

Budget Highlights

**Updated 2009-11
Legislatively Approved Budget**

**Based on
February 1 - 25, 2010
Special Session Actions**



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MARCH 2010**

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March 15, 2010

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

The Legislative Fiscal Office has prepared this update to the *2009-11 Budget Highlights* to incorporate legislative changes made to the budget during the February 2010 special session and other administrative changes made to the budget since the adoption of the 2009-11 budget. We hope you find this resource useful and invite you to call the Legislative Fiscal Office if you have any questions.

Ken Rocco
Legislative Fiscal Officer

Table of Contents

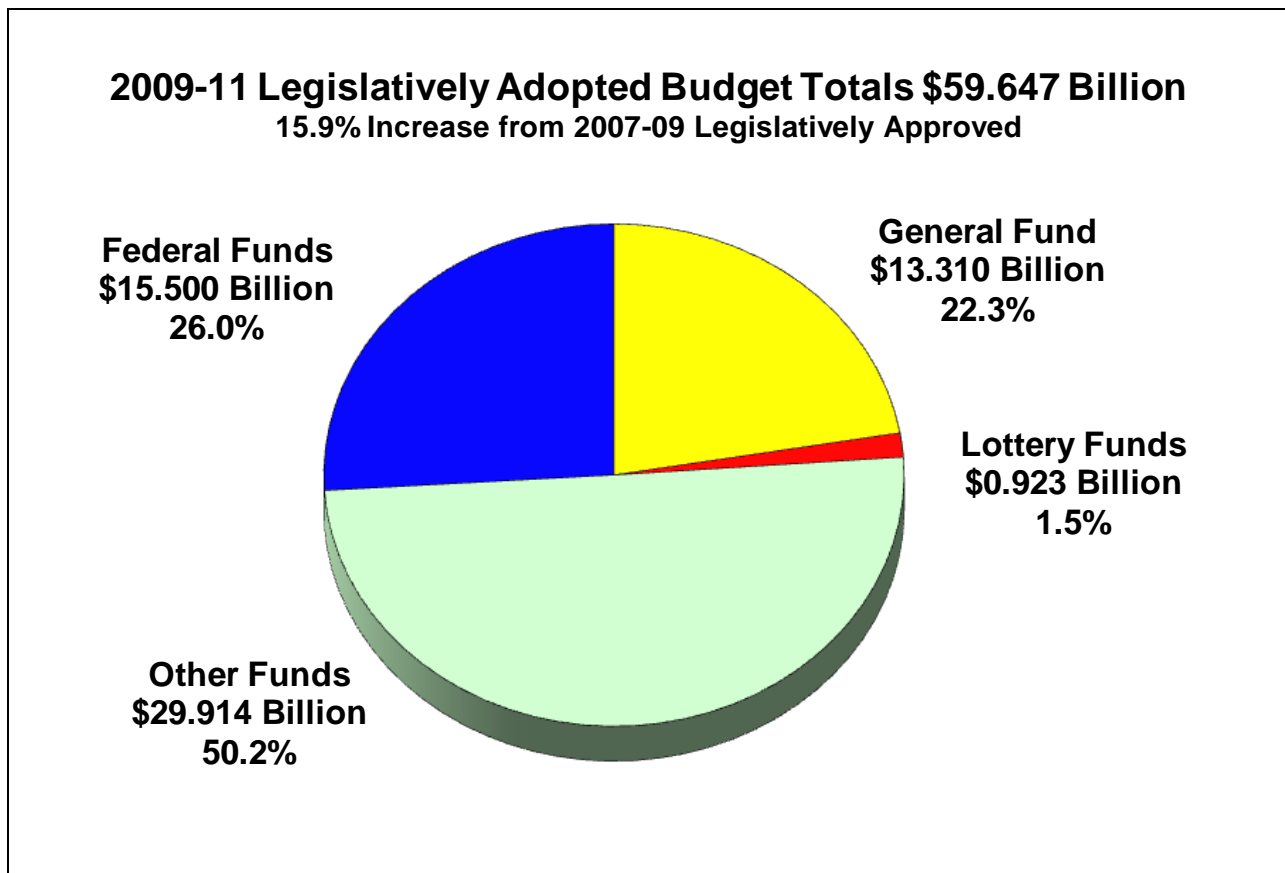
Summary of 2009-11 Legislatively Approved Budget / February 2010 Special Session Actions.....	1
Summary of Special Session Legislative Actions Affecting the 2009-11 Budget	17
Program Area Summaries	19
Additional Special Session Legislative Actions	35
Capital Construction	38
State Bonding.....	42
Special Session Budget Notes.....	43
Special Session Fiscal Impact Statements	48
Substantive Bills Enacted into Law with a Budget Effect	50
Appendix A: Number of Full-Time Equivalent Positions	A-1
Appendix B: Summary of Budget Actions in February 2010 Special Session.....	B-1
Appendix C: Summary of Expenditures	C-1

Summary of 2009-11 Legislatively Approved Budget February 2010 Special Session Actions

Budget Overview

The legislatively approved budget (LAB) for the 2009-11 biennium, as adjusted during the February 2010 special session and including authorized executive branch administrative actions, is \$59.6 billion total funds, an increase of \$3.7 billion from the 2009-11 adopted budget, or growth of 6.6%. The majority of this growth was caused by increases of over \$3.3 billion in Other Funds and Federal Funds Nonlimited from higher than anticipated costs for unemployment insurance and federal food stamps, and from inclusion of the shift to self-insurance by the state.

The approved budget includes \$14.2 billion in combined General Fund and Lottery Funds, \$29.9 billion Other Funds, and \$15.5 billion Federal Funds. The 2009-11 total budget represents a 15.9% increase over the 2007-09 biennium's legislatively approved total budget of \$51.5 billion. Although the total budget is higher, combined General Fund and Lottery Funds expenditures are actually \$144 million lower in the 2009-11 biennium than in the previous budget period, a reduction of about 1%. The primary reason for the increase in the 2009-11 budget is the significantly greater amount of funding from the federal government from the economic stimulus and unemployment benefit extension programs. Federal Funds expenditures are \$5 billion higher in the 2009-11 budget than recorded for the 2007-09 approved budget, an increase of nearly 50%.



The Legislature called itself into special session on February 1, 2010, and completed business on February 25, 2010. This was within the timeframes described by legislative leadership and represents

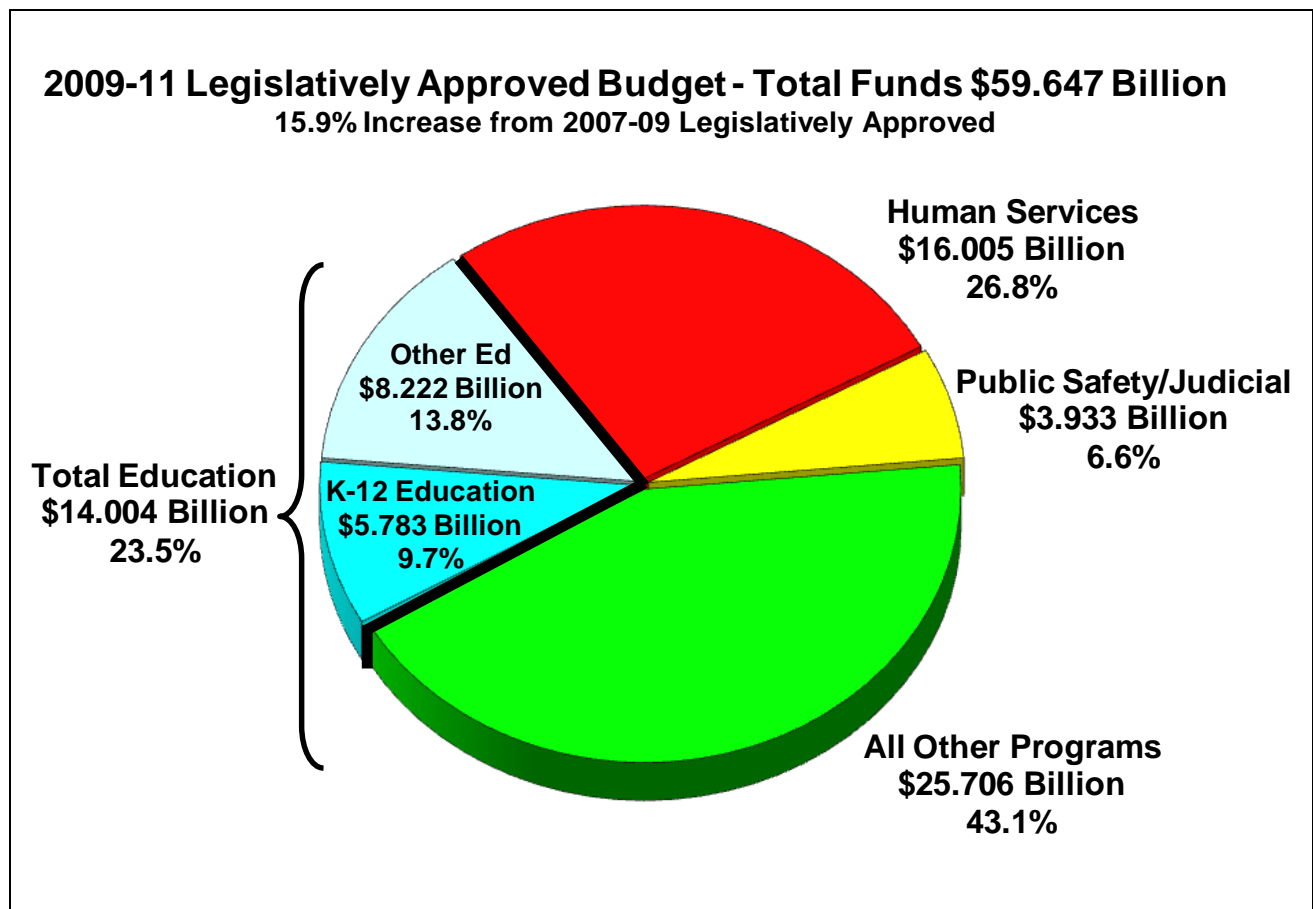
the fourth consecutive session (regular and special) where the Legislature adjourned by the self-imposed deadline.

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 2010 forecast) indicated a continuing weak economic condition with a decline of \$185.5 million General Fund and \$9.5 million Lottery Funds from the previous forecast released in December 2009. Even though the Legislature had left the 2009 regular session with a combined General Fund and Lottery Funds ending balance of nearly \$244 million, the successive declines of the subsequent forecasts in September and December 2009 and March 2010 put the state into a deficit situation with a projected negative ending balance of \$106 million General Fund and a negative \$59 million Lottery Funds.

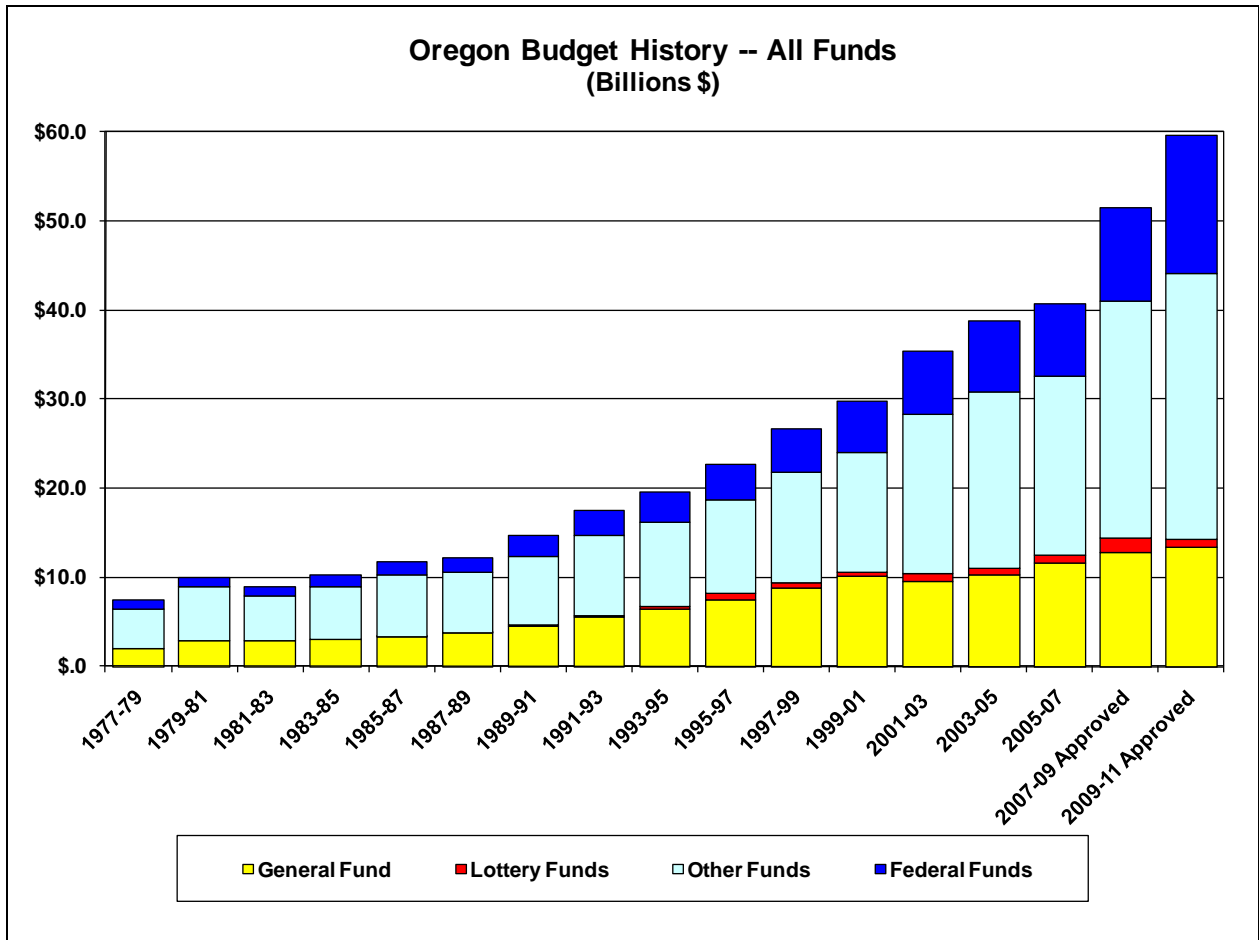
To implement the budget actions taken during the special session, the Joint Committee on Ways and Means produced six main budget bills:

- HB 5100 – omnibus budget reconciliation
- HB 3696 – non-appropriation program changes to implement budget decisions
- HB 5101 – lottery funds and other allocation changes
- SB 5563 – capital construction adjustments
- SB 5564 – bonding authorization changes
- SB 5565 – trigger mechanism for State School Fund and Rainy Day Fund transfer

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



The following graph shows the increase in the total funds budget between the 2009-11 legislatively approved budget and previous biennia. Despite the overall decline in combined General Fund/Lottery Funds between 2009-11 and 2007-09, the total funds budget has increased by nearly 16%. The majority of the increases are directly related to the federal stimulus package provided by Congress and the increases in unemployment insurance payments. The table below identifies the major elements of growth in the total funds budget. Additional details on these changes can be found in the Other Funds and Federal Funds Expenditure sections and the Program Area Summaries included in this document.



All Funds Budget Change				
(\$ millions)				
Fund Type	2007-09 Approved	2009-11 Approved	Change	Comments
General Fund/Lottery Funds	14,378.3	14,233.5	(144.8)	1.0% decrease
Other Funds	26,560.8	29,914.0	3,353.2	12.6% increase
Federal Funds	10,533.9	15,499.6	4,965.7	47.1% increase
Total	51,473.0	59,647.1	8,174.1	15.9% increase
Other Funds Increase Components				
Dept. of Administrative Services	1,664.2	3,445.6	1,781.4	Health insurance premiums OEBB & PEBB/bond proceeds
Employment Dept.	2,421.2	3,217.5	796.3	Unemployment insurance payments
Dept. of Human Services	1,356.1	1,867.7	511.6	Provider taxes/insurance premium assessment
Dept. of Transportation	3,520.7	3,890.4	369.7	Highway construction/bonds/FF as OF pass-thru
Public Employees Retirement System	6,373.9	6,559.0	185.1	PERS benefits
Oregon University System	4,411.3	4,513.5	102.2	Enrollment increases (higher tuition)/capital construction
Total	19,747.4	23,493.7	3,746.3	
Federal Funds Increase Components				
Dept. of Human Services	7,549.9	10,419.3	2,869.4	ARRA Medicaid match/food stamps/TANF
Employment Dept.	430.8	1,898.7	1,467.9	Unemployment insurance payments
Dept. of Education	1,073.4	1,281.6	208.2	ARRA IDEA/Title 1A
Housing and Community Services	260.3	387.0	126.7	ARRA one-time grant funds
Dept. of Education/State School Fund	115.4	226.5	111.1	ARRA State Fiscal Stabilization Fund
Department of Corrections	17.8	109.9	92.1	ARRA State Fiscal Stabilization Fund
Office of Private Health Partnerships	50.9	123.0	72.1	CHIP match for insurance premium assessment
Total	9,498.5	14,446.0	4,947.5	

General Fund and Lottery Expenditures

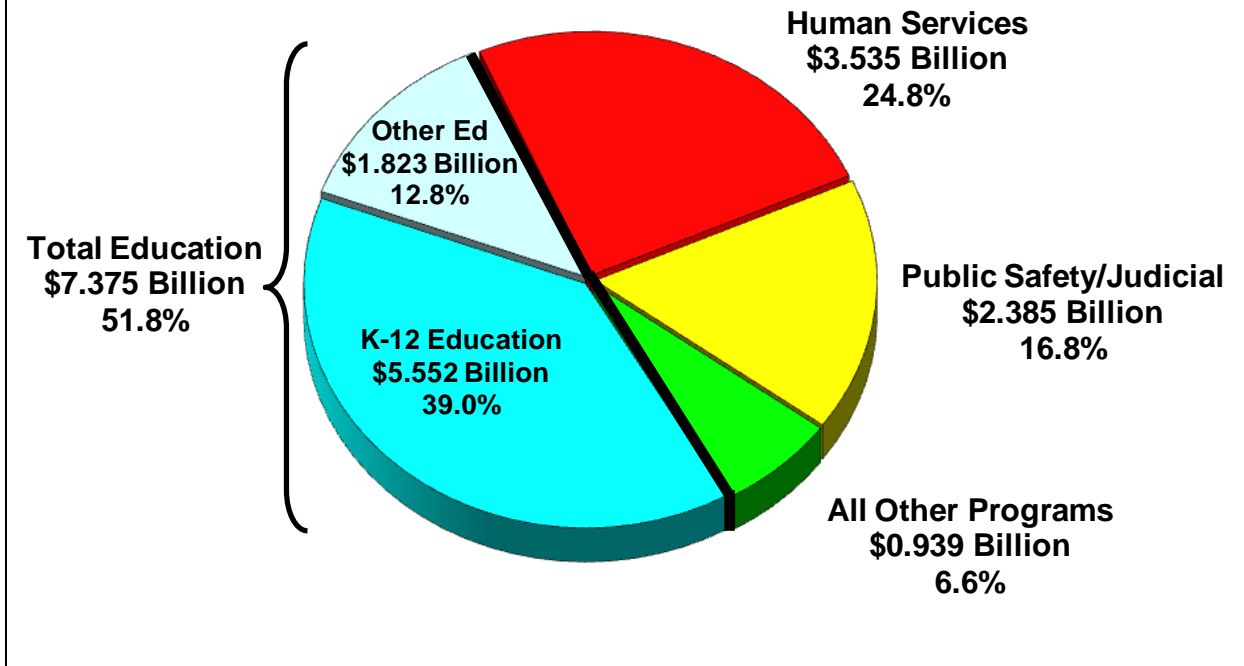
Combined General Fund and Lottery Funds expenditures for the 2009-11 biennium as a result of the February 2010 special session actions total \$14.234 billion, down \$144.8 million from the legislatively approved budget for the 2007-09 biennium, a decrease of 1%, and down \$22.1 million from the legislatively adopted budget for the 2009-11 biennium (after Governor veto actions), a decrease of 0.2%. General Fund appropriations were actually increased slightly from the adopted budget, from \$13.299 billion to \$13.310 billion, an increase of \$11 million. The net reduction between combined General Fund and Lottery Funds from the adopted budget reflects the decision to backfill for lower than projected lottery receipts; without this action, the State School Fund, for example, would have experienced a decrease of \$30 million due to the lottery shortfall.

Priority General Fund expenditures during the special session included the following additions:

- \$30 million to the Emergency Board for caseload, cost-per-case, and other potential expenses of the Department of Human Services;
- \$12.8 million to the Department of Human Services to maintain second fiscal year funding for the Employment Related Day Care program at first fiscal year levels;
- \$4.7 million to the Oregon Student Assistance Commission and \$5 million to the Emergency Board for maintaining awards for the first school year under the Opportunity Grant program;
- \$2.8 million to the Emergency Board for legal costs associated with the Portland Harbor cleanup administered by the Department of State Lands and the Department of Justice;
- \$1.5 million to the Department of Fish and Wildlife to restore funds to the Deferred Maintenance Account;
- \$1 million to the Department of Education for the Early Head Start program;
- \$1 million to the Department of Human Services for home health care costs associated with passage of HB 3618 (2010);
- \$1 million to the State Commission on Children and Families for additional funding for the relief nursery program;
- \$0.5 million to the Department of Corrections for changes in the earned time program associated with passage of SB 1007 (2010);
- \$0.4 million to the Board of Parole and Post-Prison Supervision for higher than budgeted Attorney General costs;
- \$0.3 million to the Department of Veterans' Affairs for an educational aid program for veterans;
- \$0.2 million to the Psychiatric Security Review Board for costs associated with the National Instant Criminal Background Check System Improvement program;
- \$0.2 million to the District Attorneys to restore 2009 session reductions for furloughs and salary freezes;
- \$0.2 million to the Department of Agriculture for research related to an invasive species infestation associated with fruit flies;
- \$0.2 million to the Department of Education for a pilot vision screening program associated with passage of HB 3626 (2010); and
- \$0.1 million to the Department of Human Services for the African American Health Coalition for a diabetes and hypertension prevention program.

2009-11 General Fund & Lottery Funds Total \$14.234 Billion

1% Decrease from 2007-09 Legislatively Approved



Other actions taken by the Legislature during the special session towards rebalancing the 2009-11 budget included the following:

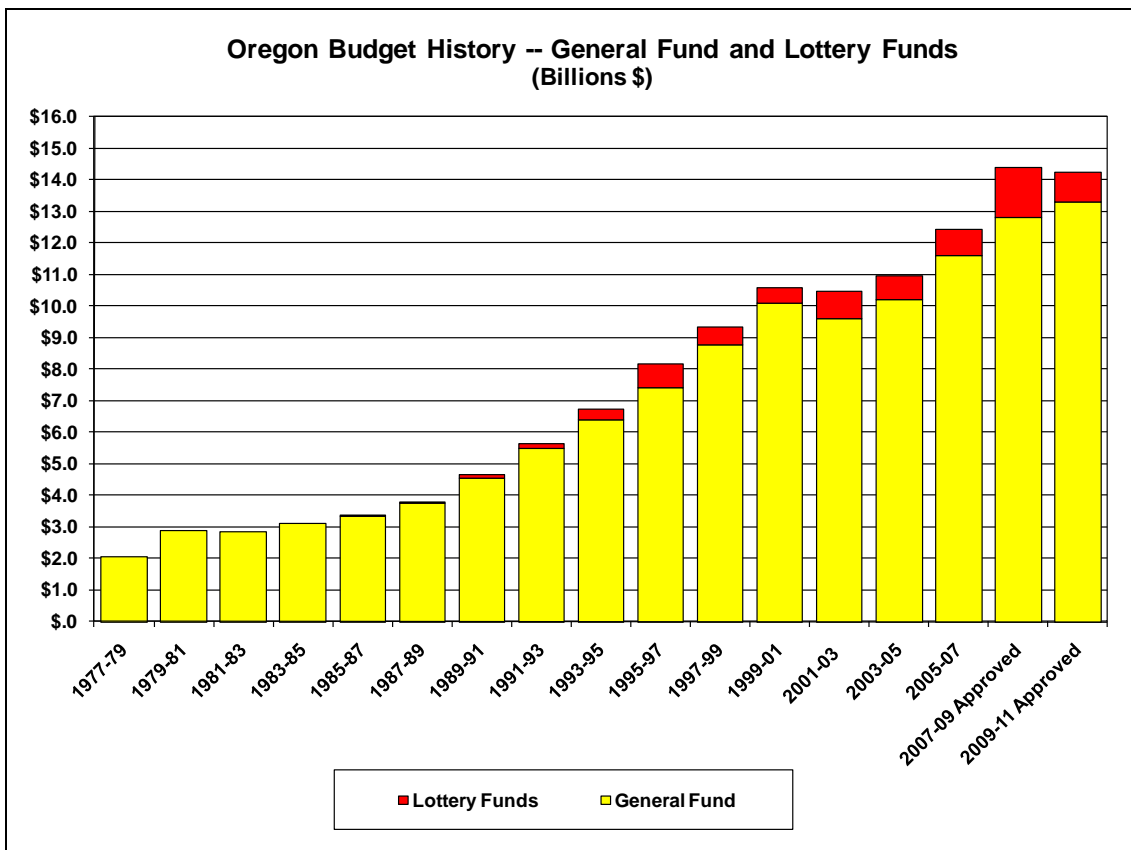
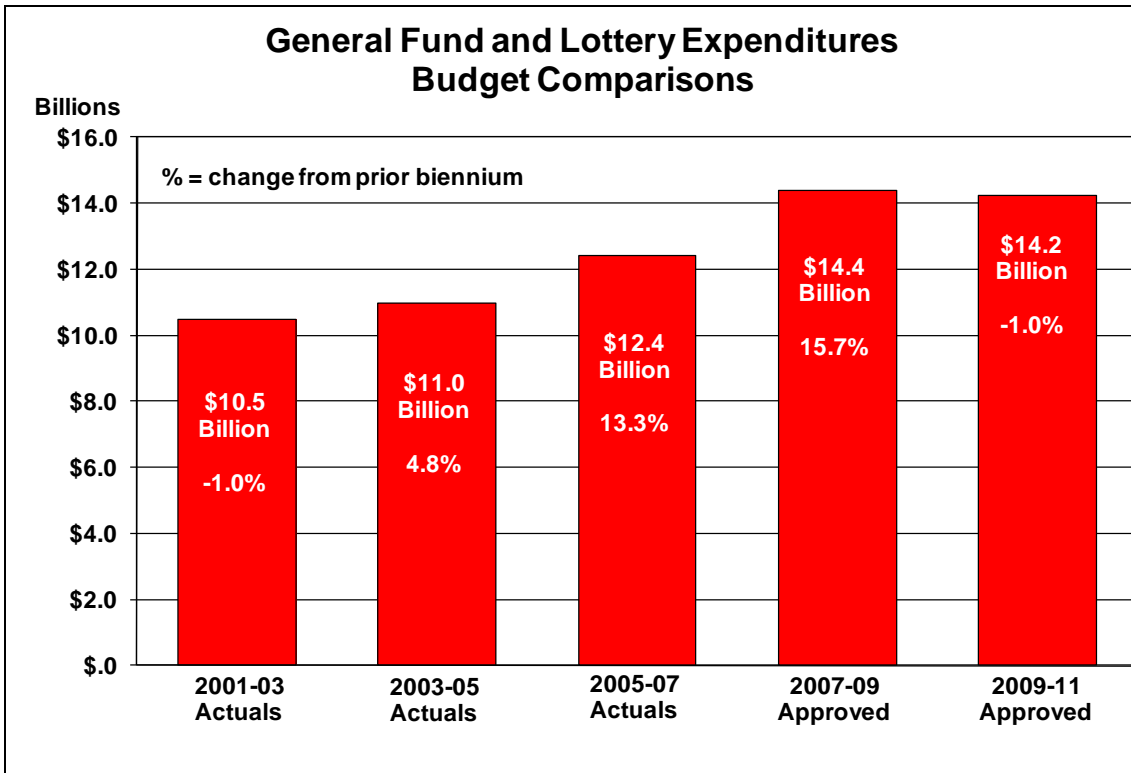
- a series of re-appropriations of existing Other Funds account balances totaling about \$50 million;
- a disappropriation of \$32 million from a special purpose appropriation to the Emergency Board for state agency supplemental funding needs in the 2009-11 biennium;
- fund shifts of \$29.2 million from General Fund to Other Funds, including \$23.5 million of higher than originally projected tobacco tax revenue and a \$1.8 million CFAA allocation reduction (resulting in an equivalent General Fund increase);
- a disappropriation of \$12.3 million from the general purpose Emergency Fund;
- agency reductions and savings totaling \$10.3 million;
- a transfer of \$10 million from the Rainy Day Fund as part of the State School Fund trigger agreement;
- debt service savings from refinancing totaling \$4.8 million;
- project savings from the Go Oregon! stimulus package totaling \$2.7 million; and
- various technical adjustments totaling \$0.4 million.

Most of these actions resulted in either resource additions to the General Fund or reductions in General Fund expenditures. Details of the majority of these actions can be found in the following table and in the program area descriptions included later in this document. In addition, the Legislature also gained approximately \$54.4 million in additional General Fund revenue from reform of the business energy tax credit (BETC) program.

February 2010 Special Session Budget Plan - Fund Sweeps/Shifts/Savings

Fund Sweeps		
DOR	31.0	Tax Amnesty (set to transfer to GF June 2011; amount represents cash collected)
DCBS	0.5	Administrative Fund (POAA)
DCBS	0.5	Self Insured Benefit Fund
DOE	1.0	BETC application fees
PUC	2.0	Utility regulation fees
OHCS	0.8	Community Incentive Fund Loan Repayments
OPRD	2.2	Unanticipated revenue from fuel tax rate (ATV)
Marine Bd	0.4	Unanticipated revenue from fuel tax rate (boats)
Tax Pract.	0.4	Increase in fines and vacancy savings not in LAB
BCSW	0.0	Operations reserve to 4.5 months of expenditures (\$41,000)
BON	0.2	Consumer Protection fund to 3 months of expenditures (\$200,000)
ODE	1.0	Tuition Protection Fund
ODE	0.3	Education Cash Account
TSPC	0.3	Operations reserve to 6 months of expenditures (\$346,000)
ODA	0.4	PURS balance and regular pesticides program (\$443,000)
DOJ	2.5	Protection and Education Fund
DOJ	3.0	Legal Services Fund (\$2,973,501)
OBDD	0.3	Strategic Reserve Fund (\$300,000)
OBDD	1.0	Credit Enhancement Fund (projection is \$1 million more than LAB)
BOLI	1.6	Prevailing Wage Rate Account (total projected is \$2.8 million) (assumes position fund shift)
ODVA	0.1	Small Business Repair Program balance; discontinued in 2009 (\$121,171); use for educational aid
PDSC	0.5	Application Contribution Program
Total	50.2	
Fund Shifts		
DHS	23.5	Tobacco Tax forecast increase
ODOT	2.3	Replace Transit GF with Transportation Operating Fund OF
CCWD	0.0	Partially fund shift one position from GF to FF (\$11,598)
BOLI	0.2	Partially fund shift positions to OF (\$216,600)
ODA	0.4	Food Safety program fund shift from GF to OF
ODFW	0.8	Administration program fund shift for state government service charges
WRD	0.2	Fund shift to access available OF (\$172,000)
DPSST	1.8	Operations Fund (technically a reduction in CFAA allocation)
Total	29.2	
Reductions and Savings		
DOR	0.2	Lower than projected costs for policy option package in 2009-11 LAB (\$174,300)
DOR	0.2	Savings in Elderly Rental Assistance based on projected expenditures
CCWD	0.1	LF - Apply available interest earnings toward debt service (\$73,698)
CCWD	0.4	LF - Delay issuance of \$3.7 million of bonds for one year and interest earnings (\$376,500)
CCWD	0.1	Repeal/delay applied baccalaureate degree report (not yet started) (\$70,898)
OUS	0.1	Repeal/delay applied baccalaureate degree report (not yet started) (\$67,139)
OBDD	0.0	LF - Unspent Main Street program from last biennium; now funded with OF (\$49,702)
OBDD	0.3	LF - Position savings and vacancies
OBDD	2.1	LF - Delay Infrastructure Fund recapitalization by one year (Spring 2011) (\$2,079,041)
BOLI	0.0	Vacancy savings (\$25,000)
Lottery Debt	0.5	LF - Lottery debt service savings on Fall 2009 sale (\$451,663)
DOC	4.0	Additional savings identified by the director
OSP	2.4	Vacancy and fuel savings
Total	10.3	

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



As a result of the March 2010 revenue forecast and the actions taken during the February 2010 special session, there is a projected General Fund ending balance of \$6.7 million and an unallocated Lottery Funds ending balance of zero. This compares to the close-of-session legislatively adopted General Fund ending balance of \$233.8 million (including the Governor's veto actions) and an unallocated Lottery Funds ending balance of \$10 million.

Lottery Revenues and Expenditures

The Legislature rebalanced the allocation of Lottery Funds to the resource level projected by the Office of Economic Analysis in the March 2010 revenue forecast. The March 2010 forecast projected total lottery resources of \$1.074 billion for the 2009-11 biennium, a \$69.1 million (or 6%) decline from the May 2009 forecast level used during the 2009 session for the legislatively adopted budget. This revised lottery resource forecast represents a \$327.4 million (or 23%) decline from the 2007-09 biennium level.

Lottery Resources				
(\$ in millions)				
	2007-09	2009-11	February 2010	
	Legislatively	Legislatively	Legislatively	Change from
	Approved	Adopted	Approved	2009 Session
Net Lottery Proceeds	\$1,223.4	\$1,137.1	\$1,062.3	(\$74.7)
Beginning Balance	\$64.1	\$1.4	1.4	0.0
Admin Savings and Contingency Transfers	\$103.5	\$0.0	9.4	9.4
Reversions	\$3.2	\$0.0	0.0	0.0
Interest Earnings	\$7.1	\$4.5	0.8	(3.7)
Total Lottery Resources	\$1,401.2	\$1,142.9	\$1,073.8	(\$69.1)

During the 2009 session, the Legislature anticipated \$1.143 billion of total lottery resources, and adopted a budget that authorized \$1.133 billion of the resources for transfer and allocation, thereby retaining a \$10 million ending balance in the Administrative Services Economic Development Fund. The \$69.1 million resource decline from the 2009 session level, therefore, required a \$59.1 million (or 5.2%) reduction in transfers and allocations to rebalance the budget without retaining an ending balance.

Transfer amounts to the Education Stability Fund and to the Parks and Natural Resources Fund are established by the Oregon Constitution. The constitution dedicates 18% of net lottery proceeds and administrative savings to the Education Stability Fund, and another 15% to the Parks and Natural Resources Fund. At the March 2010 forecast revenue levels, the transfers to the Education Stability Fund and to the Parks and Natural Resources Fund are reduced by \$11.8 million and by \$9.8 million, respectively, without any statutory adjustments. After these constitutionally-mandated reductions in transfers to the Education Stability Fund and to the Parks and Natural Resources Fund are considered, an additional \$37.5 million in lottery allocation reductions were still needed to rebalance to the forecasted level of lottery resources. The Legislature approved \$37.5 million in lottery allocation reductions for this purpose, distributed as follows:

- **Debt service savings from the Fall 2009 lottery revenue bond sale** – Debt service allocations were reduced by a total of \$451,622 in the Department of Administrative Services, State Forestry Department, and Housing and Community Services Department budgets. Each of these agencies received proceeds from lottery revenue bonds sold in fall 2009. These bonds were sold at favorable interest rates, and actual debt service costs in the biennium are less than were initially budgeted for their debt service. These reductions have no programmatic impact.
- **Statutory formula reductions and allotment-equivalent reductions** – The Legislature approved a number of reductions that were equivalent in amount to reductions that would have

occurred under 2009 session law without additional action. This category of allocation reductions totaled \$4,212,221. During the 2009 session, the Legislature approved formula allocations based on lottery resources to certain programs (as opposed to fixed allocation amounts). These programs included video lottery proceeds to counties for economic development programs, support to the Department of Human Services for gambling addiction treatment programs, and support to the Oregon University System for athletic programs and graduate student scholarships. Under the formula allocations that had been approved, allocations to all of these programs (except to the Oregon University System) would decline by a total of \$3,924,806 at the resource level projected in the March 2010 forecast. The Legislature approved these allocation reductions without adjustment.

Additionally, the 2009 session law authorized allotment reductions, in the event of a revenue shortfall, for most allocations that were established as fixed amounts. The Department of Administrative Services was directed to make proportionate reductions to all fixed-amount allocations, excluding allocations for debt service and for the Oregon School Facilities Task Force, as necessary to avoid deficit in the Lottery Funds budget. As part of the Lottery Funds rebalance, the Legislature approved reductions that totaled \$287,415 to support for county fairs and to support for the Economic Revitalization Team in the Office of the Governor, amounts equal to the allotment reductions that would have resulted at the March 2010 forecast lottery resources level, and retained the allocation amount to the Oregon School Facilities Task Force.

- **Allocation reduction changes from 2009 session law** – The Legislature reduced lottery allocations to the Department of Community Colleges and Workforce Development for debt service by a total of \$450,198. This was accomplished primarily by delaying the sale of \$3.7 million of the Department’s \$13.7 million of approved lottery revenue bonds by one year, until spring 2011. This delay reduced 2009-11 biennium debt service costs by \$376,500. This action was taken specifically to finance a shortfall in the General Fund appropriation to the agency for debt service on outstanding Article XI-G bonds. The remaining \$73,698 allocation reduction reflected a fund shift to Other Funds to finance debt service.

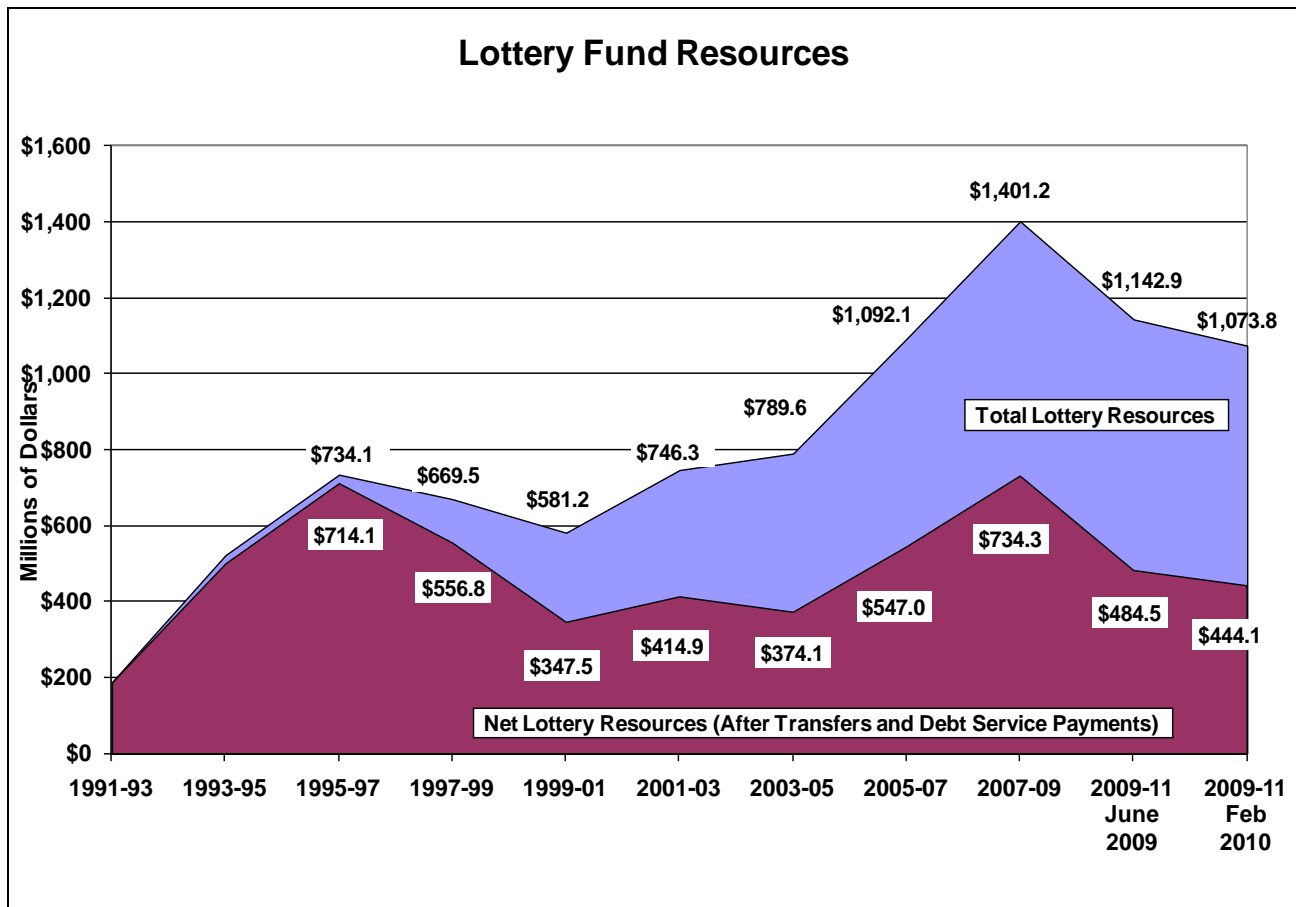
The Legislature also changed the allocation reductions to the Business Development Department from what would have occurred under the allotment-reduction process. The budget preserves support to the Department’s Business, Innovation, and Trade programs and to the Oregon Film and Video Office at 2009 session levels (i.e., allotment-reductions to these programs were prevented), and limits the allotment reduction for Shared Services to \$336,778. The budget does, however, reduce the allocation for debt service by \$2,079,041, by delaying the recapitalization of the Department’s community development infrastructure financing funds until spring 2011. This eliminates debt service costs on the lottery revenue bonds issued to finance the recapitalization until the 2011-13 biennium.

- **State School Fund** – An additional \$29,980,328 allocation reduction was still required to rebalance the Lottery Funds budget, after taking all of the allocation reductions identified above. The Legislature reduced the allocation to the State School Fund by this amount; however, this reduction was offset by an equal General Fund appropriation increase. There was, therefore, no impact to the State School Fund from this action.

After these actions, lottery transfers and allocations from the Administrative Services Economic Development Fund equal the level of lottery resources in the March 2010 revenue forecast. If resources fall short of forecast, the Department of Administrative Services will make the allotment reductions needed to rebalance the budget as authorized under the 2009 session law. If resources

exceed forecast, the excess will be retained in the Fund's ending balance. Last session legislation was passed to transfer the Fund's ending balance to the school capital matching subaccount within the Education Stability Fund. The Legislature adjusted the transfer amount of the 2009-11 biennium ending balance, however, reducing it by an amount equal to the sum of the statutory allocation reductions in the Lottery Funds budget rebalance. The impact of this adjustment is to set the eventual transfer amount to the school capital matching subaccount equal to the level of transfer that was initially anticipated in the 2009-11 legislatively adopted budget, for any level of lottery resources ultimately realized during the biennium.

The chart below includes data on lottery resources since the 1991-93 biennium.



The table on the following page compares the 2009 session legislatively adopted budget and the legislatively approved budget after the February 2010 special session Lottery Funds rebalance.

LOTTERY FUNDS CASH FLOW SUMMARY

	2009-11 Legislatively Adopted Budget	February 2010 Legislatively Approved Budget	Change from 2009 Session	Percent Change
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	\$1,352,767	\$1,352,767	\$0	0.0%
REVENUES				
Transfers from Lottery				
Net Proceeds	1,137,068,431	1,062,329,222	(74,739,209)	-6.6%
Other Revenues				
Interest Earnings	4,500,000	800,000	(3,700,000)	-82.2%
Administrative Savings	0	9,350,809	9,350,809	N/A
Total Revenue	1,141,568,431	1,072,480,031	(69,088,400)	-6.1%
TOTAL RESOURCES	1,142,921,198	1,073,832,798	(69,088,400)	-6.0%
DISTRIBUTIONS / ALLOCATIONS				
Distribution of Video Revenues to Counties	34,087,557	30,816,723	(3,270,834)	-9.6%
Distribution to Higher Education for Sports Programs	9,665,082	9,665,082	0	0.0%
Distribution to Education Stability Fund	204,672,318	192,902,406	(11,769,912)	-5.8%
School Capital Matching Account	0	0	0	0.0%
Distribution to Parks and Natural Resources Fund	170,560,265	160,752,005	(9,808,260)	-5.8%
Distribution for Gambling Addiction	9,249,772	8,595,800	(653,972)	-7.1%
Allocation to State School Fund	439,791,571	409,811,243	(29,980,328)	-6.8%
Department of Administrative Services				
Oregon School Facilities Task Force (HB 2013)	1,352,767	1,352,767	0	0.0%
For Department of Agriculture County Fairs Admin.	22,000	20,445	(1,555)	-7.1%
Distribution to County Fairs	3,021,303	2,807,758	(213,545)	-7.1%
Oregon Business Development Department				
Business, Innovation, and Trade	23,418,391	23,418,391	0	0.0%
Shared Services	6,648,906	6,312,128	(336,778)	-5.1%
Film and Video	1,251,703	1,251,703	0	0.0%
Office of the Governor				
Economic Revitalization Team	1,023,139	950,824	(72,315)	-7.1%
Debt Service Allocations	228,156,424	225,175,523	(2,980,901)	-1.3%
TOTAL DISTRIBUTIONS / ALLOCATIONS	1,132,921,198	1,073,832,798	(59,088,400)	-5.2%
ENDING BALANCE	\$10,000,000	(\$0)	(\$10,000,000)	-100.0%
EDUCATION STABILITY FUND				
(not including Oregon Growth Account)				
RESOURCES				
Beginning Balance	0	104,821	104,821	N/A
Revenues				
Transfer from the Economic Development Fund	194,438,702	183,229,348	(11,209,354)	-5.8%
Interest Earnings	22,866,459	20,733,356	(2,133,103)	-9.3%
Total Revenue	217,305,161	203,962,704	(13,342,457)	-6.1%
TOTAL RESOURCES	217,305,161	204,067,525	(13,237,636)	-6.1%
DISTRIBUTIONS				
Interest Distributions	22,866,459	20,733,356	(2,133,103)	-9.3%
TOTAL DISTRIBUTIONS	22,866,459	20,733,356	(2,133,103)	-9.3%
ENDING BALANCE	\$194,438,702	\$183,334,169	(\$11,104,533)	-5.7%

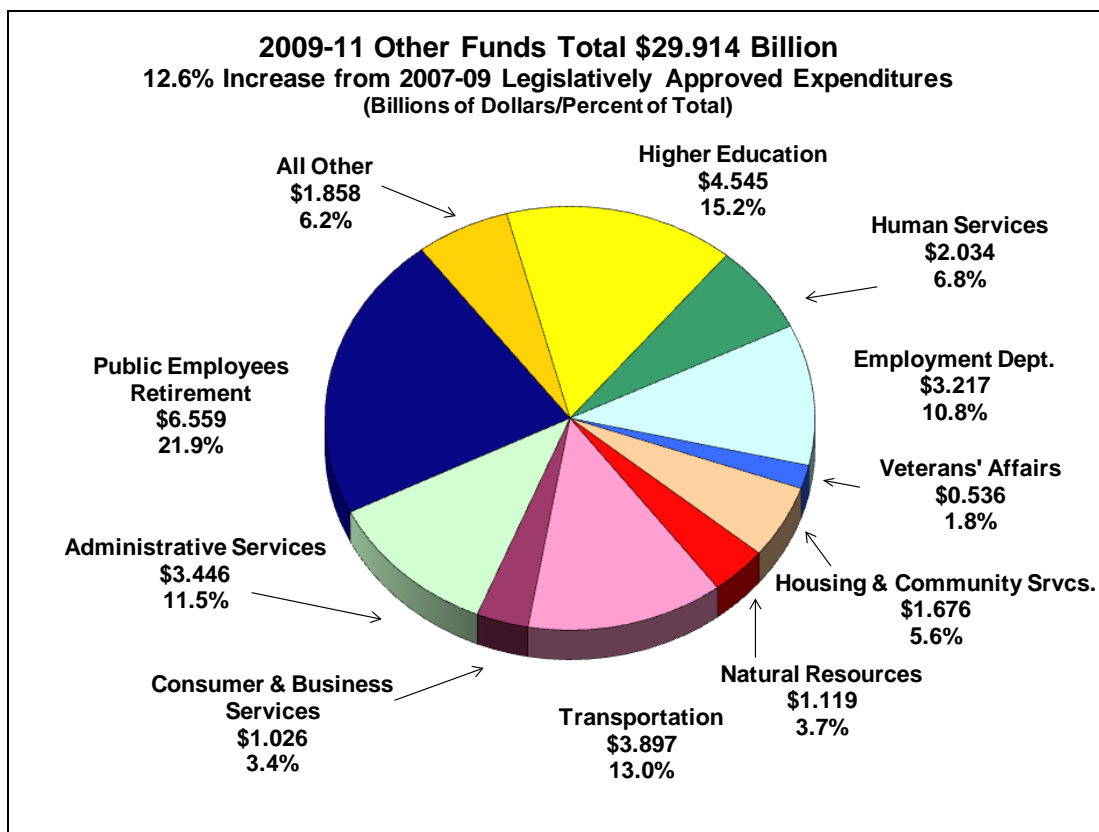
Other Funds Expenditures

The 2009-11 legislatively approved budget provides for the expenditure of \$29.9 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 2010 special session and other administrative actions since the end of the 2009 regular session increased the 2009-11 Other Funds budget by \$2.2 billion, an increase over the legislatively adopted budget of slightly more than 8%. The majority of the change was due to increases in nonlimited authority for unemployment insurance and the approval of capital construction projects using bond proceeds. The most significant changes since the close of the regular session include:

- \$1 billion in Other Funds nonlimited for the Employment Department for increases in unemployment insurance payments;
- \$885 million in Other Funds nonlimited for the Department of Administrative Services for increases in self-insurance payments by the Public Employees Benefit Board (PEBB);
- \$116 million Other Funds expenditure limitation for five Oregon University System capital construction projects including the University of Oregon East Campus Residence Hall (\$75 million) and Portland State University's Market Center Acquisition (\$24 million);
- \$106 million in Other Funds nonlimited for the Department of Corrections for certificate of participation refunding costs;
- \$38 million Other Funds expenditure limitation for the Department of Human Services primarily for increases in costs in the Health Services program area (\$23.5 million of this increase was due to a fund shift for higher than initially projected tobacco taxes for the Oregon Health Plan);
- \$3 million Other Funds expenditure limitation for the Department of Transportation for a fund shift to use Transportation Operating Fund resources instead of General Fund for the Senior and Disabled Transportation program; and
- \$1.3 million Other Funds expenditure limitation for the Department of State Lands for costs associated with the cleanup of the Portland Harbor superfund site.

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

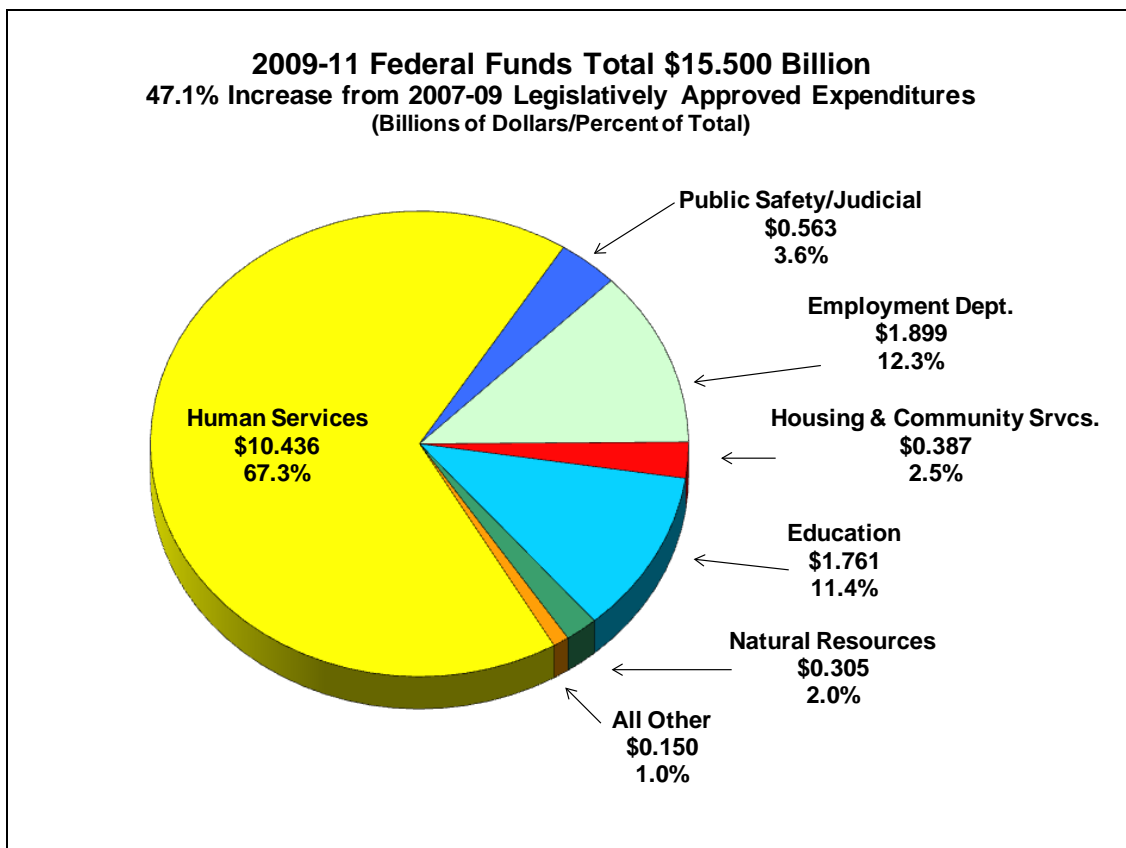
The 2009-11 legislatively approved budget authorizes expenditure of \$15.5 billion Federal Funds. Federal Funds comprise revenue from the federal government sent to state agencies to pay for specific programs and activities. Examples include competitive grants, matching funds, block grants, pass-through funds, or special payments.

The February 2010 special session and other administrative actions since the end of the 2009 regular session increased the 2009-11 Federal Funds budget by \$1.5 billion, an increase of 10.5% from the legislatively adopted budget. The majority of the change was due to increases in nonlimited authority for unemployment insurance and the federal food stamp program. The most significant changes since the close of the regular session include:

- \$1.1 billion in Federal Funds nonlimited for the Employment Department for increases in unemployment insurance payments;
- \$221 million in Federal Funds nonlimited for the Department of Human Services for benefit increases in the Supplemental Nutrition Assistance Program (SNAP, previously known as Food Stamps);
- \$92 million Federal Funds expenditure limitation for the Department of Human Services as part of the Department's rebalance, primarily in the Seniors and People with Disabilities program area;
- \$27 million Federal Funds expenditure limitation for the Housing and Community Services Department for a federal stimulus grant related to low-income housing tax credits and for the administration of a federal Neighborhood Stabilization Program grant;
- \$12.1 million Federal Funds expenditure limitation for the Military Department for Polk County Readiness Center;
- \$5.3 million Federal Funds expenditure limitation for the Community Colleges and Workforce Development Department for federal grants received for the State Energy Sector Partnership and Training and the Oregon Youth Employment Initiative programs;

- \$5 million Federal Funds expenditure limitation for the Oregon Business Development Department for the use of federal stimulus dollars for the development of a biomass utilization project in Grant County; and
- \$3.1 million Federal Funds expenditure limitation for the Department of Justice for various federal grants.

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

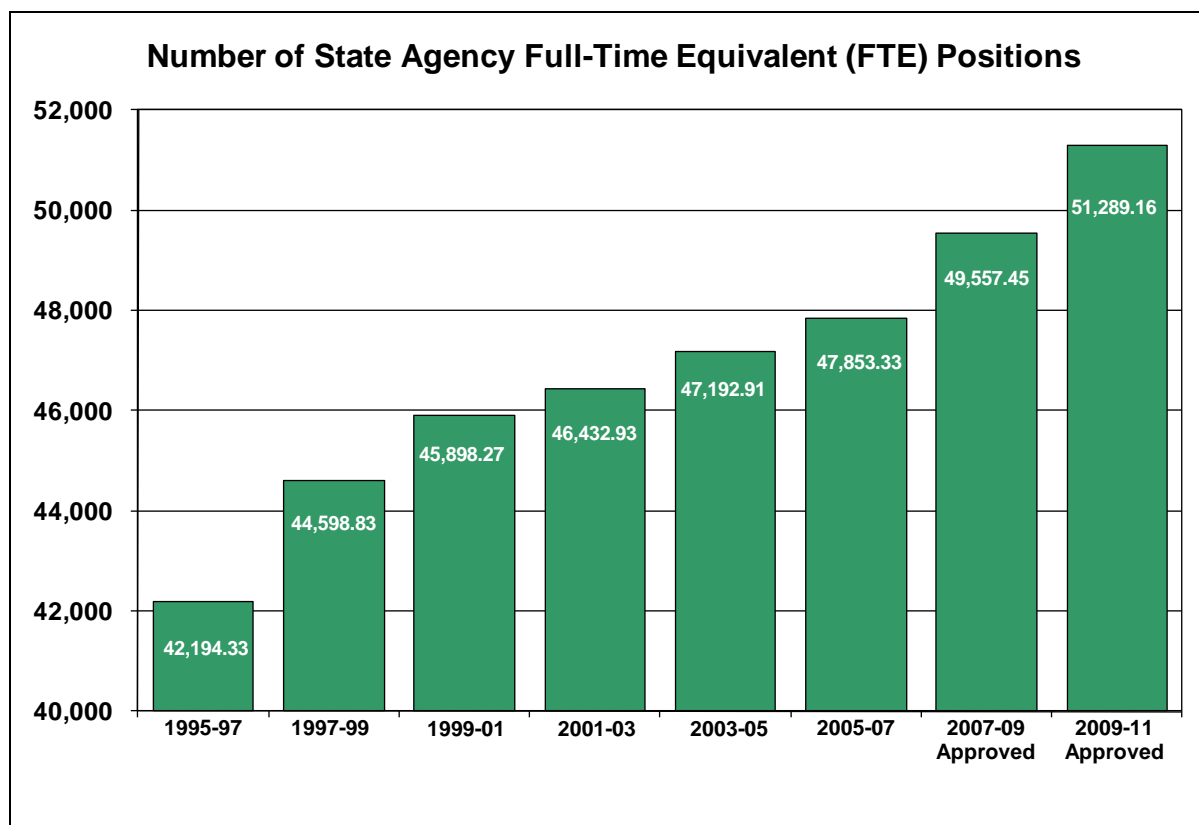


Summary of Special Session Legislative Actions Affecting the 2007-09 Budget

State Employees

The legislatively approved total funds budget as adjusted by the Legislature in the February 2010 special session and by other administrative actions taken since the adoption of the budget in June 2009 supports 51,289.16 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 a net increase of 182.58 FTE from the budget adopted in June 2009, a gain of 0.4%. Most of the additional FTE were authorized in the Judicial Department (189.26 FTE) and the Department of Human Services (45.93 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, 2009, the state's population was estimated at 3,823,460. The FTE limit at the mid-point of the biennium is therefore 57,351.90 (and 56,940.00 at the beginning of the biennium), substantially higher than the number included in the legislatively approved 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 the Oregon University System.

A list of 2007-09 and 2009-11 FTE by agency can be found in Appendix A.



State Employee Salary and Benefit Actions

Due to the fiscal constraints placed on the state's budget by the economic recession, the legislatively adopted budget included no funding for state employee cost-of-living adjustments. In addition, the adopted budget assumed personal services savings from a combination of actions that were anticipated

to occur through Executive Branch management actions. These included the possibility of a salary freeze, vacancy savings, and the potential of unpaid furloughs or other salary reductions. At the time of *sine die* for the Legislature, no final agreement had been reached between the Executive Branch and the state employee collective bargaining units.

On July 28, 2009, the Governor announced a contract agreement with the state's major collective bargaining units. In general, the new contracts called for no cost-of-living increases for the 2009-11 biennium, no salary increases for a twelve month period (from September 1, 2009 through August 31, 2010), and a tiered furlough system averaging 12 unpaid days per employee (ranging from 10 days for the lowest-paid workers to 12 and 14 days for higher-paid workers). The furloughs included 10 statewide closure days for all state offices except for 24-hour institutions. The agreement also included state coverage of the first five percent of any health insurance premium increases with the expectation that the Public Employees Benefit Board would pick up from its reserves any increases between five and ten percent. A similar compensation and benefit package was provided for management and unclassified unrepresented employees.

The legislatively adopted budget included a \$32 million special purpose appropriation to the Emergency Board for state supplemental funding which could include any costs associated with employee health and benefit issues. During the February 2010 special session, the Legislature disappropriated this amount from the Emergency Board and applied it to the General Fund deficit. Any additional costs associated with increases in health insurance premiums are now expected to be absorbed within the legislatively approved budgets of state agencies.

Program Area Summaries

HB 5100, the omnibus budget reconciliation bill, HB 3696, the non-appropriation bill implementing budgetary changes, and SB 5563, 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 2009-11 legislatively adopted budget provided \$6 billion in total funds for state school funding. Of this amount, \$200 million was contingent on statewide financial conditions (SB5520 (2009)). If the sum of the balances in the Oregon Rainy Day Fund and Education Stability Fund plus the General Fund ending balance as forecast in June 2010 exceeded \$100 million, all of the resources in the Oregon Rainy Day Fund and any unappropriated General Fund dollars would be appropriated up to the additional \$200 million.

During the February 2010 special session, the \$200 million contingency was retained, but the distribution was modified to direct the resources to a newly established Supplemental School District and School Program Subaccount within the State School Fund. Further, secondary support from the Education Stability Fund was provided should the Oregon Rainy Day Fund and General Fund be insufficient to meet the \$200 million distribution. Education Service Districts (ESD) are excluded from the distribution of resources from the new Subaccount. With this exclusion, \$9.5 million fewer dollars will be distributed to ESDs with a corresponding increase to school districts and statewide programs.

While retaining the overall funding level for the State School Fund, changes to the funding sources were necessary to address a forecasted decline in Lottery Funds revenues and to address the allocation of state resources between education sectors as required under the federal American Recovery and Reinvestment Act of 2009 (ARRA), State Fiscal Stabilization Fund. The General Fund appropriation was increased by \$29.57 million, the Lottery Funds allocation and expenditure limitation was decreased by \$29.98 million, and the Federal Funds expenditure limitation was increased by \$409,976. All adjustments are for the second fiscal year of the biennium.

Department of Education

The Department of Education (ODE) received funding for two new programs. House Bill 3626 established a pilot program to provide vision screenings to students at a cost of \$150,000 General Fund. In addition, \$1 million General Fund was provided to support grants-in-aid for Early Head Start (EHS). A one-time distribution will be made to existing federally funded EHS programs based on the number of children enrolled in local programs as of March 1, 2010. These additional dollars are for the purposes of supplementing, not supplanting, existing resources and matching federal funds.

During the 2009 legislative session, HB 3093 directed the Joint Boards of Education to develop a plan for offering applied baccalaureate degree programs at community colleges and state institutions of higher education. General Fund appropriations totaling \$195,271 were approved among the three participating agencies. Implementation of this legislation was effectively delayed as the funding and limited duration positions previously authorized were eliminated as part of the statewide rebalance. ODE's budget was reduced by \$46,690 General Fund. Similar reductions were taken in the Department of Community Colleges and Workforce Development and the Oregon University System.

Further, to assist with rebalancing the statewide General Fund budget, the Legislature reallocated resources from the Tuition Protection Fund (\$1 million) and from the Education Cash Account for the Youth Correction Education Program (\$316,000). The programmatic needs and estimated ending balances were reviewed to ensure that the reallocation of these Other Funds would not reduce the level of services provided.

Teacher Standards and Practices Commission

To assist with rebalancing the statewide General Fund budget, the Legislature reallocated \$346,000 from the Teacher Standards and Practices Commission. The agency's programmatic needs and estimated ending balances were reviewed to ensure that the reallocation of these Other Funds would not reduce the level of services provided.

Oregon Student Assistance Commission

The Oregon Student Assistance Commission (OSAC) received \$4.7 million General Fund to address a projected over-commitment of funds for Oregon Opportunity Grants in the 2009-10 academic year. OSAC is expected to restore the announced award reductions of \$120 for full-time students and \$60 for part-time students for the Spring quarter and second semester. Further, a \$5 million special purpose appropriation to the Emergency Board and an additional \$5 million reservation within the Emergency Fund were made to address OSAC's over-commitment of funds and to potentially address additional student awards for the 2010-2011 academic year. Allocation of these resources is contingent on OSAC presenting a report on final award amounts for the 2009-2010 academic year, and, for the reservation, the severity of the 2010 fire season and unanticipated Emergency Fund obligations.

Department of Community Colleges and Workforce Development

The Legislature approved minor adjustments to the Department of Community Colleges and Workforce Development's General Fund budget. General Fund support was reduced by \$70,898 to remove funding that had been approved during the 2009 legislative session for a report on establishing Applied Baccalaureate Degree programs. Two limited-duration positions that had been approved to support this effort were also eliminated. An additional \$11,598 of General Fund appropriated to support personal services costs were shifted to Federal Funds.

Two budget adjustments were approved relating to debt service costs. The General Fund appropriation was increased by \$350,000 to offset a shortfall in bond premium proceeds from the level that had been budgeted (as Other Funds) to finance debt service on the agency's Article XI-G bonds. To finance this unanticipated General Fund cost, the budget delayed the sale of \$3.7 million of the total \$13.7 million of lottery revenue bonds approved for the 2009-11 biennium until spring of 2011. This permitted Lottery Funds debt service to be reduced by \$376,500.

The Legislature increased the agency's Federal Funds and Other Funds expenditure limitations by a total of \$5.77 million to allow expenditure of resources from the federal American Recovery and Reinvestment Act of 2009 (ARRA) that were not anticipated during the 2009 legislative session. The ARRA funds support a State Energy Sector Partnership and Training grant (\$2.15 million), a State Labor Market Information Improvement Grant (\$478,460), and the Oregon Youth Employment Initiative administered by the Oregon Youth Conservation Corps (\$3.13 million).

Finally, the calculation of the essential budget level for the Community College Support Fund was revised to add adjustments for changes projected in the cost of providing retirement benefits for community college district employees, and to roll up costs of health insurance benefits for those

employees. In both these adjustments, the Legislature directed calculations to best parallel how these costs are included in essential budget level calculations for state employee compensation costs.

Oregon University System

The Legislature approved three capital construction projects for the Oregon University System (OUS) including \$75 million for a new residence hall at the University of Oregon, \$24 million for purchase of the 123,000 square foot Market Street office building by Portland State University, and \$11.5 million in improvements to student recreational facilities at Oregon State University. Details of these actions can be found in the Capital Construction and State Bonding sections of this document.

To address the allocation of state resources between education sectors as required under the federal American Recovery and Reinvestment Act of 2009 (ARRA), State Fiscal Stabilization Fund, the OUS budget was adjusted by increasing \$409,976 General Fund with a corresponding decrease in Federal Funds. Further, OUS's budget was reduced \$67,139 General Fund to remove funding that had been approved during the 2009 legislative session for a report on establishing Applied Baccalaureate Degree programs. One limited-duration position that had been approved to support this effort was also eliminated.

Human Services Program Area

Department of Human Services

Budget adjustments for the Department of Human Services (DHS) reduced the 2009-11 legislatively adopted budget by \$9.6 million General Fund and \$0.7 million Lottery Funds, but increased the budget by \$38.5 million Other Funds, \$92.3 million Federal Funds, and \$221 million nonlimited Federal Funds. In addition, the Legislature added 74 positions (47.15 FTE), primarily for Seniors and People with Disabilities and Public Health Division programs.

The \$9.6 million General Fund reduction is the net result of General Fund transfers within DHS' existing appropriation; \$14 million in four budget enhancements; and the use of \$23.5 million in tobacco tax revenue, based on a projected increase in the March 2010 economic forecast, to replace \$23.5 million General Fund in the budget. The four program additions to the legislatively adopted budget include:

- \$12.8 million General Fund to restore the Employment Related Day Care (ERDC) program reduction scheduled to take place beginning July 2010. ERDC pays for child care for eligible working families with incomes below 185% of the federal poverty level (in 2010, \$33,874/year for a family of three). Without this restoration, the ERDC program would have been limited to only those families leaving the Temporary Assistance for Needy Families (TANF) cash assistance program.
- \$1 million General Fund for home care worker costs associated with HB 3618. The bill expands the definition of in-home care workers under the purview of the Home Care Commission to include those who assist persons with developmental disabilities and mental illnesses in homes and in community services. This expansion increases the number of workers that would be eligible for workers' compensation coverage by about 8,040, beginning January 1, 2011, and, by making these workers eligible for collective bargaining, allows the workers to negotiate for higher wages, health insurance benefits, or unemployment benefits in the future.
- \$100,000 General Fund for the African American Health Care Coalition in Portland. This group promotes health and wellness for the African American community through education, advocacy, and research.

- \$75,000 General Fund for Project Clean Slate. House Bill 5100 disappropriated these funds from the Department of Justice and added them to the DHS budget. The project assists former inmates in Multnomah County with attaining driver's licenses and clearing up outstanding issues with law enforcement agencies.

The Other Funds and Federal Funds budget adjustments noted above largely reflect the Department's repricing, or "rebalance," of program caseloads, costs, and revenues. DHS presented its first financial report for the 2009-11 biennium to the interim Joint Committee on Ways and Means in January 2010. During the February 2010 special session, the Joint Committee on Ways and Means approved transfers of General Fund between DHS' program area appropriations as well as increases in Other Funds and Federal Funds. Most notable was the \$221 million increase in nonlimited Federal Funds for the Supplemental Nutrition Assistance Program (SNAP, previously the Food Stamps program), reflecting ongoing demand for assistance during the current economic downturn. The Legislature also added a \$1 nonlimited Federal Funds placeholder for potential Build America Bonds.

In its financial report, DHS projected it would have a net \$33.1 million General Fund budget shortfall after all identified problems, savings, proposed management actions, and technical adjustments are taken into account. The Legislature directed DHS to reduce its projected General Fund expenditures by \$7.2 million more, leaving a projected deficit of \$25.8 million. The \$7.2 million in further General Fund reductions is based on the following adjustments:

- Use a total of \$1.9 million in federal Social Services Block Grant and Title IV-B Safe and Stable Families revenue, which would otherwise be transferred to the Commission on Children and Families, in the Children, Adults and Families (CAF) budget as a one-time resource in lieu of General Fund.
- Use \$4.2 million of additional one-time federal SNAP administrative funding to offset General Fund cost increases in the CAF budget.
- Institute a fee-for-services medical case management program that expands beyond the current disease case management and medical case management program to save \$1 million General Fund.
- Increase voluntary client participation in mail order prescription drugs, saving about \$64,000.

To cover the balance of the projected \$25.8 million General Fund deficit, the Legislature established a \$30 million special purpose appropriation to the Emergency Board for DHS. The \$30 million appropriation is available for the costs of increased caseloads, increases in cost-per-case, and for program needs. DHS is expected to bring an updated financial report and rebalance plan to the interim Joint Committee on Ways and Means or the Emergency Board later in 2010. Updated caseload projections, cost estimates, and revenue changes are all factors that will likely affect DHS' needs over the balance of the 2009-11 biennium.

State Commission on Children and Families

The Commission's budget was increased by \$1 million General Fund to support development of new relief nurseries in Ontario, Clackamas, Madras, and Corvallis. The funds will be distributed equally among the four sites.

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

Psychiatric Security Review Board

To implement provisions of HB 2853 (2009), the agency's budget was increased by \$227,377 General Fund, \$109,762 Other Funds expenditure limitation, and three permanent full-time positions (1.89 FTE). The Other Funds will be used to receive and spend a federal grant administered by the Department of State Police (OSP). Part of the funding will be used to reconcile records with OSP and other state agencies; the purpose is to identify individuals who are prohibited from purchasing or possessing firearms for mental health related reasons. This portion of the work is expected to be primarily one-time in nature and covered by the federal grant.

The second body of work is implementing a relief program for individuals that have been prohibited from purchasing or possessing firearms for mental health related reasons. These individuals will be able to appeal this prohibition to the Psychiatric Security Review Board. This work will be ongoing and is expected to be eligible for continued federal grant support, although the level of that support is indeterminate.

Other Human Services Program Area Agencies

No changes were made to the legislatively adopted budgets for the Commission for the Blind, the Long Term Care Ombudsman, or the Office of Private Health Partnerships.

Public Safety and Judicial Branch Program Area

Department of Corrections

A number of changes were made to the 2009-11 budget of the Department of Corrections (DOC) including:

- A total of \$8.2 million General Fund was reduced including \$4.2 million of debt service resources no longer required because of refinancing, \$1.5 million in the Transitional Services Division, and \$2.5 million across the agency's central services and administrative functions.
- An increase in the Federal Funds expenditure limitation of \$1.4 million was approved due mostly to the receipt of additional federal funding through the State Criminal Alien Assistance Program (SCAAP).
- One-time federal funding of \$103.8 million was transferred from the Community Corrections budget to the Operations budget to minimize the impact on counties of federal reporting requirements. An equal amount of General Fund resources were transferred between the two programs.
- Other Fund expenditure limitations were increased for moving irrigation wells on Mill Creek property in Salem (\$900,000 Capital Construction), waste water treatment system repairs at Deer Ridge (\$450,000), and a solar water heater system in Pendleton (\$250,000).
- To account for the impact of SB 1007 which reversed some of the earned-time program changes made in 2009, \$471,089 General Fund was added to the budget.

District Attorneys and Their Deputies

To fully fund the salaries of the 36 District Attorneys for 2009-11, \$171,461 in General Fund was added to this budget. This reverses the state employee salary action taken in HB 5054 (2009 session) which reduced the salaries of most executive branch employees.

Department of Justice

The 2009-11 budget for the Department of Justice (DOJ) was increased by almost \$6.0 million total funds in the following actions:

- New grant funds accounted for an Other Funds expenditure limitation increase of \$510,000 (1 position/0.67 FTE) in the areas of training for law enforcement officials and increasing the capacity for prosecutions relating to domestic violence.
- Additional federal grant funding led to a \$3.2 million increase in the Federal Funds expenditure limitation (9 positions/5.44 FTE) for grants relating investigation and prosecuting drug trafficking, mortgage fraud investigations, internet crimes against children, and violence against women and other crime victims services.
- Two positions (1.34 FTE) are established to process crime victims' claims and to increase the revenue for these programs at a cost of \$337,265 Other Funds.

The Legislature also approved a Non-limited Other Funds limitation for specific restitution and refund payments that are received through the Protection and Education Fund with an initial authorization set at \$2.5 million. The Legislature also approved a reappropriation of the Protection and Education Fund of \$2.5 million and a reappropriation of the Legal Services Account of just under \$3.0 million. Both of these fund sweeps are not expected to affect the cash flow and other funding needs of the agency.

Judicial Department

The Judicial Department budget was increased by \$15 million Other Funds expenditure limitation for anticipated HB 2287 (2009) court fee revenue. The Department has stated that early projected HB 2287 revenue is not materializing as anticipated and may fall significantly short of the \$39.5 million target. The Department has identified \$8.3 million in General Fund savings within its existing 2009-11 legislatively adopted budget to cover a shortfall in HB 2287 revenue.

The Oregon eCourt Program's Other Funds expenditure limitation that is funded with certificates of participation (COPs) was increased by a total of \$6.8 million. The Department also received an Other Funds increase of \$74,370 and one permanent part-time position for a mental health treatment court in Josephine County Circuit Court. The funding to support this limitation comes from a federal U.S. Department of Justice, Bureau of Justice Assistance grant. The Department also received \$117,424 Other Funds to help implement HB 2853 (2009), which requires the state to comply with federal firearms law.

A portion of General Fund savings from an overpayment of Judge Public Employee Retirement Savings contributions, which totaled \$2 million, was disappropriated.

Military Department

The budgetary adjustments for the Military Department centered primarily on Capital Construction. The Legislature approved the Department's plan for the construction of the Polk County Readiness Center outside Dallas, Oregon. The estimated cost of the Readiness Center is \$19.2 million, of which \$12.1 million is Federal Funds and \$7.1 million is state matching funds from the issuance of certificates of participation (COPs). The Legislature had previously approved \$1.5 million of the state matching funds requirement. The remaining \$5.9 million is to be funded with previously authorized COPs, which means reducing planned expenditures at five armory projects, including Woodburn, Hood River, Milton-Freewater, Newport, and Gresham.

The Legislature also approved a \$619,000 high voltage electrical upgrade project at Camp Rilea (formally budgeted as Capital Improvement) and \$265,000 in additional funding for the installation of a larger ground source heat pump system at the newly constructed Ontario Readiness Center. These two projects are funded with federal funds, with the Camp Rilea funding coming from the American Reinvestment and Recovery Act.

General Fund Debt Service was reduced by \$7,810 to capture lower certificate of participation issuance cost savings.

Department of State Police

Changes made to the 2009-11 budget for the Department of State Police included:

- An increase in the Other Funds expenditure limitation of \$2.1 million for the 2009-11 anticipated costs of replacing the agency's Computer Aided Dispatch (CAD) system and Reporting Management System (RMS). All but \$389,600 of this increase was unscheduled until OSP reports back to the Emergency Board on the projects' progress.
- A total of \$2.9 million General Fund was reduced from the agency's budget due to savings in debt service, vacancies from not hiring additional troopers as fast as was assumed in the budget, and from reviewing fuel costs for the remainder of the biennium.
- An additional \$770,849 in federal grant funds is expected relating to background checks for the implementation of HB 2853 (2009). OSP will retain \$372,499 of these funds (6 positions/1.5 FTE) for updating background records with the remainder being transferred to the Psychiatric Security Review Board and the Judicial Department.

The Legislature also approved the transfer of the Oregon Wireless Interoperability Network (OWIN) program and budget from the Department of State Police Department of Transportation to benefit from ODOT's expertise and experience in large construction projects and greater project management resources.

Oregon Youth Authority

The agency's budget was reduced by \$774,634 General Fund to capture one-time savings due to underutilization of residential and foster care placements and lower than anticipated unemployment insurance reimbursement expenditures. The Federal Funds Nonlimited expenditure authority in the amount of \$1 was added to support debt service payments related to the sale of Build America Bonds.

Parole and Post Prison Supervision Board

A total of \$443,208 General Fund was added to the budget of this agency to make sure there were sufficient resources for payment of legal services from the Department of Justice and for psychiatric reviews of offenders required under statute.

Public Defense Services Commission

The Public Defense Services Commission budget was increased by \$8.9 million Other Funds expenditure limitation for anticipated HB 2287 (2009) court fee revenue. General Fund savings of \$1 million in trial-level public defense were disappropriated. The Legislature, however, established a \$3.5 million General Fund special purpose appropriation in the advent that anticipated court fee revenues are not realized. The Commission also had two other adjustments: the first moved \$155,000

in projected trial level savings from the Public Defense Services to the Appellate Division to fund an increase in caseload; and the second adjustment moved a position between divisions within the Commission.

Public Safety Standards and Training Department

Two changes were made to this agency's budget. The first added \$706,000 Other Funds expenditure limitation to provide two more basic law enforcement classes to meet the demand by state and local law enforcement agencies. The second action was to reduce the Criminal Fines and Assessment (CFAA) resources allocated to this agency. This was made possible after factoring in the carry-forward of resources from 2007-09, which were higher than expected, and the renegotiation of a major food service contract.

Economic Development and Consumer Services Program Area

Business Development Department

The Legislature approved a \$336,778 reduction in the Lottery Funds allocation to the Department for its Shared Services program area. The agency will use \$49,702 of carryover Lottery Funds, remaining from a prior biennium Lottery Funds allocation, for the Main Street program to offset a portion of this, but the remaining \$287,076 of the allocation reduction will be financed from position and vacancy savings. Because the Legislature never authorized the use of Lottery Funds for the Main Street program in the 2009-11 legislatively adopted budget, the transfer of these moneys to Shared Services does not affect the level of agency expenditures.

The Legislature reduced debt service payments on the \$20 million of lottery revenue bonds authorized in the budget to recapitalize the Department's community development infrastructure financing funds by \$2,079,041 Lottery Funds. This was achieved by delaying the sale of the bonds until spring 2011, thereby eliminating debt service costs until the 2011-13 biennium.

The Legislature provided \$10 million of funding for two programs that support small businesses. A one-time \$5 million General Fund appropriation was approved (SB 1017) to recapitalize the Oregon Business Development Fund (OBDF). This Fund is used to finance business loans for purposes of job creation and retention. In addition, the Legislature temporarily expanded eligibility for OBDF loans, and for entrepreneurial development loans, for the remainder of the current biennium. During this period, the existing requirement that a business obtain funding partners to provide at least 50% of a project's cost before receiving an OBDF loan is suspended. Upon review of a business development loan application, the Department will have the option of financing up to the full amount of the proposed project. Access to entrepreneurial development loans, another business loan program the Department operates, is expanded to include businesses in operation for more than three years, and businesses with annual revenues of up to \$500,000. The relaxed qualification standards for both programs expire at the end of the current biennium, however, the \$5 million appropriation will be retained in the Oregon Business Development Fund and be available to be re-loaned as current loans are repaid.

The Legislative also provided \$5 million Other Funds for a new program, the Building Opportunities for Oregon Small Business Today (BOOST) program (HB 3698). This program will provide financial assistance to small businesses through both loans and grants. Small businesses eligible for the program include those in a traded sector industry having 100 or fewer employees. The program funds grants to eligible employers who expand employment, create full-time positions, and fill the positions with

employees who had been unemployed for a minimum of 60 days at the time of hire. Employers can apply to the Department for a grant, and if approved receive a \$2,500 grant for each eligible employee they hire after the application is approved, and keep employed for six months (however no employer is eligible to receive more than \$50,000 in grants in a calendar year). The program also provides loans to employers, not to exceed \$150,000 or to exceed four years in term, for purposes of job retention.

The Other Funds for the BOOST program will be generated from increased tax enforcement activities at the Department of Revenue. The Legislature provided the Department of Revenue (DOR) with \$3.5 million from the Tax Amnesty Fund to finance these activities, which are projected to generate \$7 million in additional revenue in 2009-11, and \$18 million of additional revenue in 2011-13 (if \$5.8 million is added to the DOR budget next biennium to continue the enforcement activities). The first \$5 million generated by the increased enforcement activities in the 2009-11 biennium are dedicated to the BOOST program. All revenues so generated during the 2011-13 biennium will be dedicated to BOOST, though any funds remaining with the BOOST program are reverted to the General Fund on June 30, 2013, when the BOOST program sunsets.

The Legislature approved a number of adjustments relating to Federal grants the Department has received under the American Recovery and Reinvestment Act of 2009 (ARRA). These include a \$5 million Federal Funds expenditure limitation increase to allow funds financed under ARRA from the U.S. Forest Service to be spent on development of a biomass utilization project in Grant County. The agency's Other Funds expenditure limitations were increased by \$512,531, to provide the Department with the authority to utilize, in accordance with ARRA rules, funds for administering the ARRA Brownfields, Safe Drinking Water Program (SDWP), and Community Development Block Grants (CDBG) programs. Initially, the ARRA grants were approved for special payments only. This action did not affect the total agency expenditures; Nonlimited Other Funds expenditures for special payments were reduced by an offsetting amount.

Employment Department

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

The Legislature added Federal Funds expenditure limitation in the amount of \$1,250,000 for an award the Department received from the U.S. Department of Labor for a labor market information project related to green jobs. The Employment Department will partner with the Department of Community Colleges and Workforce Development for this project.

The Legislature approved technical adjustments to correct the Department's budget for certain items in the 2009-11 legislatively adopted budget. These included a \$1,769,793 shift from Other Funds in the Office of Administrative Hearings to Federal Funds in the Unemployment Insurance program; and a \$504,300 reduction in Other Funds for Business and Employment Services to correct a double count of debt service needs.

In addition to special session actions, the 2009-11 legislatively approved budget for the Employment Department also reflects administrative Nonlimited adjustments. An addition of \$1 billion in Nonlimited Other Funds expenditures has been included to represent additional anticipated claims for unemployment insurance compensation, based on the December 2009 employment and revenue forecasts. The Employment Department's budget was also increased by \$1.1 billion Nonlimited Federal Funds to reflect the extension of federal Emergency Unemployment Compensation signed by the President on November 6, 2009; the Nonlimited Federal Funds category comprises federal

Emergency Unemployment Compensation to states, unemployment insurance benefits for federal employees living in the state of Oregon, and various federal grants under the American Recovery and Reinvestment Act.

Housing and Community Services Department

The Legislature approved a total of \$27.3 million in additional Federal Funds expenditure limitation for expenditures related to the following federal grants:

- \$6.8 million for the second installment of the Neighborhood Stabilization Program, to be expended for the purpose of redeveloping abandoned or foreclosed properties for the benefit low income households. The Legislature also approved the creation of a limited duration position to manage and report on the program; and
- \$20.5 million for the Tax Credit Exchange Program, which allows the Department to exchange federal Low Income Housing Tax Credits awarded in 2008 and 2009 for cash grants, for the purposes of providing additional capital to housing projects which may have stalled due to the downturn in the economy.

The Legislature also approved \$131,163 in Other Funds expenditure limitation and the establishment of a position to perform asset management activities associated with the Tax Credit Exchange Program. The position is supported by a fee charged to projects which are approved to receive a cash exchange for tax credits.

The Legislature reduced the Lottery Funds expenditure limitation by \$161,246 due to savings realized in expenditures related to debt service.

Department of Veterans' Affairs

The Legislature approved \$290,000 of additional funding for the Educational Aid program. All of the \$98,924 of General Fund in the 2009-11 legislatively adopted budget for this program was exhausted as of December 2009. The \$290,000 of additional funding is calculated to be sufficient to fund veterans' Educational Aid benefits, at current program participation levels, through the remainder of the biennium. The additional funding includes a \$168,359 General Fund special purpose appropriation to the Emergency Board, and \$121,641 of Other Funds from the balance in the Veterans' Small Business Repair Loan Fund.

The program change bill (HB 3696) included a provision to allow the Other Funds balance in the Veterans' Small Business Repair Loan Fund to be used to finance Educational Aid benefits. The approved budget increases the Department's Other Funds expenditure limitation by \$90,000, to finance Educational Aid benefits through the end of the spring 2010 academic year from a portion of the Veterans' Small Business Repair Loan Fund balance. The agency may submit a request to the Emergency Board for an Other Funds expenditure limitation increase for the remainder of the Fund balance (\$31,641), and a request for allocation of the special purpose appropriation, after reporting on details of program utilization and administration, and reporting on recommendations for controlling program cost increases.

The Legislature also appropriated \$40,245 General Fund and added \$334,260 to the Other Funds expenditure limitation to correct the Department's budget for rent reductions that should not have been allocated to the agency, and redistributed expected charges for the State Data Center across the Department's fund structure. Finally, the Legislature approved a \$2.8 million addition to the Oregon

Veterans' Home in The Dalles, funded by a combination of Federal grants and private donations. Additional detail on this action is provided in the Capital Construction section of this report.

Natural Resources Program Area

Special session actions in the Natural Resources Program area included \$4 million in fund reappropriations that transferred funds from agency accounts to the state General Fund for general governmental uses. The Legislature increased the Natural Resources program area budgets by approximately \$2.1 million General Fund, or 1.5%, over the 2009-11 legislatively adopted budget.

Department of Forestry

The Department's Protection from Fire program was provided \$2.1 million General Fund from a special purpose appropriation previously made to the Emergency Board for fire costs.

Department of Fish and Wildlife

The Legislature added \$1.5 million General Fund to the Department's Deferred Maintenance subaccount to refund a disappropriation made during the 2009 session in order to comply with federal law. A fund shift of \$800,000 from General Fund to Other Funds was also made enabling the Department to use monies from license and tag sales to pay State Government Service Charges in place of General Fund.

Department of Agriculture

The Legislature added \$225,000 General Fund to the Department as emergency funding to address an infestation of Spotted Wing Drosophila, an invasive species of fruit fly. A fund shift of \$400,000 from General Fund to Other Funds was also made in the Department's Food Safety program.

Department of Land Conservation and Development

The Legislature increased the budget for the Land Conservation and Development Department (DLCD) by \$746,907 Other Funds to process additional claims under Measure 49 that are eligible for processing with passage of SB 1049 (2010). The expenditure limitation is supported through fees paid by claimants; the agency will complete the work by extending months on existing limited duration positions already working on other Measure 49 claims.

To complete activities required under SB 1059 (2010), the Legislature added \$482,581 Other Funds and four limited duration planner positions to the DLCD budget. The funding will come from the Oregon Department of Transportation. DLCD will participate in development of a statewide transportation strategy on greenhouse gas emissions, which includes creating guidelines and a toolkit, conducting rulemaking activities, coordinating outreach, and reporting.

If donations materialize, HB 3633 (2010) requires DLCD to cause a study to be conducted on how best to develop commercially viable marine renewable energy resources in the state. The Legislature approved a \$1 Other Funds expenditure limitation for the study, which can be increased by the Emergency Board once the amount of available funding becomes known.

Consumer and Business Services Program Area

Special session actions in the Consumer and Business Program area included \$2.6 million in fund reappropriations that transferred \$1 million from the Consumer and Business Services Fund and \$1.6 million from the Prevailing Wage Education and Enforcement Account to the state General Fund for

general governmental uses. The Legislature approved technical adjustments totaling \$241,600 of reductions in General Fund budgets, \$563,498 Other Funds expenditure limitation increases, and \$416,474 Federal Funds expenditure limitation increases over the 2009-11 legislatively adopted budget.

Bureau of Labor and Industries

The Legislature reduced the General Fund appropriation to the Bureau of Labor and Industries by \$25,000, which the agency will finance from vacancy savings it has realized. Additionally, funding for ten positions was partially shifted from the General Fund to Other Funds for the remainder of the biennium, allowing an additional \$216,600 General Fund reduction that was offset by an equivalent increase in the agency's Other Funds expenditure limitations. In lieu of General Fund, the costs of these positions will be financed from moneys in the agency's Prevailing Wage Education and Enforcement Account, Wage Security Fund, and from Oregon Occupational Safety and Health Division (OHSa) contract funds. In some cases, affected employees may need to adjust their areas of focus toward support of these Other Funds programs.

To address the General Fund budget rebalance, the Legislature also transferred \$1.6 million from the Prevailing Wage Education and Enforcement Account to the General Fund. Without special session actions, this Account was forecast to have a \$2.8 million fund balance at the end of the 2009-11 biennium. With the \$1.6 million transfer, and the use of \$117,665 from the Account to offset General Fund support for personal services costs, the ending balance is now projected to equal about \$1.1 million.

Department of Consumer and Business Services

The Legislature transferred \$500,000 from the Workers' Compensation Premium Assessment Operating Account which is funded through fees and assessments paid by businesses that the Department of Consumer and Business Services regulates. The fund is used to pay administrative expenses of the Workers' Compensation programs. Without special session actions, this Account was forecast to have \$32.2 million at the end of the 2009-11 biennium. With the transfer of \$500,000 the ending balance is now projected to equal about \$31.7 million. The Legislature also transferred \$500,000 from the Self-Insured Employer Adjustment Reserve which is funded by an assessment paid by employers or employer groups that opt to self-insure. If a self-insured employer becomes insolvent or otherwise defaults on its workers' compensation obligations, workers' compensation benefits for the employer's injured workers and their beneficiaries are paid out of the fund. Some of the money is later recovered from self-insured employers' surety bonds or letters of credit. Without special session actions, this account was forecast to have \$2.3 million at the end of the 2009-11 biennium. With the transfer, the ending balance is now projected to be just over \$1.8 million.

Public Utility Commission

The Legislature approved additional Federal Funds expenditure limitation in the amount of \$416,474 for a grant to the Public Utility Commission from the American Recovery and Reinvestment Act that will fund three limited duration positions to research new technologies and related regulatory policy development. Additional Other Funds expenditure limitation in the amount of \$222,361 and a related limited duration position were approved to complete a review and update of plans to ensure energy reliability in the event of a disaster. The project is a joint partnership with the Department of Energy (the grant recipient), and the Department of Geology and Mineral Industries. *(Note: The tables in the appendix include an October 2009 Emergency Board action increasing the Public Utility Commission's Federal Funds expenditure limitation by \$2 million for a broadband mapping project awarded under the American Recovery and Reinvestment Act.)*

Health Related Licensing Boards

The Legislature approved a \$49,781 Other Funds expenditure limitation increase and one limited duration position (0.33 FTE) for the Board of Naturopathic Examiners to provide the Board with investigative resources to address an increase in the number of complaints being brought before the Board. A technical adjustment was also approved to decrease the Other Funds expenditure limitation by \$11,931 to correct an error in the legislatively adopted budget. The Health Related Licensing Boards were improperly assessed Central Government Service Charges for the Board of Pharmacy. This action removes the incorrect assessment from the Health Related Licensing Boards. The correction also applies to the Nursing Home Administrators portion of the Health Licensing Agency (HLA) because the Nursing Home Administrators (NHA) was part of the Health Related Licensing Boards when it was originally assessed, but was transferred to HLA by legislative action in 2009.

Oregon Health Licensing Agency

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

Transportation Program Area

Special session actions in the Transportation program area included a fund shift of \$2.3 million from General Fund to Other Funds for Senior and Disabled Transportation Operating grants in the Department of Transportation. The Legislature also approved an increase of \$700,000 Other Funds and \$2 million Federal Funds for highway safety grants. The Legislature authorized a temporary expansion of the Department of Aviation's use of moneys received from the aviation fuel tax that was previously dedicated only to maintenance and preservation of pavement at public use airports to include operating expenses to minimize an anticipated cash shortfall for the remainder of the biennium.

Administration Program Area

Department of Administrative Services

To reflect project savings, the Legislature shifted \$2,694,971 General Fund in debt service payments for GO! Oregon bonds to Other Funds. In separate action, Lottery Funds Debt Service expenditure limitation was reduced by \$156,951 to capture debt service savings on lottery bonds sold in the fall of 2009 for Port of Newport projects.

The Legislature added \$1 in Federal Funds Nonlimited expenditure authority to the agency's budget for debt service in anticipation of the sale of Build America Bonds (BABs), authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). BABs are issued as taxable bonds for government-purpose construction projects that are eligible to be funded with tax-exempt bonds. The BAB program provides a 35 percent federal subsidy of interest costs to help cover the usual premium that taxable bonds require over tax-exempt bonds and allows government issuers access to the larger market for taxable securities.

In addition to special session actions, the 2009-11 legislatively approved budget for the Department also reflects administrative nonlimited adjustments. These include an increase of \$884.6 million Other Funds Nonlimited to support the Public Employees' Benefit Board (PEBB) decision to self-insure its statewide medical plan beginning benefit year 2010. In a self-insured plan, the employer selects a carrier to manage the plan but the employer keeps the premium and pays the actual cost of the claims; this limitation change allows those costs to be paid. The Department's budget was also increased by

\$12 million Other Funds Nonlimited Debt Service to cover the refunding of certificates of participation issued in 1999 and 2001.

County Fairs

Due to the shortfall in Lottery revenues, the Legislature reduced support for the County Fairs by \$213,545 Lottery Funds.

Department of Revenue

The Department's budget was increased by \$3.5 million Other Funds expenditure limitation and 27 permanent full-time positions to performed increased tax audit and enforcement work directed under HB 3698 (2010). The work is supported by resources from the Tax Amnesty Fund and is projected to generate \$7 million in additional revenue for 2009-11. The revenue is used to support new or modified programs that assist small businesses and employers through loans and grants. These programs are administered by the Oregon Business Development Department.

The Legislature also reduced the agency's budget by a total of \$444,300 General Fund to capture savings on a systems project, to reflect lower actual expenditures to date for Elderly Rental Assistance, and to correct a technical error in the agency's 2009-11 legislatively adopted budget.

To balance the statewide budget, the Legislature transferred \$31 million Other Funds from the agency's Tax Amnesty Fund to the General Fund for general governmental purposes.

Public Employees Retirement System

The Legislature increased the Other Funds expenditure limitation for the Public Employees Retirement System by \$500,000 through its override of the Governor's veto of SB 897 from the 2009 session. This funding covers only system redesign costs associated with the data verification component of the bill; an agency request for additional resources to fully implement the legislation is expected once the agency has reported back to the Legislature on its work plan for the data verification program.

Employment Relations Board

The Legislature added \$15,000 General Fund for costs associated with implementation of HB 3618 (2010). The bill expands the definition of in-home care workers under the purview of the Home Care Commission to include those who assist persons with developmental disabilities and mental illnesses in homes and in community services. This change increases the number of workers that are potentially eligible for collective bargaining by about 8,000. In response to an anticipated petition regarding union representation, the Board will need to conduct an election to determine if the additional home care workers want union representation.

Office of the Governor

Due to the shortfall in Lottery revenues, the Legislature reduced support for the Economic Revitalization Team by \$72,315 Lottery Funds.

Legislative Branch

Legislative Administration Committee

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

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

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

Legislative Fiscal Officer

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

Emergency Fund

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

During the February 2010 special session, several changes affecting the Emergency Fund were made:

General Purpose Transfer and Disappropriation:

- \$2.3 million was transferred into the General Purpose Emergency Fund from the Legislative Assembly's unused appropriation from the 2007-09 biennium.
- \$12.3 million was disappropriated from the General Purpose Emergency Fund and appropriated to the General Fund.

Special Purpose Disappropriations:

- \$32 million from a special purpose appropriation for state agency supplemental funding needs for the 2009-11 biennium was disappropriated from the Emergency Board and appropriated to the General Fund.
- \$2.1 million from a \$2.6 million special purpose appropriation for the Department of Forestry for forest fire suppression and fire insurance premium costs was disappropriated from the Emergency Board and then appropriated to the Department for 2009 fire season costs in HB 5100.
- \$25,000 from a special purpose appropriation for the Columbia River Gorge Commission for costs associated with release of an ordinance adoption report was disappropriated from the Emergency Board and then appropriated to the Commission in HB 5100.

Special Purpose Appropriation Establishment:

- \$5 million for the Oregon Student Assistance Commission for first year of the 2009-11 biennium student awards; in addition, a reservation of \$5 million was established within the General Purpose Emergency Fund for second year student awards contingent on the availability of funds following 2010 fire season costs and other unanticipated expenses.

- \$3.5 million for the Public Defense Services Commission for potential court fee revenue shortfalls.
- \$30 million for the Department of Human Services for caseloads, costs-per-case, and program needs.
- \$2.8 million for the Department of State Lands for legal expenses related to the Portland Harbor Superfund clean-up site.
- \$0.2 million for the Department of Veterans' Affairs for the veterans' educational aid program.

With these changes, the Emergency Fund consists of \$20 million for general purposes and \$53.5 million for specified purposes by specified agencies.

Additional Special Session Legislative Actions

Program Change Measure

House Bill 3696 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 3696 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.

In order to balance the statewide General Fund budget, HB 3696 provides for the transfer of a portion of Other Funds balances from 22 accounts and subaccounts to the General Fund (\$50 million). The Other Fund transfers provided in this measure are one-time in nature and affect only the 2009-11 biennium. Legislatively approved Other Funds expenditure limitations of the affected state agencies are not directly impacted by this measure.

The programmatic changes in HB 3696 are described below, by program area and agency. The fiscal impact is noted, and where necessary, a reference to either the omnibus budget reconciliation bill (HB 5100) or the capital construction bill (SB 5563) is provided.

Administrative Program Area

The bill allows the Department of Administrative Services to report to the interim Joint Committee on Ways and Means during the interim period on its review of compensation plan adjustments.

The bill makes a technical change to reflect a change in the description of funding for county court facilities to allow the Department of Administrative Services a broader role in the construction and maintenance of county facilities and to clarify that such facilities are county facilities.

The Department of Revenue is required to recalculate certain estate tax returns containing natural resource property from estates of decedents between January 1, 2007 and March 11, 2008.

Judicial Program Area

The bill repeals the original HB 2287 (2009) revenue allocation methodology and replaces it with a new methodology, which now directs an immediate distribution of revenue to: (a) Legislative Counsel for the Oregon Law Commission and the Council on Court Procedures, in the amount of \$274,022; and (b) Legislative Committee Services for expenses of the Committee, in the amount of \$50,000; and the Legislative Fiscal Office (\$100,000), to procure a contract to study Judicial Branch funding models. All remaining revenue will be distributed based upon the percentages established in HB 2287 during the 2009 session and after any Department of Revenue administrative expense (0.05%). The distribution will be 65% of the balance going to the Judicial Department, up to a maximum of \$22 million, and 35% going to the Public Defense Services Commission, up to a maximum of \$12.4 million.

The bill modifies provisions of HB 2287 (2009) [court fee bill] language to conform to statute for implementation by the Judicial Department. The provisions relate to: Trust Modification Filing Fee; Third-Party Claims; Third-Party Complaints; Adding Parties and Increasing Claims by Amended

Pleadings and not by Third-Party Complaint; and Additional-Party Fees. The bill also modifies the offense statutes to conform to statutes related to minimum fines.

Natural Resources Program Area

The bill removes the requirement that the Department of Land Conservation and Development provide clerical and other necessary support for the Land Use Board of Appeals.

Economic and Community Development Program Area

The bill allows moneys in the Veterans' Small Business Repair Loan Fund to be used to finance educational benefits for veterans. The funds (currently \$121,171) consist of General Fund moneys appropriated for the 2007-09 biennium for the Small Business Repair Loan program, but not spent. During the 2009 session, the Legislature discontinued funding for the Small Business Repair Loan program; however, the moneys appropriated in the prior biennium remain in the Fund.

Public Safety Program Area

This bill increases fees for the cardlock program in the Office of the State Fire Marshal, including the facility license fee from \$250 to \$300. The customer fee is increased in two steps: the first increase beginning on July 1, 2010 from \$5 to \$7.50 and a second increase a year later from \$7.50 to \$10. Currently there is a shortfall in funding of this program (estimated at \$200,000 for 2009-11) and the difference must be made up by Fire Insurance Premium Tax (FIPT) revenues. This bill does not change the current threshold for the minimum number of gallons purchased for the program.

The bill programmatically transfers the Oregon Wireless Interoperability Network (OWIN) program from the Department of State Police to the Department of Transportation. The transfer includes General Fund, Other Funds, Federal Funds Capital Construction expenditure limitation, and staff. *(Note: Also included below under the Transportation Program Area summary.)*

The bill authorizes the Department of Justice to make payments to Project Clean Slate in the amount of \$175,000 General Fund.

Transportation Program Area

The bill expands authorized use of moneys received from aviation fuel tax that was previously dedicated only to maintenance and preservation of pavement at public use airports to include operating expenses. This change is necessary due to the decline in overall revenues available from aviation fuel taxes. The Department of Aviation will take necessary steps to reduce expenditures where possible to minimize the anticipated cash shortfall in Operations, thus limiting the impact to the pavement maintenance program.

The bill programmatically transfers the Oregon Wireless Interoperability Network (OWIN) program from the Department of State Police to the Department of Transportation. The transfer includes General Fund, Other Funds, Federal Funds Capital Construction expenditure limitation, and staff.

Legislative Branch Program Area

This section clarifies and changes the reporting requirements for semi-independent agencies, including financial reviews and audits.

Revenue Measures Approved in the Special Session

The Legislature took a series of revenue actions to help fill the shortfall caused by declines in both the General Fund and the Lottery revenue forecasts since the close of the regular session. The major policy change was a modification to the Business Energy Tax Credit (HB 3680). The March revenue forecast, released at the beginning of the special session, contained a new current law revenue impact estimate for the Business Energy Tax Credit of \$235 million for the 2009-11 biennium. This compares with an estimate of \$143.8 million at the close of the regular session. HB 3680 establishes a cap for pre-certified renewable energy projects, delays the initial use of credits for large renewable energy projects, and establishes tighter accountability standards for projects certified by the Department of Energy. Passage of HB 3680 is expected to increase 2009-11 General Fund revenue by \$54.4 million.

Enhanced collection efforts by the Department of Revenue are expected to generate additional revenue with \$3 million due to a speed up of personal income tax collections (HB 5100) and \$7 million from the hiring of additional corporate income tax auditors (HB 3698). A portion of the corporate revenue was allocated to the BOOST program in HB 3698 with \$2 million in residual revenue expected for the General Fund.

General Fund revenue was slightly reduced by establishing a deduction for personal income tax filers who use severance pay to start a new business (HB 3627, -\$150,000) and by directing the Department of Revenue to refund estate taxes for those eligible filers with natural resource property for deaths between January 1, 2007 and March 11, 2008 (HB 3696, -\$800,000).

(Note: For a detailed summary of revenue actions see “Revenue Measures Passed”— Research Report #1-10 published by the Legislative Revenue Office.)

Capital Construction

During the special session, the Legislature approved \$196 million in capital construction projects. Of that amount, \$93.6 million was Other Funds, \$14.8 million was Federal Funds, \$88.6 million was Article XI-F Bond Expenditures, and \$1 million was reduced from Article XI-G Bond Expenditures. Some of the approved expenditures modified amounts for projects that were previously established. Dates were extended on projects for the Oregon Military Department and the Department of Community Colleges and Workforce Development.

Oregon University System

University of Oregon

The Legislature established a \$75,000,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation for a new residence hall for the University of Oregon and repealed a \$1 Other Funds (Article XI-F (1) bonds) expenditure limitation for new student housing and dining at the University of Oregon established by the 2007 Legislature. The new facility, referred to as the East Campus Residence Hall, is planned for the corner of 15th Avenue and Moss Street in Eugene, in the east campus area, on land currently used as a parking lot, and will house 400-450 students. Debt service on the Article XI-F (1) bonds will be paid from housing revenues.

Portland State University

The Legislature established a \$4,500,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for additional renovation of Lincoln Hall at Portland State University. This is in addition to \$30.7 million in General Fund, Article XI-G bonds, State Energy Loan Program funds, and certificates of participation (COPs) previously approved for deferred maintenance and seismic renovation of the 1911 building. The additional expenditure limitation, to be funded with donations, will be used to create a new entry to the building from SW Broadway Street, a three story glass tower with additional space for theater and dance uses, a marquee advertising performing arts events, and improved Americans with Disabilities Act access.

A \$1 Other Funds (Certificates of Participation) Capital Construction expenditure limitation established by the 2009 Legislature was increased by \$23,999,999 to allow Portland State University to purchase the Market Center Building located at 1600 SW Fourth Avenue in Portland. The Market Street Center, built in 1968, is a nine-story office building with two additional floors of parking holding 164 spaces. It is located near the PSU's Urban Center building, just outside the University District. Rent and parking revenues charged to occupants of the facility will be used to pay debt service on the COPs. Rent from PSU tenants will be paid with general campus funds (tuition and fee revenues, state General Fund, indirect cost recovery, and other sources).

Oregon State University

The Legislature established a \$7,450,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation and a \$300,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for an Intramural Outdoor Sports Complex at Oregon State University. A 2007 \$3,250,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for an Intramural Synthetic Turf Project was repealed. The new complex will be constructed on the site of existing intramural sports fields. The fields will be converted from grass to synthetic turf. The complex will include tennis and basketball courts and space for soccer, softball, and sand volleyball. The complex will be lit for evening use. It will include a bouldering wall, a barbecue area, and other amenities. A recreation plaza

will include restrooms, storage, and picnic areas. Thirty parking spaces will be added to accommodate visitors. Debt service on the Article XI-F (1) bonds will be paid with revenues from the student Incidental Fees. In May 2009, students approved an increase of \$17 per term for fall, winter, and spring, and \$12.50 in the summer term to pay for this project and the McAlexander Field House renovation project described below.

The Legislature established a \$3,250,000 Other Funds (Article XI-F (1) bonds) Capital Construction expenditure limitation and a \$500,000 Other Funds (Other Revenues) Capital Construction expenditure limitation for renovation of McAlexander Field House at Oregon State University. The facility was built as an armory in 1912. The facility is currently underutilized, and improvements will increase the usability and safety of the facility. The project will include a new hard surface court area to replace the existing concrete court structure, replacement of existing turf with new synthetic turf, a multi-functional climbing wall that includes a repelling station, a challenge course, exterior windows, repair and painting of walls, and a bouldering wall. Debt service on the Article XI-F (1) bonds will be paid with student Incidental Fees that were increased to fund the McAlexander and Intramural Sports Complex projects as described above.

The Legislature reduced the Other Funds (Article XI-G bonds) Capital Construction expenditure limitation and the Other Funds (Other Revenues) Capital Construction expenditure limitation approved for the Bates Hall/Hallie Ford Healthy Children and Families Center by \$1,000,000 each. Since the project was approved, costs have been reduced from \$12 million to \$10 million. OSU has received a single donation of \$5 million to provide the constitutionally required match for the Article XI-G bonds.

Project Reserves

The Oregon University System may use project reserves to expend an Other Funds expenditure limitation in excess of a non-system-wide project's specific limitation authority. This additional expenditure authority for each project is limited by the size of the project. The Legislature adjusted the project reserves expenditure limitation by increasing Other Funds to reflect change in individual projects and the addition of new projects. Reserves for Article XI-F (1) bond projects were increased by \$2,882,500 while reserves for Other Revenues projects were increased by \$415,000.

Marine Mammal and Genomics Facility (HB 3643)

The Legislature authorized the establishment of \$25 million in Capital Construction expenditure authority for construction of a Marine Mammal and Genomics facility at the Oregon State University Hatfield Marine Science Center in Newport. This project will only proceed if OSU receives a \$16 million federal grant for the project. State match of \$9 million would come from reductions to previously approved capital construction projects: postponing a \$4 million biofuels demonstration project; reducing funding for the Strand Agricultural Hall deferred maintenance project by \$4 million; and \$1 million previously approved for a Healthy Children and Families Center at OSU that is not now needed for that project. All \$9 million of this funding is Article XI-G bond authorization. The federal grant would be used as the constitutionally required match for the Article XI-G bonds.

Department of Transportation

Transportation Headquarters Building Renovation

The Legislature increased the Other Funds Capital Construction expenditure limitation established in section 1 (1)(b) chapter 742 Oregon Laws 2007 by \$64,733,792 for the renovation of the Transportation Headquarters Building on the Capitol Mall. The 2007 Legislature had previously approved \$4.7 million for planning and design costs. Additional limitation approved in this bill

includes all building renovation costs, construction administration and project management services, and all employee relocation costs and leased space for the duration of the construction phase.

Department of Human Services

Oregon State Hospital

The Legislature increased the Other Funds Capital Construction expenditure limitation for the Oregon State Hospital by \$10,000 to correct amounts included in section 1(4), chapter 904, Oregon Laws 2009.

Department of Veterans' Affairs

Oregon Veterans Community Center

The Legislature established an Other Funds Capital Construction expenditure limitation of \$964,714 and established a Federal Funds Capital Construction expenditure limitation of \$1,791,611 for construction of a multi-purpose area at the Oregon Veterans' Home in The Dalles. A Veterans Community Center will be added to the existing facility to provide a place for residents to gather and meet with other residents as well as space for planned activities. It is understood that the Department of Administrative Services will unschedule both expenditure limitations pending notification by the U.S. Department of Veterans' Affairs of a \$1,791,611 grant award for the construction of an addition to the Oregon Veterans' Home.

Military Department

Polk County Readiness Center (formerly the "Dallas Readiness Center")

The Legislature established a Federal Funds Capital Construction expenditure limitation of \$12,100,000 and increased the Other Funds expenditure limitation established by section 7 chapter 26, Oregon Laws 2009 by \$5,580,960 for design and construction of the Polk County Readiness Center. The revenue to support the Other Funds expenditure limitation is from the transfer of currently authorized certificates of participation (COPs) proceeds from: the Woodburn Armory (\$3,145,057), Hood River Armory (\$1,358,762); and the Milton-Freewater Armory (\$961,407). Each of these projects' existing Other Funds Capital Construction expenditure limitation was reduced by the amount of the transfer (see below). Additionally, COP cash balances from the Newport Armory (\$64,531) and the Gresham Office Acquisition (\$51,203) will to be transferred to fund the remaining cost of the new Polk County Readiness Center. The Woodburn Armory will retain an Other Funds Capital Construction balance of \$108,800 and the Milton-Freewater Armory project balance is reduced to \$2,386,593.

Woodburn Armory Addition/Alteration

The Legislature decreased the Other Funds Capital Construction limitation established by section 1(9)(c) chapter 742, Oregon Laws 2007 by \$3,145,057 to provide funds for the Polk Readiness Center as described above.

Hood River Armory

The Legislature decreased the Other Funds Capital Construction limitation established by section 1(7)(b) chapter 904, Oregon Laws 2009 by \$1,358,762 to provide funds for the Polk Readiness Center as described above.

Milton-Freewater Armory

The Legislature decreased the Other Funds Capital Construction limitation established by section 1(7)(c) chapter 904, Oregon Laws 2009 by \$961,407 to provide funds for the Polk Readiness Center as described above.

Ontario Readiness Center

The Legislature increased Federal Funds Capital Construction limitation established by section 2(1)(a), chapter 742, Oregon Laws 2007 by \$265,000 for completion of the installation of the ground source heat pump system at the Ontario Readiness Center.

Camp Rilea Electrical Loop

The Legislature established a \$619,000 Federal Funds Capital Construction limitation to acquire and install a high voltage electrical loop at Camp Rilea in Warrenton. The Legislature approved a corresponding reduction of \$619,000 to the Federal Funds Capital Improvement budget in HB 5100.

Department of Corrections

Mill Creek Irrigation Wells Replacement

The Legislature established a \$900,000 Other Funds Capital Construction limitation to replace irrigation wells on property east of Salem expected to be sold to a private entity. The project will decommission four existing wells and install new wells and associated water lines.

Deferred Maintenance and Assessment

The Legislature approved a technical adjustment increasing the capital construction limitation established in section 1(5)(a), chapter 742, Oregon Laws 2007 by \$1,425,912 for construction staffing. An equivalent amount was reduced from the Department's operating budget in HB 5100.

State Bonding

In February 2010, the State Debt Policy Advisory Commission updated its recommended capacity limits for General Fund and Lottery Funds debt based upon the March 2010 (issued in early February) revenue forecast for the 2009-11 biennium. The revised limits came with a recommendation from the Commission that no more General Fund or Lottery Funds debt be issued during the current biennium.

During the 2009 regular session, the Legislature approved \$985 million in General Fund debt and \$274 million of Lottery Funds debt. As the Commission advised, no additional debt was issued during the February 2010 special session for either of these categories.

The Legislature increased the Department of Transportation's issuance authority for the Oregon Transportation Infrastructure Fund by \$60 million to reflect anticipated increases in program needs including use of bond proceeds to finance the Department's headquarters building renovation project and the Oregon Wireless Interoperability Network.

Special Session Budget Notes

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 (JWM). The budget reports may also provide the context for a specific note.

The Legislature adopted a total of 17 budget notes during the February 2010 special session, four of which were the same budget notes that pertained to more than one state agency or appear in more than one budget report.² Of the 29 measures reported out of JWM, two budget measures (HB 5100 and HB 5565) and one substantive measure (HB 3633) contained budget notes.

The following is a list of budget notes, by program area, agency, and measure.

Education Program Area

Department of Education

SB 5565/HB 5100 - With the affirmed commitment to provide \$6 billion for school funding, the Legislature expects school districts to maintain existing services and not reduce school days for Oregon's children. To the extent that the exclusion from the Supplemental School District and School Program Subaccount necessitates expenditure reductions, the education service districts are expected to first reduce administrative expenditures and to preserve special education and federally mandated services.

Department of Education

HB 5100 - The Department of Education is directed to distribute the \$1 million General appropriation to Oregon's local Early Head Start programs. A one-time distribution shall be made to existing federally funded programs based on the number of children enrolled in local programs as of March 1, 2010. These additional dollars are for the purposes of supplementing, not supplanting, existing resources and matching federal funds. The interim Senate and House Education Committees will review the Early Head Start program and develop program recommendations for consideration by the 76th Legislative Assembly.

Department of Education

HB 5100 - The Legislature intends to establish a work group to review options for the future of the Oregon School for the Deaf. The Department of Education is directed to provide to the work group information on the health and safety needs of the students.

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 to the Legislative Fiscal Office website under "Publications" at www.oregonlegislature.gov.

² Additional information for each measure can be found in the measure's budget report, an agency or Joint Committee on Ways and Means budget report, or a fiscal impact. This information is available on the Legislature's website at www.oregonlegislature.gov.

Department of Community Colleges and Workforce Development

HB 5100 - The Committee approved the following modifications to the calculation of the Essential Budget Level for the Community College Support Fund (CCSF), to be implemented beginning with the development of the 2011-13 biennium budget:

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

Human Services Program Area

Department of Human Services

HB 5100 - The Department of Human Services, Division of Medical Assistance Programs (DMAP) is directed to work with appropriate stakeholders, including hospitals and Oregon Health Plan (OHP) managed care plans, to study hospital reimbursement methods under the OHP. The study should assess how the current reimbursement method could be modified to (a) create a common reimbursement mechanism among a variety of payers and, (b) better contain hospital costs. DMAP should report the results of the study to either the interim Joint Committee on Ways and Means or Emergency Board by September 30, 2010, as well as the Oregon Health Policy Board and appropriate legislative policy committees.

Department of Human Services

HB 5100 - The Department of Human Services (DHS), Addictions and Mental Health Division (AMH) is directed to work with Oregon's county mental health departments to develop a proposal for these departments to submit encounter data, or service data, about their non-Medicaid eligible clients to DHS. The proposal should include an estimate of the cost of collecting these data. AMH should discuss this proposal in a report to the 2011 Legislative Assembly's Joint Committee on Ways and Means' DHS hearings as well as appropriate legislative policy committees.

Public Safety Program Area

Department of State Police [joint with the Department of Transportation]

HB 5100 [also see HB 3696] - The Joint Ways and Means Committee recommends that DAS un-schedule all of the Other Funds expenditure limitation associated with the Certificates of Participation authorized by the Legislature in 2009 for OWIN and all but \$8 million of the Other Funds expenditure limitation tied to the ODOT revenue bonds authorized by the Legislature in 2009 for OWIN until the Executive Branch has an independent quality assurance (QA) presence in place and the first report is made available to DAS, the OWIN Steering Committee and the Legislative Fiscal Office (LFO). The focus of the quality assurance should be on the project management office, project management and performance, assessment of the internal construction related quality assurance and control processes, and assessment of the processes related to the transition from the development/construction phase of OWIN to the operational phase. If this quality assurance report determines that there are any issues with the project management and other areas under review in the quality assurance process, these issues must be addressed prior to the re-scheduling of the funds.

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

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

Economic and Community Development Program Area

Oregon Business Development Department [joint with the Department of Energy]

HB 5100 - The State Department of Energy and the Oregon Business Development Department are directed to explore the option of transferring administrative responsibility for the tax credit program available for renewable energy resource equipment manufacturing facilities from the State Department of Energy to the Oregon Business Development Department. The two agencies are directed to jointly report their findings to the Joint Committee on Ways and Means, and to the committees on Revenue, prior to February 1, 2011. The report shall identify potential program management and efficiency gains, impacts to the budgets of both agencies resulting from such a transfer, and potential risks of such a transfer.

Natural Resources Program Area

Department of Energy [joint with the Oregon Business Development Department]

HB 5100 - The State Department of Energy and the Oregon Business Development Department are directed to explore the option of transferring administrative responsibility for the tax credit program available for renewable energy resource equipment manufacturing facilities from the State Department of Energy to the Oregon Business Development Department. The two agencies are directed to jointly report their findings to the Joint Committee on Ways and

Means, and to the committees on Revenue, prior to February 1, 2011. The report shall identify potential program management and efficiency gains, impacts to the budgets of both agencies resulting from such a transfer, and potential risks of such a transfer.

Department of Land Conservation and Development

HB 3633 - In addition to the Legislative Counsel notification requirement in Section 4(2), the Department of Land Conservation and Development will report to the Legislative Fiscal Office (LFO) regarding the amount of moneys deposited into the fund and the source of those dollars. If funding is sufficient to conduct the study, LFO will work with the agency to increase the agency's Other Funds expenditure limitation through Emergency Board or other legislative action.

Transportation Program Area

Department of Transportation [joint with the Department of State Police]

HB 5100 [also see HB 3696] - The Joint Ways and Means Committee recommends that DAS un-schedule all of the Other Funds expenditure limitation associated with the Certificates of Participation authorized by the Legislature in 2009 for OWIN and all but \$8 million of the Other Funds expenditure limitation tied to the ODOT revenue bonds authorized by the Legislature in 2009 for OWIN until the Executive Branch has an independent quality assurance (QA) presence in place and the first report is made available to DAS, the OWIN Steering Committee and the Legislative Fiscal Office (LFO). The focus of the quality assurance should be on the project management office, project management and performance, assessment of the internal construction related quality assurance and control processes, and assessment of the processes related to the transition from the development/construction phase of OWIN to the operational phase. If this quality assurance report determines that there are any issues with the project management and other areas under review in the quality assurance process, these issues must be addressed prior to the re-scheduling of the funds.

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

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

Consumer and Business Services Program Area

Bureau of Labor and Industries

HB 5100 - It is the Committee's understanding that the Bureau of Labor and Industries will have sufficient moneys in the Prevailing Wage Education and Enforcement Account to finance program expenditures at the levels approved during the 2009 Legislative Session, as adjusted by legislative actions during the current session. The Committee understands that the Bureau will request an allocation of funds from the Emergency Board if it determines that moneys in

the Account are insufficient to finance approved program expenditures through the remainder of the current biennium and maintain a prudent level ending fund balance.

Judicial Branch Program Area

Judicial Department

HB 5100 - The Department is requested to report on the eCourt Program, including budget and schedule variance reports, to each Emergency Board or to each Interim Joint Committee on Ways and Means meeting. At the next meeting of the Emergency Board, the Department is requested to report on the complete budget and cost information for the Appellate eCourt project. The Department is also directed to hire a dedicated budget manager for the Oregon eCourt Program.

Judicial Department

HB 5100 - The Judicial Department is to report back to the Emergency Board at its next meeting with a detailed budget of the Department's specialty court budgets, specialty court-type, court and central support, budget, fund-type, number of positions, and FTE.

Judicial Department [joint with the Public Defense Services Commission]

HB 5100 - The Judicial Department and the Public Defense Services Commission are requested to report to each Emergency Board and interim Joint Ways and Means Committee and the Joint Committee on Ways and Means at the beginning of the 2011 Legislative Session on the following:

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

Judicial Department

HB 5100 - The Department is requested to report to the Emergency Board meeting closest to December 2010 on its use of internal General Fund operating savings to fund any House Bill 2287 revenue shortfall. The Legislature will take into account all the Department's operational savings and Other Funds balances prior to the final distribution of House Bill 2287 revenue during the 2011 Legislative Session. If House Bill 2287 revenues meet or exceed projected levels, the Legislature may transfer excess House Bill 2287 revenues to the General Fund.

Public Defense Services Commission [joint with the Judicial Department]

HB 5100 - The Judicial Department and the Public Defense Services Commission are requested to report to each Emergency Board and Interim Joint Ways and Means Committee and the Joint Committee on Ways and Means at the beginning of the 2011 Legislative Session on the following:

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

Special Session Fiscal Impact Statements

The following is a brief summary of fiscal impact statements, process, and statistics for the February 2010 special session.

Fiscal Impact Statement

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

There are five general types of fiscal impact statements:

- **No fiscal impact:** A statement issued on an original measure that has no expenditure impact, or on a measure that was originally "fiscal" but has been amended so that the fiscal impact is eliminated.
- **Minimal fiscal impact:** A statement issued when a measure has a fiscal impact, but the impact can be absorbed or accommodated within an agency's existing legislatively approved budget without additional appropriation or expenditure limitation.
- **Written fiscal analysis:** A statement issued on a measure determined to have a fiscal impact beyond a "minimal" fiscal impact. When a fiscal impact cannot be determined, an "indeterminate" fiscal impact statement may be issued in order to explain why. An "explanatory" fiscal analysis may be used to describe a measure's mechanical defects or ambiguity.
- **Hall Pass:** A brief, standardized statement used to move a substantive measure from one committee to another, most typically the Joint Committee on Ways and Means.³
- **May have Fiscal Impact ["Potential" Fiscal Impact]:** A generic statement to categorize an introduced measure for which a Legislative Fiscal Office fiscal impact analysis has yet to be completed based on a formal request from a substantive committee.

2010 Process and Duration

The February 2010 special session differed from prior regular and special sessions in that a number of bill drafts from both chambers were released to the public prior to the beginning of the session on February 1st. In total, 135 or 63%, of the 215 measures introduced were posted to the Legislature's website in advance of the session.

House and Senate substantive committees, by model committee rules, continued the practice from the 2009 regular session requiring a fiscal impact prior to a measure being reported out of committee. This rule applied to most substantive measures, including those with subsequent referrals to the Committees on Finance and Revenue and/or Joint Ways and Means. The purpose of the rule was to inform substantive committee decision-making on the fiscal implications of a particular measure.

The February 2010 session was 25 (calendar) days in duration with legislative activity occurring on 20 of those days.

The Legislature established 23 standing substantive committees, separate House and Senate revenue committees, and the Joint Committee on Ways and Means.

³ During the February 2010 special session, summary-level written analyses were used rather than "Hall Passes."

Fiscal Impact Statistics

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

There were 215 measures introduced during the special session and 614 amendments drafted. While not every measure introduced or amendment drafted advanced legislatively and had a fiscal impact prepared, LFO did produce a total of 469 fiscal impacts on introduced, amended, and engrossed measures and minority reports during the special session. Of this amount, 168 (36%) were a Written Analysis, 193 (41%) were Minimal, and 108 (23%) were No Fiscal. This compares to the six biennial historic average (regular legislative sessions) where 35% of fiscals were Written Analysis, 19% were Minimal, and 46% were No Fiscal.

The following table details the number of fiscal impact statements issued by the LFO during the February 2010 special session. The fiscal impacts are categorized by chamber, by the type of fiscal impact issued, and whether the fiscal impact was issued on an introduced measure, an amendment, or an engrossed measure or minority report.

Fiscal Impact Category	Introduced Measure Fiscal Impacts			Fiscal Impact on Amendments			Fiscal Impacts on Engrossed Measures/Minority Reports			Total Fiscal Impact Statements Issued		
	House	Senate	Total	House	Senate	Total	House	Senate	Total	House	Senate	Total
Written	11	16	27	52	25	77	41	23	64	104	64	168
Minimal	19	22	41	41	60	101	28	23	51	88	105	193
No Fiscal	21	21	42	25	20	45	12	9	21	58	50	108
Total	51	59	110	118	105	223	81	55	136	250	219	469
% of Total			23%			48%			29%			100%

The above table reflects that 23% of fiscal impacts were issued on introduced measures, 48% on amended measures, and 29% on engrossed measures and minority reports. This underscores that the workload for the Legislature is driven in large part by the number of amendments under consideration rather than the number of measures introduced.

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.⁴

Subsequent Referrals to the Joint Committee on Ways and Means

During the 2010 special session, 215 measures were introduced. A total of 34 (16%) measures were referred to the JWM by legislative leadership. Nine measures were directly referred to the Committee and 25 were subsequent referrals from policy committees. Of the directly referred measures, two were substantive (HB 3643/Marine Mammal and Genomics facility at the Oregon State University and HB 3696/Program Change) and seven were budget measures (i.e., 5000 series bills).⁵

Of the 34 measures referred directly or subsequently to JWM, 29 (85%) were reported out of the Committee. Five of the measures, which included two budget measures, did not receive a JWM hearing and remained in Committee upon adjournment.

Substantive Measures with a Budget Effect

The following is a brief summary, by program area, detailing the 12 most noteworthy substantive measures reported out of JWM.

Education Program Area

HB 3626 directs the Department of Education to establish a pilot program operated in three school districts in the state to provide vision screenings to students in grades one through eight. HB 5100, the omnibus budget reconciliation bill, appropriates \$150,000 General Fund to the Department for the provisions of this measure.

HB 3639 renames the Rural Health Services Program to the Primary Care Services Program, and transfers the administration of the program from the Oregon Student Assistance Commission (OSAC) to the Office of Rural Health (ORH) at the Oregon Health and Science University. The bill changes the current loan repayment formula and expands eligibility to include Doctors of Naturopathic Medicine. The transfer of the program becomes operative on July 1, 2011. General Fund appropriation for the Rural Health Services program was eliminated in the 2009-11 legislatively adopted budget. After payment of the commitments for the current biennium, the estimated ending balance in the Rural Health Services Fund is \$374,032, with \$378,810 in outstanding commitments. On the operative date of the bill, OSAC will transfer any remaining cash balances to the Department of Administrative Services for payment to ORH.

HB 3687 changes the distribution of proceeds from the sale of the Oregon School for the Blind (OSB) from 100% to the Education Stability Fund to a 50/50 distribution to the Department of Education for the Blind and Visually Impaired Student Fund (BVI), and the Oregon School for the Deaf for

⁴ Additional information for each measure can be found in the measure's budget report, an agency or Joint Committee on Ways and Means budget report, or a fiscal impact. This information is available on the Legislature's website at www.oregonlegislature.gov.

⁵ Also see the Capital Construction section [HB 3643] and the Additional Special Session Legislative Actions [HB 3696] sections of this Highlights document for a more detailed discussion of these bills.

improvements, repairs, and maintenance benefitting the health, safety, and housing of students. The measure provides clarifying language to allow school districts to apply costs incurred for former Oregon School for the Blind students toward the \$30,000 eligibility threshold for the High Cost Disabilities Account. Further, school districts will be able to by-pass the High Cost Disability Account if the total cost of services exceeds \$200,000 per fiscal year for a former OSB student. The bill also directs the Department of Administrative Services to present a plan for the sale of the property to the Capitol Planning Commission which will provide the public with an opportunity to review and comment on the plan. The fiscal impact is indeterminate as the net proceeds from the sale of the property are unknown. Legislative leadership intends to establish a work group to review options for the future of the Oregon School for the Deaf.

Human Services Program Area

HB 3618 modifies statutes related to home care workers under the purview of the Home Care Commission, expanding the number of workers eligible for workers' compensation coverage, representation and collective bargaining. The future fiscal impact of higher wages or expanded benefits that could result from collective bargaining for the newly-eligible workers is uncertain. Implementation costs (including workers' compensation premium payments) for the 2009-11 biennium are estimated at \$1 million General Fund and \$2.2 million total funds. HB 5100, the omnibus budget reconciliation bill, includes the budget adjustments for the 2009-11 implementation costs in the Department of Human Services and the Employment Relations Board.

HB 3664 establishes a new eligibility category for medical assistance through the Oregon Health Plan – young adults between the ages of 18 and 21 who immediately prior to their 18th birthday were in a foster family home, licensed child-caring agency or institution, and for whom a public agency of Oregon assumed financial responsibility. The measure would add these young adults to the Health Care for All Oregon Children program, passed as part of HB 2116 by the 2009 Legislative Assembly and funded with health insurance premium tax revenue. The Department of Human Services reports that it will have adequate premium tax revenue to fund the original expansion established in HB 2116 as well as this new eligibility category. The fiscal impact for the bill is estimated at \$0.5 million Other Funds (premium tax revenue) and \$1.3 million total funds for the 2009-11 biennium, and \$1.8 million Other Funds and \$4.6 million total funds for the 2011-13 biennium.

Public Safety Program Area

SB 1007 changes certain provisions of HB 3508 (2009) and expands the list of crimes excluded from the 10% increase in earned time. This bill also ends the additional 10% earned time effective on passage, reinstates the additional 10% earned time credit, in certain circumstances, on July 1, 2011 and then sunsets this provision on July 1, 2013. The bill also expands the list of felonies that are not eligible for the additional 10% earned time credit. In addition, the bill requires the Secretary of State to conduct an audit of the practices of the Department of Corrections with respect to the earned time credit program. The Department of Corrections estimates the cost of the additional beds to be \$0.5 million in the 2009-11 biennium, \$5.8 million in the 2011-13 biennium, and \$6.4 million in the 2013-15 biennium. The Oregon Judicial Department (OJD) anticipates that there may be additional court costs due to the potential of additional appeals and filings, but these costs are indeterminate at this time. The Public Defense Services Commission (PDSC) anticipates a modest decrease in expenses in the 2009-11 and 2011-13 biennia from a decrease in resentencing hearings. PDSC did not receive additional resources to cover the added expenses of the resentencing hearings of HB 3508.

Economic and Community Development Program Area

HB 3698 establishes the Building Opportunities for Oregon Small Business Today (BOOST) program within the Oregon Business Development Department (OBDD). The program provides financial assistance to small businesses through loans and grants. Eligible small employers who expand employment, create full-time positions, and fill these positions with employees who had been unemployed for a minimum of 60 days qualify for a grant of up to \$2,500 for each eligible employee. Employers are not eligible until jobs have been in place for 6 months, and the total amount of grant per application is limited to \$50,000. The program also provides loans to employers, not to exceed \$150,000 or four years in term, for purposes of job retention. With passage of SB 1017, \$5 million is made available in 2009-11 for BOOST through revenues derived from increased enforcement work at the Department of Revenue. The agency will add two audit units to focus on corporate and personal tax compliance related to business activity in Oregon. [Also see Administration]

SB 1017 supplements funding and temporarily expands program eligibility for certain business loan programs within the Oregon Business Development Department. For Oregon Business Development Fund (OBDF) loans, the existing requirement that a business obtain funding partners to provide at least 50% of a project's cost before receiving an OBDF loan, is suspended. Upon review of a business development loan application, the Department will have the option of financing up to the full amount of the proposed project. The approval of business loans is also expedited by allowing the Director of the Department to directly approve loans of up to \$250,000. Access to entrepreneurial development loans, another business loan program the Oregon Business Development Department operates, is expanded to include businesses in operation for more than three years, and businesses with annual revenues of up to \$500,000. With passage of HB 3698, a total of \$5 million of General Fund is available to supplement these programs.

Natural Resources Program Area

SB 1049 allows the Department of Land Conservation and Development (DLCD) to process additional claims under Measure 49 and simplify processing for certain claims. These claims fall into the following categories: [1] claims filed only with a county and not the state (estimated at about 800 claims), [2] claims without an appraisal or adequate appraisal (estimated at about 85 claims), and [3] claims for property acquired between 1975 and the date of the county's acknowledged land use plan (estimated at about 700 claims). Claimants in the first two categories would pay DLCD a \$2,500 fee to cover the cost of processing the claim. The bill decreases processing time and offers more consistent relief for claims in the third group. The bill also clarifies transferability to family members and the standing of DLCD in Measure 49 litigation, and establishes a deadline of June 30, 2011 for final orders to be issued on new claims. If the Department does not meet the deadline, the claimant's fee is to be refunded. The bill adds \$746,907 Other Funds expenditure limitation to process claims using revenue from fees. The agency estimates it will receive 300 claims for processing.

HB 3633 directs the Department of Land Conservation and Development (DLCD) to cause a study to be conducted on how best to develop commercially viable marine renewable energy resources. Contributions from public or private sources will support the study. Study proponents have indicated that at least \$50,000 would be needed for the project. The bill contains a \$1 Other Funds expenditure limitation for the study, which could be increased by the Emergency Board once the amount of money actually received has been reported.

Transportation Program Area

SB 1059 requires the Oregon Transportation Commission to adopt a statewide transportation strategy on greenhouse gas emissions. The bill directs the Department of Transportation (ODOT) and the Department of Land Conservation and Development (DLCD) to develop a toolkit to assist local governments and Metropolitan Planning Organizations in reducing greenhouse gas emissions from transportation; establish guidelines for scenario planning for Metropolitan Planning Organizations to use in selecting land use and transportation plans that reduce greenhouse gas emissions; and educate the public about the need to reduce greenhouse gas emissions and the costs and benefits of doing so. ODOT and DLCD are required to report back to the next Legislative Assembly with (1) an assessment of progress being made on these tasks, (2) an estimate of the costs for local governments to prepare and cooperatively select land use and transportation scenarios that reduce greenhouse gas emissions, and (3) potential sources of funding for this preparation and selection. The bill adds \$482,581 Other Funds expenditure limitation for DLCD for the additional staffing requirements and associated services and supplies to carry out its responsibilities under the bill. ODOT will use existing expenditure and position authority.

Administration Program Area

HB 3698 establishes the Building Opportunities for Oregon Small Business Today (BOOST) program within the Oregon Business Development Department (OBDD). The program provides financial assistance to small businesses through loans and grants. The bill uses \$3.5 million from the Tax Amnesty Fund to support increased enforcement work at the Department of Revenue (DOR). Additional revenues derived from this effort total \$7 million over the 2009-11 biennium. To generate that revenue, DOR will add two audit units (27 positions) to focus on corporate and personal tax compliance related to business activity in Oregon. In 2009-11, the BOOST program receives \$5 million of the revenue, with the remaining \$2 million transferred to the General Fund at the end of the biennium. [Also see Economic and Community Development]

SJR 48 refers to voters a constitutional amendment to authorize the state to issue general obligation (G.O.) bonds to finance state owned or operated property. The measure does not authorize any specific bonds, but authorizes the Legislative Assembly to enact implementing legislation. This measure would save the state on interest costs. These G.O. bonds would cost less than the certificates of participation (COP's) the state currently uses. The bonds would save an estimated \$5 million on interest costs for each \$100 million issued. The measure prohibits the levy of property taxes to repay the bonds and limits the amount of outstanding bonds to one percent of the real market value of property in the state. The referral would be on the ballot at the statewide regular general election of 2010.

Appendix A

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

	2005-07 ACTUALS	2007-09 LEGISLATIVELY APPROVED	2009-11 LEGISLATIVELY ADOPTED	2009-11 LEGISLATIVELY APPROVED*	Change				
					07-09 Approved to		09-11 Adopted to		
					09-11 Approved	%	09-11 Approved	%	
	#	%	#	%	#	%	#	%	
PROGRAM AREA: EDUCATION									
COMMUNITY COLLEGES & WORKFORCE DEV, DEPT	49.70	56.03	59.36	60.00	3.97	7.1	0.64	1.1	
EDUCATION, DEPT OF	442.61	448.28	375.22	375.96	(72.32)	(16.1)	0.74	0.2	
OREGON UNIVERSITY SYSTEM	12,495.08	12,566.58	12,909.01	12,908.68	342.10	2.7	(0.33)	0.0	
STUDENT ASSISTANCE COMMISSION	22.75	31.91	25.83	26.33	(5.58)	(17.5)	0.50	1.9	
TEACHER STANDARDS & PRACTICES COMMISSION	21.50	23.50	25.00	25.00	1.50	6.4	0.00	0.0	
EDUCATION TOTAL	13,031.64	13,126.30	13,394.42	13,395.97	269.67	2.1	1.55	0.0	
PROGRAM AREA: HUMAN SERVICES									
BLIND, COMMISSION FOR THE	44.60	47.24	47.60	47.60	0.36	0.8	0.00	0.0	
CHILDREN & FAMILIES, COMMISSION ON	28.77	30.68	25.67	25.25	(5.43)	(17.7)	(0.42)	(1.6)	
HUMAN SERVICES, DEPT OF	9,124.28	9,722.60	10,979.98	11,025.91	1,303.31	13.4	45.93	0.4	
LONG TERM CARE OMBUDSMAN	8.16	10.00	10.50	10.50	0.50	5.0	0.00	0.0	
PRIVATE HEALTH PARTNERSHIPS, OFFICE OF	56.80	52.42	76.08	75.58	23.16	44.2	(0.50)	(0.7)	
PSYCHIATRIC SECURITY REVIEW BOARD	4.75	5.00	5.00	6.89	1.89	37.8	1.89	37.8	
HUMAN SERVICES TOTAL	9,267.36	9,867.94	11,144.83	11,191.73	1,323.79	13.4	46.90	0.4	
PROGRAM AREA: PUBLIC SAFETY									
CORRECTIONS, DEPT OF	4,170.25	4,647.32	4,621.17	4,532.86	(114.46)	(2.5)	(88.31)	(1.9)	
CRIMINAL JUSTICE COMMISSION	5.25	6.00	9.50	9.50	3.50	58.3	0.00	0.0	
DISTRICT ATTORNEYS & THEIR DEPUTIES	36.00	36.00	36.00	36.00	0.00	0.0	0.00	0.0	
JUSTICE, DEPT OF	1,210.81	1,306.71	1,319.83	1,324.01	17.30	1.3	4.18	0.3	
MILITARY, DEPT OF**	437.37	476.23	485.72	485.22	8.99	1.9	(0.50)	(0.1)	
PAROLE & POST PRISON SUPERVISION BRD	15.00	15.00	15.00	15.00	0.00	0.0	0.00	0.0	
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF	134.73	167.13	143.87	145.88	(21.25)	(12.7)	2.01	1.4	
STATE POLICE, DEPT OF**	1,159.36	1,229.16	1,295.65	1,334.13	104.97	8.5	38.48	3.0	
YOUTH AUTHORITY, DEPT OF	1,048.10	1,147.46	1,142.30	1,120.25	(27.21)	(2.4)	(22.05)	(1.9)	
PUBLIC SAFETY TOTAL	8,216.87	9,031.01	9,069.04	9,002.85	(28.16)	(0.3)	(66.19)	(0.7)	
PROGRAM AREA: JUDICIAL BRANCH									
JUDICIAL DEPARTMENT	1,871.21	1,908.46	1,696.06	1,885.32	(23.14)	(1.2)	189.26	11.2	
JUDICIAL FITNESS AND DISABILITY, COMM. ON	0.50	0.50	0.50	0.50	0.00	0.0	0.00	0.0	
PUBLIC DEFENSE SERVICES COMMISSION	55.05	65.85	69.00	69.00	3.15	4.8	0.00	0.0	
JUDICIAL BRANCH TOTAL	1,926.76	1,974.81	1,765.56	1,954.82	(19.99)	(1.0)	189.26	10.7	
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT									
BUSINESS DEVELOPMENT DEPARTMENT***	119.23	126.00	126.34	126.96	0.96	0.8	0.62	0.5	
EMPLOYMENT DEPARTMENT	1,356.77	1,284.10	1,608.65	1,610.66	326.56	25.4	2.01	0.1	
FAIR & EXPO CENTER, STATE****	0.00	0.00	0.00	0.00	0.00	NA	0.00	NA	
HOUSING & COMMUNITY SERVICES DEPT.	145.50	140.42	148.33	149.41	8.99	6.4	1.08	0.7	
VETERANS' AFFAIRS, DEPT OF	111.03	110.53	107.64	107.32	(3.21)	(2.9)	(0.32)	(0.3)	
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,732.53	1,661.05	1,990.96	1,994.35	333.30	20.1	3.39	0.2	
PROGRAM AREA: NATURAL RESOURCES									
AGRICULTURE, DEPT OF	364.12	375.05	357.02	357.24	(17.81)	(4.7)	0.22	0.1	
ENERGY, DEPT. OF	86.73	90.49	112.75	116.55	26.06	28.8	3.80	3.4	
ENVIRONMENTAL QUALITY, DEPT OF	773.89	797.31	790.13	790.07	(7.24)	(0.9)	(0.06)	0.0	
FISH & WILDLIFE, DEPT OF	1,160.74	1,147.90	1,162.20	1,160.33	12.43	1.1	(1.87)	(0.2)	
FORESTRY DEPARTMENT	909.15	920.96	864.07	871.78	(49.18)	(5.3)	7.71	0.9	
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	39.71	36.20	36.58	38.62	2.42	6.7	2.04	5.6	
LAND CONSERVATION & DEVELOPMENT, DEPT OF	69.63	85.54	74.81	79.90	(5.64)	(6.6)	5.09	6.8	
LAND USE BOARD OF APPEALS	6.00	6.00	6.00	6.00	0.00	0.0	0.00	0.0	
LANDS, DEPT. OF STATE	96.11	108.75	108.46	108.46	(0.29)	(0.3)	0.00	0.0	
MARINE BOARD	39.00	39.00	41.38	41.38	2.38	6.1	0.00	0.0	
PARKS & RECREATION, DEPT OF****	571.22	602.20	600.89	600.45	(1.75)	(0.3)	(0.44)	(0.1)	
WATER RESOURCES DEPT	138.13	147.60	146.29	146.29	(1.31)	(0.9)	0.00	0.0	
WATERSHED ENHANCEMENT BOARD	26.38	30.00	31.00	31.00	1.00	3.3	0.00	0.0	
NATURAL RESOURCES TOTAL	4,280.81	4,387.00	4,331.58	4,348.07	(38.93)	(0.9)	16.49	0.4	
PROGRAM AREA: TRANSPORTATION									
AVIATION, DEPT OF	17.92	17.00	16.38	16.38	(0.62)	(3.6)	0.00	0.0	
TRANSPORTATION, DEPT OF	4,544.69	4,532.62	4,538.08	4,518.83	(13.79)	(0.3)	(19.25)	(0.4)	
TRANSPORTATION TOTAL	4,562.61	4,549.62	4,554.46	4,535.21	(14.41)	(0.3)	(19.25)	(0.4)	

PROGRAM AREA: CONSUMER AND BUSINESS SERVICES									
ACCOUNTANCY, BOARD OF	7.00	7.00	7.00	7.00	0.00	0.0	0.00	0.0	0.0
CHIROPRACTIC EXAMINERS, BOARD OF	4.50	4.50	4.50	4.50	0.00	0.0	0.00	0.0	0.0
CLINICAL SOCIAL WORKERS, BOARD OF	2.50	3.50	4.00	4.13	0.63	18.0	0.13	3.3	
CONSTRUCTION CONTRACTORS BOARD	61.34	80.26	76.50	76.50	(3.76)	(4.7)	0.00	0.0	
CONSUMER & BUSINESS SERVICES, DEPT OF	1,054.78	1,072.03	1,064.08	1,058.08	(13.95)	(1.3)	(6.00)	(0.6)	
COUNSELORS AND THERAPISTS, BOARD OF LICENSED	2.00	2.50	3.00	3.00	0.50	20.0	0.00	0.0	
DENTISTRY, BOARD OF	7.00	7.00	7.00	7.00	0.00	0.0	0.00	0.0	
HEALTH LICENSING AGENCY*****	27.00	31.40	33.00	33.75	2.35	7.5	0.75	2.3	
HEALTH RELATED LICENSING BOARDS									
LICENSED DIETICIANS	0.30	0.30	0.30	0.30	0.00	0.0	0.00	0.0	
MORTUARY & CEMETERY BOARD	6.50	5.00	6.00	6.00	1.00	20.0	0.00	0.0	
NATUROPATHIC EXAMINERS	2.00	2.00	2.00	2.33	0.33	16.5	0.33	16.5	
NURSING HOME ADMINISTRATORS*****	1.00	0.92	0.00	0.00	(0.92)	(100.0)	0.00	NA	
OCCUPATIONAL THERAPY LICENSING BOARD	1.25	1.25	1.25	1.25	0.00	0.0	0.00	0.0	
RADIOLOGIC TECHNOLOGY	3.00	3.00	3.00	3.00	0.00	0.0	0.00	0.0	
SPEECH PATHOLOGY AND AUDIOLOGY	1.40	1.40	1.40	1.40	0.00	0.0	0.00	0.0	
VETERINARY MEDICAL EXAMINERS BOARD	2.25	2.25	2.75	2.75	0.50	22.2	0.00	0.0	
LABOR & INDUSTRIES, BUREAU OF	107.88	111.00	106.00	105.00	(6.00)	(5.4)	(1.00)	(0.9)	
MEDICAL BOARD, OREGON	34.30	35.30	38.00	38.44	3.14	8.9	0.44	1.2	
NURSING, BOARD OF	44.25	41.75	47.75	47.75	6.00	14.4	0.00	0.0	
PHARMACY, BOARD OF	17.50	20.75	19.00	19.00	(1.75)	(8.4)	0.00	0.0	
PSYCHOLOGIST EXAMINERS, BOARD OF	3.00	3.58	4.00	4.00	0.42	11.7	0.00	0.0	
PUBLIC UTILITY COMMISSION	124.69	124.50	127.25	129.33	4.83	3.9	2.08	1.6	
REAL ESTATE AGENCY	30.41	31.62	30.63	30.63	(0.99)	(3.1)	0.00	0.0	
TAX PRACTITIONERS, STATE BOARD OF	4.00	5.00	4.00	4.00	(1.00)	(20.0)	0.00	0.0	
CONSUMER & BUSINESS SERVICES TOTAL	1,549.85	1,597.81	1,592.41	1,589.14	(8.67)	(0.5)	(3.27)	(0.2)	
PROGRAM AREA: ADMINISTRATION									
ADMINISTRATIVE SERVICES, DEPT OF	898.52	948.30	851.74	855.01	(93.29)	(9.8)	3.27	0.4	
ADVOCACY COMMISSIONS OFFICE	2.18	2.00	2.00	2.00	0.00	0.0	0.00	0.0	
EMPLOYMENT RELATIONS BOARD	12.00	13.00	12.50	12.50	(0.50)	(3.8)	0.00	0.0	
GOVERNMENT ETHICS COMMISSION	3.00	6.25	8.00	8.00	1.75	28.0	0.00	0.0	
GOVERNOR, OFFICE OF	45.50	62.56	66.00	66.00	3.44	5.5	0.00	0.0	
LIBRARY, STATE	42.47	42.84	42.26	42.26	(0.58)	(1.4)	0.00	0.0	
LIQUOR CONTROL COMM	215.46	225.68	230.72	230.72	5.04	2.2	0.00	0.0	
PUBLIC EMPLOYEES RETIREMENT SYSTEM	386.71	394.88	361.55	361.00	(33.88)	(8.6)	(0.55)	(0.2)	
RACING COMMISSION	13.22	14.52	14.52	14.52	0.00	0.0	0.00	0.0	
REVENUE, DEPT OF	997.34	968.22	1,012.26	1,023.46	55.24	5.7	11.20	1.1	
SECRETARY OF STATE	200.50	198.50	197.30	197.30	(1.20)	(0.6)	0.00	0.0	
TREASURER OF STATE	74.10	81.24	83.10	83.10	1.86	2.3	0.00	0.0	
ADMINISTRATION TOTAL	2,891.00	2,957.99	2,881.95	2,895.87	(62.12)	(2.1)	13.92	0.5	
PROGRAM AREA: LEGISLATIVE BRANCH									
INDIAN SERVICES, COMM	2.00	2.00	2.00	2.00	0.00	0.0	0.00	0.0	
LEGISLATIVE ADMINISTRATION	103.39	107.45	99.15	99.01	(8.44)	(7.9)	(0.14)	(0.1)	
LEGISLATIVE ASSEMBLY	216.95	216.20	207.44	207.36	(8.84)	(4.1)	(0.08)	0.0	
LEGISLATIVE COUNSEL	46.81	50.27	45.28	45.28	(4.99)	(9.9)	0.00	0.0	
LEGISLATIVE FISCAL OFFICER	18.75	21.00	20.50	20.50	(0.50)	(2.4)	0.00	0.0	
LEGISLATIVE REVENUE OFFICER	6.00	7.00	7.00	7.00	0.00	0.0	0.00	0.0	
LEGISLATIVE BRANCH TOTAL	393.90	403.92	381.37	381.15	(22.77)	(5.6)	(0.22)	(0.1)	
STATE OF OREGON TOTAL FTE POSITIONS	47,853.33	49,557.45	51,106.58	51,289.16	1,731.71	3.5	182.58	0.4	
* Reflects the inclusion of administrative reconciliation actions on positions to adjust to final legislatively adopted budget numbers; also includes positions established administratively and established by the Legislature during the February 2010 special session									
** Reflects transition of Office of Emergency Management functions from Oregon State Police to Military									
*** Reflects renaming of Oregon Economic and Community Development Department to the Oregon Business Development Department (HB 2152)(2009)									
**** Reflects transition of State Fair and Exposition Center to Parks and Recreation Department									
***** Reflects transition of Board of Nursing Home Administrators to the Health Licensing Agency									

Appendix B

Summary of Budget Actions in February 2010 Special Session						
2009-11						
	GF	LF	OF	FF	Total All Funds	
HB 5100	4,419,019	(33,880,652)	84,050,364	361,499,421	416,088,152	budget reconciliation
HB 5563			121,433,003	14,510,611	135,943,614	capital construction
HB 3626	150,000				150,000	
HB 3633			1		1	
HB 3698			8,541,538		8,541,538	
SB 1017	5,000,000		5,031,538		10,031,538	
SB 1049			746,907		746,907	
SB 1059			482,581		482,581	
SB 897 (2009)			500,000		500,000	Veto override
Total	9,569,019	(33,880,652)	220,785,932	376,010,032	572,484,331	
2007-09						
	GF	LF	OF	FF	Total All Funds	
HB 5563			59,764,647	265,000	60,029,647	capital construction

Appendix C

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 2007-09 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2009-11 legislatively adopted or legislatively approved amounts, but are included in the amount appropriated to the Emergency Board.
- The 2007-09 legislatively approved amounts represent expenditure authorizations through all 2007-09 Emergency Board actions and all 2007-09 budget adjustments addressed during the 2009 legislative session (including the most recent Department of Human Services rebalance). The 2007-09 legislatively approved budget also includes certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds and all actions taken by the Legislature during the February 2010 special session affecting the 2007-09 biennium.
- The 2009-11 legislatively approved budget reflects actions taken by the Legislature during the February 2010 special session that changed amounts adopted by the Legislature during the 2009 regular session. The 2009-11 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.

		2005-07 Actual \$	2007-09 Legislatively Approved \$	2009-11 Legislatively Adopted* \$	2009-11 Legislatively Approved* \$
EDUCATION					
Community Colleges and Workforce Development					
	General Fund	433,764,035	504,905,039	464,376,904	464,644,408
	Lottery Funds	-	-	9,306,103	8,929,603
	Other Funds	82,478,580	156,575,166	137,735,836	137,864,296
	Federal Funds	131,932,717	129,458,668	176,828,611	182,118,637
	Total Expenditures	648,175,332	790,938,873	788,247,454	793,556,944
Education, Dept of					
	General Fund	252,080,396	320,304,272	334,840,286	335,946,596
	Lottery Funds	56,466,743	56,415,089	55,232,892	55,232,892
	Other Funds	147,663,275	219,108,412	157,461,798	157,461,798
	Federal Funds	1,002,009,072	1,073,360,467	1,281,617,816	1,281,617,816
	Total Expenditures	1,458,219,486	1,669,188,240	1,829,152,792	1,830,259,102
State School Fund & Other K-12 Grants					
	General Fund	4,858,068,416	4,952,296,586	5,112,927,276	5,142,497,628
	Lottery Funds	447,302,659	1,061,362,741	439,791,571	409,811,243
	Other Funds	657,980	3,247,438	3,637,214	3,637,214
	Federal Funds	-	115,360,098	226,099,942	226,509,918
	Total Expenditures	5,306,029,055	6,132,266,863	5,782,456,003	5,782,456,003
Oregon University System*					
	General Fund	737,484,478	791,522,349	751,543,302	751,886,139
	Lottery Funds	9,630,340	25,982,232	23,104,431	23,104,431
	Other Funds**	3,689,645,298	4,411,254,967	4,397,189,076	4,513,486,574
	Federal Funds	-	55,639,902	69,361,591	68,951,616
	Total Expenditures	4,436,760,116	5,284,399,450	5,241,198,400	5,357,428,760
Oregon Health and Science University					
	General Fund	73,337,163	82,233,539	79,381,606	79,381,606
	Other Funds	31,945,510	31,978,666	31,978,974	31,978,974
	Total Expenditures	105,282,673	114,212,205	111,360,580	111,360,580
Student Assistance Commission					
	General Fund	62,791,959	101,610,307	90,340,451	95,040,451
	Lottery Funds	253	9,879,176	8,940,885	8,940,885
	Other Funds	12,682,289	16,481,030	18,228,045	18,228,045
	Federal Funds	2,063,925	2,104,655	1,791,006	1,791,006
	Total Expenditures	77,538,426	130,075,168	119,300,387	124,000,387
Teacher Standards & Practices Comm					
	Other Funds	4,174,259	5,090,324	5,118,071	5,118,071
EDUCATION PROGRAM AREA TOTAL					
	General Fund	6,417,526,447	6,752,872,092	6,833,409,825	6,869,396,828
	Lottery Funds	513,399,995	1,153,639,238	536,375,882	506,019,054
	Other Funds	3,969,247,191	4,843,736,003	4,751,349,014	4,867,774,972
	Federal Funds	1,136,005,714	1,375,923,790	1,755,698,966	1,760,988,993
	Total	12,036,179,347	14,126,171,123	13,876,833,687	14,004,179,847
* includes Governor's line-item veto HB 5053 ** does not include HB 3643 (2010); \$11,049,153 OF contingent on FF grant					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
			\$	\$	\$
HUMAN SERVICES					
Blind, Commission for the					
	General Fund	1,233,746	1,520,038	1,449,953	1,449,953
	Other Funds	2,786,193	2,497,700	2,525,619	2,525,619
	Federal Funds	11,364,345	12,157,237	11,651,863	11,651,863
	Total Expenditures	15,384,284	16,174,975	15,627,435	15,627,435
Children and Families, Commission on					
	General Fund	46,119,756	57,246,821	49,062,670	50,062,670
	Other Funds	18,320,733	23,487,919	17,829,193	18,767,467
	Federal Funds	2,421,701	4,522,936	4,836,294	4,836,294
	Total Expenditures	66,862,190	85,257,676	71,728,157	73,666,431
Human Services, Department of					
	General Fund	2,707,105,503	3,112,559,523	3,457,960,945	3,448,379,929
	Lottery Funds	9,191,451	13,159,004	11,557,611	10,903,639
	Other Funds	1,086,680,639	1,356,076,755	1,849,254,005	1,887,704,559
	Federal Funds	6,020,928,817	7,549,876,528	10,106,001,872	10,419,323,716
	Total Expenditures	9,823,906,410	12,031,671,810	15,424,774,433	15,766,311,843
Long Term Care Ombudsman					
	General Fund	581,337	947,535	1,174,082	1,174,082
	Other Funds	1,487,945	1,828,365	1,932,156	1,932,156
	Total Expenditures	2,069,282	2,775,900	3,106,238	3,106,238
Private Health Partnerships, Office of					
	General Fund	25,075,821	22,611,503	21,291,139	21,291,139
	Other Funds	56,349,908	50,928,448	123,025,624	123,025,624
	Total Expenditures	81,425,729	73,539,951	144,316,763	144,316,763
Psychiatric Security Review Board					
	General Fund	873,358	1,095,087	1,140,855	1,368,232
	Other Funds		2,000	2,056	111,818
	Total Expenditures	873,358	1,097,087	1,142,911	1,480,050
HUMAN SERVICES PROGRAM AREA					
	General Fund	2,780,989,521	3,195,980,507	3,532,079,644	3,523,726,005
	Lottery Funds	9,191,451	13,159,004	11,557,611	10,903,639
	Other Funds	1,165,625,418	1,434,821,187	1,994,568,653	2,034,067,243
	Federal Funds	6,034,714,863	7,566,556,701	10,122,490,029	10,435,811,873
	Total	9,990,521,253	12,210,517,399	15,660,695,937	16,004,508,760

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
			\$	\$	\$
PUBLIC SAFETY					
Corrections, Dept of					
	General Fund	1,060,812,814	1,260,826,243	1,259,794,942	1,252,084,141
	Other Funds	53,410,765	89,562,035	86,553,299	193,249,438
	Federal Funds	3,648,414	17,785,700	108,541,761	109,903,839
	Total Expenditures	1,117,871,993	1,368,173,978	1,454,890,002	1,555,237,418
Criminal Justice Commission					
	General Fund	3,278,770	6,616,896	5,364,461	5,364,461
	Other Funds	78,503	1,223,647	196,866	196,866
	Federal Funds	100,650	126,984	12,513,937	12,513,937
	Total Expenditures	3,457,923	7,967,527	18,075,264	18,075,264
District Attorneys and Their Deputies					
	General Fund	9,161,601	10,481,366	10,188,466	10,359,927
Justice, Dept of					
	General Fund	34,463,132	49,095,726	54,721,022	54,646,022
	Other Funds	156,212,673	223,970,729	227,375,333	230,957,598
	Federal Funds	95,054,809	115,379,117	126,512,997	129,648,146
	Total Expenditures	285,730,614	388,445,572	408,609,352	415,251,766
Military Department					
	General Fund	18,237,338	24,068,731	26,078,460	26,070,650
	Other Funds	11,733,037	129,890,071	126,447,477	130,145,768
	Federal Funds	70,018,953	340,116,526	258,213,859	270,313,860
	Total Expenditures	99,989,328	494,075,328	410,739,796	426,530,278
Oregon Youth Authority					
	General Fund	212,774,323	252,455,324	266,009,019	265,234,385
	Other Funds	10,195,513	31,926,779	14,669,929	14,669,929
	Federal Funds	21,199,132	30,231,731	31,443,386	31,443,387
	Total Expenditures	244,168,968	314,613,834	312,122,334	311,347,701
Parole & Post Prison Supervision, Bd. of					
	General Fund	3,450,872	3,921,748	3,517,191	3,960,399
	Other Funds	5,624	16,539	10,048	10,048
	Total Expenditures	3,456,496	3,938,287	3,527,239	3,970,447
Police, Dept of State*					
	General Fund	177,443,107	215,344,908	244,296,881	241,339,157
	Lottery Funds	6,364,954	7,150,132	7,223,958	7,223,958
	Other Funds	149,614,503	166,991,154	284,623,374	286,827,872
	Federal Funds	147,562,352	25,741,644	7,299,333	8,070,182
	Total Expenditures	480,984,916	415,227,838	543,443,546	543,461,169

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted	Approved
		\$	\$	\$	\$
Public Safety Standards & Training, Dept of					
	General Fund	8,480,768	11,010,130	11,360,288	11,360,288
	Other Funds	29,141,449	38,582,501	36,373,059	35,479,059
	Federal Funds	52,992	54,635	56,165	56,165
	Total Expenditures	37,675,209	49,647,266	47,789,512	46,895,512
PUBLIC SAFETY PROGRAM AREA					
	General Fund	1,528,102,725	1,833,821,072	1,881,330,730	1,870,419,430
	Lottery Funds	6,364,954	7,150,132	7,223,958	7,223,958
	Other Funds	410,392,067	682,163,455	776,249,385	891,536,578
	Federal Funds	337,637,302	529,436,337	544,581,438	561,949,516
	Total	2,282,497,048	3,052,570,996	3,209,385,511	3,331,129,482
* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted*	Approved*
		\$	\$	\$	\$
JUDICIAL BRANCH					
Court Procedures, Council on					
	General Fund	583	-	-	-
	Other Funds	7,996	-	-	-
	Total Expenditures	8,579	-	-	-
Judicial Department*					
	General Fund	282,060,774	310,355,186	299,252,533	297,215,227
	Other Funds	31,153,045	61,527,433	58,102,359	80,639,820
	Federal Funds	1,478,760	1,013,463	859,163	859,163
	Total Expenditures	314,692,579	372,896,082	358,214,055	378,714,210
Judicial Fitness, Commission on					
	General Fund	220,903	166,688	178,929	178,929
Public Defense Services Commission					
	General Fund	183,534,420	211,439,300	210,794,161	209,794,161
	Other Funds	316,795	1,125,502	3,981,401	12,861,974
	Total Expenditures	183,851,215	212,564,802	214,775,562	222,656,135
JUDICIAL BRANCH PROGRAM AREA					
	General Fund	465,816,680	521,961,174	510,225,623	507,188,317
	Other Funds	31,477,836	62,652,935	62,083,760	93,501,794
	Federal Funds	1,478,760	1,013,463	859,163	859,163
	Total	498,773,276	585,627,572	573,168,546	601,549,274
* includes Governor's line-item veto HB 5054					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
			\$	\$	\$
ECONOMIC AND COMMUNITY DEVELOPMENT					
Business Development Department*					
	General Fund	1,791,094	4,544,947	4,665,252	9,665,252
	Lottery Funds	93,797,043	129,157,908	113,582,000	111,215,883
	Other Funds	230,020,998	299,125,264	266,378,222	276,406,062
	Federal Funds	23,312,513	36,374,862	34,238,986	39,265,233
	Total Expenditures	348,921,648	469,202,981	418,864,460	436,552,430
Employment Department					
	General Fund	3,714,007	3,773,516	3,316,072	2,984,465
	Other Funds	1,170,845,830	2,421,151,901	2,219,755,806	3,217,481,713
	Federal Funds	247,466,002	430,827,008	795,361,075	1,898,712,475
	Total Expenditures	1,422,025,839	2,855,752,425	3,018,432,953	5,119,178,653
Housing & Community Services Dept					
	General Fund	10,872,777	19,609,773	10,312,467	10,312,467
	Lottery Funds	4,460,536	5,932,768	8,820,655	8,659,409
	Other Funds	1,628,808,600	2,248,317,105	1,675,698,941	1,675,830,104
	Federal Funds	214,452,947	260,292,336	359,720,192	387,002,340
	Total Expenditures	1,858,594,860	2,534,151,982	2,054,552,255	2,081,804,320
State Fair & Exposition Center					
	Other Funds	4,367,770	-	-	-
	Total Expenditures	4,367,770	-	-	-
Veterans' Affairs, Department of					
	General Fund	5,608,595	6,151,775	6,168,915	6,209,160
	Other Funds	443,305,106	649,304,589	534,639,868	536,028,842
	Federal Funds	-	-	-	1,791,611
	Total Expenditures	448,913,701	655,456,364	540,808,783	544,029,613
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA					
	General Fund	21,986,473	34,080,011	24,462,706	29,171,344
	Lottery Funds	98,257,579	135,090,676	122,402,655	119,875,292
	Other Funds	3,477,348,304	5,617,898,859	4,696,472,837	5,705,746,721
	Federal Funds	485,231,462	727,494,206	1,189,320,253	2,326,771,659
	Total	4,082,823,818	6,514,563,752	6,032,658,451	8,181,565,016
* HB 2152 (2009) changed the name of the Oregon Economic and Community Development Department to the Oregon Business Development Department					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted	Approved
		\$	\$	\$	\$
NATURAL RESOURCES					
Agriculture, Department of					
	General Fund	14,835,593	14,210,873	14,264,994	14,089,994
	Lottery Funds	10,924,178	10,358,644	10,144,720	10,143,165
	Other Funds	40,181,341	52,213,165	49,174,448	49,680,325
	Federal Funds	7,357,069	8,338,822	12,287,361	12,287,361
	Total Expenditures	73,298,181	85,121,504	85,871,523	86,200,845
Columbia River Gorge Commission					
	General Fund	852,939	1,050,770	860,811	885,811
	Other Funds	-	-	73,030	73,030
	Total Expenditures	852,939	1,050,770	933,841	958,841
Energy, Department of					
	General Fund	-	3,100,000	-	-
	Lottery Funds	-	-	590,347	590,347
	Other Funds	99,090,924	180,102,456	200,215,206	201,224,102
	Federal Funds	3,781,133	5,622,500	57,739,196	57,739,197
	Total Expenditures	102,872,057	188,824,956	258,544,749	259,553,646
Environmental Quality, Department of					
	General Fund	23,091,569	36,505,910	33,330,127	32,977,995
	Lottery Funds	3,799,400	5,610,171	5,426,117	5,415,717
	Other Funds	241,107,066	281,536,901	326,935,124	326,931,551
	Federal Funds	35,360,617	30,659,385	35,935,314	35,935,314
	Total Expenditures	303,358,652	354,312,367	401,626,682	401,260,577
Fish & Wildlife, Department of					
	General Fund	10,993,233	13,975,193	13,877,441	14,230,033
	Lottery Funds	5,719,505	12,164,453	6,105,448	6,105,448
	Other Funds	116,757,237	136,439,786	151,472,795	152,272,795
	Federal Funds	79,664,474	98,842,749	90,736,188	90,736,188
	Total Expenditures	213,134,449	261,422,181	262,191,872	263,344,464
Forestry, Department of					
	General Fund	52,819,882	46,393,176	40,474,980	42,588,222
	Lottery Funds	-	-	1,507,601	1,374,136
	Other Funds	198,662,336	263,482,943	214,755,346	216,905,366
	Federal Funds	15,163,791	26,483,943	46,558,712	46,558,712
	Total Expenditures	266,646,009	336,360,062	303,296,639	307,426,436
Geology & Mineral Industries, Dept of					
	General Fund	3,515,026	3,289,957	2,896,740	2,896,740
	Lottery Funds	-	1,500,000	500,000	500,000
	Other Funds	3,328,411	6,664,966	6,868,294	6,868,294
	Federal Funds	1,377,697	1,945,003	2,396,172	2,396,172
	Total Expenditures	8,221,134	13,399,926	12,661,206	12,661,206

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
			\$	\$	\$
Land Conservation & Development, Dept of					
	General Fund	13,786,288	20,267,035	16,793,066	16,793,066
	Other Funds	759,582	861,793	863,649	2,093,138
	Federal Funds	5,370,272	6,559,044	6,598,675	6,598,675
	Total Expenditures	19,916,142	27,687,872	24,255,390	25,484,879
Land Use Board of Appeals					
	General Fund	1,315,100	1,525,950	1,531,111	1,531,111
	Other Funds	62,644	77,054	80,003	80,003
	Total Expenditures	1,377,744	1,603,004	1,611,114	1,611,114
State Lands, Department of					
	General Fund	186,656	213,075	-	-
	Other Funds	17,340,196	42,610,668	25,911,841	27,179,902
	Federal Funds	2,227,353	4,929,187	6,062,037	6,101,737
	Total Expenditures	19,754,205	47,752,930	31,973,878	33,281,639
Marine Board					
	Other Funds	22,453,222	25,397,723	26,262,518	26,262,518
	Federal Funds	4,880,114	8,588,830	6,934,578	6,934,578
	Total Expenditures	27,333,336	33,986,553	33,197,096	33,197,096
Parks & Recreation Department					
	Lottery Funds	87,520,218	107,432,184	90,624,529	90,870,271
	Other Funds	92,163,590	113,369,930	94,416,010	94,170,268
	Federal Funds	7,363,360	9,420,900	14,862,468	14,984,968
	Total Expenditures	187,047,168	230,223,014	199,903,007	200,025,507
Water Resources Department					
	General Fund	21,254,080	25,957,473	21,035,526	20,863,526
	Lottery Funds	-	-	354,911	354,911
	Other Funds	5,567,010	7,233,243	13,574,310	13,746,310
	Federal Funds	551,585	1,184,828	1,197,639	1,197,639
	Total Expenditures	27,372,675	34,375,544	36,162,386	36,162,386
Oregon Watershed Enhancement Board					
	Lottery Funds	50,561,621	84,630,076	66,667,401	66,667,401
	Other Funds	753,210	1,664,862	2,009,705	2,009,705
	Federal Funds	21,870,571	22,001,679	23,220,144	23,220,144
	Total Expenditures	73,185,402	108,296,617	91,897,250	91,897,250
NATURAL RESOURCES PROGRAM AREA					
	General Fund	142,650,366	166,489,412	145,064,796	146,856,498
	Lottery Funds	158,524,922	221,695,528	181,921,074	182,021,396
	Other Funds	838,226,769	1,111,655,490	1,112,612,279	1,119,497,307
	Federal Funds	184,968,036	224,576,870	304,528,484	304,690,685
	Total	1,324,370,093	1,724,417,300	1,744,126,633	1,753,065,886

	2005-07 Actual \$	2007-09 Legislatively Approved \$	2009-11 Legislatively Adopted \$	2009-11 Legislatively Approved \$
TRANSPORTATION				
Aviation, Department of				
Other Funds	6,886,659	9,563,576	6,738,855	6,738,855
Federal Funds	2,863,075	10,933,166	2,470,000	2,470,000
Total Expenditures	9,749,734	20,496,742	9,208,855	9,208,855
Transportation, Department of*				
General Fund	8,626,167	4,504,713	10,000,000	7,700,000
Lottery Funds	22,819,711	46,559,957	85,445,103	85,445,103
Other Funds	2,798,948,109	3,520,717,731	3,887,374,866	3,890,374,866
Federal Funds	50,690,562	81,466,942	87,466,949	89,466,950
Total Expenditures	2,881,084,549	3,653,249,343	4,070,286,918	4,072,986,919
TRANSPORTATION PROGRAM AREA				
General Fund	8,626,167	4,504,713	10,000,000	7,700,000
Lottery Funds	22,819,711	46,559,957	85,445,103	85,445,103
Other Funds	2,805,834,768	3,530,281,307	3,894,113,721	3,897,113,721
Federal Funds	53,553,637	92,400,108	89,936,949	91,936,950
Total	2,890,834,283	3,673,746,085	4,079,495,773	4,082,195,774
* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table				

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES					
Accountancy, Board of					
	Other Funds	1,472,666	2,063,391	1,752,239	1,752,239
Chiropractic Examiners, Board of					
	Other Funds	1,003,629	1,156,726	1,243,565	1,243,565
Clinical Social Workers, Board of					
	Other Funds	581,996	857,778	927,435	927,435
Construction Contractors Board					
	Other Funds	11,333,433	15,802,536	15,082,530	15,082,530
Consumer and Business Services, Dept of					
	Other Funds	587,391,992	731,895,947	813,829,694	813,829,694
Dentistry, Board of					
	Other Funds	1,674,133	1,963,097	2,182,624	2,182,624
Health Licensing Agency					
	Other Funds	5,102,020	6,410,206	6,403,386	6,402,806
Health Related Licensing Boards:					
Licensed Dietitians					
	Other Funds	58,026	84,451	76,603	76,354
Mortuary and Cemetery Board					
	Other Funds	1,021,759	1,093,108	1,260,188	1,256,294
Naturopathic Examiners					
	Other Funds	342,014	481,581	495,406	543,608
Nursing Home Administrators*					
	Other Funds	179,584	216,925	-	-
Occupational Therapy Licensing Bd					
	Other Funds	213,006	296,776	338,178	337,191
Radiologic Technology					
	Other Funds	433,225	588,139	615,094	612,737
Speech-Language Path. and Audio.					
	Other Funds	258,523	304,145	314,657	313,554
Veterinary Medical Examiners Bd					
	Other Funds	505,033	578,087	660,617	658,855

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
		\$	\$	\$	\$
Health Related Licensing Boards Total					
	Other Funds	3,011,170	3,643,212	3,760,743	3,798,593
Investigators, Board of					
	Other Funds	73,332	-	-	-
Labor & Industries, Bureau of					
	General Fund	11,658,779	12,774,373	13,156,979	12,915,379
	Other Funds	7,223,172	8,867,282	9,049,612	9,266,212
	Federal Funds	1,256,505	1,546,856	1,412,409	1,412,409
	Total Expenditures	20,138,456	23,188,511	23,619,000	23,594,000
Licensed Prof Counselors and Therapists, Bd					
	Other Funds	655,496	675,068	789,059	789,059
Medical Board, Oregon					
	Other Funds	7,009,267	8,815,036	9,457,645	9,532,401
Nursing, Board of					
	Other Funds	8,206,560	10,247,281	11,700,411	11,700,411
Pharmacy, Board of**					
	Other Funds	3,478,189	4,407,856	4,903,896	4,916,407
	Federal Funds	14,352	357,545	-	-
	Total Expenditures	3,492,541	4,765,401	4,903,896	4,916,407
Psychologist Examiners, Board of					
	Other Funds	720,718	1,042,816	1,041,395	1,041,395
Public Utility Commission					
	Other Funds	132,955,731	141,250,848	134,333,365	134,555,726
	Federal Funds	365,169	484,012	493,843	2,910,317
	Total Expenditures	133,320,900	141,734,860	134,827,208	137,466,043
Real Estate Agency					
	Other Funds	6,912,911	8,045,251	8,377,812	8,377,812
Tax Practitioners, Board of					
	Other Funds	892,929	1,105,711	996,527	996,527
CONSUMER AND BUSINESS SERVICES PROGRAM AREA					
	General Fund	11,658,779	12,774,373	13,156,979	12,915,379
	Other Funds	779,699,344	948,250,042	1,025,831,938	1,026,395,436
	Federal Funds	1,636,026	2,388,413	1,906,252	4,322,726
	Total	792,994,149	963,412,828	1,040,895,169	1,043,633,541
* Board of Examiners of Nursing Home Administrators moved into Oregon Health Licensing Agency beginning with the 2009-11 legislatively adopted budget.					
** Board of Pharmacy was included in Health-Related Licensing Boards until the 2007-09 budget; now a separate stand-alone agency.					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted	Approved**
		\$	\$	\$	\$
ADMINISTRATION					
Administrative Services, Dept of*					
	General Fund	9,816,287	8,238,635	15,977,629	13,282,658
	Lottery Funds	600,000	-	5,168,130	5,011,179
	Other Funds	921,800,550	1,664,199,838	2,546,325,457	3,445,594,724
	Federal Funds	470,721	-	47,000	47,001
	Total Expenditures	932,687,558	1,672,438,473	2,567,518,216	3,463,935,562
County Fairs*					
	Lottery Funds	3,344,827	3,554,474	3,021,303	2,807,758
Historical Society*					
	General Fund	-	2,609,668	625,000	625,000
Oregon Public Broadcasting*					
	General Fund	-	-	125,000	125,000
	Lottery Funds	1,619,165	1,790,684	1,882,590	1,882,590
	Other Funds	-	3,000,000	-	-
	Total Expenditures	1,619,165	4,790,684	2,007,590	2,007,590
Advocacy Commissions Office					
	General Fund	175,365	380,455	419,895	419,895
	Other Funds	72,102	103,988	75,000	75,000
	Total Expenditures	247,467	484,443	494,895	494,895
Employment Relations Board					
	General Fund	1,449,843	1,781,669	1,717,400	1,732,400
	Other Funds	1,351,934	1,714,806	1,758,626	1,758,626
	Total Expenditures	2,801,777	3,496,475	3,476,026	3,491,026
Government Ethics Commission					
	General Fund	636,522	1,266,701	176,399	176,399
	Other Funds	3,262	3,379	1,381,699	1,381,699
	Total Expenditures	639,784	1,270,080	1,558,098	1,558,098
Governor, Office of the					
	General Fund	8,168,306	11,249,832	10,905,192	10,905,192
	Lottery Funds	1,674,526	2,106,349	2,014,225	1,941,910
	Other Funds	973,742	2,662,537	4,314,229	4,314,229
	Federal Funds	62,943	16,750	-	-
	Total Expenditures	10,879,517	16,035,468	17,233,646	17,161,331
Oregon Liquor Control Comm					
	Other Funds	115,365,891	122,141,357	134,285,467	134,285,467
Public Employees Retirement System					
	Other Funds	5,481,963,346	6,373,907,468	6,558,469,367	6,558,969,367

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted	Approved**
		\$	\$	\$	\$
Racing Commission, Oregon					
	Other Funds	4,983,295	5,848,854	5,941,351	5,941,351
Revenue, Dept of					
	General Fund	134,178,423	146,199,886	152,533,566	152,089,266
	Other Funds	29,384,991	35,102,489	33,698,188	37,198,188
	Total Expenditures	163,563,414	181,302,375	186,231,754	189,287,454
Secretary of State					
	General Fund	11,413,725	13,983,671	11,639,792	11,639,792
	Other Funds	32,004,781	39,108,419	38,386,600	38,386,600
	Federal Funds	5,747,937	9,222,719	7,505,935	7,505,935
	Total Expenditures	49,166,443	62,314,809	57,532,327	57,532,327
State Library					
	General Fund	2,870,571	3,231,652	3,387,024	3,387,024
	Other Funds	6,615,839	7,136,406	7,176,422	7,176,422
	Federal Funds	3,987,317	4,822,563	4,710,785	4,710,785
	Total Expenditures	13,473,727	15,190,621	15,274,231	15,274,231
Treasury, Oregon State					
	Other Funds	24,218,151	33,662,234	35,109,761	35,109,761
ADMINISTRATION PROGRAM AREA					
	General Fund	168,709,042	188,942,169	197,506,897	194,382,626
	Lottery Funds	7,238,518	7,451,507	12,086,248	11,643,437
	Other Funds	6,618,737,884	8,288,591,775	9,366,922,167	10,270,191,434
	Federal Funds	10,268,918	14,062,032	12,263,720	12,263,721
	Total	6,804,954,362	8,499,047,483	9,588,779,032	10,488,481,218
* Oregon Public Broadcasting, County Fairs, and Oregon Historical Society are included in the budget for the Department of Administrative Services as pass-throughs; they are shown separately in this table for informational purposes.					

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
		\$	Approved	Adopted	Approved
			\$	\$	\$
LEGISLATIVE BRANCH					
Indian Services, Commission on					
	General Fund	289,848	379,753	413,427	413,427
	Other Funds	321	6,109	6,280	6,280
	Total Expenditures	290,169	385,862	419,707	419,707
Legislative Administration Committee					
	General Fund	21,817,506	31,551,257	25,297,160	25,297,160
	Other Funds	4,425,687	38,052,738	5,001,240	5,223,806
	Total Expenditures	26,243,193	69,603,995	30,298,400	30,520,966
Legislative Assembly					
	General Fund	27,722,266	34,068,340	32,943,483	32,943,483
	Other Funds	173,273	289,758	345,740	345,740
	Total Expenditures	27,895,539	34,358,098	33,289,223	33,289,223
Legislative Counsel Committee					
	General Fund	7,241,019	8,530,009	8,394,303	8,394,303
	Other Funds	1,920,286	2,374,943	2,516,368	2,516,368
	Total Expenditures	9,161,305	10,904,952	10,910,671	10,910,671
Legislative Fiscal Officer					
	General Fund	4,555,885	5,633,630	5,995,339	5,995,339
	Other Funds	-	-	-	100,000
	Total Expenditures	4,555,885	5,633,630	5,995,339	6,095,339
Legislative Revenue Officer					
	General Fund	1,585,121	1,945,713	2,134,888	2,134,888
LEGISLATIVE BRANCH PROGRAM AREA					
	General Fund	63,211,645	82,108,702	75,178,600	75,178,600
	Other Funds	6,519,567	40,723,548	7,869,628	8,192,194
	Total	69,731,212	122,832,250	83,048,228	83,370,794

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted	Approved
		\$	\$	\$	\$
MISCELLANEOUS					
Emergency Board					
	General Fund	-	-	30,000,000	20,000,000
	Total Expenditures	-	-	30,000,000	20,000,000
	Special Purpose Appropriations (details below)	-	-	46,147,321	53,479,570
MISCELLANEOUS PROGRAM TOTAL					
	General Fund	-	-	76,147,321	73,479,570
	Total	-	-	76,147,321	73,479,570
Special Purpose Appropriations (SPA)					
	State Employee Supplemental Costs - Health Benefits		-	32,000,000	-
	ODF - Fire Protection Services		-	4,722,321	2,585,301
	Various Agencies - Oregon School for Blind Closure		-	2,850,000	2,850,000
	CRGC - Ordinance Adoption Report		-	25,000	-
	ODE - Local Option Equalization Grants			900,000	900,000
	Various Agencies - Interagency Compliance Network			750,000	750,000
	SOS - Special Election Costs			2,000,000	2,000,000
	DOJ - TMSA Defense			1,500,000	1,500,000
	LAC/SOS - Redistricting Costs			600,000	600,000
	Legislative Branch Agencies - Special Session Costs			800,000	800,000
	OSAC - Scholarships for 1st School Year of Biennium				5,000,000
	PDSC - Potential HB 2287 Revenue Shortfall				3,500,000
	DHS - Caseload and Other Cost Increases				30,000,000
	DSL - Portland Harbor Legal Expenses				2,825,910
	ODVA - Veterans' Educational Aid Program				168,359
	SPA Totals		-	46,147,321	53,479,570

		2005-07	2007-09	2009-11	2009-11
		Actual	Legislatively	Legislatively	Legislatively
			Approved	Adopted*	Approved*
		\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES					
General Fund		11,609,277,845	12,793,534,225	13,298,563,121	13,310,414,597
Lottery Funds		815,797,130	1,584,746,042	957,012,531	923,131,879
Other Funds		20,103,109,148	26,560,774,601	27,688,073,382	29,914,017,400
Federal Funds		8,245,494,718	10,533,851,920	14,021,585,254	15,499,595,286
Total Expenditures		40,773,678,841	51,472,906,788	55,965,234,288	59,647,159,162
* includes Governor's line-item veto HB 5054					

	2005-07	2007-09	2009-11	2009-11
	Actual	Legislatively	Legislatively	Legislatively
	\$	Approved	Adopted	Approved
	\$	\$	\$	\$
NON-ADD EXPENDITURES*				
Administrative Services, Dept. of	360,069,186	654,738,538	652,344,430	652,344,430
Employment Department	21,368,383	23,302,437	24,818,474	24,818,474
Justice, Department of	91,927,723	138,395,579	124,316,773	124,316,773
Secretary of State	12,122,386	15,156,645	15,714,764	15,714,764
Treasurer of State	24,218,151	30,818,370	31,609,761	31,609,761
Total Non-Add Expenditures	509,705,829	862,411,569	848,804,202	848,804,202
<p>* 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 state wide budget; the Non-Add expenditures in this table represent the most significant Non-Adds in the budget, but is not a complete listing of all Non-Adds.</p>				