

Budget Highlights

**Updated 2007-09
Legislatively Approved Budget**

**Based on
February 4-22, 2008
Special Session Actions**



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MARCH 2008**

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March 12, 2008

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

The Legislative Fiscal Office has prepared this update to the *2007-09 Budget Highlights* to incorporate legislative changes made to the budget during the February 2008 special session. We hope you find this resource useful and invite you to call the Legislative Fiscal Office if you have any questions.

Ken Rocco
Legislative Fiscal Officer

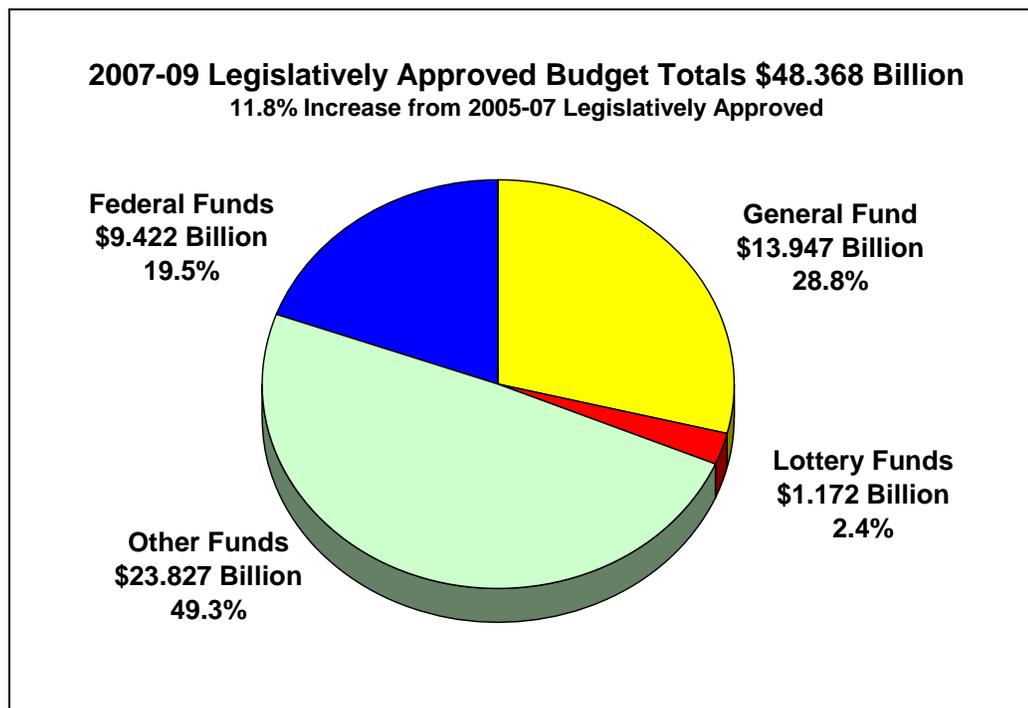
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Summary of 2007-09 Legislatively Approved Budget February 2008 Special Session Actions

Budget Overview

The legislatively approved budget (LAB) for the 2007-09 biennium, as adjusted during the February 2008 special session, is \$48.4 billion total funds, an increase of \$411.8 million from the 2007-09 adopted budget, or growth of less than 0.9%. The approved budget includes \$15.1 billion in combined General Fund and Lottery Funds, \$23.9 billion Other Funds, and \$9.4 billion Federal Funds. The 2007-09 total budget represents an 11.8% increase over the 2005-07 biennium's legislatively approved total budget of \$43.3 billion.



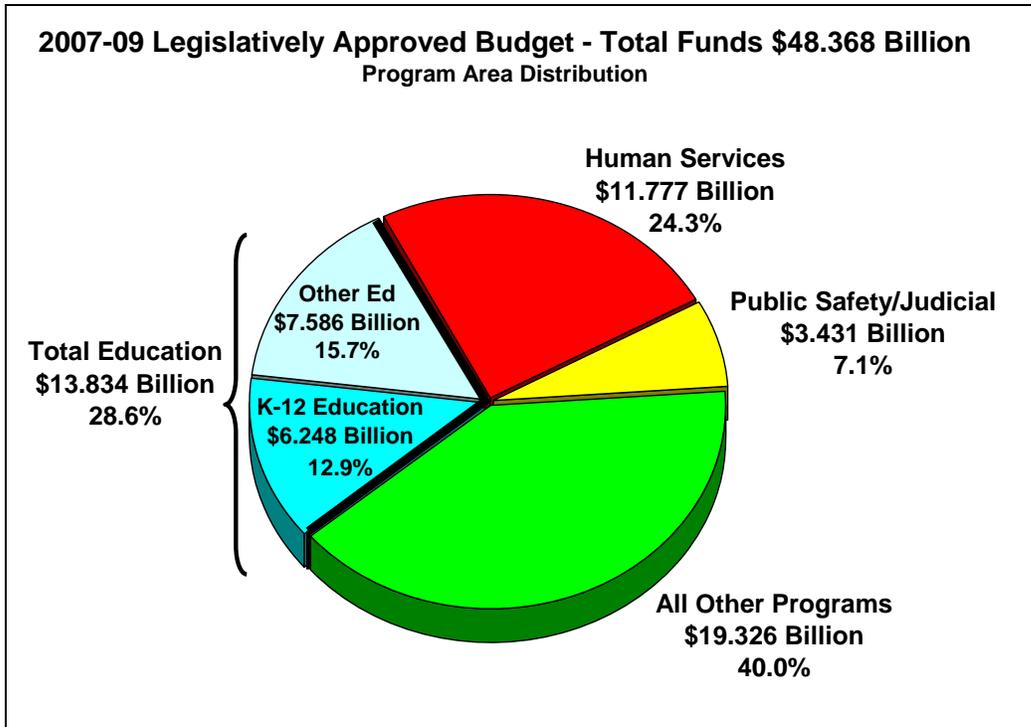
The Legislature called itself into special session on February 4, 2008, and completed business on February 22, 2008. This was within the timeframes described by legislative leadership and the deadlines imposed during the 2007 regular session when the decision was made to use the special session as a pilot to determine the efficacy of annual sessions.

As part of the special session plan, the economic and revenue forecast regularly scheduled for release on March 1st was moved to February 8th in order to provide the Legislature time to respond to any changes in the state's revenue situation. The forecast (still referred to as the March 2008 forecast) indicated a softening of economic conditions resulting in a decline of \$177.8 million General Fund and \$10.8 million Lottery Funds from the previous forecast released in December 2007. Since the Legislature had left the 2007 regular session with a combined General Fund and Lottery Funds ending balance of nearly \$200 million, the March 2008 forecast did not put the state into an immediate deficit situation.

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

- SB 5556 – omnibus budget reconciliation
- SB 5555 – capital construction
- HB 5100 – bonding authorization
- HB 3626 – non-appropriation program changes to implement budget decisions

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



General Fund and Lottery Expenditures

Combined General Fund and Lottery Funds expenditures for the 2007-09 biennium as a result of the February 2008 special session actions total \$15.119 billion, up \$12.3 million from the legislatively adopted budget for the biennium, an increase of .08%. General Fund appropriations were actually reduced from the adopted budget, from \$13.955 billion to \$13.947 billion, a decline of \$7.7 million. The net reduction reflects increased General Fund spending on priority programs offset by a transfer of unallocated Lottery Funds to the State School Fund to replace General Fund, which was then made available to the state's ending balance.

Priority General Fund expenditures during the special session totaled a net \$12.3 million. This included the following additions:

- \$4.4 million to the Department of Land Conservation and Development for Measure 49 claims processing;
- \$2.5 million to the Water Resources Department for a regional aquifer assessment in the Umatilla Basin and for a statewide water storage and conservation grant program;
- \$1.6 million to the Department of Energy for coverage of the OMSI debt restructuring;
- \$1 million to the Housing and Community Services Department for low income housing preservation;

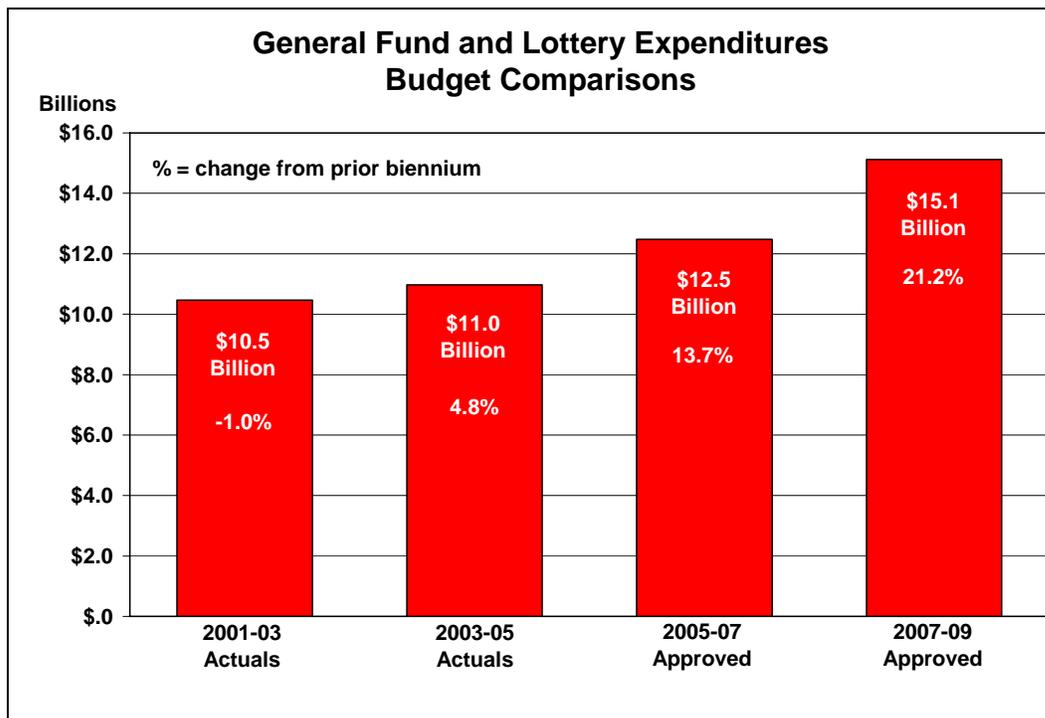
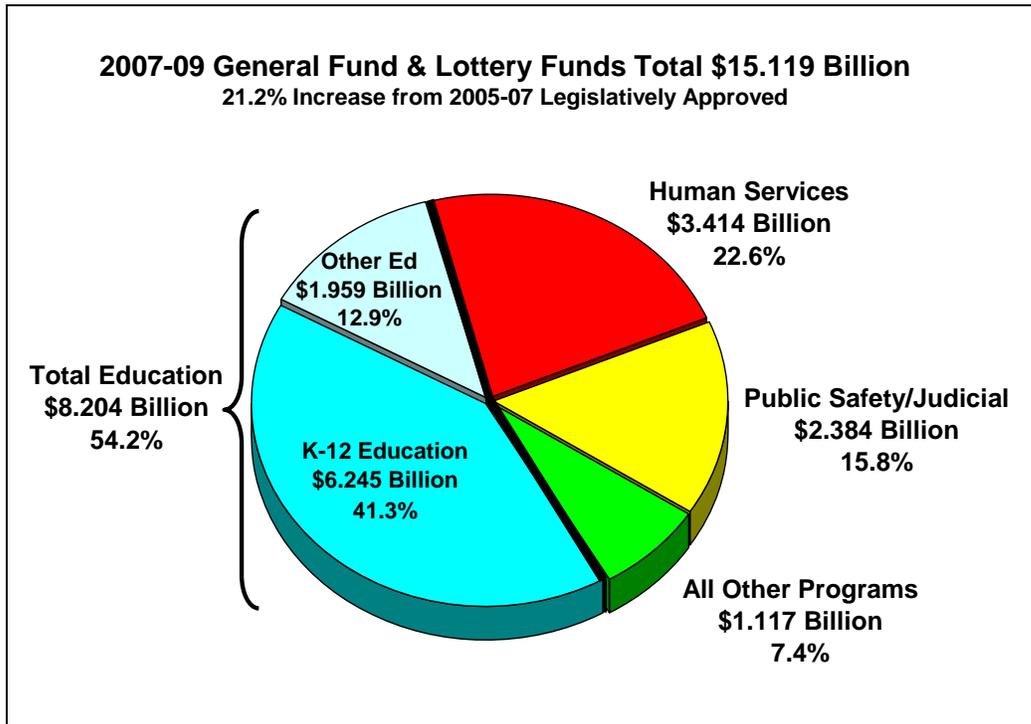
- \$1 million to the Emergency Board as a special purpose appropriation for first year costs associated with a property crimes ballot referral;
- \$0.5 million to the Military Department for a declared emergency recovery fund to assist local governments with federal matching funds;
- \$0.5 million to the Department of Human Services for two community health care delivery grants;
- \$0.49 million to the Department of State Police for additional trooper positions to attain 24/7 highway coverage;
- \$0.43 million to the Department of Land Conservation and Development for costs associated with the Oregon Task Force on Land Use Planning (“Big Look” Task Force);
- \$0.3 million to the Department of Veterans’ Affairs for a small business repair loan program for eligible veterans;
- \$0.28 million to the Department of Human Services for costs associated with developing the Children’s Wraparound Initiative; and
- \$0.15 million to the Department of Human Services for an assessment of community mental health delivery programs.

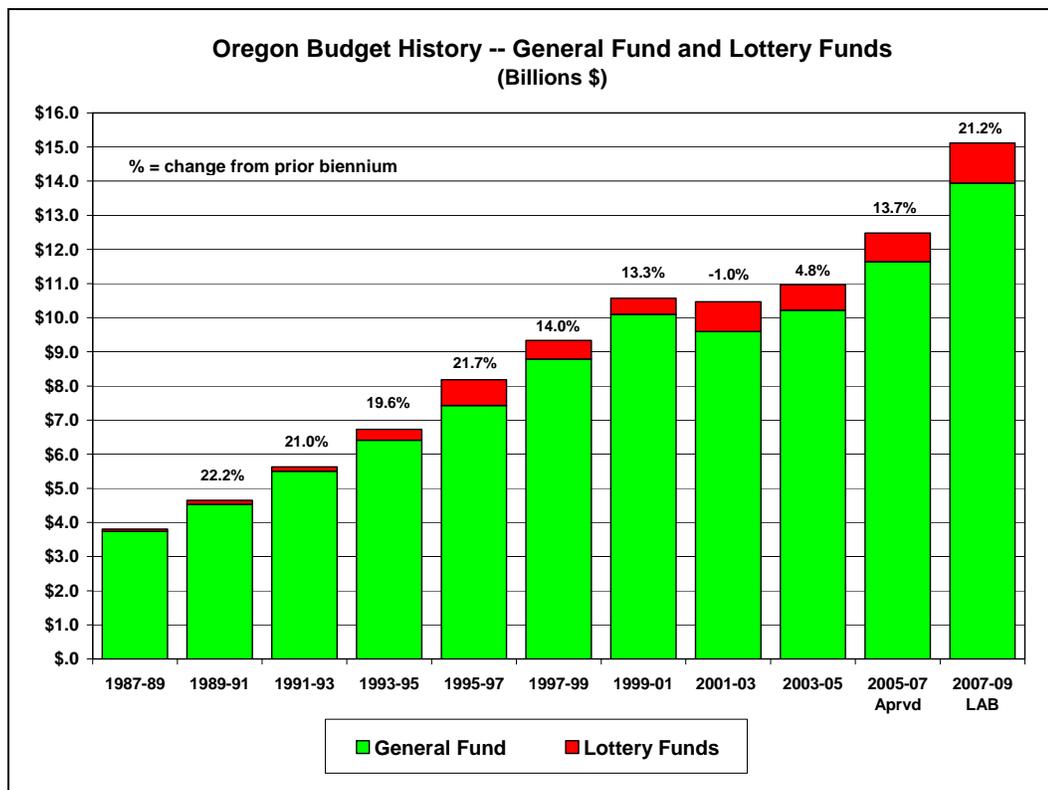
The Legislature approved two disappropriations during the special session – a reduction of \$0.48 million from the Department of Administrative Services for funds no longer needed for Measure 49 processing and a reduction of \$0.4 million from the Department of Revenue for costs related to cigarette tax enforcement, which will be paid from cigarette tax revenue rather than the General Fund.

The Legislature also approved a transfer of \$20 million of unallocated Lottery Funds from the Administrative Services Economic Development Fund to the State School Fund, with an accompanying disappropriation of \$20 million General Fund from the State School Fund. The net result was no change in the level of State School Fund appropriations, but an increase to the state’s General Fund ending balance.

February 2008 Special Session Budget Actions		
	General Fund	Lottery Funds
Dec. 07 Ending Balance	206,628,474	36,587,000
Mar. 08 Forecast Change	<u>(177,824,221)</u>	<u>(10,816,000)</u>
Mar. 08 Ending Balance	28,804,253	25,771,000
2008 Session Budget Adjustments		
Priority Appropriations	(13,141,765)	
Disappropriations	880,473	
Transfer LF to State School Fund	20,000,000	(20,000,000)
Adjusted Mar. 08 Ending Balance		
With Session Budget Adjustments	36,542,961	5,771,000

The following charts show the combined General Fund and Lottery Funds budget by major program area, and in comparison to prior biennia budgets:





Two other significant General Fund budget actions were contemplated by the Legislature during the February 2008 special session, but, due to the decline in the state’s revenue situation, the Legislature decided to postpone action until at least the next economic and revenue forecast scheduled to be released June 1st. The \$125 million General Fund that had been provided to the Emergency Board as a special purpose appropriation for the 2007-09 state employee salary and benefit changes was not distributed during the February special session, but delayed until the first Emergency Board meeting in June 2008. At that time, the June 2008 revenue forecast will be available. If necessary, the Emergency Board could retain the \$125 million instead of allocating the funds to state agencies, in effect adding the funds to the state’s ending balance to offset any further revenue decline. Failure to distribute the \$125 million will lead to various agency program reductions which will be presented to the Emergency Board in June when the decision is made on allocation of the salary and benefit funds. It is important to point out that if the \$125 million is not allocated state employees will still receive the increases in salary and changes in benefits that have been negotiated, regardless of the distribution decision.

The second significant decision is similar in that the Legislature decided to retain \$17.5 million from the Department of Human Services’ latest rebalance plan as a special purpose appropriation to the Emergency Board. These funds were disappropriated from the Department and appropriated to the Emergency Board. Again, the decision was made to increase the Legislature’s flexibility in dealing with caseload and cost changes for the Department’s programs at the time of its next rebalance, also anticipated for action at the June 2008 Emergency Board meeting. Other savings from the Department’s rebalance plan were also directly reinvested within the agency, including funding for the Oregon State Hospital to respond to the U.S. Department of Justice investigation of the facility, funding for the retention of various child welfare staff positions, and funding for various rate increases for providers of services to clients of the Seniors and People with Disabilities cluster of the agency. More information on these actions can be found in the program area detail section of this document.

As a result of the March 2008 revenue forecast and the actions taken during the February 2008 special session, there is a projected General Fund ending balance of \$36.5 million and an unallocated Lottery Funds ending balance of \$5.8 million. This compares to the close-of-session legislatively adopted General Fund ending balance of \$184.2 million and an unallocated Lottery Funds ending balance of \$13.2 million.

Lottery Revenues and Expenditures

The following table details the Lottery Funds adjustments that have occurred since the end of 2007 regular legislative session.

- Total Lottery Funds revenue was increased by \$16.3 million. This reflects a decrease of \$9.5 million in revenues which was offset by a \$25.9 million increase in administrative savings transferred by the Lottery Commission.
- Dedicated transfers to the Education Stability Fund, Parks and Natural Resources and other programs were increased by \$3.8 million as a result of the net revenue increase.
- The Legislature approved a fund shift for the State School Fund distributions. The Lottery Funds allocation and expenditure limitation was increased by \$20 million and the General Fund appropriation was decreased by the same amount. This action had no effect on total State School Fund expenditures, but increased the General Fund ending balance.

DAS Economic Development Fund (Lottery Funds) 2007-09 LAB

Revenues				
	2007 Close of Session	Feb 08 Supp. Session Adjustment	Feb 08 Supp. Session	
Beginning Balance	66,292,479	(2,183,912)	64,108,567	
Interest Income	7,500,000	4,301,000	11,801,000	
Administrative Savings	35,000,000	25,857,439	60,857,439	
Disappropriations & Reversions	2,282,473	(318)	2,282,155	
Net Lottery Proceeds	1,281,149,647	(11,626,841)	1,269,522,806	
Total Revenue	1,392,224,599	16,347,368	1,408,571,967	
Expenditures & Transfers				Percent
Dedicated Transfers				
County Video Poker 2.5%	46,255,970	(1,220,578)	45,035,392	
Gov ERT Allocation from Counties	(1,073,056)		(1,073,056)	
Ed Stability Fund 18%	236,906,936	2,561,508	239,468,444	
Parks & Natural Resources 15%	197,422,447	2,134,590	199,557,037	
Higher Education Sports Action	11,634,945	142,307	11,777,252	
Gambling Addiction Treatment 1%	13,161,496	142,306	13,303,802	
County Fairs	3,557,141		3,557,141	
Total Dedicated Transfers	507,865,879	3,760,133	511,626,012	36.5%
Debt Service - Existing				
Department of Education	41,874,677		41,874,677	
Department of Higher Education	7,948,180		7,948,180	
Housing and Community Services Dept.	4,396,584		4,396,584	
Economic and Community Development Dept	57,726,272		57,726,272	
ODOT	41,579,216		41,579,216	
DAS - OPB bonds	1,605,934		1,605,934	
Total Debt Service	155,130,863	-	155,130,863	
Debt Service - 2007 Close of Session				
Department of Education				
Department of Higher Education	5,329,137		5,329,137	
Housing and Community Services Dept.	1,476,120		1,476,120	
OECD - Infrastructure Bonds	-		-	
OECD - Hillsboro			-	
OECD - Coos Bay Channel	449,647		449,647	
ODOT - Street Car			-	
ODOT - Eastside Light Rail			-	
ODOT - Connect Oregon	4,931,493		4,931,493	
DAS - OPB bonds	168,703		168,703	
Total Debt Service	12,355,100	-	12,355,100	
Cumulative Debt Service		167,485,963	167,485,963	11.9%
Program Allocations				
Dept. of Education - State School Fund	634,142,231	20,000,000	654,142,231	
Governor's Office - Econ. Revitalization Team	2,146,112		2,146,112	
Department of Agriculture - County Fair Adm	35,190		35,190	
Economic & Community Development Dept.	67,365,871		67,365,871	
Total Program Allocations	703,689,404	20,000,000	723,689,404	51.6%
Total Revenue	1,392,224,599	16,347,368	1,408,571,967	
Close of Session Balance		13,183,353	13,183,353	
Total Expenditures	1,379,041,246	23,760,133	1,402,801,379	
Balance Remaining	13,183,353	5,770,588	5,770,588	100.0%

Other Funds Expenditures

The 2007-09 legislatively approved budget provides for the expenditure of \$23.8 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 is generally restricted by law to defined purposes. Examples include revenue from licenses and fees; charges for services; 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 February 2008 special session actions increased the Other Funds budget by \$226.7 million, an increase over the legislatively adopted budget of slightly less than 1%. The majority of the change was due to the approval of capital construction projects using bond proceeds. The largest of the projects included approval for:

- \$200 million in Article XI-F bond proceeds for the Department of Higher Education for the University of Oregon arena project;
- \$4 million in Article XI-G bond proceeds and \$4 million in Other Revenues for the Department of Community Colleges and Workforce Development for Clatsop Community College;
- \$3.5 million in Article XI-G bond proceeds for the Department of Higher Education for the Oregon Institute of Technology Center for Health Professions (coupled with a \$3.5 million decrease in Other Revenues for the same project);
- \$4 million Other Funds expenditure limitation for the Department of Transportation for the Sisters Maintenance Station;
- \$2.3 million Other Funds expenditure limitation (plus associated Federal Funds expenditure limitation) for the Department of Aviation for projects at the Aurora, Lebanon, and Mulino airports; and
- \$1 million Other Funds limitation for the Department of Administrative Services for costs related to the State Data Center consolidation.

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

Federal Funds Expenditures

The 2007-09 legislatively approved budget authorizes expenditure of \$9.4 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.

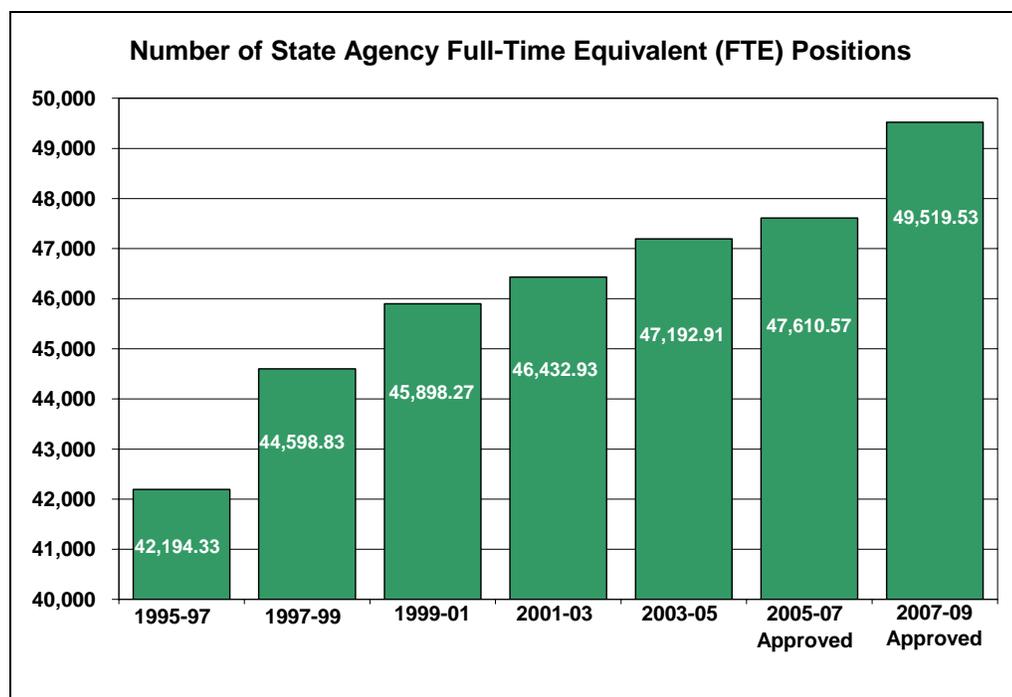
The February 2008 special session actions increased the Federal Funds budget by \$172.9 million, slightly less than 1.9% more than the legislatively adopted budget. The majority of the change was due to additional expenditure limitation provided to the Military Department for pass-through funding from the Federal Emergency Management Agency for disaster response and relief (\$98.6 million), to the Department of Human Services (\$59.5 million total; \$38.9 million of the total resulting from a federal match rate change), and to the Department of State Police for a federal grant related to the Oregon Wireless Interoperability Project (\$6 million).

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

Summary of Special Session Legislative Actions Affecting the 2007-09 Budget

State Employees

The legislatively approved total funds budget as adjusted by the Legislature in the February 2008 special session supports 49,519.53 Full-Time Equivalent (FTE) positions. An FTE represents the number of months for which each position is budgeted during the 24-month biennium. This represents an increase of 130.69 FTE from the budget adopted in June 2007, a gain of 0.3%. Most of the additional positions were authorized in the Department of Human Services (87.52 FTE) and the Department of Land Conservation and Development (17.33 FTE). 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, 2006, the state's population was estimated at 3,683,300. The FTE limit at the beginning of the biennium is therefore 55,249.50, substantially higher than the number included in the legislatively 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 Treasurer, and some positions in the Employment Department and Department of Higher Education.



State Employee Salary and Benefit Actions

During the interim between the end of the 2007 regular session and the February 2008 special session, the Joint Committee on Ways and Means made plans to allocate the \$125 million special purpose appropriation made to the Emergency Board for state employee salary and benefit issues in the 2007-09 biennium. After the March 2008 revenue forecast was released showing a net General Fund and Lottery Funds reduction of \$189 million from the previous forecast, the decision was made to retain the \$125 million special purpose appropriation for possible distribution in June 2008, depending on the status of the next revenue forecast.

The Committee was advised during the February 2008 special session that the \$125 million General Fund was already insufficient to fund all salary actions approved through collective bargaining agreements and other executive branch actions. The basic negotiated package received by all state employees was a 3% cost-of-living adjustment (COLA) effective July 1, 2007 (with a minimum increase of \$80), a 3.2% COLA effective November 1, 2008 (with a minimum increase of \$85), and fully paid health premiums in 2008 and 2009 (with a 12% cap in 2009). The estimated cost of the basic package is \$127.8 million General Fund (\$313.2 million total funds). In addition, the salary and benefit special purpose appropriation was planned for use in offsetting agency costs for a PERS rate split adjustment and a rebalance of the Pension Obligation Bond repayment schedule. The net General Fund cost of these two adjustments is estimated at \$5.6 million. The \$125 million special purpose appropriation would cover approximately 93.7% of the net 2007-09 cost of the basic salary and benefit package and the two payroll cost adjustments.

In addition to the basic package, the Governor provided management and executive service employees a supplemental package that included a 3% market adjustment effective July 1, 2007, the addition of a new top step (and elimination of the bottom step) for each management classification effective July 1, 2007, the addition of a new top step (and elimination of the bottom step) for each management classification effective July 1, 2008, and a 10% pay differential for all agency heads. The cost of this management supplemental salary package is estimated at \$15.9 million General Fund (\$46.4 million total funds). Based on the Governor's directive that these costs were to be absorbed by agencies within their existing budgets with no negative effects on service delivery, the management supplemental package was not planned to be covered by the \$125 million special purpose appropriation.

The management supplemental package was announced by the Governor after contracts with the state's two largest state employee bargaining units (the Service Employees International Union, or SEIU, and the American Federation of State, County, and Municipal Employees, or AFSCME) had been largely settled. The unions expressed concern about the additional components of the management supplemental package. In response, after the contracts with the unions had been settled, the Governor provided a new additional contract to the state employee bargaining units that provided for the addition of a new top step (and elimination of the bottom step) for each job classification in the strike permitted bargaining units effective at 11:59 pm on June 30, 2009. The timing of this additional step has no cost to the 2007-09 biennium, but has an estimated \$20.7 million General Fund (and \$55 million total funds) cost for the 2009-11 budget that had not been previously anticipated.

Program Area Summaries

SB 5556, the omnibus budget reconciliation bill, and SB 5555, the capital construction bill, made various adjustments to agency budgets, as described by program area and agency below.

Education Program Area

State School Fund

The Legislature approved a \$3,005,438 increase in the fiscal year 2007-08 distributions from the State School Fund and a commensurate increase in Other Funds limitation to distribute “kicker” refund donations made to the State School Fund. The Department of Education (ODE) currently holds \$2,997,964 that was transferred from the Department of Revenue as the result of taxpayer donations of their “kicker” refunds to the State School Fund. In addition, individuals have donated \$7,474 directly to the Department for the State School Fund. The approved increases in the State School Fund cap and Other Funds expenditure limitation will allow the ODE to allocate these additional funds to districts through the statutory State School Fund formula. Additional “kicker” refund donations may be available once the Department of Revenue resolves a number of taxpayer claims of unintended “kicker” donations.

The Legislature also approved a fund shift for the State School Fund distributions. General Fund was decreased by \$20,000,000, with the Lottery Funds allocation and expenditure limitation increased by the same amount.

Department of Education

The Department’s Federal Funds expenditure limitation was increased by \$1,259,126 for a school improvement grant from the U.S. Department of Education. The grant will be used to contribute to the overall goals of No Child Left Behind, by delivering leadership and technical assistance to schools and districts with an emphasis on school improvement.

The Department’s Federal Funds expenditure limitation was also increased by \$3,300,000 for a statewide longitudinal data systems grant. The goal of the Oregon Direct Access to Achievement (DATA) Project is to improve educators’ ability to use data to inform instructional decision-making. School Districts and Education Service Districts are beginning to make investments in regional data warehouses. In addition, the Department of Education is developing the Pre-Kindergarten through Grade 16 Integrated Data System (KIDS), which is an enterprise-level data warehouse. This grant will be used for professional development to help teachers and administrators understand how to effectively access and use relevant student-level data to inform their instruction.

Several technical adjustments to the budget were also approved. The first adjustment increases the Lottery Funds expenditure limitation from the Oregon Education Fund by \$1,069,192, to correctly reflect the lottery fund sources that are to be used by the agency in 2007-09 for debt service on education lottery bonds. The Lottery Funds expenditure limitation from the Administrative Services Economic Development Fund is decreased by the same amount. The second adjustment transfers \$50,000 General Fund from the Grant-in-Aid budget to the Operations budget, to place funding for the Civics Task Force in the correct operational structure.

The establishment of one full-time permanent Information Specialist 5 position (0.67 FTE) was approved. ODE was originally budgeted to fully participate in the Computing and Network

Infrastructure Consolidation (CNIC) initiative. This included abolishing a position and moving the related expenditure authority out of the Personal Services category and into Services and Supplies in order to purchase services from the State Data Center. It has since been determined that it is not in the state's best interest to require ODE to migrate its computing resources to the State Data Center. This current action adjusts the agency's budget authority to continue providing the services internally. It is expected that ODE will make an internal transfer of budgeted funds between budget categories consistent with this change.

During the 2007 session, the Legislature passed HB 3141 which allowed the ODE to spend up to \$350,000 each biennium from the State School Fund for administration of the Talented and Gifted (TAG) program. It was expected that a portion of the funding would be used to establish a TAG specialist position within the Department, but statutory limitations did not allow that to occur. During the February 2008 special session, SB 1066 was passed allowing the establishment of one full-time, permanent Education Specialist 2 position (0.67 FTE), effective March 1, 2008, for administration of the TAG program.

Also during the February 2008 special session, HB 3601 was passed, which authorized one full-time permanent Operations and Policy Analyst position (0.50 FTE) related to the Farm-to-School program. No additional funding was given to ODE for the position.

Department of Higher Education/Department of Community Colleges and Workforce Development

Actions taken by the Legislature during the February 2008 special session affecting post-secondary education were in the form of capital construction projects and bonding. The Department of Higher Education received approval to initiate construction of the University of Oregon arena project and the Oregon Institute of Technology's Center for Health Professions project (Phase 2). The Department of Community College and Workforce Development received authorization for a capital construction project at Clatsop Community College. Details of these actions can be found in the Capital Construction and State Bonding sections of this document.

Human Services Program Area

Department of Human Services

The budget for the Department of Human Services (DHS) was reduced from the 2007-09 legislatively adopted budget by \$21.5 million General Fund and \$49.6 million Other Funds, but increased by \$59.5 million Federal Funds and 169 positions (87.52 FTE). Two Emergency Board special purpose appropriations, totaling \$22.4 million, were also established for future DHS needs:

- \$17.5 million for increased caseloads, costs-per-case and program needs. The funding reflects several issues that DHS identified in its budget rebalance plan, but which are not fully funded at this time: vocational rehabilitation services; start-up costs related to the new Medicaid Management Information System; Oregon State Hospital hearing costs; and developmental disability program savings. DHS may request funding for these issues, or other emergent needs, later in the biennium.
- \$4.9 million for the Oregon State Hospital improvement plan. In response to a recent federal Department of Justice review of the Oregon State Hospital, DHS developed a plan to improve the quality of care at that facility. The cost of the plan is \$6.7 million General Fund this biennium and \$26.2 million General Fund in the 2009-11 biennium. The Legislature approved \$1.8 million General Fund and 21 positions (11.54 FTE) in the DHS budget for an immediate start to address the needs; the other \$4.9 million is retained in the special purpose appropriation for future costs.

With the special purpose appropriations, the total resources available to DHS are up slightly (0.09%) from the legislatively adopted budget, to \$11.6 billion total funds.

The budget changes largely reflect the Department's repricing ("rebalance") of program caseloads, costs, and revenues. The rebalance included adjustments for net General Fund savings from program caseloads and costs, which have been slightly lower overall than forecast for the legislatively adopted budget; updated federal Medicaid match rate estimates which increase federal reimbursement and offset General Fund need; and lower than expected tobacco tax revenue and other revenue rejections.

The Legislature approved a number of enhancements as part of the overall DHS funding:

- \$7.3 million General Fund and \$7.3 million Federal Funds will support 214 child welfare positions (127.83 FTE), into spring 2009. DHS is expected to return to the Emergency Board later this year with a broader plan to address child welfare workload and staffing issues, based on findings from the recent child welfare staffing study completed by a DHS consultant (McKinsey & Company) and a federal Child and Family Services Review of program outcomes.
- Foster care payments to all relatives [SB 282 (2007)] are funded starting January 2008, without an income "means test." The earlier start date and elimination of the means test is expected to cost \$4.5 million total funds more for this biennium. DHS will use available TANF funds for the payments, resulting in a net \$1.4 million General Fund savings and \$5.9 million Federal Funds increase for 2007-09.
- Reimbursement rates for residential care facilities, commercial and relative adult foster care, assisted living facilities, and adult foster care for people with developmental disabilities will be increased beginning July 2008, an \$11.8 million General Fund and \$18.8 million Federal Funds increase for the 2007-09 budget.
- Capital Construction for replacement of two group homes for developmentally disabled persons was funded at \$929,000 General Fund.

New General Fund support was also provided for:

- Community health care delivery grants to improve access to, and the effectiveness of, health care delivery for families (\$500,000).
- The Children's Wraparound Initiative, which is designed to further integrate behavioral and other support services for children, youth, and their families (\$275,000).
- An assessment and evaluation of the community mental health care component of the state's mental health care delivery system (\$150,000).

Oregon Project Independence (OPI) will receive an additional \$400,000 Other Funds. The money will come from the OPI Fund, which receives regular contributions from the Senior Property Tax Deferral Account.

The Legislature also added \$440,000 in Other Funds expenditure limitation for the Oregon Health Fund Board, to allow the Board to expend grants and donations that have been or are expected to be received.

Although no legislative action was taken in the February 2008 special session, the summary table in Appendix B showing the 2007-09 legislatively approved budget also reflects a \$9.8 million Other Funds Nonlimited increase approved for DHS by the Department of Administrative Services in September 2007 for Women, Infants, and Children (WIC) rebates.

Public Safety and Judicial Branch Program Area

Criminal Justice Commission

The General Fund resources for 2007-09 grants to 11 drug courts totaling \$528,116 was transferred from the Criminal Justice Commission (CJC) to the Department of State Police. These 11 drug courts had received grants from CJC as well as grants funded by federal Byrne Grant funds and the federal Justice Assistance Grant through the State Police. To coordinate the administration of these grants, funding was transferred so a single state agency is responsible for grant monitoring and oversight.

As part of the decision to move ahead with the eCourt project described below in the Judicial Department section, CJC was instructed (by budget note) to convene a Public Safety Agency Data Sharing Work Group. The Work Group's mission is to: (1) identify shared data requirements; (2) develop uniform data management standards; (3) identify specific data to be included in a public safety data warehouse; and (4) identify the resources required to establish a statewide public safety data warehouse. To assist the CJC staff in this effort, participating public safety agencies are expected to provide resources to support the efforts of the Work Group; and the Department of Administrative Services is directed to provide technical assistance. It is expected that the resources for the development and ongoing costs of the data warehouse be part of the Governor's 2009-11 recommended budget.

Department of Justice

The 2007-09 budget for the Department of Justice (DOJ) was increased by almost \$4 million total funds in the following actions:

- The DOJ Other Funds expenditure limitation was increased by \$343,596 (two limited duration positions and 1.34 FTE) in support of the Oregon Terrorism Intelligence Threat Assessment Network, or TITAN. Resources for this function are from a federal grant passed through the Department of State Police budget.
- A total increase of \$1,925,793 Other Funds (four limited duration positions and 3.75 FTE) was approved for DOJ's responsibilities in reviewing and processing compensation claims of landowners for lost value due to land use regulations under the provisions of Ballot Measure 49. This increase represents the slower option for reviewing cases which will extend into the 2009-11 biennium. The increase is in addition to the \$2.2 million Other Funds approved for this purpose by the 2007 Legislature. The Department of Land Conservation and Development (DLCD) will be billed for these expenditures. The \$1.9 million will be unscheduled until DLCD and DOJ report to the Emergency Board with more timely information on the costs for these activities.
- The Federal Funds expenditure limitation was increased by \$1,689,162 to provide limitation for the second fiscal year's Violence Against Women Act grant funds. Only the limitation for the first year of the biennium was approved for this program during the 2007 regular session.

Military Department

The 2007-09 budget for the Military Department was increased by over \$100 million total funds including:

- The establishment in statute of an Oregon Disaster Response Fund with an expenditure limitation of \$77,920,449 Federal Funds. This limitation includes three components: (a) \$50.5 million for the federally declared 2007 Northwest Storms disaster; (b) an \$11.8 million base budget limitation; and (c) a \$15.6 million contingency reserve limitation for future disaster activities.
- An appropriation of \$500,000 General Fund and an increase of Other Funds limitation for the same amount were approved for a newly established account within the Oregon Disaster Response Fund for Oregon Local Disaster Assistance. These resources are for loans to local entities to assist with

matching funds requirements for Federal Emergency Management Agency disaster assistance grants. A Local Disaster Assistance Review Board is established to review and approve loans from the account.

- The Oregon Pre-Disaster Mitigation Fund was established with a Federal Funds expenditure limitation of \$20,701,465, which includes a \$3.2 million fund shift from Other Funds to Federal Funds.
- An increase of \$112,462 in Other Funds expenditure limitation associated with the Department's support of the 2007 fire season.

These funds and accounts provide the budgetary infrastructure for pre-disaster and disaster response activities in the event of catastrophic event(s) in the state and provide for greater transparency and coordination of pre-disaster and disaster activities between branches of government.

The Department also received Legislative approval to sell 3.3 acres of real property in Newport adjacent to the airport as well as approval to sell the Klamath Falls Armory, land, and associated improvements, to the City of Klamath Falls. Current law was clarified to allow the Department to seek approval for real property sales during a special legislative session.

Judicial Department

The Legislature approved the expenditure limitation for the first sale of Certificates of Participation (COP) for the Judicial Department (OJD) eCourt project. This project will replace the 25-year old Oregon Judicial Information Network (OJIN) mainframe data system with a web-based electronic court system that includes electronic document management and web-based financial transactions. This conversion is required because OJIN has become increasingly obsolete. Problems include the inability to access person based information, extract statistical data, and modify the system as laws and requirements change. Because OJIN was written in COBOL, it is also difficult to find staff proficient in that computer language to update or repair the system. An additional risk relates to the financial system, which is difficult to modify and lacks capability to extract data. OJD and its public safety partners are required to spend significant staff time manually extracting and entering data into alternative systems, such as agency-specific systems and specially created spreadsheets.

The Legislature authorized 2007-09 COP sales of \$23.5 million (\$24.4 million including the cost of issuance), with \$8 million in the May 2008 COP sale, and \$15.5 million in the March 2009 COP sale. OJD will use \$2 million Other Funds to purchase financial system components outright and has identified \$1 million in savings from changes in the procurement strategy. The interest payment on the spring 2008 sale is capitalized, so there is no General Fund impact in the 2007-09 biennium.

The expenditure limitation on the COP sale in March 2009 was deferred to the meeting of the Emergency Board closest to December 2008, subject to budget notes in SB 5556 that link progress towards an integrated public safety system data warehouse with the Judicial Department eCourt project. This will provide the Legislature with the necessary control over both the eCourt project and the data warehouse project, and will provide the Public Safety Agency Data Sharing Work Group (as described in the budget notes) with time to make significant progress on the data warehouse project.

Public Defense Services Commission

The Legislature corrected a technical error in the 2007 budget bill and added four positions (2.60 FTE) for the Juvenile Appellate Unit. The 2007 Legislature appropriated \$1.95 million General Fund to the Public Defense Services Commission for a Juvenile Appellate Unit and for increased funding for contract attorneys, but failed to provide the position authority in the end of session budget bill.

Department of State Police

The budget for the Department of State Police (OSP) was increased by \$485,223 General Fund to fund 39 additional trooper positions (1.56 FTE) for the final month of the 2007-09 biennium. These new positions continue the efforts started by adding 100 new troopers approved in the 2007 legislative session to reach a minimal 24-hour state law enforcement presence throughout the state. The Department of Administrative Services will unschedule this funding until the OSP is able to (1) recruit and fill the existing 100 new trooper positions and trooper positions vacant due to attrition, and (2) demonstrate there are a sufficient number of eligible recruits for all or part of the 39 positions.

The OSP budget was also increased by \$528,116 General Fund due to the transfer of funding for 11 drug courts which is described above in the section for the Criminal Justice Commission. In addition, an increase of \$25,000 in the OSP Federal Funds expenditure limitation was approved for a federal grant for tribal crime data collection and reporting.

Economic Development and Consumer Services Program Area

Housing and Community Services Department

The Legislature appropriated \$1 million General Fund to the Oregon Housing and Community Services Department. The appropriation will provide seed money for a revolving loan fund that will leverage support from foundations, private banks, and other local funders to provide interim financing to acquire affordable rental housing properties that have expiring federal subsidy contracts. The Department will provide an additional \$1 million for the loan fund by reprioritizing department resources. When fully leveraged and capitalized with \$50 million, the loan fund is assumed to preserve 909 units.

Department of Veterans' Affairs

The Legislature appropriated \$300,000 General Fund to the Department of Veterans' Affairs to establish the Veterans' Small Business Repair Loan Program, and approved an increase of \$300,000 in Other Funds expenditure limitation for purposes of making loans from the newly established fund. The loan program will be used to assist returning veterans who can prove a need associated with rebuilding their businesses.

Department of Consumer and Business Services

The Legislature passed SB 1064 that increases consumer protection through expanded oversight of mortgage lending. The Other Funds expenditure limitation for the Department of Consumer and Business Services (DCBS) was increased by \$210,019 and two positions (1.25 FTE) were established to perform duties related to this protection. New responsibilities include: a requirement that mortgage bankers and brokers must file annual reports on their residential mortgage lending activities; DCBS must maintain a registry of these annual reports; DCBS will investigate consumer complaints related to mortgage lending; mortgage bankers and mortgage brokers are prohibited from employing persons as loan originators if that person has been suspended or barred from this employment; and DCBS will have the ability to suspend, permanently prohibit, or place conditions on loan originator employment for violation of rules and laws. The agency will fund the additional expenditures from licensing fees from mortgage brokers and registration fees from loan originators.

Natural Resources Program Area

The Legislature increased the Natural Resources program area budgets by approximately \$8.9 million General Fund, or 5.7%, over the 2007-09 legislatively adopted budget. General Fund increases include:

- \$1.6 million to retire a large portion of the Oregon Museum of Science and Industry (OMSI) debt from a loan issued by the Department of Energy to OMSI in 1992.
- \$2.5 million for the Water Resources Department to implement a statewide grant program for water storage feasibility studies and funding for a specific regional aquifer recovery feasibility assessment in the Umatilla Basin.
- \$4.8 million for the Department of Land Conservation and Development's work to review and process compensation claims of landowners for lost value due to land use regulations under provisions of Ballot Measure 49, which was approved by the voters in November 2007. This amount also includes funding to enable the Oregon Task Force on Land Use Planning to continue its work on the 30-year Land Use Review.

Transportation Program Area

Department of Transportation

The Department of Transportation budget was increased by \$32.8 million total funds to reflect:

- A rebalance of resources within the Department of Transportation
- Increased emphasis on Highway Maintenance programs
- Completion of storm damage repair on state highways
- Changes to four capital construction projects

No changes were made to the Department's General Fund allocation.

Department of Aviation

The Department of Aviation received an Other Funds expenditure limitation increase of \$2.5 million representing the second 12 months of the biennium for the agency's Operations Division and an increase of 8.08 FTE on existing positions. Due to concerns about the agency's revenue situation and overall financial condition, the Legislature had only approved a budget for the first fiscal year of the biennium during the 2007 regular session pending a report by the Department to either the Legislature during the February 2008 special session or to the Emergency Board.

The Legislature also approved expenditure limitation increases of \$2.3 million Other Funds and \$1.4 million Federal Funds for capital construction projects at three airports. Details on these projects can be found in the Capital Construction section of this document.

Administration Program Area

Department of Administrative Services

The Legislature reduced the Department of Administrative Services (DAS) General Fund budget by \$480,473 and eliminated five limited-duration, full-time positions because DAS had concluded its involvement processing Ballot Measure 37 claims.

Other actions taken by the Legislature during the February 2008 special session include:

- An Other Funds expenditure limitation increase of \$567,000 for two capital improvement projects on the Capitol Mall.

- An Other Funds expenditure limitation increase of \$3.6 million due to rising fuel costs; these costs will ultimately be borne by governmental agencies and programs that fuel their vehicles at the State Motor Pool.
- An Other Funds expenditure limitation increase of \$2,155,000 for the development of a benefit management system for the Oregon Educators Benefit Board (OEBB) to manage the administration of employee benefits for Oregon’s school and education services districts; costs were funded using proceeds of Certificates of Participation (COPs).
- An Other Funds expenditure limitation increase of \$932,881 for debt service on all COPs approved for the Department including the OEBB project and other capital construction projects.

Department of Revenue

The Legislature increased the Other Funds expenditure limitation for the Department of Revenue (DOR) by \$1,317,835 to cover the administrative cost of calculating and issuing checks for the “kicker” refund.

In addition, the DOR budget for administration and enforcement of Cigarette and Other Tobacco Products taxes was increased by \$529,000 Other Funds. Of this amount, \$129,000 is for Attorney General costs resulting from an increase in the number of license denials protested or appealed in court, ongoing enforcement activities, and tribal negotiations around sales of cigarettes and other tobacco products. The balance of \$400,000 is offset by a \$400,000 reduction to the Department’s General Fund budget. This fund shift was made to reflect the actual administrative and departmental overhead costs of the program.

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.

During the February 2008 special session, the Legislature established three additional special purpose appropriations for specified uses in specified agencies:

- \$17.5 million for caseloads, costs-per-case, and program needs of the Department of Human Services;
- \$4.9 million for the Oregon State Hospital improvement plan of the Department of Human Services; and
- \$1 million for costs associated with SB 1087 relating to property crimes for the Department of Corrections, Judicial Department, or Public Defense Services Commission.

With these additions, the Emergency Fund consists of \$30 million for general purposes, \$68.9 million for specified purposes by specified agencies, and \$125 million for state agency salary and benefit adjustments.

Additional Special Session Legislative Actions

Program Change Measure

HB 3626 is a substantive, non-appropriation measure that makes statutory changes to support the legislatively approved budget, clarify the application of statutes, and modify provisions relating to the use of public funds. A measure similar to HB 3626 is generally enacted each legislative session. Such bills are commonly referred to as “Program Change” bills. The budgetary effect of any program change is included in either an agency budget bill, an omnibus budget bill, or the capital construction bill.

The HB 3626 changes are described below, by program area and agency or local government. The fiscal impact is noted, and where necessary, a reference to either the omnibus budget bill (SB 5556) or the capital construction bill (SB 5555).

Human Services Program Area

The bill contains three components that affect the Department of Human Services (DHS). First, the bill directs DHS to implement policies that offer incentives to long-term community-based care providers for entering into Medicaid contracts with the department so that clients may remain in residential settings best suited to their needs. It directs the agency to consider in its initial licensing process for community-based care providers a variety of criteria including the provider’s history of regulatory compliance, need in the local community, and willingness of the license applicant to serve underserved populations and to provide Medicaid services. The bill ends an existing moratorium on building new assisted living facilities (on December 31, 2008 rather than on June 30, 2009), but allows current applicants to build without being subject to new licensing rules. The bill requires DHS to assess Medicaid capacity of residential care facilities and adult foster homes, establish capacity targets, and to report to the Legislature on its assessment. These requirements have no fiscal impact.

Second, the bill establishes a grant program to improve access to and the effectiveness of, health care delivery for families. The goals of the program are to improve preventive health services, increase access to primary care for families, provide new access to health care for children, explore alternative models for reimbursement of health care services, and to collect evaluation information. It directs DHS to award grants for two projects, one of which must serve a rural area. An appropriation of \$500,000 for this grant program is included in SB 5556.

Third, the bill directs DHS to conduct an assessment and evaluation of the community mental health care system in Oregon. The assessment is to include an analysis of the gap between the number of Oregonians who need community mental health services and the number who actually receive services, an evaluation of community mental health needs of particularly vulnerable populations, and a catalog of the information that agencies and local governments use to evaluate the performance of community mental health care providers. The gap analysis must include a separate analysis of the gap between the demand for community mental health care services by veterans returning from Iraq, Afghanistan, and other hostile fire areas, and the community mental health services provided by the United States Department of Veterans Affairs. The Department must provide a written report of the assessment to the Senate Interim Committee on Health and Human Services and the House Interim Committee on Health Care

no later than October 1, 2008. The assessment will cost \$150,000 General Fund and an appropriation for that amount is included in SB 5556.

Education Program Area

The bill requires the Department of Higher Education to submit two reports to the Joint Committee on Ways and Means, in the 2009 and 2011 regular sessions, which include information on the University of Oregon arena capital construction project (included in SB 5555) and the University of Oregon Athletic Department budget. This component of the bill has no fiscal impact.

Public Safety Program Area

The bill contains several sections affecting the Oregon Military Department. First, the bill establishes two new statutory funds – the Oregon Pre-Disaster Mitigation Fund and the Oregon Disaster Response Fund – both of which are continuously appropriated to the Department. Additional Federal Funds expenditure limitation for these two funds is in SB 5556.

The bill also establishes a continuously appropriated account within the Oregon Disaster Response Fund entitled the Oregon Local Disaster Assistance Loan Account. This account is for loans to local governments and school districts, either in full or in part, for the local entities' share of matching funds for federally declared disasters. The bill also creates a Local Disaster Assistance Review Board to approve any loans from the account. The new account is funded with a one-time \$500,000 General Fund appropriation and a corresponding \$500,000 Other Funds expenditure limitation in SB 5556.

The Emergency Management Revolving Account (ORS 401.535), which is unused, was repealed.

Lastly, the bill allows proposed real property sales of the Military Department to be reported to the Legislature during special legislative sessions. Under current law the Department is only allowed to report to the Legislature during a regular session, or to the Emergency Board during the interim.

Economic and Community Development Program Area

The bill creates a Small Business Repair Loan Program in the Department of Veterans' Affairs. Loans are limited to small business owners returning from military deployment and a maximum of \$20,000 per loan. The Department expects to use existing staff resources to process the loans. Seed money for the loan program is provided by a \$300,000 General Fund appropriation in SB 5556.

Legislative Branch Program Area

The bill repeals sections 2, 3, and 5 of chapter 911, Oregon Laws 2007 (Enrolled SB 994). SB 994 was the program change bill for the 2007 regular session as adopted by the Joint Committee on Ways and Means. As such, SB 994 was not an appropriation bill. The Governor issued single item vetoes ("line item vetoes") on these three sections of SB 994, in apparent violation of section 15a, Article V of the Oregon Constitution, which limits the Governor's power to issue single item vetoes to appropriation bills (or to an emergency clause in any bill). HB 3626, as amended, repeals the three sections that the Governor attempted to veto. There is no fiscal impact since the executive branch has been operating as if the vetoes were valid.

Local Government

The bill revises statutes related to county and municipal government financial administration to avoid unintended prohibition on local governments' ability to deposit funds in custodial banks. This component of the bill has no fiscal impact.

Revenue Measures Approved in the Special Session

The Legislature passed two bills that directly affect projected General Fund revenues. These bills are HB 3618 and HB 3619.

- **HB 3618** modifies the estate tax treatment for natural resource property. The bill is designed to replace legislation approved in the 2007 session as part of HB 3201. As originally passed in 2007, the natural resource property exclusion was deemed to have a series of implementation problems and inconsistencies with the intent of the Legislature. Specifically, HB 3618 establishes a credit against estate taxes otherwise owed on natural resource property. Natural resource property includes property related to forest land, agriculture, and commercial fishing. The credit reaches a maximum when the value of eligible property reaches \$7.5 million. It is then phased out until natural resource property reaches \$15 million. Estates with gross value above \$15 million are not eligible for the credit. The negative revenue impact for HB 3618 is slightly greater than the \$1 million decrease estimated for the 2007 law it replaces. The incremental revenue impact that will be built into the forecast is a reduction of \$30,000 for 2007-09 and a reduction of \$300,000 for 2009-11.
- **HB 3619** does not affect the 2007-09 revenue forecast but it is expected to reduce revenue in 2009-11 and beyond. The bill makes a series of adjustments and clarifications to the business energy tax credit to account for manufacturers of renewable energy equipment. The business energy tax credit was expanded in 2007 as part of HB 3201. HB 3619 also increases the cap on the Oregon affordable housing lenders credit from \$13 to \$17 million starting with the 2009 tax year. This action is expected to reduce General Fund revenue by \$3 million in the 2009-11 biennium and \$6 million in 2011-13 biennium.

State Agency Performance Excellence

The Joint Committee on Ways and Means evaluates a set of key performance measures as part of the budget development process and reviews agency reports on continuous improvement activities. This process has elevated a concern that agencies may lack the technical know-how or upfront resources needed to pursue continuous improvement projects. SB 1099 establishes a nine-member Committee on Performance Excellence to advise state agencies on activities and plans for achieving greater performance excellence, and to make funding recommendations to the Legislative Assembly or Emergency Board related to agency continuous improvement projects. The Committee on Performance Excellence will fill an important gap by making technical expertise available to state agencies and by providing grants for projects designed to measurably increase agency performance excellence. Over time, the expertise provided and investments made are expected to move state government closer to world class performance. The Department of Administrative Services' Budget and Management Division and Legislative Fiscal Office will work together to provide technical staffing to the Committee and to help ensure that the Committee's efforts link to and build upon existing state agency requirements related to performance measurement and reporting of continuous improvement activities.

Capital Construction

During the special session, the Legislature approved \$223 million in capital construction projects in SB 5555. The total includes \$929,000 General Fund, \$6.7 million Other Funds, \$7.4 million Federal Funds, \$200 million Article XI-F (1) Bond Expenditures, and \$7.5 million Article XI-G Bond Expenditures.

Department of Higher Education

University of Oregon Arena: The Legislature established a \$200 million Other Funds [Article XI-F (1) bonds] Capital Construction expenditure limitation for construction of a new arena for the University of Oregon. Debt service will be paid by the University from Athletic Department revenues.

Oregon Institute of Technology Center for Health Professions (Phase 2): The Other Funds [Article XI-G bonds] Capital Construction expenditure limitation established in SB 5516 (2007) for the Oregon Institute of Technology Center for Health Professions facility was increased by \$3.5 million. The Other Funds [Other Revenues (including Federal Funds)] Capital Construction expenditure limitation established in SB 5516 for the project was reduced by \$3.5 million. The university has already raised funds for the constitutionally-required match against the Article XI-G bonds. Sale of the bonds will be delayed until the latter part of the biennium to avoid debt service costs in 2007-09. Beginning in the 2009-11 biennium, debt service on the bonds will be paid with General Fund and is currently estimated at \$440,000 per biennium.

Department of Community Colleges and Workforce Development

Clatsop Community College: The Legislature established an Other Funds [Article XI-G bonds] Capital Construction expenditure limitation and an Other Funds [Other Revenues (including Federal Funds)] Capital Construction expenditure limitation of \$4 million each for new facilities and facility renovations at Clatsop Community College, for the redevelopment of the college's Jerome Campus.

The college has already raised funds for the constitutionally-required match against the Article XI-G bonds. Sale of the bonds for the project will be delayed until the later part of the biennium to avoid debt service costs in 2007-09. Beginning in the 2009-11 biennium, debt service on the bonds will be paid with General Fund and is currently estimated at \$510,000 per biennium.

Department of Transportation

Sisters Maintenance Station: The Legislature increased the Other Funds Capital Construction expenditure limitation by \$3,399,999 for the purposes of acquiring land and constructing a new maintenance station in Sisters, Oregon. The Department of Transportation (ODOT) is in the process of reviewing the feasibility of acquiring new land and building a new maintenance station, moving to the new United States Forest Service (USFS) site, and constructing a new maintenance station; or pursuing a re-zoning of a state owned stockpile site east of Sisters and constructing a new maintenance station. Nine site options are being considered by ODOT. ODOT's preferred option is to co-locate with USFS, but it may not be feasible if USFS is unsuccessful in partitioning its land. At a minimum, ODOT requires 4 acres to construct a maintenance station to meet its needs. ODOT estimates that land acquisition costs range from \$2.4 million to \$3.4 million depending on the size of the parcel. Construction costs are dependent on the size and configuration of the land on which the maintenance station is to be built.

The Department of Administrative Services will unschedule this limitation pending satisfactory demonstration of need. Additionally, the Department was directed to report to a future meeting of the Emergency Board, no later than December 2008, on the status of the location and the estimated construction costs for the project.

Department of Administrative Services

State Data Center Consolidation: The Legislature increased the Other Funds Capital Construction expenditure limitation by \$1,005,000 to continue the renovation of the Revenue building in phase 2 of the State Data Center Consolidation Project. This limitation expires June 30, 2011. Oregon state government consolidated several agency data centers into a single State Data Center operated by the Department of Administrative Services (DAS) in the 2005-07 biennium. The increase in Capital Construction limitation will allow DAS to convert the former data center space at the Department of Revenue into office space.

Department of Human Services

Group Homes for Persons with Developmental Disabilities: The Legislature approved \$929,000 General Fund for capital construction expenditures to replace two existing group homes for persons with developmental disabilities. Approvals include a new home to be built in Salem on state owned land for an estimated \$839,000 and the retrofitting of an existing home in Newberg at an estimated cost of \$90,000.

Department of State Police

Oregon Wireless Interoperability Network: The Federal Funds capital construction expenditure limitation for the Oregon Wireless Interoperability Network (OWIN) project of the Department of State Police (OSP) was increased by \$6 million. The OWIN project was awarded a \$6 million U.S. Department of Justice Community Oriented Policing Services (COPS) grant to increase public safety information sharing and enhance voice interoperability. The grant will allow for replacement of microwave radio communication equipment used by the Oregon Department of Transportation (ODOT), OSP, and other state agencies. The funds will also be used to enhance the use of mobile data for public safety agencies in a large part of the state. ODOT is providing matching funds of \$2 million for this grant.

Military Department

Property Sales: The Legislature approved the sale of 3.3 acres of real property in Newport adjacent to the airport. The sale of the Klamath Falls Armory, including land and associated improvements, to the City of Klamath Falls was also approved, with the understanding that net cash proceeds from the sale are first to be used to fulfill the matching funds requirement related to the construction of the Klamath Falls Armed Forces Reserve Center and prior to the proceeds being used for any other Capital Construction Account activities.

Department of Aviation

Aurora Land Acquisition and Taxiway Relocation: The Legislature approved increases in expenditure limitation for the Aurora State Airport in the amounts of \$65,973 Other Funds and \$1,178,928 Federal Funds. These funds continue a project to purchase additional lands and construct a new parallel taxiway at the Aurora State Airport. The existing taxiway, at 200 feet from Runway centerline to the taxiway centerline, will be moved an additional 100 feet to provide minimum separation standards for this FAA category of airport.

Lebanon Runway Widening and Protection Zone: The Legislature approved an increase in Other Funds expenditure limitation of \$13,658 and Federal Funds expenditure limitation of \$259,500 for the Lebanon State Airport. These funds continue a project to correct an existing encroachment of the runway safety area (RSA) and to widen the runway at Lebanon State Airport. The airfield drainage ditch currently fails to meet the prescribed RSA limits for the runway. Runway width needs to be increased from 50 to 60 feet to meet the minimum FAA standards for this category of airport. The widening of the runway would have seriously exaggerated the RSA encroachment problem. In addition to the above discussed work, the runway lighting is being upgraded, the visual approach path guidance is being upgraded, and some taxiway overlay will be completed to correct deteriorating pavement conditions.

Mulino Construction of Taxi lane/access road and T-Hangers: The Legislature approved an Other Funds expenditure limitation of \$2,200,000 for the Mulino Airport. Through an interagency agreement, the Port of Portland has agreed to pay for the construction of 36 nested T-Hangers at a cost not to exceed \$1.4 million and a taxi lane/access road at a cost not to exceed \$800,000. The Oregon Department of Aviation will be responsible for project management and oversight of the project construction including design, bids, construction, inspection, and payment of invoices associated with the project.

State Bonding

In February 2007, the State Debt Policy Advisory Commission updated its recommended capacity limits for General Fund and Lottery Funds debt based upon the December 2006 revenue forecast for the 2007-09 biennium. The recommended capacity for General Fund was \$2.37 billion for the next three biennia with Lottery Funds capacity of \$1.46 billion during the same timeframe. The Commission recommends issuing debt in a phased approach and therefore no more than \$789 million per biennium for General Fund debt and \$486 million per biennium for Lottery Funds debt.

During the 2007 regular session, the Legislature approved \$437 million in General Fund debt. An additional \$120.6 million in General Fund debt was approved during the special session, including \$113.1 million in Certificates of Participation and \$7.5 million in Article XI-G bonds.

Additional debt authorized during the special session includes:

- An increase of \$200,000,000 in Article XI-F (1) general obligation bond authorization for the Department of Higher Education, for the construction of a new arena at the University of Oregon approved in SB 5555. Debt service on the bonds will be paid by the University from Athletic Department revenues.
- An increase of \$4,000,000 in Article XI-G general obligation bond authorization for the Department of Community Colleges and Workforce Development, for an Oregon Community College capital construction project at Clatsop Community College approved in SB 5555. Debt service on the bonds will be paid by the General Fund.
- An increase of \$3,500,000 in Article XI-G general obligation bond authorization for the Department of Higher Education, for the Phase 2 of the Oregon Institute of Technology's Center for Health Professions facility approved in SB 5555. Debt service on the bonds will be paid by the General Fund.
- An increase of \$113,075,000 in the Department of Administrative Services' authority to issue and approve Certificates of Participation (COP) and Other Financing Agreements.
 - COPs will provide up to \$76 million for the Oregon Wireless Interoperability Network (OWIN) project to provide resources for the initial stages of the project to be completed during the 2007-09 biennium and the first few months of the 2009-11 biennium. No corresponding expenditure limitation was approved so the OWIN project must return to the Emergency Board for approval prior to the sale of any COPs for this project. This estimate of debt financing need was determined based on cost estimates for developing the backbone infrastructure (tower site improvements and microwave system) in three areas – the seven northwest counties including the Portland metropolitan area, the seven southwest counties, and for a loop connecting Bend and Medford. Construction in any of these areas must depend on partnership opportunities and the potential for federal funds. The COP proceeds could also be used to address any other critical infrastructure needs across the state that are at significant risk of failure in the near future.

Future decisions will need to be made to approve further funding for the other phases of the project including radio equipment and infrastructure development in other areas of the state.

- COP sales were approved for the Judicial Department eCourt project in the amount of \$24,440,000. When completed, this project will replace the 25 year old Oregon Judicial Information Network (OJIN) mainframe data system with a web-based electronic court system that would also include electronic document management and web-based financial transactions.
- COPs will also provide \$7,635,000 for three Department of Administrative Services' projects (\$4.45 million for the Eugene State Office Building, \$1.03 million for State Data Center space needs, and \$2.155 million for the Oregon Educators Benefit Board computer system); and \$5,000,000 additional authority for other financing agreements.

The Legislature did not recommend any additional Lottery funded debt during the special session. During the 2007 regular session, the Legislature approved \$485.7 million in Lottery funded debt, which was essentially the entire recommended capacity.

Special Session Budget Notes

Budget Note Summary

Eight budget notes were adopted by the Legislature during the February 2008 special session. A budget note is a directive to a state agency on the legislative intent of a particular budget measure and is typically technical in nature, directing administrative and managerial actions relating to the agency's execution of its biennial budget.¹ A budget note is found in a budget report, which is the measure summary that accompanies most measures passed by the Joint Committee on Ways and Means. The budget reports for SB 5555 and SB 5556 include additional language beyond the note itself that establishes the context or provides additional information on a specific note.

Department of Higher Education

SB 5555

The Committee approves construction of a new arena for the University of Oregon, with the understanding that the University of Oregon Athletic Department will establish and maintain an Arena Bond Reserve Fund until the time that the Article XI-F(1) bonds approved for this project are retired, as outlined in a February 19, 2008 letter from the University of Oregon President and entered into the record of the Committee. The Department shall only withdraw monies from this Fund in the event that Athletic Department net operating revenues, donations, and permissible withdrawals from the Athletic Department Legacy Fund are insufficient to meet the department's debt service requirements. The Committee expects that the university will limit withdrawals from the Arena Bond Reserve Fund to circumstances where other viable options to meet the department's debt service requirements, without expenditure of funds outside of the university's auxiliary and restricted funds available to the Athletic Department budget, are exhausted. The Department shall report all withdrawals from the Arena Bond Reserve Fund in its biennial budget requests to the Legislative Assembly.

Department of Community Colleges and Workforce Development

SB 5555

The Committee approves \$4 million of Article XI-G bonds for facilities at Clatsop Community College, with the understanding that these bonds shall be applied against the total Article XI-G bond authorization for community college capital construction projects in the 2009-11 biennium budget. The Committee supports ongoing Article XI-G bond support of approximately \$40 million per biennium for community college capital construction projects, and understands that approximately \$36 million of additional Article XI-G bond authority remains for community college capital construction projects, for the 2009-11 biennium, under this policy. The Committee further expects that priority will be given to capital construction projects at community colleges that have not recently received Article XI-G bond proceeds from the state.

Teachers Standards and Practices Commission

SB 5556

The Teacher Standards and Practices Commission is directed to report to the interim Joint Ways and Means Committee or the Emergency Board, and the interim education committees on the status of the backlog of discipline cases being investigated by the agency. The report should include the factors that influence the number of cases, the actions taken to control the backlog, and any financial impact the backlog is having on the agency.

¹ For a more complete discussion of what budget notes are, their origin, legal standing, and use, please refer to *Budget Information Brief 2007-3, Budget Note*, which is posted on the Legislative Fiscal Office website under "Publications" at www.leg.state.or.us/comm/lfo/home.htm

Department of Human Services

SB 5556

The Department of Human Services is directed to report to the Emergency Board by September 30, 2008 on eligibility duration and re-enrollment policies for the state's Children's Health Insurance Program and the Medicaid Poverty Level Medical program for children. The report should include an assessment of the impacts of re-enrollment policies on health status, program caseloads, administrative costs, and the 2009-11 biennial costs from extending the eligibility period of the Medicaid Poverty Level Medical program for children from six months to twelve months.

Criminal Justice Commission

SB 5556

The Criminal Justice Commission is directed to establish a Public Safety Agency Data Sharing Work Group and to convene the Group on a regularly scheduled basis. Work Group members should include representatives from the major public safety state agencies and representatives from local public safety agencies. The Department of Administrative Services is directed to provide technical assistance to the Group. The Judicial Department is requested to participate in the Group and to provide ongoing information to the Group as the Department develops and implements its eCourt project. The purpose of the Public Safety Agency Data Sharing Work Group is to: 1) identify shared data requirements on a statewide basis, including local public safety partners; 2) develop uniform data management standards to ensure that data can be effectively shared; 3) identify the data that must be included in a public safety data warehouse; 4) adopt national public safety data standards for data exchange and develop timeframes for implementation; and 5) identify the resources required to establish a statewide public safety data warehouse. Work Group members are expected to provide staff and other resources as needed to support the efforts of the Work Group and the Criminal Justice Commission within their respective approved budgets.

The Criminal Justice Commission is directed to report to any legislative information management committee that may be established, or to the Emergency Board or the Joint Committee on Ways and Means, based on direction from the Legislative Fiscal Office. The Criminal Justice Commission and the Judicial Department should jointly report on the accomplishments of the Group and integration with the eCourt project when the Judicial Department makes progress reports to the Emergency Board or the Joint Committee on Ways and Means.

Special Session Fiscal Impact Statements

The following is a brief summary of fiscal impact statements, process, statute, and statistics for the February 2008 special session.

Fiscal Impact Statements

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

There are five general types of fiscal impact statements:

- **No fiscal impact:** A statement issued on 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 analysis determines that the net impact on an affected agency(ies) is less than a specific dollar figure determined by legislative leadership (in 2008, less than \$50,000).
- **Written fiscal analysis:** A statement issued on a measure determined to have a fiscal impact beyond "minimal" that is to be acted on by a committee for floor action (reported out). When a fiscal impact cannot be determined, an "indeterminate" fiscal impact statement may be issued in order to explain why. The statement may be used to describe the measure's mechanical defects or ambiguity.
- **Hall Pass:** A brief, standardized statement used to move a substantive measure from one committee to another, most typically to the Joint Committee on Ways and Means (JWM).
- **May have fiscal impact:** A generic statement for any measure for which the Legislative Fiscal Office has not done a fiscal impact and for which the Office has not received an official request for a fiscal impact statement.

Senate Concurrent Resolution 1 (2007)

This special session differed from previous sessions in that SCR 1 called for the convening of the session on February 4, 2008 with a sine die date of February 29, 2008. The actual session convened as stipulated, but the sine die date was February 22, 2008, or one week earlier than anticipated by SCR 1. This made the special session 15 days in duration. Legislative leadership of both the House and the Senate limited the number of introduced measures to 52 (48%) House and 57 (52%) Senate, for a total of 109 measures.

Fiscal Impact Statistics

The fiscal impact process for the special session was affected by the volume of measures introduced, committee scheduling of a measure, whether the measure was amended, the fiscal nature and complexity of the measure and/or amendment, and the shorted duration of the session.

The following table details the number of fiscal impact statements issued by the Legislative Fiscal Office. The fiscal impacts are categorized by whether they were issued on introduced measures or amendments, the measure's Chamber of origin, and the type of fiscal impact.

February 2008 Special Session Fiscal Impact Statistics*

Fiscal Category	Introduced Measure Fiscal Impact Statements			Fiscal Impact Statements on Amendments and Minority Reports			Total Issued Fiscal Impact Statements		
	House	Senate	Total	House	Senate	Total	House	Senate	Total
Written	14 (28%)	17 (31%)	31 (30%)	24 (39%)	22 (42%)	46 (40%)	38 (34%)	39 (36%)	77 (35%)
Minimal	6 (12%)	8 (15%)	14 (13%)	10 (16%)	12 (23%)	22 (19%)	16 (14%)	20 (19%)	36 (16%)
No Fiscal	22 (44%)	22 (40%)	44 (42%)	23 (37%)	13 (25%)	36 (32%)	45 (40%)	35 (33%)	80 (37%)
Hall Pass	1 (2%)	-- (0%)	1 (1%)	3 (5%)	3 (6%)	6 (5%)	4 (4%)	3 (3%)	7 (3%)
Potential Impact	7 (14%)	8 (15%)	15 (14%)	2 (3%)	2 (4%)	4 (4%)	9 (8%)	10 (9%)	19 (9%)
Total** % Total	50 (23%)	55 (25%)	105 (48%)	62 (28%)	52 (24%)	114 (52%)	112 (51%)	107 (49%)	219 (100%)

* The source of the data for the statistics is the Legislative Fiscal Impact Docket as of March 7, 2008.

** Some percentages may not foot.

In summary, the Legislative Fiscal Office issued a total of 219 fiscal impact statements on the 109 measures. Less than one-half were for (un-amended) introduced measures with over one-half for amended measures or measures with minority reports. The number of fiscal impact statements produced for each Chamber was relatively equal.

The majority of the 219 fiscal impact statements were “No Fiscal” (37%), followed by “Written” impacts (35%), “Minimal” (16%), and a “Hall Pass,” which is a brief statement allowing a measure to transit to JWM (3%). Less than 9% of measures did not have a fiscal impact issued. Again, this last category is typically measures that were not scheduled for a hearing or reported out of a committee.

In comparison, for the last five biennia “No Fiscal” impact statements were issued an average of 49% of the time, “Written” fiscal impacts were issued 35%, and “Minimal” fiscal impacts were issued 17% of the time.

Substantive Bills Enacted into Law with a Budget Effect

In addition to appropriation measures, the Legislature approved a number of substantive measures that had a budgetary or fiscal impact. Except as noted under the Program Change section, these are measures which passed through the Joint Committee on Ways and Means (JWM) and became law or were referred to voters.²

Subsequent Referrals to the Joint Committee on Ways and Means

During the February 2008 special session, 109 measures were introduced. Two substantive measures (HB 3626 and SB 1073) were referred directly to JWM. Forty-three other measures (39% of introduced measures) were initially assigned subsequent referrals to JWM by legislative leadership. Ten of these subsequent referrals were eventually rescinded. Of the remaining 33 measures (30% of introduced measures), 25 were actually referred to JWM by substantive committees and came into the possession of JWM. Twelve of these measures (48%) had at least one scheduled hearing, 11 of which (44%) were reported out to either chamber.

Substantive Bills with a Budget Effect

The following is a brief summary, by program area, detailing the nine most noteworthy substantive measures reported out of JWM.

Education Program Area

HB 3601 requires Oregon Department of Education (ODE) to establish the Oregon Farm-to-School and School Garden Program. It further authorizes the State Board of Education to adopt rules for program administration and permits ODE to accept contributions for program duties. This bill has no General Fund impact in 2007-09 or in 2009-11. The position authority required by ODE is included in SB 5556 and is to be funded within the Department's existing budget for the next two biennia.

SB 1066 creates a talented and gifted education program. The bill allows Oregon Department of Education (ODE) to expend up to \$350,000 from the State School Fund to provide administration of and support for the development of talented and gifted education. There is a \$82,170 total funds (0.67 FTE) impact to ODE for the remainder of the 2007-09 biennium and a \$172,322 total funds (1.00 FTE) impact to ODE for 24 months for the 2009-11 biennium. The position authority to implement this bill is included in SB 5556. The \$350,000 in Other Funds expenditure limitation was previously provided to the Department during the 2007 regular session (HB 3141).

SB 1066 also establishes a tuition waiver for certain qualified students enrolled in baccalaureate or master's degree programs in the Oregon University System (OUS) or Oregon Health and Science University (OHSU). Since the waiver is limited to courses that are not operating at capacity, there will be no impact on expenditures.

The bill also allows the Teacher Standards and Practices Commission (TSPC) to extend the statutory time when candidates in an Oregon educator preparation program must be "refingerprinted" when they apply for a license. TSPC runs a fingerprint check on applicants currently and reports it would have a

² Additional information for each can be found in the measure's budget report, an agency or Joint Committee on Ways and Means budget report, or a fiscal impact statement. This information is available on the Legislature's website at www.leg.state.or.us/comm/sms/SMS07Frameset.html

fiscal impact in the form of Other Funds savings. It is unknown at this time what the exact savings would be and if there would be unexpected revenue to TSPC as a result of this measure.

Finally, SB 1066 clarifies the dates when represented and non-represented employees of school districts participate in school district benefit plans under the Oregon Educators Benefit Board.

Public Safety Program Area

SB 1087 is a referral to the voters in the November 2008 general election.³ This bill enhances the penalties or sentences of those convicted of various property and drug related crimes. The increases in sentences and related issues affect: (1) drug manufacturers of larger amounts of methamphetamine (meth), heroin, ecstasy, and cocaine; (2) those persons who deliver meth, cocaine, ecstasy, or heroin to someone under 18 years of age; (3) those persons who steal \$10,000 or more from a person 65 years of older; (4) certain repeat property offenders; and (5) those committing mail theft. The bill also establishes a grant program administered by the Department of Corrections (DOC) for counties to pay for jail operation costs, treatment of drug dependent persons under community supervision, and intensive supervision (including incarceration) of drug addicted offenders. The DOC is also required to provide appropriate drug and alcohol treatment for those incarcerated in DOC facilities that are at medium to high risk of re-offending and who have moderate to severe treatment needs. The Criminal Justice Commission (CJC) is authorized to provide grants to counties for drug courts. The estimated fiscal impact for DOC in 2007-09 is \$767,103 General Fund and \$62.1 million General Fund in 2009-11. Upon full implementation, the estimated General Fund impact to DOC is \$106 million in 2013-15.

HB 3638 limits the participation of offenders incarcerated under the Department of Corrections in the Alternative Incarceration Program (AIP). The AIP program specifies eligible offenders to be released from a DOC facility if they successfully participate in an alcohol and drug treatment program or in the “boot camp” program. Changes to the AIP program include: (1) requires the court to make a finding that the defendant is eligible for AIP; (2) court must find that the defendant was not on supervision for a violent offense, had not had a previous sentence reduction through AIP, and the harm and loss from the crime was not greater than usual; (3) the crime was not related to the death or serious physical injury of a victim; (4) the crime is not a Measure 11 offense or one that requires sex offender registration; (5) the offender must serve at least 12 months of a sentence; and (6) the total time a sentence may be reduced is 20% relating to the AIP and 20% attributed to “earned time.” This bill also includes some implementing language for the referral measure (SB 1087) if it is passed by the voters in November 2008. There is no fiscal impact anticipated for 2007-09 and an estimated \$4.1 million General Fund impact in 2009-11. When fully implemented, the estimated fiscal impact to DOC would be \$11.6 million General Fund in 2013-15.

Consumer and Business Services Program Area

SB 1064 directs the Director of the Department of Consumer and Business Services (DCBS) to establish rules that require mortgage bankers and brokers to file an annual report that contains business and operations information related to residential mortgage lending. The Director can suspend, permanently prohibit, or place conditions on loan originators. The measure has a \$210,019 Other Funds (1.25 FTE) impact for the remainder of 2007-09 and \$326,871 Other Funds (2.00 FTE) impact for the 2009-11 biennia. The additional Other Funds expenditure limitation and position authority to implement this bill are included in SB 5556.

³ SB 1087 is the Legislative alternative to Initiative Petition 40.

Natural Resources Program Area

SB 1069 creates a grant program within the Water Resources Department (WRD) to pay part of the planning and feasibility studies of potential water conservation, water reuse, or water storage projects. In addition, the bill requires WRD to conduct a regional aquifer recovery assessment study in the Umatilla Basin. The measure has a \$1,750,000 General Fund (1.00 FTE) impact to implement the grant program and a \$750,000 General Fund impact to conduct the Umatilla Basin assessment for the remainder of the 2007-09 biennium. The grant program funding for 2009-11 is assumed to also be \$1,750,000 General Fund (2.00 FTE). The General Fund appropriations and position authority to implement this bill are included in SB 5556.

Transportation Program Area

SB 1080 requires applicants to provide proof of U.S. citizenship or legal presence in the United States before the Oregon Department of Transportation (ODOT) can issue, renew, or replace a driver's license, a driver's permit, or an identification card. If a document is issued to an individual that is not a legal citizen, the expiration date of the document will be the date the individual is no longer authorized to stay in the U.S. or until one year from the issuance of the document. ODOT must also verify the legitimacy of the documents submitted for proof of legal presence. The bill also identifies the documents that are acceptable for establishing legal presence. In addition, the bill allows ODOT to raise fees to pay for these additional requirements for the issuance of documents. The bill also requires ombudsman services to assist applicants in meeting documentation requirements. The estimated fiscal impact to ODOT in 2007-09 is \$1.9 million Other Funds and \$1.7 million Other Funds in 2009-11.

SB 1074 requires the Tri-County Metropolitan Transportation District (TriMet) to perform evaluations of criminal activity occurring on or near the light rail system for operational safety, personal safety, and security of light rail passengers. The measure does not have a fiscal impact to TriMet.

Administration Program Area

SB 1099 reintroduces some of the same concepts as Senate Bill 1039 (2007), which was vetoed by the Governor. The bill establishes a nine-member Committee on Performance Excellence to advise state agencies on activities and plans designed to promote agency performance excellence. The Committee will make funding recommendations to the Legislative Assembly or Emergency Board related to agency continuous improvement projects, and prepares periodic public report. The measure has a \$47,429 Other Funds (0.33 FTE) impact for the remainder of 2007-09 and \$76,151 Other Funds (0.5 FTE) impact for the 2009-11 biennia for the Department of Administrative Services. The Department may need to return to the Emergency Board or Legislative Assembly during the interim for additional limitation.

Two other measures passed during the February 2008 special session that were not reviewed by the Joint Committee on Ways and Means, but also have revenue implications that could affect the state's budget.

HB 3620 directs the Oregon Growth Account Board (chaired by the State Treasurer) to report to the Legislature on the performance on the Oregon Growth Account. Specifically, the bill requires long-term estimates of finances and recommendations about appropriate size of the account, use of earnings, and account management.

The Oregon Growth Account was established within the Education Endowment Fund when the latter was amended into the constitution in 1995. The account received 10% of the Lottery revenue flowing into the endowment fund. The voters converted the endowment fund into the Education Stability Fund in 2002. The Oregon Growth Account was retained as a sub-account within the new stability fund. Monies in the account are to be invested by the Oregon Growth Account Board as seed money for Oregon based businesses in emerging industries.

HB 3620 is designed to strengthen the reporting requirement contained in ORS 348.703. The intent is to add specificity to the report and address the role of the growth account in light of rapid growth in overall lottery revenue (and therefore allocations to the fund) and the potential conflict between the illiquid nature of venture capital investments and the liquidity needs of an effective reserve fund.

SB 1082 requires the Department of Revenue to submit a report to the Legislature on individual taxpayer compliance no later than February 1, 2009. The report is to include an estimate of taxpayer compliance with existing law, identify taxpayer behavior that affects compliance, and make recommendations to improve compliance.

SB 1082 represents an effort by the Legislature to gather information on the extent of personal income tax non-compliance and the behaviors that lead to non-compliance. The ultimate goal of the bill is to identify policies that will reduce the amount of non-compliance in an effective and efficient manner while minimizing costs for the vast majority of citizens who voluntarily comply with state tax laws.

Appendix A

Number of Full-Time Equivalent Positions by Program Area and Agency

	2005-07 LEGISLATIVELY APPROVED	2007-09 LEGISLATIVELY ADOPTED	2007-09 LEGISLATIVELY APPROVED	Change			
				05-07 Approved to 07-09 Approved		07-09 Approved to 07-09 Approved	
				#	%	#	%
PROGRAM AREA: EDUCATION							
COMMUNITY COLLEGES & WORKFORCE DEV, DEPT	49.70	56.03	56.03	6.33	12.7	0.00	0.0
EDUCATION, DEPT OF	442.89	446.44	448.28	5.39	1.2	1.84	0.4
HIGHER EDUCATION, DEPT OF	12,140.62	12,565.59	12,565.59	424.97	3.5	0.00	0.0
STUDENT ASSISTANCE COMMISSION	22.35	31.91	31.91	9.56	42.8	0.00	0.0
TEACHER STANDARDS & PRACTICES COMMISSION	21.50	23.50	23.50	2.00	9.3	0.00	0.0
EDUCATION TOTAL	12,677.06	13,123.47	13,125.31	448.25	3.5	1.84	0.0
PROGRAM AREA: HUMAN SERVICES							
BLIND, COMMISSION FOR THE	44.60	47.24	47.24	2.64	5.9	0.00	0.0
CHILDREN & FAMILIES, COMM ON	29.50	30.92	30.92	1.42	4.8	0.00	0.0
OREGON DISABILITIES COMM*	0.00	0.00	0.00	0.00	NA	0.00	NA
HUMAN SERVICES, DEPT OF*	9,171.51	9,613.71	9,701.23	529.72	5.8	87.52	0.9
LONG TERM CARE OMBUDSMAN	8.00	10.00	10.00	2.00	25.0	0.00	0.0
PRIVATE HEALTH PARTNERSHIPS, OFFICE OF	56.80	52.42	52.42	(4.38)	(7.7)	0.00	0.0
PSYCHIATRIC SECURITY REVIEW BOARD	4.75	5.00	5.00	0.25	5.3	0.00	0.0
HUMAN SERVICES TOTAL	9,315.16	9,759.29	9,846.81	531.65	5.7	87.52	0.9
PROGRAM AREA: PUBLIC SAFETY							
CORRECTIONS, DEPT OF	4,181.91	4,646.31	4,646.31	464.40	11.1	0.00	0.0
CRIMINAL JUSTICE COMMISSION	6.00	6.00	6.00	0.00	0.0	0.00	0.0
DISTRICT ATTORNEYS & THEIR DEPUTIES	36.00	36.00	36.00	0.00	0.0	0.00	0.0
JUSTICE, DEPT OF	1,212.01	1,299.95	1,305.04	93.03	7.7	5.09	0.4
MILITARY, DEPT OF**	432.82	476.23	476.23	43.41	10.0	0.00	0.0
PAROLE & POST PRISON SUPERVISION BRD	15.00	15.00	15.00	0.00	0.0	0.00	0.0
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF****	134.84	167.13	167.13	32.29	23.9	0.00	0.0
STATE POLICE, DEPT OF**	1,154.71	1,227.60	1,229.16	74.45	6.4	1.56	0.1
YOUTH AUTHORITY, DEPT OF	1,047.22	1,147.46	1,147.46	100.24	9.6	0.00	0.0
PUBLIC SAFETY TOTAL	8,220.51	9,021.68	9,028.33	807.82	9.8	6.65	0.1
PROGRAM AREA: JUDICIAL BRANCH							
COURT PROCEDURES, COUNCIL ON	0.00	0.00	0.00	0.00	NA	0.00	NA
JUDICIAL DEPARTMENT	1,856.24	1,911.07	1,911.07	54.83	3.0	0.00	0.0
JUDICIAL FITNESS AND DISABILITY, COMM. ON	0.50	0.50	0.50	0.00	0.0	0.00	0.0
PUBLIC DEFENSE SERVICES COMMISSION	55.25	67.25	69.85	14.60	26.4	2.60	3.9
JUDICIAL BRANCH TOTAL	1,911.99	1,978.82	1,981.42	69.43	3.6	2.60	0.1
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT							
ECONOMIC & COMMUNITY DEVELOPMENT DEPT	118.58	125.92	125.92	7.34	6.2	0.00	0.0
EMPLOYMENT DEPARTMENT	1,368.12	1,273.35	1,273.35	(94.77)	(6.9)	0.00	0.0
FAIR & EXPO CENTER, STATE***	0.00	0.00	0.00	0.00	NA	0.00	NA
HOUSING & COMMUNITY SERVICES DEPT.	147.08	140.42	140.42	(6.66)	(4.5)	0.00	0.0
VETERANS' AFFAIRS, DEPT OF	112.50	110.53	110.53	(1.97)	(1.8)	0.00	0.0
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,746.28	1,650.22	1,650.22	(96.06)	(5.5)	0.00	0.0
PROGRAM AREA: NATURAL RESOURCES							
AGRICULTURE, DEPT OF	369.44	375.05	375.05	5.61	1.5	0.00	0.0
ENERGY, DEPT. OF	84.71	88.50	88.50	3.79	4.5	0.00	0.0
ENVIRONMENTAL QUALITY, DEPT OF	776.57	797.31	797.31	20.74	2.7	0.00	0.0
FISH & WILDLIFE, DEPT OF	1,163.26	1,147.90	1,147.90	(15.36)	(1.3)	0.00	0.0
FORESTRY DEPARTMENT	912.69	920.96	920.96	8.27	0.9	0.00	0.0
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	36.70	36.20	36.20	(0.50)	(1.4)	0.00	0.0
LAND CONSERVATION & DEVELOPMENT, DEPT OF	70.38	68.21	85.54	15.16	21.5	17.33	25.4
LAND USE BOARD OF APPEALS	6.00	6.00	6.00	0.00	0.0	0.00	0.0
LANDS, DEPT. OF STATE	96.26	108.75	108.75	12.49	13.0	0.00	0.0
MARINE BOARD	39.00	39.00	39.00	0.00	0.0	0.00	0.0
PARKS & RECREATION, DEPT OF***	570.75	602.20	602.20	31.45	5.5	0.00	0.0
WATER RESOURCES DEPT	138.00	146.60	147.60	9.60	7.0	1.00	0.7
WATERSHED ENHANCEMENT BOARD	26.38	30.00	30.00	3.62	13.7	0.00	0.0
NATURAL RESOURCES TOTAL	4,290.14	4,366.68	4,385.01	94.87	2.2	18.33	0.4

	2005-07 LEGISLATIVELY APPROVED	2007-09 LEGISLATIVELY ADOPTED	2007-09 LEGISLATIVELY APPROVED	Change			
				05-07 Approved to 07-09 Approved		07-09 Adopted to 07-09 Approved	
				#	%	#	%
PROGRAM AREA: TRANSPORTATION							
AVIATION, DEPT OF	16.00	8.92	17.00	1.00	6.3	8.08	90.6
TRANSPORTATION, DEPT OF	4,568.37	4,526.24	4,532.62	(35.75)	(0.8)	6.38	0.1
TRANSPORTATION TOTAL	4,584.37	4,535.16	4,549.62	(34.75)	(0.8)	14.46	0.3
PROGRAM AREA: CONSUMER AND BUSINESS SERVICES							
ACCOUNTANCY, BOARD OF	7.00	7.00	7.00	0.00	0.0	0.00	0.0
CHIROPRACTIC EXAMINERS, BOARD OF	4.50	4.50	4.50	0.00	0.0	0.00	0.0
CLINICAL SOCIAL WORKERS, BOARD OF	2.50	3.00	3.00	0.50	20.0	0.00	0.0
CONSTRUCTION CONTRACTORS BOARD	60.38	80.26	80.26	19.88	32.9	0.00	0.0
CONSUMER & BUSINESS SERVICES, DEPT OF	1,068.47	1,068.88	1,070.13	1.66	0.2	1.25	0.1
COUNSELORS AND THERAPISTS, BOARD OF LICENSED	2.00	2.50	2.50	0.50	25.0	0.00	0.0
DENTISTRY, BOARD OF	7.00	7.00	7.00	0.00	0.0	0.00	0.0
HEALTH LICENSING AGENCY	27.00	31.40	31.40	4.40	16.3	0.00	0.0
<i>HEALTH RELATED LICENSING BOARDS</i>							
LICENSED DIETICIANS	0.30	0.30	0.30	0.00	0.0	0.00	0.0
MORTUARY & CEMETERY BOARD	6.00	5.00	5.00	(1.00)	(16.7)	0.00	0.0
NATUROPATHIC EXAMINERS	2.00	2.00	2.00	0.00	0.0	0.00	0.0
NURSING HOME ADMINISTRATORS	1.00	0.92	0.92	(0.08)	(8.0)	0.00	0.0
OCCUPATIONAL THERAPY LICENSING BOARD	1.25	1.25	1.25	0.00	0.0	0.00	0.0
RADIOLOGIC TECHNICIANS	3.00	3.00	3.00	0.00	0.0	0.00	0.0
SPEECH PATHOLOGY AND AUDIOLOGY	1.40	1.40	1.40	0.00	0.0	0.00	0.0
VETERINARY MEDICAL EXAMINERS BOARD	2.25	2.25	2.25	0.00	0.0	0.00	0.0
INVESTIGATORS, BOARD OF****	0.00	0.00	0.00	0.00	NA	0.00	NA
LABOR & INDUSTRIES, BUREAU OF	108.38	111.00	111.00	2.62	2.4	0.00	0.0
MEDICAL BOARD, OREGON	34.30	35.30	35.30	1.00	2.9	0.00	0.0
NURSING, BOARD OF	44.25	41.75	41.75	(2.50)	(5.6)	0.00	0.0
PHARMACY, BOARD OF	17.50	20.50	20.50	3.00	17.1	0.00	0.0
PSYCHOLOGIST EXAMINERS, BOARD OF	3.00	3.00	3.58	0.58	19.3	0.58	19.3
PUBLIC UTILITY COMMISSION	124.00	123.50	123.50	(0.50)	(0.4)	0.00	0.0
REAL ESTATE AGENCY	30.27	31.62	31.62	1.35	4.5	0.00	0.0
TAX PRACTITIONERS, STATE BOARD OF	4.00	5.00	5.00	1.00	25.0	0.00	0.0
CONSUMER & BUSINESS SERVICES TOTAL	1,561.75	1,592.33	1,594.16	32.41	2.1	1.83	0.1
PROGRAM AREA: ADMINISTRATION							
ADMINISTRATIVE SERVICES, DEPT OF	902.93	949.30	946.76	43.83	4.9	(2.54)	(0.3)
ADVOCACY COMMISSIONS OFFICE	2.18	2.00	2.00	(0.18)	(8.3)	0.00	0.0
EMPLOYMENT RELATIONS BOARD	12.00	13.00	13.00	1.00	8.3	0.00	0.0
GOVERNMENT ETHICS COMMISSION	3.00	5.79	5.79	2.79	93.0	0.00	0.0
GOVERNOR, OFFICE OF	45.50	62.56	62.56	17.06	37.5	0.00	0.0
LIBRARY, STATE	42.47	42.47	42.47	0.00	0.0	0.00	0.0
LIQUOR CONTROL COMM	215.02	225.68	225.68	10.66	5.0	0.00	0.0
PUBLIC EMPLOYEES RETIREMENT SYSTEM	390.92	394.88	394.88	3.96	1.0	0.00	0.0
RACING COMMISSION	13.42	14.52	14.52	1.10	8.2	0.00	0.0
REVENUE, DEPT OF	1,004.91	968.22	968.22	(36.69)	(3.7)	0.00	0.0
SECRETARY OF STATE	202.46	198.50	198.50	(3.96)	(2.0)	0.00	0.0
TREASURER OF STATE	74.60	80.85	80.85	6.25	8.4	0.00	0.0
ADMINISTRATION TOTAL	2,909.41	2,957.77	2,955.23	45.82	1.6	(2.54)	(0.1)
PROGRAM AREA: LEGISLATIVE BRANCH							
INDIAN SERVICES, COMM	2.00	2.00	2.00	0.00	0.0	0.00	0.0
LEGISLATIVE ADMINISTRATION	103.39	107.45	107.45	4.06	3.9	0.00	0.0
LEGISLATIVE ASSEMBLY	216.95	216.20	216.20	(0.75)	(0.3)	0.00	0.0
LEGISLATIVE COUNSEL	46.81	50.27	50.27	3.46	7.4	0.00	0.0
LEGISLATIVE FISCAL OFFICER	18.75	21.00	21.00	2.25	12.0	0.00	0.0
LEGISLATIVE REVENUE OFFICER	6.00	6.50	6.50	0.50	8.3	0.00	0.0
LEGISLATIVE BRANCH TOTAL	393.90	403.42	403.42	9.52	2.4	0.00	0.0
STATE OF OREGON TOTAL FTE POSITIONS	47,610.57	49,388.84	49,519.53	1,908.96	4.0	130.69	0.3

- * Reflects transition of Oregon Disabilities Commission to Department of Human Services
- ** Reflects transition of Office of Emergency Management functions from Oregon State Police to Military
- *** Reflects transition of State Fair and Exposition Center to Parks and Recreation Department
- **** Reflects transition of Board of Investigators to Department of Public Safety Standards and Training

Appendix B

Summary of Expenditures by Program Area, Agency, and Fund

Notes:

- Special purpose appropriations to the Emergency Board that were allocated to specific agencies are included within the agency General Fund budgets for the 2005-07 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2007-09 legislatively adopted or legislatively approved amounts, but are included in the amount appropriated to the Emergency Board.
- The 2005-07 legislatively approved amounts represent expenditure authorizations through all 2005-07 Emergency Board actions and all 2005-07 budget adjustments addressed during the 2007 legislative session (including the most recent Department of Human Services rebalance adopted in SB 5547). The 2005-07 legislatively approved budget also includes certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds.
- The 2007-09 legislatively approved budget reflects actions taken by the Legislature during the February 2008 special session that changed amounts adopted by the Legislature during the 2007 regular session. The 2007-09 legislatively approved budget also reflects certain administrative actions taken by the Department of Administrative Services to approve increases in Nonlimited Other Funds.
- Non-Add Other Funds represent charges between state agencies; they are listed separately for informational purposes since they reflect double counting of expenditures. The Non-Add Other Funds are included in the Other Fund totals since expenditure limitation is provided.

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
EDUCATION				
Community Colleges and Workforce Development				
General Fund	416,402,144	433,770,398	511,491,977	511,491,977
Lottery Funds	49,000	-	-	-
Other Funds	11,789,583	90,688,831	84,899,829	92,899,829
Federal Funds	135,596,206	143,173,928	127,089,818	127,089,818
Total Expenditures	563,836,933	667,633,157	723,481,624	731,481,624
Education, Dept of				
General Fund	241,317,272	252,188,637	299,071,605	299,071,605
Lottery Funds	55,699,162	56,466,744	56,415,089	56,415,089
Other Funds	141,213,493	151,636,830	169,947,790	169,947,790
Federal Funds	882,043,188	983,329,948	1,009,157,523	1,013,716,649
Total Expenditures	1,320,273,115	1,443,622,159	1,534,592,007	1,539,151,133
State School Fund & Other K-12 Grants				
General Fund	4,462,358,462	4,858,192,341	5,610,757,521	5,590,757,521
Lottery Funds	452,100,536	447,302,659	634,142,231	654,142,231
Other Funds	1,570,220	950,000	242,000	3,247,438
Total Expenditures	4,916,029,218	5,306,445,000	6,245,141,752	6,248,147,190
Higher Education, Dept. of				
General Fund	671,431,645	736,884,478	870,441,365	870,441,365
Lottery Funds	7,507,597	11,417,524	25,982,232	25,982,232
Other Funds	3,136,168,416	3,817,042,349	3,969,465,827	4,169,465,827
Total Expenditures	3,815,107,658	4,565,344,351	4,865,889,424	5,065,889,424
Oregon Health and Science University				
General Fund	84,379,467	73,337,168	86,561,620	86,561,620
Other Funds	124,669,705	31,975,150	31,978,666	31,978,666
Total Expenditures	209,049,172	105,312,318	118,540,286	118,540,286
Student Assistance Commission				
General Fund	45,126,877	76,824,638	98,732,175	98,750,506
Lottery Funds	-	1,527,619	9,879,176	9,879,176
Other Funds	52,319,648	12,875,262	15,514,056	15,514,056
Federal Funds	1,480,969	2,103,860	2,104,655	2,104,655
Total Expenditures	98,927,494	93,331,379	126,230,062	126,248,393
Teacher Standards & Practices Comm				
Other Funds	3,672,701	4,255,660	4,582,907	4,582,907
EDUCATION PROGRAM AREA TOTAL				
General Fund	5,921,015,867	6,431,197,660	7,477,056,263	7,457,074,594
Lottery Funds	515,356,295	516,714,546	726,418,728	746,418,728
Other Funds	3,471,403,766	4,109,424,082	4,276,631,075	4,487,636,513
Federal Funds	1,019,120,363	1,128,607,736	1,138,351,996	1,142,911,122
Total	10,926,896,291	12,185,944,024	13,618,458,062	13,834,040,957

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
HUMAN SERVICES				
Blind Commission				
General Fund	1,170,784	1,233,746	1,561,103	1,561,103
Other Funds	2,303,008	3,051,665	2,436,128	2,436,128
Federal Funds	8,564,933	11,368,124	11,300,402	11,300,402
Total Expenditures	<u>12,038,725</u>	<u>15,653,535</u>	<u>15,297,633</u>	<u>15,297,633</u>
Children and Families, Commission on				
General Fund	41,517,568	46,137,781	60,131,801	60,131,801
Other Funds	18,967,385	23,043,849	23,451,754	23,451,754
Federal Funds	217,002	3,823,717	4,500,267	4,500,267
Total Expenditures	<u>60,701,955</u>	<u>73,005,347</u>	<u>88,083,822</u>	<u>88,083,822</u>
Disabilities Comm, Oregon				
Other Funds	603,643	-	-	-
Federal Funds	829,982	-	-	-
Total Expenditures	<u>1,433,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
Human Services, Department of				
General Fund	2,268,588,095	2,708,105,992	3,333,145,661	3,311,681,982
Lottery Funds	5,528,967	9,312,000	13,160,998	13,160,998
Other Funds	1,114,444,006	1,176,427,307	1,329,261,137	1,289,443,483
Federal Funds	5,714,201,147	6,281,792,642	6,913,895,146	6,973,435,832
Total Expenditures	<u>9,102,762,215</u>	<u>10,175,637,941</u>	<u>11,589,462,942</u>	<u>11,587,722,295</u>
Long Term Care Ombudsman				
General Fund	580,293	581,337	905,857	905,857
Other Funds	1,430,912	1,495,761	1,759,861	1,759,861
Total Expenditures	<u>2,011,205</u>	<u>2,077,098</u>	<u>2,665,718</u>	<u>2,665,718</u>
Private Health Partnerships, Office of				
General Fund	14,770,356	25,125,635	25,013,418	25,013,418
Other Funds	23,582,905	62,806,834	57,236,251	57,236,251
Total Expenditures	<u>38,353,261</u>	<u>87,932,469</u>	<u>82,249,669</u>	<u>82,249,669</u>
Psychiatric Security Review Board				
General Fund	732,047	879,245	1,033,366	1,033,366
Other Funds	-	2,000	2,000	2,000
Total Expenditures	<u>732,047</u>	<u>881,245</u>	<u>1,035,366</u>	<u>1,035,366</u>
HUMAN SERVICES PROGRAM AREA				
General Fund	2,327,359,143	2,782,063,736	3,421,791,206	3,400,327,527
Lottery Funds	5,528,967	9,312,000	13,160,998	13,160,998
Other Funds	1,161,331,859	1,266,827,416	1,414,147,131	1,374,329,477
Federal Funds	5,723,813,064	6,296,984,483	6,929,695,815	6,989,236,501
Total	<u>9,218,033,033</u>	<u>10,355,187,635</u>	<u>11,778,795,150</u>	<u>11,777,054,503</u>

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
PUBLIC SAFETY				
Corrections, Dept of				
General Fund	808,397,321	1,063,363,569	1,263,842,285	1,263,842,285
Other Funds	45,912,317	60,579,734	69,769,138	69,769,138
Federal Funds	120,208,050	5,609,146	9,273,659	9,273,659
Total Expenditures	<u>974,517,688</u>	<u>1,129,552,449</u>	<u>1,342,885,082</u>	<u>1,342,885,082</u>
Criminal Justice Commission				
General Fund	6,865,328	3,655,061	7,388,215	6,860,099
Other Funds	293,852	106,541	1,034,949	1,034,949
Federal Funds	1,535,359	101,293	99,856	124,856
Total Expenditures	<u>8,694,539</u>	<u>3,862,895</u>	<u>8,523,020</u>	<u>8,019,904</u>
District Attorneys and Their Deputies				
General Fund	<u>9,327,704</u>	<u>9,170,797</u>	<u>9,839,642</u>	<u>9,839,642</u>
Justice, Dept of				
General Fund	31,610,875	34,614,337	53,343,693	53,343,693
Other Funds	138,813,158	167,829,019	214,507,079	216,776,468
Federal Funds	82,407,915	98,186,323	111,663,551	113,352,713
Total Expenditures	<u>252,831,948</u>	<u>300,629,679</u>	<u>379,514,323</u>	<u>383,472,874</u>
Military Department				
General Fund	14,290,303	18,418,816	24,149,315	24,649,315
Other Funds	18,403,819	12,667,929	103,252,585	100,663,582
Federal Funds	98,475,956	70,049,561	184,106,487	282,728,401
Total Expenditures	<u>131,170,078</u>	<u>101,136,306</u>	<u>311,508,387</u>	<u>408,041,298</u>
Oregon Youth Authority				
General Fund	194,086,074	213,625,158	254,588,426	254,588,426
Other Funds	12,709,101	12,597,516	22,547,307	22,547,307
Federal Funds	20,842,983	25,969,651	28,511,358	28,511,358
Total Expenditures	<u>227,638,158</u>	<u>252,192,325</u>	<u>305,647,091</u>	<u>305,647,091</u>
Parole & Post Prison Supervision, Bd. of				
General Fund	3,260,365	3,534,784	3,683,312	3,683,312
Other Funds	9,281	9,517	9,812	9,812
Total Expenditures	<u>3,269,646</u>	<u>3,544,301</u>	<u>3,693,124</u>	<u>3,693,124</u>
Police, Dept of State				
General Fund	160,900,644	180,460,650	217,762,143	218,775,482
Lottery Funds	5,537,710	6,567,977	6,926,708	6,926,708
Other Funds	129,017,815	153,482,975	83,823,273	83,823,273
Federal Funds	133,329,394	196,807,247	19,327,201	25,327,201
Total Expenditures	<u>428,785,563</u>	<u>537,318,849</u>	<u>327,839,325</u>	<u>334,852,664</u>
Public Safety Standards & Training, Dept of				
General Fund	-	8,515,784	11,150,003	11,150,003
Other Funds	20,679,937	32,256,822	37,744,197	37,744,197
Federal Funds	81,005	52,992	54,635	54,635
Total Expenditures	<u>20,760,942</u>	<u>40,825,598</u>	<u>48,948,835</u>	<u>48,948,835</u>

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
PUBLIC SAFETY PROGRAM AREA				
General Fund	1,228,738,614	1,535,358,956	1,845,747,034	1,846,732,257
Lottery Funds	5,537,710	6,567,977	6,926,708	6,926,708
Other Funds	365,839,280	439,530,053	532,688,340	532,368,726
Federal Funds	456,880,662	396,776,213	353,036,747	459,372,823
Total	2,056,996,266	2,378,233,199	2,738,398,829	2,845,400,514

	<u>2003-05 Actual</u> \$	<u>2005-07 Legislatively Approved</u> \$	<u>2007-09 Legislatively Adopted</u> \$	<u>2007-09 Legislatively Approved</u> \$
JUDICIAL BRANCH				
Court Procedures, Council on				
General Fund	-	10,000	-	-
Other Funds	7,127	8,000	-	-
Total Expenditures	<u>7,127</u>	<u>18,000</u>	<u>-</u>	<u>-</u>
Judicial Department				
General Fund	235,682,100	282,061,772	315,619,416	315,619,416
Other Funds	33,426,446	35,043,724	42,858,068	52,858,068
Federal Funds	1,458,872	1,912,896	979,687	979,687
Total Expenditures	<u>270,567,418</u>	<u>319,018,392</u>	<u>359,457,171</u>	<u>369,457,171</u>
Judicial Fitness, Commission on				
General Fund	<u>162,483</u>	<u>243,032</u>	<u>181,110</u>	<u>181,110</u>
Public Defense Services Commission				
General Fund	165,497,979	183,535,396	214,885,309	214,885,309
Other Funds	297,745	991,474	604,619	604,619
Total Expenditures	<u>165,795,724</u>	<u>184,526,870</u>	<u>215,489,928</u>	<u>215,489,928</u>
JUDICIAL BRANCH PROGRAM AREA				
General Fund	401,342,562	465,850,200	530,685,835	530,685,835
Other Funds	33,731,318	36,043,198	43,462,687	53,462,687
Federal Funds	1,458,872	1,912,896	979,687	979,687
Total	<u>436,532,752</u>	<u>503,806,294</u>	<u>575,128,209</u>	<u>585,128,209</u>

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
ECONOMIC AND COMMUNITY DEVELOPMENT				
Economic & Community Development Dept				
General Fund	1,175,089	1,797,951	4,227,676	4,227,676
Lottery Funds	75,443,282	104,453,292	132,354,598	132,354,598
Other Funds	254,241,642	331,269,780	275,709,246	276,145,046
Federal Funds	29,096,098	36,067,401	36,338,593	36,338,593
Total Expenditures	359,956,111	473,588,424	448,630,113	449,065,913
Employment Department				
General Fund	3,458,184	3,714,007	3,886,325	3,886,325
Other Funds	1,797,880,466	1,437,471,084	1,554,174,094	1,554,174,094
Federal Funds	255,651,773	250,528,265	243,543,767	243,543,767
Total Expenditures	2,056,990,423	1,691,713,356	1,801,604,186	1,801,604,186
Housing & Community Services Dept				
General Fund	9,795,633	10,872,777	19,496,271	20,496,271
Lottery Funds	4,462,310	4,460,538	5,932,768	5,932,768
Other Funds	1,771,251,654	2,274,562,329	1,923,524,650	1,924,524,650
Federal Funds	209,722,564	215,726,588	221,386,686	221,386,686
Total Expenditures	1,995,232,161	2,505,622,232	2,170,340,375	2,172,340,375
State Fair & Exposition Center				
General Fund	1,846,314	-	-	-
Lottery Funds	4,062,984	-	-	-
Other Funds	16,912,267	7,040,489	-	-
Total Expenditures	22,821,565	7,040,489	-	-
Veterans' Affairs, Department of				
General Fund	2,358,941	6,295,313	6,034,088	6,334,088
Other Funds	564,008,814	632,545,413	648,410,898	648,710,898
Total Expenditures	566,367,755	638,840,726	654,444,986	655,044,986
County Fairs				
Lottery Funds	2,530,174	3,344,827	3,557,141	3,557,141
Historical Society*				
General Fund	-	-	2,800,000	2,800,000
Lottery Funds	-	-	-	-
Total Expenditures	-	-	2,800,000	2,800,000
Oregon Public Broadcasting**				
General Fund	-	-	-	-
Lottery Funds	1,618,965	1,622,118	1,788,017	1,788,017
Other Funds	-	-	3,000,000	3,000,000
Total Expenditures	1,618,965	1,622,118	4,788,017	4,788,017
Oregon Tourism Commission***				
Lottery Funds	2,729,366	-	-	-

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
General Fund	18,634,161	22,680,048	36,444,360	37,744,360
Lottery Funds	90,847,081	113,880,775	143,632,524	143,632,524
Other Funds	4,404,294,843	4,682,889,095	4,404,818,888	4,406,554,688
Federal Funds	494,470,435	502,322,254	501,269,046	501,269,046
Total	5,008,246,520	5,321,772,172	5,086,164,818	5,089,200,618

* Historical Society included in Governor's recommended budget as part of Parks and Recreation Department.

** Oregon Public Broadcasting included in Governor's recommended budget in the Dept. of Administrative Services.

2007-09 Legislatively Adopted includes \$3 million Other Funds for Lottery Bonds authorized to be issued in May 2008.

*** Tourism Commission was established as a semi-independent state agency in 2003; amount reflects one year of state operations support.

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
NATURAL RESOURCES				
Agriculture, Department of				
General Fund	11,204,657	14,838,124	16,500,480	16,500,480
Lottery Funds	7,467,285	11,508,206	10,184,289	10,184,289
Other Funds	39,840,385	48,752,017	47,922,134	47,922,134
Federal Funds	5,936,307	7,439,425	6,297,998	6,508,259
Total Expenditures	64,448,634	82,537,772	80,904,901	81,115,162
Columbia River Gorge Commission				
General Fund	615,706	864,694	1,077,770	1,077,770
Energy, Department of				
General Fund *	-	-	1,500,000	3,100,000
Other Funds	103,493,244	158,082,724	182,974,186	178,374,186
Federal Funds	3,893,848	5,507,683	5,529,281	5,529,281
Total Expenditures	107,387,092	163,590,407	190,003,467	187,003,467
Environmental Quality, Department of				
General Fund	22,190,558	23,193,203	37,856,722	37,856,722
Lottery Funds	3,308,381	3,799,400	5,019,593	5,019,593
Other Funds	193,966,916	263,695,253	224,467,014	224,467,014
Federal Funds	47,702,736	38,803,709	30,656,615	30,656,615
Total Expenditures	267,168,591	329,491,565	297,999,944	297,999,944
Fish & Wildlife, Department of				
General Fund	10,628,378	11,068,607	15,499,228	15,499,228
Lottery Funds	10,171,308	7,292,483	11,761,024	11,761,024
Other Funds	105,899,777	124,893,957	127,722,216	127,722,216
Federal Funds	77,898,469	102,347,590	99,408,294	99,408,294
Total Expenditures	204,597,932	245,602,637	254,390,762	254,390,762
Forestry, Department of				
General Fund	38,795,674	53,011,325	40,058,848	40,058,848
Other Funds	170,492,607	223,811,407	205,304,955	205,304,955
Federal Funds	15,762,682	24,724,173	26,483,943	26,483,943
Total Expenditures	225,050,963	301,546,905	271,847,746	271,847,746
Geology & Mineral Industries, Dept of				
General Fund	2,906,001	3,598,160	3,324,704	3,324,704
Lottery Funds	-	-	1,500,000	1,500,000
Other Funds	2,867,638	3,850,631	4,904,378	4,904,378
Federal Funds	1,287,336	2,200,767	1,915,348	1,915,348
Total Expenditures	7,060,975	9,649,558	11,644,430	11,644,430
Land Conservation & Development, Dept of				
General Fund	8,433,934	14,058,366	15,962,581	20,794,123
Other Funds	746,449	922,472	798,687	798,687
Federal Funds	5,043,007	5,882,984	6,363,069	6,363,069
Total Expenditures	14,223,390	20,863,822	23,124,337	27,955,879

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
Land Use Board of Appeals				
General Fund	1,176,036	1,330,824	1,403,105	1,403,105
Other Funds	45,616	67,381	75,066	75,066
Total Expenditures	1,221,652	1,398,205	1,478,171	1,478,171
State Lands, Department of				
General Fund	124,284	190,043	221,481	221,481
Other Funds	69,139,717	37,342,460	39,883,255	41,383,255
Federal Funds	1,449,271	3,617,090	4,789,715	4,789,715
Total Expenditures	70,713,272	41,149,593	44,894,451	46,394,451
Marine Board				
Other Funds	21,407,213	23,812,183	25,236,866	25,236,866
Federal Funds	3,911,348	6,189,251	8,583,133	8,583,133
Total Expenditures	25,318,561	30,001,434	33,819,999	33,819,999
Parks & Recreation Department				
Lottery Funds*	56,588,242	90,719,992	99,626,808	99,626,808
Other Funds	72,604,560	97,909,366	106,890,569	106,890,569
Federal Funds	5,699,248	8,964,578	8,706,180	8,706,180
Total Expenditures	134,892,050	197,593,936	215,223,557	215,223,557
Water Resources Department				
General Fund	19,191,983	21,282,467	24,103,527	26,603,527
Other Funds	6,872,379	8,205,022	7,021,101	7,021,101
Federal Funds	800,717	1,146,313	1,176,003	1,176,003
Total Expenditures	26,865,079	30,633,802	32,300,631	34,800,631
Oregon Watershed Enhancement Board				
Lottery Funds	30,121,113	52,333,961	84,665,059	84,665,059
Other Funds	1,140,918	2,283,412	2,094,862	2,094,862
Federal Funds	33,813,437	34,450,279	21,948,668	21,948,668
Total Expenditures	65,075,468	89,067,652	108,708,589	108,708,589
NATURAL RESOURCES PROGRAM AREA				
General Fund	115,267,211	143,435,813	157,508,446	166,439,988
Lottery Funds	107,656,329	165,654,042	212,756,773	212,756,773
Other Funds	788,517,419	993,628,285	975,295,289	972,195,289
Federal Funds	203,198,406	241,273,842	221,858,247	222,068,508
Total	1,214,639,365	1,543,991,982	1,567,418,755	1,573,460,558

* The 2007-09 Governor's recommended budget includes \$2,818,000 Lottery Funds for the Oregon Historical Society; in this publication, OHS is shown as a separate line in the Economic Development Program Area.

** The 2007-09 legislatively adopted budget included the disappropriation of \$1.5 million General Fund for OMSI; this disappropriation was eliminated with a line-item veto in SB 5549 by the Governor, restoring the \$1.5 million to the budget.

	<u>2003-05 Actual</u>	<u>2005-07 Legislatively Approved</u>	<u>2007-09 Legislatively Adopted</u>	<u>2007-09 Legislatively Approved</u>
	\$	\$	\$	\$
TRANSPORTATION				
Aviation, Department of				
Other Funds	15,769,226	11,690,149	4,621,625	9,431,549
Federal Funds	-	10,510,000	8,962,132	10,443,166
Total Expenditures	15,769,226	22,200,149	13,583,757	19,874,715
Transportation, Department of				
General Fund	3,914,616	8,626,167	4,504,713	4,504,713
Lottery Funds	20,903,444	22,819,951	46,559,957	46,559,957
Other Funds	2,603,436,660	2,798,995,090	3,335,542,737	3,367,571,284
Federal Funds	52,388,014	67,076,594	79,226,052	79,958,790
Total Expenditures	2,680,642,734	2,897,517,802	3,465,833,459	3,498,594,744
TRANSPORTATION PROGRAM AREA				
General Fund	3,914,616	8,626,167	4,504,713	4,504,713
Lottery Funds	20,903,444	22,819,951	46,559,957	46,559,957
Other Funds	2,619,205,886	2,810,685,239	3,340,164,362	3,377,002,833
Federal Funds	52,388,014	77,586,594	88,188,184	90,401,956
Total	2,696,411,960	2,919,717,951	3,479,417,216	3,518,469,459

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES				
Accountancy, Board of				
Other Funds	1,418,935	1,515,510	1,989,807	1,989,807
Chiropractic Examiners, Board of				
Other Funds	890,126	1,019,000	1,121,873	1,121,873
Clinical Social Workers, Board of				
Other Funds	493,964	582,042	659,778	659,778
Construction Contractors Board				
Other Funds	10,315,217	12,151,281	15,361,138	15,361,138
Consumer and Business Services, Dept of				
Other Funds	496,578,750	627,491,912	648,430,666	648,640,685
Dentistry, Board of				
Other Funds	1,498,398	1,757,952	1,865,822	1,865,822
Health Licensing Agency				
Other Funds	4,444,249	5,139,112	6,131,235	6,131,235
Health Related Licensing Boards:				
Licensed Dietitians				
Other Funds	49,947	73,747	78,514	78,514
Mortuary and Cemetery Board				
Other Funds	961,296	1,153,567	1,062,338	1,062,338
Naturopathic Examiners				
Other Funds	299,667	394,365	399,739	399,739
Nursing Home Administrators				
Other Funds	180,729	209,162	199,874	199,874
Occupational Therapy Licensing Bd				
Other Funds	200,096	276,925	289,571	289,571
Radiologic Technology				
Other Funds	384,518	483,289	528,796	528,796
Speech-Language Path. and Audio.				
Other Funds	163,379	262,204	290,093	290,093
Veterinary Medical Examiners Bd				
Other Funds	468,193	527,928	543,927	543,927
Health Related Licensing Boards Total				
Other Funds	2,707,825	3,381,187	3,392,852	3,392,852
Federal Funds	-	-	-	-
Total Expenditures	2,707,825	3,381,187	3,392,852	3,392,852

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
Investigators, Board of				
Other Funds	414,032	90,000	-	-
Labor & Industries, Bureau of				
General Fund	11,029,548	11,708,250	12,608,315	12,608,315
Other Funds	6,831,465	8,454,762	8,716,952	8,716,952
Federal Funds	1,112,723	1,409,131	1,517,788	1,517,788
Total Expenditures	18,973,736	21,572,143	22,843,055	22,843,055
Licensed Prof Counselors and Therapists, Bd				
Other Funds	498,467	663,656	635,668	635,668
Medical Board, Oregon				
Other Funds	6,315,094	7,267,070	8,505,902	8,505,902
Nursing, Board of				
Other Funds	7,091,311	9,667,662	9,744,501	9,744,501
Pharmacy, Board of*				
Other Funds	2,977,555	3,714,707	3,999,522	3,999,522
Federal Funds	-	50,000	339,640	339,640
Total Expenditures	2,977,555	3,764,707	4,339,162	4,339,162
Psychologist Examiners, Board of				
Other Funds	572,351	720,720	858,168	905,903
Public Utility Commission				
Other Funds	134,648,831	142,766,609	140,372,114	140,372,114
Federal Funds	292,416	434,799	467,565	467,565
Total Expenditures	134,941,247	143,201,408	140,839,679	140,839,679
Real Estate Agency				
Other Funds	6,162,766	6,973,039	7,779,616	7,779,616
Tax Practitioners, Board of				
Other Funds	782,394	935,709	1,074,181	1,074,181
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
General Fund	11,029,548	11,708,250	12,608,315	12,608,315
Other Funds	684,641,730	834,291,930	860,639,795	860,897,549
Federal Funds	1,405,139	1,893,930	2,324,993	2,324,993
Total	697,076,417	847,894,110	875,573,103	875,830,857

* Board of Pharmacy was included in Health-Related Licensing Boards until the 2007-09 budget; now a separate stand-alone agency.

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
ADMINISTRATION				
Administrative Services, Dept of*				
General Fund	1,780,512	9,976,764	8,904,771	8,424,298
Lottery Funds	-	600,000	-	-
Other Funds	788,277,118	987,693,317	1,093,326,778	1,101,586,659
Federal Funds	316,928	497,286	-	-
Total Expenditures	<u>790,374,558</u>	<u>998,767,367</u>	<u>1,102,231,549</u>	<u>1,110,010,957</u>
Advocacy Commissions Office				
General Fund	-	349,197	401,494	401,494
Other Funds	871,910	184,672	103,785	103,785
Total Expenditures	<u>871,910</u>	<u>533,869</u>	<u>505,279</u>	<u>505,279</u>
Employment Relations Board				
General Fund	1,307,322	1,449,920	1,659,340	1,659,340
Other Funds	1,315,550	1,427,990	1,617,304	1,617,304
Total Expenditures	<u>2,622,872</u>	<u>2,877,910</u>	<u>3,276,644</u>	<u>3,276,644</u>
Government Ethics Commission				
General Fund	572,817	653,700	1,063,541	1,063,541
Other Funds	2,111	3,285	3,368	3,368
Total Expenditures	<u>574,928</u>	<u>656,985</u>	<u>1,066,909</u>	<u>1,066,909</u>
Governor, Office of the				
General Fund	8,125,041	8,208,119	11,325,892	11,325,892
Lottery Funds	576,536	1,771,546	2,118,218	2,118,218
Other Funds	1,270,087	1,182,352	2,618,987	2,618,987
Federal Funds	50,323	140,634	-	-
Total Expenditures	<u>10,021,987</u>	<u>11,302,651</u>	<u>16,063,097</u>	<u>16,063,097</u>
Oregon Liquor Control Comm				
Other Funds	<u>90,218,879</u>	<u>119,250,564</u>	<u>124,318,211</u>	<u>124,318,211</u>
Public Employees Retirement System				
Other Funds	<u>5,294,977,715</u>	<u>5,730,857,817</u>	<u>6,373,907,468</u>	<u>6,373,907,468</u>
Racing Commission, Oregon				
Other Funds	<u>4,945,952</u>	<u>5,039,488</u>	<u>5,658,842</u>	<u>5,658,842</u>
Revenue, Dept of				
General Fund	114,586,226	137,502,492	148,277,511	147,877,511
Other Funds	33,368,411	30,922,100	32,538,307	34,385,142
Total Expenditures	<u>147,954,637</u>	<u>168,424,592</u>	<u>180,815,818</u>	<u>182,262,653</u>
Secretary of State				
General Fund	13,024,284	11,462,627	11,679,030	11,679,030
Other Funds	29,097,295	34,324,182	38,566,820	38,566,820
Federal Funds	10,085,707	9,293,472	9,156,577	9,156,577
Total Expenditures	<u>52,207,286</u>	<u>55,080,281</u>	<u>59,402,427</u>	<u>59,402,427</u>

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
State Library				
General Fund	2,584,772	2,987,812	3,356,952	3,356,952
Other Funds	5,946,514	6,710,305	6,788,821	6,788,821
Federal Funds	3,917,623	4,670,500	4,635,732	4,635,732
Total Expenditures	12,448,909	14,368,617	14,781,505	14,781,505
Treasury, Oregon State				
Other Funds	22,767,070	27,344,759	32,090,470	32,090,470

ADMINISTRATION PROGRAM AREA				
General Fund	141,980,974	172,590,631	186,668,531	185,788,058
Lottery Funds	576,536	2,371,546	2,118,218	2,118,218
Other Funds	6,273,058,612	6,944,940,831	7,711,539,161	7,721,645,877
Federal Funds	14,370,581	14,601,892	13,792,309	13,792,309
Total	6,429,986,703	7,134,504,900	7,914,118,219	7,923,344,462

* Oregon Public Broadcasting and County Fairs are included in Governor's recommended budget as part of the Department of Administrative Services as pass-throughs.

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
LEGISLATIVE BRANCH				
Indian Services, Commission on				
General Fund	267,167	346,475	367,815	367,815
Other Funds	1,073	5,925	6,109	6,109
Total Expenditures	268,240	352,400	373,924	373,924
Legislative Administration Committee				
General Fund	18,631,399	22,275,910	30,830,305	30,830,305
Other Funds	2,128,954	5,972,202	38,017,426	38,017,426
Total Expenditures	20,760,353	28,248,112	68,847,731	68,847,731
Legislative Assembly				
General Fund	23,414,111	30,777,516	33,610,472	33,610,472
Other Funds	265,322	283,777	289,758	289,758
Total Expenditures	23,679,433	31,061,293	33,900,230	33,900,230
Legislative Counsel Committee				
General Fund	6,324,050	7,299,165	8,652,295	8,652,295
Other Funds	1,879,579	2,185,003	2,307,654	2,307,654
Total Expenditures	8,203,629	9,484,168	10,959,949	10,959,949
Legislative Fiscal Officer				
General Fund	3,874,002	4,784,615	5,766,003	5,766,003
Legislative Revenue Officer				
General Fund	1,404,150	1,605,001	1,948,951	1,948,951
LEGISLATIVE BRANCH PROGRAM AREA				
General Fund	53,914,879	67,088,682	81,175,841	81,175,841
Other Funds	4,274,928	8,446,907	40,620,947	40,620,947
Total	58,189,807	75,535,589	121,796,788	121,796,788

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
MISCELLANEOUS				
Emergency Board				
General Fund	-	-	30,000,000	30,000,000
Total Expenditures	-	-	30,000,000	30,000,000
Special Purpose Appropriations (details below)	-	-	170,514,219	193,884,567
MISCELLANEOUS PROGRAM TOTAL				
General Fund	-	-	200,514,219	223,884,567
Total	-	-	200,514,219	223,884,567

Special Purpose Appropriations (SPA)

State Employee Compensation	-	125,000,000	125,000,000
LEG - Continuous Improvement Contracts	-	2,500,000	2,500,000
GSPC - Electronic Filing System	-	700,000	700,000
ODE - Head Start and EI/ECSE		31,084,565	31,084,565
ODE - Local Option Equalization Grants		800,000	800,000
ODF - Fire Insurance and Severity		4,979,654	4,979,654
DLCD - Measure 37 claims		1,500,000	1,500,000
SOS - Special Election Costs		1,800,000	1,800,000
LEG - Capitol Renovation costs		550,000	550,000
OSP - OWIN*		-	-
LAC - Court Facilities Review		600,000	600,000
DOJ - Master Settlement Agreement		1,000,000	1,000,000
DHS - Caseload and other Issues		-	17,500,293
DHS - Oregon State Hospital Staffing		-	4,870,055
DOC/PDSC/OJD - Property Crimes		-	1,000,000
SPA Totals	-	170,514,219	193,884,567

* The 2007-09 legislatively adopted budget included a \$9 million special purpose appropriation for the OWIN project; this appropriation was eliminated with a line-item veto in SB 5549 by the Governor.

	2003-05 Actual	2005-07 Legislatively Approved	2007-09 Legislatively Adopted	2007-09 Legislatively Approved
	\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES				
General Fund	10,223,197,575	11,640,600,143	13,954,704,763	13,946,966,055
Lottery Funds	746,406,362	837,320,837	1,151,573,906	1,171,573,906
Other Funds	19,806,299,641	22,126,707,036	23,600,007,675	23,826,714,586
Federal Funds	7,967,105,536	8,661,959,840	9,249,497,024	9,422,356,945
Total Expenditures	<u>38,743,009,114</u>	<u>43,266,587,856</u>	<u>47,955,783,368</u>	<u>48,367,611,492</u>

	<u>2003-05 Actual</u>	<u>2005-07 Legislatively Approved</u>	<u>2007-09 Legislatively Adopted</u>	<u>2007-09 Legislatively Approved</u>
	\$	\$	\$	\$
NON-ADD EXPENDITURES*				
Administrative Services, Dept. of	394,755,673	456,703,386	666,190,570	669,790,570
Employment Department	20,975,945	21,639,882	23,302,437	23,302,437
Justice, Department of	86,017,433	101,534,472	143,716,311	145,642,104
Transportation, Department of	39,960,258	-	-	-
Secretary of State	12,174,133	13,420,142	14,633,746	14,633,746
Treasurer of State	22,007,344	25,139,627	29,263,896	29,263,896
Total Non-Add Expenditures	575,890,786	618,437,509	877,106,960	882,632,753

* Non-Add expenditures are included in agency Total Expenditures; Non-Add expenditures are generally intra-agency transfers that fund administrative functions and are paid for by agency programs and reflect double-counts of expenditures in the statewide budget.