reduced the 2013-15 biennium dedication for this distribution to a fixed amount of \$8,000,000. The allocation is a 4.8% reduction from the prior biennium level.
- 2.5% of video lottery earnings (not of total lottery resources) are dedicated to counties for economic development programs. The distribution of 2.5% of video lottery earnings to counties is the state's primary shared revenue supporting local economic development programs. In lieu of this transfer, the Legislature established a fixed allocation amount of \$33,849,166 for the 2013-15 biennium. This amount represents the forecasted level of the transfer at the full 2.5% rate, with a subtraction to finance one-half of the allocations made to the Governor's Office and to the Oregon Business Development Department to support the Economic Revitalization Team and Regional Solutions. The allocation to counties is a 6.8% reduction from the prior biennium level.
- 1% of total lottery resources, not to exceed \$1.53 million annually, are dedicated to the County Fair Account for distribution to counties. The maximum amount is adjusted each biennium pursuant to changes in the Consumer Price Index. The Legislature, however, instead established a fixed allocation of \$3,669,380 for the 2013-15 biennium.

Debt Service

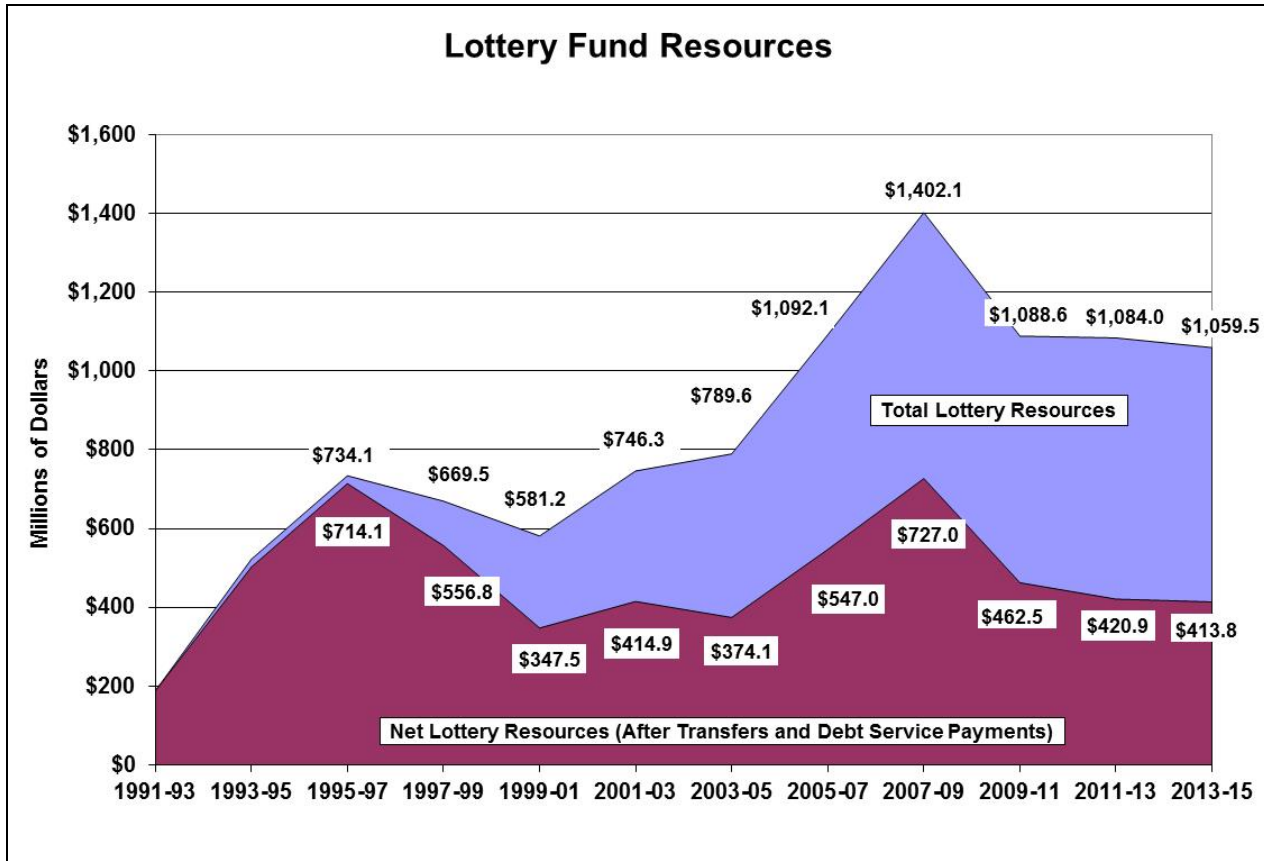
The second categorical use of lottery resources in the budget is to finance debt service costs associated with lottery revenue bonds. The state has issued lottery revenue bonds for a wide number of programs and projects that support public education or economic development. The state's lottery bond program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

The legislatively adopted budget allocates \$241.6 million for debt service costs on outstanding lottery revenue bonds. This amount is equal to 22.8% of total lottery resources, and is a 2.7% reduction from the amount allocated for debt service in the prior biennium. Although the budget also supports issuing \$157.6 million of new lottery revenue bonds in the 2013-15 biennium, these bonds will not be issued until spring 2015, and therefore there are no debt service costs due on the new bonds in the 2013-15 biennium. Debt service on the new bonds is projected to total \$26.9 million in 2015-17, however, when debt service payments will first become due.

The debt service allocation in the 2013-15 biennium budget supports debt service costs for bonds issued for the Department of Transportation (\$93.8 million), the Oregon Business Development Department (\$47.9 million), the Department of Education (\$41.5 million), the Oregon University System (\$25.6 million), the Department of Community Colleges and Workforce Development (\$9.4 million), the Housing and Community Services Department (\$9.4 million), the Department

of Administrative Services (\$8.8 million), the State Forestry Department (\$2.5 million), the State Department of Energy (\$2.2 million), and the Water Resources Department (\$0.6 million).

In the 2007-09 biennium, debt service payments were equal to 11.5% of total lottery resources. In the 2013-15 biennium, debt service payments equal 22.8% of total lottery resources. A general bond covenant incorporated in the state’s lottery revenue bonds requires the state to restrict debt service costs to no more than 25% of total lottery resources. The State Debt Policy Advisory Commission calculates the capacity for the state to issue additional lottery revenue bonds on this basis.



Net Lottery Resources after Dedicated Transfers and Debt Service

Dedicated transfers and debt service payments have priority claims to lottery resources in law and in the state Constitution. The resources remaining net of these purposes represent the funds available for two other uses: to be either spent as program allocations to support education or economic development programs *in lieu* of General Fund, or to be saved in an ending balance. The amount of net resources available for these purposes is projected to total \$413.8 million in the 2013-15 biennium. This is equal to a \$7.1 million (or 1.7%) decline from the prior biennium level, and reflects a more stable budget environment than the 36.4% decline that occurred in 2009-11 or the 9% decline in the prior biennium. The situation is also in sharp contrast, however, to the 46.2% growth in these resources during the 2005-07 biennium and the 32.9% growth that followed in the 2007-09 biennium. The legislatively adopted budget allocates \$398.8 million of these net lottery resources to various programs, retaining \$15 million (or 1.4%) in the EDF ending balance. Under legislation passed in 2009 and 2011, any EDF ending balance was transferred to the School Capital Matching Fund to be used to match designated school district capital expenditures. The Legislature, however, suspended the transfers of the 2009-11 and 2011-13 biennium ending balances, and permanently repealed the transfer in 2013

(HB 2322). The EDF balance will henceforth be retained after a biennium ends and be carried forward to the next biennium.

The \$398.8 million in program allocations is a 7% reduction from the prior biennium level.

The allocations are as follows:

- \$327.4 million to the State School Fund
- \$63.4 million to the Oregon Business Development Department
- \$3.3 million to the Governor's Office for the Economic Revitalization Team
- \$2.9 million to the State Forestry Department for the Eastern Oregon Forest Collaboration
- \$1.9 million to the Oregon Growth Fund

Lottery Resources and Expenditures Summary Table

The following table compares 2011-13 biennium and 2013-15 biennium Lottery Funds resources and allocations:

LOTTERY FUNDS CASH FLOW SUMMARY			
	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	Percent Change
ECONOMIC DEVELOPMENT FUND			
Beginning Balance	\$333,528	\$3,491,087	946.7%
REVENUES			
Transfers from Lottery			
Net Proceeds	1,071,637,267	1,054,583,137	-1.6%
Administrative Savings	8,005,457		-100.0%
Other Revenues	4,027,987	1,400,000	-65.2%
Total Revenue	1,083,670,711	1,055,983,137	-2.6%
TOTAL RESOURCES	1,084,004,239	1,059,474,224	-2.3%
DISTRIBUTIONS / ALLOCATIONS			
Allocation of Video Lottery Revenues to Counties	(36,309,783)	(33,849,166)	-6.8%
Allocation to OUS for Sports Lottery Account	(8,405,488)	(8,000,000)	-4.8%
Distribution to the Education Stability Fund	(194,335,690)	(189,824,965)	-2.3%
Distribution to the Parks and Natural Resources Fund	(161,946,409)	(158,187,471)	-2.3%
Allocation to the Problem Gambling Treatment Fund	(10,350,984)	(10,545,832)	1.9%
Allocation to the State School Fund	(363,665,513)	(327,374,109)	-10.0%
Debt Service Allocations	(248,243,839)	(241,594,783)	-2.7%
Other Agency Allocations	(57,255,446)	(75,097,898)	31.2%
TOTAL DISTRIBUTIONS / ALLOCATIONS	(1,080,513,152)	(1,044,474,224)	-3.3%
ENDING BALANCE	\$3,491,087	\$15,000,000	329.7%
EDUCATION STABILITY FUND (not including Oregon Growth Account)			
RESOURCES			
Beginning Balance	5,061,518	7,584,467	49.8%
Revenues			
Transfer from the Economic Development Fund 5	184,804,102	170,842,468	-7.6%
Interest Earnings	618,295	984,890	59.3%
Total Revenue	185,422,397	171,827,358	-7.3%
TOTAL RESOURCES	190,483,915	179,411,825	-5.8%
DISTRIBUTIONS			
Oregon Education Fund - Lottery Bond Debt Service	(493,010)	(738,668)	49.8%
Oregon Student Access Commission - Opportunity Grants	(164,337)	(246,222)	49.8%
State School Fund	(182,239,000)	0	-100.0%
TOTAL DISTRIBUTIONS	(182,896,347)	(984,890)	-99.5%
ENDING BALANCE	\$7,587,568	\$178,426,935	2251.6%
<p>1. The 2011-13 Estimated Budget is based on the May 2013 forecast of 2011-13 resources.</p> <p>2. The Legislatively Adopted Budget is based on the May 2013 forecast of 2013-15 resources.</p> <p>3. Declared earnings on the non-Oregon Growth Account portion of the Education Stability Fund are distributed. The Oregon Education Fund receives 75 percent of the earnings to pay debt service on Education Lottery Bonds. The Student Access Commission receives the remaining 25 percent.</p> <p>4. Moneys from the Parks and Natural Resources Fund are continuously appropriated to the Parks and Recreation Department and the Oregon Watershed Enhancement Board. Agency expenditure limitation may include an amount related to carryforward in the agencies that is not represented here.</p> <p>5. Includes only transfers to the regular Education Stability Fund account - not the portion (5% in 2011-13 and 10% in 2013-15) transferred to the Oregon Growth Account.</p>			

Other Funds Expenditures

The 2013-15 legislatively adopted budget provides for the expenditure of \$26.6 billion in Other Funds resources. Other Funds consist of revenue received by a state agency other than General Fund, Lottery Funds, or Federal Funds, and are restricted by law to defined purposes. Examples include revenue from licenses and fees; charges for service; fines, rents, and royalties; interest earnings; bond sale proceeds; sales income; donations and contributions; loan repayments; and certain funds received from the federal government.

The 2013-15 legislatively adopted Other Funds budget represents a decrease of \$27 million, or .01%, over the 2011-13 legislatively approved budget. Other Funds comprise three categories of expenditures: Limited, Nonlimited, and Non-Adds. Nonlimited Other Funds expenditures are generally difficult to precisely estimate and must be paid by law; examples include trust fund payments such as unemployment insurance benefit payments, the level of which are dependent on external factors such as state and national economic conditions. Consequently, there is no expenditure limitation placed on agencies when Nonlimited expenditures are authorized. Non-Adds reflect funds that are spent twice within the state's accounting system (e.g., assessment charged against one agency for services provided by a second agency).

Significant changes in Other Funds expenditure limitations in the 2013-15 legislatively adopted budget include the following:

Education

- The Oregon Department of Education's (ODE) budget included an additional \$21.1 million Other Funds for the creation of an Early Learning Division and Youth Development Division. The majority of this increase is from transfer of programs from other state agencies.
- \$45 million Other Funds were increased in the ODE budget for the establishment of a Network for Quality Teaching and Learning which is funded with resources from the State School Fund and the Common School Fund.
- An increase of \$4 million Other Funds was included in the ODE budget for grants to school districts for physical education programs. The funding for these resources is derived from the proceeds of the Master Tobacco Settlement Agreement.

Human Services

- The Department of Human Services (DHS) budget included the continuation of the current long term care facility assessment, which was scheduled to sunset on June 30, 2014. For 2013-15, the assessment is expected to raise \$104.9 million Other Funds revenues and result in additional federal matching revenues of \$173.9 million.
- The Oregon Health Authority (OHA) budget included the continuation of the current hospital assessment. An additional 1% assessment is also included to establish the Hospital Transformation and Performance Program. The total assessment is expected to raise \$745 million Other Fund revenues and result in additional federal matching revenues of over \$1.2 billion.
- An additional \$86.1 million of Tobacco Master Settlement Agreement resources will help fund the Oregon Health Plan, and \$4 million was added for tobacco prevention and cessation programs.
- The phase out of the Family Health Insurance Assistance Program (FHIAP), the Oregon Medical Insurance Pool (OMIP), and the Federal Medical Insurance Pool (FMIP) in OHA resulted in a reduction of Other Funds revenues of about \$200 million. These resources were comprised of insurance premiums collected from insured individuals, and insurer assessments.
- Other Funds in the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB) increased by nearly \$300 million. The increase for PEBB is primarily due to

including fully insured benefit costs in the budget for the first time. In the past the PEBB budget reflected only the self-insured benefit costs. A significant portion of the OEGB increases are a result of adding the administration of the Oregon Homecare Insurance Program to OEGB.

Public Safety

- Other Funds expenditures in the Judicial Department budget were increased \$11.9 million for the Legal Aid Program. This represents an unchanged level of support from the prior biennium. The payments to Legal Aid, however, had not been included in the Judicial Department's Other Funds expenditures in the 2011-13 biennium budget.
- The Department of Justice's budget was increased by \$14.1 million Other Funds as part of the approval for the first phase of funding to replace the Child Support Enforcement Automated System and by \$3.6 million Other Funds to extend the mortgage mediation program.
- \$28 million Other Funds were decreased in the Military Department's Seismic Rehabilitation Grant program due to previously issued bonds. Additionally, SB 813 transfers the SRGP to Oregon Business Development Department.
- The Military Department budget was also reduced by \$4.5 million Other Funds for one-time funding of the Oregon Local Disaster Loan and Grant Account.
- The Military Department budget was increased \$4.4 million Other Funds for Article XI-Q bonding for various major construction projects.

Economic Development

- A shift from Other Funds to General Fund support for Oregon Department of Veterans' Affairs county veteran service officers and support personnel decreased Other Funds by \$1.6 million in ODVA, compared with 2011-13. Further skewing the comparison between the 2011-13 legislatively approved budget and the 2013-15 legislatively adopted budget is that Other Funds Capital Construction expenditure limitation for the second veterans' home in Linn County is attributable to the 2011-13 biennium (\$14.7 million).
- The Employment Department reduced Other Funds expenditures by \$5.8 million for the Unemployment Insurance, Business and Employment Services, and Workforce and Economic Research divisions to align with anticipated available revenue from the U.S. Department of Labor, which is anticipated to drop as Oregon continues to recover from the recession.
- An additional \$3.9 million in Other Funds expenditures were reduced from the Employment Department budget due to the transfer of the Child Care Division to the Department of Education.
- The \$60 million decrease in Other Funds expenditure limitation for the Housing and Community Services Department is primarily attributable to the provision of one-year's Other Funds expenditure limitation pending receipt of an agency services delivery plan in February 2014.
- Other Funds expenditure limitations for the Oregon Business Development Department (OBDD) were increased \$41.8 million, or 162%, over the prior biennium level. The increase is primarily the result of expansions in the Department's lottery bond and general obligation bond-funded programs. Bond-funded programs were increased by \$48.7 million, or 487%, over the prior biennium. The \$48.7 million figure includes \$30 million for the Seismic Rehabilitation Grant Program, a program that was transferred to OBDD from the Military Department.

Transportation

- The 2013-15 legislatively adopted budget for the Oregon Department of Transportation (ODOT) is \$3.814 billion, a \$201.4 million or 5.6% increase from the 2011-13 legislatively approved budget. The primary component is a \$450 million placeholder for the Interstate 5 bridge replacement project, also known as the Columbia River Crossing. As the Washington Legislature has not approved its equal share of construction costs, the \$450 million could be used for Oregon-side

approach improvements to the I-5 bridge or redirected to other projects. Bond proceeds for Connect Oregon V and projects in Coos and Marion counties total \$56.5 million.

- Policy bill funding is \$3.3 million for the road user charge volunteer program, signs regarding fines for texting while driving, and retaining broadband statewide coordination at ODOT.
- \$7.3 million is provided for converting the statewide radio project to operations status, and \$6.2 million carry forward for passenger rail.
- The 2013-15 ODOT budget includes \$461,000 Other Funds revenue from fee increases including an increase in the cost to manufacture license plates, application fees for digital signs, registration plate fees for Keep Kids Safe, and an increase in the cost to print the Vehicle Code Book.
- The Legislature also approved fee increases for vehicle dealers and dismantlers which are budgeted at an increase in the ODOT budget of \$308,000 Other Funds.

Natural Resources

- The Department of State Lands budget was reduced by \$18.8 million in Nonlimited Other Funds due to the phasing out of a loan to the Department of Revenue.
- A \$13 million increase in limited Other Funds for the Department of Energy due in large part to the addition of \$10 million for initiatives that increase energy efficiency and promote energy conservation for Oregonians. About half this funding comes from Lottery Bond proceeds and the other half consists of a transfer from the Energy Conservation Helping Oregonians program funded with public purpose charge money at the Housing and Community Services Department. (Note: this transfer was the subject of an attempted line-item veto by the Governor; HB 2322 was not an appropriation bill, so the line item veto is under review.)
- The Department of Environmental Quality Other Funds support for 2013-15 is \$17.4 million, or 12.4%, lower than 2011-13 due to projected revenue shortfalls and falling fee revenues.
- Other Fund reductions of \$16 million in the Department of Fish and Wildlife were caused by reversal of one-time actions taken in 2011-13 biennium to replace General Fund and Lottery Fund support with Other Funds and removal of \$17 million in capital construction expenditure limitation for a new headquarters building in Salem.
- Other Fund revenues are increased by \$5.4 million for the Water Resource Department due to approval of general obligation bonds for a water supply development program for both in-stream and out-of stream water uses. In addition, a fee increase of 13% on fees approved in 2009 added about \$2.1 million in Other Fund revenue.

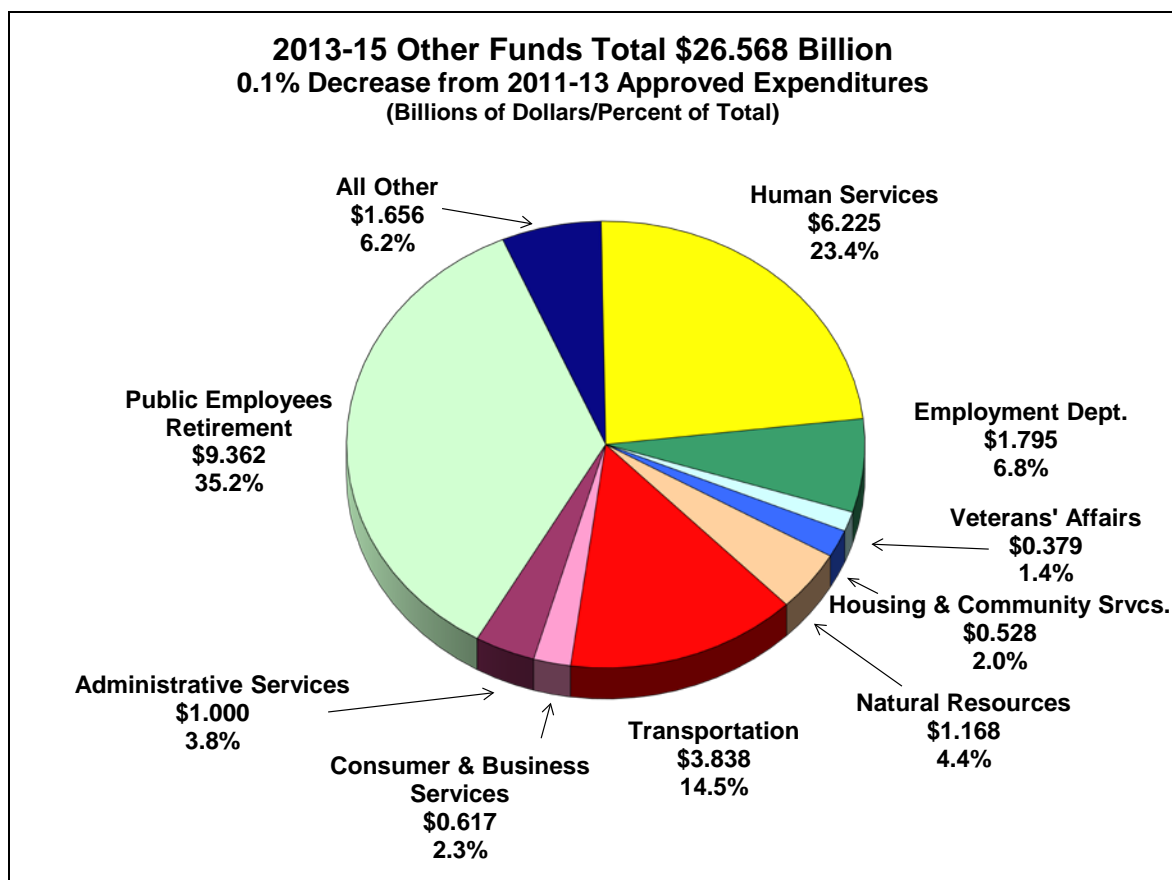
Consumer and Business Services

- Within the Department of Consumer and Business Services Department, the 2013-15 legislatively adopted Other Funds budget is \$11.2 million or 2.8% higher than the 2011-13 legislatively approved budget level. This budget reflects current service level which is driven by economic activity and revenue from licenses and fees collected for the various agencies within the Consumer and Business Services program.
- The Public Utility Commission 2013-15 legislatively adopted Other Funds budget reflects an increase of \$449,173 and position authority for a part-time professional executive director for the Board of Maritime Pilots to accommodate the passage of SB 851; establishing a board operations fee of no more than \$100 from vessel's using pilot services to enter or leave the Columbia River, Willamette River, Coos Bay, or Yaquina Bay.

Administration

- The Department of Revenue budget was increased by \$26.5 million Other Funds for Article XI-Q bonding for the agency's Core System Replacement project, which will fund the first phase of a three biennia information technology upgrade.

- The State Treasurer 2013-15 legislatively approved budget increased \$1.2 million Other Funds to provide planning and long-term support for cash management suite of applications.
- \$1.2 million Other Funds were added to the State Treasurer budget for a public awareness and marketing campaign for the Oregon 529 College Savings Network.
- The Government Ethics Commission received \$250,000 Other Funds out of a total one-time assessment of \$800,000 to fund the first phase of a statutory requirement that requires the department to have an electronic reporting system of Statements of Economic Interest by January 1, 2015.
- The 2013-15 legislatively adopted budget shifts support for the Secretary of State’s Archives Division from the General Fund to an Other Funds assessment on state agencies. Other Funds in the Secretary of State budget were increased by \$3.6 million for expenditure of the new assessment revenues.
- The State Library budget was reduced by \$3.6 million Other Funds, however this reduction may be reversed contingent upon the Library’s submission of an acceptable reorganization plan.
- The Other Funds budget for the Department of Administrative Services (DAS) totals \$877.6 million dollars, which is almost \$26 million or 3% below the 2011-13 legislatively approved budget. This reduction in Other Funds is largely due to reductions in debt service needs for previously issued appropriation bonds, which offset Other Fund expenditure increases.
- Additional DAS Other Funds reductions included \$8.1 million from the agency’s reduction options list, \$3.5 million from terminating the new procurement system contract, and \$10 million in assumed efficiencies in HR, IT, finance, payroll, and procurement functions.



Federal Funds Expenditures

The 2013-15 legislatively adopted budget authorizes expenditures of \$16.8 billion Federal Funds. Federal Funds comprise revenue from the federal government sent to state agencies to pay for specific programs and activities. Examples include competitive grants, matching funds, block grants, pass through funds, or special payments. The 2013-15 legislatively adopted Federal Funds budget represents an increase of \$0.97 billion, or 6.1%, from the 2011-13 legislatively approved expenditures.

Significant changes in Federal Funds expenditure limitation include the following:

Education

- The Oregon Department of Education Federal Funds budget was increased \$147.3 million due to the creation of an Early Learning Division and Youth Development Division. The majority of the increase is from the transfer of programs from other state agencies.
- Nonlimited Federal Funds in the amount of \$64.6 million were increased in the Oregon Department of Education budget for increases in federal nutrition programs such as the school breakfast program.
- The Department of Community Colleges and Workforce Development budget was reduced by \$8.8 million in Federal Funds due to fewer than expected resources allocated to the State of Oregon under the Workforce Investment Act (WIA).

Human Services

- Federal Funds in the Oregon Health Authority (OHA) increased about \$1.2 billion because of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level. This expansion will be entirely federally funded through 2016.
- The 2013-15 budget for OHA includes \$910 million federal resources as a result of the federal Designated State Health Programs (DSHP). This is part of the approved Medicaid waiver with Oregon's federal partners; who have agreed to invest \$1.9 billion in Oregon over five years if the state reduces the inflation of Medicaid per member health care costs by two percentage points within the 2013-15 biennium. DSHP resources during the 2011-13 biennium were \$620 million.
- The Department of Human Services' budget reflects the recently approved federal waiver under the Community First Choice Option State Plan (K Plan). Under the K Plan, the state would draw down an additional 6% in federal medical assistance percentage (FMAP) for services provided through the Aging and People with Disabilities and Developmental Disabilities programs; when coupled with match on maintenance of efforts expenditures, the enhanced rate is expected to generate over \$200 million Federal Funds in 2013-15.

Public Safety

- The Military Department budget received a Federal Funds increase of \$9 million for an intergovernmental agreement with the U.S. Army to support caretaker activities at the Umatilla Chemical Depot.
- A reduction of \$13.3 million was implemented in the Military Department budget for the phase-out of the Chemical Stockpile Emergency Preparedness program.
- The Military Department Major Construction program was decreased by \$12.7 million Federal Funds due to previously approved projects.
- The Department of Justice's budget was increased by \$27.4 million Federal Funds as part of the approval for the first phase of funding to replace the Child Support Enforcement Automated System.

- The Criminal Justice Commission’s budget was reduced by \$12.4 million Federal Funds to reflect the sunset of federal stimulus funding that had been used to support grants for drug court operations.

Economic Development

- A budget reduction of \$130.1 million in Federal Funds was implemented for the Housing and Community Services Department; \$77.3 million of which is due to the recommendation for one year’s worth of expenditure limitation pending receipt of an agency services delivery plan, \$3 million resulting from the Oregon Business Development Department taking over a portion of the Community Development Block Grant, and the remainder due to phase out of American Recovery and Reinvestment Act grants for weatherization, tax credit exchange, and tax credit assistance.
- \$26.7 million in Federal Funds Capital Construction expenditure limitation for the Oregon Department of Veterans’ Affairs is attributable to the 2011-13 biennium; while it appears that 2013-15 Federal Funds expenditure limitation has decreased for the Department, the Federal Funds capital construction expenditure limitation established in 2011 will not expire until 2017.
- A reduction of \$120 million in Federal Funds for the Employment Department is due to the transfer of the Child Care Division from the Employment Department to the Department of Education.
- Oregon Business Development Department’s Federal Funds expenditure limitation was reduced by \$11.4 million, or 22.7%, from the 2011-13 legislatively approved budget, primarily because of the expiration of three Federal grants that were received in 2011-13: the State Small Business Credit Initiative (SSBCI) grant, the State Trade and Export (STEP) grant, and the Clean Cities (electric vehicle) grant. The SSBCI grant provided resources to enhance the Credit Enhancement Fund, Capital Access Program, and Oregon Business Development Fund programs. The STEP grant supplemented the Oregon Trade Promotion Program, and the Clean Cities grant supported infrastructure development for electric vehicles.

Transportation

- The Department of Transportation 2013-15 legislatively adopted budget received \$18.8 million Federal Transit funding to subsidize passenger rail trips between Eugene and Portland. Dedicated state funding from personal license plate sales does not meet expenses. The federal subsidy is one-time. Funding for 2015-17 passenger rail service shortfall is not identified.

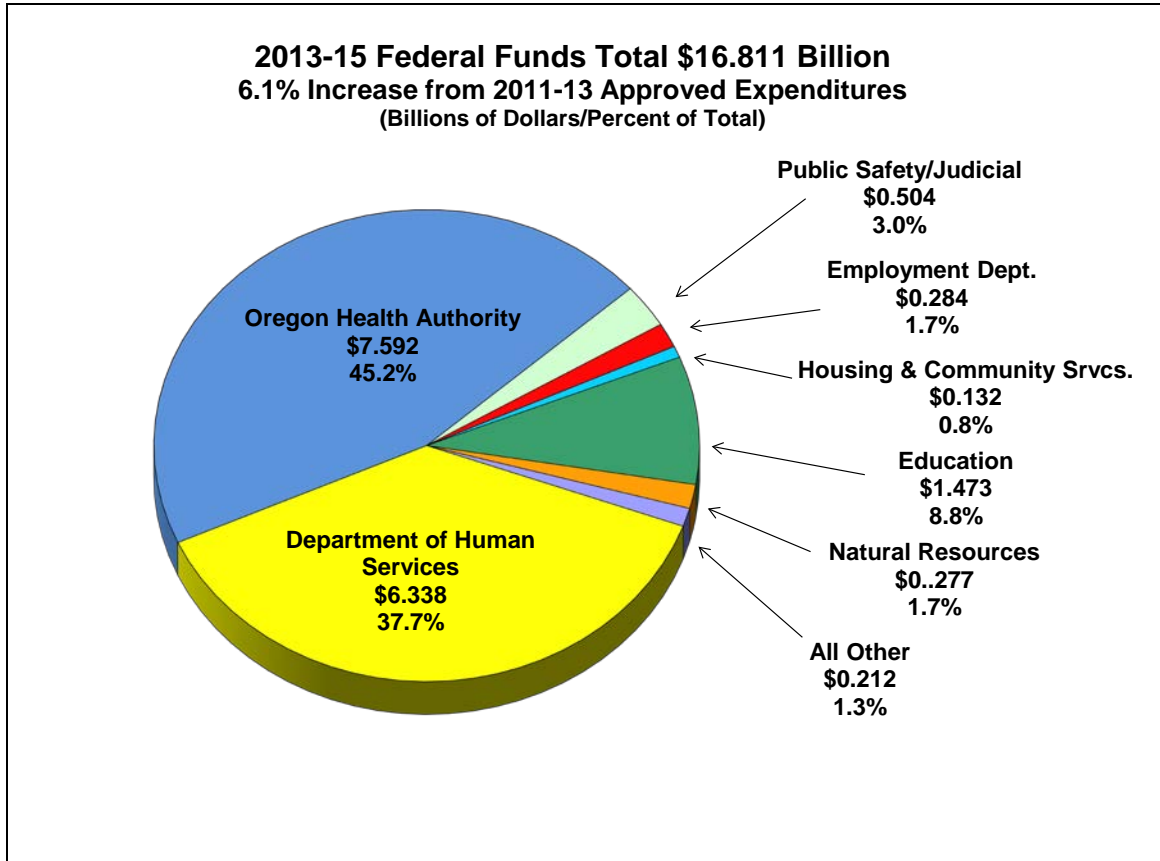
Natural Resources

- A \$34 million or 92% decrease to the Department of Energy budget is attributable to a completion of projects under the American Recovery and Reinvestment Act and phasing-out of this additional federal revenue.
- The Department of Fish and Wildlife budget received a \$19 million Federal Funds increase due to projected increases in contracted work and substantial increases in the Pittman-Robertson Wildlife Restoration Act federal excise tax on the sales of firearms and ammunition.
- The Oregon Watershed Enhancement Board budget was reduced by \$15 million Federal Funds due to funding decreases for the Pacific Coastal Salem Recovery Fund for salmon recovery activities.
- The Department of Forestry’s budget was reduced by \$10 million Federal Funds due to the ending of additional federal funds from the American Recovery and Reinvestment Act.

Administration

- Total Federal Funds for the Administration program were reduced by \$7.55 million, or 57.4%, from the 2011-13 legislatively approved budget level. This reduction included \$2.3 million in the State Library budget; however this reduction may be reversed contingent upon the Library’s submission of an acceptable reorganization plan. The remaining Federal Funds reductions were in

the budget for the Office of the Governor, which were one-time funds expended in the 2011-13 biennium.

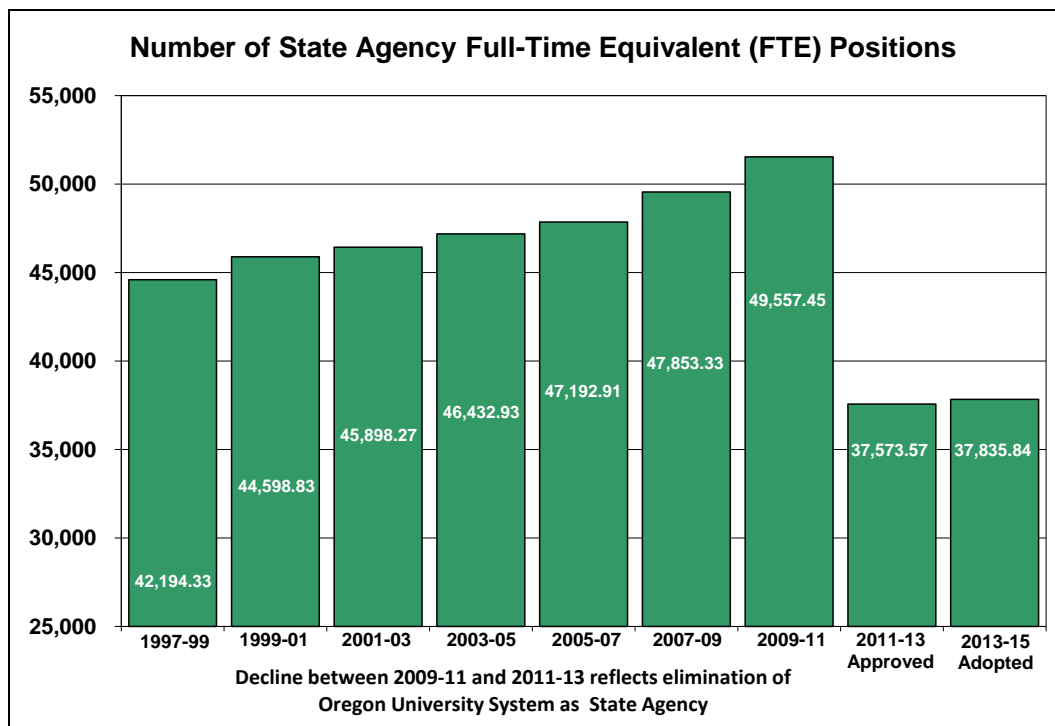


Summary of Legislative Actions Affecting the Budget

State Employees

The legislatively adopted total funds budget supports 37,835.84 Full-Time Equivalent (FTE) positions. An FTE represents the number of months for which each position is budgeted during the 24-month biennium. State law (ORS 240.185) limits the number of state FTE positions to 1.5% of the state's population in the previous year. As of July 1, 2012, the state's population was estimated at 3,883,755. The FTE limit at the beginning of the biennium is therefore 58,256.33, substantially higher than the number included in the adopted budget. In addition, ORS 240.185 also provides for certain FTE exclusions, including employees in the legislative and judicial branches, the Offices of the Secretary of State, the Governor, and the State Treasurer, and some positions in the Employment Department and Oregon University System. Of the total FTE in the 2013-15 legislatively adopted budget, nearly 55% of the approved FTE, or a total of 20,511.49, are in four state agencies (the Oregon Health Authority, and the Departments of Human Services, Corrections, and Transportation).

The number of state positions and FTE increased in the 2013-15 adopted budget slightly, up by 448 positions and 262.27 FTE. Comparisons to earlier biennia are no longer valid because of the Legislature's decision to move the Oregon University System (OUS) to non-state agency status with the passage of SB 242 during the 2011 session. This resulted in a break in the state positions/FTE data series. In the 2011-13 legislatively approved budget, for example, OUS totaled 18,650 positions and 13,015.02 FTE; these are no longer counted in the totals for 2013-15 and subsequent biennia. For comparison purposes, the 2011-13 OUS data for positions and FTE was not included in the complete list of FTE by agency and program area that can be found in Appendix C.



State Employee Salary and Benefit Actions

The 2013-15 legislatively adopted budget included \$86.5 million General Fund for state employee compensation issues and another \$12.9 million General Fund for non-state employee compensation.

Both of these amounts were appropriated to the Emergency Board as special purpose appropriations to be allocated to the affected entities once final collective bargaining decisions were made. For state employees, collective bargaining resulted in new two-year contracts that generally included the following components (not all collective bargaining units have completed negotiations): elimination of the freeze on salary step increases; a 1.5% cost-of-living adjustment effective December 2013 and a 2% cost-of-living adjustment effective December 2014; no unpaid furlough days during the life of the contract; continuation of the 6% PERS pickup by employers; and continuation of the 5% employee contribution to the cost of health insurance premiums. While final numbers have not yet been generated, it is expected that the special purpose appropriation should cover more than 90% of the actual General Fund costs of the negotiated contracts.

It is also anticipated that the non-state worker special purpose appropriation would be used in conjunction with other funds in the human services program budgets to provide hourly salary increases for homecare workers, personal support workers, and independent health care contractors.

2013-15 Agency Organizational Changes

Due to ongoing questions regarding the best way to deliver services, two agencies (the State Library and the Housing and Community Services Department) were only provided one year budgets during the 2013 session. Both of these agencies are expected to report to the Legislature on service delivery options for action during the February 2014 session at which time consideration will be given to providing second year funding.

Several other organizational changes were made during the 2013 session:

- The Oregon Health Licensing Agency was renamed the Oregon Health Licensing Office and was moved, effective July 1, 2014, into the Oregon Health Authority.
- The Citizen's Initiative Review Commission, which had been established as a separate state agency during the 2011 session, was reconfigured as a semi-independent state agency making it no longer subject to budget review and other selected state administrative practices.
- The Higher Education Coordinating Commission and the Oregon Education Investment Board were provided separate budgets beginning with the 2013-15 biennium.
- The Child Care Division of the Employment Department was transferred to the Department of Education as part of an effort to consolidate child development activities.

Prioritization Process for Agency Programs

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

Performance Measurement and Management

Oregon has a history of performance measurement use that goes back to the late 1960s. The current legal framework governing performance measures was passed by the 1993 Legislature. The statute

requires state agencies to develop key performance measures (KPM) and to link measures to Oregon Benchmarks, a set of societal-level performance indicators. During Oregon's budget development process, the Legislature reviews and approves KPM and related targets for the next biennium. During the process, the Legislature may adjust an agency's KPM targets based on the final legislatively approved budget. Given continued declines in state revenues, legislation was passed at the end of session that reduced most agency budgets from previously approved amounts without reconsideration of KPM targets. Additional budget reductions may result in some agencies not being able to perform at previously agreed upon levels. As has always been the case, state agencies are responsible for analyzing, reporting, and addressing any performance shortcomings.

For the 2013-15 budget process, the Legislature again reviewed and approved agency KPMs and targets. The final decisions are reported along with each agency's budget bill budget report.

Oregon Reserve Funds – Education Stability Fund and Oregon Rainy Day Fund

Education Stability Fund (ESF)

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

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

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

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

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

- The constitutional amendment renaming the endowment fund as the Education Stability Fund (HJR 80) authorized a transfer of \$150 million from the ESF to the State School Fund (SSF) on May 1, 2003; this occurred during the third special session of 2002 and offset an equivalent General Fund disappropriation to the SSF as part of the 2001-03 budget rebalance plan.
- During the 2003 session, the Legislature transferred an additional \$112 million from the ESF to the SSF in May 2003 as part of the final rebalance for the 2001-03 biennium.

- Also during the 2003 session, the Legislature prospectively transferred 90% of the lottery deposits to be made to the ESF between July 2003 and May 2005 to the SSF on May 1, 2005 as part of the balanced budget plan for the 2003-05 biennium.
- During the 2009 session, the Legislature transferred the balance of the ESF to the SSF, projected at \$394 million, as part of the rebalance of the 2007-09 budget.
- To guarantee a commitment made to provide a \$6 billion State School Fund for the 2009-11 biennium, the Legislative Assembly made a prospective transfer during the February 2010 special session from the ESF to the SSF to occur in May 2011; the amount transferred was \$84.274 million.¹
- In order to balance the 2009-11 biennium budget and to address federal post-secondary education maintenance of effort requirements, HB 5055 was passed during the 2011 session; \$96.425 million was transferred from the ESF to the State School Fund.
- As part of the 2011-13 biennium budget, \$100 million was transferred from the ESF to the SSF in SB 5553 during the 2011 session; the timing of this transfer was subsequently changed from October 2011 to June 2012 in HB 5055.
- During the 2011 session, the Legislature also provided for a transfer of \$82.239 million from the ESF to the SSF to occur in May 2013 to be used for several education related programs in the 2011-13 legislatively adopted budget, including an enhancement to the SSF initial funding level.

The Legislature took no action during the 2013 session to access resources in the ESF. As of the September 2013 forecast, the projected balance in the ESF at the end of the 2013-15 biennium is currently estimated at \$178.7 million.

Oregon Rainy Day Fund (ORDF)²

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

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

If the balance in the ORDF at the time of the ending balance transfer is greater than 7.5% of the General Fund revenues collected during the prior biennium, then the ending balance transfer is made to

¹ The amount of the transfer was determined by the June 2010 economic and revenue forecast and was equal to the difference between \$200 million and the combination of the balance in the Rainy Day Fund plus the projected General Fund ending balance for the 2009-11 biennium.

² See ORS 293.144 - 293.148.

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

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

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

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

- During the 2009 session, the Legislative Assembly transferred two-thirds of the balance of the ORDF on July 1, 2009, estimated at \$225 million, to the General Fund for general governmental purposes as part of the final 2009-11 biennial balanced budget plan.
- In order to provide a \$6 billion State School Fund for the 2009-11 biennium, the Legislative Assembly provided a \$200 million trigger in the budget bill for the SSF during the 2009 session; the trigger amount was to come from a combination of the state's projected General Fund ending balance and the ORDF with amounts to be determined at the time of the June 2010 economic and revenue forecast; the amount eventually transferred was \$115.726 million.³
- As part of the 2009-11 budget rebalance plan crafted during the February 2010 special session, the Legislative Assembly transferred \$10 million from the ORDF to the General Fund for general governmental purposes.

After actions by the Legislature during the 2013 session, the projected balance in the ORDF at the end of the 2011-13 biennium is currently estimated at \$243.4 million.

Summary of Revenue Policy in the 2013 Legislative Session

Revenue policy in the 2013 session revolved around three main areas: sunset extensions, tax expenditure modifications (sometimes in conjunction with sunset extensions) and tax compliance. After conducting its biennial review of expiring tax credits, the Legislature extended seven tax credits through the 2019 tax year and did not take action on four other credits thereby allowing them to sunset. In terms of revenue impact, by far the largest element of the tax credit extension bill (HB 3367) is the earned income tax credit. The credit was extended for six years and maintained at 6% of the federal credit. In addition to the sunset extensions involving tax credits, the Legislature also extended the sunset on two major Other Fund revenue sources: the hospital assessment including its companion assessment on long-term care facilities (HB 2216) and the emergency communications tax (HB 3317).

The Legislature extended two credits in a modified form following the tax credit review process. The political contribution credit was extended for six years but disallowed for use by high income taxpayers. The eligibility criteria for the rural medical practice credit were tightened and the sunset

³ The language creating the transfer mechanism was included in SB 5520 (2009) and then subsequently modified during the February 2010 special session in SB 5565.

extension was limited to two years to allow time for further analysis. In addition, a number of modifications to tax expenditures, unrelated to sunset extensions, were adopted. The first is an increase in the annual cap on the film and video credit from \$6 million to \$10 million. Secondly, the senior medical deduction was changed to allow only medical expenses of age eligible seniors (age 62 and over), not spouses less than 62 and dependents included on the tax return. Finally, married filing separate taxpayers are now treated the same as single filers for purposes of the federal tax subtraction phase-out. These changes, along with a provision connecting to the 2013 federal definition for the earned income tax credit and the tax credit extensions described above are all contained in HB 3367. The net General Fund revenue impact of HB 3367, largely driven by the extension of the earned income tax credit, is -\$53.2 million in the 2013-15 biennium and -\$98.3 biennium in the 2015-17 biennium. In a separate bill (HB 3477) a tax expenditure which allowed certain out-of-state banks to pay a flat fee rather than the corporate income tax was repealed. HB 3477 is expected to generate about \$1 million in General Fund revenue in the 2013-15 biennium.

In addition to a tax compliance related package contained in the Department of Revenue budget, two other tax compliance bills with General Fund revenue implications were approved in the 2013 session. The most significant is HB 2460. HB 2460 maintains the state's current water's edge approach to apportioning corporate income but adds net income reported in specific tax haven countries. Based on a similar Montana law in effect since 2003, HB 2460 lists a number of jurisdictions that are regarded as tax havens based on extensive research over the past twenty years. Income reported in these jurisdictions is added to water's edge income and apportioned back to Oregon according to the state's single sales formula. HB 2460 becomes effective in the 2014 tax year, meaning that essentially one year of collections will be captured in the 2013-15 biennium. That figure is estimated to be \$18 million. For the 2015-17 biennium, with two full years of collections, the revenue estimate for HB 2460 is \$42 million. HB 2464, which imposes penalties for not submitting 1099 forms to the Department of Revenue for certain transactions, is another tax compliance bill expected to have General Fund revenue implications. In this case, the revenue impact estimate is \$1 million per biennium.

Other Revenue Sources

Tobacco Master Settlement Agreement Funds (TMSA)

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

The State of Oregon revenues are deposited to the Tobacco Settlement Funds Account administered by the Department of Administrative Services (DAS). During the 2013 session, the Legislature allocated the funds available from the account in SB 5543. The amounts outlined in this bill are based on resources projected to be available for the 2013-15 biennium. As actual amounts vary, the allocations or distributions set forth within could also vary.

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

- \$28,905,905 is allocated to the DAS, Oregon Appropriation Bond Fund to pay debt service and administrative expenses on the Oregon Appropriation Bonds.
- \$31,273,716 is allocated to the DAS, Oregon Health and Science University Bond Fund to pay debt service and administrative fees on the Oregon Opportunity Bonds.
- \$4,000,000 is allocated to the Department of Education for physical education related grants authorized by ORS 329.501.
- \$4,000,000 is allocated to the Oregon Health Authority for tobacco prevention and cessation programs.
- \$116,100,000 is allocated to the Oregon Health Authority for the Oregon Health Plan.

ORS 293.537 authorizes DAS to transfer sufficient funds from the Tobacco Settlement Funds Account for the enforcement of ORS 180.400 to 180.455. The Department of Justice's 2013-15 budget includes \$1,269,870 Other Funds expenditure limitation for this enforcement of the Non-Participating Manufacturing requirements under the MSA. The Department of Justice can request further resources for the enforcement activities, but must get approval of DAS and an increase in expenditure limitation approved by the Legislature or Emergency Board.

Criminal Fine Account (CFA)

The Criminal Fine Account includes criminal fines and other financial penalties imposed on conviction for felonies, misdemeanors, and violations other than parking infractions which are collected through the courts – the Oregon Judicial Department (OJD) for the circuit courts and the local Municipal (city) and Justice (county) Courts and remitted to the Department of Revenue. During the 2013 session, the Legislature allocated resources from the CFA in HB 5006.

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

For the 2013-15 biennium, the revenue forecast inclusive of the changes in HB 2562 for the CFA totals \$112.1 million. The Legislature approved allocations to agencies totaling \$67.1 million, leaving a balance of \$45 million to be deposited into the General Fund. The specific allocations accomplished through this bill are outlined in the table on the following page.

Agency/Program (Bill number containing expenditure authority)	Allocation
<i>Department of Public Safety Standards & Training (HB 5042)</i>	
Operations	\$ 24,410,000
Public Safety Memorial Fund	110,000
Subtotal:	\$ 24,520,000
<i>Department of Justice (HB 5018)</i>	
Child Abuse Multidisciplinary Intervention (CAMI)	\$ 9,982,089
Criminal Injuries Compensation Account (CICA)	8,520,223
Regional Assessment Centers	764,721
Child Abuse Medical Assessments	646,707
Subtotal:	\$ 19,913,740
<i>Oregon Judicial Department (HB 5016)</i>	
State Court Facilities & Security Account	\$ 6,414,462
Court Security Program	2,960,118
Subtotal:	\$ 9,374,580
<i>Oregon Health Authority (HB 5030)</i>	
Emergency Medical Services & Trauma Services	\$ 331,824
Alcohol & Drug Abuse Prevention	42,884
Law Enforcement Medical Liability Account (LEMLA)	1,300,000
Intoxicated Driver Program	4,323,000
Subtotal:	\$ 5,997,708
<i>Department of Corrections (HB 5005)</i>	
County correction programs and facilities, and alcohol and drug programs	\$ 4,257,421
<i>Department of Human Services (SB 5529)</i>	
Domestic Violence Fund	\$ 2,224,675
Sexual Assault Victims Fund	533,332
Subtotal:	\$ 2,758,007
<i>Oregon State Police (HB 5038)</i>	
Driving Under the Influence Enforcement	\$ 253,000
<i>Governor's Office (SB 5523)</i>	
Arrest & Return for Extradition	\$ 22,500
Total Allocations: \$ 67,096,956	

Fees

Fee changes contemplated by the 2013 Legislature included the ratification of fees set by administrative rule during the interim, fee changes anticipated in the 2011-2013 biennium that were included in a given agency's budget, and fee changes that are to be implemented in the 2013-2015 biennium that require or were due to legislation other than an agency's budget bill. These changes were adopted as individually enumerated, as fee schedules, or as defined revenue targets that were to be achieved through agency-formulated fee adjustments. The following table illustrates the legislative action related to each fee change separated in to each of these categories along with the total net impact to revenue anticipated by the fee changes in the 2013-2015 biennium. The number of fee changes may not accurately reflect the number of individual fees that were changed since some of the fee changes were changes to fee schedules that contain multiple individual fees or are single fees broken in to

multiple additive components. The total net impact to revenue anticipate by the fee change is only an estimation and may not accurately reflect actual fee revenue.

	Ratification of Fees Changed by Administrative Rule During Interim	Fees Changes anticipated in 2013-2015 biennium included in the legislatively adopted budget for the agency	Fees Changes to be implemented in 2013-2015 biennium requiring or due to legislation	Total
Number of Agencies with Fee Changes	5	9	11	
Total Number of Fee Changes	24	90	120	234
Adopted	24	89	119	232
Denied	0	0	1	1
Withdrawn	0	1	0	1
Estimated Net Impact of Fee Changes	\$1,214,870	\$7,157,800	\$6,208,491	\$14,581,161

SB 217 proposed the imposition of an annual management fee on water rights and the dedication the fee proceeds to the Water Resources Department for activities involving water rights management. The measure failed and resulted in the only proposed fee denied by the 2013 Legislature.

The request by the Department of Environmental Quality (DEQ) to establish fees assessed on parties regulated by the clean fuels standards in a sufficient amount to implement the regulation of the program was withdrawn by the agency. The DEQ is completing the initial reporting functions with existing resources, but due to the program's sunset date (12/31/15), the agency believes that the development of the full regulatory function, including the establishment of the fee revenue and additional FTE positions would be impractical.

Change actions for fees fall in to the four general categories of fee increases, fee decreases, fee establishment, and fee elimination. For those fee changes approved or adopted during the legislative session, the following table illustrates the number of fees and estimated 2013-15 biennium revenue impact for each change type by agency.

Agency Name	Increase		Decrease		Establish		Eliminate		Total	
	Number	2013-2015 Anticipated Revenue Impact	Number	2013-2015 Anticipated Revenue Impact	Number	2013-2015 Anticipated Revenue Impact	Number	2013-2015 Anticipated Revenue Impact	Number	2013-2015 Anticipated Revenue Impact
Board of Accountancy	3	\$26,175			5	\$35,275			8	\$61,450
Board of Chiropractic Examiners	4	\$203,256							4	\$203,256
Board of Pharmacy			11	-\$1,521,480	1	\$7,800			12	-\$1,513,680
Board of Veterinary Examiners	2	\$243,000							2	\$243,000
Bureau of Labor and Industries	5	\$58,100							5	\$58,100
Construction Contractors Board					3	\$462,192			3	\$462,192
Department of Energy	13	\$635,057			4	\$171,950			17	\$807,007
Department of Environmental Quality	2	\$1,493,920			4	\$1,625,387			6	\$3,119,307
Department of Post-Secondary Education	1	\$158,400			8	\$543,000	1		10	\$701,400
Department of Transportation	12	\$738,102	1	-\$15,950	7	\$54,500			20	\$776,652
Judicial Department	19	\$1,451,675							19	\$1,451,675
Marine Board	2	\$292,150							2	\$292,150
ODFW					1	\$2,002,000			1	\$2,002,000
Oregon Health Authority	17	\$99,888	2	-\$1,276,180					19	-\$1,176,292
Oregon Medical Board	13	\$743,917			3	\$213,460			16	\$957,377
Oregon Parks and Recreation Department	1	\$1,642,901			1	\$35,410			2	\$1,678,311
Oregon State Police	3	\$3,705,138							3	\$3,705,138
Public Utility Commission					1	\$304,000			1	\$304,000
Speech-Language Pathologists/Audiologists	11	\$130,700			7	\$33,908			18	\$164,608
Water Resources Department	64	\$283,510							64	\$283,510
Grand Total	172	\$11,905,889	14	-\$2,813,610	45	\$5,488,882	1	\$0	232	\$14,581,161

Fee decreases by the Board of Pharmacy include temporary reductions in multiple licensing types to reduce anticipated revenue to a level commensurate with anticipated expenditures and reduce the agency's ending fund balance. Oregon Health Authority decreased Oregon Medical Marijuana Program fees to provide economic relief for certain low-income cardholders. The reduction by the Department of Transportation is part of package of fee changes that also established or increased fees for sign advertising businesses; redistributing fees over multiple sub-categories.

The single fee eliminated was included as a portion of a revised fee structure for schools requiring approval of Higher Education Coordinating Commission to confer or offer to confer academic degree or provide services leading to degree included in SB 102. The estimated impact of eliminating this fee was not individually broken-out; however the net impact of the fee changes is included in the summary numbers in the table and illustrated in the subsequent table of fee changes contained in substantive legislation.

The largest individual estimated revenue impact from fee increases is \$2,672,724 due to a 0.15% change in the fire insurance premium tax paid by insurers to fund the Oregon State Fire Marshal. Fee increases for the Fire Marshal also included increases in the fee schedule for Hazardous Substance Possession and Petroleum Load fees that are projected to provide an additional \$1,032,414 during the 2013-15 biennium. The \$1,642,901 estimated revenue impact to the Oregon Parks and Recreation Department is from an increase in the schedule of campsite rental fees.

The Oregon Department of Fish and Wildlife estimates that it will raise just over two million dollars from the establishment of an annual Columbia Basin salmon, steelhead, and sturgeon recreational fishing endorsement fee established by SB 830. This fee is repealed on 1/2/2022 and the proceeds are to fund the Columbia River Fisheries Enhancement Fund.

The table on the following page presents individual bill numbers and impacted agencies by type of legislation.

Fee Changes By Bill Number

Bill Number - Impacted Agencies	Number of Fee Changes	Estimated 2013-15 Revenue Impact
Fee Changes Requiring or Due to Substantive Legislation		
HB 2039 Oregon Marine Board	2	\$292,150
HB 2113 Bureau of Labor and Industries	5	\$58,100
HB 2185 Department of Post-Secondary Education	1	\$158,400
HB 2259 Water Resources Department	64	\$283,510
HB 2263 Department of Transportation	9	\$308,370
HB 2562 Judicial Department	19	\$1,451,676
SB 102 Department of Post-Secondary Education	9	\$543,000
SB 783 Construction Contractors Board	3	\$462,192
SB 830 ODFW	1	\$2,002,000
SB 838 Department of Environmental Quality	1	\$141,837
SB 851 Public Utility Commission	1	\$304,000
SB 106 Board of Chiropractic Examiners	4	\$203,256
Total Fee Changes Requiring or Due to Substantive Legislation	119	\$6,208,491
Fee Changes Included in Agency Budget Bill		
HB 5011 Department of Energy	14	\$667,857
HB 5026 Oregon Medical Board	16	\$957,377
HB 5030 Oregon Health Authority	19	-\$1,176,292
HB 5034 Oregon Parks and Recreation Department	2	\$1,678,311
HB 5036 Board of Pharmacy	11	-\$1,521,480
HB 5038 Oregon State Police	2	\$3,166,950
HB 5526 Board of Veterinary Examiners	2	\$243,000
Speech-Language Pathologists/Audiologists	18	\$164,608
SB 5520 Department of Environmental Quality	5	\$2,977,470
Total Fee Changes Included in Agency Budget Bill	89	\$7,157,800
Fee Changes By Administrative Rule Ratified By Legislation		
HB 5012 Department of Energy	3	\$139,150
HB 5037 Board of Pharmacy	1	\$7,800
HB 5039 Oregon State Police	1	\$538,188
HB 5051 Board of Accountancy	8	\$61,450
SB 5545 Department of Transportation	11	\$468,282
Total Fee Changes By Administrative Rule Ratified By Legislation	24	\$1,214,870
Grand Total Adopted Fee Changes	232	\$14,581,161

Assumptions in the Development of the Budget

In a typical biennium, various assumptions regarding rates and assessments are made while building the budget. An agency's budget is built by taking the previous biennium budget and adding in these new rates, assessment changes, inflation, and personal services cost increases. Given the inability to continue funding all ongoing programs due to a lack of resources, there were a number of statewide adjustments that were made to agency budgets to reduce these costs and therefore statewide expenditures.

The following statewide packages are found in some or all agency budgets:

Package 091 – Statewide Administrative Savings

This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092 – PERS Tax Policy

This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

Package 093 – Other PERS Adjustments

This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

Program Area Summaries

Education Program Area

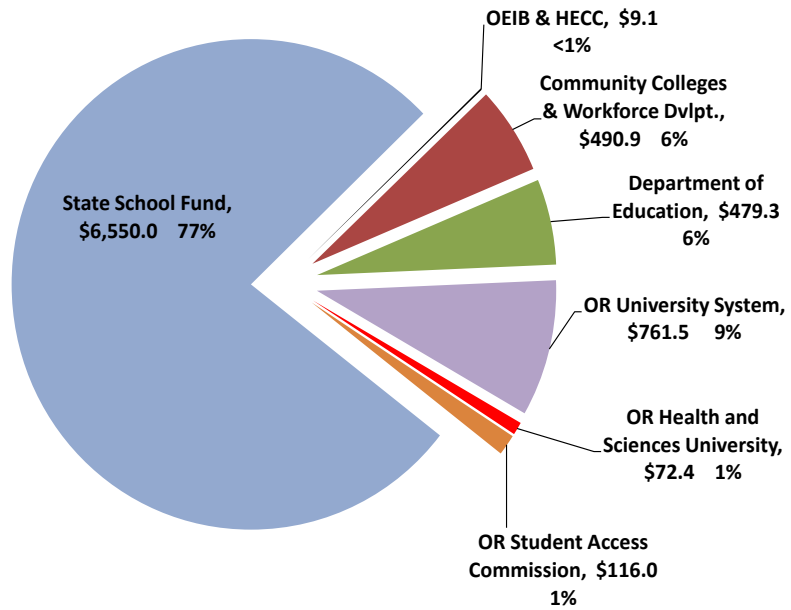
The Education program area includes state operated or financed activities servicing children or students from early education through post-secondary education. This P-20 approach includes:

- **Early childhood programs** which have been centralized within a new Early Learning Division in the Oregon Department of Education (ODE) and includes daycare assistance and regulation, Oregon Prekindergarten program, Healthy Start, and Relief Nurseries.
- **Kindergarten through 12th grade programs** including the State School Fund which provides the majority of funding for School Districts and Education Service Districts (ESDs); licensing and regulation of teachers and other education professionals; and the monitoring and distribution of federal funding including the programs related to the Individuals with Disabilities Education Act, Elementary and Secondary Education Act, and nutrition related programs.
- **Youth development programs** which have also been combined into a new division of ODE and include the Juvenile Crime Prevention Programs, the federal Title XX Youth Investment Program, and other programs which generally were part of the Children and Families Commission.
- **Post-Secondary education programs** administered through the Community College system, Oregon Health and Science University (OHSU), the seven public universities that were part of the Oregon University System (OUS), and the Oregon Student Access Commission's financial aid programs.

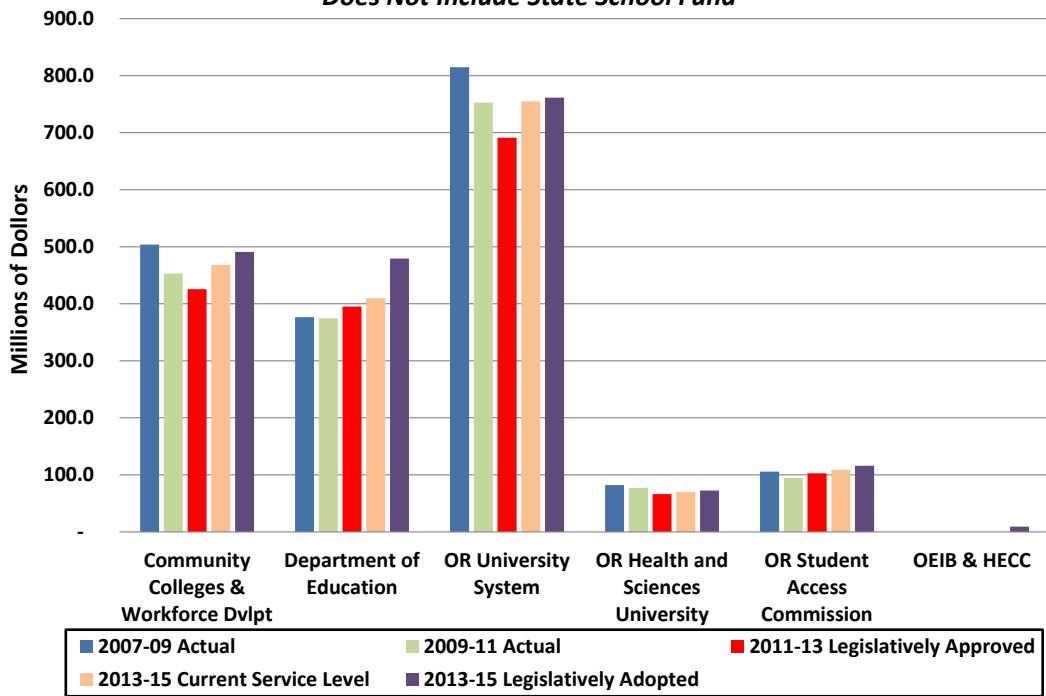
Beginning with the 2011 legislative session, the agencies within the Education Program Area have seen major reorganizational changes. The Oregon Education Investment Board (OEIB) was established in 2011 and provides overall direction and advice to the Governor and Legislature on investments in the P-20 system. As mentioned above, early learning programs have been consolidated into a new ODE division as was youth development programs. The biggest changes are likely in post-secondary education where the path to further independence of the public universities continues including the establishment of independent governing boards for the University of Oregon and Portland State University as well as the opportunity for other universities to join them in the future as part of SB 270 (2013). The Higher Education Coordinating Commission (HECC), established in 2011, was given greater authority for oversight and coordination of the entire post-secondary system in HB 3120 (2013).

The General Fund and Lottery Funds support for the Education program area in the 2013-15 legislatively adopted budget is \$8.48 billion. This is an increase of \$1.08 billion, or 14.6%, from the 2011-13 legislatively approved budget. The total funds budget of \$10.36 billion reflects a decrease over the prior biennium but that is primarily due to the fact that only the General Fund and Lottery Funds for the University System are now part of the state budget. In 2011-13, OUS had over \$4.57 billion in Other and Federal Funds which are longer on the state's books. As shown in the first chart on the following page, the State School Fund (SSF), which represents the State's contribution to school funding formula for School Districts and Educational Service Districts, accounts for over 77% of the General and Lottery Funds in this program area. The second chart compares the non-SSF Education Program Area agencies' 2007-09 and 2009-11 actual expenditures, the 2011-13 legislatively approved budget, the 2011-13 current service level and the 2013-15 legislatively adopted budget. The SSF historic spending is outlined in the K-12 School Funding Section below.

**Education Program Area
General Fund & Lottery Funds
2013-15 Legislatively Adopted Budget -- Millions of Dollars**



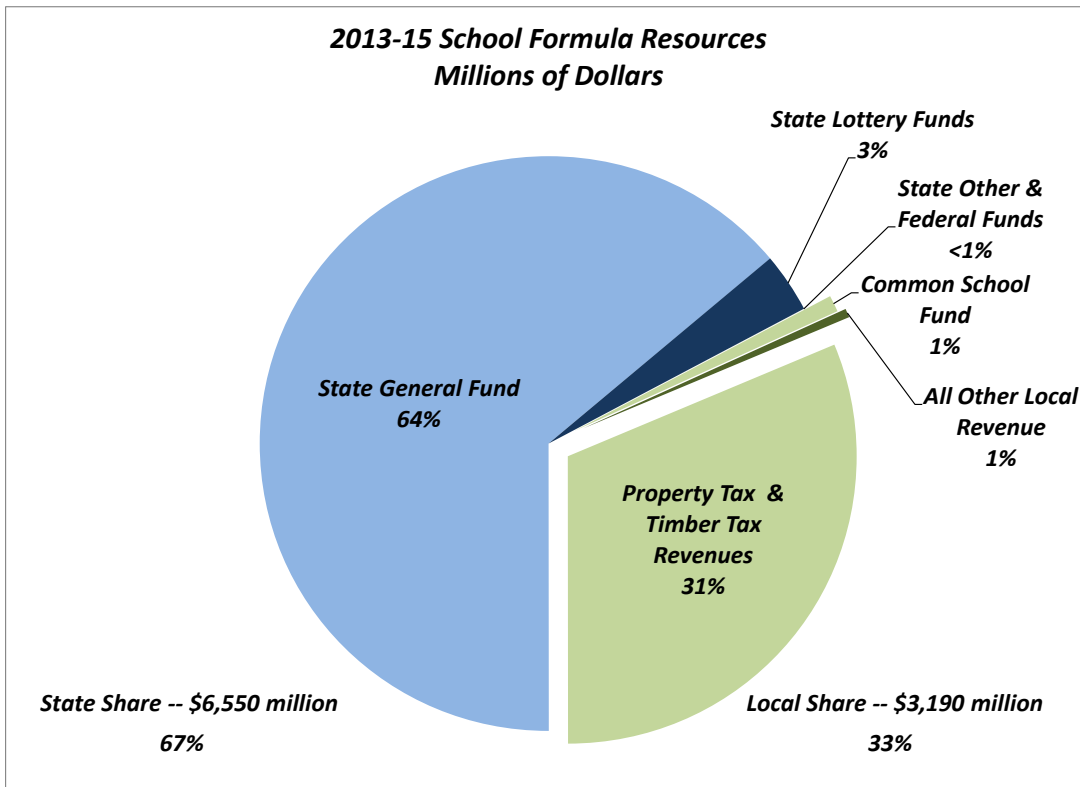
**General and Lottery Funds -- Education Agencies
Does Not Include State School Fund**

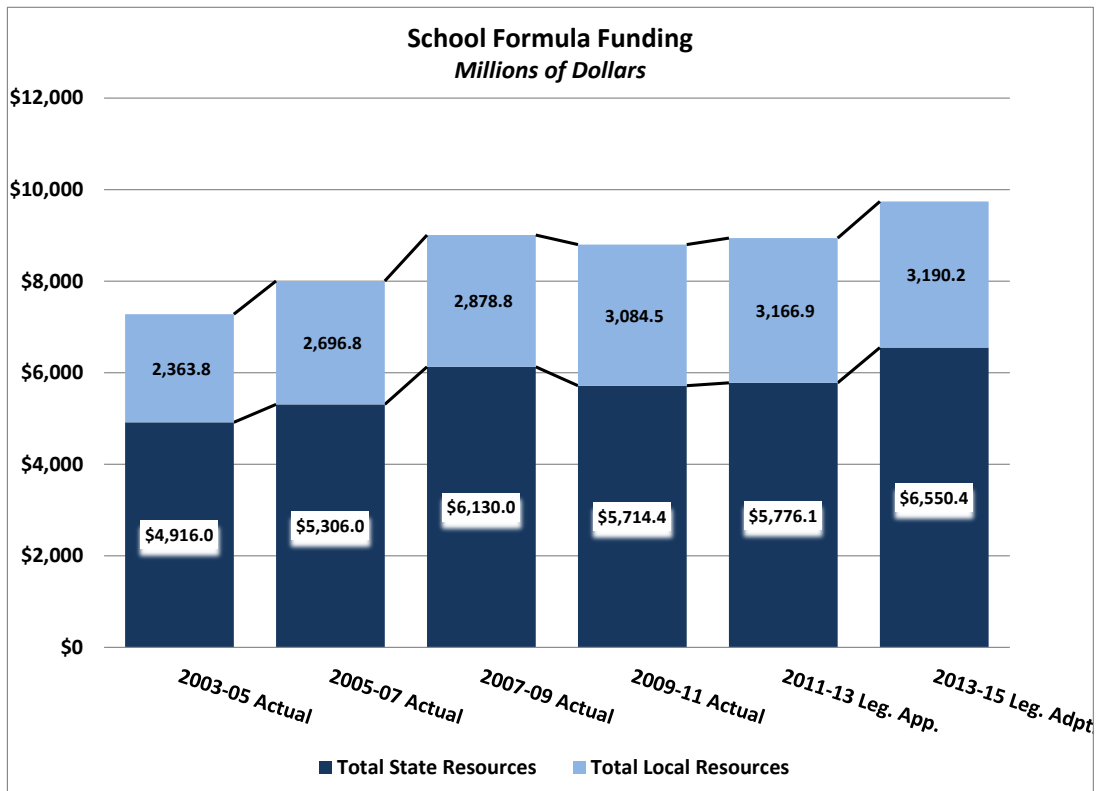


K-12 School Funding

The 2013-15 legislatively adopted budget includes \$6.55 billion total funds (\$6.22 billion General Fund and \$327.3 million Lottery Funds) for the State School Fund (SSF) which makes up the state portion of the amount distributed to School Districts and Education Service Districts (ESDs) through the funding formula. This 2013-15 legislatively adopted budget represents an \$835.2 million or 14.6% increase in General and Lottery Funds resources for the SSF over the amount in 2011-13. For the first time in three biennia no additional funding in Education Stability Funds or the Oregon Rainy Day Fund is included in the SSF. With PERS related savings of over \$209 million assumed with the passage of SB 822 (2013), the “buying power” of the State’s school funding is increased to \$6.75 billion.

Overall, general purpose funding for School Districts and ESDs depend on both the state contribution through the SSF and the contributions of local revenue including property taxes, timber revenue, and distributions from the Common School Fund. The figure below shows the general sources of state and local resources that are part of the calculation of the formula distribution for 2013-15 which totals over \$9.77 billion. The figure on the following page shows the funding trend and the split between state and local revenues over six biennia.





There were no major changes to the school funding formula during the 2013 legislative session – a task force was established (HB 2506) to make recommendations regarding possible modifications to the formula and report back to the Legislature by October 2014. Changes that affected the SSF and the formula included; (1) continuing the Small School District Supplement which had been scheduled to sunset; (2) reducing the amount designated for School Facilities grants from \$25 million per biennium to \$20 million; (3) repealing the Regional Education Services Account which had received 0.25% of the formula resources; and (4) establishing a funding stream for the new Network on Quality Teaching and Learning (\$33 million per biennium from the formula). The Network would gain another \$12 million for the biennium if additional resources were distributed to school districts from the Common School Fund. The Department of Education may spend up to \$1.6 million from the SSF for Oregon Virtual School District Fund. In addition, \$3.5 million General Fund was assumed to be the amount to cover the payments required under the Local Option Equalization Grants.

Department of Education

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

The 2013-15 legislatively adopted budget for General Fund and Lottery Funds of \$479.3 million is \$84.3 million, or 21.3%, greater than the 2011-13 legislatively approved budget. The total funds budget of \$2.05 billion is 17% greater than the 2011-13 amount. Much of the growth is due to three factors:

- Two new divisions are created within the Department of Education (ODE), both of which bring programs from other program areas as well as from within the Department. The net increase in ODE’s budget due to establishment of the Early Learning Division is \$37.7 million General Fund and \$202.9 million total funds. The new Youth Development Division represents an \$8.3 million General Fund and \$19.5 million total funds increase in the ODE budget.

- The Legislature approved an increase of \$25.8 million General Fund in strategic education investments (HB 3232) in Early Reading programs (\$7.8 million), Guidance and Support for Post-Secondary Aspirations (\$6 million), and Connecting to the World of Work (\$12 million).
- Also approved was a \$45 million Other Funds Network of Quality Teaching and Learning established by HB 3233 which makes investments in mentoring, school district collaboration, educator preparation, activities to close the achievement gap, and support in implementing Common Core Standards. A distribution from the school funding formula provides \$33 million Other Funds while the other \$12 million is contingent on a decision by the State Land Board to increase the distribution from the Common School Fund.

As part of the statewide budget plan, a supplemental ending balance was established by reducing most General and Lottery Funds budgets by 2%. The supplemental ending balance may be allocated to agencies during the February 2014 legislative session if financial conditions warrant that action. For ODE, a total of \$8.6 million was reduced from the budget across all programs except the State School Fund and debt service.

Most of the funding in the budget for ODE is passed through to school districts, Educational Service Districts (ESD), and other local entities. Even after factoring out the State School Fund from the 2013-15 ODE budget, over 87% of the General and Lottery Funds and over 85% of total funds are passed through to other educational related districts or organizations. The chart below details these grant-in-aid programs.

Grant-in-Aid Programs				
	<u>2011-13 Leg. Approved</u>		<u>2013-15 Leg. Adopted</u>	
	General Fund	Total Funds	General Fund	Total Funds
Grant-in-Aid Program Unit				
Nutrition Programs	2.26	287.64	3.61	353.60
No Child Left Behind Program (NCLB)	-	359.63	-	328.31
CTE Related Programs	1.83	1.83	9.88	9.88
Teacher Training & Network of Quality Teaching	9.10	9.10	-	40.62
Strategic Initiatives	-	-	23.85	23.85
Physical Education Grants	0.37	0.37	0.38	4.38
Other K-12 Grants including FIRST, SMART & Reach Out to Read	1.10	89.55	3.25	102.49
IDEA and General Special Education Programs	-	253.61	-	291.69
Regional Programs	25.83	55.74	26.45	57.08
Long Term Care Program	14.76	37.89	15.12	38.80
Hospital Programs	1.28	4.31	1.31	3.13
Blind & Visually Impaired Student Fund	0.97	5.97	0.99	6.12
Early Childhood Special Education/Early Intervention	115.26	145.34	136.04	164.04
Other Special Education Programs	-	5.88	0.05	6.95
Total Grant-in-Aid (SCR 300)	172.76	1,256.85	220.91	1,430.92
Supplemental Ending Balance (2%)	-	-	(4.16)	(4.16)
Net Funding Level	172.76	1,256.85	216.75	1,426.76
Early Learning Division Grant-in-Aid				
Oregon Pre-Kindergarten & Early Headstart	123.76	123.76	128.96	128.96
Hub Funding & Service Continuity Funding	-	-	5.00	5.00
Healthy Families Oregon	-	-	14.13	18.09
Relief Nurseries	-	-	6.60	8.85
Child Care Programs	-	-	0.15	128.13
Other Early Learning Programs	-	-	6.12	9.16
Total Early Learning Division (SCR 500)	123.76	123.76	161.12	303.42
Supplemental Ending Balance (2%)	-	-	(3.22)	(3.22)
Net Funding Level	123.76	123.76	157.90	300.20
Youth Development Division Grant-in-Aid				
Juvenile Crime Prevention Grants	-	-	5.66	8.64
Other Youth Development Programs	-	-	0.09	6.89
Total Youth Development Division	-	-	5.75	15.53
Supplemental Ending Balance (2%)	-	-	(0.11)	(0.11)
Net Funding Level	-	-	5.63	15.41

Other changes to the ODE budget for 2013-15 include:

- A number of investments relating to Career Technical Education (CTE) were made including an additional \$7.5 million General Fund added for the CTE Revitalization grants. These grants must be used to enhance collaboration between education providers and employers to insure that students have the training and access to jobs that are demand. The CTE Student Organization Grant program was established in HB 2912 with funding of \$500,000 General Fund to support career and technical organizations in schools like DECCA and FFA.
- Additional funding of \$4 million Other Funds was included in the budget for physical education related grants. A portion of the Tobacco Master Settlement Agreement proceeds will be used to fund these grants.
- A longitudinal data system was proposed spanning the entire P-20 continuum and the budget includes \$700,000 General Fund to complete a needs assessment and business case for the system. A portion of the funds can be used to replace aging computer equipment. The Governor had requested \$10 million in bonding authority for this data base project, but the Legislature withheld that request until the business case is completed and has been reviewed by the Legislature.
- The Governor issued an Executive Order in 2013 relating to addressing the needs of individuals with disabilities, specifically in the area of employment. The ODE budget includes \$1.6 million General Fund for the agency's responsibilities under this Executive Order.
- Two General Fund special purpose appropriations (SPA) to the Emergency Board are made related to ODE. The first is a \$4.6 million SPA to cover the costs over and above what is in the current ODE budget for federally required assessments related to Common Core Standards. The second SPA is for \$1.8 million for local program funding for the second year of the biennium for the Youth Development Division. Prior to requesting these funds, the Youth Development Commission must present a spending plan.

Post-Secondary Education

The state budget supports post-secondary education through the Oregon University System, the Department of Community Colleges and Workforce Development, the Oregon Health and Science University public corporation, and the Oregon Student Access Commission. The 2013-15 legislatively adopted budget includes \$1.45 billion of General Fund and Lottery Funds to support post-secondary education. This is an increase of \$155.4 million, or 12.1%, from the 2011-13 legislatively approved budget. This reverses a multi-biennium trend of falling state investments for post-secondary education (see chart).

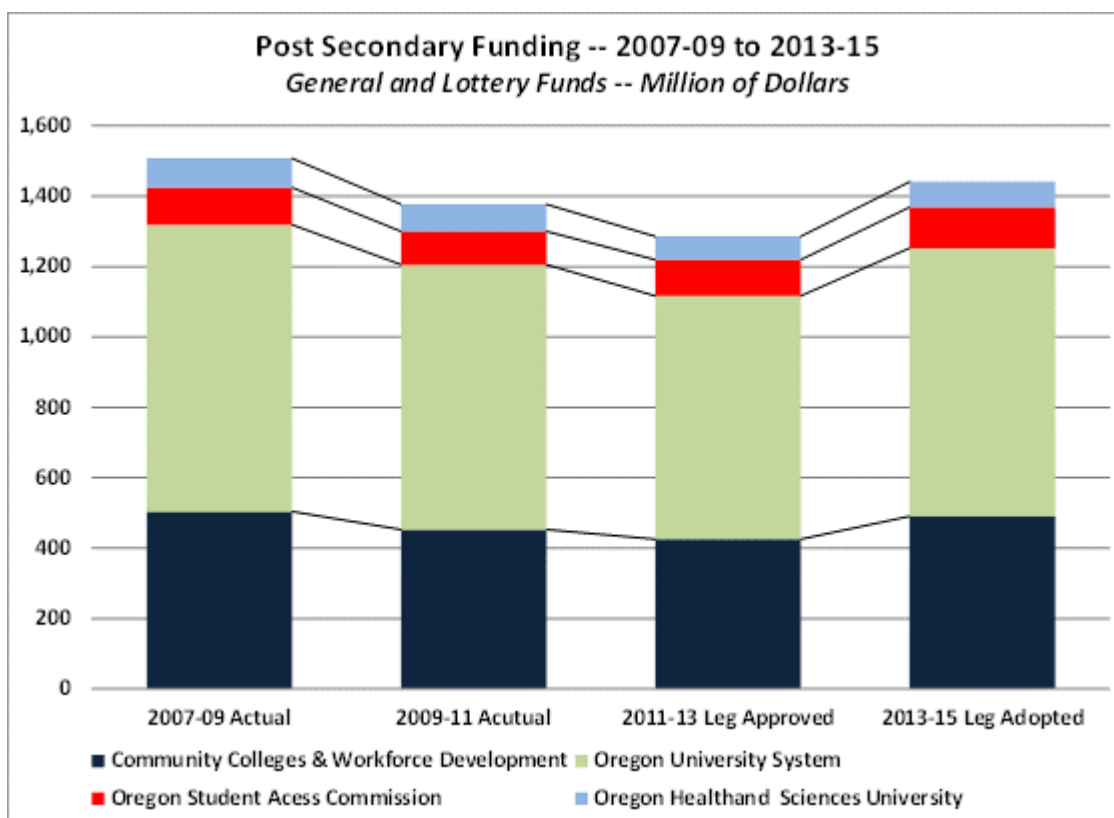
Oregon University System

State General Fund support for the seven public universities that comprise the Oregon University System (OUS) in the 2013-15 legislatively adopted budget totals \$727.9 million. This represents an increase of \$59.6 million, or 8.9%, from the final 2011-13 approved biennium level. No Other Funds were included in the 2013-15 budget totals due to passage of SB 242 (2011), which removed OUS from state agency status and created a public non-state agency university system. Under this bill OUS is no longer subject to Other Funds expenditure limitation by the Legislature.

General Fund support for the Public University Support program, which includes the instruction, research, some public service expenditures, and operating costs of the seven institutions that make up OUS, totals \$483 million. General Fund support for the new State Programs area, which includes General Fund for programs with a statewide focus and special programs that cross institutions, totals \$40.5 million. State funding included in the budget for debt service payments is \$89.2 million General Fund and \$25.6 million Lottery Funds, for a total of \$114.7 million in state paid debt for the 2013-15 biennium. This represents a 13% increase over 2011-13 debt service levels.

General Fund support for the three statewide public service programs (Agricultural Experiment Stations, the Extension Service, and the Forest Research Laboratory) at Oregon State University totals \$101 million, which is 6.5% above 2011-13 budget levels. Sports Lottery funding was approved at \$8 million for the biennium, with Oregon State University and the University of Oregon capped at \$1 million each.

The Legislature added \$15 million General Fund to reduce planned increases in resident undergraduate tuition rates by 1.5% for the 2013-14 and 2014-15 academic years. To express this direction on tuition rates, the budget included a budget note limiting rates of tuition increases for resident undergraduates to no more than 3.5% per year at all seven of the state’s public universities. This compares to increases of up to 8% per year implemented during the 2011-13 biennium.



Department of Community Colleges and Workforce Development

The Department of Community Colleges and Workforce Development (CCWD) 2013-15 legislatively adopted budget of \$490.9 million combined General and Lottery Funds is \$65.3 million or 15.3% greater than the 2011-13 legislatively approved budget. There is a \$152.7 million increase in the total funds between the two periods, but almost all of the non-General Fund and Lottery Funds growth is due to the \$108.6 million Other Funds increase in capital construction projects at all but one of the 17 community colleges. The amount of Federal Funds in the budget has actually fallen primarily due to an \$8.8 million decrease in the federal Workforce Investment Act funds expected to be available in 2013-15.

State support for the 17 community colleges is the largest portion of CCWD’s budget. The legislatively adopted budget of \$450 million General Fund is \$54.2 million or 13.7% greater than the \$395.8 million included in the 2011-13 legislatively approved budget. This reverses a downward trend over the past few biennia, but still does not reach the \$495 million level distributed to the community

colleges in 2007-09. Based on the policy changes relating to PERS included as part of SB 822, an adjustment of \$9.3 million General Fund was made to the state support for community colleges to reflect the anticipated savings in PERS costs.

Other investments included in this budget are:

- Funding for the Portland Community College and Sabin-Schellenberg Skills Centers was increased slightly to a level of \$600,000 General Fund.
- Funding of \$673,800 General Fund will be distributed to community colleges to expand and coordinate programs for training community healthcare workers for newly formed community care organizations.
- A \$7.5 million General Fund workforce investment initiative was approved which will direct resources to expand the Back to Work Oregon program (\$2.8 million), provide \$1.5 million for the National Career Readiness Certificate program, fund the Certified Work Ready Communities program (\$750,000), provided \$1.45 million for Supporting Sector Strategies, and the remaining \$1 million is for technical assistance to local workforce programs, evaluation, and two positions.

Oregon Health and Science University Public Corporation

The 2013-15 legislatively adopted budget of \$72.4 million General Fund is \$6.4 million or 9.7% greater than the 2011-13 legislatively approved budget. Most of these General Fund resources (\$68.9 million) are used to support the Schools of Medicine, Nursing, and Dentistry; the Area Health Education Centers and Office of Rural Health; the Oregon Poison Center; and the Child Development and Rehabilitation Center (CDRC). At this level of investment, the Oregon Health and Science University (OHSU) asserts that students enrolled in Fall of 2013 will have their tuition frozen for the following school year, the rural K-12 “pipeline” programs will be maintained, and medical rural rotations will be continued. A new Scholars for a Healthy Oregon (SB 2) program is established to provide tuition assistance for health professionals enrolled in OHSU programs who sign agreements to practice in rural and other high need areas. A total of \$2.5 million General Fund is provided for the program to start in the second year of the biennium. To continue the debt service payments for bonds sold to enhance OHSU’s genetics and biotechnology research programs, \$31.6 million Other Funds are included in the budget. These payments are funded with proceeds from the Tobacco Master Settlement Agreement.

Oregon Student Access Commission

The 2013-15 legislatively adopted budget of \$115.7 million combined General Fund and Lottery Funds is an increase of \$13.4 million or \$13.1% over the 2011-13 legislatively approved budget. This increase represents all of the growth within the \$136.1 million total funds budget of the Oregon Student Access Commission (OSAC) which grew by just less than 9.6% over the same period. Over 96% of the General Fund or \$111.2 million is for the Oregon Opportunity Grant program representing a General Fund increase of 15% over the amount available for this program during 2011-13. If economic conditions hold and the Legislature re-appropriates the \$2.2 million General Fund for the 2% supplemental ending balance, the program is expected to award approximately 63,000 grants at an average amount of \$1,800 for the biennium.

This budget also includes \$1.4 million General Fund for the ASPIRE program and the associated staff positions. This level of funding replaces the lost federal funding for the program and should be sufficient to have 145 sites or local programs across the state. The budget also reflects the transfer of the budget and staff for the Office of Degree Authorization from OSAC to the Higher Education Coordinating Commission (HECC). With the passage of HB 3120, the Commission itself will be

abolished and its governing and policy making responsibilities will be replaced with the HECC. The Office itself will be renamed the Office of Student Access and Completion.

Other Education Programs

The **Teacher Standards and Practices Commission's** Other Funds 2013-15 legislatively adopted budget of \$4.9 million is \$541,000 or 10% less than the 2011-13 legislatively approved budget. This decrease is due to a significant shortfall in revenues over the past two years so the Legislature approved a \$411,336 reduction to better reflect the revenues that will be available to the agency. This shortfall is due to fewer teacher and other educational professional license applications. The other reductions were based on PERS savings resulting from the passage of SB 822 and changes to statewide assessments. Given the concern that the smaller budget will have a negative effect on pursuing cases where complaints have been made to the Commission, the Legislature included a budget note requiring the Commission to return to the 2014 session to discuss the potential for a new fee structure.

The 2013-15 budget for the **Oregon Education Investment Board** of \$6 million General Fund provides the resources for the Chief Education Officer (CEdO) and related staff as well as for the Board's operations and meetings. The majority of the funding (\$4.5 million) is for the 11 existing positions that had been funded for a portion of the previous biennium from a \$3 million appropriation in the Office of the Governor. Also included in the 2013-15 budget are resources for four new research positions for the P-20 continuum (\$705,587), and \$950,000 in various strategic education investments.

The **Higher Education Coordinating Commission** is a new budget of \$3.1 million General Fund and \$5.4 million total funds. The General Fund resources are for 15 new positions to coordinate all public post-secondary education efforts in the state including the new responsibilities placed on the Commission (HECC) by the passage of SB 270 and HB 3120 which related to higher education governance. Starting in July 2014, the Commission itself will take over the current responsibilities of the State Board of Education relating to Community Colleges and the current responsibilities of the Oregon Student Access Commission. Both of these areas will still have separate entities with separate budgets that will provide the staffing for the appropriate programs, but the agency head for each will be appointed by the HECC. The \$2.3 million in Other and Federal Funds in the HECC budget are for the Office of Degree Authorization transferred from the Oregon Student Access Commission and the Private Career Schools program transferred from the Oregon Department of Education.

Human Services Program Area

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

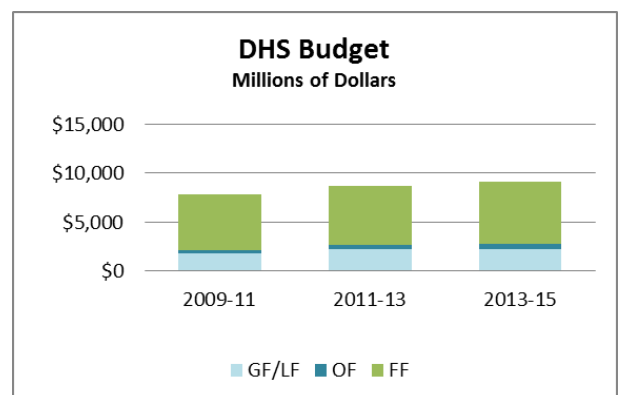
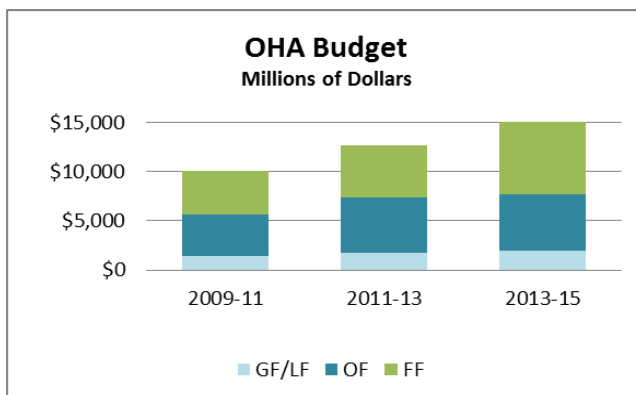
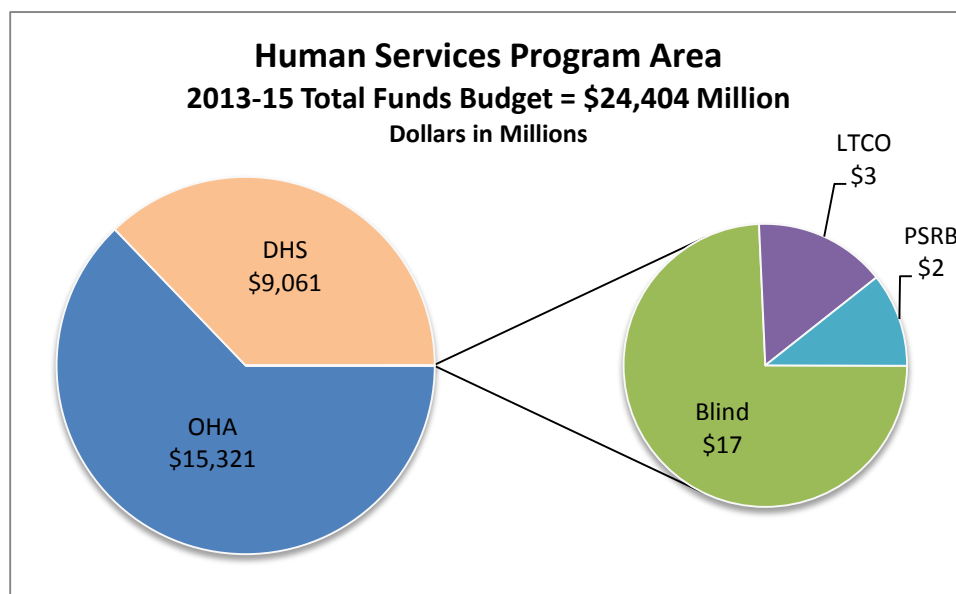
The 2013-15 legislatively adopted budget for the human services agencies totals \$4.24 billion combined General Fund and Lottery Funds, and \$24.40 billion total funds. This is 8.2% more than the 2011-13 legislatively approved budget in General Fund and Lottery Funds resources, and a 14.2% increase in total funds. The combined General Fund and Lottery Funds budget is \$322 million more than in the 2011-13 biennium, while the total funds budget for the program area is a \$3.04 billion

increase from the 2011-13 biennium. A significant portion of the total funds increase is the result of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014.

The Human Services program area budget includes \$6.2 billion Other Funds. The PEBB/OEBB resources make up over half of this total. Other significant sources are Medicaid provider assessments, tobacco taxes, tobacco master settlement revenues, bond proceeds for the Oregon State Hospital replacement project, transfers from other state agencies, and various fees.

At \$13.9 billion, Federal Funds include matching funds such as Medicaid, capped block grants such as Temporary Assistance to Needy Families (TANF), numerous other federal grants, and Nonlimited funds, primarily for Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits.

The first chart below shows the 2013-15 total funds budget for the agencies in this program area. The following charts show budget comparisons for the last three biennia for the Oregon Health Authority (OHA) and the Department of Human Services (DHS).



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

Oregon Health Authority

The Oregon Health Authority (OHA) was created by the 2009 Legislature (HB 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. The 2013-15 legislatively adopted budget for OHA is \$1.97 billion General Fund and \$15.32 billion total funds. This represents a 16.5% increase in General Fund and a 20.9% increase in total funds since 2011-13.

General Fund increases as a result of a program transfer from the Department of Human Services, as well as investments in the community mental health system. Caseload, inflation, and debt service also contribute to the increase. Total funds increase \$2.7 billion over the 2011-13 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014. Services for most of these new clients will be paid with 100% Federal Funds for the first three years. Other contributors include the additional 1% hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and the program transfer from the Department of Human Services.

As in other agencies, OHA's 2013-15 legislatively adopted budget reflects several statewide budget adjustments. This includes the Governor's proposed administrative savings, and a 5% reduction to services and supplies. It also includes a 2% supplemental ending balance holdback applied to General Fund, totaling \$38.8 million. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions.

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

Medical Assistance Programs

Medical Assistance Programs (MAP) is the state Medicaid agency, which provides medical care to about 660,000 low income Oregonians primarily through the Oregon Health Plan. It is funded with a combination of state funds and federal matching Medicaid funds. After January 1, 2014, the program is expected to add over 200,000 adults as a result of the Affordable Care Act expansion, funded entirely with federal funds through 2016. Many of the current clients in Healthy Kids Connect and the Family Health Insurance Assistance Program (FHIAP) will also shift to the Oregon Health Plan during the biennium.

The 2013-15 legislatively adopted budget is \$1.1 billion General Fund and \$9.7 billion total funds. This is a 40% total funds increase over the 2011-13 legislatively approved budget, primarily the result of the expansion under the Affordable Care Act. Health care costs in the Oregon Health Plan are capped at per-client increases of 4.4% in the first year of the biennium, and 3.4% in the second year, per Oregon's current federal waiver. Those increases are fully funded in this budget. The continuation of the current hospital assessment generates \$1.6 billion in additional resources to help pay for the Oregon Health Plan, after accounting for federal matching revenues. An additional 1% assessment will assist hospitals to implement health care transformation. This budget also increases Tobacco Master Settlement Agreement resources for the Oregon Health Plan from \$30 million in the 2011-13 biennium to \$116.1 million in 2013-15.

PEBB/OEBB

The Public Employees' Benefit Board (PEBB) contracts for and administers medical and dental insurance programs for state employees and their dependents, while the Oregon Educators Benefit Board (OEBB) contracts for insurance for various school, education service, and community college districts throughout the state. The 2013-15 legislatively adopted budget for PEBB is \$1.54 billion Other Funds, while the budget for OEBB is \$1.64 billion Other Funds. The budget for PEBB is moved from Other Funds Nonlimited to Other Funds Limited, to provide more accountability. The PEBB budget was also changed to include both self-insured and fully insured benefit costs. In the past the PEBB budget reflected only the self-insured benefit costs. In addition, the PEBB budget was constructed to reflect a per-employee growth rate of 4.4% for 2013, 3.4% for 2014, and 3.4% for 2015. These growth rates are consistent with Oregon's Medicaid waiver.

Addictions and Mental Health

The Addictions and Mental Health (AMH) budget supports treatment services to those with addictions or mental health disorders. Services are delivered through community non-profit providers, county mental health agencies, and the Oregon State Hospital system, which has facilities in Salem, Portland, and Pendleton.

The 2013-15 legislatively adopted budget is \$652.7 million General Fund and \$983 million total funds. This is a total fund decrease of 1.6% and a General Fund decrease of 1.1% compared to AMH's 2011-13 budget. However, this budget includes a \$68 million General Fund, \$183 million total funds, transfer of Medicaid funding to the Medical Assistance Programs within OHA. Once this is accounted for, the total funds budget is a 16.7% increase and the General Fund budget is a 9.2% increase from the 2011-13 level.

The Affordable Care Act expansion will have a significant effect on this budget. Many of the services now provided are paid with General Fund, because clients do not have insurance. After the expansion, a significant number of these clients will qualify for Medicaid, and services will be paid at 100% federal funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, which can be used to expand services. These additional resources are not included in the biennial comparisons above.

The budget adds \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in current service level that remains after the Spring 2013 forecast changes. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center campus. An additional \$21.8 million General Fund is also included for the expansion of children's mental health services.

The new Junction City hospital facility is expected to open 125 of its 174 beds approximately the last quarter of the biennium. Blue Mountain Recovery Center is expected to close the end of December 2013, and the lease on the Portland facility ends March 2015. The budget includes \$79.4 million of bond revenues to complete the Junction City facility.

Public Health

Public Health supports the goals of Oregon's transformation of the health care system by promoting population-based prevention initiatives. The program manages more than 100 prevention-related programs that halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. Much of the work is carried out by local county health departments which are supported in their work by Public Health staff.

The 2013-15 legislatively adopted budget is \$516.8 million total funds, which is 0.6% more than the 2011-13 legislatively approved budget level. The adopted General Fund budget of \$38.6 million is 12.2% above the 2011-13 level of \$34.4 million.

Generally, this budget maintains current program levels. The Contraceptive Care services (CCare) budget is adjusted to remove \$1.3 million General Fund of excess ending balance, and is reduced by \$1 million General Fund to account for the anticipated impact of the Affordable Care Act expansion when many clients currently being served in this program will have insurance. The budget includes \$4 million of Tobacco Master Settlement Agreement resources for tobacco prevention and cessation programs. Finally, the budget increases the funding for breast and cervical cancer screening services by \$700,000 General Fund. This is partially needed to backfill funding shortfalls in the first year of the biennium.

Department of Human Services

The 2013-15 legislatively adopted budget for the Department of Human Services (DHS) is \$2.247 billion General Fund and \$9.061 billion total funds. The budget is 2.8% General Fund and 4.8% total funds more than the agency's 2011-13 legislatively approved budget. However, if the \$347.8 million total funds transfer of Medicare Buy-in (Part A & B) and nursing facility extended care programs to OHA is disregarded, the budget is an 8.8% total funds increase from the 2011-13 biennium.

As in other agencies, DHS' 2013-15 legislatively adopted budget reflects several statewide budget adjustments. This includes the Governor's proposed administrative savings, and a 5% reduction to services and supplies. It also accounts for a 2% supplemental ending balance holdback applied to General Fund, totaling \$45.6 million. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions. References to specific budget components in the following narrative generally do not account for the holdback, due to uncertainty regarding that restoration, along with a lack of specific direction or discussion regarding holdback implementation and the associated impacts on programs.

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

Self Sufficiency

The agency's Self Sufficiency programs provide assistance for low-income families to promote family stability and help them become self-supporting. Services help clients meet basic needs, such as food and shelter, and include job training, employment assistance, parenting supports, health care, and child care. The legislatively adopted budget level is \$372.2 million General Fund and \$3.506 billion total funds, which is 20.5% and 1.3% higher, respectively, than the \$308.8 million General Fund and \$3.462 billion total funds in the 2011-13 legislatively approved budget. The General Fund increase primarily reflects continuing high levels for Temporary Assistance for Needy Families (TANF) cash assistance, a modest increase for the Job Opportunity and Basic Skills (JOBS) program, additional resources for the Employment Related Day Care (ERDC) program, and continuation of the Self Sufficiency Modernization project.

Nonlimited Federal Funds for the Supplemental Nutrition Assistance Program (SNAP/food stamps) make up 71.7% of the total budget for Self Sufficiency. At \$2.514 billion, SNAP benefit payments for the 2013-15 biennium are expected to resemble 2011-13 biennium need and spending patterns

The legislatively adopted budget maintains the TANF Basic and Unemployed Two-Parent programs, and most other related services. However, due to high caseloads and capped federal funding, several modifications made to the TANF program in 2011-13 are carried forward into 2013-15. While these program suppression actions include continuing to limit the number of JOBS program participants, \$5 million General Fund was added to serve more clients, which allows about a 5% increase in services

For the ERDC program, which provides child care subsidies to employed parents, the budget adds a mix of General Fund and Other Funds (federal child care dollars) to support an average of 9,000 over the biennium. The 2011-13 average was 8,500. The ERDC funding package of \$112.9 million total funds is also expected to help increase child care provider rates; a modest reduction in the average caseload target may be needed to implement rate increases, which are set through collective bargaining.

An investment of \$7.1 million General Fund and \$56.1 million total funds supports continuation of the Self Sufficiency Modernization project. One key project outcome is workers having fewer business processes and less paperwork, giving them more time with clients. Along with General Fund and Federal Funds, the funding package relies on \$14.4 million in XI-Q bond proceeds.

Child Welfare

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

The legislatively adopted budget level is \$436.6 million General Fund and \$896.6 million total funds, which is 11.2% and 11.5% higher, respectively, than the \$392.6 million General Fund and \$803.8 million total funds in the 2011-13 legislatively approved budget. The budget increase supports caseload changes, meets a federal requirement to modify the agency's eligibility rate methodology for foster care, improves staffing levels, and continues efforts to reduce the state's foster care population.

Included in the budget, at a cost of \$11.2 million General Fund and \$23.7 million total funds, is full phase-in of the Strengthening, Reunifying, and Preserving Families program as enacted by SB 964 (2011). The program focuses on providing services to allow children to remain safely with their families and avoid foster care.

Child Welfare staffing is budgeted at 75% of the workload model, up from 67% in 2011-13, with an addition of \$10.7 million General Fund, \$20.4 million total funds and 113 positions (85.24 FTE). This staffing level supports implementation of differential response, which is a design for child welfare intervention that allows for more than one way of responding to reports of suspected child abuse or neglect. The additional capacity also allows improvements in the Oregon Safety Model and statewide expansion of SB 964 efforts.

Vocational Rehabilitation

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

The legislatively adopted budget level is \$17.3 million General Fund and \$91.1 million total funds, which is 9.1% and 4.9% higher, respectively, than the \$15.9 million General Fund and \$86.8 million

total funds in the 2011-13 legislatively approved budget. The budget continues essential services and adds \$1,000,000 General Fund for distribution to the Centers for Independent Living, which provide core independent living services in various locations throughout the state.

Aging and People with Disabilities

Aging and People with Disabilities (APD) programs provide long term care services to seniors and people with physical disabilities. Clients are served in their own homes, in community based care settings, and in nursing facilities. The legislatively adopted budget level is \$695.6 million General Fund and \$2.426 billion total funds, which is 7.7% lower and 3.4% higher, respectively, than the \$753.9 million General Fund and \$2.345 billion total funds in the 2011-13 legislatively approved budget. If the previously noted transfer of dual eligible and extended care programs is not included, the budget is an 18.3% total funds increase over the prior biennium.

The APD budget relies on non-General Fund resources to continue core programs, meet caseload demands, increase provider rates, and make strategic investments. The agency recently received federal approval for a waiver under the Community First Choice State Plan Option (K Plan), which is projected to bring in about \$92.9 million in additional federal dollars over the biennium. General Fund support for adequate maintenance of effort (MOE) expenditures under this program makes this possible. Under the K Plan, the agency will be able to draw down an additional 6% in Federal Medical Assistance Percentage (FMAP) for eligible expenditures. The budget also includes \$61.5 million Other Funds revenue from the long term care facility assessment (provider tax), which was extended through June 30, 2020 in HB 2216 (2013).

The legislatively adopted budget includes \$2.3 million General Fund for research and development to support pilot projects to develop new approaches to long term care services. The budget also invests in the statewide Aging and Disability Resource Connection (ADRC) program to assist seniors, all individuals with disabilities, and veterans in navigating their options for long term services and supports. The budget maintains funding for Oregon Project Independence at just under \$10 million General Fund.

Additional resources to fund collective bargaining pools, increase provider rates, and cover cost of living adjustments for home and community based services total \$25.8 million GF and \$78.4 total funds. Many rates have been flat since July 2008. The also includes funding to serve more seniors with severe mental health issues in the community instead at the more costly Oregon State Hospital and develop community capacity needed to serve clients requiring specialized care

Developmental Disabilities

The Developmental Disabilities (DD) program provides services for Oregonians with intellectual and developmental disabilities of all ages. Services include in-home family support, intensive in-home supports, out-of-home 24-hour services delivered by proctor/foster care or residential care providers, and brokerage support services. The legislatively adopted budget level is \$535.9 million General Fund and \$1.671 billion total funds, which is less than 1% below and 15.6% higher, respectively, than the \$536.9 million General Fund and \$1.446 billion total funds in the 2011-13 legislatively approved budget.

Similar to APD, the legislatively adopted budget for DD relies on additional federal resources made available under the K Plan waiver; these are estimated to be at about \$126.6 million. The budget includes connected associated MOE expenditures of just under \$30 million General Fund that are primarily used to restore most 6% rate reductions that were taken in prior biennia. A portion is also set

aside to help fund health care insurance costs for personal support workers; these benefits and associated costs are determined as part of collective bargaining.

For personal support workers, the budget also includes funding to cover roll-up costs associated with a wage increase in April 2013 and another \$7.2 million General Fund (\$19.9 million total funds) for other, indeterminate collective bargaining costs. Another enhancement is the expansion of Family to Family networks from four to eight.

At a total of \$10.3 million General Fund, \$25.7 million total funds, and 40 positions (26.40 FTE), the budget supports the Employment First Initiative and associated Quality Assurance efforts. These resources will allow the program, in partnership with Vocational Rehabilitation and the Department of Education, to carry out activities under the Governor's Executive Order #13-04. That directive sets out a process for moving people with developmental disabilities out of sheltered workshops and into integrated employment.

Other Human Services Agencies

The legislatively adopted budget for the **Commission for the Blind** is \$1.5 million General Fund and \$16.7 million total funds. This is a 33% General Fund increase and a 6.9% total funds increase over the 2011-13 budget level. The budget restores program reductions included in the Governor's budget, and provides funding to add two new technology instructors to the program. As approved, the budget meets federal maintenance of effort requirements, and allows the agency to match all available federal funds.

The **Long Term Care Ombudsman's** 2013-15 legislatively adopted budget of \$2.7 million General Fund is 54.3% more than the 2011-13 budget of \$1.8 million General Fund, primarily due to the passage of SB 626 (2013). The legislation expands duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities. Seven permanent positions (2.81 FTE) and \$585,488 General Fund was included in the budget to support the program expansion, which phases in halfway through the biennium.

The legislatively adopted budget also contains a new position and \$200,000 General Fund to help the agency better serve its existing clients. The extra full-time deputy ombudsman will supervise 25 to 30 additional volunteers, allowing the agency to increase facility coverage.

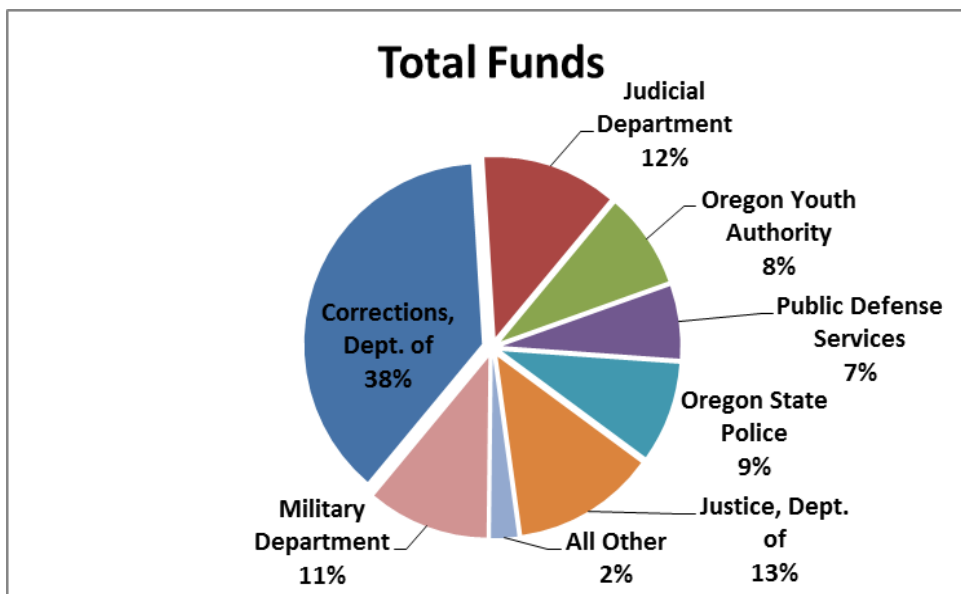
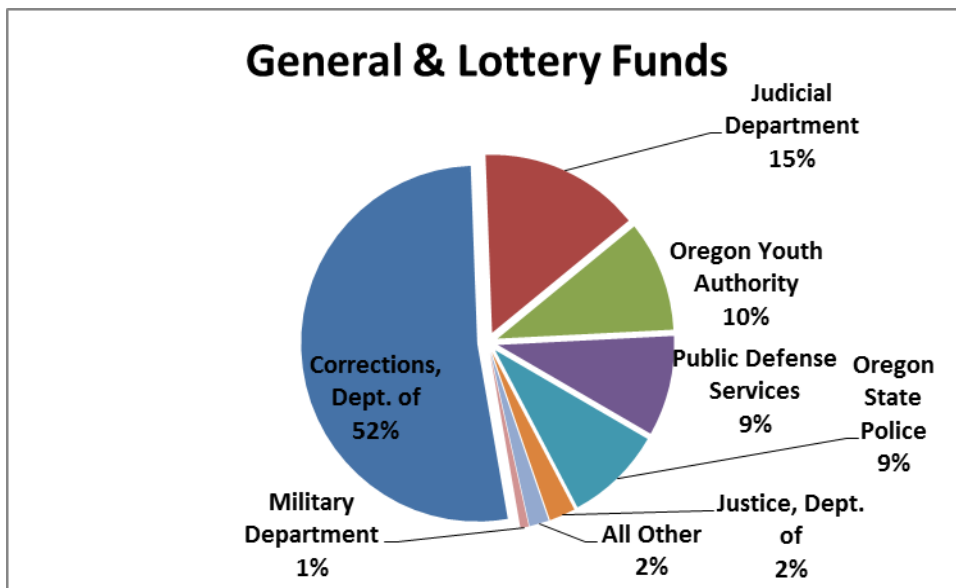
The legislatively adopted budget for the **Psychiatric Security Review Board**, at \$2.3 million General Fund and \$103,725 Other Funds, is 3.8% more than the 2011-13 legislatively approved budget. The budget includes the elimination of one vacant position. Other Funds limitation was increased to recognize the federal grant revenues the agency expects to receive through the Department of State Police for the Gun Relief Program.

Legislation passed during the 2012 and 2013 legislative sessions eliminated the **State Commission on Children and Families**, phased-out the local commissions, transferred the Court Appointed Special Advocates (CASA) program to the Housing and Community Services Department, and moved funding for homeless and runaway youth programs to DHS. After a stint within the Governor's Office, the remaining commission programs and budgets were reconstituted within the Department of Education to support the Early Learning Council and the Youth Development Council. Budget information on these programs is captured in the Education program area.

Public Safety and Judicial Branch Program Area

The agencies in the combined Public Safety and Judicial program area generally provide services to insure the safety of Oregonians as it relates to criminal activities, civil disputes, highway safety, natural disasters, and homeland security. Public safety activities provide a systemic approach representing four major interconnected components: (1) community safety, law enforcement, and resolution of civil matters; (2) prosecution and defense services related to the court system; (3) incarceration and related treatment services; and (4) prevention and intervention programs.

This program area accounts for 16.3% of the statewide General Fund and Lottery Funds budget, and 6.4% of the statewide total funds budget. By a significant margin, incarceration and supervision costs represent the largest share of state spending for public safety and judicial related activities.



The 2013-15 legislatively adopted budget for the agencies in this program area totals \$2.68 billion combined General Fund and Lottery Funds and \$3.81 billion total funds. These budgets reflect a 4.4% increase from the 2011-13 legislatively approved budget in General Fund and Lottery Funds resources, but a 6.3% decrease in total funds. When excluding over \$400 million in Other Funds Nonlimited expenditures associated with debt refinancing, the total funds budget increased by 4.2% from the 2011-13 legislatively approved budget.

Public Safety Reform and Reinvestment

In 2011 and 2012, the Governor established a Commission on Public Safety for “analyzing Oregon’s sentencing and corrections data, auditing existing policies, and submitting recommendations that will protect public safety while containing corrections costs and holding offenders accountable.” The prison population forecast reflected continued growth for both the male and female populations that would exceed the capacity of the existing prison facilities. If this growth occurred, it would have necessitated the opening of the existing, but empty, medium security unit in Madras; retrofitting an unutilized minimum security prison in Salem to accommodate the female population; and beginning construction on a new facility previously identified for Junction City. The Department of Corrections projected these additional construction and operating costs to total \$600 million over a 10-year period.

The Commission’s work culminated in the passage of HB 3194 (2013). The measure made changes to felony marijuana offenses, felony driving while suspended or revoked, and the Measure 57 crimes of robbery in the third degree and identity theft. Additionally the measure increased the transitional leave period from 30 days to 90 days prior to inmate discharge and provides for dispositional downward departure for certain Measure 57 crimes where the inmate is a repeat offender. All of these changes are anticipated to result in a reduction of offenders incarcerated in DOC facilities and increase the amount distributed to the community corrections departments of counties for probation, post-prison supervision, and local control. These changes are expected to mitigate the projected growth in the corrections populations sufficiently to defer new construction for a minimum of five years.

Several budgetary adjustments were made to support public safety reforms recommended as part of the work from the Commission and legislative Joint Committee on Public Safety. In general, these program enhancements total up to \$58 million and are supported through an additional allocation of up to \$38.1 million in statewide resources and projected cost avoidance of \$19.7 million in the Department of Corrections (DOC). The specific adjustments are as follows:

- **Department of Corrections**

DOC’s operational budget, excluding Community Corrections, was reduced by \$19.7 million General Fund and 197 positions (65.31 FTE). This reduction eliminated most of the mandated caseload estimate included in HB 5005, and reflects a decrease in projected bed utilization of approximately 700 in the 2013-15 biennium from the April 2013 corrections forecast.

The Legislature also authorized community corrections baseline funding totaling \$215 million. At this level, baseline funding is \$33 million, or 18%, above the 2011-13 legislatively approved budget. Also, \$5 million General Fund was approved for jail support. DOC will distribute these dollars to counties based on each county’s proportion of the baseline funding formula.

- **Criminal Justice Commission**

HB 3194 created the Justice Reinvestment Account (Account) to support grants to counties for programs to reduce recidivism and decrease utilization of state prison capacity. The Legislature approved \$10 million General Fund for the Account with the understanding that an additional \$5

million would be approved during the February 2014 legislative session if the Legislative Assembly receives a 2013-15 General Fund forecast that is higher than the close of session forecast. This approval was made with the understanding that the Governor's Office would also direct the Criminal Justice Commission (CJC) to allocate \$5 million in federal funds from the 2012 and 2013 Byrne/Justice Assistance Grants for similar grants to counties. In the 2015-17 biennium, the current service level is expected to total \$20 million General Fund for the Account. CJC received \$190,000 and one position (0.88 FTE) to support grant administration and a new Task Force on Public Safety.

- **Department of Justice**

An increase of approximately \$8 million was authorized for victims' services enhancements, including the following:

- The Child Abuse Multidisciplinary Intervention (CAMI) program received an increase of \$1.95 million Other Funds (Criminal Fine Account). With this adjustment, General Fund and Criminal Fine Account allocations total \$10.7 million or a 9.9% increase over the 2011-13 legislatively approved budget.
- The Oregon Domestic and Sexual Violence Services Fund (ODSVS) received a total of \$8.4 million General Fund or a \$4 million increase over the 2011-13 legislatively approved budget.
- Further, the District Attorneys' Victim Assistance Program received an increase of \$1.75 million Other Funds (Criminal Fine Account); \$85,000 General Fund was approved in HB 2779 relating to protective orders for victims of sexual abuse, and \$75,000 General Fund was approved for the Oregon Crime Victims' Law Center.

- **Department of State Police**

To address concerns for diminishing availability of public safety services in some Oregon counties, particularly in the areas of patrol and criminal investigations, the Legislature approved \$1.16 million General Fund and 10 trooper positions (2.50 FTE) within the Patrol Division, \$462,000 General Fund and four trooper positions (1.00 FTE) within the Criminal Division, \$1.47 million General Fund for forensic equipment and one Forensic Scientist (0.88 FTE), and \$300,000 General Fund to support contractual payments for medical examiner services in Southern Oregon.

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

The Legislature approved \$1 million Other Funds (Criminal Fine Account) expenditure limitation and four Public Safety Training Specialist 2 positions (3.52 FTE) to support the Oregon Center for Policing Excellence.

The Legislature also authorized several key budget adjustments unrelated to the public safety reform and reinvestment efforts; several of which rely on increases to taxes and fees including the 9-1-1 telecommunications tax, Fire Insurance Premium Tax, Hazardous Substance Possession fees, Petroleum Load fees, and court fees. Those specific adjustments are outlined below.

Department of Corrections

The 2013-15 legislatively adopted budget of \$1,445.2 million total funds is 2.5%, or \$35.5 million, greater than the 2011-13 legislatively approved budget when excluding Nonlimited expenditures associated with the refinancing of debt. The budget includes the following:

- Eliminating 41 positions as part of the middle management actions taken by the Emergency Board.
- Savings of \$13 million General Fund medical costs with the passage of HB 2087 to allow the agency to apply for Medicaid benefits for eligible inmates.

- Authorizing bond funding and capital construction expenditure limitation in the amount of \$4.96 million for deferred maintenance projects.
- Reducing \$37.7 million General Fund, or approximately 3.2%, of the agency's operating current service level, to be addressed through management actions.
- Applying a 2% supplemental ending balance holdback of \$26.1 million General Fund which may be restored in February 2014 depending on the state's overall fiscal situation.

Criminal Justice Commission

The 2013-15 legislatively adopted budget for the Commission of \$31.4 million total funds represents a 27.7% increase from the 2011-13 legislatively approved budget. This budget reflects an increase of \$8.9 million General Fund and \$200,000 Other Funds to support grants for evidenced-based drug courts.

District Attorneys and Their Deputies

The 2013-15 legislatively adopted budget for this agency totals \$10.2 million General Fund is 3.3% less than the 2011-13 legislatively approved budget. The decrease reflects lower state government service charges and the 2% supplemental ending balance holdback. This budget also assumes an increase in compensation for the Yamhill district attorney.

Department of Justice

The 2013-15 legislatively adopted budget for this agency of \$486.3 million total funds represent a 16% increase from the 2011-13 legislatively approved budget. The budget includes the following:

- Approval for the first phase of funding to replace the Child Support Enforcement Automated System (CSEAS). This approval included \$1.6 million General Fund for debt service on XI-Q Bonds, \$14.1 million Other Funds expenditure limitation, and \$27.4 million Federal Funds.
- Crime Victims' programs also include \$300,000 Other Funds for the continuation of the Restitution Pilot project (begun during 2011-13 biennium), and \$2.4 million Federal Funds and two positions for the Intimate Partner Violence and Pregnancy Grant.
- \$300,000 General Fund for "Project Clean Slate."
- The mortgage mediation program was extended and \$3.6 million Other Funds (fee support) was approved.
- Expenditures for continued defense of the state's position in legal actions challenging the Master Settlement Agreement (MSA) with tobacco companies were approved at \$3.25 million General Fund.

Military Department

The 2013-15 legislatively adopted budget for the Military Department is \$417.4 million total funds, \$20.8 million General Fund, \$111.7 million Other Funds, and \$284.9 million Federal Funds. The total funds budget is \$40.3 million, or 8.8 %, less than the 2011-13 legislatively approved budget. The reduction is attributable to the elimination of one-time funding for Seismic Rehabilitation Grant bonds (\$28 million); major construction projects (\$19.5 million); and funding for the Oregon Local Disaster Loan and Grant Account (\$8.5 million). There was also a phase-out of the Chemical Stockpile Emergency Preparedness program (\$13.3 million). Other key elements of the 2013-15 budget include:

- \$62.5 million for the extension of the sunset of the emergency telecommunications tax.
- \$11.2 million in Capital Construction funding, of which the largest projects include: Sharff Hall Armory (Portland); Medford Armory; Roseburg Armory; and the Baker City Readiness Center.
- \$9 million for the continuation of a caretaker contract with the federal government for the former Umatilla Chemical Depot.

- \$3.5 million reduction related to the transfer of the Seismic Rehabilitation Grant program to the Oregon Business Development Department.
- \$3.3 million for the Operations program for facility maintenance, construction, and enhanced airbase firefighting.
- \$1.7 million to support operation and maintenance costs at the Portland and Kingsley Field airbases.
- \$0.5 million for the Oregon Youth Challenge Program to support a favorable change in federal matching funds, mitigation of the impact of federal sequestration, and new funding for reimbursement of travel expenses of parents and guardians.
- \$0.3 million for the Oregon Local Disaster Loan and Grant Account for potential federal and non-federally declared disasters assistance to local government and school districts.

Oregon Youth Authority

The 2013-15 legislatively adopted budget for the Oregon Youth Authority is \$269.1 million General Fund and \$323.1 million total funds. The total funds budget is 7.6% over the agency's 2011-13 legislatively approved budget and includes a General Fund increase of 5.1%. Major elements of agency program capacity and budget include:

- Continuing 750 close custody beds. This will meet demand for more serious youth offenders but may limit beds available to counties for lower-level offenders.
- Budget note direction to develop specific Willamette Valley facilities plans to maximize efficient use. The same budget note directs the agency to develop the Youth Reformation System (YRS). The YRS is a proposed method to optimize treatment for youth such that they return to society ready for productive life, thus reducing taxpayer expense.
- Funding for 658 community beds, the same number as in 2011-13.
- \$3.4 million General Fund for contracted Behavior Rehabilitation Services to make up for federal rate reductions and cost increases.
- State General Fund support for gang prevention, intervention, and enforcement activities at \$3.3 million for Multnomah County and \$1.8 million for the East Metro Gang Enforcement Team. This is a 2.9% increase from 2011-13 service levels, after the statewide 2% General Fund holdback.
- \$17.2 million General Fund for local juvenile crime prevention and diversion.
- Authorization for \$5.1 million bonding for deferred maintenance and security projects.

Board of Parole and Post-Prison Supervision

The 2013-15 legislatively adopted budget for the Board of \$4.1 million total funds is an 11.6% increase from the 2011-13 legislatively approved level. The budget includes \$254,655 General Fund and two positions (1.67 FTE) to support the passage of HB 2549 which established a three-tier system for categorizing sex offenders based on a risk assessment and requires the Board to conduct these risk assessments on current offenders who have not already received one by December 2016. It's estimated that the Board would need to complete 4,000 assessments during this time period.

Department of State Police

The 2013-15 legislatively adopted budget of \$339.7 million total funds represents a 2.3% increase from the 2011-13 legislatively approved budget. While the adopted budget also reflects a net increase of 40 positions from the current service level, this may be misleading. Fifty-two positions were added as technical adjustments to reflect work performed by seasonal or retired sworn officers rather than an increase in actual staffing. Further, eight non-sworn positions were transferred to the Department of Transportation to consolidate delivery of the state radio project and wireless support. Key provisions of the budget include:

- A reduction of four positions within the Office of the State Fire Marshall due to declining revenues from the petroleum load and hazardous substance fees. While these fees are increased in the adopted budget, the SFM streamlined some services and not all of the positions were restored.
- An increase of \$2.2 million General Fund in payments to ODOT for the State Radio Project.

Department of Public Safety Standards and Training

The 2013-15 legislatively adopted budget for this agency of \$44.9 million total funds is 1.2% greater than the 2011-13 legislatively approved budget. All program service levels essentially continue into the new biennium. The adopted budget does assume state-wide administrative reductions of approximately \$217,000 and reduced contractual costs for food service of \$150,000.

Judicial Department

The 2013-15 legislatively adopted budget for the Judicial Department of \$461.9 million total funds is 8.4% greater than the 2011-13 legislatively approved budget. The Department's operating costs are primarily funded by General Fund. The \$394.5 million of General Fund support in the 2013-15 biennium budget is 7.2% greater than the prior biennium level. The agency is also projected to carry forward approximately \$1 million of General Fund from its 2011-13 biennium General Fund appropriations, which will be added to its 2013-15 biennium budget without additional legislative action. Key provisions of the budget include the following enhancements, reductions, and adjustments:

- \$2.7 million General Fund to fund the expansion of the Court of Appeals from ten to thirteen judges, effective October 1, 2013.
- \$2.6 million General Fund to increase salaries for statutory judges by \$5,000 per year beginning on January 1, 2014, and by a second \$5,000 per year beginning on January 1, 2015.
- \$885,680 General Fund to increase compensation for contract interpreters from \$32.50 per hour to \$45 per hour.
- \$6.2 million all funds to finance the estimated cost of 2013-15 biennium merit increases for the Department's personnel (other than judges). Funding for merit increases was included in Judicial Branch budgets even though merit increases were generally not funded in Executive Branch agency budgets.
- A \$3 million General Fund reduction to assist in balancing the overall state budget within available General Fund resources. The reduction is unspecified; the Department is to take management actions to implement the reduction with minimal impact to judicial services.
- \$24.3 million of Article XI-Q bond proceeds (Other Funds) for the continued implementation of the Oregon eCourt Program. During the 2013-15 biennium, eCourt will be expanded into an additional fourteen circuit courts, including the state's largest, the Multnomah County Circuit Court.
- \$4.5 million of Article XI-Q bond proceeds (Other Funds) to fund critical repairs to the Supreme Court Building.
- \$3.5 million of Criminal Fine Account monies (Other Funds) to finance a number of local court facility infrastructure projects, including \$2 million for replacement of the Union County Courthouse in La Grande and \$1.4 million for life/safely system upgrades for court facilities in Curry, Gilliam, Malheur and Wallowa counties.
- \$11.9 million Other Funds expenditures added to the Judicial Department budget for the Legal Aid Program. This represents an unchanged level of support from the prior biennium. The payments to Legal Aid, however, had not been included in the Judicial Department's Other Funds expenditures in the 2011-13 biennium budget.

Public Defense Services Commission

The 2013-15 legislatively adopted budget for the Public Defense Services Commission of \$248.7 million total funds is 6.2% greater than the 2011-13 legislatively approved budget. The agency is also projected to carry forward approximately \$142,000 of General Fund from its 2011-13 biennium General Fund appropriations, which will be added to its 2013-15 biennium budget without additional legislative action. Key provisions of the budget include the following enhancements, reductions and adjustments:

- \$3 million General Fund to increase compensation for public defense service providers, including \$2.3 million to reduce salary differentials between the salaries of public defenders and deputy district attorneys, \$0.5 million to increase compensation rates for hourly-paid investigators, and \$0.2 million to increase compensation rates for hourly-paid attorneys.
- \$2.4 million General Fund to reduce trial-level juvenile dependency caseloads and improve the quality of legal services in juvenile dependency and termination of parental rights cases.
- \$428,788 all funds to finance the estimated cost of 2013-15 biennium merit increases for the agency's personnel. Funding for merit increases was included in Judicial Branch budgets even though merit increases were generally not funded in Executive Branch agency budgets.
- A \$3.2 million General Fund reduction to transition to a biennial budget funding level that covers only the costs projected to be incurred and paid during the biennium. The \$3.2 million removed from the budget request had been included to fund expenses that although incurred, would not be paid until the 2015-17 biennium.
- An \$855,200 General Fund reduction to reflect the impact of passage of SB 40. SB 40 reduces crimes for the unlawful manufacture and possession of marijuana and marijuana products. The impact of these changes should reduce public defense costs by this amount.
- A \$1.26 million fund shift of expenditures from General Fund to Other Funds. This shift utilizes available funds from the Application/Contribution Program to support the public defense system. The projected Other Funds ending balance, after this action, will be sufficient to cover approximately 2.7 months of expenditures.

Commission on Judicial Fitness and Disability

The 2013-15 legislatively adopted budget for this agency of \$193,140 General Fund is 8.2% greater than the 2011-13 legislatively approved budget. This total reflects the impact of standard adjustments applied to all General Fund budgets. The agency is also projected to carry forward \$3,950 of General Fund from its 2011-13 biennium General Fund appropriations, which will be added to its 2013-15 biennium budget without additional legislative action.

Economic Development Program Area

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

Oregon Business Development Department

The legislatively adopted budget for the agency totals \$452.5 million, a 23% reduction from the prior biennium level. The budget, nonetheless, expands support for most of the agency's existing programs

and provides funding for a number of new initiatives. The budget decline from the prior biennium is entirely the result of a number of one-time expenditures in the 2011-13 biennium that are not repeated in 2013-15. These 2011-13 biennium one-time expenditures included the refinancing of the agency's bonds, and a balloon payment owed on the agency's lottery revenue bonds. The funding reductions associated with discontinuing these one-time expenses more than offset for the program expenditure increases approved in the 2013-15 biennium legislatively adopted budget.

The budget for the Oregon Business Development Department (OBDD) includes \$123.7 million of state support (Lottery Funds and General Fund). Most of the state support, a total of \$115.5 million, is financed from Lottery Funds. The state support total is \$17.6 million (or 12.5%) below the prior biennium level. The reduction is entirely due to reduced debt service costs on lottery revenue bonds. Balloon payments that were due in the 2011-13 biennium are not repeated in 2013-15. As a result, Lottery Funds debt service costs are \$30.2 million (or 36.8%) below the prior biennium level.

Lottery Funds and General Fund expenditures for the agency's other operating and program costs, excluding debt service, are increased by \$16.4 million (or 29.6%) over the prior biennium level. The total amount of support dollars transferred to businesses, governments, and non-profit organizations (special payments) through the agency's ongoing programs is increased \$5.1 million (or 14.8%). Newly-established programs will transfer an additional \$10 million.

The budget also expands the agency's bond-funded (Other Funds) programs. The 2013-15 legislatively adopted budget provides \$58.7 million of lottery revenue and general obligation bonds for the agency's programs, almost six times the \$10 million provided in the prior biennium. General Fund/ Lottery Funds debt services costs on these bonds are projected to total \$10.6 million per biennium when the costs fully phase-in during the 2015-17 biennium.

The budget for the agency includes the following highlights:

- \$19 million Lottery Funds was authorized for Oregon Innovation Council (Oregon InC) initiatives. This funding amount is 23.1% above the prior biennium level. Funding for the Northwest Food Processors Innovation Productivity Center within Oregon InC was discontinued. Two new initiatives were added: the Unmanned Aerial Systems Center of Excellence, and the Oregon Story Board, funded at \$882,000 each. Funding for other, ongoing Oregon InC initiatives was provided as follows: the Built Environment and Sustainable Technology Center (Oregon BEST) was increased 60.3%, Drive Oregon was increased 26.9%, and the Oregon Nanoscience and Microtechnologies Institute (ONAMI) was increased 19.1% over the prior biennium level. Funding, on the other hand, for the Oregon Wave Energy Trust (OWET) was reduced 18.8%, and funding for the Oregon Translational Research and Drug Development Institute (OTRADI) was reduced 27.5% from the prior biennium level. Support was approved with the understanding that no additional funds would be provided for OTRADI, the Unmanned Aerial Systems Center of Excellence, or the Oregon Story Board initiative in future biennia.
- \$700,000 Lottery Funds were added for the Strategic Reserve Fund, bring total funding to \$16.7 million, a 12.8% increase over the prior biennium support level. The Department may direct any amount of these funds to the Business Retention and Expansion Program.
- Lottery Funds support for small business programs, including Small Business Development Center Network and the Government Contract Assistance Program was increased 31.5% over the prior biennium to a total of \$2.6 million.
- \$10 million of Lottery Funds and General Fund were provided for new programs. This includes \$3.2 million for Innovation Infrastructure support, including the Oregon Research

Collaboratory, the Oregon Regional Accelerator and Innovation Network (Oregon RAIN) and the Oregon Metals Initiative; \$3 million for dredging South Coast ports; \$1.5 million for the Water for Irrigation, Streams and Economy (WISE) water management project; and \$490,000 for Arts programs benefiting underserved students. The \$10 million figure also includes \$1.9 million of capital for the new Oregon Growth Account, although that funding is provided to the Oregon Growth Board directly and is not included in the OBDD budget.

- \$1.1 million Lottery Funds and three limited duration positions for identifying regional governance solutions and for developing West Coast job creation strategies relating to the redesign of the built environment.
- Lottery Funds and additional positions are also provided to fund administrative support of the Oregon Growth Board, and to support three new agency programs: the Oregon Industrial Site Readiness Program, the Oregon Industrial Site Readiness Assessment Program, and the Beginning and Expanding Farmer Loan Program.
- \$250,000 Lottery Funds was provided to continue a pilot project providing economic gardening services.

The budget also includes \$58.7 million of lottery revenue bond proceeds and general obligation bond proceeds for the Department. This amount includes the following:

- \$12 million for the community development revolving loan funds (Special Public Works Fund and the Water Fund). These monies will be added to the corpus of these Funds and be used for infrastructure development for industrial land sites, water and wastewater systems, and other economic development-related infrastructure. The funding level represents a 20% increase over the net \$10 million of lottery bond proceeds added to the corpus of these Funds in the prior biennium.
- \$10 million for Regional Solutions. The funds will be distributed to support priority projects identified by local Regional Solutions Advisory Committees. The budget only provides \$1 of Other Funds expenditure limitation for these projects at this time, however, pending legislation to establish the program.
- \$5.2 million for Innovation Infrastructure project investments, including the Oregon Research Collaboratory, Oregon RAIN, and the Oregon Metals Initiative.
- \$1.75 million for two arts and cultural programs: The Confluence Project Celilo Park Project Site and the High Desert Museum.
- \$30 million for the Seismic Rehabilitation Grant Program. The program is a competitive grant program that provides funding for the seismic rehabilitation of critical public buildings, including public schools and emergency services facilities. The state issues general obligation bonds, authorized under Article XI-M and Article XI-N of the Oregon Constitution, to finance these grants. The program is being transferred from the Military Department to the Oregon Business Development Department on January 1, 2014.

The legislatively adopted budget also allocates lottery revenues to counties for economic development programs to the full amount reflecting the statutory distribution of 2.5% of video lottery revenue proceeds, minus one-half of the costs of supporting the Economic Revitalization Team in the Governor's Office and OBDD budgets. Funding to counties totals \$33.8 million, a 6.8% reduction from the prior biennium level.

Employment Department

The Legislature approved a total funds budget of \$2,039,438,025 and 1,287.03 FTE positions for the Employment Department. This a decrease of 49.2% in funding and a decrease of 13.9% in staffing compared to the 2011-13 legislatively approved budget. The decrease was primarily due to decreased

availability of federal funding and Unemployment Insurance benefit payments as Oregon slowly makes its way out of the Great Recession. Included in the 2013-15 budget were initiatives to accomplish the following:

- Expansion of efforts to reduce and recover benefit overpayments (\$1.5 million Other Funds, \$288,000 Federal Funds and 12.00 limited duration FTE), and help claimants return to work more quickly (\$4.3 million Federal Funds and 29.00 FTE).
- Implementation of the federal extension of the Emergency Unemployment Compensation program (\$4.3 million Federal Funds, \$221,000 Other Funds, and 21.01 limited duration FTE positions) and the reauthorization of the federal Trade Act (\$4 million Federal Funds and 24.00 limited duration FTE positions).
- Approval of \$3.1 million Other Funds and 22 limited duration positions for job placement, and \$373,048 Other Funds and 2 limited duration positions for research activities that will be funded on a fee-for-service basis.
- Ensure conformity with federal regulations, and changes to penalty and interest assessments (\$162,254 Other Funds, \$1.4 million Federal Funds, and 7.66 FTE positions).
- Replacement and upgrades to unemployment insurance call center equipment (\$2.6 million Federal Funds) and completion of the first phase of an office of administrative hearings case management system (\$318,000 Other Funds).

Federal Funds Nonlimited and Other Funds Nonlimited changes from the 2011-13 legislatively approved budget amount reflect a drop in the number of unemployment insurance claimants as Oregon slowly recovers from economic recession and claimants either return to work or exhaust benefit eligibility. Related reductions in limited budgeted amounts totaling \$8.7 million Other Funds and \$143.3 million Federal Funds stem from anticipated reductions in federal reimbursement for unemployment insurance program administration and workforce program grants. To balance expenditures with available revenue, the department will begin to eliminate positions and make other reductions to accommodate declining revenues. The 2013-15 legislatively adopted budget eliminates 88 permanent positions (54.84 full-time equivalent) to begin these reductions. Additional positions will be eliminated by attrition throughout the biennium.

The Legislature also approved the transfer of the Child Care Division (\$137.3 million and 81.00 FTE positions) to the Early Learning Division of the Department of Education and a revenue transfer of \$10 million in Supplemental Employment Department Administrative Funds (SEDAF) – a 0.9% unemployment tax diversion to fund administration of the unemployment system – to the General Fund.

Housing and Community Services Department

The Legislature approved a total funds budget of \$678.1 million and 77.59 FTE positions for the Housing and Community Services Department for the 2013-15 biennium, a 47.8% and 57.9% decrease, respectively, from the 2011-13 legislatively approved budget. The legislatively adopted budget is equivalent to approximately one year of operations, and reflects the expectation that the Department will report in February, 2014 on alternative, sustainable service delivery models. A special purpose appropriation (SPA) to the Emergency Board was made in an amount equivalent to the second year of operations for General Fund supported programs; Other Funds and Federal Funds expenditure limitation for the second year of operations can be added as necessary by the Legislature in February, or by the Emergency Board, while two years of expenditure limitation was provided for costs associated with debt service on agency bonds.

Between the special purpose appropriation and the agency's budget, programs receiving General Fund support were funded at the following levels:

- Oregon Hunger Response Fund (General Fund Food Program): \$2,744,600
- Emergency Housing Account: \$4,813,486; State Homeless Assistance Program: \$2,256,367
- Low Income Rent Assistance Program: \$465,435
- Court Appointed Special Advocates program: \$2,382,950
- Foreclosure prevention counseling and related legal assistance: \$4,236,374
- The Housing Choice Landlord Guarantee Program: \$149,710

The Legislature approved Other Funds expenditure limitation necessary to implement additional housing development for veterans funded through an increase to the document recording fee pursuant to the passage of HB 2417. Also approved in the agency's budget were lottery bond proceeds and issuance costs totaling \$5,076,190 for preservation of affordable housing with expiring section 8 subsidies. The legislatively approved budget also included a transfer of \$4.8 million in low income weatherization funding from the Housing and Community Services Department to the Oregon Department of Energy for energy efficiency and conservation efforts that support the Governor's Ten Year Energy Plan.

Department of Veterans' Affairs

The Legislature approved a total funds budget of \$388.5 million and 81.20 FTE positions for the Oregon Department of Veterans' Affairs. Overall, this is a decrease in funding of 27.5% and decrease in the number of positions totaling 12.8%. The primary reason is because of Other and Federal Funds capital construction expenditure limitation that are attributable to the 2011-13 biennium, as well as an expected decrease in Other Funds Nonlimited, as home loan demand continues to be suppressed. The legislatively approved budget reflects this through the elimination of twelve positions and \$1.7 million in Other Funds expenditure limitation to match expenditures with available revenue in the Home Loan program.

The legislatively adopted budget provided an additional \$1.6 million in General Fund to fully fund the Department's Veterans' Service Officer (VSO) positions, effectively ending the subsidy of the VSO positions from loan program monies (Other Funds) that had been in place for two decades. A one-time increase in the amount of \$1 million was also approved for County Veteran Service Officers, for efforts that improve outreach to veterans, result in additional new power of attorneys granted to County Veterans' Service Officers and the recovery of new federal benefit dollars on behalf of Oregon veterans.

Debt service in the amount of \$502,814 General Fund related to issuance of \$4 million in bonds issued pursuant to Article XI(Q) of the state Constitution to address construction cost increases at the second veterans' home in Linn County. Capital Construction expenditure limitation for the project was increased by \$4 million Other Funds and \$6.8 million Federal Funds for this project, but is attributable to the capital construction limitations established for the 2011-13 biennium; the facility is expected to be completed in the fall of 2014. Suicide prevention funding was continued in the amount \$350,000 General Fund.

Consumer and Business Services Program Area

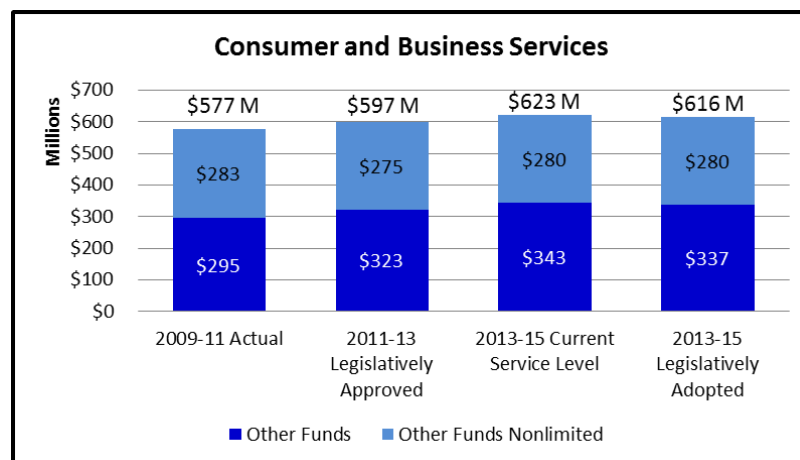
The Consumer and Business Services program area includes the Oregon Board of Accountancy, Board of Chiropractic Examiners, Board of Clinical Social Workers, Construction Contractors Board, Department of Consumer and Business Services, Board of Licensed Professional Counselors and Therapists, Board of Dentistry, Oregon Health Licensing Agency, Health-Related Licensing Boards,

Bureau of Labor and Industries, Oregon Medical Board, Board of Nursing, Board of Pharmacy, Board of Psychologist Examiners, Public Utility Commission, Real Estate Agency, and Board of Tax Practitioners. Consumer and Business Service agencies are primarily funded with Other Funds revenues generated through licenses and fees.

The 2013-15 legislatively adopted budget for the Consumer and Business Services program area totals \$633 million, of which \$11.5 million is General Fund, \$336.5 million is Other Funds, and \$4.9 million is Federal Funds. The budget also includes \$199.6 million in Nonlimited Other Funds for Workers' Compensation and Insurance programs and \$79.3 million Nonlimited Other Funds for the Oregon Universal Service Fund, which subsidizes the rates charged by any eligible carrier providing basic telephone service in high cost areas. Including Nonlimited Other Funds, the total program area budget for 2011-13 is approximately \$6.9 million above the 2011-13 approved budget level.

In total funds, the 2013-15 legislatively adopted budget for the Consumer and Business Services Program is \$6.9 million, or 1.10%, higher than the 2011-13 legislatively approved budget level. This increase reflects a slow recovery of economic activity and stabilization of revenue collections for the various agencies within the Consumer and Business Services program dependent on licenses and fee revenue to support operations.

General Fund resources increased by \$372,144 from the 20011-13 approved budget. The Bureau of Labor and Industries is the only agency in this program supported by the General Fund. The total legislatively adopted budget for the Bureau is 1.5% above the prior biennium level, and is 1.6% below the current service level. General Fund is increased by \$0.4 million (4%) from the prior biennium and is \$0.4 million (3.7%) below the current service level. Full-time equivalent employment count is decreased 2% from the prior biennium and is 1% higher than the current service level.



Other Funds limitation increased \$14 million from the 2011-13 approved budget but is \$6.3 million, or 1.82%, less than the 2013-15 current service level.

For the Department of Consumer and Business Services Department, the 2013-15 biennium legislatively adopted Other Funds budget is \$9.5 million or 4.72% higher than the 2011-13 legislatively approved budget level. The budget essentially reflects current service.

The Public Utility Commission's 2013-15 biennium legislatively adopted Other Funds budget is \$2.1 million or 1.76% higher than the 2011-13 legislatively approved budget level. The budget reflects an increase of \$449,173 and position authority for a part-time professional executive director for the

Board of Maritime Pilots to accommodate the passage of SB 851 establishing a board operations fee of no more than \$100 from vessel's using pilot services to enter or leave the Columbia River, Willamette River, Coos Bay or Yaquina Bay. The Executive Director will ensure more thorough medical records certification reviews, provide independent investigations of maritime incidents, oversee safety initiatives mandated by the National Transportation Safety Board, and update recruitment and training policies for pilots; these duties are beyond the capability and expertise of the nine-member, volunteer Board.

Natural Resources Program Area

Natural resource agencies are largely funded with Other Funds revenues, generated through fee assessments and other regulatory actions, and Federal Funds. While dependence on Other and Federal Funds can have greater stability during economic down-turns, these revenues tend to have restricted uses; typically their use is limited to funding regulatory activities, grants, or federally delegated programs. General and Lottery Funds supplement other sources and fund constitutionally dedicated programs. Over the last few biennia, natural resource agencies have experienced resistance to fee increases to generate additional Other Funds revenue as fee payers face financial difficulties due to the economy. Slow economic growth has also severely limited access to General Fund monies. While Lottery Funds have historically increased over time they have stabilized in the last few years. This comes at a time when Lottery dollars are playing an increasingly important role for funding several natural resource agencies.

The 2013-15 legislatively adopted budget for the Natural Resources program area totals \$1.76 billion, including \$165 million General Fund, \$166 million Lottery Funds, \$837 million Limited Other Funds, and \$277 million Federal Funds. The budget also includes \$314 million in Nonlimited Other Funds, mainly for loan program activities at the Department of Environmental Quality and the Department of Energy.

Including Nonlimited Other Funds, the total program area budget for 2013-15 is approximately \$44 million less than the 2011-13 approved budget levels, due primarily to decreases in Federal monies largely due to the ending of federal stimulus programs. Total anticipated Federal Funds spending for 2013-15 is down \$51 million, or 16% from 2011-13 approved budget totals. The combined Limited budget for the natural resource agencies, which is more representative of agency operational activities, is about \$26 million, or 1.8%, below the previous biennium.

Department of Agriculture

The adopted budget for the Department of Agriculture totals \$94.9 million. The budget includes \$18.7 million General Fund, \$6.3 million Lottery Funds, \$54 million Other Funds, \$15.2 million Federal Funds, and 351 full-time equivalent (FTE) positions. General Fund support is over twice that in 2011-13 due in large part to reversal of \$3.5 million in one-time fund shift actions that replaced General Fund due to budget constraints last session. Other General Fund additions include \$1 million to agriculture water quality monitoring, which had previously been funded with one-time monies, funding for continuation of the Pesticide Stewardship Monitoring Collaboration program and funding for wolf compensation grants. Federal Funds are increased for additional contract work for USDA Food and Drug Administration inspections, weed and pest control activities, and positions to operate the specialty crops grant program.

Department of Energy

The adopted budget for the Oregon Department of Energy is \$230,571,464 total funds, and 114.02 FTE positions. This includes \$176 million in Nonlimited funds attributable to bonding, debt service, and loan repayments associated with the Department's Small Scale Energy Loan Program. Lottery Funds in the amount of \$2.2 million were approved for debt service related to lottery bonds issued to capitalize the Energy Efficiency and Sustainable Technology. An additional 4.84 FTE were approved

for projects and objectives associated with the Governor's 10-year energy plan, including the Governor's energy policy advisor position.

The Legislature also approved a total of \$9.8 million for initiatives that increase energy efficiency and promote energy conservation for Oregonians; \$5 million comes from Lottery Bond proceeds, and \$4.8 million consists of a transfer from the Energy Conservation Helping Oregonians program funded with public purpose charge money at the Housing and Community Services Department (this legislative action was the subject of a line item veto by the Governor). The passage of SB 583 will result in the sale of \$3 million in tax credits to establish the Alternative Fuel Vehicle Revolving Loan Fund for public entities and tribes to convert existing gasoline or diesel powered vehicles to alternative fuel vehicles, or aid in the purchase of new alternative fuel vehicles.

Department of Environmental Quality

The recommended budget for the Department is \$29.9 million General Fund, \$3.8 million Measure 76 Lottery Funds, \$140 million Other Funds, \$27.6 million Federal Funds, and 706 full-time equivalent (FTE) positions. The budget total also includes \$127 million of Nonlimited Other Funds for Clean Water State Revolving Fund loan activities and debt service.

The total funds budget is less than 1% higher than the 2011-13 legislatively approved budget level. The General Fund budget is 20% higher than 2011-13 levels due largely to reversal of one-time fund shifts used in 2011-13 to make General Fund available for state-wide needs. In addition, General Fund was added to: backfill for lost lottery funds and other funds fee revenue; restart the Oregon Plan monitoring program that had been eliminated in prior biennia due to budget constraints; and to implement Oregon's Integrated Water Resources Strategy. A fee increase of 20% for the Air Contaminate Discharge Permit program was approved. The last fee increase was 20% in 2007.

Department of Fish and Wildlife

The Department of Fish and Wildlife 2013-15 budget includes \$17.1 million General Fund, \$4.8 million Measure 76 Lottery Funds, \$182.2 million Other Funds, \$131.9 million Federal Funds, and 1,262 full-time equivalent (FTE) positions. General Fund support is over twice that in 2011-13 due in large part to reversal of \$6 million in one-time fund shift actions that replaced General Fund due to budget constraints. Other General Fund additions include \$1.3 million to continue the Nearshore Marine Resource Management Program which had previously been funded with one-time monies, reversal of a proposed fund shift in the fish screens program that could have limited program operations, and support for implementing the state's Integrated Water Resources Strategy

Federal Funds are increased 17% over 2011-13 due to substantial increases in Federal Funds revenue from Mitchell Act funding for hatchery operations and improvements, implementing the Biological Opinion for the Columbia River Power System and the U.S. Army Corps of Engineers' Willamette Project, and from the Pittman-Robertson Wildlife Restoration Act federal excise tax on the sales of firearms and ammunition.

Department of Forestry

The Department's 2013-15 budget totals \$306.4 million and funds 871.72 full-time equivalent positions. This level is 2.6% less than 2011-13 primarily due to the final phase out of federal stimulus grants. General Fund is 3% higher than 2011-13 at \$54.4 million. Several policy initiatives were funded, including \$1.6 million General Fund for the Wildfire Protection Act (WPA). The WPA brings landowner and state contribution to fire prevention and fighting closer to 50% each at all levels: fire districts, initial attack resources, insurance policy, and large fire costs. The WPA also benefits dry-side

Oregon landowners through assessment relief; their land is the highest fire risk but least productive, as previous assessments had reflected. A \$5 million special purpose appropriation in the Emergency Board fund completes additional fire resources.

There is \$2.9 million Lottery funding for an eastside forest collaborative to increase the pace and scale of federal harvest. The Legislature approved \$1.8 million capital construction and bonding for an East Lane county warehouse and increased capital expenditure limitation by \$8.2 million to purchase additional Gilchrist forest tracts. \$3 million of that amount is a federal grant; the rest is bond proceeds.

Department of Geology and Mineral Industries

The Department's 2013-15 budget totals \$14.6 million and funds 49.20 full-time equivalent positions. This level is 13% less in total funds than the 2011-13 Legislatively Approved budget. General Fund, however, which is 17% of the total budget, is 1.6% greater than the 2011-13 budget level. Funding is provided to continue Light Detection and Ranging (LIDAR) mapping contracts and to add three positions. The budget also adds \$1.5 million for the flooding hazards assessment program. The Mined Land Reclamation program adds Other Funds to support one additional position. All of the added positions had been limited duration in prior biennia and are supported with Other or Federal Funds.

Department of Land Conservation and Development

The approved budget represents a \$1.2 million General Fund increase over the 2011-13 legislatively approved budget for the Department of Land Conservation and Development to fund initiatives for improving the capacity of local and state government's ability to evaluate the infrastructure required for future development; streamlining population forecasting for land use planning; and streamlining urban growth boundary management policies.

Parks and Recreation Department

The 2013-15 budget is \$209.4 million total funds and 592.15 full-time equivalent positions. This is 4% higher than the 2011-13 budget. Just under \$1 million in General Fund is provided to the State Fair to partially compensate for lottery funding not keeping pace with costs. This is the first time since 1997-99 that the agency has had General Fund in the budget. Lottery Funds are 3.6% higher than the 2011-13 budget, but 2.6% under current service level. Lottery bond proceeds provide \$5 million pass-through money for the Willamette Falls effort in Oregon City. There are camping fee increases that produce \$1.6 million in revenue; fees were last raised in 2009. There is additional expenditure limitation for tsunami cleanup funding from Japan, for increased grants to communities from federal and All-Terrain Vehicle funds, for heritage programs, and for carrying forward unspent grant funds. A budget note directs the agency to work collaboratively with county park providers to address funding, service gaps, and efficiencies.

Department of State Lands

The 2013-15 budget for the Department of State Lands is \$41.8 million total funds and 106.00 full-time equivalent positions. This is 34% less than the 2011-13 budget, primarily due to phasing out a \$19 million loan to the Department of Revenue. The Department uses no General or Lottery Funds. The budget includes funding for continued forensics on the Portland Harbor Superfund site, expenditure limitation for property tax and management expenses on properties held as assets of the Common School Fund, carryover limitation for unspent grant funds, and a reduction for the South Slough Reserve reflecting a decrease in federal operating funds. Position actions at South Slough relieve a work-out-of-class condition and provide a water steward.

Water Resources Department

The Department experienced a \$6.1 million General Fund increase over the 2011-13 legislatively approved budget for the Water Resources Department to support understanding Oregon's water resources by measuring and reporting the amount of surface water and groundwater diverted for beneficial use, conducting surface water and groundwater analysis, and implementing the Water Resources Integrated Water Resources Strategy. There was also a \$10 million Other Funds increase supported by bond proceeds for a water supply development program for both in-stream and out-of-stream water uses. The Legislature approved a 13% increase in the 2009 fee schedule for well start cards, water rights, and transfer fees to 50% cost recovery and exempt wells representing about \$2.1 million in Other Fund revenue. The 50% cost recovery fees will sunset in 2017 and fees would revert to levels established in 2009.

Oregon Watershed Enhancement Board

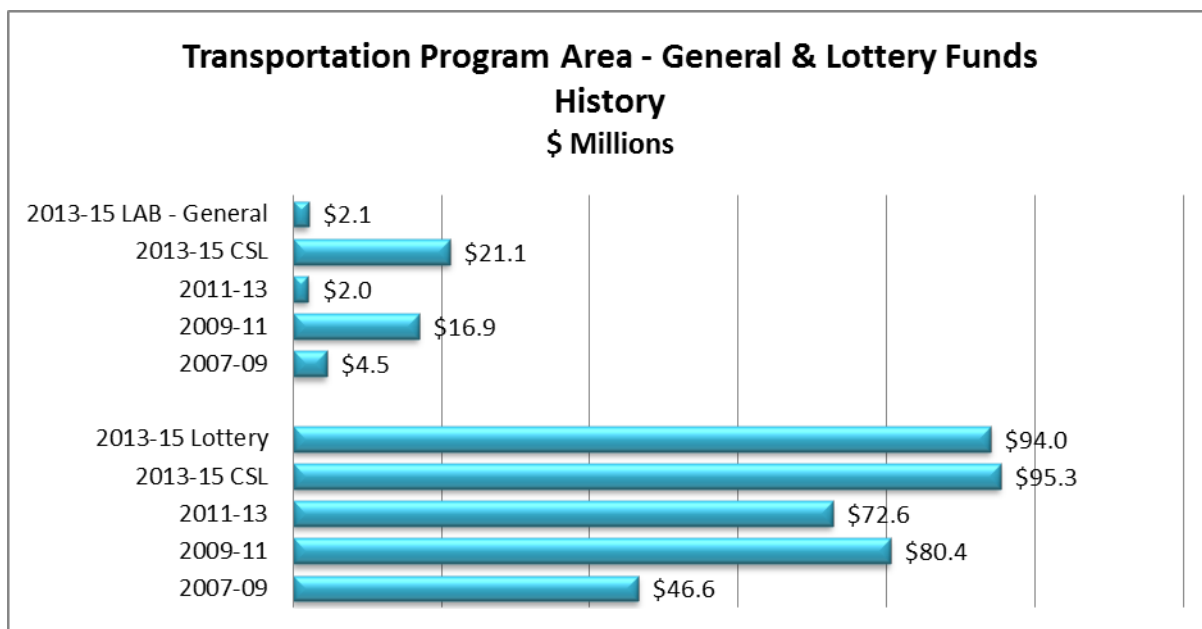
The budget for the Oregon Watershed Enhancement Board (OWEB) is divided into two areas, grants and operations. The Legislature provided OWEB with a total of \$6.2 million in operations Lottery Funds, more than \$300,000 Other Funds, \$2 million Federal Funds, and 32 full-time equivalent (FTE) positions to support administration of the grant program. The Legislature also moved \$1.5 million Other Funds and \$30.1 million Federal Funds that has been used for grant funding in the past to the grant program area to align the agency budget with its programs. Most of the federal monies are derived from the federal Pacific Coastal Salmon Recovery Fund. In addition, the budget included \$51.9 million in Lottery Funds expenditure limitation for new grants awarded in the 2013-15 biennium.

Transportation Program Area

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

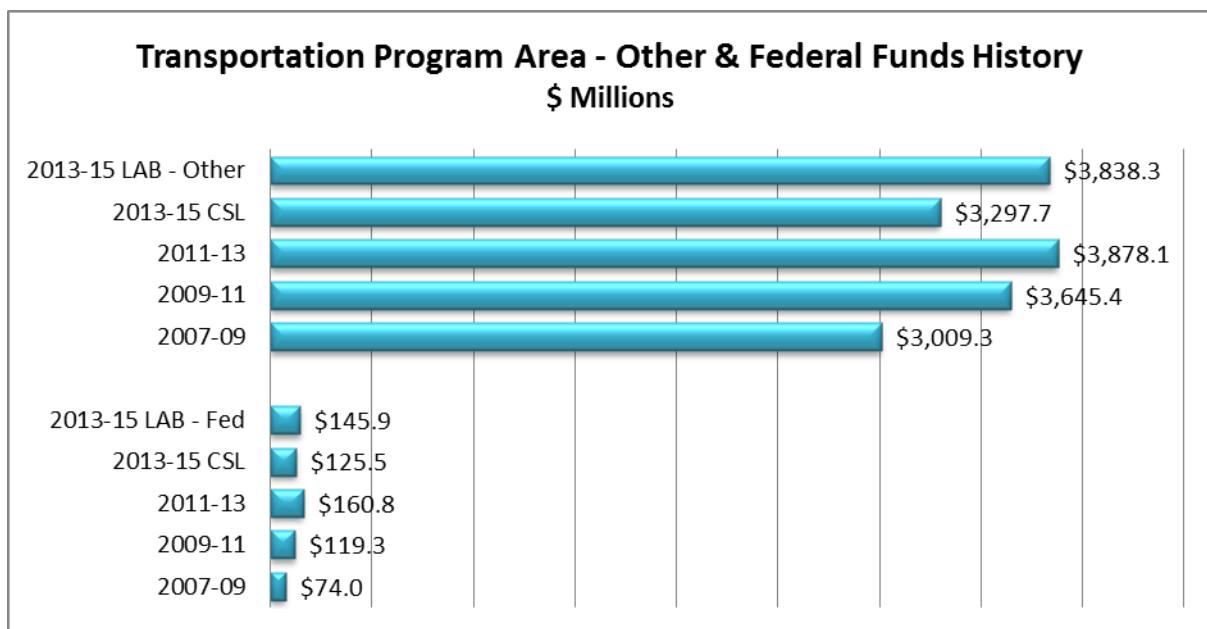
The 2013-15 legislatively adopted budget for the Transportation program area totals \$4.1 billion, of which \$2.1 billion is General Fund, \$94 million Lottery Funds, \$3.8 billion Other Funds, and \$124.3 million Federal Funds. The budget also includes \$18.2 million in Nonlimited Other Funds for the Infrastructure Bank Loan program activity and \$21.6 million in Nonlimited Federal Funds for debt service supported by Federal Funds.

Including Nonlimited Funds, the total program area budget for 2013-15 is approximately \$33.1 billion or 0.8% below the 2011-13 approved budget. It is \$540.6 billion, or 15.3%, above the 2013-15 current service level. The decrease in total funds is primarily due to completion of highway construction and rail projects financed with bond proceeds and due to debt restructuring lowering the amount of debt service payments. The Aviation Department's total funds budget is \$1.2 billion, or 12% over the 2011-13 approved budget. This includes \$440,000 capital construction approved for the Cottage Grove airport.



General Fund resources for transportation agencies increased by \$60,000, or 3%, from the 2011-13 approved levels, primarily due to an appropriation to fund HB 2421, which compels the Driver and Motor Vehicle division to forward certain veterans’ names to the Department of Veterans’ Affairs. The Legislature included \$2 million General Fund for Senior and Disabled Transportation operating grants.

Lottery Funds limitation increased by \$21.3 million, or 29.4%, as a result of refinancing existing debt in the spring of 2013 and borrowings late in the 2011-13 biennium. The Legislature also approved the use of lottery-backed bonds for \$42 million to continue the initiative known as “Connect Oregon” for multimodal projects to improve public transportation, aviation, rail networks, and marine ports, adding consideration for bicycle and pedestrian travel as well. Lottery bond proceeds will also provide \$10 million for the Coos Bay rail initiative and \$3.5 million for Salem-Keizer Transit. Debt service for the 2013-15 biennium is estimated to be \$1 million for bond issuance costs for the program due to a planned sale of bonds in the spring of 2015. Debt Service for the 2015-17 biennium is estimated to be \$10.1 Million Lottery Funds.

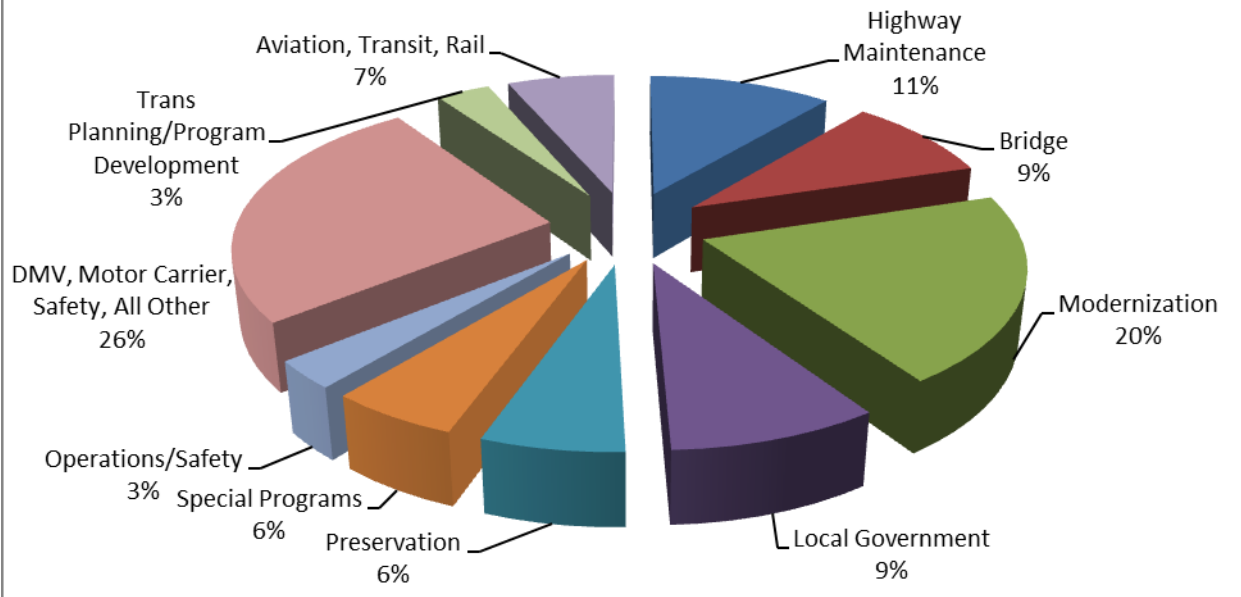


The **Other Funds** limitation decreased by \$39.8 million, or 1%, from the 2011-13 legislatively approved budget level. It increased, however, by 16.4% or 540.6 million over the 2013-15 current service level. Current service level includes \$505 million in phase-outs for completed highway, bridge, and multimodal transportation projects and one-time passenger rail expenditures. The 2013-15 legislatively adopted budget adjusts downward for the gas tax revenue not increasing as fast as costs; 94 positions are abolished. After adding positions for specific policy measures, the net reduction is 66 positions (62.21 FTE). The total Other Funds limitation includes:

- \$671 million Federal Funds recorded as Other Funds
- \$450 million placeholder in highway revenue bond authorization for Interstate-5 bridge replacement authorized by HB 2800
- \$40 million in bond proceeds to provide for the state radio replacement project
- \$400,000 capital authorization for the Cottage Grove airport
- \$42 million for multimodal transportation
- \$13.5 million for the Salem-Keizer transit and Coos Bay Rail
- \$7.6 million to implement various policy measures

As shown in the chart on the following page, highway maintenance and construction programs use 64% of the total Transportation Program budget. About two-thirds of that 64% is dedicated to modernization, preservation, local government, and bridge improvements.

Highway Maintenance & Construction Programs are 64% of the 2013-15 Transportation Program Budget



Federal Funds limitation is decreased \$14.9 million, or 9%, from the 2011-13 legislatively approved budget, but increased \$20.3 million, or 16%, from the current service budget level. The decrease reflects phase-outs of one-time rail and transit expenses. Increases include Aviation entitlement revenue and capital limitation for work at the Cottage Grove airport, and additional passenger rail funding for trips between Eugene and Portland.

Administration Program Area

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

The 2013-15 legislatively adopted budget for the program area is \$10.9 billion total funds. The adopted budget is \$1.4 billion, or 14%, more than the 2011-13 legislatively approved budget and includes 2,903 positions (2,806.81 FTE). This program area accounts for 18.2% of the \$59.8 billion statewide total funds budget.

Of the adopted budget, \$9.3 billion, or 85%, is attributable to benefit payments to state and local government retirees, which is an increase of 18.4% over the 2011-13 legislatively approved budget. The remainder of the program area budget experienced a \$73.7 million, or 4%, decrease in funding over the prior biennium.

The program is supported by \$198.6 million General Fund (1.8%), \$15.8 million Lottery Funds (0.1%), \$1.3 million Other Funds (11.8%), \$9.4 billion Other Funds NonLimited (86.1%), and Federal Funds (0.1%). Major sources of Other Funds revenue include: Public Employees Retirement System

employer contributions, including investment returns; assessments on state agencies and local government; corporate registrations fees; and liquor sales. A portion of Other Funds revenue originates as General Fund.

Agency budgets include: standard adjustments for Public Employees Retirement System savings; state government service charges and other agency assessments; a 5% General Fund reduction in non-fixed services and supplies; and a 2% General Fund supplemental ending balance hold back, which totaled \$3.6 million for this program area and is subject to restoration to the agency in February 2014 depending on the state's overall fiscal situation.

Notable budget highlights are described below.

Department of Administrative Services

The budget for the department totals a little over \$1 billion and 790 positions (784.68 FTE), which is 9% below the 2011-13 legislatively approved budget due largely to reductions in debt service needs. The budget adds \$1.3 million dollars General Fund, on a one-time basis, to maintain the State Hospital North Campus property while it is prepared for sale. Other Funds reductions included \$8.1 million from the agency's reduction options list, \$3.5 million from terminating the new procurement system contract, and \$10 million in assumed efficiencies in human resources, information technology, finance, payroll, and procurement functions. In addition, revenue from rates and assessments was reduced \$13.7 million to avoid accumulating higher than needed fund balances. Expenditures for associated assessments and rates in other state agency budgets were reduced to reflect the lower expenditures and revenue levels.

The budget contains \$1.2 million General Fund of one-time support for the Portland Public Market, 211 info services, and a water storage study in the Willamette Valley. Also included is \$27.1 million Other Funds supported by revenues from lottery-backed bonds for several projects in Portland and Northeastern Oregon.

County Fairs

Under ORS 565.447, County Fairs are provided state support (as a pass-through from the Department of Administrative Services) for financial assistance related to county fair activities. For 2013-15, County Fairs are provided \$3,648,000 Lottery Funds.

Oregon Historical Society

The Oregon Historical Society was provided \$735,000 General Fund to support daily operations. Similar base funding has been provided in the past, but was removed in recent biennia due to budget shortfalls. The budget also includes \$210,392 Lottery Funds to cover the bond debt service for payment of mortgage costs associated with the society's storage facility in Gresham.

Oregon Public Broadcasting

Oregon Public Broadcasting (OPB) was provided \$490,000 General Fund to support daily operations. Similar base funding has been provided in the past, but was removed in recent biennia due to budget shortfalls. In addition, the Legislature allocated \$546,157 Lottery Funds for debt service on bonds previously issued for OPB infrastructure improvements.

Citizens' Initiative Review Commission

The Citizens' Initiative Review Commission was transformed into a semi-independent state agency by HB 2322 during the 2013 session. As a semi-independent state agency, the Commission is no longer

subject to legislative budget review and is not subject to various other statutory requirements for regular state agencies, including personnel relations, contracting and procurement, and financial administration. The Commission will need to provide a biennial report to the Legislative Fiscal Office on specified activities.

Advocacy Commissions Office

The budget for the Oregon Advocacy Commissions Office is \$0.4 million total funds, which is an 8% increase from the 2011-13 legislatively approved budget. It includes two positions (2.00 FTE). The budget was increased by \$10,000 for commission travel costs and \$3,491 for a part-time work study student.

Employment Relations Board

The budget for the Employment Relations Board is \$3.8 million total funds, which is less than a 1% increase from the 2011-13 legislatively approved budget. It includes 13 positions (13.00 FTE). The budget was reduced by \$308,185 for a pay-line equity differential that was not approved by the Legislature.

Government Ethics Commission

The budget for Government Ethics Commission is \$1.9 million Other Funds, which is a 20% increase over the 2011-13 legislatively approved budget. It includes eight positions (7.88 FTE). The budget contains \$250,000 of initial funding for an electronic reporting system of Statements of Economic Interest and \$122,202 to restore an ethics trainer position that was not included in the Governor's budget.

Office of the Governor

The budget for the Office of the Governor is \$16.1 million total funds, which is 69% lower than the 2011-13 legislatively approved budget. It includes 57 positions (56.50 FTE). The budget for the Office had several programs temporarily added to it during the 2011-13 biennium. These programs included the Oregon Education Investment Board, early childhood, and youth development programs. The Legislature approved removing these programs from the Governor's Office and transferring them to the Department of Education and the Oregon Education Investment Board as a standalone entity. The recommended budget returns the Office back to the standard functions that were included in the agency's budget bill for 2011-13 with one exception. Three positions were included to focus on streamlining the permitting process for projects that cross all levels of government. The Governor's salary was also increased by \$5,000 per year.

Oregon Liquor Control Commission

The budget for the Oregon Liquor Control Commission (OLCC) is \$150.6 million Other Funds, which is a 7% increase from the 2011-13 legislatively approved budget. It includes 233 positions (227.63 FTE). OLCC extended the .50 cent per bottle surcharge for the 2013-15 biennium. Anticipated sales will contribute an estimated \$251.5 million in revenue to the General Fund.

Public Employees Retirement System

The budget for the Public Employees Retirement System is \$9.4 billion Other Funds, which is a 18% increase from the 2011-13 legislatively approved budget. It includes 369 positions (367.23 FTE). Over \$9.3 billion of the total is for benefit payments to retirees; these payments are driving the net budget increase. The administrative budget of the agency totals \$84 million, which is a 4% increase from the 2011-13 legislatively approved level. The administrative budget includes: \$5.4 million to maintain current service level; \$760,879 for the Retiree Health Insurance program; and \$1.3 million for

information technology maintenance and enhancement projects. The budget also includes \$1.1 million for the administrative costs associated with implementing PERS reform changes (see SB 822).

Racing Commission

The budget for the Oregon Racing Commission is \$5.8 million Other Funds, which is a 12% increase from the 2011-13 legislatively approved budget. It includes 15 positions (13.27 FTE).

Department of Revenue

The budget for the Department of Revenue is \$230.5 million total funds, which is a 25% increase over the 2011-13 legislatively approved budget. It includes 1,081 positions (1,024.49 FTE). The budget includes: \$30.2 million to begin replacement of the agency's core information system technology applications; \$1.6 million of General Fund Debt Service; and \$3.8 million for enhanced enforcement activities that is anticipated to raise \$33.1 million of General Fund.

Secretary of State

The Secretary of State's total funds budget of \$65.1 million is a 4.7% increase over the 2011-13 legislatively approved budget. The budget includes 202 positions (200.61 FTE), a 2.5% increase over the 2011-13 biennium level. General Fund support of \$8.5 million represents a 32.2% reduction from the prior biennium. This reduction is primarily due to a \$3.6 million fund shift in the Archives Division budget from General Fund to Other Funds. Excluding this fund shift, General Fund support for other agency programs is decreased by 5.7%.

The budget establishes a new state government service charge to finance the operations of the Archives Division that were previously supported by the General Fund. This charge is apportioned to state agencies on the basis of their full-time equivalent employment counts. The new Archives Division assessment revenues are spent in the Secretary of State's budget as Other Funds. The assessment will generate a total of \$4.1 million Other Funds in the 2013-15 biennium, of which \$3.6 million will provide a permanent replacement for the \$3.6 million of General Fund that was in the Archives Division current service level budget, and \$500,000 provides one-time funding to replace approximately one-quarter of the shelving in the Archives Building with compact shelving, to increase capacity to store the permanent records of the state.

Other items in the 2013-15 legislatively adopted budget include: \$713,016 Other Funds and four new positions for the Information Systems Division to support the agency's technology platforms, \$1.8 million Other Funds for continued implementation and upgrading of the Central Business Registry and the Business Xpress One-Stop Business Portal, and \$248,162 Other Funds and two positions for the newly-established Office of Small Business Assistance.

The adopted budget also approves the transfer of \$4 million of the agency's Other Funds to the General Fund, to help balance the state's 2013-15 biennium budget. These funds consist of moneys from business registration fees that exceed the cost of operating the agency's business registration program. Under current business registration fee revenue projections, an additional \$2.3 million will be available for transfer to the General Fund in the 2014 legislative session.

The Secretary of State's salary was also increased by \$5,000 per year.

State Library

The budget for the State Library is \$6.8 million total funds, which is a 51% decrease from the 2011-13 legislatively approved budget. It includes 41 positions (19.63 FTE). This is a budget for only the first

year of the biennium. The second year of the agency's General Fund budget was appropriated as a \$1.7 million special purpose appropriation to the Emergency Board. It is expected that the State Library will present a reorganization plan during the legislative session in February of 2014. Upon the Legislature's review and approval of the reorganization plan, an allocation from the special purpose appropriation may be made for the second year of the biennium, along with expenditure limitation increases for Other Funds and Federal Funds expenditure limitation.

Treasurer of State

The budget for the State Treasurer is \$45.2 million Other Funds, which is a 16% increase over the 2011-13 legislatively approved budget. It includes 92 positions (89.89 FTE). The budget includes \$1,192,728 Other Funds and seven permanent full-time positions to support the Cash Management program and \$1.2 million Other Funds for the College Savings Network Marketing for the public awareness and marketing campaign for the Oregon 529 College Savings Network. The State Treasurer's salary was also increased by \$5,000 per year.

Legislative Branch

The 2013 Legislature adopted a budget of \$88 million General Fund and \$132.1 million total funds for the six legislative branch agencies. The General Fund budget is a 6.1% increase over the 2011-13 legislatively approved budget. The total funds budget is a 46.6% increase over the 2011-13 legislatively approved budget. Funding of \$34.5 million for the Capitol Master Plan is the main reason for the large total funds increase.

Branch-wide budget General Fund reductions include \$1.6 million for Public Employee Retirement System (PERS) revisions due to the passage of SB 822 and \$2.8 million for anticipated reversions that will carry forward into the 2013-15 biennium. Adjustments were also needed to correct data and telecommunications charges that were mistakenly adjusted in the Governor's recommended budget.

The General Fund budgets of all Legislative Branch agencies were reduced by 2% to create a statewide supplemental ending balance. Some or all of those reductions may be restored during the February 2014 legislative session.

Legislative Assembly

- Approved the elimination of inflation on the New Member Transition account (-\$1,080 General Fund).
- Approved an increase of \$4,530 General Fund to each member's interim account to reflect costs associated with the even-year legislative session (\$407,700 General Fund).
- Approved an increase of \$35,000 General Fund to the Joint Interim Committee per diem pool.
- Approved \$50,000 General Fund for Senate and House Chamber Improvements.

Legislative Administration Committee

- Approved a placeholder package of \$1 million General Fund for a new policy office. It is expected that a work group or task force will be created to make recommendations to legislative leadership before the 2014 session on the role and functions of the new office.
- Approved a net increase of \$140,815 General Fund for a new Legislative Recording and Streaming System. The cost is partially offset by the reduction of one session-only media specialist that will no longer be needed after the system is implemented.
- Approved \$553,707 General Fund for increased security presence in the Capitol, adding three retired troopers and an additional regular trooper, which will phase-in January 2014.

- Approved \$210,000 Other Funds for deferred maintenance projects including security camera upgrades, replacement of the parking garage gates, and the recoating of the House Wing roof.
- Approved \$34.5 million in Article XI-Q bond proceeds for the Capitol Master Plan project. The first phase will fund detailed pre-construction planning and the design phase of the project. The project will address life-safety concerns through seismic upgrades and other critical needs, including fire and electrical systems. Debt Service of \$1.4 million General Fund was also approved for costs during the 2013-15 biennium.

Legislative Counsel Committee

Approved \$192,971 General Fund for the reclassification of four session staff attorney positions to two continuing deputy positions.

Legislative Fiscal Officer

- Approved a fund shift of \$3 million from General Fund to Other Funds. The Other Funds are Central Government Service Charges that used to go to the General Fund.
- Approved \$110,362 General Fund to increase a half-time Fiscal Analyst position to full-time.

Legislative Revenue Officer

- Approved \$235,000 General Fund for a lead economist position associated with HB 2002. The bill requires LRO to issue a report detailing tax credits scheduled to expire in the next year.
- Approved \$200,000 General Fund for a personal services contract associated with SB 306. The bill requires LRO to prepare a report for the Legislature on the feasibility of imposing a statewide clean air fee or tax on greenhouse gas emissions.

Commission on Indian Services

There were no adjustments other than the branch-wide adjustments.

Emergency Fund

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

The 2013-15 legislatively adopted budget for the Emergency Board includes a \$30 million general purpose appropriation, plus special purpose appropriations totaling \$125.1 million as follows:

- \$86.5 million for state employee compensation changes.
- \$12.9 million for non-state employee (home health care workers) compensation changes.
- \$8.9 million for the Housing and Community Services Department for second year operational costs of programs and activities.
- \$5 million for the Department of Forestry for forest fire protection expenses.
- \$4.6 million for the Department of Education for costs related to student assessments for the second year of the biennium.
- \$3.3 million for the Oregon Health Authority for rate increases for alcohol and drug residential treatment homes.
- \$1.8 million for the Department of Education for youth development program costs for the second year of the biennium.

- \$1.7 million for the Oregon State Library for second year fiscal operations.
- \$225,000 for the Housing and Community Services Department for second year operational costs of the Oregon Hunger Response Fund.
- \$100,000 for the Oregon Health Authority for staffing related to dental pilot projects.
- \$75,000 for the Housing and Community Services Department for second year costs of the Housing Choice Landlord Guarantee program.

If the amounts in these special purpose appropriations are not allocated by the Emergency Board by December 1, 2014, the remaining amounts become available to the Board for any legal use.

Capital Construction and State Bonding Debt

State Bonding and Capital Construction in the Legislatively Adopted Budget

In January 2013, the State Debt Policy Advisory Commission updated its recommended capacity limits for General Fund and Lottery Funds debt based upon the updated revenue forecast.

The Commission recommended that the Legislature and Governor issue no more than \$902 million in General Fund-supported debt for the 2013-15 biennium. There was an additional \$38.1 million of debt that was not issued in 2011-13 so the available capacity increased to \$940.1 million.

The Legislature approved \$640.2 million in General Fund debt. The amount includes \$242.9 million of Article XI-G bonds for post-secondary education and \$367.3 million in Article XI-Q bonds. Also approved were \$30 million in Article XI-M and Article XI-N seismic bonds. There was \$299.9 million in remaining capacity after all General Fund projects were approved.

Article XI-F general obligation bonds provide bond financing for the Oregon University System's self-supporting capital construction projects. The Legislature approved \$391 million of these projects including \$316.8 for new projects. The remainder was for projects that were approved during the 2011-13 biennium.

After the passage of SB 242 (2011) the Oregon University System (OUS) no longer receives capital construction expenditure limitation. To provide guidance and control on OUS bonding projects, each of the projects that use general obligation bonds are now uniquely identified in the bond bill (SB 5506).

Direct revenue bonds total \$1.943 billion and include \$867 million for Highway User Tax and Infrastructure Fund, \$663 million for toll-backed bonds, \$150 million for housing bonds, \$35 million for economic and community development, \$50 million for the Oregon University System, and \$20 million for the energy programs. Lottery bonds are also included in this category. The Legislature approved these amounts with the understanding that they may be increased during the 2014 session.

Pass-through revenue bonds total \$665 million and include \$65 million in Industrial Development bonds, \$450 million for the Oregon Facilities Authority, and \$150 million for housing projects. The Legislature approved these amounts with the understanding that they may be increased during the 2014 legislative session.

The largest General Fund projects include \$86.8 million for the State Hospital project in Junction City, \$35.1 million for the Capitol Master Plan project, \$27.1 million for the core system replacement project at the Department of Revenue, and \$24.9 million for the continuation of the eCourt project at the Judicial Department.

The Legislature also provided certain conditions for the issuance of bonds in the 2013-15 biennium and future biennia for courthouses, community colleges, the Willamette Falls Legacy Project, and the Oregon Convention Center hotel project. These conditions can be found in SB 5506.

General Fund debt service for the approved projects is estimated to be \$7.3 million in 2013-15 and rolling up to \$119.3 million in 2015-17.

Lottery Revenue Bonds

The 2013-15 biennium legislatively adopted budget authorizes new lottery revenue bonds at a significantly reduced level compared to the prior biennium. The state's capacity to issue lottery revenue bonds is restricted by bond covenants that require debt service costs to be limited to no more than one-quarter of unobligated net Lottery revenues. The 2013 Report of the State Debt Policy Advisory Commission (SDPAC) determined that if all of the lottery revenue bonds authorized in the 2011 and 2012 legislative sessions were issued, compliance with these bond covenants limited additional lottery bond debt capacity to \$151 million in the 2013-15 biennium. Furthermore, capacity to issue additional lottery revenue bonds was unavailable until the second year of the biennium. Because, however, the bonds for one project approved in the 2011 session in the amount of \$11.7 million were not issued, the 2013-15 biennium lottery bond debt capacity was effectively equal to \$162.7 million.

The 2013 Legislature authorized a total of \$157,557,715 of lottery revenue bonds to generate \$141,250,000 of lottery bonds proceeds for identified projects, and to pay associated bond-related costs. There is \$5.2 million in remaining capacity for the biennium. This represents a \$68.7 million (or 32.7%) decline from the \$210 million of lottery revenue bond proceeds approved in the 2011-13 biennium budget. Furthermore, all bond sales were delayed until in the spring of 2015 to comply with the SDPAC determination that no debt capacity was available until the second year of the biennium. As a result of this timing delay, there are no debt service costs due on the new bonds during the 2013-15 biennium. Beginning in the 2015-17 biennium when debt service costs are fully phased in, however, debt service costs for the new bonds are projected to total \$26.9 million per biennium.

The 2013-15 biennium legislatively adopted budget includes \$141.2 million of lottery revenue bond proceeds for the following projects:

- \$42 million to the Department of Transportation for Connect V grants and loans for multimodal transportation projects
- \$12 million to supply additional capital to the Oregon Business Development Department's Infrastructure Loan funds
- \$12 million for the Lane Transit District EmX bus rapid transit system
- \$10.5 million to the Department of Veterans' Affairs for the construction of a Veterans' Home facility in Roseburg
- \$10 million for an Oregon Convention Center hotel
- \$10 million for the Coos Bay rail link
- \$10 million for Regional Solutions team projects managed by the Oregon Business Development Department
- \$10 million for water supply projects managed by the Water Resources Department
- \$5 million to the Housing and Community Services Department for preservation of affordable housing
- \$5 million to the State Department of Energy for the Clean Energy Deployment Fund
- \$5 million to acquire land and improvements in and around Willamette Falls
- \$3.5 million each for Tribal Industrial Development, and for the Salem-Keizer Transit Center
- \$2.75 million for arts and cultural programs and digital switching equipment

Capital Construction

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

New legislatively adopted capital construction projects total \$159.5 million. Other Funds projects total \$157 million and Federal Funds projects total \$2.5 million. The largest projects include:

- \$79.4 million for the Oregon State Hospital in Junction City
- \$34.5 million for the Capitol Master Plan
- \$16.8 million for various projects overseen by the Department of Administrative Services
- \$9.1 million for Oregon Military Department projects
- \$5.1 million for two projects at the Oregon Youth Authority
- \$4.9 million for deferred maintenance at the Department of Corrections
- \$4.4 million for renovations at the Supreme Court Building

It should be noted that with the passage of SB 242 (2011) the Oregon University System no longer needs capital construction limitation.

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

Information Technology

Information technology (IT) is a critical component in the State of Oregon's ability to provide services to the taxpayers of the state. Each of the three branches of government and the university system utilizes information technology in a wide variety of ways to support its core business functions. One of the key initial Legislative Fiscal Office (LFO) findings in reviewing the state's legislative and budgeting process as it relates to information technology is the great difficulty in tracking how agency IT budgets are developed, reviewed, approved, and tracked. While there are common budgetary processes required by the Legislature and the Department of Administrative Services (DAS), each branch of government and agency has considerable leeway in the planning, development, review, approval, and tracking of its IT budget, resources, expenditures, and projects.

Focus

During the 2013 legislative session, the state's economic condition required LFO to focus on agency IT budgets and on areas where IT could be best utilized to contribute to effective and cost-effective government services. These areas of LFO focus during the 2013 legislative session included:

- Verifying agency IT budget reasonableness
- Minimizing redundancies within and between agency IT budgets
- Reviewing proposed law and policy changes related to IT
- Identifying IT expenditures that could be delayed
- Initiating efforts for leveraging IT to deal with the state's economic situation
- Reviewing and providing oversight for IT Policy Option Packages (POP) exceeding \$1 million
- Evaluating business case, value, and foundational work for Policy Option Packages
- Identifying cost savings IT-related opportunities
- Review and oversight of major new, and ongoing, IT initiatives
- Identifying projects requiring "budget note" directives
- Assuring committee review of major IT issues
- Assuring committee review of Secretary of State (SOS) audit findings
- Reviewing major IT project status reports and quality assurance reports

A summary of the major highlights in these areas during the 2013 legislative session follows.

Overview of the Biennial IT Planning and Budgeting Process

Information technology budget requests are included within the individual biennial budget requests for each agency within the three branches of Oregon state government. Individual agencies typically develop biennial business plans, which are in turn, supported by an agency information technology plan for the biennium. The agency level information technology plans include a wide-range of IT related budget needs for maintaining and operating existing IT organizations, developing new application systems in support of agency business needs, and providing related IT products and services. Both ongoing and one-time IT budget items are identified for each agency and typically include funding in support of:

- Staffing
- Equipment/Software Support
- Maintenance Support
- Operational Support
- State Data Center Charges
- New Projects

- Contractual Support
- Staff Technical Training
- IT Materials and Supplies

Each biennium, hundreds of newly proposed projects are identified by agencies for possible development. Individual agencies typically take their newly proposed projects through a “three-gate” review process to determine which projects will be included in their biennial budget requests. Projects are reviewed for reasonableness (Gate-1 “straight-face” test), value (Gate-2 “business case” test); and do-ability (Gate-3 “affordability” test). Projects that pass these three tests are identified for tentative inclusion in each agency’s overall biennial budget. Projects costing more than \$75,000 require additional DAS reviews and approvals and those projects with estimated costs greater than \$1,000,000 also require additional justification and ongoing DAS oversight. For approved new agency IT projects which have estimated one-time costs over \$1,000,000, Policy Option Packages (POPs) and associated business cases must be developed and submitted to DAS for review, approval, and possible inclusion in the Governor’s recommended budget. Packages that are approved by DAS and the Governor’s Office are added to the agency’s IT budget, which in turn is included in the agency’s overall biennial budget request. Individual agency budget requests are reviewed by the Legislative Fiscal Office, prior to the agency presenting its overall agency budget requests (including IT) to the Legislature.

Major IT Projects/Initiatives and Related Budget Notes and Reports

Of the major IT projects and related initiatives included in the 2013-15 legislatively adopted budget, a number were of particular interest to the Legislature due to the overall cost, complexity and risk, importance to state government operations, impacts to public safety and health, and/or cross-biennium timeframes. Budget notes and/or reporting language were developed by LFO for each of these major IT projects and initiatives, which are as follows:

State Information Technology Changes

HB 3258 established the Office of State Chief Information Officer (CIO) and transferred certain responsibilities and resources from the Director of Department of Administrative Services (DAS), to this new office. This bill also eliminated the Information Resources Management Council and the Stakeholders Advisor Committee. In addition, it made the State Chief Information Officer position an appointment by the Governor. And finally, it set forth the qualifications for the CIO position, and required the CIO to adopt an information technology and telecommunications plan for the state in consultation with DAS, state agencies, and the Legislature. These changes will become operative on January 1, 2014.

Small Agency Information Technology Needs

The Department of Administrative Services reported to the Legislature on major issues related to the ability of small agencies (<300 FTE) to provide quality information technology services.

In response to these concerns, the following budget note was added to HB 5008: “The Department of Administrative Services is directed to report back to the February 2014 Legislative Session with a plan to address the specific needs of smaller (<300 FTE) agencies with regard to Information Technology and Telecommunications Management. The Department shall also report on resources that will be necessary to implement such a plan and how those resources would be funded.”

Judicial Department eCourt Program

During the 2013 Legislative Session, OJD provided a progress report on its implementation of the Oregon eCourt Program to the Joint Committee on Ways and Means Public Safety Subcommittee.

OJD reported that during 2012 and early 2013, it successfully implemented Tyler’s Odyssey “court management” software in five of its initial pilot and early-adopter trial courts (Yamhill, Linn, Crook, Jefferson, and Jackson). The Legislature approved \$25.9 million in total 2013-15 biennium funding for the project (including \$24.1 million of Article XI-Q bond proceeds and \$1.8 million of General Fund), which is included in the \$97 million total estimated one-time eCourt Program costs. During the 2013-15 biennium, eCourt will be expanded into an additional fourteen courts, including the state’s largest, the Multnomah County Circuit Court.

The budget delayed the issue of the Article XI-Q bonds until March 2015, to reduce 2013-15 biennium debt service costs and to allow other OJD programs to be funded. This action will create cash flow issues, in that expenses will be incurred throughout the biennium. The following budget note for HB 5016 was adopted to provide direction for OJD: “The Subcommittee understands that the Oregon Judicial Department will have approximately \$24.3 million in Oregon eCourt-related expenditures during the 2013-15 biennium that will be funded with General Obligation (Article XI-Q) bond proceeds. In order to reduce the General Fund debt service requirement in the 2013-15 biennium, OJD will initially pay those costs from General Fund for operations, then have that General Fund reimbursed with bond proceeds from a bond sale in March 2015. This agreement postpones the debt service obligation to make additional General Fund available for court operations in 2013-15, but requires the bond proceeds to be received in the 2013-15 biennium so that Oregon eCourt expenditures can be paid with bond proceeds and the General Fund for court operations can be reimbursed in the 2013-15 biennium. This agreement will defer approximately \$5.2 million of General Fund-financed debt service until after the 2013-15 biennium.”

OJD is expected to regularly keep DAS, the Joint Committee on Legislative Audits and Information Management and Technology (JCLAIMT), and LFO apprised on its progress on the eCourt Program throughout the 2013-15 biennium.

Department of Transportation State Radio Project (formerly called the OWIN Project)

During the 2011 Legislative Session, the Legislature (via the budget note for HB 5046), scaled back the OWIN Project to only the first of the four goals of the original HB 2101 (2005). The Project has come to be known as the State Radio Project (SRP). The budget note required the Project team to simply upgrade all existing state radios and infrastructure to assure the continued “proper operation of an integrated statewide radio network.” The scaled back project was estimated to cost a total of \$209 million, of which \$89 million was to be expended in the 2011-13 biennium, and \$65 million in the 2013-2015 biennium. The OWIN project had already used the remaining \$55 million.

During the 2011-13 timeframe, ODOT accomplished a major portion of the requirements needed for the network, however, the original cost estimates for the remaining work were found to be insufficient. ODOT identified additional costs of approximately \$20 million as a result of expenses related to commitments already made to OWIN partnerships, and also due to underestimating the costs of the site, infrastructure, and equipment upgrades that were needed. As such, ODOT’s budget bill (SB 5544) for the 2013-15 biennium, included \$20 million more in limitation to cover these additional SRP/OWIN costs. ODOT’s goal during 2013-15 is to continue the shift from “project” to “operations” as the final work related to the first goal of HB 2101 (2005) is completed.

No budget notes related to the SRP/OWIN Project were developed during the 2013 Legislative session, but it is expected that ODOT regularly keep DAS, the JCLAIMT, and LFO apprised on its progress on the SRP Project throughout the 2013-15 biennium.

Department of Revenue Core System Replacement (TaPR) Project

DOR originally sought legislative approval for the project during the 2011 legislative session. Project approval was delayed due to legislative concerns over revenue projections, a benefits-based funding model, a proposed statutory fund to support the new system, and the completeness of the business case and other foundation documents. A budget note directed that the agency report to the 2012 Legislature with completed foundational work to ensure project readiness and to re-evaluate the assumptions behind its benefits-based revenue model.

DOR's re-evaluation of its benefits-based funding model revealed that the revenue "life" or increase from the project, which was originally estimated at up to \$315 million, would only produce approximately \$51.5 million through the 2017-19 biennium. This significant shift in the proposed benefits of the new system (from a revenue enhancement to maintenance of revenue justification) necessitated the updating of the business case, a full review of the proposed benefits-based funding model, and foundational documentation.

On May 30, 2012, DOR negotiated and signed a contract with Fast Enterprises (Fast) for its GenTax Comprehensive Tax Solution (CTS), which is a commercial-off-the-shelf (COTS) product used in a variety of other states to provide automated support for state-wide tax, revenue collection, and management activities. The contract is a \$34.5 million fixed-price contract based on a (specified receipts) benefits-based funding model, DOR's proposed funding approach for the TaPR Project is unique in that the agency has negotiated and signed a vendor contract prior to receiving legislative approval. Typically, agencies proposing major information technology projects seek legislative approval prior to signing a contract.

Up through the 2011-13 biennium, DOR has spent \$7.7 million on the planning and contracting aspects of the project in anticipation of Legislative approval. The Legislature in 2013 approved funding for COR's Core System Replacement Project within the Omnibus HB 5008 bill, after the Governor's recommended budget failed to provide funding for the project. Additionally, the Legislature directed changed the funding model of the project from a benefits-based model to the standard funding model of Article XI-Q bonds. Finally, the Legislature directed a more conservative implementation whereby the project is to begin with the much smaller Corporate and Tobacco programs rather than the Personal Income Tax and Compliance program that had been planned originally. DOR is in the process of renegotiating its contract with FAST Enterprise.

A budget note for HB 5008 regarding this new project required the Department of Revenue and the Department of Administrative Services to take the following actions: "The Department of Revenue (DOR) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Core Systems Replacement Project. DAS is to provide DOR with the oversight of the project, including support for project management, information technology systems development lifecycle, procurement, quality assurance, and other needs to successfully complete this project. DOR is to submit updated key foundational project management documentation, each accompanied by an independent quality control review, to Legislative Fiscal Office (LFO) on or before February 1, 2014, as available for review. DOR and DAS are directed to report to LFO every six months through the biennium on the status of the project using DOR's standard project management reports as well as provide copies of all Quality Assurance and Quality Control and Independent Verification and Validation reports upon their receipt by the agency."

Oregon Health Authority/Department of Human Services HIX (Health Exchange) Project

During the 2011 legislative session, the budget note for HB 5053 provided OHA/DHS with legislative direction on how it was to proceed with the expenditure of both federal grant and Oregon resources

(approximately \$55 million) during 2012 and 2013. Due to the complexity of the project and the short federal timeframes for completing the work required by the \$48 million federal grant, the Legislature required the HIX Project team to develop a detailed plan for proceeding in a manner that would assure the success of the project.

During the 2012 legislative session, OHA/DHS provided evidence to the JCLAIMT that it had successfully met the requirements of this budget note and were directed to continue with their development and implementation efforts for the new health exchange.

During the 2013 legislative session, the agencies again reported on the progress of their efforts to develop and implement the new Oregon health exchange. They also reported on the status of transferring the information technology components of the new exchange from OHA/DHS to the Oregon Health Insurance Exchange (now called “Cover Oregon”). OHA/DHS and Cover Oregon also reported that the project was still on schedule for implementing its initial “enrollment capabilities” in October of 2013.

During the 2013 legislative session, the Legislature approved HB 5030, which recommended eliminating the remaining expenditure limitation of \$19.8 million total funds and 48 positions related to the Health Insurance Exchange Information Technology Project (since that work has now moved over to Cover Oregon). No budget note was necessary, but it is expected that Cover Oregon will continue to provide regular status reports to DAS, the Legislature, the JCLAIMT, LFO throughout 2013.

Department of Justice Child Support Enforcement Application System Project

During the 2013 legislative session, the Department of Justice (DOJ), provided an update on the status of its newly proposed Child Support Enforcement Application System Project (CSEAS), including estimated one-time and ongoing costs for the project. DOJ reported that the estimated total cost of ownership (over 15 years) for the project would be \$166.2 million (the federal share would be 66% - \$109.4 million and the state’s share would be 34% - \$56.5 million).

In HB 5008 bill, the Legislature approved the first phase of funding to replace the existing Child Support Enforcement Automated System (CSEAS). This approval included \$1.6 million General Fund for debt service on XI-Q Bonds authorized in SB 5506, \$14.1 million Other Funds expenditure limitation, and \$27.4 million Federal Funds. The Subcommittee also approved the following budget note: “The Department of Justice (DOJ) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Child Support System Modernization project. DAS is to provide support to and collaborate with the DOJ in the information technology systems development lifecycle, procurement, quality assurance, and other support needed to successfully complete this project. DOJ and DAS are directed to report to the Legislative Fiscal Office at a minimum of every six months through the remainder of the biennium on the status of the project as well as provide copies of all Quality Assurance, Quality Control, and Independent Verification and Validation reports upon their receipt by the agency. DOJ is also to submit an update on the status of foundational project management documentation, including copies of completed documents, each accompanied by independent quality control review, to LFO by December 1, 2013.”

Military Department 9-1-1 Next Generation, Internet Protocol Network, and Emergency Services IP Projects

During the 2013 legislative session, the Oregon Military Department (OMD) submitted a business case to move the state’s current 9-1-1 system to Next Generation technology. Within SB 5534, the

Legislature approved Package 303: 9-1-1 Next Generation Coordinator. This package provided position authority and Other Funds expenditure limitation to establish an Information Systems Specialist 7 position to act as the 9-1-1 Next Generation project manager for the agency's proposed transition to Next Generation 9-1-1, Internet Protocol Network, or Emergency Services IP Network across Oregon. The adopted budget increased total funds by \$277,868 and established one permanent position (1.00 FTE).

OMD did not provide a specific policy package requesting Other Funds expenditure limitation for the agency's proposed transition to Next Generation 9-1-1, the Internet Protocol Network, or Emergency Services IP Network across Oregon. The agency has assumed that these major technology transitions can be funded within its legislatively adopted Other Funds expenditure limitation (base budget) and financed using only Emergency Communications tax revenue deposited into the 35% Enhanced Subaccount.

OMD was unable to provide a firm cost estimate of this project, which could exceed \$15 million in one-time costs.

The Legislature adopted the following budget note for SB 5534: "The agency's proposed transition to Next Generation 9-1-1 Internet Protocol Network or Emergency Services IP Network across Oregon is approved conditionally. The agency is directed to work with the Department of Administrative Services to develop a comprehensive set of foundational project management documents for the design, installation, and implementation of a statewide Next Generation 9-1-1 Internet Protocol Network. The foundational project management documents, accompanied by independent quality control reviews, are to be provided to the Legislative Fiscal Office by no later than December 1, 2013 in order for LFO to conduct a readiness assessment of the project. The Department is to report to the Legislature in 2014 on the status of the project and final authority to proceed with the project."

Oregon Government Ethics Commission Annual Statement of Economic Interest Project

During the 2013 legislative session, OGEC, gave an update on its statutory requirement to provide a system for maintaining information on lobbyists and public officials related to their annual statements of economic interests. Within SB 5522, the Legislature approved a Special Assessment-IT Project, which adds \$250,000 Other Funds expenditure limitation. This provided approval for a one-time assessment of \$800,000, which is to be shared equally between state agencies and local governments, and funds the requirement that the Commission have an electronic reporting system by January 1, 2015. In HB 2322, the budget program change bill, the operative date was delayed by another year until January 1, 2016 to allow sufficient time for the project to be planned and implemented. The agency's budget does not include any ongoing operation and maintenance cost for the proposed system.

The Legislature directed the Commission to work with the Department of Administrative Services in the development and implementation of an electronic reporting system for lobbyists and public officials who must file annual statements of economic interest. The Department of Administrative Services was also directed to provide the Commission with the oversight, project management, information technology systems development lifecycle, and procurement support needed to successfully complete the project.

The approved budget provided an initial \$250,000 Other Funds expenditure limitation, and directed the Commission and Department of Administrative Services to provide a progress report to the Joint Committee on Ways and Means during the September 2013 legislative days, and to provide the

Legislative Fiscal Office with final copies of the project business case, including final recommendation, vendor contracts, foundational project management documentation, a project plan, and budget by December 1, 2013.

Oregon Education Investment Board Longitudinal Data Study Project

During the 2013 legislative session, the OEIB, submitted a proposal (Longitudinal Data System), which requested resources to create a longitudinal data system for tracking student/school information from early learning through post-secondary education. The package included \$700,000 General Fund for the business plan and equipment replacement. The highest priority for these resources was for the completion of the business case and related project management materials for the proposed new longitudinal data system. Limitation for the actual development costs of the system were to be included in the capital construction bill, if approved. The Legislature directed the agency to report on the business case and other related project planning material when work is completed (to either the Interim Joint Committee on Ways and Means, the 2014 Legislature, or the Emergency Board).

The Legislature adopted the following budget note for SB 5518: “The Oregon Department of Education (ODE) and the Oregon Education Investment Board (OEIB) must work closely with the Department of Administrative Services (DAS) Chief Information Office in all activities related to the development of the needs analysis, business case/option analysis and related foundational project management materials for the proposed Longitudinal Data System. OEIB and ODE must also follow DAS standards in the development of these materials. Prior to requesting any further funding than the amount included in Package 300, ODE and OEIB must complete a detailed problem statement, strategic alignment documentation, detailed needs assessment, and a completed business case which includes a high level project schedule, resource plan, financial plan, information on the anticipated return on investment, quality management plan, and a risk management plan. ODE and OEIB are instructed to report back to the Joint Committee on Ways and Means during the 2014 legislative session on their progress on completing these project planning materials. If the materials are not completed, ODE and OEIB will need to report to the Emergency Board prior to formally requesting further funding for the project. The Subcommittee also stressed the importance of involving all stakeholders in all stages of the project.”

Department of Land Conservation and Development Information Management Modernization Initiative

During the 2013 legislative session, DLCD submitted a proposal which documented its desire to update its existing information management processes and infrastructure. This package called for the development of a needed plan for implementing business and technology improvements to DLCD’s existing business processes, tools, and applications. Within SB 5530, the Legislature approved \$238,934 General Fund and one limited duration position (0.48 FTE) for the first phase of an information technology project that would improve the agency’s ability to acquire, develop, and share information for land use planning in collaboration with local governments. The project includes modernizing document management, digital land use planning, workflow automation, database migration and integration, and database management/administration. When complete the project is expected to cost over \$1 million. Phase 1 will involve critical database development and management. The position is expected to start a month into the biennium.

The Legislature adopted the following budget note for SB 5530: “The Department of Land Conservation and Development (DLCD) is directed to work with the Department of Administrative Services (DAS) in the development of a plan for implementing business and technology improvements to its existing business processes, databases, tools, and applications as identified in the “scope of work”

defined in DLCD's "Information Management Modernization Initiative (IMMI) Strategic Action Plan 2012-2017." DLCD and DAS are directed to provide the Legislative Fiscal Office (LFO) by February 1, 2014, with final copies of all foundational project management documentation; a project work plan and budget; and a current project status report showing progress against original goals and objectives. DLCD is further directed to provide a report to the Joint Committee on Ways and Means during the February 2014 legislative session on the status of IMMI."

Committee Oversight Activities

During the 2013 legislative session, a decision was made (due to the Legislature's heavy session workload), to not have any Joint Committee on Legislative Audits and Information Management and Technology hearings during the 2013 session. Instead, each Joint Committee on Ways and Means Subcommittee became responsible for reviewing and recommending on a wide-range of key IT-related initiatives. A brief summary of the key activities that were reviewed by the Ways and Means subcommittees and LFO follows:

- Agency budgets with IT expenditures were reviewed and approved for all agencies.
- Agency packages and associated business cases were reviewed by LFO prior to legislative action.
- Policy bills for IT related matters were reviewed (i.e. HB 3360, HB 3258, etc.).
- Project status reports and quality assurance reports for all major (>\$1 million) IT projects (20+ are currently in progress) were reviewed.

Ongoing legislative oversight over the interim will come from the Joint Committee on Legislative Audits and Information Management and Technology which was appointed after the conclusion of the 2013 session. There is also a legislative expectation that the Department of Administrative Services will provide significant oversight and support for all Executive Branch projects.

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.⁴ 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 in the case when separate Senate and House budget committees are appointed.

Volume of Budget Notes (2013 Session)

68	Total number of budget notes
66	Total number of unique budget notes
2	Total number of duplicate budget notes
13	Total number of joint budget notes or those detailing more than one agency
29	Number of budget reports with a budget note (out of 141 budget reports)
32	Number of agencies with at least one budget note (out of approximately 100)
15	Number of agencies with more than one budget note
7	Greatest number of budget notes for one agency

General Purpose of Budget Notes (2013 Session)

49	Number of budget notes dealing with submission of a report
1	Number of budget notes dealing with performance measures
17	Number of budget notes providing instruction on budget execution
1	Number of budget notes dealing with expenditure limitation or scheduling
2	Number of budget notes establishing work groups
1	Number of budget notes dealing with a special purpose appropriation
0	Number of possible general purpose appropriations

The following budget notes are sorted by program area, agency, measure number, and Oregon Chapter law reference.⁵ Please note that a budget note affecting more than one agency may only be listed once under the primary agency. Also note that a measure's budget report may include additional language beyond the note itself that establishes context or provides additional information on a specific note.

Education Program Area

Oregon University System – HB 5008 (Chapter 723, Oregon Laws 2013)

In adopting the budget for the Oregon University System, the Legislature intends that increases in the base rates for tuition paid by resident undergraduate students on all seven campuses and one branch campus (Eastern Oregon University, Oregon Institute of Technology, Oregon State University, Oregon State University-Cascades, Portland State University, Southern Oregon University, University of Oregon and Western Oregon University) may not exceed an average of 3.5% at any individual campus in any given year of the 2013-15 biennium. For students choosing the Tuition Promise program at Western Oregon University, rates of increase over the prior cohort may not exceed 5.7% in any given year. These limits on tuition shall apply to all seven campuses and one branch campus for the next two

⁴ For a more complete discussion of what a budget note is – origin, legal standing, and use – please refer to *Budget Information Brief #2007-3, Budget Note* available via the "Publications" link at www.leg.state.or.us/comm/lfo/home.htm

⁵ The Oregon Chapter Law is the legal citation for an enrolled measure and does not serve as a reference for a budget report or budget note.

academic years (2013-14 and 2014-15) regardless of the outcome of any governance changes that may be implemented during the biennium.

Oregon University System – HB 5008 (Chapter 723, Oregon Laws 2013)

It is the expectation of the Legislature that university support for State Programs housed within the Oregon University System be maintained or increased in the same manner as other university programs during the 2013-15 biennium.

Higher Education Coordinating Commission – HB 5008 (Chapter 723, Oregon Laws 2013)

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

Department of Education – HB 5008 (Chapter 723, Oregon Laws 2013)

The Oregon Department of Education is instructed to report to the Interim Joint Committee on Ways and Means before January 1, 2014 on progress on implementing its 2013-15 strategic plan. This first report is to be a baseline for future reports to the Legislature for measuring the success of transforming the agency to focus more on assisting and collaborating with educational partners, closing the achievement gaps, and being more “results-focused.” The report should include the following:

1. A breakdown of the agency’s education programs and services with a description of each program and service, including overall purpose, description of federal or state laws or rule that govern the program, target group served, overall funding by fund type, amount of program funding, amount of staff resources dedicated to the program based on FTE, amount spent on administrative costs at the state level, and description of measurements use to gauge the performance of the program or service.
2. Actions taken by the agency in the past six months to become more collaborative with partners and to improve customer service.
3. Actions taken by the agency in the past six months to increase the share of funding the agency receives that is passed through to educational partners.
4. Comparison of the staffing levels and operations of the Oregon Department of Education with education agencies in other states with similar missions and responsibilities.
5. Description of changes in the overall measures and metrics established by the agency as part of its strategic plan development.

The Department will consult with the Legislative Fiscal Office in determining the level of detail included in item #1 above and how specific the program level that should be in the report to the Legislature. In addition to the report due by January 1, 2014, the Department is instructed to provide updated information on the items above during the budget presentation to the Joint Committee on Ways and Means during the 2015 Legislative Session.

Department of Education – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Education shall not purchase or acquire the interim item bank and related assessments from Smarter Balance Assessment Consortium. The Department shall provide each district with available funds to administer a locally selected and established interim growth assessment system for students in grades Kindergarten through ninth that is capable of informing instruction and measuring student academic performance against a stable scale irrespective of grade level.

Department of Education – SB 5518 (Chapter 637, Oregon Laws 2013)

The Oregon Department of Education (ODE) and the Oregon Education Investment Board (OEIB) must work closely with the Department of Administrative Services (DAS) Chief Information Office in all activities related to the development of the needs analysis, business case/option analysis and related foundational project management materials for the proposed Longitudinal Data System. OEIB and ODE must also follow DAS standards in the development of these materials. Prior to requesting any further funding than the amount included in [the approved budget], ODE and OEIB must complete a detailed problem statement, strategic alignment documentation, detailed needs assessment, and a completed business case which includes a high level project schedule, resource plan, financial plan, information on the anticipated return on investment, quality management plan, and a risk management plan. ODE and OEIB are instructed to report back to the Joint Committee on Ways and Means during the 2014 legislative session on their progress on completing these project planning materials. If the materials are not completed, ODE and OEIB will need to report to the Emergency Board prior to formally requesting further funding for the project.

Department of Education – SB 5518 (Chapter 637, Oregon Laws 2013)

The Department of Education is instructed, when making grants to programs for assisting high school students in the payment of fees for examinations which lead to the award of post-secondary education credits, to base the award in the following priority order. First priority is for low income students taking their first nationally standardized examination; second priority is for all other students taking their first nationally standardized examination; third priority is for students taking their second or more nationally standardized examination, and then funding can be made available for students taking non-nationally standardized examinations.

Department of Education – SB 5518 (Chapter 637, Oregon Laws 2013)**Oregon Education Investment Board – SB 5548 (Chapter 560, Oregon Laws 2013)**

The Oregon Education Investment Board, the Oregon Department of Education and other education related agencies are directed to report to the Joint Committee on Ways and Means during the 2014 Legislative Session on the progress of implementing the education strategic initiatives and the Network for Quality Teaching and Learning. The report shall include, at the least, the following:

1. For each individual program, the total amount of grants or contracts awarded or entered into, the amount of grants or contracts committed to but not awarded, and the amount of funding remaining to be committed.
2. For each individual program, a list of recipients of the grant award or contract, a short description of program or service the grant or contract was for, the target group of the program or service, the anticipated number served by the grant or contract, and the anticipated outcome of the grant or contract.
3. Any changes to law or practice that would improve the initiatives or network that should be considered by the Legislature during the 2014 or 2015 sessions.
4. Any transfer of funding between individual programs and initiatives from the amount of funding assumed during the 2013 session and the rationale for making each of the transfers.

Teacher Standards and Practices Commission – HB 5046 (Chapter 398, Oregon Laws 2013)

The Teacher Standards and Practices Commission is instructed to report to the Joint Committee on Ways and Means during the 2014 Legislative session or to the Interim Joint Committee on Ways and Means on the fee related revenues trends for the first three months of the 2013-15 biennium, changes to expenditure, and whether any fees should be proposed for increases to balance revenues and expenditures. The report must include an update on the Commission's work on an updated fee structure and any proposed fee increase must take into account a new fee structure.

Human Services Program Area

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

Oregon Health Authority – HB 5030 (Chapter 668, Oregon Laws 2013)

The Department of Human Services (DHS) and the Oregon Health Authority (OHA) are directed to submit reports to the 2015 Legislature on how they have each responded with plans and/or actions that address the recommendations for the agencies contained in the 2013 Report on Senior and Disability Mental Health and Addictions in regards to the following:

- Create greater access to mental health and addiction services geared to the needs of seniors and persons with disabilities.
- Increase the capacity of the OHA Addictions and Mental Health program and providers to serve severely impaired seniors and persons with disabilities.
- In the health care transformation process, clarify the collaboration between the Coordinated Care Organizations and the DHS Aging and People with Disabilities (APD) program to develop best practices in dealing with the dual-eligible populations.
- Establish the role that senior and disability mental health and addictions will play in the re-definition of community-based long term care through APD.
- Provide for greater geriatric training for professionals in the system.
- Create greater public awareness of mental health and addictions issues among seniors and persons with disabilities.
- Create ability to track and report on Mental Health and Addiction.
- Services to elderly and persons with disabilities.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

The Department of Human Services shall provide a report to the Joint Committee on Ways and Means during the 2015 legislative session on services, providers, and rates for each agency program relying on direct care workers for service delivery. Dependent on the project's final scope and expertise required, the Department may contract with a third party to complete the report. The report will include a description of the services, provider type, number of direct care workers, and worker turnover rates. In addition, the report will show provider rates for the 2009-11, 2011-13, and 2013-15 biennia and the relationship between those rates and direct care worker wages. Where possible, the report will also show comparisons between the 2013-15 rates and what those rates would be if 2003-05 rates had been indexed to inflation from that biennium forward. Within programs or specific services, the report will also describe how worker wages are determined, for example, whether by the employer or through a collective bargaining agreement. The Department will also identify any current data gaps, attempt to resolve them if possible, and outline strategies to resolve them for future reporting. Finally, the report will explore other options – beyond simply increasing rates – for ensuring that funding increases translate into wage increases for direct care workers. Some recognized strategies include implementing wage pass through legislation, providing enhanced reimbursements tied to workforce outcomes, specifying a minimum allocation of rate to direct care labor costs, and revising contract language. It is the intent of the Joint Committee on Ways and Means that provider rate increases in the 2013-15 budget have as a priority salary and benefit increases for direct care workers in order to reduce turnover rates.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

The Department of Human Services shall report, to the Interim Joint Committee on Ways and Means in September 2013, on the following information concerning implementation of the Strengthening, Preserving, and Reunifying Families program under SB 964 (2011):

1. An accounting of program funds spent during the 2011-2013 biennium. For contracted activities, for each contract report should include information on the contractor, services provided, amount of funds expended, specified outcomes, and extent to which those outcomes were achieved.
2. An accounting of any contracts issued under SB 964 (2011) in the 2013-15 biennium including information on the contractor, services provided, contract amount, and a delineation of expected outcomes in each contract.
3. For the remaining 2013-15 contracts, information on issuance timelines, services provided, and expected outcomes.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

The Department of Human Services shall report to the Interim Joint Committee on Ways in Means in September 2013 on its plan to allocate or reallocate new and vacant Child Welfare positions to target activities that have been understaffed in recent biennia while continuing to protect children to the fullest extent possible. Focus areas should include implementation of the differential response model, family finding efforts and efforts to ensure that children move from foster care to permanency as quickly as possible. The report should be by DHS Child Welfare district, display both current and augmented positions by role, and describe how the positions will help the agency meet desired outcomes. The Department will also report to the Joint Committee on Ways and Means during the 2015 Legislative Session regarding progress toward program outcomes.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

The Legislative Assembly is invested in ensuring that local resources exist to serve seniors, people with disabilities, individuals with mental illness, and individuals with physical or mental health needs in need of community transitions or placement. More capacity is needed to divert or transition individuals currently residing in the Oregon State Hospital or other costly inpatient settings. As the Department [of Human Services] conducts regional meetings required under HB 2216, the Department should consult at the state level and with local communities regarding the need for more community based settings for these populations. The Department shall also engage with local nursing facility providers that are considering taking advantage of the capacity reduction initiatives contained in HB 2216 to assess opportunities for more residential and supported housing capacity development for the afore-mentioned populations. The Department, in partnership with the provider community, shall track and report on discussions about capacity reduction and transition. The first report will be to the Joint Committee on Ways and Means during the 2014 Legislative Session. The second report will be to the Interim Joint Committee on Ways and Means or the Emergency Board, during or near November 2014.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

By January 2015, the Department of Human Services will implement a uniform needs assessment tool for individuals receiving developmental disabilities services. Any assessment tool used by the Department must be evidence-based and consider broad stakeholder input. Implementation of the uniform needs assessment tool should be done equitably and with stakeholder input.

Department of Human Services – SB 5529 (Chapter 675, Oregon Laws 2013)

As the Department of Human Services implements the Centers for Medicare and Medicaid Services approved Medicaid State Plan 1915(K) Option in Developmental Disability Services, the Department shall eliminate program wide monetary caps on brokerage consumer's individual service dollars. The Department shall base access and amount of an individual's brokerage personal service budget on needs identified through a functional needs assessment and the individual's goals identified through the person centered planning process. The Department will continue to develop an individual service

plan that is based upon the individual's goals and is designed to provide individualized supports necessary to further the achievement of those goals. Funding for all services will be in accordance with regulations established by the Centers for Medicare and Medicaid Services. The Department is directed to keep person-centered planning and self-determination as foundations of the Developmental Disability Services system.

Oregon Health Authority – HB 5008 (Chapter 723, Oregon Laws 2013)

The Oregon Health Authority shall report to the interim Joint Committee on Ways and Means or the Emergency Board by December 2013 on recommendations for decreasing the use of overtime and improving patient and staff safety at the Oregon State Hospital. In order to make recommendations, the Oregon State Hospital will form a work group that will include representation from some of the major classifications of employees, particularly those providing direct care of patients, such as psychologists, psychiatrists, registered nurses, mental health therapists, mental health therapy technicians, mental health security technicians, and managers. The report should include the following:

- Data on overtime hours worked and costs over the last 12 to 18 months, as well as the reasons for the use of this overtime. Details on mandated overtime should be reported.
- Data on the numbers and types of assaults on patients and staff over the last 12 to 18 months, as well as the costs, both direct and indirect, associated with those assaults. The report should also contain information on the concentration of those assaults involving a small number of individuals.
- Recommendations for reducing overtime and reducing assaults, and the status of implementing those recommendations. The report should include, but not be limited to, recommendations related to the float (relief) pool, such as the appropriate mix of permanent full-time, permanent part-time, limited duration, and temporary positions. The report should also consider recommendations for working with the Marion County District Attorney to address issues related to chronically violent patients.

Oregon Health Authority – HB 5008 (Chapter 723, Oregon Laws 2013)

The Oregon Health Authority shall report to the appropriate legislative committee in September and December on the planning for the transfer of patients from the Blue Mountain Recovery Center (BMRC) pending its closure on January 1, 2014. Additionally, the Oregon Health Authority shall convene a workgroup comprised of the appropriate representatives of the various stakeholder groups, to identify future options for BMRC staff and facilities. The workgroup will have the following charge:

1. To identify needed services for Eastern Oregon's most vulnerable people, including those with:
 - a. acute and chronic mental illness who require special services to enable them to successfully function in society;
 - b. substance abuse and subsequent involvement with the criminal justice system; and
 - c. mental illness and additional complications arising from age-related conditions.
2. To advise the Legislature and the Oregon Health Authority on strategies to best retain the existing specialized mental health workforce in the region.
3. To advise the Legislature and the Oregon Health Authority on the best utilization of the current facilities and identify additional capital improvements to provide the above-identified services.

Oregon Health Authority – HB 5030 (Chapter 668, Oregon Laws 2013)

The Health System Transformation Fund provides a strategic investment in Coordinated Care Organizations (CCO) to engage in projects that support better health, better health care and lower costs in their communities. Each CCO will be eligible for a minimum potential award of \$1.25 million with a possible additional allocation, not to exceed \$4 million for an individual CCO, based on the CCO's average monthly member count. The Oregon Health Authority will establish a process for approving and awarding the Health System Transformation Funds to Coordinated Care Organizations. CCOs will

be asked to submit a proposal for up to the total dollar allocation for which they are eligible, describing the project objective, purpose and goals. Projects under implementation or proposed projects should be innovative, scalable, transferable and related to CCO transformation plans and the overall goals of transformation with a focus on, but not limited to:

- Information technology systems and CCO infrastructure including additional investment in electronic medical records (EMR) and claims processing systems.
- Population health management, case management, disease management, and achieving quality metrics.
- Provider panel and clinic enhancements to provide extended primary care services to high risk Oregon Health Plan members.

Oregon Health Authority – HB 5030 (Chapter 668, Oregon Laws 2013)

The Oregon Health Authority shall report to the Legislature during the 2014 and 2015 legislative sessions on the implementation of a grant program using the Health System Transformation Fund. The reports should include details of the process used for distribution, the dollar amounts distributed, to whom, for what purpose, and expected outcomes. The reports should also describe any preliminary results available, including outcome measures, as well as expected next steps.

Oregon Health Authority – HB 5030 (Chapter 668, Oregon Laws 2013)

The Oregon Educators Benefit Board (OEBB) is directed to appoint a work group for the purpose of developing and analyzing strategies to better systems of care among physicians, hospitals and other providers with the goal of better health outcomes and lower overall healthcare for OEBB members. This work group shall consist of the OEBB administrator, as well as members representing the OEBB board, the insurance carriers serving OEBB, hospitals and health systems, physician groups, and individuals receiving benefits from OEBB. This work group shall report back to the 2014 legislative session the following:

1. Payment and delivery reform options intended to incent the development of systems of care, in contrast to episodes of care.
2. A plan to implement approaches to better inform OEBB members of the benefits of their health care coverage, information to allow more informed choices, and out of pocket cost for care options.
3. Reimbursement and other data from health care entities, in a format useful to achieve the goals of transparency and development of a baseline for health care costs.
4. This does not apply to type A or B hospitals as described in ORS 442.470 or rural critical access hospitals as defined in ORS 315.613.

Oregon Health Authority – HB 5030 (Chapter 668, Oregon Laws 2013)

The Oregon Health Authority shall report to the Emergency Board or Interim Joint Committee on Ways and Means by September 2014 on the implementation of the program investments in the community mental health system included in the 2013-15 legislatively adopted budget. The report should include details of the specific program investments, progress to date, and expected and actual outcomes.

Public Safety Program Area

Military Department – SB 5534 (Chapter 555, Oregon Laws 2013)

The [Military Department]'s proposed transition to Next Generation 9-1-1 Internet Protocol Network or Emergency Services IP Network across Oregon is approved conditionally. The agency is directed to work with the Department of Administrative Services to develop a comprehensive set of foundational project management documents for the design, installation, and implementation of a statewide Next

Generation 9-1-1 Internet Protocol Network. The foundational project management documents, accompanied by independent quality control reviews, are to be provided to the Legislative Fiscal Office by no later than December 1, 2013 in order for LFO to conduct a readiness assessment of the project. The Department is to report to the Legislature in 2014 on the status of the project and final authority to proceed with the project.

Department of Corrections – HB 5008 (Chapter 723, Oregon Laws 2013)

As in the 2011-13 legislatively approved budget, the Department of Corrections is instructed to address the level of unspecified reductions in its budget without closure of existing facilities and without use of layoffs to reach the reduction goal. A report on what steps may be needed to reach reduction goals will be presented to the Joint Committee on Ways and Means during the February, 2014 legislative session.

Criminal Justice Commission – HB 5008 (Chapter 723, Oregon Laws 2013)

CJC [Criminal Justice Commission] is directed to administer the Justice Reinvestment Program and Specialty Courts Grant Programs during 2013-2015 using General, Other and Federal Funds. CJC will work with the Justice Reinvestment Grant Review Committee and the Criminal Justice Commission to distribute and allocate these different funds in an efficient and effective manner. CJC will report back on the results of this work during the February 2014 legislative session.

Department of Justice – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Justice (DOJ) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Child Support System Modernization project. DAS is to provide support to and collaborate with the DOJ in the information technology systems development lifecycle, procurement, quality assurance, and other support needed to successfully complete this project. DOJ and DAS are directed to report to the Legislative Fiscal Office (LFO) at a minimum of every six months through the remainder of the biennium on the status of the project as well as provide copies of all Quality Assurance, Quality Control, and Independent Verification and Validation reports upon their receipt by the agency. DOJ is also to submit an update on the status of foundational project management documentation, including copies of completed documents, each accompanied by independent quality control review, to LFO by December 1, 2013.

Oregon Youth Authority – HB 5050 (Chapter 510, Oregon Laws 2013)

The Oregon Youth Authority (OYA) has two aging youth correctional facilities in the Willamette Valley that are operating well below the intended bed capacity and that have significant deferred maintenance needs. The April 2013 Oregon Youth Authority Demand Forecast projects a reduction in the number of close custody beds necessary to house incarcerated youth and also shows a need for a substantial increase in the number of community residential treatment beds. The Joint Committee on Ways and Means directs OYA to develop a facilities plan that:

1. Evaluates facilities in terms of capacity, operating and maintenance cost, and deferred maintenance need.
2. Develops 10-year or longer term plans for the facilities.
3. Includes recommendations and rationale for facility disposition, if appropriate.
4. Recommends future uses of the buildings that OYA would no longer need.

The Oregon Youth Authority is developing the Youth Reformation System, a predictive analysis model to inform decisions at all levels of Oregon's juvenile justice system. The model uses juvenile data in Oregon's unique Juvenile Justice Information System to create better outcomes for youth in terms of returning to society ready to take part in a productive, healthy,

crime-free life. The model, in turn, reduces victimization and reduces taxpayer expense. The Joint Committee on Ways and Means directs OYA to develop a business plan that:

1. Includes business efficiencies, including maximizing asset utility, that effectively use taxpayer dollars.
2. Creates a timeline and project plan to implement the Youth Reformation System.
3. Does not compromise the safety and security of youth, staff, or the community.
4. To the greatest extent possible, avoids layoffs.

OYA is further directed to report on the facility and Youth Reformation System business plans to the Joint Committee on Ways and Means during the February, 2014 Legislative Session.

Economic and Community Development Program Area

Oregon Business Development Department – HB 2323 (Chapter 732, Oregon Laws 2013)

The Oregon Growth Board shall adopt investment policy statements for management of the Oregon Growth Account and the Oregon Growth Fund. The Board shall report on these statements and include information on how the Board will measure the performance of investments and allocations approved by the Board, and the performance targets proposed by the Board. The report shall be submitted to the Joint Committee on Ways and Means and to the committees of the Legislative Assembly with authority over the subject area of economic development, for their consideration during the 2014 regular session.

Department of Veterans' Affairs – HB 5008 (Chapter 723, Oregon Laws 2013)

The Oregon Department of Veterans' Affairs shall establish a veterans' crisis suicide line that offers free, anonymous assistance, 24 hours a day, to active-duty service members, veterans and their families. The Department shall establish a [Request For Proposal] process for the line to contract with a provider that has a contractual affiliation with the National Suicide Prevention Line and the National Veteran's Crisis Line, and has capacity to answer at least 30,000 veteran or suicide calls per year. The Department shall establish the line within 90 days of passage.

Department of Veterans' Affairs – HB 5047 (Chapter 509, Oregon Laws 2013)

The Oregon Department of Veterans' Affairs is directed to develop the Veterans' Extended Outreach Grant program to guide the allocation of an additional \$1 million in support for County Veterans' Service Officers. The goals of the program shall be to serve veterans statewide to greatest effect, to improve outreach to veterans, to inform them of their benefits, and to file claims on their behalf. It is the Legislature's intent that the additional investment shall supplement and not supplant existing services to veterans provided by counties, and that from the additional investment, accountability and measurable outcomes result. Outcomes shall include, but shall not be limited to, the number of new power of attorneys granted to County Veteran Service Officers and the amount of new federal benefit dollars recovered on behalf of Oregon veterans. A base of \$10,000 to each eligible county shall be granted. The Oregon Department of Veterans' Affairs may retain a portion for administrative expenses resulting from additional claims that are generated, except that no less than \$600,000 shall be disbursed in the form of competitive grants. A committee shall evaluate proposals for competitive grants. The committee shall consist of the following: two employees of the Department of Veterans' Affairs appointed by the Director, and two County Veteran Service Officers representing one urban region and one rural region chosen by the Director in consultation with the County Veteran Service Officer Association; and one member of the Veterans Advisory Committee, to be chosen by the Chair of the Veterans Advisory Committee.

Housing and Community Services Department – HB 5015 (Chapter 561, Oregon Laws 2013)

The Housing and Community Services Department shall report to the Legislature during the 2014 session on alternate service delivery models for 2015 and beyond. The report should include recommendations on the following:

- Programs and functions that should be discontinued due to redundancies in other agencies and sectors, or because of unsustainable funding, or lack of demand.
- Programs and functions with ongoing, sustainable funding sources that should be continued, and how these programs should be prioritized.
- Of those programs and functions that are recommended for continuation, specification as to which are recommended to be carried out by other agencies or entities, along with a demonstration that the change has been discussed with the potential receiving party, and that the recommendation is feasible.
- Proposed performance measures for programs recommended for continuation.
- The naming of an advisory body or bodies that should provide coordinated housing policy advice to agencies responsible for administering housing-related programs, the Governor, and the Legislature, and a recommendation on which advisory bodies to discontinue.
- A plan for implementing recommended changes which includes a timeline of when functions will be discontinued, transferred or consolidated, and when remaining 2014-15 housing-related expenditure limitation or appropriations should be granted, and how commitments related to bonds, grant agreements, and other legal or contractual obligations will be met.
- Changes to statutes needed to implement the recommendations in the report, and to maximize the use of the Housing Trust Fund corpus to provide affordable housing to low income Oregonians.

Natural Resources Program Area

Department of Fish and Wildlife – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by United States Department of Agriculture – Animal and Plant Health Inspection Service – Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

Department of Fish and Wildlife – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by United States Department of Agriculture – Animal and Plant Health Inspection Service – Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

Department of Forestry – HB 5008 (Chapter 723, Oregon Laws 2013)

SB 5521 (2013) provided \$2,885,000 Lottery Funds limitation to the Department of Forestry for the Governor's dry-side forest health collaboration effort for a new business model to improve federal forest project management and technical and scientific support. In administering the funding, the Department is authorized to also consider a small grant program and a limited duration liaison position, from the \$2,885,000, at the Department's discretion. The small grants are to be administered by the Oregon Watershed Enhancement Board using the Board's existing expenditure limitation. The position, if created, is to be the state's point of contact for the U[nited] S[tates] Forest Service, congressional delegation, local forest collaborative groups, and the state Legislative Assembly.

Department of Environmental Quality – SB 5520 (Chapter 546, Oregon Laws 2013)

The Department of Environmental Quality shall report to the appropriate committee of the Seventy-Eighth Legislative Assembly on: The status of any national ambient air quality standards proposed, under consideration for proposal, or adopted by the United States Environmental Protection Agency (US EPA) pertaining to ozone; and the department's plan and timetable for developing and implementing a comprehensive strategy to meet the revised national ambient air quality standards for ozone upon adoption by the U.S. EPA. The plan shall describe how the department will analyze: current ozone levels and trends as compared to the ozone standard; air pollution sources contributing to ozone pollution; remission reduction strategies needed to achieve and maintain compliance with the ozone standard; impacts on human health and the environment; compliance with state and federal law; impacts on affected economic sectors; and other information determined to be relevant by the department. The plan shall also describe how the department will assess the Vehicle Inspection Program, including but not limited to: what, if any, modifications to the program are needed to meet the ozone standard and reduce other pollutants such as air toxics; the impact on affected economic sectors of any changes to the Vehicle Inspection Program; options for exempting vehicles from the inspection requirement and the impact on the vehicle registration process of any changes to the Vehicle Inspection Program. The exemption options and impact analysis would be done in consultation with the Driver and Motor Vehicle Division of the Department of Transportation.

Department of Environmental Quality – SB 5520 (Chapter 546, Oregon Laws 2013)

The Department of Environmental Quality (DEQ) shall work with cities, counties and other stakeholders to identify innovative ways to utilize the fees assessed for the onsite septic program. The intended outcomes are to increase the quality and efficiency of how onsite septic services are delivered across the state. This may include re-examining the fee schedules and the viability of how the program is currently implemented through a combination of DEQ and contract-county programs. The Association of Oregon Counties has indicated it will provide staff support for these efforts and the Department shall report back during the 2014 legislative session with recommendations for improving the operations of the onsite septic program.

Department of Environmental Quality – SB 5520 (Chapter 546, Oregon Laws 2013)

DEQ [Department of Environmental Quality] is instructed to continue to support the South Deschutes County and North Klamath County Groundwater Protection Project Steering Committee to finalize recommendations to address groundwater protection from onsite septic systems in the South Deschutes County and North Klamath County geographic area. Prior to taking action on any recommendation, DEQ will report back to the Ways and Means Subcommittee on Natural Resources or to the House Committee on Energy and Environment no later than the February 2014 Legislative session on its evaluation of the committee's recommendations. DEQ shall also research how other states have conducted cost-benefit analyses of the cost of septic system upgrades relative to environmental impacts and public health risks. DEQ shall report to the legislative committee no later than the 2014 Legislative session on its findings and its plans for undertaking such an evaluation for South Deschutes and North Klamath counties.

Parks and Recreation Department – HB 5034 (Chapter 669, Oregon Laws 2013)

The Legislature recognizes that county parks face significant financial distress and \$80 million in deferred maintenance projects resulting in adverse impacts to the economy and limiting access to outdoor recreation opportunities for citizens of the counties and their visitors. County parks play an important role in providing recreational opportunities in many areas not served by state parks. In recognition of this, Oregon Parks and Recreation Department is directed to participate in a

collaborative Oregon Solutions effort with county park providers in a neutral forum to develop recommendations that will:

1. Review grant programs and revenue sources that address state and county parks infrastructure needs and develop an equitable sharing of resources.
2. Identify gaps in service provision and develop more efficient ways to deliver services, marketing, and recreational opportunities.
3. Identify parks that could be more efficiently managed and result in a net savings if managed by another jurisdiction.

Oregon Parks and Recreation Department and the Association of Oregon Counties will report to the 2014 Legislature in advance of the February 2014 session regarding the outcome of the Oregon Solutions effort and recommendations to address this budget note.

Parks and Recreation Department – SB 5506 (Chapter 705, Oregon Laws 2013)

If the local and/or regional public sponsors acquire the portion of the property immediately adjacent to Willamette Falls, the partners will work with the State Parks and Recreation Commission to designate the site as a State Historic Site to be managed by Oregon Parks and Recreation Department and developed in partnership with the public sponsors. If the local and/or regional public sponsors do not acquire the property adjacent to Willamette Falls, the State Parks and Recreation Commission will seek to acquire the property necessary for public access to that property.

Department of Land Conservation & Development – SB 5530 (Chapter 547, Oregon Laws 2013)

The Department of Land Conservation and Development (DLCD) is directed to work with the Department of Administrative Services (DAS) in the development of a plan for implementing business and technology improvements to its existing business processes, databases, tools, and applications as identified in the “scope of work” defined in DLCD’s “Information Management Modernization Initiative (IMMI) Strategic Action Plan 2012-2017.” DLCD and DAS are directed to provide the Legislative Fiscal Office (LFO) by February 1, 2014, with final copies of all foundational project management documentation; a project work plan and budget; and a current project status report showing progress against original goals and objectives. DLCD is further directed to provide a report to the Joint Committee on Ways and Means during the February 2014 legislative session on the status of IMMI.

Department of Land Conservation & Development – SB 5530 (Chapter 547, Oregon Laws 2013)

The Department of Land Conservation and Development (DLCD) shall work with interested parties to develop recommendations for improving the process through which local governments develop post-acknowledgement plan amendments under ORS 197.610 through 197.625. The issues to be addressed shall include, but will not be limited to: public notice of post-acknowledgment plan amendments, public review of amendments and changes to these amendments, conduct of hearings on legislative land use decisions including applicable criteria.

Water Resources Department – SB 5547 (Chapter 559, Oregon Laws 2013)

The Water Resources Department will report on a quarterly basis to the House and Senate Environment and Natural Resources Committees regarding the status of the Columbia River Treaty Review undertaken by the Bonneville Power Administration and the United States Army Corps of Engineers. The report shall include information regarding Oregon’s perspective and key interests in areas such as Hydropower, Flood Risk Management, Ecosystem-Based Function, Navigation, and Water Supply.

Transportation Program Area

Department of Transportation – HB 5008 (Chapter 723, Oregon Laws 2013)

In order to ensure Connect Oregon Funds are used efficiently and effectively, the [Department of Transportation] shall take steps to ensure that projects are delivered on time and on budget. Actions shall include, but not be limited to, the withholding of 5% of the moneys awarded. Of the amount withheld under this section, the department shall release to the recipient:

- a. 80% when the recipient has completed the project.
- b. 20% when the recipient has submitted and the department has accepted the final performance measure report as established by agreement between the department and the recipient. The department may not pay and the recipient forfeits the amount withheld under this paragraph if the recipient does not submit a final performance measure report before the due date in a manner that is acceptable to the department as established by the agreement between the department and the recipient. Additionally, if the recipient does not submit the performance measure report before the due date, the recipient may not apply for another performance grant during the next application cycle.

Department of Transportation – SB 5544 (Chapter 556, Oregon Laws 2013)

The Department [of Transportation] is directed to prepare and submit a report to the appropriate committees of each regular, odd-numbered year session of the Legislative Assembly beginning with the 2015 Legislative Assembly and concluding with the 2021 Legislative Assembly on the effects of implementing Chapter 48, Oregon Laws 2013 (Enrolled SB 833). The report shall include data and analysis on the following:

1. Changes in the number of uninsured drivers in Oregon.
2. Changes in the number of unlicensed drivers in Oregon.
3. Changes in the number of motor vehicle accidents in Oregon, particularly accidents that involve injuries or fatalities when an uninsured or unlicensed driver is involved.
4. Number of driver cards, driver permits and driver licenses issued each year.
5. Any trends in the information provided compared to previous reports.
6. Any additional information the Department determines is relevant to the implementation of Chapter 48, Oregon Laws 2013 (Enrolled SB 833).

If the measure is referred for a vote of the people and is defeated, the Department need not report to the Legislative Assembly.

Department of Transportation – SB 5544 (Chapter 556, Oregon Laws 2013)

The Department [of Transportation] is directed to develop a comprehensive report on highway and corridor feasibility studies that have been completed over the last 10 years and what actions the studies generated. Of particular interest are studies that address east-west corridors across the state. The Department is to present the report to the Transportation and Economic Development Subcommittee of Ways and Means during the 2014 Legislative Session.

Department of Transportation – SB 5544 (Chapter 556, Oregon Laws 2013)

The Department [of Transportation] is directed to provide a report covering all internal audits performed during the 2011-13 biennium including the audit findings and Department response to the findings. The Department is to present the report to the Transportation and Economic Development Subcommittee of Ways and Means during the 2014 Legislative Session.

Consumer and Business Services Program Area

Construction Contractors Board – SB 5513 (Chapter 451, Oregon Laws 2013)

In accordance with the work plan presented to the [C]ommittee, the Construction Contractors Board is directed to provide a progress report to the interim Joint Committee on Ways and Means and the appropriate interim policy committees during the September 2013 legislative days and to the Joint Committee on Ways and Means during the 2014 legislative session.

Department of Consumer and Business Services – SB 5514 (Chapter 452, Oregon Laws 2013)

The Department of Consumer and Business Services is directed to report to the Joint Committee on Ways and Means not later than December 1, 2014 on transparency in rate review and the operation of the state reinsurance program established pursuant to HB 3458 (2013).

Administration Program Area

Department of Administrative Services – HB 5002 (Chapter 627, Oregon Laws 2013)

The Department of Administrative Services shall coordinate with the Oregon Small Business Development Center Network to enhance the development of training opportunities between state agencies and departments and the Network.

Department of Administrative Services – HB 5002 (Chapter 627, Oregon Laws 2013)

The Department of Administrative Services shall conduct a cost-benefit analysis of providing training using web-based applications compared to total costs of providing traditional training (including cost of motor pool vehicles, mileage, fuel, hotel, per diem and work time lost, etc.). The Department will complete this analysis in collaboration with the 24 state agencies represented on the Enterprise Leadership Team and report findings to the interim Joint Committee on Ways and Means by February 2014.

Department of Administrative Services – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Administrative Services shall work with other state agencies to identify all information and referral services for state government, with a primary focus on help lines (for example, 1-800 numbers). The Department will submit a report to the Joint Committee on Ways and Means during the 2014 legislative session summarizing the purpose, scope, and cost of each service. For each state agency currently using 2-1-1 the report shall also provide information on the service(s) being provided, including but not limited to, contract provisions, utilization, benefits, costs, and budget. Finally, the report shall include an analysis of potential cost savings or efficiencies that might be achieved by broader use of 2-1-1.

Department of Administrative Services – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Administrative Services is directed to report back to the February 2014 Legislative Session with a plan to address the specific needs of smaller (<300 FTE) agencies with regard to Information Technology and Telecommunications Management. The Department shall also report on resources that will be necessary to implement such a plan and how those resources would be funded.

Department of Administrative Services – HB 5046 (Chapter 398, Oregon Laws 2013)

The Department of Administrative Services (DAS) is instructed to assist the Teacher Standards and Practices Commission in exploring alternatives for replacement of the Commission's information system. Alternatives may include a stand-alone system, modifying another agency's system, or accessing DAS's e-Portal contractor to develop a system. DAS and the Commission will report to the

Joint Committee on Ways and Means during the 2014 Legislative Session or to the Interim Joint Committee on Ways and Means on the alternatives explored for the information system replacement as well as alternatives for financing its replacement.

Department of Revenue – HB 5008 (Chapter 723, Oregon Laws 2013)

The Department of Revenue (DOR) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Core Systems Replacement Project. DAS is to provide DOR with the oversight of the project, including support for project management, information technology systems development lifecycle, procurement, quality assurance, and other needs to successfully complete this project. DOR is to submit updated key foundational project management documentation, each accompanied by an independent quality control review, to Legislative Fiscal Office (LFO) on or before February 1, 2014, as available for review. DOR and DAS are directed to report to LFO every six months through the biennium on the status of the project using DOR's standard project management reports as well as provide copies of all Quality Assurance and Quality Control and Independent Verification and Validation reports upon their receipt by the agency.

Department of Revenue – SB 5538 (Chapter 549, Oregon Laws 2013)

The Department of Revenue shall submit a report to the Legislature during the 2014 session that describes the cause of non-compliance in the personal and corporation tax programs, including a discussion of tax gap estimates. The Department shall create a specific, systemic plan to reduce the tax gap including performance measures, benchmarks, and timelines, and report progress from this plan to the Legislature in 2015. Where possible, the Department shall incorporate the results of the work performed for the Enforcement Revenue Budget Note [in HB 5040 (2011)].

Department of Revenue – SB 5538 (Chapter 549, Oregon Laws 2013)

The Department of Revenue shall report to the Legislature in 2014 on the use of private collection firms (PCF) including: age of accounts sent to PCF, amount of accounts turned over to the PCF (total and individual), time it takes PCF's to collect past due accounts, collection rate, and the amount and type of fees charged to clients.

Employment Relations Board – HB 5010 (Chapter 498, Oregon Laws 2013)

The Employment Relations Board is directed to reinstate administrative law judge travel to local jurisdictions for contested case hearings.

Public Employees Retirement System – SB 822 (Chapter 53, Oregon Laws 2013)

Section 18 of SB 822 directs the Public Employees Retirement System (PERS) Board to "recalculate the contribution rates of all employers, pursuant to ORS 238.225, to reflect the provisions of this 2013 Act." In addition to any employer rate increase that would be deferred in the 2013-15 biennium under the PERS Board's October 2012 rate smoothing methodology, the Legislature directs the PERS Board to undertake additional administrative actions to further reduce each PERS employer's rate by up to 1.9% of covered payroll to mitigate rate increases for the 2013-15 biennium, to the extent such administrative actions conform to sound accounting and actuarial practices, as determined by the PERS Board in consultation with the system's actuaries. PERS is directed to report to the Joint Committee on Ways and Means during the 2014 session on the administrative actions undertaken by the PERS Board and an estimate of the amount of system wide savings resulting from the actions.

Public Employees Retirement System – SB 5537 (Chapter 548, Oregon Laws 2013)

The Public Employees Retirement System (PERS) is directed to report to the Legislative Fiscal Office (LFO) on the Board's implementation of legislation and administrative actions related to 2013-15

employer contribution rates. PERS is to provide LFO with final employer contribution rates for the 2013-15 biennium and with an updated estimate of the amount of system wide savings generated by major employer group (state agencies and university system; school districts; and local governments). PERS is to report quarterly to LFO on retirement applications by major employer group, including inactive member retirements, retirement plan, and benefit calculation methodology. PERS is to provide LFO with an annual report on actual retirement activity, including inactive members, for calendar years 2012, 2013, and 2014.

Public Employees Retirement System – SB 5537 (Chapter 548, Oregon Laws 2013)

PERS is directed to review the healthcare insurance marketplace and report back to the Joint Committee on Ways and Means during the 2015 session on whether the pre-Medicare population within the PERS Health Insurance Program should be combined with other groups in acquiring healthcare coverage under the Cover Oregon plans and whether the Affordable Care Act or Cover Oregon could provide coverage for the Medicare Plan policy holders under the PERS Health Insurance Program.

Office of the Governor – HB 5008 (Chapter 723, Oregon Laws 2013)

The Joint Committee on Ways and Means approved a budget with HB 5028, the budget bill for the Oregon Business Development Department that concerned the Regional Solutions program. The budget note included in HB 5028 is repealed, and the following budget note, also concerning the Regional Solutions program, is adopted. The Transportation and Economic Development Subcommittee approved a \$1 Other Funds expenditure limitation for the Oregon Business Development Department for Regional Solutions. Prior to legislative approval of any increase in the expenditure limitation for this program, the Office of the Governor shall report to the Interim Joint Committee on Ways and Means with a request to introduce a bill, for consideration during the 2014 Session of the Legislative Assembly, to establish the Regional Solutions program. In addition to any other provisions in this report that the Governor may include, the report shall include requested provisions to: provide for the establishment of Regional Solutions Centers; identify the membership, governance and duties of the Centers; establish criteria on the use of funds allocated to the program; define the process for the development and approval of funding proposals; establish authority for the Oregon Business Development Department to distribute moneys to projects funded under the program and to provide effective oversight of the uses of the moneys so distributed; and delineate the activities and responsibilities of the Oregon Business Development Department for administering the program. The Office of the Governor shall submit this report to the Interim Joint Committee on Ways and Means no later than during the Legislative Days in November 2013.

Office of the Governor – SB 5523 (Chapter 670, Oregon Laws 2013)

The [Office of the Governor] should review the need for positions that are funded by other agencies and create a report showing the total number of those positions, the total cost of those positions, and a proposal to reduce, eliminate, or realign those positions. The agency should also review its Key Performance Measures and prepare a report on any proposed changes. Both of these reports should be presented to the Joint Committee on Ways and Means during the 2014 session.

Secretary of State – SB 5539 (Chapter 671, Oregon Laws 2013)

The [C]ommittee anticipates that the [Secretary of State's] Elections Division, at the conclusion of the 2013-15 biennium, will retain an ending balance of \$2.3 million in Federal Funds received under the Help America Vote Act (HAVA). No additional HAVA funds are expected to be received. The Secretary of State is requested to report on the use of Federal HAVA monies, and on Election Division plans to address the upcoming exhaustion of available HAVA monies. The report shall identify

programs and expenditures that will be discontinued upon exhaustion of HAVA monies, and identify expenditures that the Secretary will request to be continued with alternative fund sources. The report shall be submitted to the Joint Committee on Ways and Means for its consideration in the 2014 legislative session.

Secretary of State – SB 5539 (Chapter 671, Oregon Laws 2013)

The Secretary of State is requested to report on efforts to include information about, and access to, state agency programs within the functions of the Central Business Registry and the One-Stop Business Portal. The report shall identify any specific state agency objections to these efforts, and suggest, if appropriate, legislative actions to assist. The report shall be submitted to the interim Joint Committee on Ways and Means or to the Emergency Board no later than October 2014.

Judicial Branch

Judicial Department – HB 5016 (Chapter 632, Oregon Laws 2013)

The [C]ommittee understands that the Oregon Judicial Department (OJD) will have approximately \$24.3 million in Oregon eCourt-related expenditures during the 2013-15 biennium that will be funded with General Obligation (Article XI-Q) bond proceeds. In order to reduce the General Fund debt service requirement in the 2013-15 biennium, OJD will initially pay those costs from General Fund for operations, then have that General Fund reimbursed with bond proceeds from a bond sale in March 2015. This agreement postpones the debt service obligation to make additional General Fund available for court operations in 2013-15, but requires the bond proceeds to be received in the 2013-15 biennium so that Oregon eCourt expenditures can be paid with bond proceeds and the General Fund for court operations can be reimbursed in the 2013-15 biennium. This agreement will defer approximately \$5.2 million of General Fund-financed debt service until after the 2013-15 biennium.

Public Defense Services Commission – HB 5041 (Chapter 635, Oregon Laws 2013)

The [C]ommittee reduced General Fund for Professional Services by \$3,200,000 General Fund to eliminate funding in the current service level for expenses that would not be paid until after the 2013-15 biennium ends. The appropriation amount [to Public Defense Services Commission] approved in the 2013-15 biennium budget for Professional Services shall be utilized solely for expenses incurred and paid during the 2013-15 biennium. This is a one-time adjustment to discontinue the historic practice of funding expenses to be paid in the following biennium as part of the current service level of the active biennium. This adjustment moves the agency to a cash basis of accounting for recording expenses and allows the agency to spend its full 2013-15 biennium appropriation amount during the twenty-four months of the 2013-15 biennium.

Fiscal Impact Statements

The following is a brief summary of fiscal impact statements, process, and statistics for the 2013 legislative session.

Fiscal Impact Statement

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:⁶

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

2013 Process

Oregon Revised Statute Chapter 173 states that fiscal impact statements are required on measures that are reported out of committee. During the 2013 session, House and Senate substantive committees, by model committee rules, were required to receive and review a fiscal impact 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 Joint Ways and Means.⁷ The purpose of the rules was to inform substantive committee decision-making on the fiscal implications of a particular measure. This rule change continues to result in the issuance of a significantly larger number of fiscal impact statements, particularly on amendments.

Fiscal Impact Statistics

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

⁶ A budget report is also considered a type of fiscal impact. A budget report, however, is a product of the Joint Committee on Ways and Means and is produced for any bill, substantive or budgetary, that appropriates or allocates funds, limits expenditures, or provides for new position or full-time equivalent authority.

⁷ A fiscal impact was not required for measures with a subsequent referral to another substantive committee (i.e., "Hall Pass"). There were 48 "Hall Passes" issued during the 2009 session as compared to 269 issued during the 2007 session, many of which were for measures transiting to the Joint Committee on Ways and Means. In 2011, "Hall Passes" were not issued and instead a "Fiscal Lite" was issued outlining the potential fiscal impact of the measure as it was sent from substantive committee to substantive committee or from substantive committee Revenue of JWM. There were 281 "Fiscal Lites" issued during the 2013 session.

There were 2,675 measures introduced during the session, which is 345 less than the 2011 session and 710 fewer than the average of the last eight biennia. The number of amendments drafted, which was approximately 3,941, increased from the 2011 session by 305 amendments. Of the 2,675 measures introduced, 720 (27%) survived to become law.

While not every measure introduced or amendment drafted advanced legislatively and a fiscal impact prepared, LFO produced 3,076 fiscal impacts during the 2013 session, which is 333, or 12.1%, more than the 2011 session and 361 more than the average for the last eight biennia.

Of the 3,076 fiscal impacts issued 1,275 (41%) were written Fiscal Impact statements, 1,198 (39%) were Minimal Fiscals, and 613 (20%) No Fiscals were issued. The number of Minimal Fiscal Impacts is a 7% increase over the 2011 session. The number of fiscal impacts issued is a reflection of committee rules and substantive committee's management of amendments.

LFO fiscal impact staff comprised five positions (5.00 FTE) dedicated to the preparation of fiscal impacts. On average, each fiscal analyst produced 617 fiscal impacts. The actual number of fiscals issued by each fiscal analyst varied substantially from 508 to 791. Each fiscal analyst is assigned a policy area and this variation is an indication of the level of activity within these policy areas and may change from one session to the next depending upon the priorities of the Legislature. LFO was assisted in this process by hundreds of staff across state agencies and local governments with varying levels experience with the fiscal impact process.

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

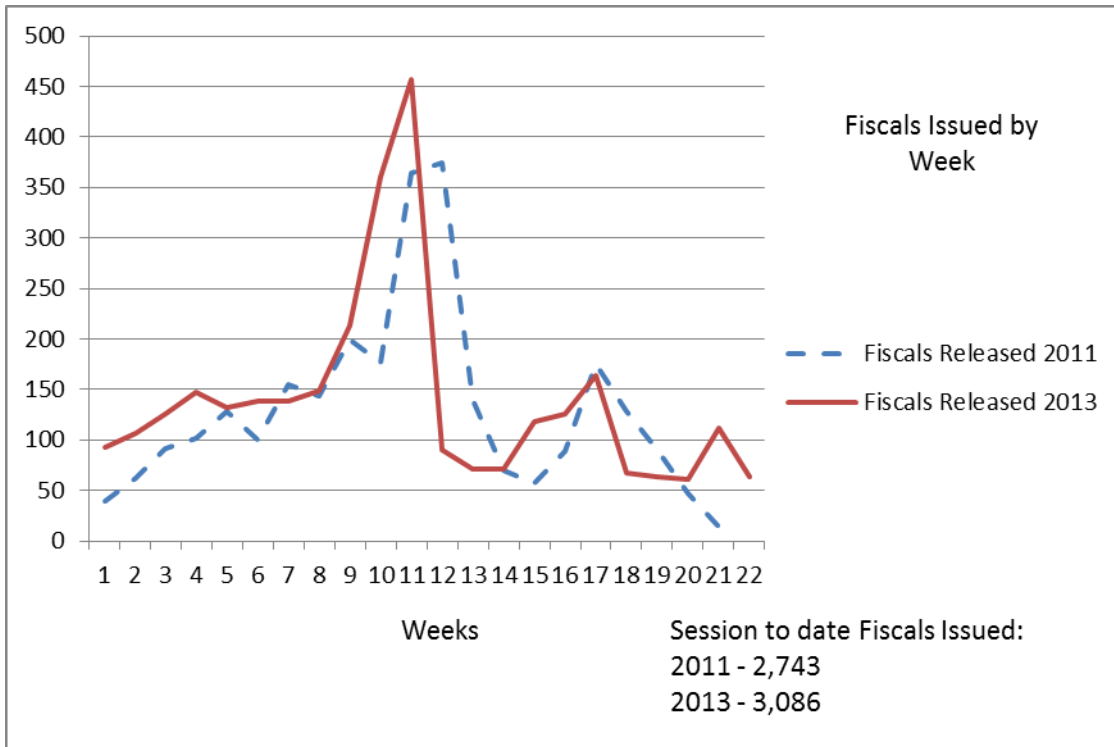
Regular Legislative Session	1999	2001	2003	2005	2007	2009	2011	2013	Eight Biennia Average
Biennium/Statistic									
Length of Regular Session	195	181	227	208	171	170	149	154	184
Number of Measures and Amendments									
Measures introduced	3,308	3,297	2,922	3,141	2,920	2,782	3,020	2,675	3040
Amendments drafted	5,894	5,133	4,569	4,202	4,365	4,407	3,636	3,941	4534
Total	9,202	8,430	7,491	7,343	7,285	7,189	6,656	6,616	7575
Measures Enrolled	1,252	1,075	869	914	982	980	793	720	944
% of measures introduced enrolled	37.90%	32.60%	29.70%	29.10%	33.60%	35.23%	26.30%	26.92%	31.70%
Fiscal Impact Statements (FIS)									
Written Fiscal Analysis	1,503	1,233	716	524	658	1,133	1,123	1,275	1,005
Minimal Fiscal	344	400	387	478	380	1,095	880	1,198	581
No Fiscal	1,446	1,431	1,003	1,252	923	997	740	613	1,051
Total	3,293	3,064	2,106	2,254	1,961	3,225	2,743	3,086	2,717
% Written Analysis	45.70%	40.20%	34.00%	23.30%	33.60%	35.10%	40.90%	41.32%	36.98%
% Minimal Fiscal	10.50%	13.10%	18.40%	21.20%	19.40%	34.00%	32.10%	38.82%	21.39%
% No Fiscal Impact	43.90%	46.70%	47.60%	55.60%	47.10%	30.90%	27.00%	19.86%	38.68%

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

**The number of No Fiscal Impacts for the 1999 session is an estimate. Some percentages may not foot.

***Budget report statistics are excluded from this analysis.

The chart on the following page outlines the number of fiscal impacts issued each week in 2011 and 2013, the volume of fiscals issued, in 2013, peaked during the weeks of April 4 and April 11. This corresponds to the deadline for committees to report out bills from the chamber of origin. This not only resulted in a substantially increased workload, nearly triple the average workload, but also an increase in bills subsequently referred to the Rules Committees or the Joint Committee on Ways and Means. During this two week period, there were 818 fiscal impacts issued, an 11% increase over 2011. The peak for fiscals issued in 2011 is delayed a week due to the timing of session deadlines.



Substantive Bills Enacted into Law with a Budget Effect

2013 Substantive Bills Enacted into Law with a Budget Effect

In addition to appropriation bills, the Legislature approved a number of substantive bills that had a budgetary or fiscal impact. The following is a brief summary, by program area, detailing the 70 most noteworthy substantive bills reported out of the Joint Committee on Ways and Means and which became law or were referred to voters.⁸ Also discussed is the number of bills referred to Ways and Means.

Referrals to the Joint Committee on Ways and Means

Of the 2,679 measures introduced during the 2013 session, 400 (14.93%) were referred to Ways and Means. Of the referred bills, 114 (28.50%) were budget bills referred directly to Ways and Means. The remaining 286 (71.50%) of bills were substantive or non-budget bills. Of the substantive bills in Ways and Means, 204 (71.33%) received a public hearing. Ways and Means reported out 175 (61.19%) of the substantive measures that it was referred.⁹

Education Program Area

HB 2585 (Chapter 650, Oregon Laws 2013) directs the State Board of Education to adopt a process for receiving and investigating complaints about the use of physical restraint or seclusion of students in schools, and requires school districts and other entities to submit annual reports on the use of physical restraint or seclusion. The bill includes \$102,674 General Fund for the Oregon Department of Education (ODE) for costs to build and maintain a database for complaints and reports and for investigation of complaints.

HB 2644 (Chapter 651, Oregon Laws 2013) directs education programs to submit class size information to the ODE who is to make the information available to the public on its website. The bill includes \$267,446 General Fund and two limited duration positions (1.35 FTE) for ODE for database development and maintenance.

HB 2649 (Chapter 652, Oregon Laws 2013) appropriates \$500,000 General Fund to the ODE for school nutrition grants so that at least 80% is used for food procurement and at least 10% is used for educational activities.

HB 2729 (Chapter 743, Oregon Laws 2013) appropriates \$300,000 General Fund to ODE for grants through the Afterschool Meal and Snack Program. It also appropriates \$60,000 General Fund to ODE to pass through to an organization for administering the program.

HB 2912 (Chapter 745, Oregon Laws 2013) clarifies the responsibilities and issues to be addressed by ODE, the Department of Community Colleges and Workforce Development and the Bureau of Labor and Industries regarding career and technical education (CTE). including encouraging the development of joint high school and community college CTE committees, making more effective use of resources, and increasing opportunities for internships, apprenticeships and other means that lead to employment. The bill establishes the Career and Technical Student Organization Grant Program for

⁸ Additional information can be found in a measure's budget report, an agency budget report, the budget reconciliation (i.e., HB 5008) budget report, or a fiscal impact statement. This information is available on the Oregon Legislative Information System (OLIS). Other information posted to the Legislature's website includes summaries of major legislation produced by the Legislative Revenue Office and Legislative Committee Services.

⁹ The average number of measures referred to Ways and Means since the 2003 biennium is 13% of introduced measures.

school districts and nonprofit entities that support CTE related student organizations. The bill provides \$500,000 General Fund for the grant program and \$239,770 General Fund to support advisory committee activities and administrative expenses related to grant program.

HB 3234 (Chapter 624, Oregon Laws 2013) establishes the Early Learning Division in the Oregon Department of Education and places control of the Division under the Early Learning Council. An Early Learning Director who is appointed by the Governor is to lead the Division. The programs transferring into the new Division include (1) the programs of the Child Care Division of the Employment Department; (2) Oregon's Pre-Kindergarten, and Early Head Start programs in the Department of Education, and (3) various programs currently part of the Governor's Office. These include Healthy Start/Healthy Families, Relief Nurseries, the Race to the Top federal grant, and Great Start. The bill also establishes a Child Care Office in the new Division for the purpose of administering child care related programs.

HB 3264 (Chapter 662, Oregon Laws 2013) directs ODE to establish a pilot program for the purpose of helping students with disabilities transition to life after high school. It directs ODE to identify at least five districts to participate in the pilot program, including at least one larger and one smaller school district and one school district that serve a rural community. Grants will be awarded districts participating in the pilot program. The bill allocates \$50,000 out of the General Fund to ODE to carry out the provisions of this bill.

HB 3451 (Chapter 665, Oregon Laws 2013) appropriates \$300,000 General Fund to establish the Oceangoing Research Vessel Program at Oregon State University to conduct certain marine research, as well as creates the Research Vessel Council and specifies member composition.

SB 2 (Chapter 511, Oregon Laws 2013) establishes the Scholars for a Healthy Oregon Initiative at the Oregon Health and Science University (OHSU which provides scholarships to eligible participants who are entering an OHSU training program for physicians, dentists, nurse practitioners, physician assistants, and nurse anesthetists. Participants must agree to serve in medically underserved communities for at least one year longer than they participated in the training program. Failure to complete this requirement results in the repayment of the scholarship plus a 25% penalty. The repayment and penalty is reduced proportionately for each year the participant serves in the designated area or community. The bill includes an appropriation of \$2.5 million General Fund to implement the Initiative for the 2014-15 academic year. This level of funding is expected to assist approximately 21 students for the 2014-15 school year.

SB 270 (Chapter 768, Oregon Laws 2013) establishes institutional boards for University of Oregon and Portland State University; establishes timeframes in which Oregon State University may elect to establish an institutional board; vests institutional boards with specified duties and rights; details composition requirements of institutional boards; and establishes a process by which other universities in Oregon University System may similarly establish institutional boards. The bill also allows universities with an institutional board to issue revenue bonds; establishes Special Committee on Regional and Technical Universities; and establishes a Work Group on University Shared Services. In addition, the bill clarifies the Governor's role in the board appointment process and clarifies that the Special Committee will be considering questions related the future academic coordination of the seven universities.

SB 498 (Chapter 772, Oregon Laws 2013) provides \$7.5 million General Fund in additional resources for the Career and Technical Education (CTE) Revitalization Grant Program that is

administered by ODE. This program provides grants to school districts, education service districts, and other schools for the purpose of enhancing the collaboration between education providers and employers, developing CTE programs, and expanding the professional growth and career opportunities for students.

SB 540 (Chapter 773, Oregon Laws 2013) creates a twelve-member Task Force on School Capital Improvement Planning charged with recommending to the Oregon Education Investment Board programs and funding sources that will allow providers of public education to respond to evolving methods for delivering education and for funding and maintaining capital infrastructures; and establish a more efficient and integrated capital infrastructure system for preschool through 12th grade. The bill appropriates \$100,000 General Fund to ODE for supporting the Task Force. The bill also requires ODE to establish and maintain a public education facility information database to provide information on facilities. The database must be available to the public. The bill appropriates \$325,000 General Fund for developing (\$100,000) and maintaining (\$225,000) the database.

SB 739 (Chapter 777, Oregon Laws 2013) requires ODE to consult with specified entities when developing academic content standards for Oregon Studies. The bill appropriates \$146,167 General Fund, and authorizes the agency to establish two Limited Duration positions, to develop these academic standards for economics, history, civics and government and geography, adapted for grades K-12.

Human Services Program Area

HB 2074 (Chapter 568, Oregon Laws 2013) changes the name of the Oregon Health Licensing Agency (OHLA) to the Health Licensing Office, and moves the agency within the Oregon Health Authority (OHA). The responsibility of appointing the director of this health licensing entity transfers from the Department of Administrative Services to OHA.

HB 2087 (Chapter 640, Oregon Laws 2013) authorizes the Department of Corrections, the Oregon Youth Authority, and local correctional facilities to apply for medical assistance on behalf of inmates of the facilities, rather than the inmates being required to apply for themselves. With passage of this bill, it is anticipated that a larger number of inmates will be eligible for medical assistance coverage, and the state would be able to claim Medicaid matching funds for hospital inpatient care provided to incarcerated individuals through the Medical Assistance Programs (MAP), per federal law and regulation. This bill is anticipated to realize significant savings for the Department of Corrections, Oregon Youth Authority, and local correctional entities.

HB 2090 (Chapter 569, Oregon Laws 2013) removes the sunset on the Practitioner-Managed Prescription Drug Plan, also called the Preferred Drug List, for prescription drug coverage in medical assistance programs. The program is currently set to sunset on January 1, 2014. This bill continues the Preferred Drug List as it works now, related to drugs that treat physical health conditions. The amendment extends the sunset of the program four years, from January 1, 2014 to January 1, 2018, rather than removing the sunset altogether. This bill results in a savings of \$7.4 million Total Funds and \$2.3 million General Fund for the Oregon Health Authority.

HB 2091 (Chapter 365, Oregon Laws 2013) repeals the private health option in Health Care for All Oregon Children Program, or Healthy Kids Connect, and moves all children currently enrolled in that option to the Oregon Health Plan. This affects children whose family incomes are between 200% and 300% of federal poverty level, subject to federal approval and the availability of federal funds. The

bill results in a General Fund savings of \$11.9 million for the Oregon Health Authority in the 2013-15 biennium. Total Funds are reduced by \$42.3 million. The adjustment is included in HB 5030, the budget bill for the Oregon Health Authority.

HB 2216 (Chapter 608, Oregon Laws 2013) extends the hospital assessment for two years to September 20, 2015. The bill also adds an additional 1% assessment over the current rate, which will be used to assist hospitals to reduce overall hospital utilization while improving patient outcomes. The bill creates a hospital performance metrics advisory committee. For the 2013-15 biennium, for the Oregon Health Authority, the bill results in an increase in Other Funds of \$745 million, and an increase in Federal Funds of about \$1.3 billion. In addition, the bill reauthorizes the Long Term Care Facility Assessment and extends it through June 30, 2020. The existing Medicaid reimbursement methodology for long term care facilities would continue, but rebasing occurs annually instead of biennially. Another change brings some exempt facilities under the assessment. The bill also sets out a process for helping providers reach a goal of reducing Oregon's long term care bed capacity by 1,500 beds by the end of 2015. For the 2013-15 biennium, for the Department of Human Services, the fiscal impact is a General Fund reduction of \$21.6 million, an increase in Other Funds of \$59.6 million, and an increase in Federal Funds of about \$68.4 million.

HB 2240 (Chapter 681, Oregon Laws 2013) aligns Oregon health insurance law with the Affordable Care Act, adding market reforms and federal requirements to the Insurance Code. The bill also abolishes the Office of Private Health Partnerships within the Oregon Health Authority, and ends the Family Health Insurance Assistance Program (FHIAP), transitioning current FHIAP clients to the Oregon Health Plan and CoverOregon, the Oregon Health Insurance Exchange. This bill results in a General Fund savings of \$237,093 for the Oregon Health Authority in the 2013-15, and an increase in Total Funds of \$40.1 million. These adjustments are included in HB 5030, the budget bill for the Oregon Health Authority.

HB 2279 (Chapter 731, Oregon Laws 2013) allows the governing bodies of local governments to elect to participate in plans offered by the Oregon Educators Benefit Board (OEBB) and the Public Employees' Benefit Board (PEBB). The bill specifies that the decision of a local government to participate in a benefit plan offered by OEBB and PEBB is a permissive subject of collective bargaining. The bill changes the composition of the OEBB and PEBB boards to allow for representation by local governments if a local government elects to participate in one of the plans. The bill also establish certain conditions under which local governments offering a benefit plan through OEBB and PEBB may provide alternative group health and welfare insurance plans to eligible employees.

HB 2445 (Chapter 683, Oregon Laws 2013) requires the Oregon Health Authority to develop and continuously refine an evidence-based system of care that meets the developmental needs of adolescents, and to establish procedures and criteria for certifying and decertifying school-based health centers. The \$4 million General Fund included in the bill will allow the agency to provide funding to existing school-based health centers to bring all centers closer to parity in state funding, as well as provide funding to centers that are in the planning or construction stages. Two full-time positions and one half-time position (2.19 FTE) are included to support the expansion of the system.

HB 2836 (Chapter 709, Oregon Laws 2013) codifies the conditions, standards, and procedures for determining if individuals under 18 years of age in a delinquency petition are fit to proceed. The bill outlines the definition of unfit and provides statutory structure and timeliness for raising the issues of fitness, obtaining fitness evaluations, challenging evaluations and administering restorative services in

cases involving a person less than 18 years in delinquency petition. The bill requires the Oregon Health Authority (OHA) to formalize and administer the fit to proceed evaluation process, including developing training standards for psychiatrists, licensed psychologists and licensed clinical social workers conducting the evaluations and developing guidelines for conducting evaluations. The bill adds \$869,386 General Fund to OHA's 2013-15 budget and one position (0.75 FTE) to carry out this work.

HB 3458 (Chapter 698, Oregon Laws 2013) establishes the Oregon Supplemental Reinsurance program in the Oregon Health Authority, in order to stabilize rates and premiums for the market. It also phases out the Oregon Medical Insurance Pool (OMIP) program, Oregon's high risk pool for individuals who are unable to obtain medical insurance because of health conditions. The new reinsurance program is funded by insurer assessments similar to the current OMIP program. The bill results in a fiscal impact of an increase in Other Funds Nonlimited expenditures of \$3.3 million, as the OMIP program is phased out and the new Oregon Reinsurance Program is phased in. These changes are included in HB 5030, the budget bill for the Oregon Health Authority

HB 3460 (Chapter 726, Oregon Laws 2013) requires OHA to establish and administer a new registration system for medical marijuana facilities to facilitate the transfer of usable and immature marijuana between grow sites and registry identification cardholders, and their designated primary caregivers. The bill includes \$803,276 Other Funds expenditure limitation, to be used in part to pay for four permanent positions (3.66 FTE) for the 2013-15 biennium. The bill authorizes OHA to adopt rules establishing fees to register a medical marijuana facility. Other Funds revenue from fees paid by medical marijuana facilities for the 2013-15 biennium is forecasted at \$900,000.

SB 123 (Chapter 515, Oregon Laws 2013) requires the Department of Human Services (DHS) to adopt rules establishing the Oregon Foster Children's Bill of Rights. The agency must ensure that every child and youth in foster care receives a document describing these rights. The bill establishes a special hotline phone number for foster children to make complaints and assert grievances regarding care, safety, or well-being. The bill includes \$87,412 General Fund and \$95,920 Federal Funds, and one position (0.75 FTE) dedicated to answering the hotline and focused entirely on children involved in the foster care system.

SB 421 (Chapter 715, Oregon Laws 2013) authorizes a district attorney to petition the court to initiate commitment proceedings if there is reason to believe a person is an extremely dangerous mentally ill person, and if committed by the court, the person may be supervised by the Psychiatric Security Review Board (PSRB). The bill adds \$36,100 General Fund appropriation to the Psychiatric Security Review Board's 2013-15 biennium budget to cover the administrative costs associated with the estimated 12 individuals that are anticipated to be admitted as a civil commitment under this bill. Additionally, the bill adds \$169,571 General Fund appropriation to the Oregon Health Authority's 2013-15 biennium budget to cover the additional length of stay costs at the Oregon State Hospital as those committed await PSRB hearings and discharge placement.

SB 483 (Chapter 5, Oregon Laws 2013) establishes processes and procedures for health care facilities, health care providers and patients to report adverse health care incidents to the Oregon Patient Safety Commission to improve patient safety and facilitate dispute resolution. The bill establishes the Task Force on Resolution of Adverse Health Care Incidents charged with evaluating the implementation and effects of implement the provisions of this Act. The Oregon Health Authority's 2013-15 budget includes \$1.6 million General Fund allocated to the Oregon Health Authority as pass-through funding for the Oregon Patient Safety Commission to carry out the provisions of this bill.

SB 626 (Chapter 717, Oregon Laws 2013) expands the duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities. The bill also renames the Long Term Care Advisory Committee to Residential Facilities Advisory Committee and increases membership from seven to nine. The associated costs for developing the expanded program and working with about 125 new volunteers are estimated at \$585,488 General Fund and seven positions (2.81 FTE). These changes are included in HB 5008, the omnibus end of session bill.

SB 728 (Chapter 605, Oregon Laws 2013) establishes a 17-member State Trauma Advisory Board within the Oregon Health Authority to advise the authority with regards to the state emergency medical services and trauma system. The bill directs the Board to analyze data related to the state's emergency medical services and trauma system, and to make evidence-based decisions in suggesting improvements to the system. In order to gather and analyze emergency medical services and trauma system data that will enable the State Trauma Advisory Board to make evidence-based decisions, the Oregon Health Authority will need to establish a full-time Operations and Policy Analyst 3 position to collect and analyze the data to provide information to the board. The bill includes \$179,692 General Fund for one Operations and Policy Analyst 3 position (0.75 FTE) and related Services and Supplies.

Public Safety Program Area

HB 2234 (Chapter 67, Oregon Laws 2013) eliminates the sunset provision authorizing a supervisory authority to place offenders on inactive post-prison supervision. By eliminating the sunset provision, the measure allows the Department of Corrections and community corrections departments to continue to place offenders on "inactive" status, thereby providing a cost savings of approximately \$8.4 per day for each offender and shortening the length of time on probation supervision.

HB 2549 (Chapter 708, Oregon Laws 2013) establishes a three-tier system for categorizing sex offenders based on a risk assessment tool established by the Department of Corrections (DOC). Currently, DOC and the Board of Parole and Post-Prison Supervision conduct sex offender risk assessments using a tool called a "Static 99" that would meet the requirements of the measure. The measure requires the Board of Parole to conduct these risk assessments on current offenders who have not already received one by December 2016. The Board of Parole reports there are close to 20,000 registered sex offenders currently in Oregon and approximately 16,000 have a current Static 99. The measure includes a General Fund appropriation of \$254,655 for the establishment of two positions (1.67 FTE) for the Board of Parole to conduct the approximately 4,000 Static 99 assessments.

HB 3194 (Chapter 649, Oregon Laws 2013) the measure makes several changes to Oregon criminal law, which include sentencing reform for certain crimes and modifying offender incentive programs and post-prison supervision. The fiscal impact savings to the Department of Corrections operating budget for the sentencing reform is reported to be \$19.7 million General Fund and a reduction of 197 positions and 65.31 FTE. Additionally, the measure establishes a Justice Reinvestment Grant Program administered by the Criminal Justice Commission and establishes the framework for counties to utilize grant funding for operation of reentry courts. For the 2013-2015 biennium, the grant program is anticipated to receive \$10 to \$15 million of General Fund. The measure also establishes the Center for Policing Excellence within the Department of Public Safety Standards and Training at a cost of \$1,201,654 Other Funds and 4.00 FTE.

HB 3317 (Chapter 749, Oregon Laws 2013) extends the sunset date for the emergency communications tax from January 1, 2014 to January 1, 2022. The tax rate of \$0.75 and the distribution of tax revenue remain unchanged from current law. The measure is estimated to raise

\$58.1 million for 18-months of the 2013-15 biennium and \$76.8 million for 24-months of the 2015-17 biennium. The extension of the tax is assumed in the 2013-2015 legislatively adopted budgets of the Department of Revenue, the Department of Public Safety Standards and Training, and the Military Department, which passes through most of the tax to local cities and counties.

HB 3331 (Chapter 694, Oregon Laws 2013) directs the Department of State Police to establish a Voluntary Central Criminal Records Check Registry. The registry will allow individuals to enroll for a fee and allow state agencies that require criminal records checks to accept enrollment in the program in lieu of additional records checks. The fiscal and revenue impact to the State Police is indeterminate as the number of participants and the fee amounts for application and renewal have not been established.

SB 6 (Chapter 719, Oregon Laws 2013) increases penalties for animal abuse and animal neglect. The increased cost to the Department of Corrections is anticipated to be \$43,661 General Fund, and the increased cost to the Public Defense Services Commission is anticipated to be \$46,216 General Fund in the 2013-2015 biennium. Additionally the measure creates requirements for animal rescue organizations including licensing fees and civil penalties for violations. The fees and civil penalties would be paid to local governments' dog licensing and control enforcing agencies. The fiscal and revenue impact to local governments is indeterminate.

SB 40 (Chapter 591, Oregon Laws 2013) the measure reduces unlawful manufacture of marijuana from a Class A felony to a Class B felony and creates varying penalties for marijuana possession based on weight. The reduction of the crime classifications for possession is anticipated to have a fiscal impact savings to the Department of Corrections of approximately (\$1,575,004) General Fund and a savings to the Public Defense Services Commission of approximately (\$855,200) General Fund in the 2013-2015 biennium.

SB 813 (Chapter 782, Oregon Laws 2013) transfers the Seismic Rehabilitation Grant Program from the Oregon Military Department (OMD) to the Oregon Business Development Department (OBDD). The transfer will occur on January 1, 2014. The program is a competitive grant program that provides funding for the seismic rehabilitation of critical public buildings, including public schools and emergency services facilities. The state issues General Obligation bonds, authorized under Article XI-M and Article XI-N of the Oregon Constitution, to finance these grants. The bill reduces OMD's budget by \$3,180,973 General Fund, and increases OBDD's budget by \$3,180,972 General Fund.

Economic and Community Development Program Area

HB 2323 (Chapter 732, Oregon Laws 2013) abolishes the sunset date for the Oregon Growth Board, and transfers the management of the Oregon Growth Account from the State Treasurer to the Oregon Growth Board. The bill authorizes the Board to use the Oregon Growth Fund to encourage investment in Oregon businesses, and provides \$1.9 million in Lottery Funds to the Oregon Growth Fund for the 2013-15 biennium. The bill also allocates \$100,000 in Lottery Funds to the Oregon Business Development Department and establishes one half-time Operations and Policy Analyst 4 position (0.50 FTE), for the Department to provide administrative support to the Oregon Growth Board.

HB 2417 (Chapter 646, Oregon Laws 2013) increases the fee for recording or filing certain real property documents by \$5 and dedicates the resultant revenue to housing assistance for veterans. The bill is expected to generate an estimated \$5.83 million in the 2013-15 biennium. The bill includes a \$2.9 million Other Funds limitation to the Housing and Community Services Department to administer the provisions of the bill.

HB 2639 (Chapter 740, Oregon Laws 2013) amends housing discrimination law to allow individuals to include federal rent subsidy payments under 42 U.S.C. 1437(f), and any other local, state or federal housing assistance as a source of income. The bill establishes the Housing Choice Landlord Guarantee Program (HCLGP) and Fund to mitigate the losses to landlords due to damages to a dwelling unit caused by tenants that are receiving tenant-based assistance under the federal Housing Choice Voucher Program (HCVP). The bill includes \$74,855 General Fund to the Housing and Community Services Department for transfer into the Housing Choice Landlord Guarantee Fund. The General Fund appropriation represents half of the General Fund appropriation for this bill. The Joint Committee on Ways and Means recommended that the second half of the General Fund appropriation (\$74,855) be set aside (reserved) in a Special Purpose Appropriation (SPA) for the second year of the biennium.

HB 2700 (Chapter 742, Oregon Laws 2013) directs the Oregon Business Development Department (OBDD), in consultation with the State Department of Agriculture, to establish the Beginning and Expanding Farmer Loan Program for the purposes of facilitating the issuance of loans to beginning farmers. Under provisions of the bill, the State Treasurer may issue revenue bonds at the request of OBDD, secured by the revenue from agricultural project sales that are pledged for this purpose. The bill allows OBDD to establish fees charged to lenders and beginning farmers to provide funding for administration of the program and cover the costs of bond issuance, and bond counsel fees. The bill allocates \$227,607 of Lottery Funds to OBDD, and adds one part-time Program Analyst 4 position (0.50 FTE) to the Department budget, for implementation and administration of the program.

SB 191 (Chapter 703, Oregon Laws 2013) redirects the existing 15% penalty imposed against people who commit fraud in order to receive unemployment insurance benefits from the Employment Department's Special Fraud Control Fund to the Unemployment Insurance Benefit Trust Fund. The bill also authorizes the Employment Department to impose an additional penalty of up to 15%, and directs the additional penalty amount into the Fraud Control Fund, for use in detecting, recovering, and preventing unemployment insurance overpayments. The bill includes \$869,000 Federal Funds expenditure limitation and seven positions (4.28 FTEs) to carry out the provisions of the bill, and to comply with reporting requirements and analysis required by federal mandates.

SB 192 (Chapter 704, Oregon Laws 2013) denies relief of charges to employers who have a pattern of not responding timely to requests for information from the Employment Department, if that failure resulted in the overpayment of an unemployment insurance claim. The bill changes Oregon's Work Share program to conform to federal rules on worker eligibility, benefit payments, employer responsibilities, and federal funding; and enabling federally funded extensions of the Self Employment Assistance program benefits in the future. Federal Funds expenditure limitation for the Employment Department in the amount of \$542,138 is included to administer the provisions of the bill.

SB 246 (Chapter 763, Oregon Laws 2013) establishes the Oregon Industrial Site Readiness Program to provide two types of support to public entities that prepare sites for industrial development. Under this program, the Oregon Business Development Department (OBDD) may enter into tax reimbursement arrangements, or into loan agreements, with project sponsors for development of certified regionally significant industrial sites. The bill will reduce General Fund revenue by directing certain personal income tax collections into the Oregon Industrial Site Readiness Program Fund, instead of into the General Fund. The bill includes a \$179,254 Lottery Fund allocation, and one full-time Program Analyst four position (0.88 FTE) for OBDD to administer the program.

SB 252 (Chapter 595, Oregon Laws 2013) increases the minimum penalty charged by the Oregon Employment Department to employers for continued late filing of required unemployment insurance

quarterly reports. The bill includes an Other Funds expenditure limitation of \$162,254 and one limited duration Compliance Specialist 2 position (0.88 FTE) for the Employment Department.

SB 253 (Chapter 764, Oregon Laws 2013) establishes the Oregon Industrial Site Readiness Assessment Program to provide two types of support to public entities. Under this program, the Oregon Business Development Department may provide grants to public entities to develop industrial land inventories, and provide grants to perform due diligence assessments and create detailed development plans for regionally significant industrial sites. The budget does not include funding for the new program. The program will remain inactive until funding is provided.

Natural Resources Program Area

HB 2039 (Chapter 422, Oregon Laws 2013) modifies provisions related to regulation of commercial outfitting and guiding services in order to improve professionalism. The Oregon State Marine Board is required to adopt rules to implement the provisions of the bill. The bill increases the annual fee paid by guides and outfitters from \$50 to \$150. This increase is projected to raise \$294,976 in the 2013-15 biennium. The bill includes a \$212,170 Other Funds appropriation to cover fingerprinting and background checks of participants, public outreach and education, and contracted law enforcement activities.

HB 2202 (Chapter 706, Oregon Laws 2013) establishes conditions for mining on high value farmland. The legislation will result in rulemaking for the Department of Land Conservation and Development (DLCD). Total expense is estimated at \$35,000 General Fund in the 2013-15 biennium for attorney general time billed to this department and services and supplies costs such as public hearings, printing, and public notices.

HB 2253 (Chapter 574, Oregon Laws 2013) requires the Portland State University Population Research Center to issue population forecasts for every county not less than once every four years on a schedule established by rule of State Board of Higher Education adopted in consultation with Department of Land Conservation and Development (DLCD). The bill adds a \$250,000 General Fund appropriation to the agency's 2013-15 biennium budget to offset estimated costs. The total fiscal impact per biennium for the measure is \$440,716 General Fund. The measure places the grant to the Center as the highest priority in the local grant program. The difference in cost in will come from total resources allocated to the local government grant program.

HB 2254 (Chapter 575, Oregon Laws 2013) directs the Department of Land Conservation and Development (DLCD) to simplify methods for rural cities to evaluate or amend their urban growth boundary. The legislation will result in rulemaking for DLCD and possibly amend statewide planning goals. Expenses associated with this process include statewide public hearings, consultation with professional services, data collection using geographic information systems, and Attorney General fees. The bill appropriates \$250,000 General Fund to DLCD to carry out the act.

HB 2427 (Chapter 724, Oregon Laws 2013) allows the Department of Agriculture to authorize the planting of up to 500 acres of canola to allow Oregon State University (OSU) to conduct a peer-reviewed study on the risks of growing such crops. Otherwise, the bill prohibits raising canola within the Willamette Valley Protected Area until 2019. The bill includes \$679,000 General Fund to support three years of research work at OSU. A civil penalty of not more than \$25,000 is established for canola planted in violation of this bill on or after the effective date of the bill.

HB 3086 (Chapter 710, Oregon Laws 2013) authorizes the Oregon Department of Fish and Wildlife (ODFW) to develop and administer a uniform policy of mitigating adverse effects that proposed actions may have on a core area sage grouse habitat. The bill makes a one-time appropriation of \$500,000 General Fund to ODFW for developing a policy and for reviewing proposals for mitigation projects affecting sage grouse habitat. The appropriated funds will cover a limited duration Natural Resource Specialist 4 positions (1.00 FTE) at \$179,011 for the additional workload from reviewing proposals and contested case hearings. Services and Supplies are funded at \$320,989, of which \$70,989 supports the position's work and \$250,000 will support a contract with an external consultant.

HB 3098 (Chapter 711, Oregon Laws 2013) allows youth camps to be established on land in eastern Oregon zoned for exclusive farm use (EFU) and composed predominantly of class VI, VII, or VIII soils consistent with rules adopted by the Land Conservation and Development Commission (LCDC). The bill includes an appropriation of \$50,000 General Fund to the Land Conservation and Development Commission to carry out the provisions of the bill.

SB 583 (Chapter 774, Oregon Laws 2013) creates the Alternate Fuel Vehicle Fund (AFV), to be continuously appropriated to the Oregon Department of Energy (ODE) to provide loans to public entities and tribes so they can convert existing gasoline or diesel powered vehicles to alternative fuel vehicles or purchase new alternative fuel vehicles, conversions having the priority. ODE is required to establish rules regarding loan procedures, terms and requirements. The bill authorizes the auction of \$3 million in tax credits that will be administered by the Department of Revenue (DOR). Net proceeds will be deposited in the AFV fund. Administrative costs may be deducted from the fund, and DOR can charge up to 0.25% of proceeds to cover their administrative charges associated with the auction.

SB 830 (Chapter 672, Oregon Laws 2013) authorizes the Oregon Department of Fish and Wildlife (ODFW) to establish an annual Columbia Basin salmonid and sturgeon recreational fishing endorsement fee to provide monies for the Columbia River Fisheries Enhancement Fund. This new Columbia Basin fishing endorsement fee is anticipated to raise \$2,002,000 of revenue in 2013-15. The bill also implements the Columbia River Fisheries Transition Program. The bill includes a \$2 million General Fund appropriation for implementation of this program. ODFW will use \$500,000 of this appropriation for grants to counties that establish their own programs to compensate commercial fishers that are economically harmed by the ban on gill net fishing, with the remaining funding used to enhance fishing opportunities in the Columbia River Basin.

SB 838 (Chapter 783, Oregon Laws 2013) imposes certain restrictions and conditions on placer mining and limits the number of permits Department of State Lands may issue for placer mining. The bill also directs the Governor's Office to work with state agencies and other interested parties to conduct a study and make recommendations for a revised regulatory framework for suction dredge mining. The bill provides \$141,837 Other Funds expenditure limitation and three seasonal positions (0.75 FTE) for the Department of Environmental Quality to collect data on suction dredge mining.

SB 839 (Chapter 784, Oregon Laws 2013) establishes a Water Supply Development Account and sets expectations for making loans and grants from the account. It also makes a one-time appropriation of \$30,000 General Fund to support two task forces established by the bill. The \$30,000 General Fund appropriation will pay for the actual and necessary travel and other expenses of task force members. Lottery-backed bonds have been requested in SB 5533 to provide \$10 million for which the agency anticipates utilizing to carry out the capital grant and loan provisions of the bill.

Transportation Program Area

HB 2421 (Chapter 647, Oregon Laws 2013) instructs the Oregon Department of Transportation Director (ODOT) to share names and addresses of service members and veterans with the Oregon Department of Veterans' Affairs Director (ODVA) on a monthly basis when service members or veterans make written inquiry regarding applications for licenses, identification cards, certificates of vehicle title, or vehicle registrations. The measure requires the service member's or veteran's written authorization to release his or her name and address to ODVA. The measure includes a \$100,000 General Fund appropriation to the Department of Transportation, Driver and Motor Vehicle Services and approval of 0.34 FTE. Costs are for programming, Department of Justice rule review, set-up charges, and manual workload to process applications.

SB 9 (Chapter 757, Oregon Laws 2013) changes the offense of operating a motor vehicle while using a mobile communications device from a Class D traffic violation to a Class C traffic violation. Class D traffic violations are subject to a maximum fine of \$250 while a Class C traffic violation is subject to a maximum fine of \$500. The measure directs the Oregon Department of Transportation (ODOT) to place signs on state highways notifying drivers of the violation and maximum fine. The measure includes a one-time Other Funds expenditure limitation of \$130,350 to ODOT for costs related to updating the DMV records and the Oregon Driver's manual and design, material and installation of approximately 100 signs at Oregon borders and other state highway locations throughout the state.

SB 810 (Chapter 781, Oregon Laws 2013) proposes a voluntary program to phase in implementation of a new road user fee. The fee will be a mileage-based road user charge (RUC) of 1.5 cents per mile to be imposed on vehicles in the program. The program is limited to no more than 5,000 vehicles at one time. The vehicles in this program will pay the road user charge and not the Oregon Fuels Tax. The measure provides \$2.8 million expenditure limitation to ODOT to implement the program, which includes 11 positions, 8.75 full-time equivalents.

SB 833 (Chapter 48, Oregon Laws 2013) provides for the creation of a driver card, subject to the same statutes and procedures as driver licenses and permits except for not requiring proof of legal presence in the United States. The driver card is to be valid for four years. It specifies eligibility requirements for the card that distinguishing features must appear on the card, and in what ways the card may be used as identification. The measure also specifies fees for the driver card. The bill includes a \$4.7 million Other Funds expenditure limitation for implementation during 2013-15.

Consumer and Business Services Program Area

SB 851 (Chapter 539, Oregon Laws 2013) requires pilots to collect a fee of no more than \$100 from each vessel entering or leaving the Columbia, Willamette, Coos Bay or Yaquina Bay, and requires the fee to be used to carry out the duties of the board. The fees will support the appointment of a half time professional executive director for the Board of Maritime Pilots to carry out a National Transportation Safety Board mandated fatigue study, and to ensure a more thorough handling of licensing appeals.

Administration Program Area

HB 2620 (Chapter 738, Oregon Laws 2013) requires the Governor and the Department of Administrative Services to develop a plan to align state economic and community development programs with regional and community based development programs. The measure requires the plan to be submitted to the Legislature for consideration during the 2014 regular session, and appropriates

\$200,000 General Fund to the Department of Administrative Services to carry out the provisions of the bill.

HB 3035 (Chapter 746, Oregon Laws 2013) directs the Department of Administrative Services to develop a plan for providing information relating to contracts entered into by state agencies, school districts and community colleges on the Oregon transparency website. The plan development and report to the Legislative Assembly is due by February 15, 2015. The measure includes a one-time \$21,120 Other Funds expenditure limitation to the Department of Administrative Services Chief Information Office in order to contract for a consultant to assist in developing the plan.

HB 3459 (Chapter 699, Oregon Laws 2013) establishes the Office of Small Business Assistance (OSBA) within the Office of the Secretary of State (SOS). The OSBA is created to facilitate communication and resolve issues and complaints related to interactions between small businesses and executive branch state agencies. The measure also contains a provision allowing the OSBA to investigate otherwise unresolvable issues and complaints between state agencies and small businesses, in certain circumstances, allowing for agency comment on final determination. The measure includes a \$248,162 Other Funds expenditure limitation and two full-time positions (1.50 FTE) to the 2013-15 budget for the Secretary of State to implement the requirements of the bill.

HB 5008 (Chapter 723, Oregon Laws 2013) is the budget reconciliation bill that implements the remaining pieces of the state budget for the 2013-15 biennium. The bill establishes appropriations for the Emergency Board, finalizes the General Fund components of the statewide budget, implements budgetary changes tied to other legislation, and makes technical adjustments to agency budgets previously approved. The bill includes: (1) savings from a number of statewide adjustments, including reductions in the Department of Administrative Services' assessments and charges, a reduction to Attorney General rates, and a 5% reduction to services and supplies; and (2) reductions resulting from a 2% supplemental ending balance holdback. This reduction may be restored in the 2014 legislative session depending on statewide economic conditions.

SB 306 (Chapter 770, Oregon Laws 2013) directs the Legislative Revenue Officer to prepare a report for the Legislature on the feasibility of imposing a statewide clean air fee or tax on greenhouse gas emissions. The report must identify an effective structure for a fee or tax to generate revenue, evaluate the impacts of such a fee or tax on various economic factors, and evaluate the costs and benefits of the fee or tax relative to existing laws. It requires a preliminary report to be provided no later than December 1, 2013 and a final report no later than November 15, 2014. The bill appropriates \$200,000 General Fund to the Legislative Revenue Officer for the Purposes of measure

SB 822 (Chapter 53, Oregon Laws 2013) modifies cost-of-living adjustment and supplementary tax remedy payments for non-Oregon residents under Public Employees Retirement System (PERS) and directs the PERS Board to recalculate employer contribution rates for the 2013-15 biennium. Additional employer rate(s) reductions would be achieved by an administrative action of the PERS Board. On a system wide basis, 2013-15 employer net rates were scheduled to increase from 10.8% to 15.7% or an increase of 4.9% of covered payroll. The combined savings from this measure and the PERS Board's administrative actions would reduce that increase by up to 4.4% and produce an estimated \$810 million in system wide savings for state agencies, universities, judges, school districts, and participating cities, counties, and special districts. State agency General Fund savings are estimated to be \$78.6 million, \$2 million Lottery Fund, \$71.9 million Other Funds, and \$31.1 million Federal Funds. The state General Fund savings for local school districts and community colleges is

estimated to be \$195.9 million and \$8.7 million, respectively. The measure provides for \$1.01 million Other Funds expenditure limitation for the PERS agency to implement the measure (1.50 FTE).

Judicial Branch

HB 2562 (Chapter 685, Oregon Laws 2013) clarifies and updates the Oregon Judicial Department's (OJD) administrative authority in managing court processes and records in an electronic environment. The measure contains various provisions governing fines imposed by justice and municipal courts for criminal actions, and modifies the distribution of fine revenues collected by justice and municipal courts. The measure also increases specified state court fees by approximately 5% on October 1, 2013, sunsets those increases on June 30, 2014, and dedicates revenues generated from the fee increases to the State Court Technology Fund to support state court electronic services and systems. Currently, persons who use the new eCourt e-filing system pay the system vendor directly. The measure directs the Oregon Judicial Department to assume payment of electronic filing fees for the filers. The measure includes a \$550,000 Other Funds limitation of OJD for payment of these costs. The bill also reduces payments to counties that are dedicated to local court security accounts by approximately \$3.5 million. Counties will replace these funds with moneys received directly from justice and municipal courts dedicated to this same purpose

HB 2594 (Chapter 737, Oregon Laws 2013) allows courts the option of ordering assisted outpatient treatment. It allows a community mental health program director to recommend that a person alleged to have mental illness subject to a civil commitment proceeding be placed in assisted outpatient treatment (AOT). AOT is intended for adults diagnosed with a serious mental illness who are unlikely to live safely in the community without supervision and treatment, and who also are unlikely to voluntarily participate in treatment, but require treatment to prevent deterioration in their condition. The court retains jurisdiction over such persons until either the end of the period of assisted outpatient treatment or until the court finds that the person no longer meets the criteria for participation in assisted outpatient treatment. The Oregon Judicial Department (OJD) anticipates that circuit courts will conduct hearings to determine whether to order a person to participate in assisted outpatient treatment. This will increase judge and staff workloads. The Department also estimates an increase in case management by the courts. The bill includes a \$100,000 General Fund appropriation to OJD for the expenses associated with the bill.

HB 2779 (Chapter 687, Oregon Laws 2013) authorizes the issuance of protective orders in certain cases where persons have been subjected to sexual abuse. The measure includes a one-time \$85,000 General Fund appropriation to the Oregon Judicial Department for costs related to programming the two current case management systems utilized by OJD, the Oregon Judicial Information Network and Oregon eCourt Case Information, to handle this new case type.

Appendix A

2013-15 Capital Construction Projects

Oregon Health Authority

State Hospital Replacement Project: \$79,401,530 Other Funds (Article XI-Q bonds) is approved for completion of the project to provide new mental health facilities to replace the State Hospital constructed in 1883 (implementation of the Oregon State Hospital Framework Master Plan). Funding provides for construction of the 174 bed Junction City campus, expected to be completed by the end of calendar year 2014. Project funding includes development and implementation of the Behavioral Health Integration Project (BHIP). Debt service will be paid with General Fund.

Department of Administrative Services

HVAC Improvement Projects: \$4,921,160 Other Funds (Capital Projects Fund) is approved to provide HVAC system upgrades on several state-owned buildings. Planned improvements include the Portland State Office Building, the Human Services Building and various other projects.

Roof Replacements: \$1,303,942 Other Funds (Capital Projects Fund) is approved to provide roof replacements or repairs on several state buildings. Planned work includes roof replacement at the Real Estate Building and the Central Point Building.

Public Utility Commission Building Exterior Replacement: \$4,740,390 Other Funds (Capital Projects Fund) is approved to replace exterior siding and window glazing, replace interior sheet rock and install a new roof.

Elevator Upgrades: \$961,420 Other Funds (Capital Projects Fund) is approved for the repair and upgrade to code for elevators in the Eugene State Office Building.

Carpet Replacements: \$3,744,374 Other Funds (Capital Projects Fund) is approved to fund carpet replacements at several state buildings including Agriculture, Revenue and Human Services buildings.

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

Executive Building Renovation: \$800,000 Other Funds (Capital Projects Fund) is approved for architectural design work, engineering plan and budget development for a major renovation of the Executive Building planned for 2015-17.

Department of Veterans' Affairs

Linn County (Lebanon) Veterans' Home: \$4,000,000 Other Funds (Article XI-Q Bonds) and \$6,840,377 Federal Funds - (United States Department of Veterans' Affairs construction grant) is approved for design and construction work on the second state veterans' home. To comply with the current facility design requirements from the United States Department of Veterans' Affairs, the total

additional cost needed to construct this facility is projected to be \$10.8 million. The project requires a 35 percent state and local match and is expected to be completed in 2014. Capital construction expenditure limitation was established for this project beginning in the 2011-13 biennium.

Department of Transportation

Region 1 (Portland) Facilities Consolidation Project: \$1 Other Funds (fee revenue) is approved as a placeholder for a project to consolidate a number of facilities within the Portland Metro area.

The Legislature approved the extension of the project expiration dates and expenditure limitations for the following projects: the Transportation Building Renovation Center (Other Funds): extended to June 30, 2015; Baker City and East Portland Highway Facilities (Other Funds): extended to June 30, 2015; and the Sisters Maintenance Station (Other Funds): extended to June 30, 2014.

Department of Aviation

Cottage Grove State Airport: \$400,000 Federal Funds (Federal Aviation Administration) and \$40,000 Other Funds (aircraft registration fees) is approved to conduct design engineering needed to ascertain the required scope and cost of a runway rehabilitation project. Rehabilitation is necessary to meet safe operating conditions based on the most recent Pavement Condition Index survey.

Department of Fish and Wildlife

Clackamas Hatchery Intake System: \$1,000,000 Other Funds (Portland General Electric re-licensing settlement agreement) is approved for design and preliminary construction of an intake system at the Clackamas Hatchery.

Department of Forestry

Gilchrist Forest Land Acquisition: \$5,200,000 Other Funds (Article XI-Q Bonds) is approved to purchase some of the remaining available tracts in the Gilchrist Forest. Expenditure limitation for this purchase was added to the existing expenditure limitation for a similar project approved by the 2009 Legislative Assembly (and increased by the 2011 Legislative Assembly). This increase in expenditure limitation will expire June 30, 2015. Debt service for XI-Q bonds will be paid from the General Fund.

East Lane Headquarters Building: \$1,750,000 Other Funds (Article XI-Q bonds) is approved to make improvements at the Springfield facility to increase safety and functionality. The project includes installation of site utility improvements and construction of a multi-use building to house a fire cache, vehicle repair and equipment fabrication shop. In addition, the project includes fire crew support facilities, and the conversion of an existing vehicle repair building into fire engine and equipment storage facilities.

Military Department

Sharff Hall Armory: \$2,781,000 Other Funds (Article XI-Q Bonds) is approved for the acquisition of a former US Army Reserve site in Portland, Oregon (\$1.2 million) and for design and construction of needed additions and alterations to convert the facility into an armory (\$1,581,000). The remodel is extensive including the following: replacement of window glazing systems, evaluation of energy and

water saving measures, replacement/refurbishment of HVAC systems, upgrades to electronic security systems, upgrades to kitchen, storage and vehicle maintenance bays and other improvements.

Roseburg Armory: \$2,230,416 Other Funds (Article XI-Q Bonds) is approved for a service life extension project to renovate the facility. The project includes the design and construction of additions and alterations to the armory. Funding will address severe deficiencies in the electrical, mechanical and structural components of the facility.

Medford Armory: \$2,391,660 Other Funds (Article XI-Q Bonds) is approved for a service life extension project to renovate the facility. The project includes the design and construction of additions and alterations to the armory. The remodel will replace the HVAC system, upgrade window glazing systems, information technology systems, restrooms, kitchen, administrative and storage areas, and evaluate and implement feasible energy and water savings measures.

Baker City Readiness Center: \$1,189,579 Other Funds (Article XI-Q bonds) is approved to affect the transfer of real property with Baker County, to conduct demolition of the County Extension Building, and to construct a new Military Vehicle Storage Compound. Federal Funds Capital Construction expenditure limitation for the project may be requested at a future date once funding is secured from the federal government.

Christmas Valley Land Acquisition: \$220,000 Other Funds (energy incentive funds/rental income) is approved to complete the purchase of 2,296 acres for the possible development of a utility-scale solar project and a potential military training site. This amount will allow for the final installment payment for this acquisition.

Milton-Freewater Armory: \$1,804,000 Federal Funds (National Guard Bureau) is approved for a service life extension project to renovate the facility. The work will include installing efficient heating and cooling systems and utility systems upgrades. The project also includes replacement of certain windows, doors and facility-related equipment. Federal Funds expenditure limitation for this project was originally approved by the Emergency Board (May 2012), however, that expenditure limitation expired and additional time is needed to complete construction and expend the funds.

Planning and Design: \$282,445 Other Funds (Capital Construction Account) and \$262,205 Federal Funds (National Guard Bureau) is approved for planning and preliminary design work at a number of sites throughout the state where the agency is planning future capital construction projects

The Legislature approved the extension of the project expiration dates and expenditure limitations for the following projects: the Ontario Readiness Center (Other Funds): extended to June 30, 2014; the Ontario Readiness Center (Federal Funds): extended to June 30, 2014; and the Dallas Readiness Center land acquisition (Other Funds): extended to June 30, 2015.

The Legislature also approved the sale proposal from the Oregon Military Department, as required by ORS 396.515 (4), for the sale of the Baker City Armory.

Department of State Police

The Legislature approved the extension of the project expiration date and expenditure limitation for the Oregon Wireless Interoperability Network (Federal Funds) to December 30, 2013.

Oregon Youth Authority

Electronic Security Projects: \$2,116,810 Other Funds (Article XI-Q Bonds) is approved to acquire and install security systems, including improved and expanded key control access systems, and CCTV systems.

Deferred Maintenance: \$2,958,131 Other Funds (Article XI-Q bonds) is approved to address highest priority deferred maintenance projects to provide a safe and secure environment for the public and residents. Projects are located at facilities throughout the state and address a range of needs including fire alarms, water and electrical systems and structural repairs.

Department of Corrections

Deferred Maintenance: \$4,961,000 Other Funds (Article XI-Q bonds) is approved to address highest priority deferred maintenance projects. Projects are located at facilities throughout the state and address a range of needs including HVAC repairs, security and electrical systems changes and some structural improvements.

The Legislature approved the extension of the project expiration dates and expenditure limitations for the following projects: Deferred Maintenance and Assessment (Other Funds): extended to April 30, 2014; and Deferred Maintenance (Other Funds): extended to April 30, 2014.

Judicial Department

Supreme Court Building Renovation: \$4,400,000 Other Funds (Article XI-Q bonds) is approved for the early stages of needed renovations. This funding will be used to address major safety issues with the exterior of the building, water penetration through the façade, and dry-rot in wooden-framed windows. This project will fund terracotta exterior repair and sealing, window repair, project management and the review and planning of future phases of critical interior renovation work.

Legislative Administration

State Capitol Master Plan: \$34,500,000 Other Funds (Article XI-Q bonds) is approved to complete the detailed pre-construction planning and design phase of the project to address life-safety concerns through seismic upgrades and other critical needs, including fire and electrical systems. Furthermore this project will address public access and improve operational efficiency of the Capitol.

Department of Community Colleges and Workforce Development

The Legislature approved a budget of \$108,581,600 Other Funds (Article XI-G bonds) for 16 new construction and deferred maintenance projects at 16 community colleges:

- **Blue Mountain Community College Applied Animal Science Education Center:** approved \$3,331,350 Other Funds (Article XI-G bonds) to construct new facilities for animal science and agriculture programs. The project includes classrooms and office building, indoor and outdoor arenas, a hay barn, horse pens and mare motels, tack storage lockers and round pens. Match for the Article XI-G bonds will come from grants, donations, corporate scholarships, and possibly a district bond levy.

- Central Oregon Community College Academic and Student Services Center: approved \$5,260,000 Other Funds (Article XI-G bonds) to provide state funds to retire outstanding Central Oregon Community College general obligation bonds sold for construction of a building leased to Oregon State University for operation of its Cascades campus. Once the debt is repaid, the COCC will terminate the contract with OSU and remodel the building for college academic and student support use. Match on the Article XI-G bonds would be paid with COCC funds.
- Chemeketa Community College Applied Technology Classroom Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct new space for the Welding/Metal Fabrication and Machining programs and to remodel existing space to accommodate college services displaced by the new construction. Match for the Article XI-G bonds will come from proceeds of a district bond levy approved in May 2008.
- Clackamas Community College Clairmont Career and Technology Education Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to replace a 1960's era building that will provide additional classroom and industrial space. In addition, the horticulture program, the joint Clackamas/Oregon State University Extension Service office, and industrial technology programs will be located in the new facility. Match for the Article XI-G bonds will come from Extension Service revenues, a capital campaign, and proceeds from a district bond levy.
- Clatsop Community College Health and Wellness Center: approved \$7,990,000 Other Funds (Article XI-G bonds) for construction of a new facility with gymnasium, fitness room, equipment storage, lockers, showers, and wellness activity area for physical education, community education, and health and wellness programs. Match for the Article XI-G bonds will come from proceeds of a legal settlement, a tuition surcharge, and fundraising.
- Columbia Gorge Community Advanced Technology Center, phase two: approved \$7,320,000 Other Funds (Article XI-G bonds) for construction of a facility on the Hood River campus to support science, technology, engineering, and mathematics programs. Match for the Article XI-G bonds will come from fundraising and proceeds of a district bond levy.
- Klamath Community College Student Success and Career-Technical Center: approved \$7,850,000 Other Funds (Article XI-G bonds) for construction of a new facility housing a research library and computer labs, a testing center, tutoring and advising areas, and space for GED, Adult Basic Education, and English as a Second Language programs. The project will also expand the Career Technical Education center for auto and diesel mechanics and construction management programs. Match for the Article XI-G bonds will come from college reserve funds, foundation and federal grants, and district general obligation bonds.
- Lane Community College The Center for Student Success: approved \$8,000,000 Other Funds (Article XI-G bonds) to remodel an existing 1960s era building that houses the library, tutoring center, bookstore, Academic Learning Skills Department, and Culinary Arts and Hospitality programs to provide a student centered learning environment that integrates academic support services and resources with technology and facilities that promote individual and group learning. Match for the Article XI-G bonds will come from proceeds of a district bond levy approved in November 2008.
- Linn-Benton Community College Nursing and Allied Health Facilities: approved \$8,000,000 Other Funds (Article XI-G bonds) for construction of a new facility for 12 Allied Health programs

located in proximity to major healthcare providers or education centers. The funds will also be used to repurpose space on the Albany campus that become available after the health programs are relocated. Match for the Article XI-G bonds will come from private donations and revenues from a district bond levy.

- Mt. Hood Community College Student Services Enhancement: approved \$8,000,000 Other Funds (Article XI-G bonds) to remodel and expand student service facilities, centralizing academic advising, career counseling, financial aid, admissions, registration, testing, business office and other functions. Match for the Article XI-G bonds will come from a district bond levy or a secured loan to be repaid with tuition revenue.
- Portland Community College Health Professions Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct or purchase and remodel a facility near the Sylvania campus for Dental Hygiene, Dental Assisting, Dental Lab Technology, Radiography, and Nursing programs. Match for the Article XI-G bonds will come from proceeds from a district bond levy passed in 2008.
- Rogue Community College Health and Science Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to increase space for health science programs by constructing new facilities or buying and remodeling existing ones. Match for the Article XI-G bonds will come from partnership contributions, grants, and capital campaign contributions.
- Southwestern Oregon Community College Health and Science Technology Building: approved \$8,000,000 Other Funds (Article XI-G bonds) for construction of a new facility with laboratory, classroom, and auxiliary space for expansion of allied health and science programs. The facility will support increased use of technology and distance education in health and science programs. Match for the Article XI-G bonds will come from private grants and donations and, if necessary, revenues from a district bond levy.
- Tillamook Bay Community College: Career and Technical Workforce Facility: approved \$2,000,000 Other Funds (Article XI-G bonds) to construct a new building that will house OSU Extension Services and Open Campus programs, Oregon Regional Solutions, Tillamook County Economic Development Council, and the college Small Business Development Office as well as classroom, office, and laboratory space for career and technical education, natural resources, and hospitality and tourism programs. Match for the Article XI-G bonds will come from college reserve funds, partnerships and fundraising, and proceeds from a district general obligation bond.
- Treasure Valley Community College Workforce Vocational Center: approved \$2,830,250 Other Funds (Article XI-G bonds) for construction of a new facility to expand space for welding training and to house Natural Resource, Renewable Energy, Wild Land Fire, Construction Trades, and Waste Water Management programs. Match for the Article XI-G bonds will come from funding raising or proceeds from district bonds or a district bond levy.
- Umpqua Community College Industrial Technology Building: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct a new facility on campus for automotive, manufacturing, construction, and welding technology programs. The college had planned to match the Article XI-G bonds with proceeds from a district bond levy which was defeated by the voters in May 2013. Alternatives for generating the match from grants, donations, and other sources are being explored.

Appendix B

2013-15 State Paid Bonds

<u>Agency</u>	<u>Bond Type</u>	<u>Amount</u>
<u>General Fund</u>		
<u>Oregon Business Development Department</u>		
Seismic Bonds (Article XI-M)	XI-M	15,000,000
Seismic Bonds (Article XI-N)	XI-N	15,000,000
Innovation Fund	XI-Q	5,120,000
<u>Oregon Health Authority</u>		
State Hospital	XI-Q	86,860,000
<u>Department of Human Services</u>		
Case Management System (CAF)	XI-Q	14,360,000
<u>Oregon Military Department</u>		
Portland Scharff Hall	XI-Q	2,870,000
Medford Armory	XI-Q	2,445,000
Roseburg Armory	XI-Q	2,280,000
Baker City Readiness Center	XI-Q	1,235,000
<u>Department of Corrections</u>		
Deferred Maintenance	XI-Q	5,050,000
<u>Department of Forestry</u>		
East Lane Headquarters	XI-Q	718,000
Gilchrist Forest	XI-Q	5,275,000
<u>Department of Justice</u>		
Support Enforcement System	XI-Q	14,410,000
<u>Oregon Youth Authority</u>		
Security and Deferred Maint.	XI-Q	5,165,000
<u>Department of Veterans' Affairs</u>		
Lebanon Veterans' Home	XI-Q	4,065,000
<u>Legislative Administration Committee</u>		
Capitol Master Plan	XI-Q	35,115,000
<u>Oregon Judicial Department</u>		
eCourt System	XI-Q	24,855,000
Supreme Court Building	XI-Q	4,465,000
Multnomah County Courthouse	XI-Q	15,270,000
<u>Department of Revenue</u>		
Core System Replacement (TAPR)	XI-Q	27,050,000

Agency	Bond Type	Amount
Oregon State University		
Classroom Building and Quad	XI-G	32,500,000
Cascades Campus Expansion	XI-G	4,000,000
	XI-Q	12,000,000
Chemical, Biology, and Environmental Engineering Building	XI-G	20,000,000
Capital Renewal, Code, and Safety	XI-Q	30,000,000
Strand Hall (Carry Forward)	XI-G	6,586,000
Strand Hall	XI-Q	4,847,000
Biofuels Demonstration Project (Carry Forward)	XI-G	4,000,000
Portland State University		
School of Business	XI-G	10,000,000
	XI-Q	30,000,000
Stott Center Renovations and Deferred Maint.	XI-G	20,000,000
	XI-Q	2,000,000
Southern Oregon University		
Theater Arts Building	XI-Q	11,000,000
University Of Oregon		
Straub & Earl Halls Classroom Expansion	XI-G	11,000,000
Science Commons& Research Library	XI-G	8,375,000
Library Shelving Project	XI-Q	990,000
Western Oregon University		
New College of Education Facility	XI-G	1,400,000
	XI-Q	15,800,000
Oregon Institute of Technology		
Cornett Hall Renovation Planning & Design	XI-Q	2,000,000
Eastern Oregon University		
EOU - Learning Commons Planning and Design	XI-Q	2,000,000
Community Colleges and Workforce Development		
Blue Mountain - Animal Science Ed. Center	XI-G	3,331,350
Chemeketa - Applied Technology Classroom	XI-G	8,000,000
Clackamas - Clairmont Career/Tech Center	XI-G	8,000,000
Klamath - Student Success & Career/Tech Center	XI-G	7,850,000
Lane - Center for Student Success	XI-G	8,000,000
LBCC - Nursing & Allied Health Facilities	XI-G	8,000,000
Rogue - Health & Science Center	XI-G	8,000,000
Southwestern - Heath & Science Building	XI-G	8,000,000
Treasure Valley - Workforce Vocational Center	XI-G	2,830,250
Umpqua - Industrial Arts Center	XI-G	8,000,000
Columbia Gorge - Advance Technology Center	XI-G	7,320,000
Central Oregon - Academic & Student Svcs Center	XI-G	5,260,000
Clatsop - Health and Wellness Center	XI-G	7,990,000
Tillamook Bay - Career & Technical Workforce Facility	XI-G	2,000,000
Portland - Health Professions Center	XI-G	8,000,000
Mt. Hood - Student Services Enhancement	XI-G	8,000,000
Umpqua Regional Health Occ. Training Center (Carry Fwd)	XI-G	8,500,000
Clackamas Harmony Campus Phase II (Carry Forward)	XI-G	8,000,000

Agency	Bond Type	Amount
<u>Lottery Funds</u>		
<u>Parks and Recreation Department</u>		
Willamette Falls	Lottery	5,530,000
<u>Oregon Business Development Department</u>		
Sewer/Water	Lottery	13,520,000
Arts as Economic Development	Lottery	1,965,000
Regional Solutions	Lottery	11,290,000
<u>Department of Transportation</u>		
Connect Oregon V	Lottery	46,520,715
Coos Rail Line	Lottery	11,160,000
Salem Keizer Transit Center	Lottery	3,885,000
<u>Water Resources Department</u>		
Umatilla/Wallowa Lake project	Lottery	11,190,000
<u>Department of Energy</u>		
Home Energy Efficiency	Lottery	5,600,000
Housing and Community Services		
Gap financing low income housing	Lottery	5,600,000
Department of Administrative Services		
Portland Convention Center Hotel	Lottery	11,160,000
Digital Switch (Wheeler, Gilliam, and Sherman counties)	Lottery	1,155,000
Industrial Park Road Extension (Umatilla Tribe)	Lottery	3,885,000
Lane County Transit - EmX	Lottery	13,355,000
Department of Veterans' Affairs		
Roseburg Veterans' Home (Carry Forward)	Lottery	11,742,000

Appendix C

Number of Positions and Full-Time Equivalency (FTE) by Program Area and Agency

	2011-13	2011-13	2013-15	2013-15
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: EDUCATION				
COMMUNITY COLLEGES & WORKFORCE DEV, DEPT	62	61.45	59	58.70
EDUCATION, DEPT OF	376	357.79	509	480.03
HIGHER EDUCATION COORDINATING COMMISSION	0	0.00	27	20.65
OREGON EDUCATION INVESTMENT BOARD	0	0.00	15	15.00
OREGON UNIVERSITY SYSTEM	0	0.00	0	0.00
OREGON STUDENT ACCESS COMMISSION	29	26.66	28	25.67
TEACHER STANDARDS & PRACTICES COMMISSION	24	24.00	20	20.00
EDUCATION TOTAL	491	469.90	658	620.05
PROGRAM AREA: HUMAN SERVICES				
BLIND, COMMISSION FOR THE	48	44.60	51	47.73
HUMAN SERVICES, DEPT OF	7,411	7,312.13	7,630	7,480.61
LONG TERM CARE OMBUDSMAN	12	11.25	19	14.56
OREGON HEALTH AUTHORITY	4,108	3,999.04	4,482	4,119.23
PSYCHIATRIC SECURITY REVIEW BOARD	12	11.76	11	11.00
HUMAN SERVICES TOTAL	11,591	11,378.78	12,193	11,673.13
PROGRAM AREA: PUBLIC SAFETY				
CORRECTIONS, DEPT OF	4,509	4,414.55	4,490	4,443.68
CRIMINAL JUSTICE COMMISSION	10	9.00	9	8.38
DISTRICT ATTORNEYS & THEIR DEPUTIES	36	36.00	36	36.00
JUSTICE, DEPT OF	1,293	1,269.68	1,282	1,265.25
MILITARY DEPARTMENT	518	460.38	523	478.01
PAROLE & POST PRISON SUPERVISION, BOARD OF	14	14.00	16	15.67
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF	131	132.04	135	133.06
STATE POLICE, DEPT OF	1,220	1,211.13	1,260	1,247.13
YOUTH AUTHORITY, OREGON	1,152	979.76	1,030	992.58
PUBLIC SAFETY TOTAL	8,883	8,526.54	8,781	8,619.76
PROGRAM AREA: JUDICIAL BRANCH				
JUDICIAL DEPARTMENT	1,878	1,752.66	1,889	1,763.60
JUDICIAL FITNESS AND DISABILITY, COMM. ON	1	0.50	1	0.50
PUBLIC DEFENSE SERVICES COMMISSION	76	75.40	76	75.79
JUDICIAL BRANCH TOTAL	1,955	1,828.56	1,966	1,839.89

	2011-13	2011-13	2013-15	2013-15
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT				
BUSINESS DEVELOPMENT DEPARTMENT	132	129.87	135	131.88
EMPLOYMENT DEPARTMENT	1,549	1,481.21	1,345	1,287.03
HOUSING & COMMUNITY SERVICES DEPT.	212	184.89	169	77.59
VETERANS' AFFAIRS, DEPT OF	94	94.00	82	81.20
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,987	1,889.97	1,731	1,577.70
PROGRAM AREA: TRANSPORTATION				
AVIATION, DEPT OF	12	11.50	13	12.50
TRANSPORTATION, DEPT OF	4,613	4,521.79	4,557	4,467.97
TRANSPORTATION TOTAL	4,625	4,533.29	4,570	4,480.47
PROGRAM AREA: CONSUMER AND BUSINESS SERVICES				
ACCOUNTANCY, BOARD OF	7	7.00	8	8.00
CHIROPRACTIC EXAMINERS, BOARD OF	5	4.50	6	4.88
CONSTRUCTION CONTRACTORS BOARD	76	76.00	75	75.00
CONSUMER & BUSINESS SERVICES, DEPT OF	935	922.40	927	919.97
COUNSELORS AND THERAPISTS, BOARD OF LICENSED	4	3.50	4	3.50
DENTISTRY, BOARD OF	7	7.00	7	7.00
HEALTH LICENSING AGENCY	33	33.00	35	35.00
<i>HEALTH RELATED LICENSING BOARDS</i>				
MORTUARY & CEMETERY BOARD	6	5.71	6	5.71
NATUROPATHIC MEDICINE	3	2.50	3	2.50
OCCUPATIONAL THERAPY LICENSING BOARD	1	1.25	2	1.25
MEDICAL IMAGING	4	3.25	3	3.00
SPEECH PATHOLOGY AND AUDIOLOGY	2	1.40	2	2.00
VETERINARY MEDICAL EXAMINERS BOARD	3	2.75	3	2.75
LABOR & INDUSTRIES, BUREAU OF	102	101.00	100	98.50
MEDICAL BOARD, OREGON	40	38.79	40	38.79
NURSING, BOARD OF	47	46.75	48	47.80
PHARMACY, BOARD OF	18	17.75	19	19.00
PSYCHOLOGIST EXAMINERS, BOARD OF	4	3.50	4	3.50
PUBLIC UTILITY COMMISSION	132	128.75	131	128.25
REAL ESTATE AGENCY	30	30.00	30	30.00
SOCIAL WORKERS, BOARD OF LICENSED	6	5.45	6	6.00
TAX PRACTITIONERS, STATE BOARD OF	4	4.00	4	4.00
CONSUMER & BUSINESS SERVICES TOTAL	1,469	1,446.25	1,463	1,446.40

	2011-13	2011-13	2013-15	2013-15
	LEG	LEG	LEG	LEG
	APPROVED	APPROVED	ADOPTED	ADOPTED
	Positions	FTE	Positions	FTE
PROGRAM AREA: NATURAL RESOURCES				
AGRICULTURE, DEPT OF	471	344.42	477	351.17
ENERGY, DEPT. OF	130	119.81	115	114.02
ENVIRONMENTAL QUALITY, DEPT OF	725	710.92	719	706.33
FISH & WILDLIFE, DEPT OF	1,470	1,227.49	1,523	1,262.41
FORESTRY, DEPARTMENT OF	1,181	852.19	1,200	871.72
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	53	48.57	50	49.20
LAND CONSERVATION & DEVELOPMENT, DEPT OF	57	55.11	61	58.06
LAND USE BOARD OF APPEALS	5	5.00	6	5.75
LANDS, DEPT. OF STATE	108	106.42	107	106.00
MARINE BOARD	40	39.50	40	39.50
PARKS & RECREATION, DEPT OF	878	603.03	862	592.15
WATER RESOURCES DEPARTMENT	146	144.59	157	154.80
WATERSHED ENHANCEMENT BOARD	32	31.50	32	32.00
NATURAL RESOURCES TOTAL	5,296	4,288.55	5,349	4,343.11
PROGRAM AREA: ADMINISTRATION				
ADMINISTRATIVE SERVICES, DEPT OF	773	769.67	790	784.68
ADVOCACY COMMISSIONS OFFICE	2	2.00	2	2.00
EMPLOYMENT RELATIONS BOARD	13	13.00	13	13.00
GOVERNMENT ETHICS COMMISSION	8	8.00	8	7.88
GOVERNOR, OFFICE OF	74	70.14	57	56.50
LIBRARY, STATE	43	41.26	41	19.63
LIQUOR CONTROL COMMISSION	239	231.72	233	227.63
PUBLIC EMPLOYEES RETIREMENT SYSTEM	367	365.70	369	367.23
RACING COMMISSION	15	13.27	15	13.27
REVENUE, DEPT OF	1,051	990.84	1,081	1,024.49
SECRETARY OF STATE	197	195.69	202	200.61
TREASURER OF STATE	85	83.48	92	89.89
ADMINISTRATION TOTAL	2,867	2,784.77	2,903	2,806.81
PROGRAM AREA: LEGISLATIVE BRANCH				
INDIAN SERVICES, COMM	2	2.00	2	2.00
LEGISLATIVE ADMINISTRATION	143	100.79	142	100.65
LEGISLATIVE ASSEMBLY	422	251.39	422	251.27
LEGISLATIVE COUNSEL	57	45.28	55	45.60
LEGISLATIVE FISCAL OFFICER	21	20.50	21	21.00
LEGISLATIVE REVENUE OFFICER	7	7.00	8	8.00
LEGISLATIVE BRANCH TOTAL	652	426.96	650	428.52
STATE OF OREGON TOTAL POSITIONS/FTE	39,816	37,573.57	40,264	37,835.84

Appendix D

Summary of Expenditures by Program Area and Fund Type

2013-15 Legislatively Adopted Budget by Program Area and Fund Source						
Program Area	General Fund	Lottery Funds	GF&LF Total	Other Funds	Federal Funds	All Funds
State School Fund	6,222,625,891	327,374,109	6,550,000,000	400,826	0	6,550,400,826
Education (Other)	1,843,518,804	85,709,815	1,929,228,619	403,175,554	1,472,602,129	3,805,006,302
Human Services	4,226,049,384	10,545,822	4,236,595,206	6,224,590,084	13,942,428,312	24,403,613,602
Public Safety	2,031,170,758	6,914,543	2,038,085,301	561,772,005	502,380,606	3,102,237,912
Judicial Branch	638,940,061	0	638,940,061	70,676,596	1,227,911	710,844,568
Natural Resources	164,961,676	165,798,191	330,759,867	1,167,822,299	276,752,074	1,775,334,240
Economic Development	26,292,910	124,907,543	151,200,453	2,952,900,815	454,777,701	3,558,878,969
Consumer and Business Svs.	11,517,209	0	11,517,209	616,547,034	4,923,698	632,987,941
Transportation	2,060,000	93,953,970	96,013,970	3,838,315,054	145,874,751	4,080,203,775
Administration	198,460,091	15,822,974	214,283,065	10,687,208,687	10,173,872	10,911,665,624
Legislative Branch	87,966,699	0	87,966,699	44,117,440	0	132,084,139
Miscellaneous (E Fund)	155,106,815	0	155,106,815	0	0	155,106,815
Total	15,608,670,298	831,026,967	16,439,697,265	26,567,526,394	16,811,141,054	59,818,364,713

Appendix E

Agency 2% Holdback Adjustments

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
ADMINISTRATION								
ADVOCACY COMMISSIONS OFFICE	Operating Expenses	SB 5501	01	GF	(8,301)	-	-	-
DEPT OF ADMIN SERVICES	Chief Operating Office	HB 5002	01-01	GF	(5,511)	-	-	-
DEPT OF ADMIN SERVICES	Enterprise Asset Management	HB 5002	01-02	GF	(25,298)	-	-	-
DEPT OF ADMIN SERVICES	Oregon Public Broadcasting	HB 5002	01-03	GF	(10,000)	-	-	-
DEPT OF ADMIN SERVICES	Oregon Historical Society	HB 5002	01-04	GF	(15,000)	-	-	-
SECRETARY OF STATE	Administrative Services	SB 5539	01-01	GF	(39,053)	-	-	-
SECRETARY OF STATE	Elections Division	SB 5539	01-02	GF	(136,133)	-	-	-
DEPT OF REVENUE	Administration	SB 5538	01	GF	(1,121,210)	-	-	-
DEPT OF REVENUE	Property Tax	SB 5538	02	GF	(289,008)	-	-	-
DEPT OF REVENUE	Personal Tax and Compliance	SB 5538	03	GF	(1,329,932)	-	-	-
DEPT OF REVENUE	Business	SB 5538	04	GF	(446,852)	-	-	-
DEPT OF REVENUE	Elderly Rental Assistance and Nonprofit Housing	SB 5538	05	GF	(113,440)	-	-	-
EMPLOYMENT RELATIONS BOARD	Operating Expenses	HB 5010	01	GF	(38,817)	-	-	-
OFFICE OF THE GOVERNOR	Operating Expenses	SB 5523	01	GF	(205,081)	-	-	-
OFFICE OF THE GOVERNOR	Expenses for Duties	SB 5523	02	GF	(1,000)	-	-	-
OREGON STATE LIBRARY	Operating Expenses	HB 5022	01	GF	(32,951)	-	-	-
CONSUMER AND BUSINESS SERVICES								
BUREAU OF LABOR AND INDUSTRIES	Operating Expenses	HB 5020	01	GF	(234,674)	-	-	-
ECONOMIC DEVELOPMENT								
ECONOMIC AND COMMUNITY DEVELOP	Arts Commission	HB 5028	01-01	GF	(89,679)	-	-	-
ECONOMIC AND COMMUNITY DEVELOP	Business, Innovation and Trade	HB 5028	03-01	LF	-	(1,178,533)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Business, Innovation and Trade - Seismic Rehab	SB 813	18e-01	LF	-	(3,208)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Shared Services	HB 5028	03-02	LF	-	(136,228)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Shared Services - Seismic Rehab	SB 813	18e-02	LF	-	(2,413)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Film & Video Office	HB 5028	03-03	LF	-	(23,072)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Growth Board	HB 2323	14	LF	-	(2,000)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Industrial Site Readiness Program	SB 246	08	LF	-	(3,585)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Beginning and Expanding Farmer Loan Program	HB 2700	07	LF	-	(4,552)	-	-
DEPT OF HOUSING/COMMUNITY SVCS	Operating Expenses	HB 5015	01	GF	(169,304)	-	-	-
DEPT OF VETERANS AFFAIRS	Services Provided by ODVA	HB 5047	01-01	GF	(82,086)	-	-	-
DEPT OF VETERANS AFFAIRS	County Payments	HB 5047	01-02	GF	(91,535)	-	-	-
DEPT OF VETERANS AFFAIRS	Vets Services Organizations Payments	HB 5047	01-03	GF	(2,212)	-	-	-
EDUCATION								
DEPT OF EDUCATION	Operations	SB 5518	01-01	GF	(909,397)	-	-	-
DEPT OF EDUCATION	Oregon School for the Deaf	SB 5518	01-02	GF	(222,340)	-	-	-
DEPT OF EDUCATION	Early intervention services and early childhood special education programs	SB 5518	02-01	GF	(2,720,844)	-	-	-
DEPT OF EDUCATION	Other special education programs	SB 5518	02-02	GF	(857,426)	-	-	-
DEPT OF EDUCATION	Blind and Visually Impaired Student Fund	SB 5518	02-03	GF	(19,769)	-	-	-
DEPT OF EDUCATION	Breakfast and summer food programs	SB 5518	02-04	GF	(46,375)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
DEPT OF EDUCATION	Strategic investments	SB 5518	02-05	GF	(436,976)	-	-	-
DEPT OF EDUCATION	Other grant-in-aid programs	SB 5518	02-06	GF	(80,053)	-	-	-
DEPT OF EDUCATION	Oregon prekindergarten program	SB 5518	02-07	GF	(2,548,483)	-	-	-
DEPT OF EDUCATION	Other early learning programs	SB 5518	02-08	GF	(673,910)	-	-	-
DEPT OF EDUCATION	Youth development programs	SB 5518	02-09	GF	(114,982)	-	-	-
OREGON EDUCATION INVESTMENT BRC	Operating Expenses	SB 5548	01	GF	(123,176)	-	-	-
STUDENT ASSISTANCE COMMISSION	Oregon Opportunity Grants	HB 5032	01-01	GF	(2,269,536)	-	-	-
STUDENT ASSISTANCE COMMISSION	OSAC operations	HB 5032	01-02	GF	(63,076)	-	-	-
STUDENT ASSISTANCE COMMISSION	Other payments to individuals and institutions	HB 5032	01-03	GF	(28,985)	-	-	-
COMMUNITY COLLEGES DEPARTMENT	Operations	HB 5019	01-01	GF	(275,715)	-	-	-
COMMUNITY COLLEGES DEPARTMENT	Skills centers	HB 5019	01-03	GF	(12,000)	-	-	-
HIGHER EDUCATION COORD. COMM.	Operations	HB 5033	01	GF	(45,957)	-	-	-
HUMAN SERVICES								
LONG TERM CARE OMBUDSMAN	Operating Expenses	HB 5024	01	GF	(39,554)	-	-	-
COMMISSION FOR THE BLIND	Operating Expenses	HB 5003	01	GF	(31,287)	-	-	-
PSYCHIATRIC REVIEW BOARD	Operating Expenses	HB 5040	01	GF	(46,969)	-	-	-
DEPT OF HUMAN SERVICES	Central Services, Statewide Assessments & Enterprise-wide Costs	SB 5529	01-01	GF	(3,618,994)	-	-	-
DEPT OF HUMAN SERVICES	Child Welfare, Self Sufficiency, and Vocational Rehabilitation Services	SB 5529	01-02	GF	(16,897,531)	-	-	-
DEPT OF HUMAN SERVICES	Aging and People with Disabilities and Developmental Disabilities Programs	SB 5529	01-03	GF	(25,049,879)	-	-	-
OREGON HEALTH AUTHORITY	Programs	HB 5030	01-01	GF	(36,974,198)	-	-	-
OREGON HEALTH AUTHORITY	Central Services, Statewide Assessments and Enterprise-wide Costs	HB 5030	01-02	GF	(1,834,762)	-	-	-
JUDICIAL BRANCH								
JUDICIAL FIT OR DISABILITY COM	Administration	HB 5017	01-01	GF	(3,849)	-	-	-
JUDICIAL FIT OR DISABILITY COM	Extraordinary expenses	HB 5017	01-02	GF	(206)	-	-	-
JUDICIAL DEPARTMENT	Operations	HB 5016	01-02	GF	(5,455,635)	-	-	-
JUDICIAL DEPARTMENT	Mandated Payments	HB 5016	01-03	GF	(296,940)	-	-	-
JUDICIAL DEPARTMENT	Electronic Court	HB 5016	01-04	GF	(37,415)	-	-	-
JUDICIAL DEPARTMENT	Third-party Debt Collections	HB 5016	01-06	GF	(239,201)	-	-	-
JUDICIAL DEPARTMENT	Oregon Law Commission	HB 5016	05	GF	(4,492)	-	-	-
JUDICIAL DEPARTMENT	Council on Court Procedures	HB 5016	06	GF	(1,040)	-	-	-
JUDICIAL DEPARTMENT	Conciliation & mediation services in circuit courts	HB 5016	07-01	GF	(144,248)	-	-	-
JUDICIAL DEPARTMENT	Operating law libraries or providing law library services	HB 5016	08-01	GF	(144,248)	-	-	-
PUBLIC DEFENSE SERVICES	Appellate Division	HB 5041	01-01	GF	(291,347)	-	-	-
PUBLIC DEFENSE SERVICES	Professional Services	HB 5041	01-02	GF	(4,617,158)	-	-	-
PUBLIC DEFENSE SERVICES	Contract and Business Services Division	HB 5041	01-03	GF	(65,418)	-	-	-
LEGISLATIVE BRANCH								
LEGISLATIVE ADMIN COMMITTEE	General program	HB 5021	01-01	GF	(533,335)	-	-	-
LEGISLATIVE ASSEMBLY	Biennial General Fund	HB 5021	04	GF	(266,482)	-	-	-
LEGISLATIVE ASSEMBLY	77th Leg Assembly	HB 5021	05-01	GF	(338,307)	-	-	-
LEGISLATIVE ASSEMBLY	78th Leg Assembly	HB 5021	05-02	GF	(176,899)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
LEGISLATIVE COUNSEL COMMITTEE	Operating Expenses	HB 5021	08	GF	(200,172)	-	-	-
LEGISLATIVE FISCAL OFFICER	Operating Expenses	HB 5021	11-01	GF	(73,889)	-	-	-
LEGISLATIVE REVENUE OFFICE	Operating Expenses	HB 5021	12	GF	(51,399)	-	-	-
INDIAN SERVICES COMMISSION	Operating Expenses	HB 5021	13	GF	(9,186)	-	-	-
NATURAL RESOURCES								
DEPT OF GEOLOGY AND INDUSTRIES	General Fund	HB 5014	01	GF	(51,519)	-	-	-
DEPT OF PARKS AND RECREATION	General Fund	HB 5034	01	GF	(20,000)	-	-	-
LAND USE APPEALS BOARD	General Fund	SB 5531	01	GF	(30,950)	-	-	-
DEPT OF WATER RESOURCES	Water resources program	SB 5547	01	GF	(540,096)	-	-	-
DEPT OF AGRICULTURE	Administrative and Support Services	SB 5502	01-01	GF	(33,821)	-	-	-
DEPT OF AGRICULTURE	Food Safety	SB 5502	01-02	GF	(130,436)	-	-	-
DEPT OF AGRICULTURE	Natural Resources	SB 5502	01-03	GF	(140,392)	-	-	-
DEPT OF AGRICULTURE	Agricultural Development	SB 5502	01-04	GF	(79,760)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Air quality	SB 5520	01-01	GF	(114,865)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Water quality	SB 5520	01-02	GF	(392,845)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Land quality	SB 5520	01-03	GF	(15,194)	-	-	-
DEPT OF FISH AND WILDLIFE	Fish Division	HB 5013	01-01	GF	(252,570)	-	-	-
DEPT OF FISH AND WILDLIFE	Wildlife Division	HB 5013	01-02	GF	(9,787)	-	-	-
DEPT OF FISH AND WILDLIFE	Administrative Services Division	HB 5013	01-03	GF	(29,412)	-	-	-
DEPT OF FISH AND WILDLIFE	Capital Improvement	HB 5013	01-05	GF	(2,912)	-	-	-
DEPT OF FORESTRY	Agency administration	SB 5521	01-01	GF	(4,000)	-	-	-
DEPT OF FORESTRY	Fire protection	SB 5521	01-02	GF	(771,994)	-	-	-
DEPT OF FORESTRY	Private forests	SB 5521	01-03	GF	(286,486)	-	-	-
DEPT OF LAND CONSERVATION/DEVELOP	Planning program	SB 5530	01-01	GF	(211,684)	-	-	-
DEPT OF LAND CONSERVATION/DEVELOP	Grant Programs	SB 5530	01-02	GF	(24,653)	-	-	-
COLUMBIA RIVER GORGE COMMISSION	Operating Expenses	SB 5511	01	GF	(17,820)	-	-	-
PUBLIC SAFETY								
BOARD OF PAROLE/POST PRISON	General Fund	HB 5035	01	GF	(79,300)	-	-	-
OREGON STATE POLICE	Patrol services, criminal investigations and gaming enforcement	HB 5038	01-01	GF	(2,965,500)	-	-	-
OREGON STATE POLICE	Fish and wildlife enforcement	HB 5038	01-02	GF	(57,000)	-	-	-
OREGON STATE POLICE	Forensic services and State Medical Examiner	HB 5038	01-03	GF	(742,545)	-	-	-
OREGON STATE POLICE	Administrative Services, information management and Office of the State Fire Marshal	HB 5038	01-04	GF	(928,850)	-	-	-
DEPT OF CORRECTIONS	Operations and health services	HB 5005	01-01	GF	(17,849,890)	-	-	-
DEPT OF CORRECTIONS	Administration, general services and human resources	HB 5005	01-02	GF	(2,570,120)	-	-	-
DEPT OF CORRECTIONS	Offender management and rehabilitation	HB 5005	01-03	GF	(1,281,735)	-	-	-
DEPT OF CORRECTIONS	Community corrections	HB 5005	01-04	GF	(4,342,090)	-	-	-
DEPT OF CORRECTIONS	Capital Improvements	HB 5005	01-06	GF	(53,975)	-	-	-
CRIMINAL JUSTICE COMMISSION	General Fund	HB 5007	01	GF	(277,465)	-	-	-
DISTRICT ATTORNEYS/DEPUTIES	Department of Justice for District Attorneys	SB 5517	01	GF	(209,190)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
DEPT OF JUSTICE	Office of AG & administration	HB 5018	01-01	GF	(6,000)	-	-	-
DEPT OF JUSTICE	Civil enforcement	HB 5018	01-02	GF	(77,855)	-	-	-
DEPT OF JUSTICE	Criminal Justice	HB 5018	01-03	GF	(168,930)	-	-	-
DEPT OF JUSTICE	Crime victims' services	HB 5018	01-04	GF	(114,900)	-	-	-
DEPT OF JUSTICE	Defense of criminal conviction	HB 5018	01-05	GF	(379,270)	-	-	-
DEPT OF JUSTICE	Child Support Division	HB 5018	01-06	GF	(465,565)	-	-	-
DEPT OF MILITARY	Administration	SB 5534	01-01	GF	(88,729)	-	-	-
DEPT OF MILITARY	Operations	SB 5534	01-02	GF	(127,396)	-	-	-
DEPT OF MILITARY	Emergency Management	SB 5534	01-03	GF	(37,768)	-	-	-
DEPT OF MILITARY	Community Support	SB 5534	01-04	GF	(4,114)	-	-	-
OREGON YOUTH AUTHORITY	Operations	HB 5050	01-01	GF	(5,017,373)	-	-	-
OREGON YOUTH AUTHORITY	Juvenile crime prevention/diversion	HB 5050	01-02	GF	(351,862)	-	-	-
OREGON YOUTH AUTHORITY	East Multnomah County gang funding	HB 5050	01-03	GF	(34,135)	-	-	-
OREGON YOUTH AUTHORITY	Multnomah County Gang Services	HB 5050	01-04	GF	(67,542)	-	-	-
OREGON YOUTH AUTHORITY	Capital Improvements	HB 5050	01-06	GF	(14,763)	-	-	-
TRANSPORTATION								
OREGON DEPT OF TRANSPORTATION	PTD: Elderly & People w/Disabilities Transportation Pgrn	SB 5544	02	GF	(40,000)	-	-	-
			TOTAL		(15,489,175)	(1,353,591)	-	-

Appendix F

Summary of Expenditures by Program Area, Agency, and Fund Type

Notes:

- Special purpose appropriations to the Emergency Board that were allocated to specific agencies are included within the agency General Fund budgets for the 2011-13 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2013-15 legislatively adopted amounts, but are included in the legislatively adopted amount appropriated to the Emergency Board.
- The 2011-13 legislatively approved amounts represent expenditure authorizations through all 2011-13 Emergency Board actions and all 2011-13 budget adjustments addressed during the 2013 legislative session. The 2011-13 legislatively approved budget also includes certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds.

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
EDUCATION					
Community Colleges and Workforce Development					
	General Fund	444,663,139	418,489,968	458,376,927	481,408,441
	Lottery Funds	8,307,548	7,144,080	9,779,594	9,521,027
	Other Funds	137,636,049	17,509,093	6,164,804	115,912,543
	Federal Funds	142,433,655	118,161,396	116,068,422	107,203,669
	Federal Funds Nonlimited	16,431,823	18,968,832	18,968,832	18,968,832
	Total Expenditures	749,472,214	580,273,369	609,358,579	733,014,512
Higher Education Coordinating Commission					
	General Fund	-	-	-	3,111,497
	Other Funds	-	-	-	1,732,885
	Other Funds Nonlimited	-	-	-	200,000
	Federal Funds	-	-	-	342,759
	Total Expenditures	-	-	-	5,387,141
Education, Dept of					
	General Fund	316,320,396	340,837,528	367,172,563	436,954,079
	Lottery Funds	55,232,892	54,160,517	42,457,585	42,371,076
	Other Funds	56,757,548	62,940,399	62,948,708	134,359,784
	Other Funds Nonlimited	103,361,263	109,794,294	107,024,055	94,331,467
	Federal Funds	975,253,839	831,354,523	851,766,267	996,058,997
	Federal Funds Nonlimited	327,692,063	357,380,254	349,992,872	349,992,872
	Total Expenditures	1,834,618,001	1,756,467,515	1,781,362,050	2,054,068,275
State School Fund & Other K-12 Grants *					
	General Fund	4,777,824,006	5,168,845,755	5,924,260,594	6,222,625,891
	Lottery Funds	609,121,349	545,904,513	391,169,853	327,374,109
	Other Funds	3,529,791	340,252	400,826	400,826
	Federal Funds	323,893,772	61,000,000	-	-
	Total Expenditures	5,714,368,918	5,776,090,520	6,315,831,273	6,550,400,826
Oregon Education Investment Board					
	General Fund	-	-	-	6,035,608
Oregon University System					
	General Fund	729,654,860	668,264,553	715,801,743	727,927,876
	Lottery Funds	23,096,954	22,799,521	38,976,643	33,571,489
	Other Funds	2,174,667,651	-	-	-
	Other Funds Nonlimited	2,204,966,765	-	-	-
	Federal Funds	70,823,654	-	-	-
	Total Expenditures	5,203,209,884	691,064,074	754,778,386	761,499,365
Oregon Health and Science University					
	General Fund	77,012,354	66,041,261	69,794,258	72,362,387
	Other Funds	30,520,386	31,634,760	31,639,826	31,639,826
	Other Funds Nonlimited	66,435,465	69,307,022	-	-
	Total Expenditures	173,968,205	166,983,043	101,434,084	104,002,213

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Oregon Student Access Commission					
	General Fund	87,759,413	99,891,570	108,584,620	115,718,916
	Lottery Funds	6,632,734	2,630,172	344,599	246,223
	Other Funds	6,814,902	21,659,086	21,107,569	20,094,896
	Other Funds Nonlimited	10,969,513	-	-	-
	Federal Funds	917,968	-	-	-
	Total Expenditures	113,094,530	124,180,828	130,036,788	136,060,035
Teacher Standards & Practices Comm					
	Other Funds	5,311,522	5,444,612	5,442,725	4,904,153
	Federal Funds	-	85,455	35,000	35,000
	Total Expenditures	5,311,522	5,530,067	5,477,725	4,939,153
EDUCATION PROGRAM AREA TOTAL					
	General Fund	6,433,234,168	6,762,370,635	7,643,990,705	8,066,144,695
	Lottery Funds	702,391,477	632,638,803	482,728,274	413,083,924
	Other Funds	2,415,237,849	139,528,202	127,704,458	309,044,913
	Other Funds Nonlimited	2,385,733,006	179,101,316	107,024,055	94,531,467
	Federal Funds	1,513,322,888	1,010,601,374	967,869,689	1,103,640,425
	Federal Funds Nonlimited	344,123,886	376,349,086	368,961,704	368,961,704
	Total	13,794,043,274	9,100,589,416	9,698,278,885	10,355,407,128
* 2011-13 FF represents federal ARRA carry forward from 2009-11					

	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Current Service Level \$	2013-15 Legislatively Adopted \$
HUMAN SERVICES				
Blind, Commission for the				
General Fund	1,339,094	1,148,037	1,474,612	1,522,942
Other Funds	2,672,035	2,946,859	2,886,114	3,052,021
Federal Funds	10,708,500	11,532,986	12,336,492	12,129,790
Total Expenditures	14,719,629	15,627,882	16,697,218	16,704,753
Children and Families, Commission on				
General Fund	46,231,324	21,713,999	-	-
Other Funds	15,167,777	8,317,073	-	-
Federal Funds	3,150,868	909,077	-	-
Total Expenditures	64,549,969	30,940,149	-	-
Health Authority, Oregon				
General Fund	1,443,369,071	1,692,058,124	2,660,872,973	1,972,206,670
Lottery Funds	9,587,187	10,158,046	11,479,452	10,545,822
Other Funds	1,474,116,113	2,355,777,262	1,042,348,235	3,841,163,081
Other Funds Nonlimited	2,695,615,819	3,316,231,621	3,832,299,341	1,904,711,565
Federal Funds	4,371,907,321	5,185,712,295	6,747,393,211	7,485,009,093
Federal Funds Nonlimited	98,526,066	110,103,462	107,103,462	106,880,067
Total Expenditures	10,093,121,577	12,670,040,810	14,401,496,674	15,320,516,298
Human Services, Department of				
General Fund	1,791,286,691	2,185,437,090	2,561,372,047	2,247,307,600
Other Funds	334,595,591	516,471,949	419,141,257	474,879,587
Federal Funds	3,508,015,879	3,427,786,418	3,640,031,799	3,824,064,031
Federal Funds Nonlimited	2,194,068,587	2,514,345,331	2,514,345,331	2,514,345,331
Total Expenditures	7,827,966,748	8,644,040,788	9,134,890,434	9,060,596,549
Long Term Care Ombudsman				
General Fund	1,084,316	1,753,933	2,011,827	2,705,620
Other Funds	1,708,288	703,121	621,564	680,105
Total Expenditures	2,792,604	2,457,054	2,633,391	3,385,725
Psychiatric Security Review Board				
General Fund	1,214,966	2,105,264	2,598,306	2,306,552
Other Funds	85,133	217,256	2,105	103,725
Total Expenditures	1,300,099	2,322,520	2,600,411	2,410,277

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
HUMAN SERVICES PROGRAM AREA					
General Fund		3,284,525,462	3,904,216,447	5,228,329,765	4,226,049,384
Lottery Funds		9,587,187	10,158,046	11,479,452	10,545,822
Other Funds		1,828,344,937	2,884,433,520	1,464,999,275	4,319,878,519
Other Funds Nonlimited		2,695,615,819	3,316,231,621	3,832,299,341	1,904,711,565
Federal Funds		7,893,782,568	8,625,940,776	10,399,761,502	11,321,202,914
Federal Funds Nonlimited		2,292,594,653	2,624,448,793	2,621,448,793	2,621,225,398
Total		18,004,450,626	21,365,429,203	23,558,318,128	24,403,613,602

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
PUBLIC SAFETY					
Corrections, Dept of					
	General Fund	1,206,075,833	1,362,844,564	1,536,727,437	1,396,990,504
	Other Funds	72,089,447	36,914,957	33,936,401	39,599,876
	Other Funds Nonlimited	213,420,172	346,773,778	-	-
	Federal Funds	111,346,702	8,687,860	6,761,556	7,369,007
	Federal Funds Nonlimited	598,088	1,262,826	1,262,826	1,262,826
	Total Expenditures	1,603,530,242	1,756,483,985	1,578,688,220	1,445,222,213
Criminal Justice Commission					
	General Fund	4,945,096	4,761,327	4,771,471	23,745,288
	Other Funds	185,220	299,950	283,422	483,422
	Federal Funds	10,110,865	19,499,190	19,823,048	7,135,487
	Total Expenditures	15,241,181	24,560,467	24,877,941	31,364,197
District Attorneys and Their Deputies					
	General Fund	10,381,113	10,589,261	10,694,849	10,239,592
Justice, Dept of					
	General Fund	51,826,581	59,016,098	61,103,471	64,380,931
	Other Funds	215,839,684	227,269,372	238,339,853	259,697,319
	Other Funds Nonlimited	6,755,838	10,622,670	8,790,380	4,753,390
	Federal Funds	103,125,708	107,173,021	112,967,948	142,235,349
	Federal Funds Nonlimited	15,714,157	15,285,103	15,281,798	15,281,798
	Total Expenditures	393,261,968	419,366,264	436,483,450	486,348,787
Military Department					
	General Fund	22,898,158	27,975,479	25,228,745	20,783,532
	Other Funds	87,693,107	130,697,308	29,861,062	111,646,205
	Other Funds Nonlimited	1,172,023	3,041,915	-	-
	Federal Funds	207,961,728	295,951,938	270,300,364	284,930,096
	Total Expenditures	319,725,016	457,666,640	325,390,171	417,359,833
Oregon Youth Authority					
	General Fund	251,231,118	256,250,831	277,323,757	269,052,312
	Other Funds	10,625,938	13,173,713	14,008,787	19,508,582
	Federal Funds	28,624,903	31,107,231	36,887,629	34,496,051
	Federal Funds Nonlimited	-	1	1	1
	Total Expenditures	290,481,959	300,531,776	328,220,174	323,056,946

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Parole & Post Prison Supervision, Bd. of					
	General Fund	3,695,294	3,641,093	4,023,123	4,063,865
	Other Funds	6,280	10,289	10,536	10,536
	Total Expenditures	3,701,574	3,651,382	4,033,659	4,074,401
Police, Dept of State*					
	General Fund	216,286,946	221,721,695	238,950,711	232,126,436
	Lottery Funds	6,511,667	6,855,630	7,525,757	6,914,543
	Other Funds	82,597,416	93,876,661	93,688,910	91,213,655
	Federal Funds	7,627,721	9,644,097	9,285,514	9,411,098
	Total Expenditures	313,023,750	332,098,083	349,450,892	339,665,732
Public Safety Standards & Training, Dept of					
	General Fund	11,360,288	11,283,810	10,136,429	9,788,298
	Other Funds	31,047,286	32,962,299	34,590,446	34,859,020
	Other Funds Nonlimited	-	59,971,801	-	-
	Federal Funds	52,524	107,513	58,893	258,893
	Total Expenditures	42,460,098	104,325,423	44,785,768	44,906,211
PUBLIC SAFETY PROGRAM AREA					
	General Fund	1,778,700,427	1,958,084,158	2,168,959,993	2,031,170,758
	Lottery Funds	6,511,667	6,855,630	7,525,757	6,914,543
	Other Funds	500,084,378	535,204,549	444,719,417	557,018,615
	Other Funds Nonlimited	221,348,033	420,410,164	8,790,380	4,753,390
	Federal Funds	468,850,151	472,170,850	456,084,952	485,835,981
	Federal Funds Nonlimited	16,312,245	16,547,930	16,544,625	16,544,625
	Total	2,991,806,901	3,409,273,281	3,102,625,124	3,102,237,912
* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table					

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
JUDICIAL BRANCH					
Judicial Department					
	General Fund	284,107,992	367,808,432	409,314,689	394,466,850
	Other Funds	80,904,659	56,914,830	22,864,190	66,209,554
	Federal Funds	1,099,450	1,303,013	891,014	1,227,911
	Total Expenditures	366,112,101	426,026,275	433,069,893	461,904,315
Judicial Fitness, Commission on					
	General Fund	156,451	178,470	205,844	193,140
Public Defense Services Commission					
	General Fund	211,374,802	230,441,855	251,420,300	244,280,071
	Other Funds	12,144,671	3,830,055	3,218,844	4,467,042
	Total Expenditures	223,519,473	234,271,910	254,639,144	248,747,113
JUDICIAL BRANCH PROGRAM AREA					
	General Fund	495,639,245	598,428,757	660,940,833	638,940,061
	Other Funds	93,049,330	60,744,885	26,083,034	70,676,596
	Federal Funds	1,099,450	1,303,013	891,014	1,227,911
	Total	589,788,025	660,476,655	687,914,881	710,844,568

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
	\$	\$	\$	\$
ECONOMIC AND COMMUNITY DEVELOPMENT				
Business Development Department*				
General Fund	8,926,180	3,842,479	4,000,961	8,250,274
Lottery Funds	106,424,887	137,516,918	91,595,267	115,478,577
Other Funds	27,493,113	26,120,912	28,367,180	67,638,351
Other Funds Nonlimited	210,776,965	369,325,307	210,341,005	222,341,005
Federal Funds	28,428,854	50,652,649	38,441,644	38,781,008
Total Expenditures	382,049,999	587,458,265	372,746,057	452,489,215
Employment Department				
General Fund	2,756,233	3,234,080	4,119,654	-
Other Funds	88,175,490	129,289,332	127,539,307	120,522,794
Other Funds Nonlimited	2,415,086,782	2,077,281,096	1,648,948,096	1,634,912,351
Federal Funds	322,105,147	311,662,120	279,109,814	159,967,135
Federal Funds Nonlimited	3,009,968,682	1,492,000,000	110,000,000	124,035,745
Total Expenditures	5,838,092,334	4,013,466,628	2,169,716,871	2,039,438,025
Housing & Community Services Dept				
General Fund	9,524,010	15,312,436	12,187,323	8,593,855
Lottery Funds	8,454,527	10,464,685	10,010,599	9,428,966
Other Funds	111,020,175	149,615,398	117,857,575	73,939,411
Other Funds Nonlimited	744,541,892	806,981,605	577,328,360	454,533,001
Federal Funds	271,449,723	208,039,554	154,818,200	77,993,813
Federal Funds Nonlimited	105,608,871	108,229,868	108,000,000	54,000,000
Total Expenditures	1,250,599,198	1,298,643,546	980,202,057	678,489,046
Veterans' Affairs, Department of				
General Fund	5,887,682	6,562,195	6,237,138	9,448,781
Other Funds	39,692,961	59,711,219	47,550,792	43,788,902
Other Funds Nonlimited	496,940,215	443,095,385	335,225,000	335,225,000
Federal Funds	1,970,508	26,702,288	-	-
Total Expenditures	544,491,366	536,071,087	389,012,930	388,462,683
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
General Fund	27,094,105	28,951,190	26,545,076	26,292,910
Lottery Funds	114,879,414	147,981,603	101,605,866	124,907,543
Other Funds	266,381,739	364,736,861	321,314,854	305,889,458
Other Funds Nonlimited	3,867,345,854	3,696,683,393	2,771,842,461	2,647,011,357
Federal Funds	623,954,232	597,056,611	472,369,658	276,741,956
Federal Funds Nonlimited	3,115,577,553	1,600,229,868	218,000,000	178,035,745
Total	8,015,232,897	6,435,639,526	3,911,677,915	3,558,878,969
* HB 2152 (2009) changed the name of the Oregon Economic and Community Development Department to the Oregon Business Development Department				

	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Current Service Level \$	2013-15 Legislatively Adopted \$
NATURAL RESOURCES				
Agriculture, Department of				
General Fund	12,998,069	12,158,804	17,468,615	18,720,616
Lottery Funds	8,709,513	7,826,943	7,112,634	6,333,815
Other Funds	45,564,865	54,165,502	51,763,854	53,980,931
Federal Funds	9,796,616	12,146,069	12,502,551	15,168,522
Total Expenditures	77,069,063	86,297,318	88,847,654	94,203,884
Columbia River Gorge Commission				
General Fund	813,817	814,846	925,598	873,180
Other Funds	2,377	5,000	5,140	5,000
Total Expenditures	816,194	819,846	930,738	878,180
Energy, Department of				
Lottery Funds	516,894	2,164,185	2,166,050	2,166,050
Other Funds	24,549,756	36,440,507	34,854,421	49,447,398
Other Funds Nonlimited	172,002,020	171,915,239	176,018,807	176,018,807
Federal Funds	28,793,085	36,845,834	3,086,893	2,939,208
Federal Funds Nonlimited	-	1	1	1
Total Expenditures	225,861,755	247,365,766	216,126,172	230,571,464
Environmental Quality, Department of				
General Fund	30,796,820	25,011,536	28,696,448	29,936,112
Lottery Funds	5,415,717	4,502,197	4,746,582	3,824,782
Other Funds	110,387,186	140,225,902	147,797,195	139,956,679
Other Funds Nonlimited	125,941,753	125,666,802	87,120,278	127,290,278
Federal Funds	33,043,015	31,628,115	31,367,282	27,563,182
Total Expenditures	305,584,491	327,034,552	299,727,785	328,571,033
Fish & Wildlife, Department of				
General Fund	13,225,857	6,779,844	13,857,099	17,157,413
Lottery Funds	5,801,126	5,824,398	5,339,057	4,767,766
Other Funds	148,567,890	198,364,072	152,805,671	182,247,358
Federal Funds	95,917,881	112,710,166	103,080,395	131,933,605
Total Expenditures	263,512,754	323,678,480	275,082,222	336,106,142
Forestry, Department of				
General Fund	42,924,304	53,902,250	54,053,628	54,437,263
Lottery Funds	1,374,136	2,542,314	2,523,132	5,408,132
Other Funds	169,247,182	217,855,667	209,839,410	215,657,186
Other Funds Nonlimited	7,980,958	-	-	-
Federal Funds	28,074,483	44,278,675	30,433,489	33,853,011
Total Expenditures	249,601,063	318,578,906	296,849,659	309,355,592

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Geology & Mineral Industries, Dept of					
	General Fund	2,675,269	2,464,702	2,638,699	2,505,043
	Lottery Funds	499,999	-	-	-
	Other Funds	7,733,956	9,034,864	4,192,866	7,835,292
	Federal Funds	3,492,611	5,268,289	3,050,661	4,303,586
	Total Expenditures	14,401,835	16,767,855	9,882,226	14,643,921
Land Conservation & Development, Dept of					
	General Fund	15,258,551	11,132,225	12,274,466	12,330,059
	Other Funds	1,309,575	1,457,573	1,278,787	947,584
	Federal Funds	4,790,276	6,117,281	5,897,527	5,891,950
	Total Expenditures	21,358,402	18,707,079	19,450,780	19,169,593
Land Use Board of Appeals					
	General Fund	1,412,424	1,331,909	1,448,572	1,517,044
	Other Funds	64,014	83,620	85,648	84,328
	Total Expenditures	1,476,438	1,415,529	1,534,220	1,601,372
State Lands, Department of					
	General Fund	1,934,790	681,266	-	-
	Other Funds	23,084,202	29,253,872	25,754,324	29,740,188
	Other Funds Nonlimited	7,346,149	29,054,249	10,054,249	10,234,249
	Federal Funds	3,497,375	6,099,914	2,777,493	1,831,671
	Total Expenditures	35,862,516	65,089,301	38,586,066	41,806,108
Marine Board					
	Other Funds	22,201,108	23,537,102	21,984,696	25,981,329
	Federal Funds	6,188,391	6,683,394	6,759,893	7,443,149
	Total Expenditures	28,389,499	30,220,496	28,744,589	33,424,478
Parks & Recreation Department					
	General Fund	-	-	-	980,000
	Lottery Funds	86,441,978	80,594,505	86,892,780	84,614,432
	Other Funds	86,786,404	99,870,258	104,885,962	111,999,304
	Other Funds Nonlimited	-	4,624,192	-	-
	Federal Funds	8,639,850	17,563,157	8,773,998	11,819,364
	Total Expenditures	181,868,232	202,652,112	200,552,740	209,413,100
Water Resources Department					
	General Fund	19,268,371	20,359,297	23,640,461	26,504,946
	Lottery Funds	348,455	732,384	574,025	574,025
	Other Funds	9,560,735	29,162,165	13,289,661	34,547,013
	Federal Funds	646,093	1,195,479	1,276,373	1,272,735
	Total Expenditures	29,823,654	51,449,325	38,780,520	62,898,719

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Oregon Watershed Enhancement Board					
	Lottery Funds	59,881,320	63,179,128	6,733,282	58,109,189
	Other Funds	1,833,021	1,773,534	1,516,106	1,849,375
	Federal Funds	20,911,187	47,279,276	19,801,404	32,732,090
	Total Expenditures	82,625,528	112,231,938	28,050,792	92,690,654
NATURAL RESOURCES PROGRAM AREA					
	General Fund	141,308,272	134,636,679	155,003,586	164,961,676
	Lottery Funds	168,989,138	167,366,054	116,087,542	165,798,191
	Other Funds	656,092,271	841,229,638	770,053,741	854,278,965
	Other Funds Nonlimited	313,270,880	331,260,482	273,193,334	313,543,334
	Federal Funds	243,790,863	327,815,649	228,807,959	276,752,073
	Federal Funds Nonlimited	-	1	1	1
	Total	1,523,451,424	1,802,308,503	1,543,146,163	1,775,334,240

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
TRANSPORTATION					
Aviation, Department of					
	Other Funds	7,320,330	5,856,565	5,927,998	6,202,750
	Federal Funds	3,711,681	4,086,055	2,939,298	4,769,741
	Total Expenditures	11,032,011	9,942,620	8,867,296	10,972,491
Transportation, Department of*					
	General Fund	16,912,732	2,000,010	21,137,928	2,060,000
	Lottery Funds	80,439,321	72,614,930	95,261,416	93,953,970
	Other Funds	3,612,722,722	3,616,523,281	3,273,588,556	3,813,954,090
	Other Funds Nonlimited	25,401,967	255,705,987	18,158,214	18,158,214
	Federal Funds	103,713,381	135,086,355	100,982,195	119,483,481
	Federal Funds Nonlimited	11,921,871	21,621,529	21,621,529	21,621,529
	Total Expenditures	3,851,111,994	4,103,552,092	3,530,749,838	4,069,231,284
TRANSPORTATION PROGRAM AREA					
	General Fund	16,912,732	2,000,010	21,137,928	2,060,000
	Lottery Funds	80,439,321	72,614,930	95,261,416	93,953,970
	Other Funds	3,620,043,052	3,622,379,846	3,279,516,554	3,820,156,840
	Other Funds Nonlimited	25,401,967	255,705,987	18,158,214	18,158,214
	Federal Funds	107,425,062	139,172,410	103,921,493	124,253,222
	Federal Funds Nonlimited	11,921,871	21,621,529	21,621,529	21,621,529
	Total	3,862,144,005	4,113,494,712	3,539,617,134	4,080,203,775
* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table					

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES					
Accountancy, Board of					
	Other Funds	1,557,481	2,048,572	1,952,934	2,073,326
Chiropractic Examiners, Board of					
	Other Funds	1,221,987	1,356,554	1,371,217	1,454,717
Licensed Social Workers, Board of					
	Other Funds	1,013,929	1,244,968	1,260,516	1,350,215
Construction Contractors Board					
	Other Funds	13,799,101	15,137,443	16,311,910	15,874,620
Consumer and Business Services, Dept of					
	Other Funds	185,767,184	200,876,115	216,560,780	210,350,105
	Other Funds Nonlimited	198,397,456	205,069,009	199,611,276	199,565,185
	Federal Funds	610,545	3,639,056	996,061	984,288
	Total Expenditures	384,775,185	409,584,180	417,168,117	410,899,578
Dentistry, Board of					
	Other Funds	2,159,597	2,502,044	2,649,013	2,581,266
Health Licensing Agency					
	Other Funds	6,433,623	7,005,466	7,524,737	7,642,521
Health Related Licensing Boards:					
Mortuary and Cemetery Board					
	Other Funds	1,160,298	1,320,994	1,435,655	1,409,105
Naturopathic Examiners					
	Other Funds	518,818	598,123	553,531	631,110
Occupational Therapy Licensing Bd					
	Other Funds	286,131	363,959	374,870	367,857
Medical Imaging					
	Other Funds	589,631	749,594	827,292	836,832
Speech-Language Path. and Audio.					
	Other Funds	362,046	404,495	423,359	529,895
Veterinary Medical Examiners Bd					
	Other Funds	548,262	701,629	754,252	740,203
Health Related Licensing Boards Total					
	Other Funds	3,465,186	4,138,794	4,368,959	4,515,002

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Labor & Industries, Bureau of					
	General Fund	11,832,787	11,145,065	12,068,837	11,517,209
	Other Funds	6,970,066	8,992,406	9,626,487	9,871,681
	Other Funds Nonlimited	1,376,114	2,200,000	1,200,000	1,200,000
	Federal Funds	1,065,281	1,396,750	1,506,794	1,495,043
	Total Expenditures	21,244,248	23,734,221	24,402,118	24,083,933
Licensed Prof Counselors and Therapists, Bd					
	Other Funds	903,449	932,509	998,121	1,096,822
Medical Board, Oregon					
	Other Funds	9,373,666	10,028,550	10,684,667	10,453,997
Nursing, Board of					
	Other Funds	12,184,268	13,988,205	13,835,842	14,196,228
Pharmacy, Board of					
	Other Funds	4,478,980	5,111,603	5,530,936	5,783,198
Psychologist Examiners, Board of					
	Other Funds	883,233	1,035,662	1,038,681	1,005,553
Public Utility Commission					
	Other Funds	36,597,114	39,586,887	40,587,906	40,049,729
	Other Funds Nonlimited	83,060,443	75,291,665	79,271,977	79,271,765
	Federal Funds	2,222,486	4,813,925	2,351,193	2,444,367
	Total Expenditures	121,880,043	119,692,477	122,211,076	121,765,861
Real Estate Agency					
	Other Funds	6,772,329	7,461,430	7,276,950	7,053,979
Tax Practitioners, Board of					
	Other Funds	1,013,888	1,098,646	1,181,895	1,157,125
CONSUMER AND BUSINESS SERVICES PROGRAM AREA					
	General Fund	11,832,787	11,145,065	12,068,837	11,517,209
	Other Funds	294,595,081	322,545,854	342,761,551	336,510,084
	Other Funds Nonlimited	282,834,013	282,560,674	280,083,253	280,036,950
	Federal Funds	3,898,312	9,849,731	4,854,048	4,923,698
	Total	593,160,193	626,101,324	639,767,689	632,987,941

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
	\$	\$	\$	\$
ADMINISTRATION				
Administrative Services, Dept of*				
General Fund	12,506,753	9,211,014	7,096,802	9,673,091
Lottery Funds	3,515,081	6,696,851	8,213,576	8,135,841
Other Funds	909,266,545	903,473,635	816,731,668	877,567,512
Other Funds Nonlimited	114,030,629	197,531,084	122,552,277	122,552,277
Federal Funds	47,000	-	-	-
Federal Funds Nonlimited	-	1	-	-
Total Expenditures	1,039,366,008	1,116,912,585	954,594,323	1,017,928,721
Citizens' Initiative Review Commission				
Other Funds	-	115,000	11,026	-
County Fairs*				
Lottery Funds	2,807,758	3,498,007	3,576,453	3,669,380
Historical Society*				
General Fund	577,215	-	-	735,000
Lottery Funds	-	233,298	210,392	210,392
Other Funds	-	2,549,322	-	-
Total Expenditures	577,215	2,782,620	210,392	945,392
Oregon Public Broadcasting*				
General Fund	115,443	-	-	490,000
Lottery Funds	1,880,325	1,566,926	546,157	546,157
Other Funds Nonlimited	694,639	-	-	-
Total Expenditures	2,690,407	1,566,926	546,157	1,036,157
Advocacy Commissions Office				
General Fund	366,193	368,932	411,324	399,995
Other Funds	18,125	40,000	40,960	40,960
Total Expenditures	384,318	408,932	452,284	440,955
Employment Relations Board				
General Fund	1,621,408	1,932,803	2,104,873	1,894,849
Other Funds	1,471,941	1,862,696	2,141,431	1,901,273
Total Expenditures	3,093,349	3,795,499	4,246,304	3,796,122
Government Ethics Commission				
General Fund	162,912	-	-	-
Other Funds	1,244,405	1,615,856	1,606,484	1,935,994
Total Expenditures	1,407,317	1,615,856	1,606,484	1,935,994

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
Governor, Office of the					
	General Fund	10,071,418	31,157,883	52,082,405	10,007,383
	Lottery Funds	1,941,910	1,815,295	2,419,152	3,261,204
	Other Funds	3,768,185	13,471,928	21,399,806	2,809,734
	Federal Funds	-	5,413,248	5,332,742	-
	Total Expenditures	15,781,513	51,858,354	81,234,105	16,078,321
Oregon Liquor Control Comm					
	Other Funds	128,101,562	140,096,446	148,355,879	150,626,250
Public Employees Retirement System					
	Other Funds	79,307,909	80,750,830	77,761,634	84,002,344
	Other Funds Nonlimited	6,730,356,220	7,837,176,025	9,277,875,000	9,277,875,000
	Total Expenditures	6,809,664,129	7,917,926,855	9,355,636,634	9,361,877,344
Racing Commission, Oregon					
	Other Funds	5,076,400	5,192,629	5,442,748	5,821,294
Revenue, Dept of					
	General Fund	140,240,842	147,798,243	163,259,812	165,191,130
	Other Funds	30,667,149	34,230,088	37,336,826	65,256,876
	Other Funds Nonlimited	251,521	1,945,006	1,991,686	-
	Total Expenditures	171,159,512	183,973,337	202,588,324	230,448,006
Secretary of State					
	General Fund	13,154,574	12,500,468	12,579,143	8,476,735
	Other Funds	34,795,709	42,099,026	42,844,859	48,895,140
	Federal Funds	5,632,259	7,559,402	7,736,442	7,710,474
	Total Expenditures	53,582,542	62,158,896	63,160,444	65,082,349
State Library					
	General Fund	3,128,064	2,868,303	3,195,561	1,591,908
	Other Funds	5,904,640	6,325,531	6,781,007	2,774,285
	Federal Funds	4,475,725	4,747,696	4,917,005	2,463,398
	Total Expenditures	13,508,429	13,941,530	14,893,573	6,829,591
Treasury, Oregon State					
	Other Funds	31,773,270	35,248,684	40,020,642	45,149,748
	Other Funds Nonlimited	3,677,332	3,700,000	3,584,000	-
	Total Expenditures	35,450,602	38,948,684	43,604,642	45,149,748

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
ADMINISTRATION PROGRAM AREA					
General Fund		181,944,822	205,837,646	240,729,920	198,460,091
Lottery Funds		10,145,074	13,810,377	14,965,730	15,822,974
Other Funds		1,231,395,840	1,267,071,671	1,200,474,970	1,286,781,410
Other Funds Nonlimited		6,849,010,341	8,040,352,115	9,406,002,963	9,400,427,277
Federal Funds		10,154,984	17,720,346	17,986,189	10,173,872
Federal Funds Nonlimited		-	1	-	-
Total		8,282,651,061	9,544,792,156	10,880,159,772	10,911,665,624
* Oregon Public Broadcasting, 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.					

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
LEGISLATIVE BRANCH					
Indian Services, Commission on					
	General Fund	367,645	414,602	468,835	444,063
	Other Funds	1,841	6,431	6,586	6,586
	Total Expenditures	369,486	421,033	475,421	450,649
Legislative Administration Committee					
	General Fund	24,027,383	28,999,433	32,048,223	33,376,264
	Other Funds	4,764,678	4,108,685	2,607,029	37,920,316
	Other Funds Nonlimited	383,763	597,932	597,932	597,932
	Total Expenditures	29,175,824	33,706,050	35,253,184	71,894,512
Legislative Assembly					
	General Fund	30,840,594	37,132,538	41,108,099	38,039,318
	Other Funds	75,361	268,970	278,975	277,937
	Other Funds Nonlimited	81,935	91,360	93,553	93,553
	Total Expenditures	30,997,890	37,492,868	41,480,627	38,410,808
Legislative Counsel Committee					
	General Fund	7,793,217	8,528,744	10,086,943	9,784,658
	Other Funds	2,036,401	1,311,425	1,690,671	1,658,313
	Other Funds Nonlimited	869,229	780,711	562,803	562,803
	Total Expenditures	10,698,847	10,620,880	12,340,417	12,005,774
Legislative Fiscal Officer					
	General Fund	5,516,076	5,871,135	6,798,857	3,610,997
	Other Funds	97,516	-	-	3,000,000
	Total Expenditures	5,613,592	5,871,135	6,798,857	6,610,997
Legislative Revenue Officer					
	General Fund	1,977,774	1,996,569	2,372,109	2,711,399
LEGISLATIVE BRANCH PROGRAM AREA					
	General Fund	70,522,689	82,943,021	92,883,066	87,966,699
	Other Funds	6,975,797	5,695,511	4,583,261	42,863,152
	Other Funds Nonlimited	1,334,927	1,470,003	1,254,288	1,254,288
	Total	78,833,413	90,108,535	98,720,615	132,084,139

	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Current Service Level \$	2013-15 Legislatively Adopted \$
MISCELLANEOUS				
Emergency Board				
General Fund	-	-	-	30,000,000
Total Expenditures	-	-	-	30,000,000
Special Purpose Appropriations (details below)	-	-	-	125,106,815
MISCELLANEOUS PROGRAM TOTAL				
General Fund	-	-	-	155,106,815
Total	-	-	-	155,106,815
Special Purpose Appropriations (SPA)				
Department of Forestry - Fire protection	-	-	-	5,000,000
Various - Salary adjustment	-	-	-	86,500,000
Various - Non-State salary adjustment	-	-	-	12,900,000
State Library - 2nd year funding		-	-	1,702,192
Housing and Community Services -	-	-	-	8,915,211
Housing and Community Services - 2nd year Housing Choice Landlord Guarantee Prog			-	74,855
Department of Education - student assessments				4,600,000
Department of Education - youth development				1,789,557
Housing and Community Services - 2nd year Oregon Hunger Response Fund				225,000
Oregon Health Authority - A&D rate increases				3,300,000
Oregon Health Authority - Dental pilot program				100,000
SPA Totals	-	-	-	125,106,815

		2009-11	2011-13	2013-15	2013-15
		Actual	Legislatively	Current	Legislatively
			Approved	Service Level	Adopted
		\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES					
General Fund		12,441,714,709	13,688,613,608	16,250,589,709	15,608,670,298
Lottery Funds		1,092,943,278	1,051,425,443	829,654,037	831,026,967
Other Funds		10,907,000,274	10,043,570,537	7,982,211,115	11,903,098,552
Other Funds Nonlimited		16,641,894,840	16,523,775,755	16,698,648,289	14,664,427,842
Federal Funds		10,866,278,510	11,201,630,760	12,652,546,504	13,604,752,052
Federal Funds Nonlimited		5,780,530,208	4,639,197,208	3,246,576,652	3,206,389,002
Total Expenditures		57,730,361,819	57,148,213,311	57,660,226,306	59,818,364,713
STATE OF OREGON TOTAL EXPENDITURES					
General Fund		12,441,714,709	13,688,613,608	16,250,589,709	15,608,670,298
Lottery Funds		1,092,943,278	1,051,425,443	829,654,037	831,026,967
Other Funds		27,548,895,114	26,567,346,292	24,680,859,404	26,567,526,394
Federal Funds		16,646,808,718	15,840,827,968	15,899,123,156	16,811,141,054
Total Expenditures		57,730,361,819	57,148,213,311	57,660,226,306	59,818,364,713