

Budget Highlights

**Updated 2013-15
Legislatively Approved Budget**

**Based on
2013 Special Session
and
2014 Session Actions**



**LEGISLATIVE FISCAL OFFICE
APRIL 2014**

**STATE OF OREGON
LEGISLATIVE FISCAL OFFICE**

900 COURT STREET NE
STATE CAPITOL, ROOM H-178
SALEM OR 97301-4048
PHONE 503-986-1828
FAX 503-373-7807



KEN ROCCO
LEGISLATIVE FISCAL OFFICER

DARON HILL
DEPUTY LEGISLATIVE FISCAL OFFICER

April 16, 2014

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

The Legislative Fiscal Office has prepared this update to the *2013-15 Budget Highlights* to incorporate legislative changes made to the budget during the 2013 special session and the 2014 session, plus any other administrative changes made since the adoption of the 2013-15 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

Legislative Fiscal Office Staff

Administration

Ken Rocco, Legislative Fiscal Officer – Emergency Board

Daron Hill, Deputy Fiscal Officer – Legislative Branch

Gina Rumbaugh, Committee Manager

Lynn Buchanan, Administrative Associate

Budget Analysts

Linda Ames – Oregon Health Authority

Steve Bender – Business Development, Secretary of State, Judicial Department

John Borden – Public Employees, Revenue, Military

Laurie Byerly – Department of Human Services

Bob Cummings – Information Management and Technology

Michelle Deister – Housing, Employment

Linda Gilbert – Transportation, Natural Resources, Public Safety

Sean McSpaden – Information Management and Technology

Paul Siebert – Higher Education, Administrative Services, Natural Resources

Doug Wilson – K-12 Education, Community Colleges

Fiscal Analysts

Krista McDowell – Economic Development, Natural Resources

Matt Stayner – Consumer Services, Administrative Services

John Terpening – Public Safety, Judicial Branch

Kim To – Human Services, Legislative Branch

Tim Walker – Education, Transportation

Table of Contents

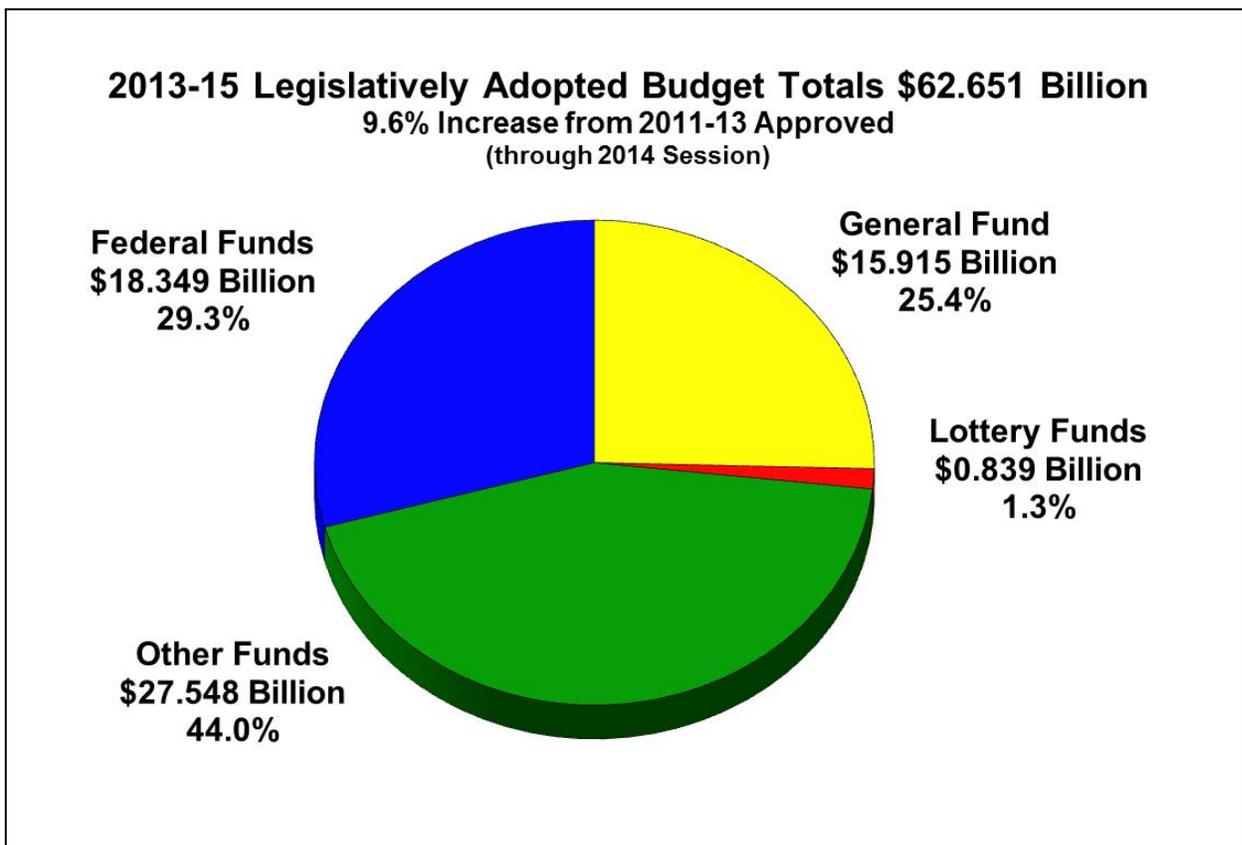
Summary of 2013-15 LAB / 2013 Special Session and 2014 Session Actions.....	1
Budget Overview	1
General Fund and Lottery Expenditures	5
Lottery Revenues and Expenditures	10
Other Funds Expenditures.....	13
Federal Funds Expenditures.....	15
Program Area Summaries.....	18
Education	18
Human Services	22
Public Safety and Judicial Branch	26
Economic and Community Development.....	30
Natural Resources	34
Consumer and Business Services.....	38
Transportation	40
Administration	41
Legislative Branch	45
Emergency Fund	46
Additional 2014 Session Legislative Actions.....	48
Capital Construction	51
State Bonding.....	53
Information Technology in the 2013-15 LAB / 2014 Update	57
2014 Session Budget Notes	60
2014 Session Fiscal Impact Statements	66
Substantive Bills Enacted into Law with a Budget Effect	68
Appendix A: Number of Positions and Full-Time Equivalency (FTE).....	A-1
Appendix B: Summary of Expenditures.....	B-1

Summary of 2013-15 Legislatively Approved Budget 2013 Special Session and 2014 Session Actions

Budget Overview

The legislatively approved budget (LAB) for the 2013-15 biennium, as adjusted during the 2013 special session and the 2014 regular session, and including authorized executive branch administrative actions, is \$62.651 billion total funds, an increase of \$2.83 billion from the 2013-15 budget adopted at the end of the 2013 session. The budget increase since the 2013 session was comprised of about \$1.54 billion Federal Funds, mostly in human services programs, \$981 million Other Funds, and \$314 million in combined General Fund and Lottery Funds.

The total approved budget for 2013-15 includes \$16.8 billion in combined General Fund and Lottery Funds, \$27.5 billion Other Funds, and \$18.3 billion Federal Funds. The 2013-15 total budget represents a 9.6% increase over the 2011-13 biennium's legislatively approved total budget of \$57.2 billion, and is a 4.7% increase from the budget adopted during the 2013 session. Although Lottery Funds in the 2013-15 budget were down by \$212 million from 2011-13, primarily due to the use of \$182 million of Education Stability Fund resources in the 2011-13 budget, combined General Fund and Lottery Funds were up by \$2 billion in 2013-15, an increase of 13.7%. Federal Funds also increased substantially, up by \$2.5 billion, or an increase of 15.8%. The other component of the state budget, Other Funds, recorded an increase of \$973 million between 2013-15 and 2011-13, a gain of 3.7%.



Besides authorized administrative actions that added \$283 million Other Funds Nonlimited and \$140 million Federal Funds Nonlimited to the 2013-15 budget adopted during the 2013 session, the Legislature took three sets of actions between July 2013 and March 2014 that changed the state's biennial budget:

- September - October 2013 Special Session
- November 2013 Emergency Board Meeting
- February - March 2014 Session

The 2013 special session (September 30th through October 2nd) resulted in the generation of a projected \$168 million General Fund from changes in various income taxes and an increase of \$21 million Other Funds from an increase in the cigarette tax dedicated to mental health programs. The Legislature also passed HB 5101 that included an increase of \$140 million General Fund for education programs (\$100 million for the State School Fund; \$25 million for the Oregon University System; and \$15 million for the Community College Support Fund). The increase for the State School Fund was intended to be used in the 2014-15 school year for school districts to hire additional teachers and other education professionals to decrease class sizes and to add back school days to increase instructional time for students. The increase for the Oregon University System was to limit projected tuition increases on resident undergraduates for the 2014-15 school year and for Winter and Spring 2014 terms to the extent possible. The increase for the Community College Support Fund was provided to freeze or limit any increases in tuition and fees at community colleges in the second year of the biennium.

The bill also included \$10 million General Fund for the Oregon Project Independence program in the Department of Human Services and \$5 million General Fund for the Elderly and People with Disabilities Transportation program in the Department of Transportation. In addition, another \$26 million General Fund was appropriated to the Emergency Board for additional services to seniors by state agencies. About \$13.3 million of these funds were provided to state agencies in the 2014 session. HB 5101 also included a \$10 million Other Funds expenditure limitation increase to fully fund the mental health system for children and young adults for 18 months of the biennium and to provide additional community based, coordinated services to individuals in crisis in order to avoid costlier levels of care such as hospitalization or entry into the criminal justice system. Another \$10 million of Other Funds revenue was projected to be available for additional investments in adult mental health services and was authorized in the 2014 session.

The Emergency Board then met in a special meeting in November 2013 to address 2013 fire season costs incurred by the Department of Forestry. Due to the extraordinary costs associated with the 2013 fire season, the Department of Forestry required approximately \$40 million General Fund as the state's responsibility, plus needed additional Other Funds expenditure limitation to spend other resources dedicated to fire costs. Since the Emergency Board did not have sufficient resources at that time to cover the \$40 million need and since the Legislature was scheduled to meet in February in regular session, the Emergency Board deferred the \$40 million General Fund request, but committed to covering the costs when the full Legislature next met, allocated \$2 million General Fund from a special purpose appropriation for fire severity costs, and increased the agency's Other Funds expenditure limitation by \$124 million for emergency fire protection expenses.

The 2014 session was the second regular session of the Legislature occurring in an even-numbered year under the constitutional change passed by the voters in November 2010 authorizing annual sessions. Ballot Measure 71 changed the requirement for the Legislature to meet from once every two years to once each year and limited the session length to 160 calendar days in the odd-numbered year and to 35 calendar days in the even-numbered year. The Legislature had experimented with the shorter

even-numbered year session in 2008 and 2010 by calling itself into special sessions. For this second regular even-numbered year session, the Legislature convened on February 3, 2014, and completed business on March 7, 2014, within the constitutional 35 day limit.

As part of the 2014 session plan, the quarterly economic and revenue forecast was released on February 12th 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 2014 forecast) showed a slight increase over the previous forecast of \$20 million; this followed forecast declines of \$40 million in September and \$45 million in December. The net of these forecast changes left the state with a projected General Fund ending balance of \$237 million. Of that amount, however, \$155 million was due to an action taken by the Legislature in 2013 to reduce all General Fund budgets, after determining the 2013-15 budget, by 2% and retaining that amount as a supplemental ending balance. The Legislature indicated that if economic conditions warranted, all or part of this supplemental ending balance would be restored to state agencies during the 2014 session.

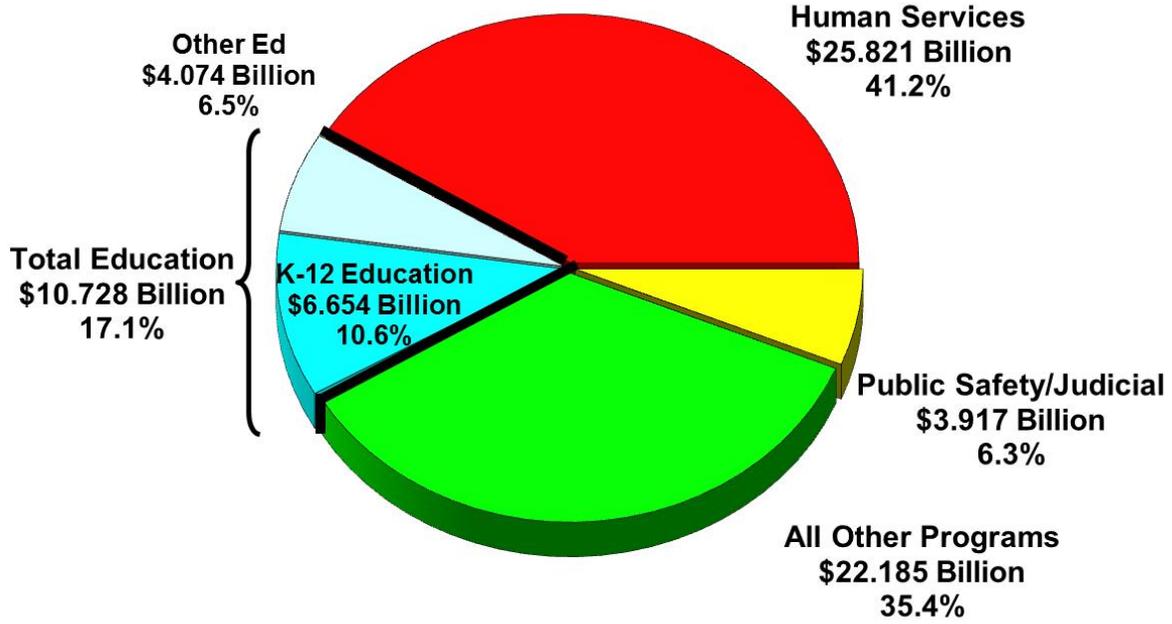
The budget rebalance plan that was the focus of the 2014 session was characterized by general concerns about the remaining revenue forecasts for the biennium and by budget restoration needs identified by the Joint Committee on Ways and Means resulting primarily from the 2% supplemental ending balance holdback. To address future forecasts, the Committee targeted retaining at least a \$120 million General Fund ending balance after all 2014 session actions.

To implement the budget actions taken during the 2014 session, the Joint Committee on Ways and Means produced six main budget bills:

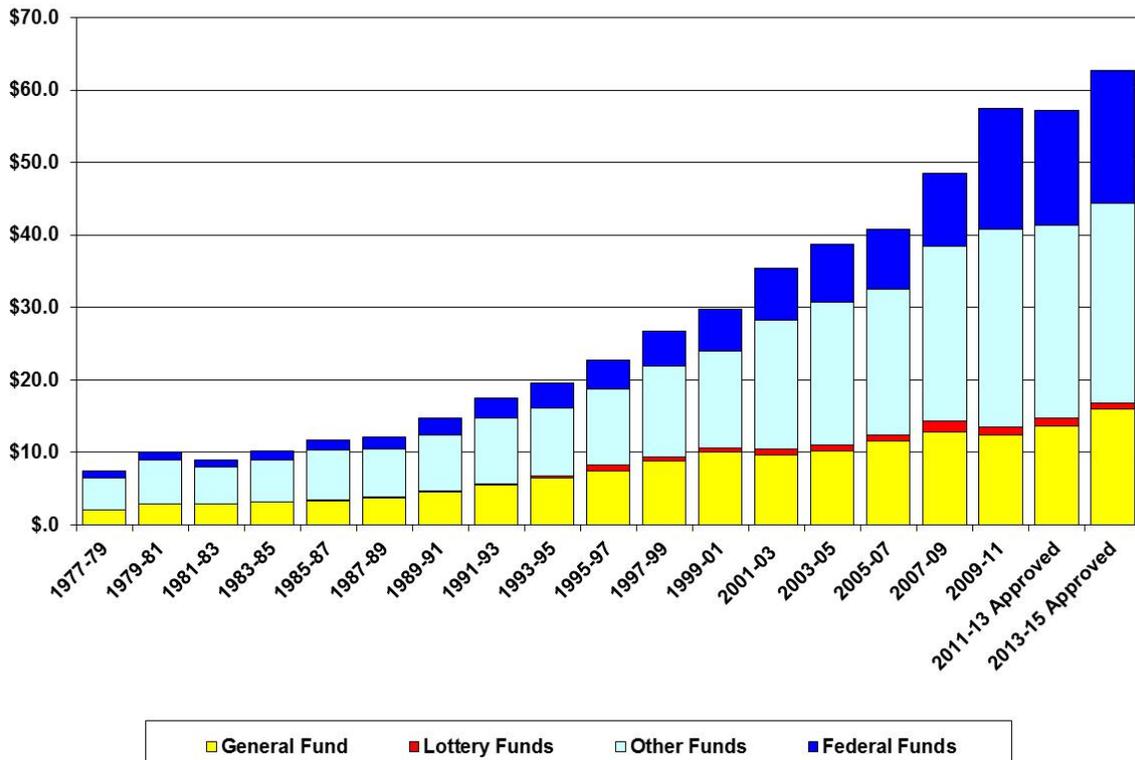
- HB 5201 – omnibus budget reconciliation
- HB 4157 – non-appropriation program changes to implement budget decisions
- HB 5202 – fee ratification
- SB 5701 – lottery funds and other allocation changes
- SB 5703 – bonding authorization changes
- SB 5702 – capital construction adjustments

Details of the content of these bills and the 2014 budget rebalance plan are described in the following sections of this document.

2013-15 Legislatively Adopted Budget - Total Funds \$62.651 Billion
 9.6% Increase from 2011-13 Approved
 (through 2014 Session)



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



General Fund and Lottery Expenditures

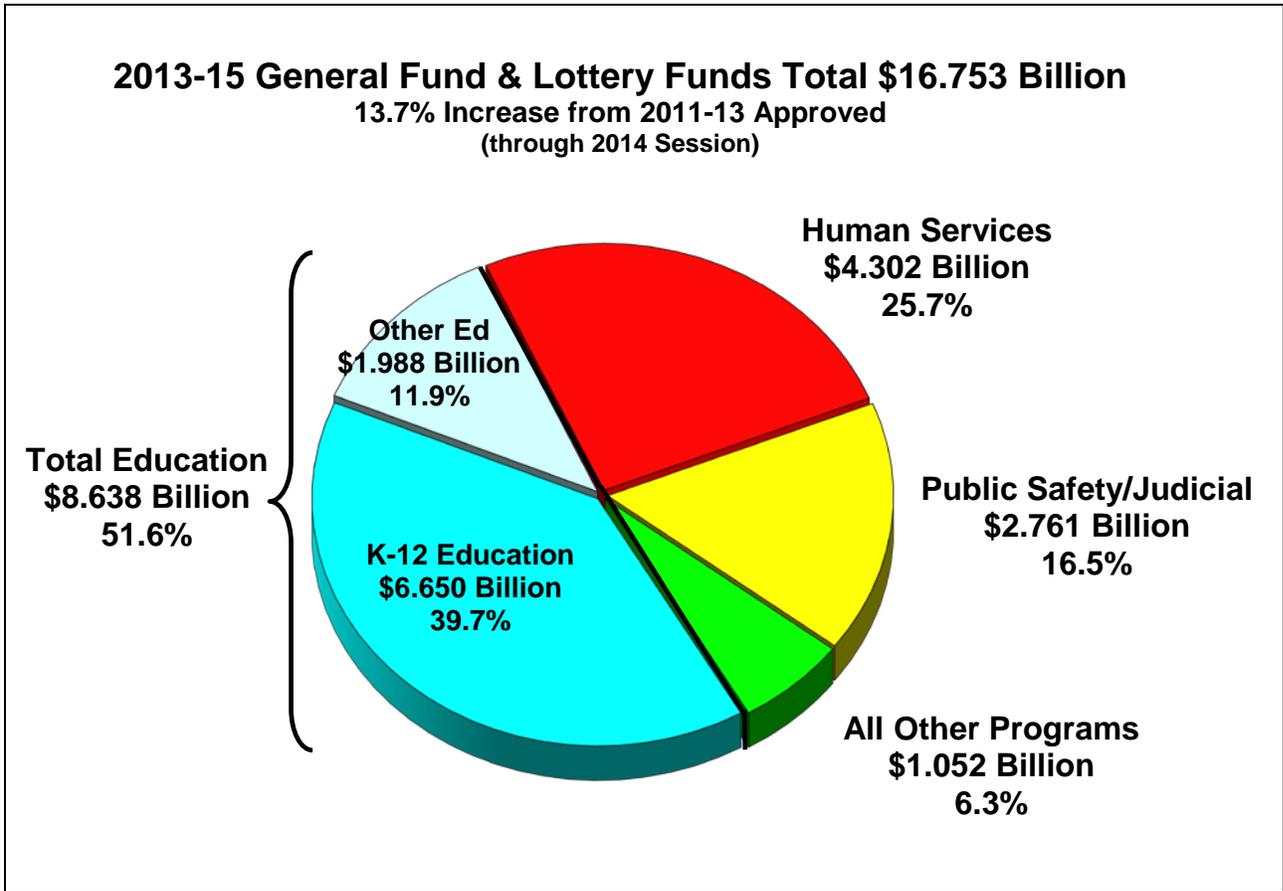
Combined General Fund and Lottery Funds expenditures for the 2013-15 biennium as a result of 2013 special session and 2014 regular session actions total \$16.753 billion, up \$2.013 billion from the legislatively approved budget for the 2011-13 biennium, an increase of 13.7%, and up \$313.7 million from the legislatively adopted budget for the 2013-15 biennium, an increase of 1.9%. Most of this budget growth came from the General Fund as appropriations increased by \$306 million from the adopted budget, from \$15.609 billion to \$15.915 billion. Lottery Funds expenditures only increased by \$7.7 million from the adopted budget, from \$831 million to \$838.7 million, and were actually \$212.7 million below the Lottery Funds budget of the 2011-13 biennium, primarily due to the use of Education Stability Fund reserves (counted as Lottery Funds) during the 2011-13 budget period. The 13.7% growth in combined General Fund and Lottery Funds expenditures for the 2013-15 biennium is the highest percentage change over the prior biennium since 2007-09.

Unlike the situation two years ago when the state was experiencing revenue forecasts consistently showing economic weakness, the economic situation heading into the 2014 session was displaying a more stable situation, although forecasted revenues were down from the 2013 close-of-session forecast. After release of the March 2014 forecast (in mid-February), the Co-Chairs of the Joint Committee on Ways and Means were facing a situation where the state's projected General Fund ending balance was \$237.3 million, down from the close-of-session estimate of \$301.5 million. In addition, \$154.9 million of the ending balance was in the form of a 2% supplemental amount that was reduced from most General Fund budgets at the end of the 2013 session after budgets for the 2013-15 biennium had been set. This supplemental ending balance amount was potentially going to be restored during the 2014 session if economic conditions warranted such a restoration. Due to the net revenue loss resulting from the three forecasts subsequent to the end of the 2013 session and to the extraordinary fire costs that needed to be covered during the 2014 session, the state would have been left with a projected ending balance of only \$42.4 million with five quarterly forecasts remaining if the entire \$154.9 million 2% supplemental ending balance was restored to agencies.

The Co-Chairs developed a budget rebalance plan for the 2014 session that would result in an ending balance of \$120 million General Fund. The first step in implementing this plan was to determine how much of the 2% supplemental amount would be returned to agencies. Agencies were asked for prioritized lists of programs and activities that would be restored from a 2% holdback restoration and provided this information to the Legislative Fiscal Office in January 2014. Reviews of these prioritized lists were conducted through the middle of February with a final decision to restore approximately 44% of the total amount of the supplemental ending balance holdback, or approximately \$68.3 million of the total \$154.9 million. In general, the default position was to restore 25% of the amount except for certain priority need areas of the budget, some of which received 100% restoration.

Details of the 2013-15 biennium rebalance plan as enacted during the 2014 session can be found in the following table and in the following sections of this document.

2014 General Fund Rebalance Plan for the 2013-15 Biennium		
General Fund Beginning Balance (Dec. 2013)		
Regular	62,301,783	
2% Supplemental Ending Balance	154,895,175	
	217,196,958	
General Fund Change - March 2014 Forecast	20,150,000	
General Fund Ending Balance - March 2014	237,346,958	
Additional Resources/Expenditure Reductions		
OHA - Balance of A&D Rate Increase SPA	357,105	
HCSD - Balance of 2nd Year Funding SPA	450,000	
DOR - One-time Savings	2,600,000	
SOS - Corporation Division	2,200,000	
ODE - Balance of Student Assessment System SPA	200,000	
OJD - Judicial Compensation Savings	108,823	
OJD - Debt Services Savings	144,201	
OHA - DHS SPA Reduction	1,000,000	
Undistributed SPA for State Employee Compensation	7,114	
Projected Additional Expenditures		
ODF - 2013 Fire Season Costs	(40,000,000)	
Various - Restoration of 2% SEB Holdback	(68,308,842)	
ODA - GMO Task Force for OUS	(125,000)	
OJD - SPA for 3rd Party Collections	(700,000)	
OJD - SPA for Operations	(1,300,000)	
ODE - Career and Technical Education	(2,000,000)	
DAS/OUS - Specialized One-Time Compensation Issues	(2,000,000)	
HCSD - Emergency Housing and Homeless Assistance	(2,000,000)	
ERB - Pay Differentials	(116,236)	
ODA - Hemp Production Rulemaking	(65,000)	
PDSC - State Government Service Charge Adjustment	(48,631)	
DAS - Western Juniper Utilization Group	(80,000)	
OBDD - Dislocated Worker Training Program (SB 1527)	(250,000)	*
DOJ - Oregon Crime Victims Law Center	(135,000)	
CCWD - Underserved, Low-Income Student Grants (HB 4116)	(750,000)	
OHA - Durable Medical Equipment (HB 4108)	(75,000)	
OHA - Basic Health Program Study (HB 4109)	(60,000)	
DAS - County Assessor Pilot	(345,000)	
OHA - Breast/Cervical Cancer Screening	(270,000)	
DAs - Salary Increase \$5,000 per year effective July 1, 2014	(240,000)	
OBDD - Port Orford Cannery Reconstruction	(400,000)	*
LRO - Tax Expenditures	(40,000)	revenue loss
OJD - CFA Funding for Position Compensation	(41,347)	revenue loss
ODE - Support for Low Performing Title 1 Schools (HB 4117)	(500,000)	
OBDD - Oregon Manufacturing Extension Partnership (OMEPE)	(750,000)	*
GOV - Infrastructure Centers	(448,000)	
GOV - Infrastructure Exchange	(600,000)	
OJD - Douglas County Court Security	(50,000)	
DHS - Nutrition Programs	(200,000)	
OHA - Eugene Rehabilitation Center	(50,000)	
DEQ - Air Quality Monitoring	(375,000)	
DHS - Pay for Prevention	(800,000)	
ODE - Long Term Care and Treatment Program	(1,000,000)	
DAS - Forest Grove Community Center Planning Grant	(100,000)	
DHS - County Developmental Disabilities Program Gap Funding	(490,000)	
DAS - Primary Health Care Loan Forgiveness Program	(200,000)	
Net General Fund Ending Balance Position	120,901,145	
General Purpose Emergency Fund Balance	30,000,000	
OHA/DHS Special Purpose Appropriation for Issues	24,000,000	
* funded with Lottery Funds, not General Fund		



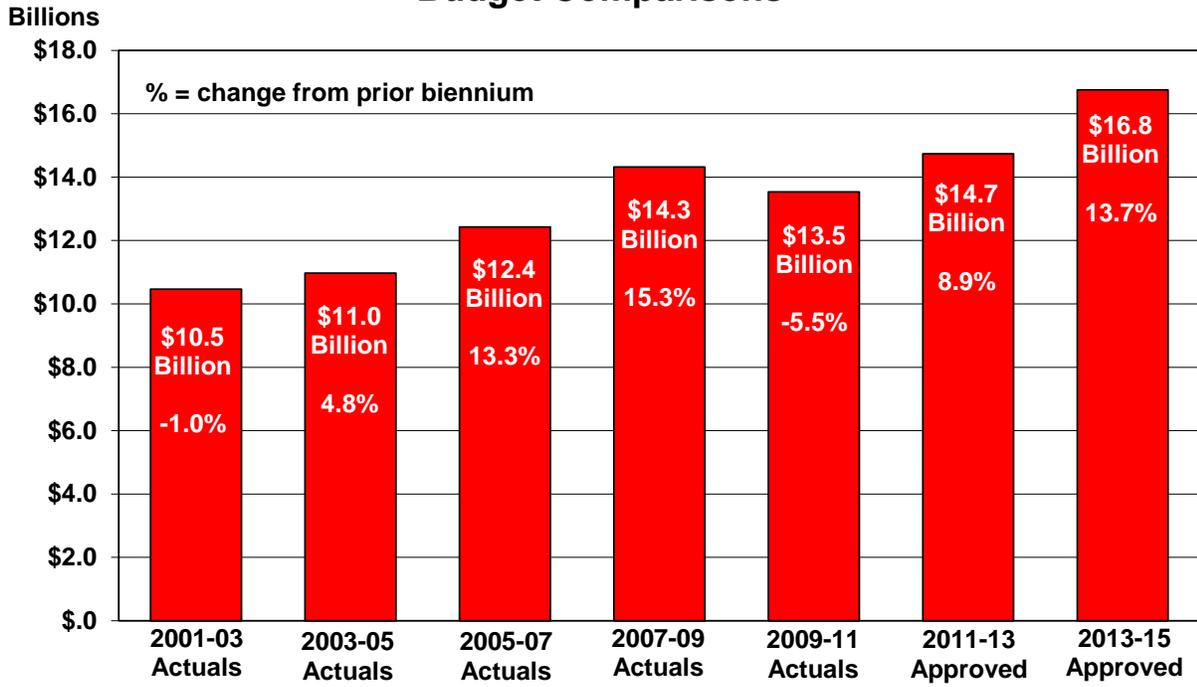
Other actions taken by the Legislature during the 2014 session towards rebalancing the 2013-15 budget included the following:

- a transfer of \$2.2 million from the Secretary of State’s Corporation Division to the state General Fund;
- disappropriation of special purpose appropriations made to the Emergency Board for state (\$86.5 million) and non-state (\$12.9 million) employee compensation changes (these amounts were then distributed to state agencies in HB 5201);
- disappropriation of several other special purpose appropriations to the Emergency Board established in the adopted budget totaling approximately \$19 million (most of which were then appropriated to the intended agency for the intended purpose); and
- the appropriation of \$13.3 million from a \$26 million special purpose appropriation established during the 2013 special session for senior programs (the unspent amount of \$12.7 million remains in the special purpose appropriation to the Emergency Board).

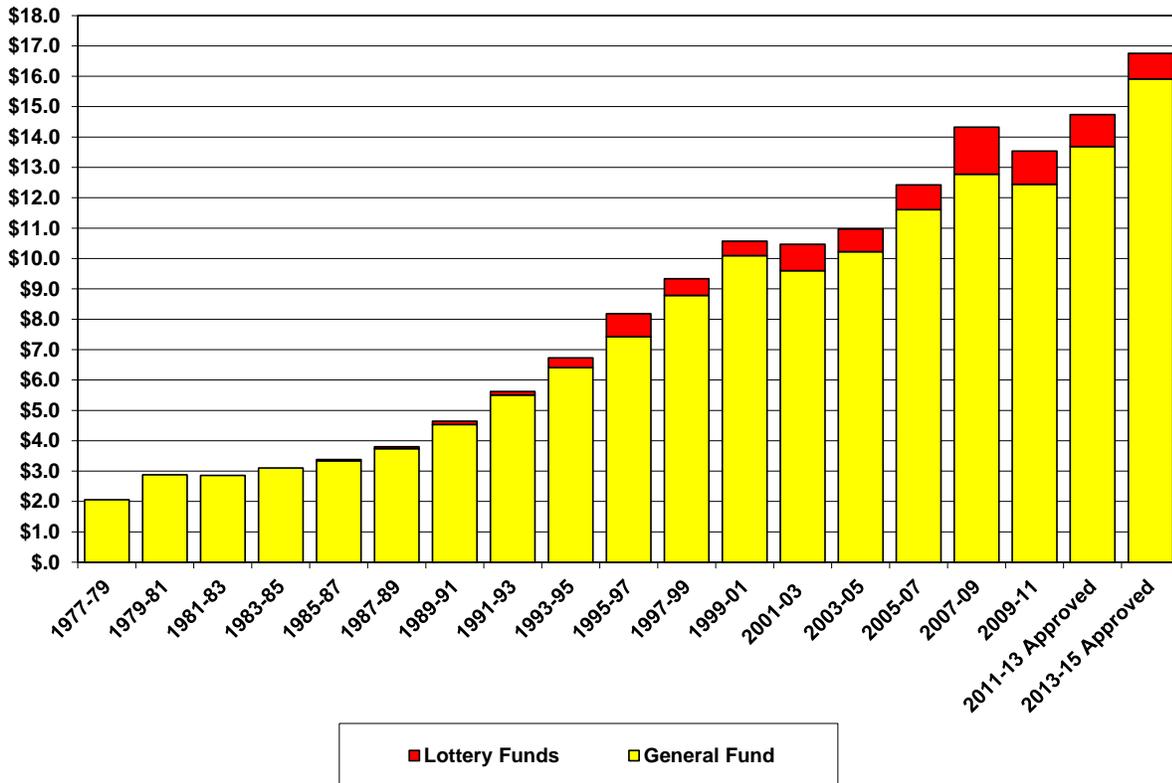
Details of the majority of these actions can be found in the program area descriptions included later in this document.

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

General Fund and Lottery Expenditures Budget Comparisons



Oregon Budget History -- General Fund and Lottery Funds (Billions \$)



As a result of the March 2014 revenue forecast and the actions taken during the 2014 session, the 2013-15 budget rebalance plan assumed the following amounts as potential revenues or reserves for the remainder of the biennium:

- General Fund projected 2013-15 ending balance of \$120 million
- Emergency Fund balance of \$76.9 million (\$30 million general purpose and \$46.9 million special purpose appropriations, including one of \$24 million for Oregon Health Authority and Department of Human Services caseload costs or other budget needs)
- Lottery Funds projected 2013-15 ending balance of \$10.6 million
- Rainy Day Fund projected 2013-15 ending balance of \$210.2 million
- Education Stability Fund projected 2013-15 ending balance of \$176.9 million

Lottery Revenues and Expenditures

The March 2014 revenue forecast from the Office of Economic Analysis projects total 2013-15 biennium lottery resources of \$1.053 billion, a \$6.4 million (or 0.6%) decline from the May 2013 forecast level used in the 2013 session to develop the legislatively adopted budget. With this revised lottery resource forecast, current biennium lottery resources are now \$31 million (or 2.9%) below the prior biennium level.

Lottery Resources and Allocations				
(\$ in millions)				
	2011-13 Legislatively Adopted	2013-15 Legislatively Adopted	2013-15 Legislatively Approved	Change from 2013 Session
Net Lottery Proceeds	\$1,071.6	\$1,054.6	\$1,048.2	(\$6.4)
Beginning Balance	0.3	3.5	3.5	0.0
Admin Savings and Contingency Transfers	8.0	0.0	0.0	0.0
Interest Earnings / Reversions	4.0	1.4	1.4	0.0
Total Lottery Resources	\$1,084.0	\$1,059.5	\$1,053.1	(\$6.4)
Constitutional: Education Stability Fund & Parks and Natural Resources Fund	\$356.3	\$348.0	\$345.9	(\$2.1)
Statutory Allocations	724.2	696.5	696.5	0.1
Total Lottery Allocations	\$1,080.5	\$1,044.5	\$1,042.4	(\$2.1)
Lottery Funds Ending Balance	\$3.5	\$15.0	\$10.6	(\$4.4)

During the 2013 session, the Legislature anticipated \$1.059 billion of total lottery resources, and adopted a budget that authorized \$1.044 billion of these resources for transfer and allocation, thereby retaining a \$15 million ending balance in the Administrative Services Economic Development Fund (EDF).

During the 2014 session, the Legislature approved four statutory lottery allocation adjustments that together increased total statutory allocations of Lottery Funds from the EDF by \$67,710. This increase, combined with the decline in lottery resources projected since the close of the 2013 session, results in a reduced EDF ending balance forecast of \$10.6 million – a \$4.4 million (or 29.1%) reduction from the level in the 2013 session legislatively adopted budget. The remaining ending balance is equal to 1.02% of total lottery allocations.

The small net increase in statutory allocations includes the following components:

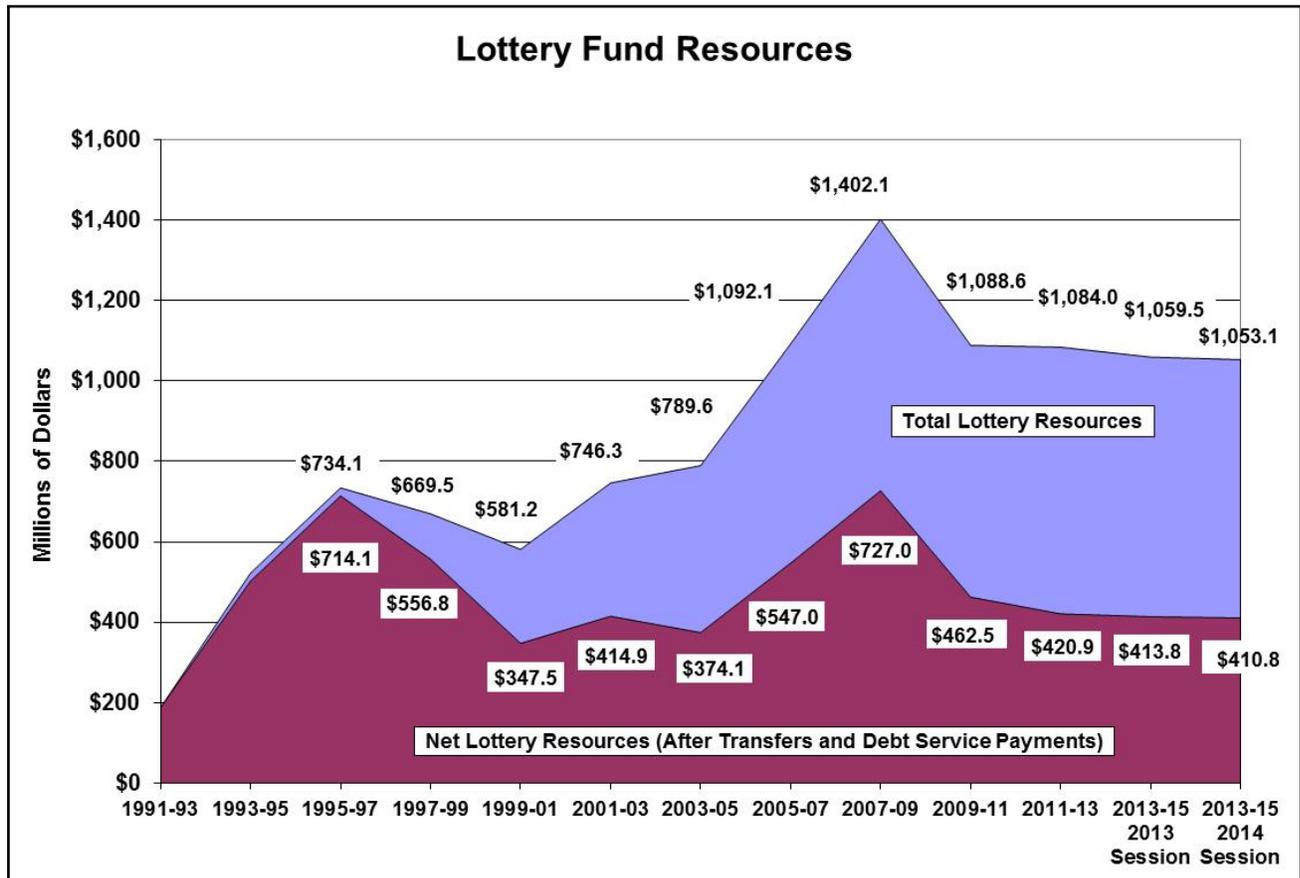
- **Debt Service** – The allocation for debt service was reduced by \$1,379,000 to reflect a revised calculation of the amount of allocation needed to pay 2013-15 biennium debt service costs on outstanding lottery revenue bonds. The existing allocation exceeded the allocation amount needed by \$1,379,000. The allocation level remaining after this reduction, combined with other revenues available to pay debt service, will fully fund debt service costs on all outstanding lottery revenue bonds.
- **Oregon Business Development Department** – An allocation of \$1,150,000 was established for the Oregon Business Development Department for support of the Oregon Manufacturing Extension Partnership and for port property redevelopment. This allocation to the agency's Business, Innovation, and Trade Division was established to provide \$750,000 of additional

support to the Oregon Manufacturing Extension Partnership, and \$400,000 to the Port of Port Orford for redevelopment of the Cannery Building owned by the Port.

- **Oregon Business Development Department** – An allocation of \$250,000 was established for a new pilot Dislocated Worker Training Program, focusing on reemploying dislocated engineers and other professionals in bioscience and manufacturing traded-sector industries.
- **Problem Gambling Treatment Fund** – The allocation established for the Problem Gambling Treatment Fund was increased by \$46,710. The increased allocation was provided to address the costs of compensation plan changes as they affect employees paid by Lottery Funds in the Oregon Health Authority’s (OHA) Problem Gambling Service Program in the Addiction and Mental Health Division.

After these actions, lottery transfers and allocations from the Administrative Services Economic Development Fund are \$10.6 million less than the level of lottery resources in the March 2014 revenue forecast. If resources ultimately decline by more than \$10.6 million, the Department of Administrative Services will make equal-proportionate reductions to all non-debt service statutory allocations, as needed, to rebalance the lottery allocations to available resources. Otherwise, any remaining ending balance is retained and becomes a resource available for the 2015-17 biennium budget.

The following chart and table summarize lottery resource levels and trends since the 1991-93 biennium, and provide details of the impact of 2014 session actions on lottery allocations and balances.



LOTTERY FUNDS CASH FLOW SUMMARY

	2013-15 Legislatively Adopted Budget ¹	2013-15 Legislatively Approved Budget ²	2014 Session Changes	Percent Change
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	\$3,491,087	\$3,491,087	\$0	0.0%
REVENUES				
Transfers from Lottery				
Net Proceeds	1,054,583,137	1,048,161,743	(6,421,394)	-0.6%
Administrative Savings				
Other Revenues	1,400,000	1,400,000	0	0.0%
Total Revenue	1,055,983,137	1,049,561,743	(6,421,394)	-0.6%
TOTAL RESOURCES	1,059,474,224	1,053,052,830	(6,421,394)	-0.6%
DISTRIBUTIONS / ALLOCATIONS				
Allocation of Video Lottery Revenues to Counties	33,849,166	33,849,166	0	0.0%
OUS for Sports Lottery Account	8,000,000	8,000,000	0	0.0%
Distribution to the Education Stability Fund	189,824,965	188,669,114	(1,155,851)	-0.6%
Distribution to the Parks and Natural Resources Fund	158,187,471	157,224,261	(963,210)	-0.6%
Allocation to the Problem Gambling Treatment Fund	10,545,832	10,592,542	46,710	0.4%
Distribution to County Fairs	3,669,380	3,669,380	0	0.0%
State School Fund	327,374,109	327,374,109	0	0.0%
Oregon Business Development Department				
Shared Services	7,819,653	7,819,653	0	0.0%
Business, Innovation, Trade	54,432,117	55,832,117	1,400,000	2.6%
Oregon Film and Video Office	1,130,544	1,130,544	0	0.0%
Oregon Growth Fund	1,900,000	1,900,000	0	0.0%
Office of the Governor				
Economic Revitalization Team	3,261,204	3,261,204	0	0.0%
Department of Forestry				
Eastern Oregon Forest Collaboration	2,885,000	2,885,000	0	0.0%
Debt Service Allocations	241,594,783	240,215,783	(1,379,000)	-0.6%
TOTAL DISTRIBUTIONS / ALLOCATIONS	1,044,474,224	1,042,422,873	(2,051,351)	-0.2%
ENDING BALANCE	\$15,000,000	\$10,629,957	(\$4,370,043)	-29.1%
EDUCATION STABILITY FUND				
(not including Oregon Growth Account)				
RESOURCES				
Beginning Balance	7,584,467	7,402,401	(182,066)	-2.4%
Revenues				
Transfer from the Economic Development Fund	170,842,469	169,544,396	(1,298,073)	-0.8%
Interest Earnings	984,890	1,033,934	49,044	5.0%
Total Revenue	171,827,358	170,578,330	(1,249,028)	-0.7%
TOTAL RESOURCES	179,411,825	177,980,731	(1,431,094)	-0.8%
DISTRIBUTIONS				
Oregon Education Fund - Lottery Bond Debt Service	738,668	775,451	36,783	5.0%
Oregon Student Access Commission - Opportunity Grants	246,222	258,484	12,262	5.0%
TOTAL DISTRIBUTIONS	984,890	1,033,934	49,044	5.0%
ENDING BALANCE	\$178,426,935	\$176,946,797	(\$1,480,138)	-0.8%

1. The 2013-15 Legislatively Adopted Budget was enacted in the 2013 Session and is based on the May 2013 forecast of 2013-15 lottery resources.

2. The 2013-15 Legislatively Approved Budget was enacted in the 2014 Session and is based on the March 2014 forecast of 2013-15 lottery resources.

Other Funds Expenditures

The 2013-15 legislatively approved Other Funds budget totals \$27.548 billion, which is a 3.6% increase from the legislatively adopted budget, and a 3.7% increase from 2011-13 legislatively approved budget for Other Funds. Notable Other Funds changes for the 2013-15 budget since the end of the 2013 session include the following:

Administration

- The Department of Revenue's Property Tax Division was reduced by \$2 million Other Funds. The limitation was in excess of program needs and available revenue.
- The State Treasurer's budget was increased by \$1.1 million Other Funds for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The revenue source is a transfer from the Governor's Office.
- The Department of Administrative Services (DAS) budget was increased by \$8,644,690 Other Funds expenditure limitation for Enterprise Technology Services (ETS) to begin a \$40 million technology equipment lifecycle replacement plan. Due to continued use of equipment past its useful life, the state is now experiencing unacceptable levels of technology service outages that impact state government operations. DAS estimates there is now more than \$40 million worth of equipment and infrastructure past the 5 year useful life. DAS will enter into lease-to-own agreements to finance the equipment replacement. Existing ETS rates are estimated to be sufficient to generate enough revenue to pay the \$8,644,690 Other Funds needed for leases-to-own agreements that will be entered into this biennium. Use of this additional revenue will likely preclude DAS from lowering ETS rates mid-biennium as was being contemplated by the ETS Customer Utility Board. Use of existing rate revenue will avoid costs associated with borrowing the money internally, as was initially recommended by the Department. The \$8,644,690 Other Funds increase for 2013-15 rolls-up to \$18,743,503 in 2015-17 for the second phase of the equipment replacement plan. DAS plans to incorporate a depreciation factor in future ETS rates, which will allow the state to accommodate lifecycle replacement costs on an ongoing basis. A \$5,121,497 Other Funds expenditure limitation increase and the establishment of 19 positions (10.22 FTE) for ETS was also approved to meet the increasing demand for technology services from state and local governments, including implementation of IT projects approved in 2013-15 adopted budgets.
- The Department of Administrative Services (DAS)/Enterprise Asset Management (EAM) budget was also increased by \$1,220,548 Other Funds expenditure limitation for the state motor pool. A \$1,047,548 Other Funds increase was approved for the purchase of 47 new vehicles and for fuel and maintenance of these vehicles.

Consumer and Business

- \$450,000 of Other Funds expenditure limitation was added and a limited duration full-time Office Specialist 2 position (0.63 FTE) was established to enhance the Support Services Program within the Bureau of Labor and Industries.

Economic Development

- Information technology expenditures for the Employment Department totaling \$3.6 million, including hardware and software lifecycle replacement, stabilization of the agency's document management system, and independent assessment and consultation.
- \$9,349,999 of Other Funds expenditure limitation was added to the Oregon Business Development Department budget for Regional Solutions projects. The expenditures will be financed from lottery revenue bond proceeds previously authorized in the 2013 session. In

2013, however, the Legislature only approved a \$1 Other Funds expenditure limit on expenditure of the bond proceeds, pending presentation of specific project plans.

- An additional \$60.5 million in Other Funds expenditure limitation was added for operating expenses of the Housing and Community Services Department in the 2014-15 fiscal year. The budget passed for the Department in the 2013 session only included expenditures for the first year of the biennium. An additional \$122.8 million in Other Funds Nonlimited was also approved for 2014-15 operations of the Department.
- \$2.5 million in additional Other Funds expenditure limitation for the Housing and Community Services Department associated with the issuance of additional lottery bonds for affordable housing preservation.
- \$6.2 million Other Funds expenditure limitation was approved, along with two positions, for planning, marketing, and start-up costs related to the second Veterans' skilled nursing facility in Lebanon, Linn County, scheduled to open in the fall of 2014.

Education

- The Other Funds expenditure limitation for the State School Fund was increased by \$3.5 million to reflect the estimated increase in Local Option Equalization Grants authorized under ORS 327.339.
- A total of over \$200 million in Other Funds Capital Construction expenditure limitation was increased in the Oregon Health and Science University budget for the OHSU Cancer Institute -- \$161,490,000 resulting from the anticipated issuance of general obligation Title XI-G bonds and \$38,545,290 from the issuance of Lottery Bonds. These resources will be used for the construction of research, clinical, and other related facilities for the Cancer Institute.

Human Services

- \$27.0 million in additional Other Funds expenditure limitation for the Department of Human Services (DHS); the most significant component of this net amount is \$30.0 million to access a line of credit for cash flow purposes. Also included in the net Other Funds adjustment is \$2.2 million from one-time Child Care Development Fund revenue; the funds will be used in the Employment Related Day Care (ERDC) program.
- The additional \$52.6 million Other Funds expenditure limitation in the Oregon Health Authority resulted from additional one-time drug rebate revenues that are used to replace General Fund, as well as the new cigarette tax revenues that were passed in the 2013 special session, dedicated to provide mental health services.

Natural Resources

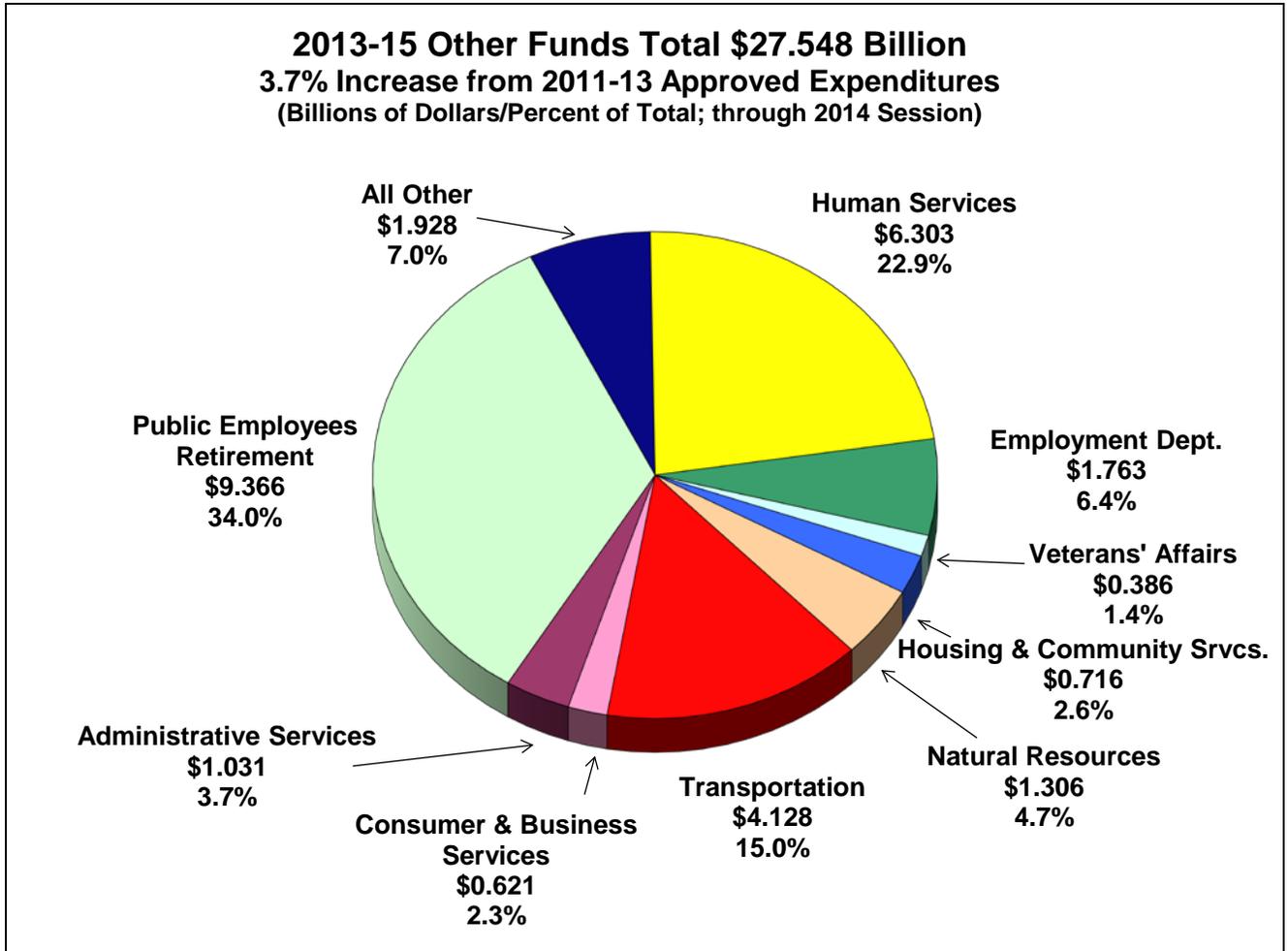
- A reduction of \$1.1 million in Parks and Recreation Department Other Funds expenditure limitation, to offset an equal increase in the county share of recreational vehicle fee funding from 35% to 40% for the remainder of the 2013-15 biennium.

Public Safety

- \$2,565,968 of Other Funds expenditure limitation was added to the Judicial Department budget for grant-funded programs. The expenditure limitation increase accommodates expenditure of both currently-awarded grants, and of projected renewals of expiring grants at current levels, that support drug and specialty courts, pretrial release programs, and other initiatives.
- The Military Department budget was increased \$8 million Other Funds to complete The Dalles Readiness Center. The revenue source is a 2009 Article XI-G bond sale by the Department of Community Colleges and Workforce Development for a grant to the Columbia Gorge Community College.

- The Military Department's Other Funds expenditure limitation was increased by \$1,404,971 for the reimbursement of 2013 fire season expenses.

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 2013-15 legislatively approved Federal Funds budget totals \$18.349 billion, which is a 9.1% increase from the legislatively adopted budget, and a 15.8% increase from 2011-13 legislatively approved budget for Federal Funds. Notable Federal Funds changes for the 2013-15 budget since the end of the 2013 session include the following:

Administration

- \$2,700,000 of Federal Funds expenditure limitation was removed from the Secretary of State budget, to more closely align the limitation with the Secretary's revised plan of expenditure of federal Help America Vote Act (HAVA) moneys. The Secretary reported that HAVA monies, initially budgeted for county election tabulation systems upgrades, are being redirected to finance upgrades to the Oregon Centralized Voter Registration system instead.

Consumer and Business

- \$4,625,091 of Federal Funds expenditure limitation was added to the Department of Consumer and Business Services for the Health Insurance Rate Review Grant Cycle II and III to support state efforts to enhance the health insurance premium rate review process, and increase the transparency of the review process.
- A one-time expenditure limitation increase of \$146,584 Federal Funds was added for the Bureau of Labor and Industries (BOLI) to provide education and outreach on fair housing laws and to investigate fair housing cases dual-filed with BOLI and the U.S. Department of Housing and Urban Development.

Economic Development

- \$4.8 million in additional expenditure limitation was added to the Employment Department for grants and supplemental funding from the U.S. Department of Labor.
- \$39.5 million in additional Federal Funds expenditure limitation for operating expenses of the Housing and Community Services Department in the 2014-15 fiscal year. The budget passed for the Department in the 2013 session only included expenditures for the first year of the biennium. An additional \$54 million in Federal Funds Nonlimited for federal affordable housing vouchers in the 2014-15 fiscal year was also approved.

Education

- An overall increase of \$7.7 million in the Oregon Department of Education's Federal Funds expenditure limitation was approved for early learning programs -- \$5.5 million for additional Race-to-the-Top funding and \$2.2 million in additional Child Care Development Fund resources which will be used for the Department of Human Services' Employment Related Day Care (ERDC) program.

Human Services

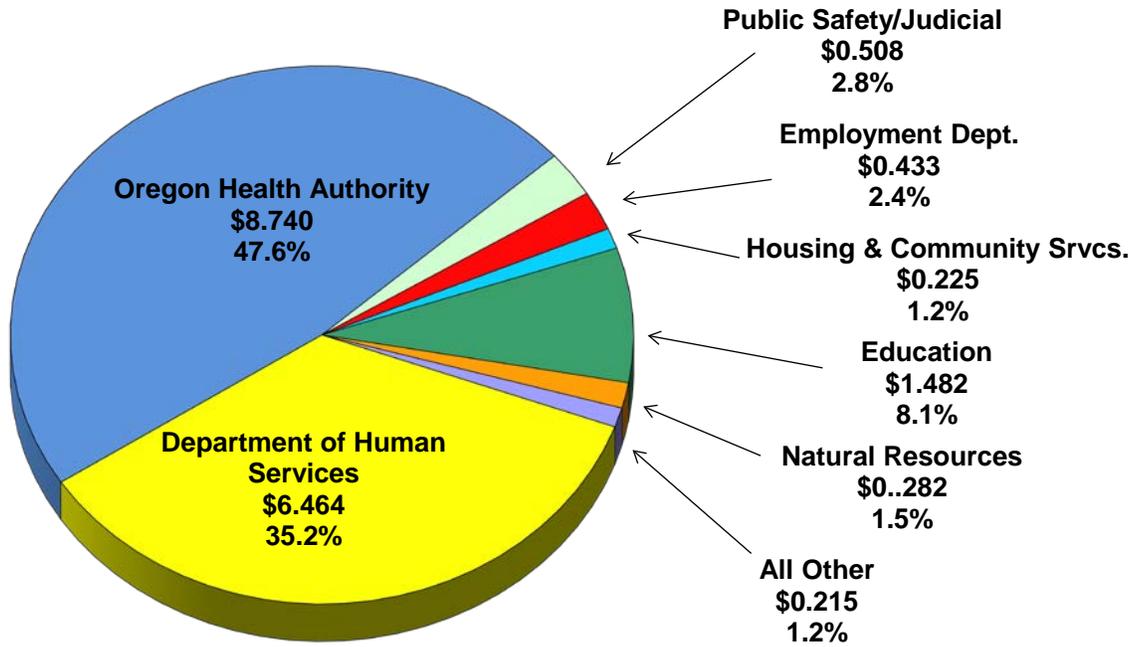
- A \$125.4 million Federal Funds expenditure limitation increase was added for the Department of Human Services. The most significant components of the increase are \$41.8 million in federal match for developmental disability program caseload cost increases and non-state worker compensation, and \$38.0 million for increased federal match on the Modernization technology project. The agency total includes \$3.2 million in one-time Supplemental Nutrition Assistance Program (SNAP) bonus awards, \$15.0 million in one-time federal Temporary Assistance to Needy Families (TANF) funds carried forward from the 2011-13 biennium, various amounts of matching federal funds for caseload and cost increases in the agency's budget rebalance, and match tied to new General Fund investments including state and non-state worker compensation and senior program enhancements.
- The \$1.15 billion increase in Federal Funds expenditure limitation in the Oregon Health Authority was primarily related to faster enrollment of new clients under the Affordable Care Act expansion than was originally forecast.

Natural Resources

- \$1 million Federal Funds expenditure limitation increase for a U.S. Fish and Wildlife Service grant, to purchase 240 acres contiguous to the Department of State Lands' South Slough National Estuarine Research Reserve.

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

2013-15 Federal Funds Total \$18.349 Billion
15.8% Increase from 2011-13 Approved Expenditures
(Billions of Dollars/Percent of Total; through 2014 Session)



Program Area Summaries

HB 5201 – the omnibus budget reconciliation bill, HB 4157 – the non-appropriation bill implementing budgetary changes, SB 5702 – the capital construction bill, and various other policy bills passed during the 2014 session, made various adjustments to agency budgets, as described by program area and agency below.

Education Program Area

Department of Community Colleges and Workforce Development

The Department faced a General Fund underfunding for its Operations budget with General Fund resources in the budget for 8.65 FTE, but demand for General Fund staffing needs of 13.00 FTE resulting in a funding gap of almost \$885,000. A combination of steps were taken to fill this shortfall including; (1) leaving three positions vacant and transferring funding for a position to non-General Fund sources (\$350,000 in savings), (2) assumed additional revenues from work Department staff is doing or will do for the Higher Education Coordinating Commission (\$64,000), (3) identified \$100,000 in General Fund debt service savings, (4) transferred \$121,087 from the Strategic Fund of the Community College Support Fund, and (5) provided \$250,000 in new General Fund resources.

Other actions the Legislature took relating to this budget included:

- Provided \$1.8 million in Lottery Fund bond proceeds for Central Oregon Community College's Student Success Center in Cascades Hall as well as provided Other Funds expenditure limitation of \$46,469 for the issuance costs of those bonds.
- Passed HB 4116 which provides \$750,000 General Fund to establish a pilot program for grants to community colleges to increase the number of underserved, low-income and first-generation community college students.
- Allocated almost \$400,000 for employee compensation issues (\$60,203 General Fund, \$387,676 total funds).
- Accepted the Department's plan for the Package 091 Statewide Administrative Savings by eliminating one Accounting Technician position, reducing resources for temporary employees, and reducing the amount available for contract services.

During the 2013 special session, an additional \$15 million General Fund was appropriated to the Community College Support Fund bringing the total amount for 2013-15 to \$465 million General Fund – a \$70 million increase, or 17.7% over the total 2011-13 resources.

Department of Education

Overall, the Department of Education's (ODE) budget was increased by \$17 million General Fund (\$26.8 million total funds) during the 2014 session. Major changes to the ODE budget included:

- Resources for student assessments were increased by \$4.4 million General Fund to fill the difference between the \$16 million total funds in the agency's legislatively adopted budget and the estimated cost of the Smarter Balanced assessment system which is tied to the Common Core standards. There is a budget note instructing the agency to transfer at least \$2 million of these resources to school districts for formative and interim assessments which will likely leave the agency underfunded for this function.
- Another \$2 million General Fund (one-time increase) was added for the Career and Technical Education (CTE) Revitalization grants bringing the total amount to over \$11 million for 2013-15. The Legislature also transferred \$230,537 General Fund from the grant portion of this program to

the Operations budget to cover the additional administrative costs resulting from the additional funding of \$9 million for the program since 2011-13. Three positions (1.25 FTE) were added.

- An additional \$1 million (one-time) was added to the Long Term Care and Treatment program for educational services in residential and day treatment programs. A budget note instructs ODE to provide information and options to the School Funding Task Force relating to the cost and distribution of funds for this program. The Task Force is to work with ODE and stakeholders in formulating recommendations to the Legislature.
- With the passage of HB 4117, \$500,000 General Fund (one-time) was appropriated for support for low income schools designated as low performing for summer programs.
- A total of \$1,789,557 General Fund was added for Youth Development Programs. Most of these funds (\$1.6 million) will be for the Youth and Innovation Grant Fund with the remainder added to the Operations budget to pay for the administration of Youth Development programs.
- Just less than \$3.5 million total funds were provided for employee compensation issues across the Department (\$1,377,481 General Fund, \$3,449,955 total funds).
- Almost \$6 million General Fund of the \$8.6 million reduction from the legislatively adopted budget for the 2% supplemental ending balance holdback was restored. Program areas fully restored were the Oregon Pre-Kindergarten program, other early learning programs, youth development grant programs, staffing costs at the Oregon School for the Deaf, and the strategic education initiatives. Other areas for which a partial restoration was made were Early Childhood Special Education and Early Intervention programs (60% restored) and the Operation's budget (34% restored).
- The Early Learning Division was notified that it would receive an additional \$10.1 million Federal Funds over the next four years for the "Race-to-the-Top" grant. As a result, the Federal Funds expenditure limitations were increased (\$3,955,190 for grants-in-aid and \$1,547,971 for contracts and staffing costs).
- The Federal Funds expenditure limitation for the Early Learning Division programs was increased by \$2.2 million reflecting additional federal Child Care Development Fund resources available for 2013-15. The additional funding will be used for the Department of Human Services' Employment Related Day Care (ERDC) program.
- The Department's plan for the Package 091 Statewide Administrative Savings was accepted which will reduce funding for budget, personnel, accounting, procurement, and information technology functions by \$814,374 total funds

State School Fund

During the 2013 special session, the Legislature increased the State School Fund (SSF) by \$100 million bringing the total 2013-15 General Fund and Lottery Funds resources in the SSF to \$6.65 billion – a \$935 million, or 16.4%, increase over 2011-13. The Legislative Revenue Office is also estimating that school districts and Educational Service Districts will receive \$89 million more in property tax and other local revenues than what had been originally estimated for the 2013-15 biennium.

During the 2014 session, the 2013-15 Other Funds expenditure limitation for the SSF was increased by \$3,535,581 to reflect the estimated increase in Local Option Equalization Grants authorized under ORS 327.339.

Oregon University System

The Legislature approved a special one-time General Fund appropriation of \$2 million for the four Technical and Regional Universities (TRU) and Portland State University (PSU) to help fund new compensation agreements for classified staff. Of the \$2 million appropriation, \$850,000 is for PSU,

with \$287,500 General Fund each going to Eastern Oregon University, Southern Oregon University, Western Oregon University, and the Oregon Institute of Technology. Final budget actions also included a one-time \$500,000 General Fund appropriation to both Eastern Oregon University and Southern Oregon University for temporary bridge funding to assist these universities address budget shortfalls this biennium.

The Legislature disappropriated \$4.5 million General Fund from the Chancellor's Office with direction that the Chancellor's Office spend down existing fund balances to continue operations for the remainder of the 2013-15 biennium. Most of this reduction (\$3.5 million) was then appropriated to the Emergency Board as a special purpose appropriation to be allocated for future costs associated with higher education governance changes. These changes include duties and responsibilities transferred from the Chancellor's Office to the Higher Education Coordinating Commission as well as impacts on the budgets of the four technical and regional universities.

The Legislature also passed HB 4020 which transferred responsibility and \$14.8 million General Fund support for the Engineering and Technology Industry Council (ETIC) from the Oregon University System (OUS) the Oregon Education Investment Board. Staff and the funding for the staff overseeing the expenditure of ETIC funds will be retained by OUS/Chancellor's Office through the end of the 2013-15 biennium.

During the 2013 special session, the Legislature increased General Fund support for the University System by \$25 million. The additional resources were meant to limit projected tuition increases on resident undergraduates or the 2014-15 school and year and for Winter and Spring 2014 terms, to the extent possible.

Oregon Student Access Commission

The Legislature approved the use of \$2.3 million of Lottery Funds carry-forward resources for the Oregon Opportunity Grant program which will provide an estimated 1,150 more grants to post-secondary students during the remainder of the biennium. This action was taken instead of restoring any of the reductions from the legislatively adopted budget for the 2% supplemental ending balance holdback. A total of \$166,435 total funds were provided for employee compensation issues including \$87,604 General Fund from the special purpose appropriation for state employee compensation changes. The Legislature also approved the agency's plan for the Package 091 Statewide Administrative Savings which reduced the agency Operations budget by \$41,153 total funds (\$17,284 General Fund). These savings will be taken in part from State Government Service Charges as the agency absorbs some of the functions that the Department of Administrative Services (DAS) had provided in the past.

Oregon Health and Science University

A total of over \$200 million in bonding authority was provided for the OHSU's Cancer Institute -- \$161,490,000 in general obligation Title XI-G bonds and \$38,545,290 in Lottery Bonds. These resources will be used for the construction of research, clinical, and other related facilities for the Cancer Institute. Before the bonds can be issued, OHSU must raise at least \$800 million in gifts, grants, and other revenues through the Cancer Challenge campaign. Biennial debt service on these bonds in the future will be an estimated \$23.4 million General Fund and \$6.7 million Lottery Funds.

The Legislature included a number of conditions on the construction project including those relating to prevailing wages, number of apprenticeships, establishing a framework for preferences for those contractors who take steps to minimize diesel emissions, and certification fees relating to Leadership in

Energy and Environment Design or LEED. There are also reporting requirements relating to (1) jobs created as a result of the project, (2) geographic distribution of contractors and vendors during construction, (3) geographic distribution of those participating in clinical trials, (4) efforts to encourage private sector development of technologies resulting from work done at the Institute, and (5) potential for providing clinical trials outside the Portland metro area. A budget note is included instructing the Oregon Health Authority, OHSU, other health care providers, and Coordinated Care Organizations (CCOs) to develop recommendations relating to access to services for Medicaid clients.

Oregon Education Investment Board

The Legislature approved a distribution of \$136,176 General Fund to the Oregon Education Investment Board (OEIB) from the special purpose appropriation to the Emergency Board for state employee compensation issues as well as \$30,794 additional General Fund to restore 25% of the reduction made by the 2013 Legislature for the 2% supplemental ending balance. This restoration will allow OEIB to fund data analysis and policy research on early learning and primary literacy issues. Also approved was a \$14.8 million General Fund transfer of the grant funding from the OUS Chancellor's Office for the Engineering and Technology Industry Council (ETIC) program. The funding for the staff associated with this program remains in the OUS budget. Since this transfer is viewed as an intermediate step, the Legislature will have to determine the final "home" for this program during the 2015 session.

OEIB and other education related agencies presented an initial business case and related project management materials to the Legislature for the Statewide Longitudinal Data System. As a result, the Legislature recommended the project continue forward using existing funds that are included in the Department of Education's budget to refine the business case, provide more detail planning and project management materials, and contract with an independent Quality Assurance contractor. These agencies must comply with instructions included in a related budget note before returning to request any additional funding for the project. A \$3.5 million Emergency Fund reservation was designated for the project's future costs in this biennium.

Higher Education Coordinating Commission

For this new agency, the Legislature approved two actions. First, a reduction of \$249,175 General Fund was made reflecting the inadvertent double counting of funding in the legislatively adopted budget for the costs of the Commission's meeting and operations. The Legislature also added \$70,439 total funds for employee compensation issues including a \$41,038 General Fund distribution from the money appropriated to the Emergency Board for state employee compensation issues for both the general policy programs as well as the Career School and Degree Authorization programs. HECC will also have access to a portion of the \$3.5 million special purpose appropriation for future costs associated with higher education governance changes as the responsibilities of the OUS's Chancellor's Office and other higher education segments are further sorted out.

Teachers Standards and Practices Commission

The Legislature provided \$99,861 Other Funds expenditure limitation for employee compensation issues and also approved the Commission's Package 091 Statewide Administrative Savings plan which will reduce resources for overtime and services and supplies.

Human Services Program Area

Commission for the Blind

Budget adjustments for the Commission for the Blind included increases of \$43,798 General Fund and \$253,083 total funds for employee compensation. An additional appropriation of \$31,287 General Fund fully restored the agency's 2% supplemental ending balance holdback included in the legislatively adopted budget.

The agency's budget was reduced by \$1,043,821 Other Funds expenditure limitation and 0.75 FTE to reflect the elimination of the Oregon Industries for the Blind program effective December 2013. This was an alternative work and vocational program specializing in serving clients with multiple disabilities who are both developmentally disabled and blind. Historically, the program had served about 40 clients.

Oregon Health Authority

The 2013-15 legislatively adopted budget for the Oregon Health Authority (OHA) was decreased by \$12.3 million General Fund, but increased by \$46,710 Lottery Funds, \$52.6 million Other Funds, and \$1.15 billion Federal Funds. In addition, the budget adjustments included a net increase of 39 positions (20.74 FTE).

The legislatively approved budget continues existing programs with only minor reductions and makes some targeted investments. The agency continues to face a number of budget risks that were not explicitly included in the approved budget. These include changes to caseloads, federal sequestration reductions, the Oregon State Hospital budget, and state expenditures required to meet the federal Designated State Health Programs (DSHP) waiver conditions. As a result of budget risks identified, a special purpose appropriation of \$24 million was established for OHA or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.

General Fund additions included \$14.9 million for state worker compensation, \$1.9 million for non-state worker compensation, and \$34.4 million to restore most of the agency's 2% holdback. About \$4 million of the 2% holdback was not restored and resulted in program reductions in Medical Assistance Programs and in Addictions and Mental Health. These General Fund increases were more than offset by one-time revenues identified in the budget rebalance, that were used in place of General Fund. Budget rebalance actions included savings related to agency caseloads, a higher federal match rate, and one-time revenues including \$24.4 million for the Children's Health Insurance Reauthorization Act (CHIPRA) bonus. Program funding gaps identified since the 2013 session were also covered.

The \$1.15 billion increase in Federal Funds expenditure limitation was primarily related to faster enrollment of new clients under the Affordable Care Act expansion than was originally forecast. Other Funds increases resulted from additional one-time drug rebate revenues that are used to replace General Fund, as well as the new cigarette tax revenues that were passed in the 2013 special session, dedicated to provide mental health services.

Other key budget adjustments are listed below.

- As noted above, \$4 million of the 2% supplemental ending balance holdback was not restored. The agency expects to address \$2.1 million of the shortfall by reducing the 2014-15 fee-for-service inflation adjustment for the Oregon Health Plan from 2.4% to 1.2%. OHA expects to address the remaining \$1.9 million shortfall by eliminating the development of one 5-bed

residential treatment home to provide mental health services, and delaying the opening of two others by a few months.

- A total of \$20 million Other Funds expenditure limitation for community mental health services was added to the Addictions and Mental Health budget since the 2013-15 budget was adopted. This revenue results from the cigarette tax increase passed during the 2013 special session. HB 5101 (2013 special session) increased the Other Funds expenditure limitation by \$10 million to fully fund the mental health system for children and young adults for 18 months of the biennium, including funding for school access to mental health, system of care and wraparound services, parent child interaction therapy services, the Oregon Psychiatric Access Line for Kids, and a youth sex trafficking program. Funding also provided additional community based, coordinated services to individuals in crisis with mental health and co-occurring mental health and substance abuse disorders.
- An additional \$10 million expenditure limitation was provided in HB 5201 (2014), with half targeted for rental assistance programs. For the other \$5 million, the agency plans to partner with the National Alliance on Mental Illness (NAMI) and the Oregon Residential Provider Association (ORPA) for development of supported housing for individuals with mental illness. These organizations will seek out grants, gifts, and contributions to supplement the state money to support this development.
- An additional \$2.9 million General Fund was appropriated to increase rates for Alcohol and Drug adult residential facilities. Funding had previously been set aside in a special purpose appropriation for this purpose. The indigent (non-Medicaid) rate was increased by \$14.50 per bed per day, in order to bring that rate up to the same level as the Medicaid fee-for service and CCO rate. In addition, the room and board rate was increased by \$4 for all three groups.
- An increase of \$270,000 General Fund will allow the agency to expand services for breast and cervical cancer screenings. About \$100,000 of this was needed to backfill funding shortfalls from the Komen Foundation.
- A new budget structure called Health Policy Programs was created in the agency. The Office of Health Policy and Research, and the new Transformation Center, were transferred over to this new structure from the Central Services budget. In addition, the budget for the Health Transformation Pool and the loan repayment for healthcare professionals were moved out of the Medical Assistance budget and into this new budget. This will combine the policy functions of the agency into one budget, and clearly differentiate between policy functions and administrative costs.
- A second new budget structure was created for the Oregon Health Licensing Agency, which will transfer to OHA on July 1, 2014 as a result of HB 2074 (2013). The second year budget amount of \$3.8 million Other Funds was added to OHA, as well as the 35 positions (17.50 FTE) in the current agency.

Department of Human Services

The 2013-15 legislatively adopted budget for the Department of Human Services (DHS) was increased by \$66.8 million General Fund, \$27.0 million Other Funds, and \$125.4 million Federal Funds. In addition, the budget adjustments include a net increase of one position and a net decrease of 2.99 FTE. All of the budget changes were captured in HB 5201 (2014); additional detail beyond the following highlights can be found in the budget report for that bill. Detail also includes context for budget notes and other legislative direction affecting the agency.

The legislatively approved budget continues existing programs without taking any reductions and makes some targeted investments. Even without reductions, budget risks do remain. These include changes to caseloads, final sequestration actions, potential federal penalties, litigation and other legal

costs, and federal rule changes affecting home care workers. Toward addressing these potential issues, HB 5201 (2014) also establishes a \$24 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.

The net \$66.8 million General Fund includes \$17.9 million for state worker compensation, \$11.0 million for non-state worker compensation, and \$27.3 million to restore a portion of the agency's 2% holdback (the remainder is backfilled with one-time Federal Funds). The net General Fund increase also accounts for budget rebalance actions; these include both costs and savings tied to agency caseloads, costs per case, and a slightly higher federal percentage for FMAP eligible costs. Program funding gaps identified since the 2013 session are covered and \$8.3 million General Fund is added for senior programs.

The most significant component of the net \$27.0 million Other Funds increase is \$30 million to support accessing a line of credit for cash flow purposes. For several biennia, the agency has used a line of credit and borrowed funds from the Treasury to finance prepayments and account for a lag in receipt of certain revenues, including provider taxes. Also included in the net Other Funds adjustment is \$2.2 million from one-time Child Care Development Fund carry-forward revenue; the funds will be used in the Employment Related Day Care (ERDC) program.

For Federal Funds, the net \$125.4 million increase includes one-time Supplemental Nutrition Assistance Program (SNAP) bonus awards, one-time federal Temporary Assistance to Needy Families (TANF) funds carried forward from the 2011-13 biennium, matching federal funds for caseload and cost increases in the agency's budget rebalance, and match tied to new General Fund investments including state and non-state worker compensation and senior program enhancements.

Notable elements of the legislatively approved budget after the adjustments are listed below.

- In the Self Sufficiency program, a one-time investment of \$200,000 General Fund is added to support nutritional programs. Half of the money will help increase the number of summer and after-school food sites by at least 50 over the next year through offering technical assistance and implementing practices to help sustain programs into the futures. The other half, which will be matched with \$100,000 in federal dollars, will be used to help seniors and other eligible groups or individuals with low participation rates access SNAP benefits, update online tools, and develop client education materials around protecting benefit cards.
- An increase of \$2.2 million Other Funds expenditure limitation should allow the Employment Related Day Care (ERDC) program to achieve an average monthly caseload of 8,500 over the last 12 months of the biennium. One-time funding to support this increase is available due to a higher than anticipated amount of Child Care Development Fund (CCDF) carry-forward revenue from the 2011-13 biennium.
- \$800,000 General Fund was added to establish necessary legal, financial, and administrative foundations to launch a Pay for Prevention effort in Oregon. The money will go to the Center for Evidence-Based Policy at OHSU for conducting economic research, developing provider capacity, and building a performance measurement, accounting, and reporting system. The ultimate goal of the initiative is to identify young children most at-risk, implement evidence-based supports designed to achieve specific outcomes, and invest in performance-based contracting that links payment to outcomes through social impact financing.
- To maintain the Vocational Rehabilitation program without moving to an Order of Selection (priority wait list), the legislatively approved budget included \$2.2 million General Fund.

- New investments for senior programs total \$8.3 million General Fund (\$9.4 million total funds), with funding coming from a \$26.0 million General Fund special purpose appropriation (SPA) that was created especially for senior programs during the 2013 special session in September 2013, as part of HB 5101 (2013). Investments, which are in addition to an initial allocation of \$10 million General Fund to Oregon Project Independence also made in HB 5101 (2013), range from \$3.3 million for caregiver training initiatives to \$150,000 to buy new laptops for the AARP Tax Aide program. The \$12.7 million General Fund remaining in the Senior SPA is expected to be allocated by the Emergency Board, with priority given to proposals previously identified, but unfunded.
- For Developmental Disability programs, \$1.3 million General Fund (\$2.6 million total funds) was included to keep funding for the Community Developmental Disability Programs (CDDP) at 94% equity. In addition, an increase of \$490,000 General Fund (\$1,136,368 total funds) covers a gap in some CDDP budgets due funding formula changes that left 11 of the programs with budgets below 2011-13 levels.
- \$1.9 million General Fund (\$5.2 million total funds) supports a 6% interim rate increase for providers offering employment services to people with developmental disabilities.
- A new budget structure, Program Design Services, was established and funded through transfers of spending and position authority from other programs. The new structure is intended to capture program design services and some direct services to DHS clients and programs that span across the Department's five major program areas. The agency's plan is to increase both program utility and transparency by consolidating certain services, which include the following offices: Program Integrity, Licensing and Regulatory Oversight, IT Business Supports, Business Intelligence, and Continuous Improvement.

Long Term Care Ombudsman

Budget adjustments for the Long Term Care Ombudsman (LTCO) in HB 5201(2014) included increases of \$90,523 General Fund and \$23,216 Other Funds for employee compensation. An additional appropriation of \$39,554 General Fund fully restored the agency's 2% supplemental ending balance holdback included in the legislatively adopted budget. The restoration will allow the agency to meet budget needs without jeopardizing implementation of SB 626 (2013), which expanded the duties of the LTCO to advocate for residents of care facilities who have mental illness or developmental disabilities.

To cover costs associated with SB 1553 (2014), which establishes the Public Guardian and Conservator within the office of the LTCO, \$949,183 General Fund and 5 positions (2.25 FTE) were also added in HB 5201 (2014). This new program helps persons without relatives or friends willing or able to serve as guardians or conservators; services range from making care decisions to handling financial issues.

Psychiatric Security Review Board

Budget adjustments for the Psychiatric Security Review Board included increases of \$65,739 General Fund and \$7,009 Other Funds for employee compensation. None of the 2% supplemental ending balance holdback was restored, as the agency had sufficient vacancy savings to maintain all programs.

Public Safety and Judicial Branch Program Areas

Department of Corrections

The Department reported, as directed by budget note, on its management of unspecified reductions in the 2013-15 budget. In total, unspecified General Fund reductions were around \$70 million, not including the impact of bargained compensation and benefit changes. Specifically, the Legislature had directed the agency to address meeting the reduction targets without layoffs or unit closures. As that will not be possible, the Department requested restoration of the 2% holdback and an additional \$14.9 million in General Fund. The Legislature restored all but \$53,000 of the 2% supplemental ending balance holdback, \$26 million. In addition, the Department received \$25.3 million General Fund to cover expected compensation change costs in 2013-15. This means the agency budget is still not in balance. After more actual expenditure experience with cost-avoidance measures during the biennium, the Department will likely need to meet with the Emergency Board or the full Legislature to rebalance its resources.

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating 2 positions and 2.00 FTE in information technology. A portion of the agency's reduction was also moved from personal services to services and supplies.

Criminal Justice Commission

The Commission reported to the Legislature on the distribution of funds for the Justice Reinvestment Grant Program, as directed by a budget note in HB 3194 (2013). The Legislature had provided the Commission with \$10 million General Fund for purposes of the grant program. The Commission has distributed the entire \$10 million to counties, based on the community corrections grants baseline funding formula, with a minimum of \$50,000 to each county. The Commission also reported that it has applied for and will receive technical assistance from the Vera Institute of Justice through a U.S. Department of Justice program. As part of this technical assistance program, there is the possibility of seed funding to assist with justice reinvestment implementation, however, funding is not guaranteed. If any funding becomes available, the Commission will return to the Emergency Board for additional limitation.

The Legislature restored \$69,366 General Fund of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15; this amount represents 25% of the holdback. The Commission will utilize the restored funds for Attorney General costs related to rule-making implementation for the Justice Reinvestment Grant Program established in HB 3194 (2013).

In addition, the Commission received an appropriation increase of \$36,392 General Fund, an expenditure limitation decrease of \$3,742 Other Funds, and an expenditure limitation increase of \$27,831 Federal Funds toward coverage of expected employee compensation change costs in 2013-15.

The Legislature approved an updated Package 091 Statewide Administrative Savings that included shifting the full amount of the reduction to services and supplies. This action was taken primarily because the agency's budget is 93% special payments and contains only 9 positions.

District Attorneys and Their Deputies

The Legislature restored the full 2% supplemental ending balance holdback of \$209,190 General Fund for the District Attorneys. The District Attorney budget also received \$160,227 General Fund to cover expected compensation change costs in 2013-15. In addition, the Legislature added \$240,000 General

Fund to the budget of the District Attorneys to provide a one-time \$5,000 compensation increase to the salary plan for each District Attorney effective July 1, 2014.

Department of Justice

The Legislature restored the full 2% supplemental ending balance holdback of \$1,212,520 General Fund for the Department of Justice. The restoration, however, was repurposed by providing the \$1.2 million in the following amounts for the following purposes:

- \$6,000 to the Office of the Attorney General and administration for Project Clean Slate
- \$87,865 to the Crime Victims' Services Division for Oregon Domestic and Sexual Violence Services
- \$25,043 to the Crime Victims' Services Division for Multidisciplinary Teams and Child Abuse Intervention
- \$1,992 to the Crime Victims' Services Division for the Address Confidentiality Program
- \$1,091,620 to the Criminal Justice Division for support of the Internet Crimes Against Children program, the Fusion Center, and district attorneys and law enforcement partners.

The addition of the General Fund to the Criminal Justice Division will allow the Department to retain an existing forensic investigator position assigned to the Internet Crimes Against Children program, establish four limited duration positions (3.46 FTE) in support of Fusion Center operations once grant funding ends this biennium, and reestablish two permanent senior assistant attorney general positions (1.16 FTE) and establish one permanent criminal investigator position (0.50 FTE) to provide support to district attorneys and law enforcement partners. In addition, an increase of \$586,354 Other Funds was also approved for the Criminal Justice Division for support of the Fusion Center to accommodate grant funding through the Oregon Military Department, Office of Emergency Management.

In addition, the Department received an appropriation increase of \$560,633 General Fund and expenditure limitation increases of \$5.2 million Other Funds and \$2.1 million Federal Funds toward coverage of expected compensation change costs in 2013-15.

The Legislature also approved an updated Package 091 Statewide Administrative Savings that eliminated a total of four positions (3.54 FTE) and made various shifts between personal services and services and supplies.

An appropriation of \$135,000 General Fund was also made to the Department of Justice for support of the Oregon Crime Victims Law Center.

Military Department

The Military Department received a partial restoration of its 2% ending balance holdback that totaled \$151,000 General Fund. It is to be used to support operations and maintenance costs at the Portland and Kingsley Field airbases. The restoration represents 59% of the initial holdback.

Compensation plan funding for the Department was increased by \$3.7 million, which included \$734,800 in General Fund to partially fund the difference between what the federal government will reimburse the state and negotiated contracts with the Portland and Kingsley Field airbase firefighter unions.

An updated Package 091 Statewide Administrative Savings plan was approved, which moved a portion of the Department's personal services reduction to services and supplies.

The Other Funds expenditure limitation for The Dalles Readiness Center was increased by \$8 million. This major construction project expanded from \$18,982,922 total funds to an estimated \$26,982,922 due to the Department partnering with the Columbia Gorge Community College to build what is now a joint Readiness Center/Workforce Development facility.

The Department received approval to sell the Oregon Military Academy/Regional Training Institute building on the Western Oregon University campus and received \$385,000 in Other Funds expenditure limitation to purchase commercial property contiguous to the Department's Forest Grove Readiness Center compound. The property and building will be used as a field maintenance shop for Washington County's National Guard contingent.

The Department's Other Funds expenditure limitation was increased by \$1,404,971 for the reimbursement of firefighting expenditures related to the 2013 fire season.

Board of Parole and Post-Prison Supervision

General Fund support increases totaling \$19,825 were approved to restore approximately 50% of the agency's 2% supplemental General Fund ending balance holdback. The Legislature also approved \$106,030 General Fund to support compensation plan cost increases. In addition, the Legislature approved a \$350,000 reservation within the general purpose Emergency Fund for the Parole Board Management Information System replacement project, pending approval by the Legislative Fiscal Office of the project plan and budget.

Department of State Police

The Legislature restored \$2,351,854 General Fund of the 2% supplemental ending balance holdback for the Department of State Police. This represents 50% of the total 2% holdback. The agency will use the restored amount to hire 20 troopers and purchase 18 vehicles and associated equipment as part of a recruitment class in September 2014. The new troopers hired from this class will move into existing positions. Without the restoration, trooper levels could not be maintained and this recruitment class would have been delayed until the 2015-17 biennium.

In addition, the Department received an appropriation increase of \$6.1 million General Fund and expenditure limitation increases of \$2 million Other Funds, \$252,315 Lottery Funds, and \$34,986 Federal Funds toward coverage of expected employee compensation change costs in 2013-15.

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating a total of one position and 1.50 FTE, permanently shifting funding for three administrative positions from General Fund to Other Funds, and reducing capital outlay for the Dispatch Centers and Information Technology Services.

Department of Public Safety Standards and Training

The Legislature increased the Department's Other Funds expenditure limitation by \$809,646 to support compensation plan cost increases, and approved an updated Package 091 Statewide Administrative Savings by taking all the savings in services and supplies.

Oregon Youth Authority

The Legislature approved a restoration of \$1.4 million, or 25%, of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. The restoration was applied proportionately across agency appropriations, including juvenile crime prevention/diversion, East Multnomah County gang funding, and Multnomah County gang services.

The agency also received \$5.2 million General Fund, and expenditure limitation increases of \$45,143 Other Funds and \$184,876 Federal Funds, for employee compensation costs associated with cost-of-living adjustments and insurance costs for the remainder of the biennium.

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating 5 positions and 2.79 FTE; these are administrative support type positions. A small portion of the agency's reduction was also moved from personal services to services and supplies.

Judicial Department

General Fund support for the Judicial Department was increased by \$6.0 million (or 1.5%) over the level approved in the 2013 session, while total funds expenditures were increased by \$9.2 million (or 2.0%). The Department's General Fund appropriations were increased by \$3.1 million to support compensation plan cost increases. Including Other Funds and Federal Funds expenditure limitation adjustments, agency expenditures were increased by a total of \$3.8 million for compensation plan cost increases. In contrast to most executive branch agency budgets, the budgets passed in the 2013 session for judicial branch agencies already included merit ("step") increases. The expenditures added in 2014 were for other compensation cost components, primarily cost-of-living adjustments and flexible benefits costs.

General Fund appropriation increases totaling \$3.1 million were approved to restore approximately 49% of the agency's 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a \$2 million restoration to Operations (approximately 37%). The Judicial Department's 2% ending balance holdbacks on pass-through appropriations received 25% restorations. General Fund increases to Mandated payments and to Third-party debt collection exceeded the 2% holdbacks to those programs. The Legislature appropriated \$762,585 General Fund to Mandated payments, to restore both the 2% supplemental General Fund ending balance holdback, and the 5% General Fund services and supplies reduction, included in the legislatively adopted budget. The Legislature appropriated \$250,000 General Fund to the Department, and an additional \$700,000 General Fund in a special purpose appropriation to the Emergency Board, for Third-party debt collection costs. These costs vary with the amount of debt successfully collected. The special purpose appropriation serves as a set aside to provide additional funding if debt collection levels are high enough to make to the funds necessary. The Legislature also approved a \$1,300,000 General Fund special purpose appropriation to the Emergency Board for Operations support. The Judicial Department may request funds to finance one-time operations investments and service increases.

The Legislature reduced the General Fund appropriation for Judicial compensation by \$108,823, and the General Fund appropriation for Debt Service by \$144,201. The Judicial Department carries forward any General Fund appropriations from the prior biennium that remain unspent. Carry-forwards in these two areas were larger than anticipated when the budget was approved in the 2013 session, resulting in funding levels that are higher than needed to fund program costs. The two General Fund appropriation reductions reduce support to the levels needed, and will not require any reduction in judicial compensation or debt service payments. The Legislature also approved a one-time \$50,000 General Fund appropriation for transfer to the Douglas County court facilities security account, to assist the county in providing needed security protection at the county courthouse. This appropriation will be phased out in the development of the Department's 2015-17 biennium current service level.

The budget also includes a \$2.6 million Other Funds expenditure limitation increase for grant-funded programs. The expenditure limitation increase will accommodate expenditure of both currently

awarded grants, and of projected renewals of expiring grants at current levels, that support drug and specialty courts, pretrial release programs, and other initiatives. The grant funds are provided by the Criminal Justice Commission and non-state sources.

Finally, \$4 million of additional Article XI-Q bond proceeds were authorized for the Department. The \$4 million of additional funding is designated for construction of a new three-story Jefferson County Courthouse. No associated Other Funds expenditure limitation was added to the Department's budget for the bond proceeds, however. After the Judicial Department reviews the financing proposal for the project, and determines that the requirements as established by law for distribution of moneys from the Oregon Courthouse Capital Construction and Improvement Fund have been met, the Department will then need to request an Other Funds expenditure limitation increase from the Legislative Assembly or Emergency Board, prior to distributing any bond proceeds for this project.

Public Defense Services Commission

General Fund support for the Public Defense Services Commission was increased by \$5.2 million (or 2.1%) over the level approved in the 2013 session, while total funds expenditures were also increased by \$5.2 million (or 2.1%). The Commission's General Fund appropriations were increased by \$254,012 to support compensation plan cost increases. Including Other Funds expenditure limitation adjustments, agency expenditures were increased by a total of \$261,614 for compensation plan cost increases. In contrast to most executive branch agency budgets, the budgets passed in the 2013 session for judicial branch agencies already included merit ("step") increases. The expenditures added in 2014 were for other compensation cost components, primarily cost-of-living adjustments and flexible benefits costs.

The Legislature increased General Fund appropriations by \$4.9 million to restore most of the agency's 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a 75% restoration to the Appellate Division; 50% restoration to the Contract and Business Services Division; and a full restoration to Professional Services, the portion of the agency's General Fund that finances the Commission's purchases of trial-level public defense services provided by independent contractors and hourly-paid private sector attorneys.

The Legislature also increased the General Fund appropriation to the Contract and Business Services Division by \$48,631, to correct the support level for state government services charges in the agency budget. An error in the 2013-15 biennium Governor's recommended budget underfunded support for charges for payroll services.

Commission on Judicial Fitness and Disability

General Fund support for the Commission on Judicial Fitness and Disability was increased by \$4,176 (or 2.2%) over the level approved in the 2013 session. The increase consists of two components. The Commission's General Fund was increased by \$2,148 to support compensation plan cost increases. The Legislature also increased General Fund by \$2,028 to restore 50% of the agency's 2% supplemental General Fund ending balance holdback.

Economic and Community Development Program Area

Oregon Business Development Department

General Fund and Lottery Funds expenditures for the Oregon Business Development Department were increased by \$2.3 million (equal to 1.8% of the total budget, or to 3.2% of the operating budget

excluding debt service) over the level approved in the 2013 session, while total funds expenditures were increased by \$12.3 million (or 2.7%). The Department's General Fund and Lottery Funds expenditures were increased by \$539,627 to support compensation plan cost increases. Including Other Funds and Federal Funds expenditure limitation adjustments, agency expenditures were increased by a total of \$976,356 for compensation plan cost increases.

The Legislature increased the General Fund appropriation by \$89,679 to fully restore the Arts Commission's 2% supplemental General Fund ending balance holdback. Lottery Funds expenditure limitations were increased by a total of \$250,000 to partially restore the 2% supplemental Lottery Funds ending balance holdbacks to the Shared Services and Business, Innovation, and Trade Divisions. No additional Lottery Funds are allocated from the Administrative Services Economic Development Fund for this partial restoration of the holdback amounts, or for Lottery Funds expenditure limitation increases provided for compensation cost increases; the agency will finance these expenditures out of sufficient cash balances of Lottery Funds in the division budgets.

The Legislature established a \$1,150,000 Lottery Funds expenditure limitation for the Business, Innovation and Trade Division for support of the Oregon Manufacturing Extension Partnership and for port property redevelopment. The Legislature also established a \$250,000 Lottery Funds expenditure limitation for the Business, Innovation and Trade Division for a new pilot Dislocated Worker Training Program, focusing on reemploying dislocated engineers and other professionals in bioscience and manufacturing traded sector industries. Both of these Lottery Funds expenditure limitations are established on a one-time basis, and will be phased out in the development of the agency's 2015-17 biennium current service level. The \$1.15 million expenditure limitation was established to provide a special payment of an additional \$750,000 to support the Oregon Manufacturing Extension Partnership, and a special payment of \$400,000 to the Port of Port Orford for redevelopment of the Cannery Building owned by the Port.

The Legislature increased the Regional Solutions Other Funds expenditure limitation in the Infrastructure Finance Authority program area by \$9,349,999, and increased the general Infrastructure Finance Authority Other Funds expenditure limitation by \$240,594, to authorize distribution of lottery revenue bond proceeds to support Regional Solutions projects, and to pay bond-related costs, respectively. These Other Funds expenditure limitation increases are approved on a one-time basis only, and will be phased out in the development of the agency's 2015-17 biennium current service level.

The 2013-15 biennium budget includes authorization of up to \$10 million of lottery revenue bond proceeds for Regional Solutions projects. In the 2013 session, the Legislature established a \$1 Other Funds limitation on Regional Solutions project expenditures, pending submission of specific projects for review. A total of \$9,350,000 of Regional Solutions project expenditures were approved for specified projects.

The Legislature also approved a change in the use of \$12 million of Other Funds lottery revenue bond proceeds previously authorized in the 2013 session for transfer to the Special Public Works Fund. Of this amount, \$3 million of proceeds are redirected to the Marine Navigation Improvement Fund for coastal port dredging; with the remaining \$9 million of proceeds to be transferred to the Special Public Works Fund.

Finally, the Legislature approved the implementation of the agency's Package 091 reductions. The implementation includes permanent fund shifts in the financing of two agency positions in the Shared

Services/Central Pool program area. The two positions, formerly Lottery Fund-financed, will now have 22% of their personal services costs funded by Other Funds generated by agency programs. This action supports a \$100,000 fund shift from Lottery Funds to Other Funds approved with Package 091 in the agency budget.

Employment Department

The Legislature approved the following adjustments to the Employment Department budget:

- Employee compensation changes resulting in an increase of \$3.2 million Other Funds, and \$4.2 million Federal Funds.
- Information technology expenditures totaling \$3.6 million Other Funds, for independent assessment of projects and existing staffing resources (\$300,000), lifecycle replacement of hardware and software (\$2.1 million), and stabilization of the existing document management system until a longer-term solution can be planned and implemented (\$1.2 million).
- Expected caseload increases in the Office of Administrative Hearings (\$301,975 Other Funds, one Limited Duration position at 0.67 FTE).
- Supplemental funding for Unemployment Insurance Overpayment prevention (\$598,686 Federal Funds and four limited duration positions at 2.68 FTE).
- Additional administrative grant funding from the U.S. Department of Labor for Reemployment Eligibility Assessment activities undertaken by the Employment Department (\$3.1 million Federal Funds).
- A Self-Employment Assistance Program Grant award, to fund counseling opportunities with program participants and remote consultation and training tools (\$332,576 Federal Funds).
- A Workforce Data Quality Initiative Grant award (\$720,000 in Federal Funds and three limited duration positions at 2.00 FTE).

Housing and Community Services Department

The Legislature approved an updated Package 091 Statewide Administrative Savings, reducing number of months on three positions (two Information Systems Specialists with a reduction of 0.50 FTE each, and a Procurement and Contract Specialist reduced by 0.62 FTE). Over all, personal services were reduced by \$227,189 Other Funds and \$99,918 Federal Funds; services and supplies were reduced by a total of \$113,376 Other Funds and \$14,195 Federal Funds; and capital outlay was reduced by \$1,825 Other Funds. All reductions are allocated to the Business Operations unit of the agency's Central Services program.

The Legislature approved a restoration of \$42,326 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. This amount represents 25% of the initial holdback. The funding is restored to the agency's General Fund programs as follows:

- Foreclosure Counseling (SB 1552): \$10,231
- Emergency Housing Assistance: \$11,625
- State Homeless Assistance Program: \$6,604
- Low Income Rental Assistance: \$1,122
- Oregon Hunger Response Fund: \$6,628
- Court Appointed Special Advocates: \$5,755
- Housing Choice Landlord Guarantee Program: \$361

The Legislature approved operational funding for the second year of the biennium for the Housing and Community Services Department after receiving a report on the results of the agency's review of services and delivery options. The goals of the review included identifying and eliminating duplication

and fragmentation in service delivery, as well as efficiencies that could help to address an anticipated operating deficit of \$8 million in 2015-17. Report recommendations include simplifying program rules and reporting requirements; implementing shared services arrangements for some administrative functions; redesigning policy and governance structure to provide clear guidance and priorities; moving local service delivery partners toward performance based contracting over time; and moving food and volunteer programs to other areas of state government.

The approved second-year funding will continue programs for the remainder of the biennium within the existing agency structure. Recommendations with budget and staffing implications will be proposed for implementation in conjunction with the 2015-17 budget process, along with changes to Key Performance Measures.

HB 5201 (2014) repealed three special purpose appropriations related to HCSD, and instead appropriates a total of \$8,765,066 General Fund to the agency; \$8,540,066 of this is for 2014-15 fiscal year operations, and \$225,000 is for a one-time increase in support for the Oregon Hunger Response Fund. Second-year agency operations also include \$60,528,131 Other Funds, \$39,500,000 Federal Funds, \$122,795,359 Other Funds Nonlimited, \$54,000,000 Federal Funds Nonlimited, and 74.36 FTE. The above amounts include employee compensation distribution amounts.

Additional one-time General Fund in the amount of \$1.5 million for the Emergency Housing Account and \$500,000 for the State Homeless Assistance Program were also approved (along with a corresponding increase of \$1.5 million in Other Funds expenditure limitation for the Emergency Housing Account).

Other Funds expenditure limitation of \$2,555,025 was added to provide additional one-time support for affordable housing preservation, funded by \$2,820,000 in lottery revenue bonds authorized in SB 5703; \$55,025 of this amount is attributable to bond-related costs. This brings the total amount of bond proceeds for funding affordable housing preservation to \$7.5 million for the 2013-15 biennium.

Department of Veterans' Affairs

The Legislature approved an updated Package 091 Statewide Administrative Savings, shifting the majority of personal services savings in the Loan Program to services and supplies, in consideration of previous position reductions taken in the legislatively adopted budget (elimination of 12.00 FTE in the Loan Program). As modified, Package 091 reductions eliminate one position (0.20 FTE) and total \$16,426 in personal services, and \$136,794 in services and supplies in the Loan Program, and \$153,224 in services and supplies reductions in the Veterans' Home program.

The Legislature approved a General Fund restoration of \$43,959 to partially restore the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. This amount represents 25% of the initial holdback. The funding is restored to the agency's General Fund programs in the following amounts:

- Counseling and Claims: \$2,198
- County Veterans Service Officers special payments: \$21,971
- Aid programs administered by the Oregon Department of Veterans' Affairs: \$19,342
- Special Payments to National Service Organizations: \$448

The budget was further adjusted by adding \$108,002 General Fund and \$381,205 Other Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Additional Other Funds expenditure limitation in the amount of \$6,230,000 was approved for two additional positions (1.13 FTE), and planning, marketing, start up and operating costs associated with the second Veterans' Home in Lebanon, Linn County. The home is scheduled to open in the fall of 2014.

Federal Funds expenditure limitation in the amount of \$300,000 was established to accommodate the possible receipt of a federal grant for transportation services to veterans in highly rural areas of the state. The Department of Administrative Services will unschedule the limitation until the Oregon Department of Veterans' Affairs was notified that its grant application was successful.

Natural Resources Program Area

Department of Agriculture

The Department received a one-time \$125,000 General Fund appropriation for use by Portland State University's Consensus Center to support a balanced task force to begin examining labeling requirements, liability, compensation, budgetary requirements and any other areas relating to genetically engineered agricultural products and recommend if new authorities or statutory changes are needed. Other budget adjustments included a one-time \$65,000 General Fund appropriation to establish administrative rules and put the program processes in place to be able to issue licenses and permits for industrial hemp production. Other Funds expenditure limitation was increased by \$430,590 for the food safety program. These funds will be used to hire three new inspector positions (1.75 FTE), which will allow the Department to conduct food safety inspections of facilities on a shorter interval than is currently possible.

The Legislature approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of \$96,102 General Fund. The approved budget changes included an updated Package 091 Statewide Administrative Savings, which moved some of the Other Funds reductions from administrative support services to agency programs. Finally, the budget was increased by \$453,633 General Fund, \$139,457 Lottery Funds, \$1,177,546 Other Funds, and \$152,208 Federal Funds for employee compensation agreements.

Columbia River Gorge Commission

The Legislature restored the full 2% supplemental ending balance holdback of \$17,820 General Fund for the Columbia River Gorge Commission. This action brings the Commission's 2013-15 budget back to parity with the budget adopted by the State of Washington for the agency.

Department of Energy

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating a part time Office Specialist 1 position (0.63 FTE) and reducing FTE on an Accounting Technician 3 position (0.58 FTE). Other Funds was increased by \$766,057 and Federal Funds was increased by \$37,910 for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Other budget adjustments included \$276,190 in additional Other Funds expenditure limitation to facilitate the expenditure of lottery bond proceeds totaling \$10,152,380; ten million dollars is intended to be deposited into the Jobs and Energy and Schools Fund and granted by the Oregon Department of Energy to Clean Energy Works Oregon, which will utilize the funding to facilitate the delivery of energy efficiency projects, while \$152,380 is for bond-related costs.

Department of Environmental Quality

Budget adjustments for the Department included a \$375,000 General Fund appropriation and three limited duration positions (1.04 FTE) to conduct air toxics monitoring in the Swan Island area. The funds will be used to operate a new air toxics monitor to better understand what air toxics people are exposed to in the vicinity of Swan Island. The monitoring work will continue into the first few months of the 2015-17 biennium, with a roll-up cost of \$120,389 General Fund and three limited duration positions (0.48 FTE).

The Assembly approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of \$130,726 General Fund and also approved an updated Package 091 Statewide Administrative Savings, which moved some of the reductions from Agency Management to the Air, Water, and Land Quality programs and eliminated 2 positions and 2.50 FTE in Land Quality. The budget was also increased by \$519,421 General Fund, \$48,483 Lottery Funds, \$2,905,717 Other Funds, and \$446,925 Federal Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Department of Fish and Wildlife

The Legislature approved the transfer of \$613,000 Federal Funds from the Fish Division program to the Capital Improvement program to comply with new federal rules that require states to hold title to any land acquired using federal funds from the Sportfish Restoration Fund. The Department has traditionally used a portion of these funds to partner with the Oregon State Marine Board to improve public boating access. In the past the funds were awarded and a local government held title to any land purchased as part of these projects. The Department will now have to hold title, but local governments will continue to manage and maintain these facilities. The Legislative Assembly also approved the transfer of \$183,000 Other Funds from the Fish Division to Capital Improvement to replace a condemned residence at the Cedar Creek Hatchery.

Budget adjustments also included the transfer of \$1,104,325 Federal Funds and \$359,548 Other Funds from the Wildlife Division to Capital Improvement to reflect plans to use these monies for land acquisition to increase hunter access, habitat improvement, and for capital improvements to existing facilities. The Federal Funds are from the Pittman Roberts Program which distributes revenue from a federal excise tax on sporting arms and ammunition. The Other Funds are necessary to meet federal match requirements.

The Department received the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of \$73,671 General Fund. The budget also included an updated Package 091 Statewide Administrative Savings, which eliminated 3 positions and 3.42 FTE in the Administrative Services Division. The budget was increased by \$473,350 General Fund, \$153,950 Lottery Funds, \$3,121,749 Other Funds, and \$2,844,820 Federal Funds for employee compensation agreements.

Forestry Department

The Legislature approved a restoration of \$457,618 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 50% of the initial holdback for Fire Protection and 25% of the initial holdback for Private Forests. No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

The Legislature also approved a \$40 million General Fund to supplement the 2013-15 Department's Fire Protection Division appropriation. The funding covers the estimated state's share of \$75 million in net costs for the 2013 fire season. The state's share of the deductible on the state's and landowners' insurance policy totals \$10 million. The additional \$30 million covers costs that exceeded the state's \$10 million deductible, the landowners' \$10 million deductible, and the insurance policy \$25 million payout. The Department will reconcile the 2013 and 2014 fire seasons and report on total costs during the 2015 legislative session. The budget was increased by \$941,723 General Fund, \$3,429,308 Other Funds, and \$255,156 Federal Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Department of Geology and Mineral Industries

The Assembly approved a restoration of \$12,880 General Fund of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. Budget adjustments included an update to Package 091 Administrative Savings, moving a portion, primarily in Other Funds expenditure limitation, from personal services to services and supplies. The budget was increased by \$64,092 General Fund, \$120,433 Other Funds, and \$125,677 Federal Funds for employee compensation agreements.

Department of Land Conservation and Development

The Legislature approved a restoration of \$59,087 General Fund of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. Funds restored include \$24,653 in the grants program for grants, and \$34,434 in the operations and planning program for personal services.

An updated Package 091 Statewide Administrative Savings was also approved that reduced months on one position (0.38 FTE) and moved a portion of the reduction from personal services to services and supplies. Employee compensation adjustments for the agency included an increase of \$277,889 General Fund, an increase of \$12,731 Other Funds, and an increase of \$122,120 Federal Funds; which represents a respective change of 2.7%, 1.3% and 2.1%, from the 2013-15 legislatively approved budget.

Land Use Board of Appeals

The Assembly approved a restoration of \$7,738 General Fund of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. Employee compensation adjustments for the agency included an increase of \$48,976 General Fund and an increase of \$3,073 Other Funds; which represents a respective change of 3.7% and 3.6%, from the 2013-15 legislatively approved budget.

Department of State Lands

No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction. The Department is planning an agency-wide reorganization. The Legislature approved increasing the Department's Other Funds expenditure limitation by \$135,684 for the purpose of securing professional services for business process mapping, review, and improvement recommendations, in support of the reorganization.

The South Slough National Estuarine Research Reserve received a \$1 million grant award notice from the U.S. Fish and Wildlife Service. The grant will enable the Department to add 240 acres to Reserve property. This resulted in increasing Federal Funds expenditure limitation by \$1 million and Other Funds expenditure limitation by \$58,700, with the Other Funds providing part of the required match.

The remaining match will be provided by in-kind work and contributions from supportive local entities. The budget was increased by \$628,567 Other Funds and \$50,240 Federal Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Marine Board

The Assembly approved an updated Package 091 Statewide Administrative Savings by taking all of the administrative savings in services and supplies. The Board did not have sufficient vacant positions to take additional cuts to personal services. The budget was also increased by \$233,139 Other Funds and \$7,238 Federal Funds for employee compensation agreements.

Parks and Recreation Department

The General Fund reduction taken for the 2% supplemental ending balance holdback was not restored. No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction. The budget was increased by \$1,229,004 Lottery Funds, \$1,690,977 Other Funds, and \$39,003 Federal Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. The budget was also adjusted as a result of passage of SB 1514 which increases the share and transfer of recreational vehicle fee revenue to counties; this represents a loss of revenue to the Department. To reflect this revenue reduction, SB 1514 included an Other Funds expenditure limitation reduction of approximately \$1 million. It is anticipated that additional Lottery Funds will be used to backfill this loss of revenue in 2013-15, but the higher transfer rate results in a projected \$4.7 million loss in 2015-17, which is not expected to be able to be backfilled.

Water Resources Department

The Legislature provided a 25% restoration of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. The restoration will allow the Water Resources Department to fill a position in the Field Services Division that was held vacant in order to generate the required savings.

The Legislature also approved an updated Package 091 Statewide Administrative Savings, reallocating amounts among expenditure accounts to affect permanent administrative cost reductions. To accommodate the General Fund personal services reduction of \$58,076, a 0.50 FTE grant administration position was reduced to 0.25 FTE. Other Funds personal services reductions of \$28,742 and services and supplies reductions of \$39,053 were allocated entirely to services and supplies. The budget was increased by \$644,644 General Fund, \$189,726 Other Funds, and \$2,529 Federal Funds for employee compensation agreements.

Oregon Watershed Enhancement Board

Constitutionally dedicated Lottery Fund allocations from the Watershed Conservation Operating Fund were increased for the Department of State Police by \$183,060 and the Department of Agriculture by \$141,485 to fund state employee compensation changes. The Department of Fish and Wildlife and the Department of Environmental Quality will use existing Measure 76 fund balances to pay for state employee compensation changes and therefore did not need an increase in Lottery Funds allocation. No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction. The budget was increased by \$118,147 Lottery Funds, \$2,849 Other Funds, and \$84,939 Federal Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Consumer and Business Services Program Area

Board of Accountancy

The Legislature approved \$30,796 Other Funds for employee compensation. No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Chiropractic Examiners

The budget was increased by \$25,316 Other Funds for employee compensation changes. No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Licensed Social Workers

The Legislature approved \$45,100 Other Funds for employee compensation. No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Construction Contractors Board

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating 0.50 FTE and moving a portion of the reduction from personal services to capital outlay. The budget was increased by \$413,112 Other Funds, an increase of 2.6% from the legislatively adopted budget, for state employee compensation changes.

Department of Consumer and Business Services

The Legislature approved: (1) \$5,336,039 Other Funds and \$27,522 Federal Funds expenditure limitation for employee compensation; (2) an updated Package 091 Statewide Administrative Savings, eliminating 9 positions and 8.00 FTE, and shifting \$15,493 from services and supplies to personal services, in order to achieve the original placeholder reduction of (\$1,388,562) Other Funds; and (3) a one-time increase of \$4,625,091 Federal Funds expenditure limitation for the Health Insurance Rate Review Grant Cycle II and III to support state efforts to enhance the health insurance premium rate review process, and increase the transparency of the review process.

Board of Dentistry

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction. The budget was increased by \$25,650 Other Funds for employee compensation agreements.

Licensed Professional Counselors and Therapists

The Legislature approved \$31,497 Other Funds for employee compensation.

Board of Psychologist Examiners

The Legislature approved \$32,662 Other Funds for employee compensation.

Medical Board

The Legislature approved \$275,846 Other Funds for employee compensation and an updated Package 091 Statewide Administrative Savings, eliminating 1 position (0.46 FTE), to achieve the original placeholder reduction of (\$123,898) Other Funds.

Board of Nursing

The Legislature approved \$297,473 Other Funds for employee compensation. No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction

Board of Pharmacy

The Legislature updated Package 091 Statewide Administrative Savings, reallocating among expenditure accounts to affect permanent administrative cost reductions. Other Funds personal services reductions of \$3,693 and services and supplies reductions of \$1,503 were reallocated entirely to agency services and supplies. The budget was increased by \$174,411 Other Funds for employee compensation agreements.

Real Estate Agency

The Legislature approved \$223,678 Other Funds expenditure limitation for employee compensation; and an updated Package 091 Statewide Administrative Savings, eliminating 0.25 FTE in order to achieve the original placeholder reduction of (\$36,058) Other Funds.

Health Licensing Agency

No changes were made from the original placeholder budget categories to implement Package 091 Statewide Administrative Savings. However, the agency's budget is moved to the Oregon Health Authority beginning July 1, 2014, as directed by HB 2074 (2013). The associated budget change is a reduction of \$3,760,280 Other Funds expenditure limitation and 17.50 FTE, which represents approximately one year of the biennial budget for the Oregon Health Licensing Agency. A corresponding increase is made in the Oregon Health Authority budget.

Health Related Licensing Boards

The Legislature approved an updated Package 091 Statewide Administrative Savings for each of the six licensing boards: Mortuary and Cemetery, Naturopathic Medicine, Occupational Therapy, Medical Imaging, Speech-Language Pathology and Audiology, and Veterinary Medical. The boards are shifting reductions from personal services to services and supplies to meet the savings targets.

Additionally, the Legislature approved expenditure limitation increases totaling \$121,623 Other Funds for the six licensing boards for coverage of expected employee compensation change costs in 2013-15.

Bureau of Labor and Industries

The Legislature increased the General Fund appropriation by \$67,522 to restore a portion of the agency's 2% supplemental ending balance holdback. This amount represents 29% of the total holdback; to cover the remaining gap BOLI will continue to hold the Apprenticeship Representative position in its Portland office vacant for the rest of the biennium.

The Legislature approved an updated Package 091 Statewide Administrative Savings, eliminating a total of 0.75 FTE across 2 positions in accounting and office administration. A portion of the agency's reduction was also moved from personal services to services and supplies.

Additionally, the Bureau received an appropriation increase of \$261,821 General Fund and an increase in expenditure limitation of \$228,838 Other Funds and \$41,986 Federal Funds toward coverage of expected employee compensation change costs in 2013-15.

The Legislature approved an increase of \$450,000 Other Funds expenditure limitation and the establishment of a limited duration full-time Office Specialist 2 position (0.63 FTE) to enhance the Support Services Program. The program is part of an interagency agreement with the Oregon Department of Transportation, which provides the funding, to help increase diversity in the highway construction workforce. The Bureau of Labor and Industries (BOLI) will utilize the additional funds to increase support to existing pre-apprenticeship preparation programs and establish new preparation programs in rural areas. The limited duration position will provide administrative support for the program, allowing the program coordinator to focus on development and implementation of the preparation programs.

To provide education and outreach on fair housing laws and to investigate fair housing cases, the Legislature approved a one-time increase of \$146,584 Federal Funds expenditure limitation. In partnership with the U.S. Department of Housing and Urban Development (HUD), BOLI will use the funds to complete dated fair housing cases that have been dual-filed with BOLI and HUD, and to work with the Fair Housing Council of Oregon to provide education and outreach. Additionally, BOLI's Technical Assistance Program will provide training sessions throughout the state on changes to fair housing laws.

The Legislature also approved a budget note related to workforce needs of employees of Qualified Rehabilitation Facilities:

Public Utility Commission

The Legislature approved an updated Package 091 Statewide Administrative Savings that resulted in elimination of a mailroom assistant position (1.00 FTE). A portion of the reduction originally applied to services and supplies was shifted to personal services.

Board of Tax Practitioners

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction. The budget was increased by \$26,720 Other Funds for employee compensation agreements.

Transportation Program Area

Department of Aviation

The Legislature approved \$94,904 Other Funds and \$8,638 Federal Funds expenditure limitation increases for employee compensation costs associated with cost-of-living adjustments and insurance costs for the remainder of the biennium. Also approved was an updated Package 091 Statewide Administrative Savings that shifted Other Funds reduction from personal services to services and supplies.

Department of Transportation

HB 5101 was the omnibus budget reconciliation bill for the 2013 special session (September-October, 2013). It appropriated \$5 million General Fund to the Department of Transportation for the Public Transit Division's Elderly and People with Disabilities Transportation Program. The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. General Fund is flexible and can be used for transit operations or match for other grants.

In the 2014 session, the Legislature provided an additional \$4 million General Fund for the elderly and disabled transportation program. This infusion brings total funding for the biennium to \$11 million, which is about 30% of the estimated need as evaluated in a 2010 study by Portland State University. The funding is part of a comprehensive package to benefit seniors statewide.

The Legislature approved an updated Package 091 Administrative Savings, moving a portion of the Department's Other Funds reduction from personal services to services and supplies.

The Department also received \$23.9 million Other Funds and \$69,627 Federal Funds expenditure limitation increases for employee compensation costs for the remainder of the biennium that were not included in the Department's 2013-15 legislatively adopted budget.

Administration Program Area

Department of Administrative Services

The budget for the Department of Administrative Services (DAS) is \$1.1 billion total funds, which is a 3.1% increase from its 2013-15 legislatively adopted budget. It includes 809 positions (793.90 FTE). The DAS budget saw a number of adjustments during the 2014 session including an \$8,644,690 Other Funds expenditure limitation increase for Enterprise Technology Services (ETS) to begin a \$40 million technology equipment lifecycle replacement plan. Due to continued use of equipment past its useful life, the state is now experiencing unacceptable levels of technology service outages that impact state government operations. DAS estimates there is now more than \$40 million worth of equipment and infrastructure past the 5 year useful life. The \$8,644,690 Other Funds increase for 2013-15 rolls-up to \$18,743,503 in 2015-17 for the second phase of the equipment replacement plan. DAS plans to incorporate a depreciation factor in future ETS rates, which will allow the state to accommodate lifecycle replacement costs on an ongoing basis. Also approved was a \$5,121,497 Other Funds expenditure limitation increase and the establishment of 19 positions (10.22 FTE) for ETS to meet the increasing demand for technology services from state and local governments, including implementation of IT projects approved in 2013-15 adopted budgets.

A \$700,000 Other Funds expenditure limitation increase for the Chief Operating Office for two special projects that cross multiple agencies or require some independence was also approved. The first project is for \$350,000 to purchase a statewide license for the Agora software program to be used by multiple state agencies. Agora offers tools to link economic and community development projects with project funders. The second special project involves the expenditure of \$350,000 Other Funds to examine the Cover Oregon Website Project. At the request of the Governor, DAS contracted with First Data Government Solutions through the Enterprise Initiatives Master Price Agreement. First Data Government Solutions will complete a third party assessment of the Cover Oregon Website Project. Funding for the contract will be transferred from the Oregon Health Authority and Cover Oregon to pay the cost of this assessment and any applicable legal fees. An additional \$1,220,548 Other Funds was approved for Enterprise Asset Management (EAM) for the state motor pool. Of this total, \$1,047,548 is for the purchase of 47 new vehicles and for fuel and maintenance of these vehicles and \$173,000 is for the transfer of an auto mechanic position from the Oregon Department of Transportation to the state motor pool to consolidate light fleet maintenance in the Salem area.

HB 5201 included one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

- \$345,000 for disbursement to the SW Oregon Assessment and Taxation Coalition involving the assessors of Coos, Curry, Douglas, Jackson, Josephine, Klamath, and Lane counties for a pilot project to form partnerships for the delivery of taxation and assessment services, to seek ways to deliver these services more efficiently.
- \$100,000 for disbursement to the City of Forest Grove for initial planning costs associated with construction of a community center facility. The building could potentially house city hall, city offices, and a police station.
- \$80,000 for disbursement to Sustainable Northwest for completion of a Western Juniper utilization and marketing project.
- \$20,000 for disbursement to the Medford Senior Center for a Senior Nutrition Program.

HB 5201 also included \$9,033,609 Other Funds expenditure limitation one-time increases for cost of issuance and special payments associated with the disbursement of proceeds from Lottery Bond sales. There is no debt service allocated in the 2013-15 biennium, as the bonds will not be sold until the spring of 2015. Debt service for 2015-17 is estimated at a total of \$1,640,046 Lottery Funds.

- \$2,958,304 Other Funds for disbursement to the Port of Morrow for a Community Revitalization Revolving Loan Fund that would be available to Malheur, Harney, Grant, Baker, Union, Wallowa, Umatilla, Morrow, Gilliam, Sherman, and Wheeler counties for energy conservation, renewable energy, and general business development projects.
- \$2,451,194 Other Funds for disbursement to the City of Cornelius for a new public library with the stipulation that the City of Cornelius secures matching funds and commitments of no less than \$10.4 million by the end of the 2013-15 biennium, prior to the distribution of the lottery revenue bond proceeds for the project.
- \$1,544,053 Other Funds for disbursement to the City of Stayton to purchase property and develop a storm water detention facility in Stayton. The facility is expected to improve water quality for downstream agricultural users and manage peak storm flows into the Salem Ditch and Mill Creek.
- \$1,040,029 Other Funds for disbursement to the Mid-Columbia Medical Center to support capital construction projects to expand or improve the medical center.
- \$1,040,029 Other Funds for disbursement to the Beaverton Community Health Collaborative for the construction of a multi-service health and wellness facility.

Final budget adjustments included updated Package 091 Statewide Administrative Savings, eliminating 2 Custodian positions (2.00 FTE) and one Production Supervisor position (1.00 FTE). Because some of the administrative reductions were not achievable, particularly the \$5,771,223 Other Funds in Enterprise Technology Services (ETS), Other Funds reductions were taken in the Chief Information Office (\$3,515,338) to eliminate empty Other Funds expenditure limitation and Enterprise Asset Management (\$130,906) to eliminate the two custodian positions. These reductions allowed restorations of \$3,183,353 Other Funds in ETS and \$462,891 Other Funds in Enterprise Human Resource Services. Also included was the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of \$13,953 General Fund. Employee compensation adjustments resulted in a \$7,399 General Fund increase and a \$5 million Other Funds increase associated with the compensation increases that were approved for all state agencies.

Oregon Advocacy Commissions Office

The budget for the Oregon Advocacy Commissions Office is \$0.5 million total funds, which is a 5.8% increase from the 2013-15 legislatively adopted budget. It includes two positions (2.00 FTE). The Commission's entire 2% supplemental ending balance holdback of \$8,301 was restored and the agency received a \$17,229 Other Funds expenditure limitation increase for employee compensation costs

associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. A revised Package 091 Statewide Administrative Savings was approved for the agency, which moved the agency's personal services reduction to services and supplies.

Employment Relations Board

The budget for the Employment Relations Board is \$4.2 million total funds, which is a 10.7% increase from its 2013-15 legislatively adopted budget. It includes 13 positions (13.00 FTE). The agency received \$116,236 General Fund and \$148,020 Other Funds expenditure limitation to fund employee pay differentials, unemployment benefits, payment of accrued employee vacation time, a temporary double-fill of an administrative law judge position, and mediator travel expenses. With these increases, the agency did not require a restoration of any of its 2% supplemental ending balance holdback. A revised Package 091 Statewide Administrative Savings was approved for the agency, which moved a portion of its personal services reduction to services and supplies. The agency also received \$49,995 General Fund and \$90,971 Other Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Government Ethics Commission

The budget for Government Ethics Commission is \$2 million Other Funds, which is a 2.1% increase over the 2013-15 legislatively adopted budget. It includes eight positions (7.88 FTE). A revised Package 091 Statewide Administrative Savings was approved for the agency, which moved a portion of the agency's personal services reduction to services and supplies. The only other change to the budget was a \$40,808 Other Funds expenditure limitation increase for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Office of the Governor

The budget for the Office of the Governor is \$17.7 million total funds, which is 10% increase above its 2013-15 legislatively adopted budget. It includes 57 positions (56.50 FTE). The Office received a restoration of \$51,520 of the 2% supplemental ending balance holdback. That represents 25% of the initial holdback. The Office also received \$262,943 General Fund, \$115,011 Lottery Funds, and \$100,921 Other Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. The Legislature appropriated \$1,080,000 General Fund for the Public Infrastructure Commission and the West Coast Infrastructure Exchange; the Governor's Office may transfer some, or all, of the funds to the State Treasurer for the implementation of HB 4111 (2014).

Oregon Liquor Control Commission

The budget for the Oregon Liquor Control Commission (OLCC) is \$151.9 million Other Funds, which is a 0.8% increase from the 2013-15 legislatively adopted budget. It includes 233 positions (227.63 FTE). A revised Package 091 Statewide Administrative Savings was approved for the agency, which resulted in the elimination of a total of three positions (2.50 FTE) and making shifts between personal services and services and supplies in various agency programs. The only other change to the budget was a \$1.3 million Other Funds increase for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Public Employees Retirement System

The budget for the Public Employees Retirement System is \$9.4 billion Other Funds, which is a 0.04% increase from the 2013-15 legislatively adopted budget. It includes 369 positions (367.23 FTE). Over \$9.3 billion of the total is for benefit payments to retirees, which is unchanged from the adopted budget. The administrative budget of the agency totals \$88.2 million, which is a 4.9% increase from

the 2013-15 legislatively adopted budget. Changes to the administrative budget include: \$1,022,945 Other Funds for the implementation of SB 861 (2013 special session), and \$718,750 Other Funds for phase two of a three phase project to move the administration of the Individual Account Program from a third-party administrator to the agency. There was also a \$2.4 million Other Funds increase for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. A revised Package 091 Statewide Administrative Savings was approved for the agency, which moved almost all its personal services reduction to services and supplies.

Racing Commission

The budget for the Oregon Racing Commission is \$5.8 million Other Funds, which is a 1.4% increase from 2013-15 legislatively adopted budget. It includes 15 positions (13.27 FTE). The only change to the budget was \$84,208 Other Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

Department of Revenue

The budget for the Department of Revenue is \$230.8 million total funds, which is a 0.2% increase over the 2013-15 legislatively adopted budget. It includes 1,074 positions (1,016.66 FTE). The Legislature disappropriated \$2.6 million in one-time General Fund savings, which is in addition to the General Fund savings the agency set aside to compensate for its 2% ending balance holdback. A revised Package 091 Statewide Administrative Savings was approved for the agency, which eliminated eight permanent full-time positions and reduced one permanent full-time position to part-time (8.50 FTE). The alternative plan minimizes the impact to the agency's Information Technology Division so as to support its transition of legacy information technology systems to a new information system entitled the Core System Replacement project. The Property Tax Division was reduced by \$2 million Other Funds for limitation in excess of program needs and available revenue. An agency rebalance was also approved to align the agency's budget with its current operations and organizational structure. The agency also received \$4.1 million General Fund and \$1 million Other Funds for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium.

The primary vendor contract for the Core Systems Replacement project was originally estimated to cost \$29 million over three biennia; however, the agency was able to negotiate a \$27 million contract. The savings for the current biennium totals \$2.3 million Other Funds, with \$300,000 of the savings being needed in a future biennium. The bonding authority for the agency was not adjusted, so the \$2.3 million in bond proceeds, once issued, will be available for future biennia project expenses. Additionally, one permanent full-time Principle Executive Manager E position (0.67 FTE) was added to the project, which brings its total to 32 positions (31.67 FTE).

Secretary of State

General Fund for the Secretary of State was increased by \$187,110 (or 2.2%) over the level approved in the 2013 session, while total funds expenditures were reduced by \$1,107,516 (or 1.7%). The agency's General Fund appropriations were increased by \$143,314 to support compensation plan cost increases. Including Other Funds and Federal Funds, total agency expenditures were increased by \$1,548,688 for compensation plan cost increases. The Legislature also increased the General Fund appropriation by \$43,796 to restore 25% of the agency's 2% supplemental General Fund ending balance holdback. The entire amount of the restoration was directed to administrative services.

A Federal Funds expenditure limitation reduction of \$2,700,000 was approved to more closely align remaining limitation with the Secretary's revised plan of expenditure of federal Help America Vote Act (HAVA) moneys. The Secretary reported that HAVA monies, initially budgeted for county election tabulation systems upgrades, are being redirected to finance upgrades to the Oregon Centralized Voter Registration system instead. This redirection reduces current biennium Federal Funds expenditures and will allow HAVA monies to fully support program costs, without need for additional General Fund support through the remainder of the 2013-15 biennium, and through the 2015-17 biennium as well.

The adopted budget also transfers an additional \$2.2 million of Corporation Division revenue to the General Fund for general government purposes, effective June 15, 2015. These funds consist of moneys from business registration fees that exceed the cost of operating the agency's business registration program. A projected total of \$50.8 million of Corporation Division revenue will be transferred to the General Fund this biennium under provisions that transfer the portion of business registration fee charges in excess of \$20 to the General Fund. The additional \$2.2 million transfer approved this session, along with an additional \$4 million transfer to the General Fund approved in the 2013 session, will result in \$57 million of General Fund revenues from business registration fees in the 2013-15 biennium. The Corporation Division will retain a \$2.3 million ending balance after the transfers, sufficient to finance 3.4 months of operations.

Oregon State Library

The budget for the State Library is \$6.9 million total funds, which is a 1.3% increase over the 2013-15 legislatively adopted budget. It includes 41 positions (19.63 FTE). A decision to provide the second fiscal year of funding to the agency was delayed until the Emergency Board meeting in May of 2014. The agency did, however, receive a restoration of \$18,616, or 57%, of its original 2% supplemental ending balance holdback. A revised Package 091 Statewide Administrative Savings was approved for the agency, which moved a portion of the agency's personal services reduction to services and supplies. The agency also received \$19,452 General Fund, \$35,909 Other Funds, and \$14,812 Federal Fund for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. A budget note directed the establishment of a workgroup to complete the progress of reorganizing library services.

Treasurer of State

The budget for the State Treasurer is \$46.7 million Other Funds, which is a 3.4% increase over the 2013-15 legislatively adopted budget. It includes 92 positions (89.89 FTE). The agency received a \$453,639 Other Funds increase for employee compensation costs associated with step increases, cost-of-living increases, and insurance costs for the 2013-15 biennium. The Legislature also increased the Other Funds expenditure limitation by \$1,080,000 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The revenue source is from a General Fund appropriation to the Governor's Office. Since the State Treasurer was not subject to either the 2% supplemental ending balance holdback or the Package 091 Statewide Administrative Savings, there was no restoration or associated adjustment needed.

Legislative Branch

The Legislative Branch retains its General Fund reversions from the previous biennium. The legislatively adopted budget included anticipated reversions, but adjustments were needed in the 2014 session after the actual amounts were known. The following adjustments were included:

- The Legislative Administration Committee is increased by \$251,000.
- The Legislative Assembly (Biennial Offices) is decreased by \$251,000.
- The Legislative Assembly (Members – Interim) is increased by \$275,000.
- The Legislative Assembly (Members – Session) is decreased by \$275,000.
- The Legislative Revenue Office is increased by \$13,000.
- The Legislative Fiscal Office is decreased by \$13,000.

The Legislative Branch received 25% of the 2% supplemental ending balance holdback. This restored about \$400,000 of the \$1.6 million branch-wide reduction. The rest of the holdback was covered with additional General Fund reversions from the previous biennium.

The Branch also received \$493,127 General Fund and \$212,422 Other Funds for employee compensation costs associated with cost-of-living adjustments and insurance costs for the remainder of the biennium.

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 2014 session, several changes affecting the Emergency Fund and Emergency Board were made:

General Purpose Adjustments:

- The general purpose Emergency Fund was retained at \$30 million, the same amount appropriated to the Emergency Board during the 2013 session.
- Two reservations were established within the general purpose Emergency Fund; \$3.5 million for education agencies involved with the Statewide Longitudinal Data System and \$350,000 for the Board of Parole and Post-Prison Supervision for the Parole Board Management Information System.

Special Purpose Disappropriations:

- The following amounts were disappropriated from special purpose appropriations to the Emergency Board and appropriated to the General Fund (and generally used toward General Fund appropriation increases for the original purposes except as noted):
 - \$86 million for various state agencies for employee compensation changes.
 - \$12.9 million for various state agencies for home health care workers compensation changes.
 - \$4.6 million for the Department of Education for costs related to student assessments for the second year of the biennium (all appropriated to the agency except for \$200,000).
 - \$1.8 million for the Department of Education for youth development program costs in the second year of the biennium.
 - \$9.2 million for the Housing and Community Services Department for operational costs in the second year of the biennium (all appropriated to the agency except for \$450,000).

- \$3.3 million for the Oregon Health Authority for rate increases for alcohol and drug residential treatment homes (all appropriated to the agency except for \$357,000).
- \$0.1 million for the Oregon Health Authority for staffing related to dental pilot projects.
- \$13.3 million for the Department of Human Services for various investments in senior programs (another \$12.7 million remains in the special purpose appropriation for future distribution for the same purposes).
- \$3 million remains in an existing special purpose appropriation for the Department of Forestry for forest fire suppression and fire insurance premium costs in the 2014 fire season and \$1.7 million remains in an existing special purpose appropriation for the State Library for second year operational costs.

Special Purpose Appropriation Establishment:

- \$24 million for the Oregon Health Authority and the Department of Human Services for caseload costs and other budget needs.
- \$3.5 million for various state education agencies for costs associated with higher education governance changes.
- \$1.3 million for the Oregon Judicial Department for one-time operations investments or increases in services.
- \$0.7 million for the Oregon Judicial Department for third-party debt collection.

With these changes, the Emergency Fund consists of \$30 million for general purposes (with \$3.85 million in reservation for special needs) and \$46.9 million for specified purposes. Any special purpose appropriation not used by December 1, 2014 is available to the Emergency Board for any lawful use (including the original purpose). Unused Emergency Fund resources become available to the Legislature in the 2015 session or revert to the General Fund ending balance if not accessed during the next session.

Additional 2014 Session Legislative Actions

Program Change Measure

HB 4157 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 4157 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 omnibus budget bill or the capital construction bill.

In order to balance the statewide General Fund budget, HB 4157 provides for the transfer of \$2.2 million in business registration fee revenues from the Secretary of State to the General Fund. Factoring in this transfer, the Operating Account for this function has an ending balance sufficient to finance 3.4 months of the related program’s operations.

Other changes that are part of this HB 4157 include:

- Authorizes the Superintendent of Public Instruction to provide interest free loans of up to \$400,000 to financially troubled school districts which do not have sufficient reserve funds to bring the district’s general fund to a positive balance. Loans are made with State School Fund (SSF) resources and the SSF is repaid with reduction in the district’s future state school formula payments.
- Re-establishes two study groups so they may continue their work during the remainder of this biennium – the Task Force on State Budget Process and the Work Group on Corrections Health Care Costs.
- Repeals sections of law relating to the Industries for the Blind Program due to the closure of the program in December of 2013.
- Modifies the statutory reporting requirement of the Department of Administrative Services relating to compensation plan to include information on step increases.
- Addresses the Governor’s line-item veto by repealing section 31, chapter 722 from the 2013 session which would have transferred \$4.8 million from the Electricity Public Purpose Charge Fund to the Clean Energy Deployment Fund for coordinating home energy efficiency activities.

Revenue Measures Approved in the 2013 Special Session and 2014 Session

2013 Special Session

During the 2013 special session, the Legislature approved HB 3601. HB 3601 consists of a complex set of tax policy changes designed to accomplish multiple objectives. Among these objectives, the most prominent are raising revenue for education and other services, more equitably distributing the tax burden and encouraging long-term economic growth. HB 3601 contains seven significant tax policy changes affecting the personal income tax, the corporate income tax and the cigarette tax. These changes are:

1. Disallow the personal exemption credit for taxpayers with more than \$100,000 in adjusted gross income (\$200,000 for joint filers).

2. Reform and limit the senior medical deduction by converting it into a subtraction, phasing out the allowable subtraction amount based on adjusted gross income and gradually increasing the eligible age from 62 to 66.
3. Increase the refundable earned income tax credit from 6% to 8% of the federal credit.
4. Establish a separate lower tax rate schedule option for taxpayers receiving income from pass through entities such as S corporations and partnerships that meet certain criteria. This taxpayer election does not become available until the 2015 tax year.
5. Apply the 7.6% corporate tax rate to net income above \$1 million instead of \$10 million and raise the rate trigger for allocation to the Rainy Day Fund from 6.6% to 7.5%.
6. Recognize IC-DISCs under Oregon tax law. Allow taxpayers to subtract IC-DISC dividend payments from Oregon taxable income. IC-DISCs are special corporations allowed under federal law. They are required to receive at least 95% of their revenue from export sales.
7. Increase the state cigarette tax from \$1.18 to \$1.33 per pack over a period of four years. Dedicate the bulk of the new revenue to mental health services.

The net revenue impact of HB 3601 is estimated at \$189 million for the 2013-15 biennium with \$168 million going to the General Fund. The total revenue impact is estimated at \$50 million for the 2015-17 biennium with \$20 million going to the General Fund.

2014 Session

In the context of a relatively stable General Fund revenue situation and the passage of major tax policy changes in the 2013 special session, 2014 revenue policy focused on minor adjustments in a number of policy areas with minimal net revenue impact. The key revenue measures can be divided into three categories: adjustments to recent legislation, tax base refinements and tax credits.

SB 1534 is largely devoted to correcting errors and omissions in the special session revenue bill (HB 3601). HB 4148 is one of a number of bills in recent sessions designed to modify the Senior and Disabled Property Tax Deferral Program while ensuring its solvency. Specifically, HB 4148 changes the interest calculation used for computing re-payments to the fund from compound interest to simple interest starting July 1, 2016. This change reverses legislative action taken in 2011 when the fund was showing a projected deficit. Though this change will modestly reduce revenue flowing to the fund (estimated at -\$650,000 in the 2015-17 biennium), the projected balance remains positive.

The Legislature approved two bills that refine the base calculation for specific segments of the 911 emergency service tax and the corporate income tax. HB 4055 modifies the method in which the 911 tax is collected on pre-paid phone services. Starting October 1, the collection system shifts to a point of sale basis. This shift, along with additional enforcement resources for the Department of Revenue, is expected to generate an additional \$400,000 in the 2013-15 biennium and \$1.4 million in the 2015-17 biennium, net of collection costs, to fund 911 emergency services. HB 4138 changes the method used to apportion the income of interstate broadcasting corporations. Starting with the 2014 corporate tax year, apportionment will be determined by the broadcaster's customers who have headquarters located in Oregon. This change is expected to increase corporate income tax revenue by an estimated \$900,000 in the 2013-15 biennium.

Three bills related to tax credits were approved in the 2014 session. SB 1541 re-instates a tax credit for donations by agricultural producers to food banks that was allowed to sunset in 2012. The new credit is

expected to reduce General Fund revenue by \$360,000 in the 2013-15 biennium and \$900,000 in the 2015-17 biennium. HB 4005 expands the number of electronic commerce enterprise zones allowed in the state from 10 to 13. Expanding the number of zones is expected to reduce General Fund revenue by less than \$100,000 in the current biennium and \$160,000 in the 2015-17 biennium. In addition to cleaning up statutory language for the special session revenue bill and other previous legislation, SB 1534 re-instates the extra exemption tax credit for high income taxpayers who are severely disabled or have disabled children. Under HB 3601 from the special session, the credit was subject to elimination for single taxpayers with adjusted gross income above \$100,000 and joint filers above \$200,000. The General Fund impact of this portion of SB 1534 is estimated at -\$500,000 in the 2013-15 biennium and -\$300,000 in the 2015-17 biennium.

Capital Construction

During the 2014 session, the Legislature approved an increase of \$8,237,000 for capital construction projects. The amount includes a net increase of \$8,000,000 Other Funds and an increase of \$237,000 Federal Funds. There are several projects that had the funding modified or were funded with reductions to previously approved projects. Additionally, a previously approved project for the Department of State Police had the expiration date extended.

Department of Community Colleges and Workforce Development

Central Oregon Community College: The Legislature replaced a \$5,260,000 Other Funds (Article XI-G bonds) project approved in 2013, with expenditure limitation for a \$3,630,000 Other Funds (Article XI-G bonds) project and approved \$1,630,000 Other Funds (Lottery Bonds) expenditure limitation to provide state funds to retire outstanding Central Oregon Community College (COCC) general obligation bonds sold for construction of a building leased to Oregon State University (OSU) for operation of its Cascades campus.

Once the debt is repaid, the COCC will terminate the lease with OSU and remodel the building for college academic and student support use. Match on the Article XI-G bonds would be paid with proceeds from the sale of the Lottery Bonds and \$2 million COCC will spend to remodel the building for use as a Student Success Center. Debt service on the Article XI-G bonds will be paid with General Fund. Debt service on the Lottery Bonds will be paid with Lottery Funds.

Department of Transportation

Public Safety Broadband Planning: \$237,000 Federal Funds (grant from U.S. Department of Commerce, National Telecommunications and Information Administration) is approved for planning for a public safety broadband project, the First Responder Network. This nationwide network will be a high-speed wireless, broadband data network to facilitate communication for public safety users.

Department of Administrative Services

Public Utility Commission Building Exterior Replacement: The Legislature increased an Other Funds (Capital Projects Fund) expenditure limitation approved in the 2013 legislative session by \$2,147,920 from \$4,740,390 to \$6,888,310 to provide additional expenditure limitation to replace exterior siding and window glazing, replace interior sheet rock and install a new roof. This increase is fully offset by decreases in expenditure limitation for the three projects listed below.

HVAC Improvement Projects: The Legislature reduced an Other Funds (Capital Projects Fund) expenditure limitation approved in the 2013 legislative session by \$947,920 from \$4,921,160 to \$3,973,240 to provide HVAC system upgrades on several state-owned buildings.

Executive Building Renovation: The Legislature reduced an Other Funds (Capital Projects Fund) expenditure limitation approved in the 2013 legislative session by \$500,000 from \$800,000 to \$300,000 for architectural design work, engineering plan and budget development for a major renovation of the Executive Building planned for 2015-17.

Fire Panel Upgrades: The Legislature reduced an Other Funds (Capital Projects Fund) expenditure limitation approved in the 2011 legislative session by \$700,000 from \$2,791,212 to \$2,091,212 for upgrades to the fire panels and alarm systems in a number of state facilities.

Military Department

The Dalles Readiness Center: The Legislature increased the Other Funds (Capital Projects Fund) expenditure limitation approved in the 2011 legislative session by \$8,000,000 for the design and construction of a new readiness center. The project will be expanded from a currently authorized total of \$18,982,922 total funds to an estimated \$26,982,922 as the Oregon Military Department has partnered with the Columbia Gorge Community College to build a joint Readiness/Workforce Center facility which includes shared space. The revenue source for the \$8,000,000 is a 2009 Article XI-G bond sale by the Department of Community Colleges and Workforce Development for a grant to the Columbia Gorge Community College for a Workforce Development building. The construction is substantially complete and the additional expenditure limitation is needed to make final payment to the contractor.

The Legislature also approved a proposal from the Oregon Military Department, as required by ORS 396.515 (4), for the sale of the Oregon Military Academy/Regional Training Institute building.

Department of State Police

The Legislature approved the extension of the project expiration date and expenditure limitation for the Oregon Wireless Interoperability Network (Federal Funds) to June 30, 2014.

State Bonding

In January 2014, the State Debt Policy Advisory Commission (SDPAC) updated its recommended capacity limits for General Fund and Lottery Funds debt based upon the December 2013 revenue forecast, new estimated interest rates, and the amount of bonds that were approved during the 2013 session. The new recommended remaining capacity was \$215 million for General Fund bonds and \$96 million for Lottery revenue bonds.

The Legislature reduced the Oregon University System Article XI-G general obligation bond authorization by \$150,000. The Oregon State University Cascades Academic building project was increased by \$3,850,000, but a previously approved \$4 million project was removed.

The Legislature reduced the Department of Community Colleges and Workforce Development Article XI-G general obligation bond authorization by \$1,630,000. The reduction is due to replacement of the Central Oregon Community College (COCC) academic and student services center project, which was previously authorized for \$5,260,000 of Article XI-G bonds, with the COCC Cascades Hall termination of Oregon State University leasehold, reacquisition of unencumbered fee simple ownership, and remodel project authorized for \$3,630,000 Article XI-G general obligation bonds. Cascades Hall will be remodeled for use as a Student Success Center. A portion of the required Article XI-G match for this new project will be met using lottery revenue bonds.

The Legislature approved \$161,490,000 in Article XI-G general obligation bond authorization for the construction of research, clinical, and other related facilities for the Oregon Health and Science University's (OHSU) Cancer Institute. These Article XI-G bonds will be paired with \$41,990,000 in lottery revenue bonds, also authorized under the bond authorization bill (SB 5703), for this project.

Before these Article XI-G bonds may be issued, OHSU must raise at least \$800 million in gifts, grants and other revenues through OHSU's Cancer Challenge campaign. The bond proceeds will be used: (1) to construct a research building on the Schnitzer Campus which will include wet laboratory facilities, bio-computing space and research support facilities; and (2) for additional floors in the Center for Health and Healing II (CHH II) building already planned for construction for clinical trial space. The planned investment in the CHH II building will contribute to the match required under the Constitution for Article XI-G bonds. OHSU plans to begin planning, design and permitting throughout 2014 and 2015, and at this time would likely begin construction in Spring 2016. The 2015 Legislature will have to reauthorize the sale of these bonds under this schedule.

The Legislature increased the Department of Administrative Services Article XI-Q general obligation authority by \$33,566,100 for projects owned or operated by the state. The approved projects are:

- Oregon Institute of Technology - Utility tunnel failure and repair: approved \$1,101,100 Article XI-Q bonds for structural analysis, emergency remediation, and permanent repair of failing underground tunnels that house the main heating and cooling pipes, drinking water lines, high voltage electrical conduits, and communications infrastructure at the Klamath Falls campus. Debt service on the Article XI-Q bonds will be paid with General Fund.
- Southern Oregon University - McNeal Hall deferred maintenance and seismic upgrades: approved \$21,300,000 Article XI-Q bonds to remedy failing structural steel columns and concrete walls, address fire and HVAC deficiencies, replace and upgrade external and internal

systems, fixtures, and other building components. Debt service on the Article XI-G bonds will be paid with General Fund.

- University of Oregon - Utility tunnel failure and repair: approved \$2,100,000 Article XI-Q bonds to make repairs to a deteriorating utility tunnel that lies beneath a city street between the university's central plant and the main campus. The tunnel carries nearly half of campus utilities and is reaching the point of near failure. Debt service on the bonds will be paid with General Fund.
- Western Oregon University - Acquisition of the Oregon Military Academy Phase 1: approved \$5,000,000 Article XI-Q bonds to allow the university to purchase the Oregon Military Department's training facility. The academy was constructed on land leased from WOU in 1991. WOU and the Military Department have not completed negotiations on the purchase price for the facility. Debt service on the bonds will be paid with General Fund. The Legislature directed that the amount of bonds issued not exceed the purchase price of the facility.
- Judicial Department – An increase of \$4,065,000 in funding for the Oregon Courthouse Capital Construction and Improvement Fund. The \$4 million of additional funding is designated for construction of a new three-story Jefferson County Courthouse. After the Judicial Department reviews the financing proposal for the project, and determines that the requirements as established by law for distribution of moneys from the Oregon Courthouse Capital Construction and Improvement Fund have been met, the Department will then need to request an Other Funds expenditure limitation increase from the Legislative Assembly or Emergency Board, prior to distributing any bond proceeds for this project.

The bond authorization bill additionally clarifies statutory language relating to the use of moneys in the Oregon Courthouse Capital Construction and Improvement Fund, and relating to the courthouse lease agreements or long-term intergovernmental agreements required of funded projects. The bill also allows the purchase price or value of land a county purchases specifically for a courthouse facility to be credited against the county matching fund requirements of the program.

The Legislature increased the 2013-15 authorized lottery revenue bonds by \$62,160,000 for nine projects. The approved projects are:

- OHSU Cancer Institute: \$41,990,000 of lottery revenue bonds were authorized to provide \$38 million of proceeds for the construction of research, clinical, and other related facilities for the Oregon Health and Science University's (OHSU) Cancer Institute. These lottery revenue bonds are paired with \$161,490,000 in Article XI-G general obligation bond authorization described above, with the issuance of the lottery revenue bonds also contingent on OHSU raising at least \$800 million in gifts, grants and other revenues through the OHSU's Cancer Challenge campaign. The bonds will be used for the same general purposes as the Article XI-G bonds described above.
- Clean Energy Works: \$5,600,000 of lottery revenue bonds were authorized to provide \$5 million of proceeds to the Oregon Department of Energy. This increases lottery revenue bond proceeds provided to the Department this biennium to \$10 million in total. The bill also

directs that the \$10 million in proceeds be deposited into the Jobs, Energy and Schools Fund to provide a grant to Clean Energy Works Oregon for the purposes specified in ORS 470.575, namely, the promotion of energy efficiency, renewable energy and energy conservation projects. The Legislature received testimony and concurs that this support will eliminate the need for additional operating subsidies of the organization in the future, and expects that no additional support will be requested.

- Community Revitalization Revolving Loan Fund: \$3,265,000 of lottery revenue bonds were authorized to provide \$2.9 million of proceeds for distribution to the Port of Morrow for a revolving loan program that supports energy conservation, renewable energy and general business development projects.
- Affordable Housing Preservation: \$2,820,000 of lottery revenue bonds were approved to provide an additional \$2.5 million of proceeds to the Housing and Community Services Department for grants to preserve existing affordable housing with expiring federal subsidies. The bonds increase the total amount of proceeds available for this purpose from the \$5 million previously authorized in the 2013 session, to a total of \$7.5 million for the biennium.
- Cornelius Library: \$2,675,000 of lottery revenue bonds were approved to provide \$2.4 million of proceeds to support the construction of a new public library in Cornelius. The facility to be constructed will contain both the Cornelius Library and housing for seniors. The Legislature stipulated that the City of Cornelius must secure matching funds and commitments of no less than \$10.4 million by the end of the 2013-15 biennium, prior to the distribution of any lottery revenue bond proceeds for the project.
- Central Oregon Community College (COCC): Cascades Hall termination of Oregon State University leasehold, reacquisition of unencumbered fee simple ownership, and remodel: \$1,850,000 of lottery revenue bonds were authorized to provide \$1,630,000 of proceeds to the Department of Community Colleges and Workforce Development to retire outstanding COCC general obligation bonds sold for construction of a building leased to Oregon State University (OSU) for operation of its Cascades campus. The lottery bond proceeds were approved with the intent the proceeds would serve as part of the constitutionally required match to the \$3,630,000 Article XI-G bonds also approved for this project. Once the debt is repaid, the COCC will terminate the contract with OSU and remodel the building for use as a Student Success Center.
- Stayton Storm Water Infrastructure: \$1,690,000 of lottery revenue bonds were authorized to provide \$1.5 million of proceeds to purchase property and develop a storm water detention facility in Stayton. The facility is expected to improve water quality for downstream agricultural users and manage peak storm flows into the Salem Ditch and Mill Creek.
- Beaverton Community Health Collaborative: \$1,135,000 of lottery revenue bonds were authorized to provide \$1 million of proceeds to support the construction of a multi-service health and wellness facility by the Beaverton Community Health Collaborative, which will be designed to integrate several different types of health care services currently being delivered by multiple providers.
- Mid-Columbia Medical Center: \$1,135,000 of lottery revenue bonds were authorized to provide \$1 million of proceeds to support capital construction projects to expand or improve the medical center.

- *Special Public Works Fund and Marine Navigation Improvement Fund:* The Legislature approved a redirection of lottery revenue bond proceeds provided to the Oregon Business Development Department in the 2013 session by enactment of section 1, chapter 786, Oregon Laws 2013. That section provides \$12 million of bond proceeds to the Economic Infrastructure Project Fund. In the 2013 session, the Legislature specified that these proceeds were for the purpose of transfer to the Special Public Works Fund. The Joint Committee on Ways and Means revised the distribution of the \$12 million of proceeds, directing that \$9 million are to be transferred to the Special Public Works Fund and that \$3 million are to be transferred to the Marine Navigation Improvement Fund for coastal port dredging. Because this redirection of the use of proceeds does not change the total amount of bond proceeds authorized, no statutory change is required.

Authority for Certificates of Participation and Other Financing Agreements was increased by \$15,600,000 based on projected use of capital leases.

Pass-through revenue bonds were increased for the following entities:

- Oregon Facility Authority - \$500 million
- Oregon Business Development Department Industrial Development bonds - \$100 million
- Oregon Business Development Department Beginning and Expanding Farmer Loan Program - \$10 million

It should be noted that pass-through revenue bonds are not backed by the state and are not considered when calculating bonding capacity.

There will be no debt service during the current biennium on any of the new bonds that were approved. Estimated debt service for the new projects will total \$29.2 million General Fund and \$10.2 million Lottery Funds during the 2015-17 biennium.

With the approvals during the 2014 session, approved General Fund bonding totals \$833.5 million and Lottery revenue bonding totals \$219.7 million for the 2013-15 biennium.

Information Technology in the 2013-15 Legislatively Approved Budget 2014 Update

Starting with the 2009-11 legislative session, the Legislative Fiscal Office (LFO) has included a section in the “Budget Highlights” report to provide the Legislature with analytical support and advice related to the state’s information technology (IT) budget, staffing, projects, expenditures, and challenges. This section of the budget summary document for the 2013 session focused broadly on these IT related areas for the entire 2013-15 biennium. This section of the 2014 session budget highlights update report focuses specifically on IT budget information related to ten (10) major IT projects/initiatives that are under direct legislative oversight during the 2013-15 biennium.

Legislative Fiscal Office Focus

During the 2014 session, LFO continued to focus on agency IT budget requests, agency IT projects, and on IT related bills introduced for consideration during the 2014 legislative session. These areas of LFO focus during the 2014 session included:

- Reviewing and providing recommendations on agency IT budget requests.
- Reviewing proposed law and policy changes related to IT.
- Reviewing and providing oversight for already approved IT Policy Option Packages (POP) packages exceeding \$1 million.
- Evaluating business case, value, and foundational work for any new POPs.
- Reviewing and providing oversight of major new, and ongoing, IT initiatives.
- Identifying projects requiring “budget note” directives.
- Assuring Ways and Means review of major IT project status, budget notes, and issues.

During the one-month 2014 session, LFO focused on ten (10) key IT projects and initiatives that were of special interest to the Legislature. A majority of these projects/initiatives had an associated budget note developed to make sure that agencies proceeded consistently with the Legislature’s direction during the 2013-15 biennium. A summary of the major highlights for each of these projects/initiatives during the 2014 session follows.

Budget Notes and Reports

Of the major projects and related efforts included in the 2013-15 legislatively approved budget, several were of particular interest to the Legislature and LFO due to their overall cost, their complexity and risk, their importance to public safety and health, and/or their cross-biennium timeframes. These projects included:

1. HIX Health Exchange (Cover Oregon) Project
2. DOR’s Core System Replacement (TaPR) Project
3. DOJ – Child Support Enforcement Application System (CSEAS) Project
4. Oregon Department of Education (ODE) and the Oregon Education Investment Board (OEIB) – State Longitudinal Data System Project
5. OJD – eCourt Program
6. ODOT – State Radio Project
7. OMD – 9-1-1 Next Generation Project
8. OGEC – Annual Statement of Economic Interest Project
9. DLCDC – Information Management Modernization Initiative (IMMI)
10. DAS Enterprise IT Governance & formation of the Office of the State CIO

During the 2013 session, budget notes and/or reporting language was developed by LFO for each of these projects and initiatives. In each case, the sponsoring agency was requested to return throughout the 2013 interim and/or to the 2014 session and report on budget note status and progress. A summary of additional budget notes or legislative direction to agencies from the 2014 session follows:

Oregon Education Investment Board (OEIB) – State Longitudinal Data System Project

The Oregon Education Investment Board (OEIB) is directed to work with the Oregon Department of Education (ODE), the Higher Education Coordinating Commission (HECC), other education related agencies, and the Office of the State Chief Information Officer to refine the business case and develop a comprehensive set of foundational project management documents including a detailed project budget and schedule for the design, development and implementation of the State Longitudinal Data System for P-20W Education.

The OEIB, ODE, HECC and other agencies must follow State Chief Information Officer standards in the development of these materials; and submit them to the State Chief Information Officer for review in compliance with Department of Administrative Services and State Chief Information Officer rules, policies, and standards for project review, approval, and oversight. An independent Quality Assurance contractor must be selected to complete quality control reviews of the refined business case and foundational project management documents. In addition, the independent Quality Assurance contractor must complete a project risk assessment.

Prior to requesting additional funding for the Statewide Longitudinal Data System, OEIB and other agencies must submit the quality control reviewed business case and foundational project management documents and the project risk assessment, along with a recommendation on the project from the State Chief Information Officer to the Legislative Fiscal Office. The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board's meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

DAS and the State Chief Information Officer

The Oregon Department of Administrative Services (DAS), working with the State CIO, was directed to produce a comprehensive inventory report of all current information technology (IT) assets as required under current law with a special emphasis on the planned replacement or modernization status of information systems in use by all executive branch agencies. This inventory report shall include, but not be limited to:

- Agency name, Information System (Application) name, Agency Program owner, and business purpose of the Information System
- Age, Date of last upgrade, and planned changes/enhancements/retirement for the Information System (Application) in the future

In addition, DAS and the State CIO shall produce a comprehensive report of all IT projects underway in the 2013-15 biennium or planned for the 2015-17 biennium. The IT project report shall include, but not be limited to:

- Agency name, project title/name, project description, estimated budget (for all biennia), estimated start and completion date.

Both the IT inventory and project reports shall include:

- A narrative explanation of the methods, assumptions and tools used and any challenges DAS or the State CIO faced in collecting IT asset and/or IT project information;

- A narrative description of any statutory, rule, or policy changes or resource allocations DAS or the State CIO believes are necessary to support continued or better IT asset inventory and/or IT project reporting.

The State CIO shall include a narrative section focused on planned statewide information systems modernization as well as the IT inventory and project reports outlined above, in the appendix of the State Information Technology and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) that the State CIO is required to develop and update each biennium under ORS 291.039.

The IT inventory and project reports and a status report on the completion of the State IT and Telecommunications plan (changed to Enterprise Information Resources Management Strategy in HB 4135) is to be presented to the Joint Committee on Legislative Audits, Information Management and Technology and to the Emergency Board or the interim Joint Committee on Ways and Means before the start of the 2015 session. The State IT and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) is also to be presented to the Joint Committee on Ways and Means and other appropriate committees during the 2015 session.

Committee Oversight Activities

During the 2013 legislative interim and the 2014 legislative session, LFO worked with agency staff, individual legislators, and several legislative committees on a wide-range of key IT-related initiatives. A brief summary of each key activity follows:

- Transparency Oregon Advisory Commission received an update on the Oregon Transparency Website
- JCLAIMT received multiple updates on Cover Oregon
- JCLAIMT received an update from OJD on the e-Court Project
- JCLAIMT received an update from DOR on the Core Systems Replacement Project
- JCLAIMT received an update from the DOJ on the Child Support Enforcement Application System (CSEAS) Project
- In addition, project status and progress on budget note compliance for the following projects and initiatives were reviewed:
 - OEIB's State Longitudinal Data System Project
 - OMD's 9-1-1 Next Generation Project
 - ODOT's State Radio Project
 - OGEC's Annual Statement of Economic Interest Project
 - DLCD's Information Management Modernization Initiative (IMMI)
 - DAS Enterprise IT Governance & formation of the Office of the State CIO

2014 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 18 budget notes during the 2014 legislative session, all of which are contained in the budget report for HB 5201.² The following is a list of budget notes, by program area and agency.

Human Services Program Area

Oregon Health Authority #1

The Oregon Health Authority will work with health systems, Coordinated Care Organizations, and health care providers to develop recommendations that ensure that Medicaid clients have access to medically appropriate and necessary inpatient or outpatient health services. Factors to be considered will include:

- (a) The acuity of the patient's condition and the urgency of the patient's need for treatment
- (b) The role of Oregon Health and Science University as the state's only public academic health center
- (c) The role of Oregon Health and Science University as a health care provider as well as its capacity relative to other hospitals, clinics or facilities in the community
- (d) Advancing the goals of the triple aim, including factors such as:
 - (A) delivery of quality care
 - (B) cost
 - (C) convenience to the patient
 - (D) patient's access to care

OHA will report on the recommendations to the appropriate legislative policy committees before the 2015 session.

Oregon Health Authority #2

Addictions and Mental Health, the National Alliance on Mental Illness, and the Oregon Residential Provider Association shall report back to each of the interim Emergency Board meetings on the status of all projects being considered or funded. The report should include information on each project, including location, timelines, various funding sources, number of housing units total, and number of housing units specifically for persons with mental illness. At least 10 days before a contract is signed by the Oregon Health Authority for any

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 at www.oregonlegislature.gov/lfo/Documents/2007-3%20Budget%20Note.pdf

² Additional information for each budget note can be found in the measure's budget report or fiscal impact statement. This information is available on the Legislature's website at www.oregonlegislature.gov

specific project, the agency shall notify Legislative Leadership and the Legislative Fiscal Office of their intent to sign a contract and the details of the contract.

Oregon Health Authority #3

The Oregon Health Authority will report to the Emergency Board in September 2014 on plans to appoint a state dental director as part of the agency's 2015-17 budget request. The report will include a position description outlining the duties of this position and the estimated costs to fill the position.

Department of Human Services #1

The Oregon Department of Education - Early Learning Division's Office of Child Care and the Department of Human Services will convene a workgroup of stakeholders to develop a set of policy recommendations on how best to modify the ERDC program to provide child care subsidies to working parents enrolled in post-secondary higher education. The agencies will report these recommendations back to the Emergency Board in May 2014; the expectation is that rulemaking to implement legislatively approved changes would follow soon after. Program elements to address within the recommendations should include eligibility criteria, work hour requirements, school attendance verification, academic standing expectations, limitations on assistance, TANF leavers, families having children with special needs, program exit income limits, child care quality, data reporting, caseload priorities, and program evaluation.

Department of Human Services #2

By January 1, 2015, the Office of the Governor and the Center for Evidence-Based Policy at OHSU will jointly report to the Emergency Board on how the Pay for Prevention money is being spent and project progress. In addition, OHSU shall solicit independent review from a panel of experts on key components of project as it is developed. The report will include a summary of the independent panel's assessment of the project, including project design, research validity, and project viability.

Department of Human Services #3

The Department of Human Services shall develop a pilot project to expand Oregon Project Independence services to people with disabilities effective July 1, 2014. To meet this timeline, the Department will need to make emergency rules; that rulemaking will incorporate the feedback of appropriate stakeholders and advocates. Appropriate parties include, but are not limited to, the Oregon Association of Area Agencies on Aging and the Disability Services Advisory Councils. The pilot shall cover a regionally diverse area of Oregon, including both rural and metropolitan areas. The Department shall report on the pilot project plan, which should cover structure, outreach, evaluation, and budget components, and request release of SPA funds at the May 2014 meeting of the Emergency Board.

The Department of Human Services will study and report back to the appropriate 2015 legislative committees on the potential to transition Oregon Project Independence to a statewide, age neutral program that assesses and serves seniors and persons with physical disabilities based on need. This report will include cost projections for the expansion of services, projected caseloads and demographic distribution.

Department of Human Services #4

The Department of Human Services will report to the Joint Committee on Ways and Means during the 2015 Legislative Session on the “ready to work” registry and associated rules required under HB 4151 (2014). The report should also include a section on the feasibility of developing a comprehensive (diverse care settings) and multipurpose (employment, referral, certification, background check, abuse) care worker registry, including potential efficiencies, benefits, costs, and barriers. Lastly, the report will provide an update on how administrative rule changes required by HB 3168 (2013) have reduced duplicative background check counts and decreased waiting times for applicants.

Public Safety Program Area

Department of Justice

Costs of legal representation in an increasingly complex modern legal system continue to drive agency budget and policy decisions. The Department of Justice has begun working with the Department of Administrative Services and agencies to identify and evaluate alternative funding models to improve the stability, affordability, and effectiveness of legal costs for agencies and to encourage pro-active consultation with the Department by agencies.

As the Department of Justice continues with this effort, it shall prioritize developing options for legal services for the Child Welfare program and report on these efforts to the Joint Committee on Ways and Means during the 2015 legislative session. In addition, no later than September 1, 2014, the Department of Justice and the Department of Human Services will also provide a joint written status report to the Legislative Fiscal Office on the specific options under consideration and progress being made on the development of those options.

Natural Resources Program Area

Water Resources Department

The Water Resources Department will dedicate up to \$2.25 million of the \$10 million net proceeds from the lottery bond sale as authorized by Senate Bill 5533 (2013) or utilize authority under Package 204 in Senate Bill 5547 (2013) for the purposes of matching federal funds for ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water in the Willamette Basin Project Reservoirs and to conduct a comprehensive basin study by the United States Bureau of Reclamation in the Deschutes River Basin. Of the up to \$2.25 million, up to \$1.5 million shall be reserved for the Willamette Basin Project Reallocation and \$750,000 shall be reserved for the Deschutes Basin Comprehensive Basin Study. Any reserved funds remaining after the completion of these two studies shall be made available for other purposes of the Water Supply Development Account as authorized under Senate Bill 839 (2013).

Education Program Area

Department of Education #1

The Department of Education is instructed to provide at least \$2 million of the total amount in the budget for student assessments as payments to school districts for formative and interim assessment tools.

Department of Education #2

Prior to May 1, 2014, the Department of Education is instructed to provide the School Funding Task Force established by House Bill 2506 (2013) with information to assist the Task Force in formulating recommendations relating to the level and allocation of funding for the Long Term Care and Treatment program. This information must include: (1) the actual costs of providing adequate and comparable educational services to students who receive services under the program; (2) various alternatives for allocating and distributing funding to these programs in an equitable manner to maximize the amount that is used for direct educational services to these students; (3) alternatives of metrics for measuring the effectiveness of the programs and providers of these educational services; and (4) other information the Task Force requests. The Task Force, with the assistance of the Department, shall work with various stakeholders including providers, school districts and others in formulating recommendations to the 2015 Legislature regarding the level and distribution of funding for the program.

Oregon Education Investment Board

The Oregon Education Investment Board (OEIB) is directed to work with the Oregon Department of Education (ODE), the Higher Education Coordinating Council (HECC), other education related agencies, and the Office of the State Chief Information Officer to refine the business case and develop a comprehensive set of foundational project management documents including a detailed project budget and schedule for the design, development and implementation of the State Longitudinal Data System for P-20W Education. The OEIB, ODE, HECC and other agencies must follow State Chief Information Officer standards in the development of these materials; and submit them to the State Chief Information Officer for review in compliance with Department of Administrative Services and State Chief Information Officer rules, policies and standards for project review, approval and oversight. An independent Quality Assurance contractor must be selected to complete quality control reviews of the refined business case and foundational project management documents. In addition, the independent Quality Assurance contractor must complete a project risk assessment. Prior to requesting additional funding for the Statewide Longitudinal Data System, OEIB and other agencies must submit the quality control reviewed business case and foundational project management documents and the project risk assessment, along with a recommendation on the project from the State Chief Information Officer to the Legislative Fiscal Office. The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board's meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

Oregon University System

The closure of the Blue Mountain Recovery Center will have a major economic impact on the city of Pendleton and the surrounding region. In order to address the challenges associated with the closure, a state and local conversation needs to occur, and a strategy needs to be developed, to mitigate the effects and chart a path forward for the community. The strategy should address how the state can invest resources in the community to ensure the economic effects on the community as a whole are addressed, to the extent possible. The strategy should also seek to leverage investments from the federal government in addressing the challenge and engage other private and civic organizations to the extent they can be of assistance. In carrying out the development of a strategy, the Oregon Solutions

program at Portland State University shall provide staffing to bring the needed parties together to develop a mutually supported plan. The Oregon Solutions program shall report in September 2014 to the Emergency Board on the plan.

Consumer and Business Services Program Area

Bureau of Labor and Industries

The Bureau of Labor and Industries, in consultation with the Department of Administrative Services, will convene a stakeholder workgroup to include not more than four Qualified Rehabilitation Facilities (QRFs) or a representative representing a majority of the QRFs in the state; labor unions representing QRFs; at least one organization representing the disability rights community; and any other interest with employee or business interests related to QRFs that voluntarily participate, during the 2014 interim. The workgroup will meet at least four times to develop concepts to address the workforce support needs of employees with disabilities employed by QRFs. These concepts may be presented to the 2015 Legislative Assembly for possible introduction as a bill.

Administration Program Area

Department of Administrative Services

The Oregon Department of Administrative Services (DAS), working with the State CIO, shall produce a comprehensive inventory report of all current information technology (IT) assets as required under current law with a special emphasis on the planned replacement or modernization status of information systems in use by all executive branch agencies. This inventory report shall include, but not be limited to:

- Agency name, Information System (Application) name, Agency Program owner, and business purpose of the Information System
- Age, Date of last upgrade, and planned changes/enhancements/retirement for the Information System (Application) in the future

In addition, DAS and the State CIO shall produce a comprehensive report of all IT projects underway in the 2013-15 biennium or planned for the 2015-17 biennium. The IT project report shall include, but not be limited to:

- Agency name, project title/name, project description, estimated budget (for all biennia), estimated start and completion date

Both the IT inventory and project reports shall include:

- A narrative explanation of the methods, assumptions and tools used and any challenges DAS or the State CIO faced in collecting IT asset and/or IT project information
- A narrative description of any statutory, rule or policy changes or resource allocations DAS or the State CIO believes are necessary to support continued or better IT asset inventory and/or IT project reporting

The State CIO shall include a narrative section focused on planned statewide information systems modernization as well as the IT inventory and project reports outlined above, in the appendix of the State Information Technology and Telecommunications Plan the State CIO is required to develop and update each biennium under ORS 291.039.

The IT inventory and project reports and a status report on the completion of the State IT and Telecommunications plan shall be presented to the Joint Committee on Legislative

Audits, Information Management and Technology and to Emergency Board or the interim Joint Committee on Ways and Means before the start of the 2015 session. The State IT and Telecommunications Plan shall be presented to the Joint Committee on Ways and Means and other appropriate committees during the 2015 session.

Oregon State Library

The Co-Chairs of the Joint Committee on Ways and Means will establish a workgroup to build upon previous State Library reorganization efforts, including the 2012 Joint Committee on Ways and Means report on the consolidation and improvement of library and archives services as well as subsequent proposals this biennium. The purpose of the workgroup is to modernize the delivery of state library services by improving access to public information, eliminating duplicative services and costs, increasing utilization of digital resources, and increasing collaborative partnerships across entities.

The workgroup shall recommend draft legislation for introduction in the 2015 legislative session for the reorganization of state library services, which should, where possible, incorporate national best practices pertaining to library reorganizations.

The workgroup will include Legislative members, and other members chosen to represent the interests of state library service users and employees.

It is the Co-Chairs' expectation that the workgroup will be staffed by the Legislative Fiscal Office with assistance from the State Librarian, State Archivist, State Law Librarian, Department of Administrative Services – Project Management Office, the Department of Administrative Services – Chief Financial Office, and Legislative Committee Services. Staff of the Oregon Historical Society is also invited to participate as staff to the workgroup.

Treasurer of State

The State Treasurer is directed to spend a minimum of \$100,000 on section 2(2) of House Bill 4111 from funding the agency received in House Bill 5201 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange.

Economic and Community Development Program Area

Oregon State Lottery

The Oregon State Lottery shall report to the Emergency Board, no later than September 2014, on the feasibility of establishing a dedicated lottery raffle game that has a veteran-oriented theme or indicates that the proceeds benefit veteran's education and economic development related to veterans. The report shall identify the impacts of establishing the game on the operations of the State Lottery, and include a projection of the level of net revenues available from a dedicated game for veteran's education and economic development, and a projection of the impact of the game on the level of net revenues otherwise available for transfer to the Administrative Services Economic Development Fund.

2014 Session Fiscal Impact Statements

The following is a brief summary of fiscal impact statements, process, and statistics for the 2014 regular 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.
- **Fiscal Lite:** A brief, standardized statement used to move a substantive measure from one committee to another, most typically the Joint Committee on Ways and Means.
- **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.

2014 Process and Duration

The 2014 regular session was the second even year session since the voters approved yearly sessions. House and Senate substantive committees, by model committee rule(s), continued the practice from the 2009 regular session requiring a fiscal impact prior to a measure being reported out of committee. This rule(s) 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(s) was to inform substantive committee decision-making on the fiscal implications of a particular measure.

The February 2014 session was 32 (calendar) days in duration with legislative actions occurring on 25 of those days.

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

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 266 measures introduced during the 2014 session. There were a total of 133 bills that passed both chambers and were enrolled. While not every measure introduced or amendment drafted, advanced legislatively and a fiscal impact prepared, LFO did produce a total of 587 fiscal impacts on introduced, amended, and engrossed measures and minority reports during the session. Of this amount, 233 (39.69%) were Written analysis, 240 (40.89%) were Minimal, and 114 (19.42%) were No Fiscal. This compares to the six biennia historic average where 35% of fiscals were Written analysis, 19% were Minimal, and 46% were No Fiscal.

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.³

Subsequent Referrals to the Joint Committee on Ways and Means

During the 2014 session, 266 measures were introduced. A total of 54 (20.30%) measures were referred to the JWM by legislative leadership. Of the 54 measures referred to JWM, 6 (11.11%) measures were directly referred to the Committee and 48 (88.89%) were subsequent referrals from policy committees. Of the referred measures, 49 (90.74%) were substantive, including HB 4157/Program Change, and 5 (9.26%) were budget measures (i.e., 5000 series bills).⁴

Of the 54 measures referred directly or subsequently to JWM, 35 (64.81%) were reported out of the Committee. Nineteen (35.19%) of the 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 13 most noteworthy substantive measures reported out of JWM with respect to the state's budget.

Health Care and Human Services

HB 4108 directs the Oregon Health Authority to contract with non-profit organizations to pilot a program to provide used and refurbished durable medical equipment (such as wheelchairs, hospital beds, blood sugar monitors) to medical assistance recipients. The bill includes a \$75,000 General Fund appropriation to the Oregon Health Authority for the purpose of providing grants to non-profit organizations participating in the pilot project.

HB 4109 requires the Oregon Health Authority to commission an independent study on the feasibility of establishing the Basic Health Program in Oregon. This is a program that is allowed in the Affordable Care Act, and could potentially make health insurance more accessible to lower income individuals who do not qualify for Medicaid. The bill appropriates \$60,000 General Fund to pay for the study.

HB 4151 sets consistent timelines for investigations of elder abuse cases by the Department of Human Services (DHS). The bill also directs DHS to adopt policies and guidelines for the development of an electronic database of abuse reports and to standardize investigation and reporting practices. A registry of persons working or seeking to work in elder care facilities will be set up by January 1, 2015. The bill renames the Oregon Elder Abuse Work Group as the Oregon Elder Abuse Prevention Work Group, expands the scope of the group, and modifies certain abuse-related statutory definitions. To cover the bill's fiscal impact, HB 5201 appropriates \$149,365 General Fund, increases Federal Funds expenditure limitation by \$118,680, and adds two permanent positions (1.34 FTE).

³ 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

⁴ Also see the Capital Construction section [SB 5702] and the Additional Special Session Legislative Actions [HB 4157] sections of this Highlights document for a more detailed discussion of these bills.

HB 4156 provides short-term (until June 30, 2015) budget relief of the Department of Human Services (DHS) and buys time for a full examination of a practice change in juvenile dependency proceedings. The bill allows DHS child welfare caseworkers to appear in juvenile court without counsel in uncontested hearings, status hearings, and other hearings the court may call. It also specifies that the Department may appear without counsel in pre-jurisdictional hearings when a district attorney is representing the state, so long as their interests are aligned. This change is estimated to mitigate about \$4.8 million in potential attorney general fees.

SB 1542 directs the Home Care Commission to administer a program enabling private payers to buy home care services from the Commission's home care registry. Currently, only individuals covered by Medicaid may hire caregivers through the registry. Commission responsibilities include publicizing the registry, screening workers, setting standards, providing referrals, establishing rates, and paying wages. After start-up, the program is expected to be self-supporting when it launches in July 2015; the bill lays out steps for the Commission to take if revenues are insufficient to cover costs. For the 2013-15 biennium, HB 5201 includes a General Fund appropriation of \$1,281,297 and five positions (1.41 FTE) to cover start-up costs. In future biennia, the program will be supported by Other Funds revenues received from private payers; the legislation allows the Commission to establish payment rates at levels expected to reimburse up to 107 percent of program costs.

SB 1553 establishes the Public Guardian and Conservator within the office of the Long Term Care Ombudsman to provide public guardian and conservator services for persons without relatives or friends willing or able to serve as guardians or conservators. HB 5201 includes \$949,183 General Fund and 5 positions (2.25 FTE) to support the new work. Along with providing direct services, the program will set professional standards for and certify guardians/conservators, produce training materials, recruit and train volunteers to assist program professionals, establish an eligibility process for program services, and work with local programs and organizations to provide services. Since the program begins mid-biennium, it will have phase-in costs for the 2015-17 biennium.

SB 1582 allows flexibility to the Oregon reinsurance program for potential changes to the federal reinsurance program. The bill also allows insurers to continue a transitional health benefit plan until December 31, 2015 or later, if the federal government issues guidance that allows an extended period for these renewals. In addition, the bill authorizes the Oregon Medical Insurance Pool (OMIP) Board to pay for costs of the Temporary Medical Insurance Program (TMIP), and specifies that the first funding source to be used is the ending balance remaining from the expired premium tax. The Oregon Health Authority created TMIP in order to provide an additional three months of insurance coverage for Oregonians that previously had insurance through OMIP, Oregon's high risk pool. OMIP ended December 31, 2013 and there was concern that some members would not get signed up timely through Cover Oregon. The agency expects the remaining ending balance of the expired premium tax to be adequate to cover costs.

Education Program Area

HB 4020 transfers the responsibility for the Engineering and Technology Industry Council (ETIC) reporting requirements from the Oregon University System (OUS) to the Oregon Education Investment Board (OEIB). The bill then transfers the responsibility for ETIC from OEIB to the Higher Education Coordinating Commission (HECC) when the OEIB sunsets in March of 2016. The bill moves \$14.8 million General Fund, which represents the second year of program funding appropriated for ETIC, from OUS to OEIB. The funding for the staff for the ETIC program stays with OUS so a memorandum of understanding between OUS and OEIB will likely be required for the appropriate staffing for ETIC.

HB 4116 directs the Department of Community Colleges and Workforce Development (CCWD) and Higher Education Coordinating Commission to jointly establish a \$750,000 grant program for the purpose of distributing moneys to community colleges to increase the number of underserved, low-income and first-generation students. Grants will be for providing counseling and support services for underserved, low-income, and first-generation students.

HB 4117 establishes a one-time \$500,000 General Fund grant program administered by the Oregon Department of Education to provide resources for schools that are considered high poverty under federal law, and have been designated by the Department as needing additional support. The funding is to be used for instructional time during the summer months. Each program funded by these grants must provide at least 60 hours of academic instruction by a teacher or educational assistant.

Economic and Community Development

SB 1527 directs Oregon Business Development Department (OBDD) to work with private or public entities to develop a pilot Dislocated Worker Training Program, intended to enable unemployed and underemployed engineers and other professionals gain additional training so they may be re-employed in Oregon in the bioscience and manufacturing traded sector industry. The bill provides a one-time \$250,000 Lottery Funds allocation for the Dislocated Worker Training Program for related contractor expenses.

Natural Resources Program Area

SB 1514 increases the percentage of money distributed from registration of travel trailers, campers, and motor homes (RV fees) to county parks from 35% to 40% for the remainder of the 2013-15 biennium. After July 1, 2015, the percentage to county parks increases to 45%. The budget impact is an increase to counties and offsetting loss to Parks of \$1.1 million in 2013-15. Parks will backfill the \$1.1 million Other Funds reduction with one-time Lottery Funds ending balance.

Administration Program Area

HB 4031 transfers the State Interoperability Executive Council from the Oregon Department of Transportation to the Department of Administrative Services, Chief Information Officer's Office. The bill also establishes the position of Statewide Interoperability Coordinator to support the executive council and to coordinate implementation of the Oregon Statewide Communication Interoperability Plan. ODOT will transfer \$654,298 Federal Funds as Other Funds to DAS along with 3 positions (1.50 FTE) to the Chief Information Officer's Office for support of the SIEC. The Federal Funds are a result of a successful grant application by ODOT for a FirstNet grant to support public safety interoperability. As part of the 2015 budget development process the balance of the Federal Funds, \$1.3 million, will be transferred to DAS.

HB 4055 changes the method of tax collection for the 9-1-1 Emergency Reporting System as the tax is applied to prepaid telecommunication services, allowing for retailers collecting the tax on behalf of consumers to withhold 2% of the amount collected for administrative costs, and increasing the percentage allowed for administrative costs by the Department of Revenue (DOR) from 0.5 percent to 1.0 percent of the amount collected. Based on the estimate provided by the Legislative Revenue Office, this amount is roughly \$400,000 each biennium. The agency is expected to have an additional \$201,343 available for administrative costs in the current 2013-15 biennium. DOR anticipates adding two new positions and increasing the workload of three existing positions (2.71 FTE) over the remainder of this and the next biennium to accommodate the change. The net revenue collected by the DOR for the 9-1-1 Emergency Response System Tax is deposited in the Emergency Communication Account and appropriated to the Oregon Military Department (OMD). In addition to the percentage

allowed to cover the actual expenses of the DOR, the OMD is allowed up to 4 percent to cover its actual expenses. The remaining funds are distributed to 9-1-1 jurisdictions of cities and counties after distribution of 35 percent dedicated to enhanced 9-1-1 functions.

SB 861 (2013 Special Session): During the 2013 special session, additional Public Employees Retirement System (PERS) reforms were enacted beyond those made during the regular legislative session in 2013 [see Chapter 53, 2013 Laws or SB 822 (2013)]. SB 861 further reduced the cost-of-living adjustment (COLA) for retirees beginning in the second year of the biennium. The measure also directed the PERS Board to pay supplemental payments of 0.25 percent of the yearly allowance to PERS benefit recipients that receive a COLA beginning July 1st, 2014. Supplemental payment authority, however, sunsets on December 31st, 2019. Supplemental payments are limited to no more than \$150 and are to be paid from the PERS Contingency Reserve Account. The COLA rate of 1.5% for the first year of the 2013-15 biennium remained unchanged by the measure. During the legislative session in 2014, the Other Funds expenditure limitation of PERS was increased by \$1,022,945 for the implementation of SB 861. The expenditure limitation for the supplemental payment(s) is budgeted as Other Funds Nonlimited expenditures, which will be increased administratively by the agency during the 2013-15 biennium (\$9.5 million).

Appendix A

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

	2011-13 LEG APPROVED Positions	2011-13 LEG APPROVED FTE	2013-15 LEG APPROVED Positions	2013-15 LEG APPROVED FTE
PROGRAM AREA: EDUCATION				
COMMUNITY COLLEGES & WORKFORCE DEV, DEPT	62	61.45	58	57.70
EDUCATION, DEPT OF	376	357.79	519	485.39
HIGHER EDUCATION COORDINATING COMMISSION	0	0.00	27	20.65
OREGON EDUCATION INVESTMENT BOARD	0	0.00	15	15.00
OREGON UNIVERSITY SYSTEM	18,650	13,015.02	0	0.00
OREGON STUDENT ACCESS COMMISSION	29	26.66	28	25.67
TEACHER STANDARDS & PRACTICES COMMISSION	24	24.00	20	20.00
EDUCATION TOTAL	19,141	13,484.92	667	624.41
PROGRAM AREA: HUMAN SERVICES				
BLIND, COMMISSION FOR THE	48	44.60	51	46.98
HUMAN SERVICES, DEPT OF	7,405	7,311.44	7,631	7,477.62
LONG TERM CARE OMBUDSMAN	12	11.25	24	16.81
OREGON HEALTH AUTHORITY	4,108	3,999.04	4,521	4,139.97
PSYCHIATRIC SECURITY REVIEW BOARD	12	11.76	11	11.00
HUMAN SERVICES TOTAL	11,585	11,378.09	12,238	11,692.38
PROGRAM AREA: PUBLIC SAFETY				
CORRECTIONS, DEPT OF	4,509	4,414.55	4,488	4,441.68
CRIMINAL JUSTICE COMMISSION	10	9.00	9	8.38
DISTRICT ATTORNEYS & THEIR DEPUTIES	36	36.00	36	36.00
JUSTICE, DEPT OF	1,293	1,269.68	1,285	1,266.83
MILITARY DEPARTMENT	518	460.38	522	477.51
PAROLE & POST PRISON SUPERVISION, BOARD OF	14	14.00	16	15.67
PUBLIC SAFETY STANDARDS & TRAINING, DEPT. OF	131	132.04	135	133.06
STATE POLICE, DEPT OF	1,220	1,216.63	1,259	1,245.63
YOUTH AUTHORITY, OREGON	1,152	979.76	1,025	989.79
PUBLIC SAFETY TOTAL	8,883	8,532.04	8,775	8,614.55
PROGRAM AREA: JUDICIAL BRANCH				
JUDICIAL DEPARTMENT	1,878	1,752.66	1,889	1,763.60
JUDICIAL FITNESS AND DISABILITY, COMM. ON	1	0.50	1	0.50
PUBLIC DEFENSE SERVICES COMMISSION	76	75.40	76	75.79
JUDICIAL BRANCH TOTAL	1,955	1,828.56	1,966	1,839.89
PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT				
BUSINESS DEVELOPMENT DEPARTMENT	132	129.87	135	131.88
EMPLOYMENT DEPARTMENT	1,549	1,481.21	1,347	1,286.63
HOUSING & COMMUNITY SERVICES DEPT.	212	184.89	169	150.33
VETERANS' AFFAIRS, DEPT OF	94	94.00	83	82.13
ECONOMIC & COMMUNITY DEVELOPMENT TOTAL	1,987	1,889.97	1,734	1,650.97

	2011-13 LEG APPROVED Positions	2011-13 LEG APPROVED FTE	2013-15 LEG APPROVED Positions	2013-15 LEG APPROVED FTE
PROGRAM AREA: NATURAL RESOURCES				
AGRICULTURE, DEPT OF	471	344.42	480	352.92
ENERGY, DEPT. OF	130	119.81	114	112.81
ENVIRONMENTAL QUALITY, DEPT OF	725	710.92	720	704.87
FISH & WILDLIFE, DEPT OF	1,470	1,227.49	1,520	1,258.99
FORESTRY, DEPARTMENT OF	1,181	852.19	1,200	871.72
GEOLOGY & MINERAL INDUSTRIES, DEPT OF	53	48.57	50	49.20
LAND CONSERVATION & DEVELOPMENT, DEPT OF	57	55.11	61	57.68
LAND USE BOARD OF APPEALS	5	5.00	6	5.75
LANDS, DEPT. OF STATE	108	106.42	107	106.00
MARINE BOARD	40	39.50	40	39.50
PARKS & RECREATION, DEPT OF	878	603.03	862	592.15
WATER RESOURCES DEPARTMENT	146	144.59	157	154.55
WATERSHED ENHANCEMENT BOARD	32	31.50	32	32.00
NATURAL RESOURCES TOTAL	5,296	4,288.55	5,349	4,338.14
PROGRAM AREA: TRANSPORTATION				
AVIATION, DEPT OF	12	11.50	13	12.50
TRANSPORTATION, DEPT OF	4,613	4,521.79	4,553	4,465.97
TRANSPORTATION TOTAL	4,625	4,533.29	4,566	4,478.47
PROGRAM AREA: CONSUMER AND BUSINESS SERVICES				
ACCOUNTANCY, BOARD OF	7	7.00	8	8.00
CHIROPRACTIC EXAMINERS, BOARD OF	5	4.50	6	4.88
CONSTRUCTION CONTRACTORS BOARD	76	76.00	75	74.50
CONSUMER & BUSINESS SERVICES, DEPT OF	935	922.40	918	911.97
COUNSELORS AND THERAPISTS, BOARD OF LICENSED	4	3.50	4	3.50
DENTISTRY, BOARD OF	7	7.00	7	7.00
HEALTH LICENSING AGENCY	33	33.00	35	17.50
<i>HEALTH RELATED LICENSING BOARDS</i>				
MORTUARY & CEMETERY BOARD	6	5.71	6	5.71
NATUROPATHIC MEDICINE	3	2.50	3	2.50
OCCUPATIONAL THERAPY LICENSING BOARD	1	1.25	2	1.25
MEDICAL IMAGING	4	3.25	3	3.00
SPEECH PATHOLOGY AND AUDIOLOGY	2	1.40	2	2.00
VETERINARY MEDICAL EXAMINERS BOARD	3	2.75	3	2.75
LABOR & INDUSTRIES, BUREAU OF	102	101.00	101	98.38
MEDICAL BOARD, OREGON	40	38.79	39	38.33
NURSING, BOARD OF	47	46.75	48	47.80
PHARMACY, BOARD OF	18	17.75	19	19.00
PSYCHOLOGIST EXAMINERS, BOARD OF	4	3.50	4	3.50
PUBLIC UTILITY COMMISSION	132	128.75	130	127.25
REAL ESTATE AGENCY	30	30.00	30	29.75
SOCIAL WORKERS, BOARD OF LICENSED	6	5.45	6	6.00
TAX PRACTITIONERS, STATE BOARD OF	4	4.00	4	4.00
CONSUMER & BUSINESS SERVICES TOTAL	1,469	1,446.25	1,453	1,418.57

	2011-13 LEG APPROVED Positions	2011-13 LEG APPROVED FTE	2013-15 LEG APPROVED Positions	2013-15 LEG APPROVED FTE
PROGRAM AREA: ADMINISTRATION				
ADMINISTRATIVE SERVICES, DEPT OF	773	769.67	810	793.90
ADVOCACY COMMISSIONS OFFICE	2	2.00	2	2.00
EMPLOYMENT RELATIONS BOARD	13	13.00	13	13.00
GOVERNMENT ETHICS COMMISSION	8	8.00	8	7.88
GOVERNOR, OFFICE OF	74	70.14	57	56.50
LIBRARY, STATE	43	41.26	41	19.63
LIQUOR CONTROL COMMISSION	239	231.72	230	225.13
PUBLIC EMPLOYEES RETIREMENT SYSTEM	367	365.70	369	367.23
RACING COMMISSION	15	13.27	15	13.27
REVENUE, DEPT OF	1,051	990.84	1,074	1,016.66
SECRETARY OF STATE	197	195.69	202	200.61
TREASURER OF STATE	85	83.48	92	89.89
ADMINISTRATION TOTAL	2,867	2,784.77	2,913	2,805.70
PROGRAM AREA: LEGISLATIVE BRANCH				
INDIAN SERVICES, COMM	2	2.00	2	2.00
LEGISLATIVE ADMINISTRATION	143	100.79	142	100.65
LEGISLATIVE ASSEMBLY	422	251.39	422	251.27
LEGISLATIVE COUNSEL	57	45.28	55	45.60
LEGISLATIVE FISCAL OFFICER	21	20.50	21	21.00
LEGISLATIVE REVENUE OFFICER	7	7.00	8	8.00
LEGISLATIVE BRANCH TOTAL	652	426.96	650	428.52
STATE OF OREGON TOTAL POSITIONS/FTE	58,460	50,593.40	40,311	37,891.60
STATE OF OREGON TOTAL POSITIONS/FTE (no OUS)	39,810	37,578.38	40,311	37,891.60

Appendix B

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

Notes:

- Special purpose appropriations to the Emergency Board that were allocated to specific agencies are included within the agency General Fund budgets for the 2011-13 legislatively approved column. Special purpose appropriations for specific agencies are not included within the agency General Fund budgets for the 2013-15 legislatively adopted or legislatively approved amounts, but are included in the amount appropriated to the Emergency Board.
- The 2011-13 and 2013-15 legislatively approved amounts represent expenditure authorizations through all budget adjustments addressed during the 2013 special session and 2014 regular session (including the most recent Department of Human Services and Oregon Health Authority rebalances, and including the November 2013 Emergency Board action).
- The 2013-15 legislatively approved budget also includes certain administrative actions taken by the Department of Administrative Services approving increases to Nonlimited Other Funds and Federal Funds during the 2013-15 biennium up to the 2014 session.

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
EDUCATION				
Community Colleges and Workforce Development				
General Fund	504,017,927	444,663,139	418,489,968	497,468,644
Lottery Funds	-	8,307,548	7,144,080	9,521,027
Other Funds	156,201,246	137,636,049	17,509,093	116,212,901
Federal Funds	120,549,268	142,433,655	118,161,396	107,441,253
Federal Funds Nonlimited	5,106,785	16,431,823	18,968,832	18,968,832
Total Expenditures	785,875,226	749,472,214	580,273,369	749,612,657
Higher Education Coordinating Commission				
General Fund	-	-	-	2,903,360
Other Funds	-	-	-	1,757,474
Other Funds Nonlimited	-	-	-	200,000
Federal Funds	-	-	-	347,571
Total Expenditures	-	-	-	5,208,405
Education, Dept of				
General Fund	320,128,744	316,320,396	340,837,528	453,969,907
Lottery Funds	56,415,089	55,232,892	54,160,517	42,371,076
Other Funds	57,636,020	56,757,548	62,940,399	134,784,035
Other Funds Nonlimited	140,351,340	103,361,263	109,794,294	94,331,467
Federal Funds	762,364,823	975,253,839	831,354,523	1,005,410,381
Federal Funds Nonlimited	283,428,367	327,692,063	357,380,254	349,992,872
Total Expenditures	1,620,324,383	1,834,618,001	1,756,467,515	2,080,859,738
State School Fund & Other K-12 Grants *				
General Fund	4,952,161,767	4,777,824,006	5,168,845,755	6,322,625,891
Lottery Funds	1,061,258,188	609,121,349	545,904,513	327,374,109
Other Funds	3,247,438	3,529,791	340,252	3,936,407
Federal Funds	113,311,579	323,893,772	61,000,000	-
Total Expenditures	6,129,978,972	5,714,368,918	5,776,090,520	6,653,936,407
Oregon Education Investment Board				
General Fund	-	-	-	21,008,299
Oregon University System				
General Fund	791,522,349	729,654,860	668,264,553	736,372,155
Lottery Funds	23,289,731	23,096,954	22,799,521	33,571,489
Other Funds	2,125,040,457	2,174,667,651	-	-
Other Funds Nonlimited	2,179,493,390	2,204,966,765	-	-
Federal Funds	55,636,352	70,823,654	-	-
Total Expenditures	5,174,982,279	5,203,209,884	691,064,074	769,943,644
Oregon Health and Science University				
General Fund	82,233,539	77,012,354	66,041,261	72,562,387
Other Funds	31,920,847	30,520,386	31,634,760	231,675,116
Other Funds Nonlimited	-	66,435,465	69,307,022	-
Total Expenditures	114,154,386	173,968,205	166,983,043	304,237,503

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
Oregon Student Access Commission				
General Fund	101,610,245	87,759,413	99,891,570	115,806,520
Lottery Funds	4,183,739	6,632,734	2,630,172	2,546,223
Other Funds	5,749,294	6,814,902	21,659,086	20,173,727
Other Funds Nonlimited	9,546,744	10,969,513	-	-
Federal Funds	1,783,654	917,968	-	-
Total Expenditures	122,873,676	113,094,530	124,180,828	138,526,470
Teacher Standards & Practices Comm				
Other Funds	5,008,724	5,311,522	5,444,612	5,004,014
Federal Funds	-	-	85,455	35,000
Total Expenditures	5,008,724	5,311,522	5,530,067	5,039,014
EDUCATION PROGRAM AREA TOTAL				
General Fund	6,751,674,571	6,433,234,168	6,762,370,635	8,222,717,163
Lottery Funds	1,145,146,747	702,391,477	632,638,803	415,383,924
Other Funds	2,384,804,026	2,415,237,849	139,528,202	513,543,674
Other Funds Nonlimited	2,329,391,474	2,385,733,006	179,101,316	94,531,467
Federal Funds	1,053,645,676	1,513,322,888	1,010,601,374	1,113,234,205
Federal Funds Nonlimited	288,535,152	344,123,886	376,349,086	368,961,704
Total	13,953,197,646	13,794,043,274	9,100,589,416	10,728,372,137

* 2011-13 FF represents federal ARRA carry forward from 2009-11

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
HUMAN SERVICES				
Blind, Commission for the				
General Fund	1,519,859	1,339,094	1,148,037	1,598,027
Other Funds	2,497,347	2,672,035	2,946,859	2,025,381
Federal Funds	11,358,009	10,708,500	11,532,986	12,321,894
Total Expenditures	<u>15,375,215</u>	<u>14,719,629</u>	<u>15,627,882</u>	<u>15,945,302</u>
Children and Families, Commission on				
General Fund	57,187,292	46,231,324	21,713,999	-
Other Funds	18,015,377	15,167,777	8,317,073	-
Federal Funds	3,551,117	3,150,868	909,077	-
Total Expenditures	<u>78,753,786</u>	<u>64,549,969</u>	<u>30,940,149</u>	<u>-</u>
Health Authority, Oregon				
General Fund	-	1,443,369,071	1,692,058,124	1,959,909,729
Lottery Funds	-	9,587,187	10,158,046	10,592,532
Other Funds	-	1,474,116,113	2,355,777,262	3,893,808,710
Other Funds Nonlimited	-	2,695,615,819	3,316,231,621	1,904,711,565
Federal Funds	-	4,371,907,321	5,185,712,295	8,632,707,613
Federal Funds Nonlimited	-	98,526,066	110,103,462	106,880,067
Total Expenditures	<u>-</u>	<u>10,093,121,577</u>	<u>12,670,040,810</u>	<u>16,508,610,216</u>
Human Services, Department of				
General Fund	3,112,374,617	1,791,286,691	2,185,437,090	2,324,079,188
Lottery Funds	12,637,762	-	-	-
Other Funds	1,253,920,434	334,595,591	516,471,909	501,842,250
Other Funds Nonlimited	38,384,054	-	-	-
Federal Funds	5,967,951,320	3,508,015,879	3,427,786,418	3,949,498,290
Federal Funds Nonlimited	1,351,240,667	2,194,068,587	2,514,345,331	2,514,345,331
Total Expenditures	<u>11,736,508,854</u>	<u>7,827,966,748</u>	<u>8,644,040,748</u>	<u>9,289,765,059</u>
Long Term Care Ombudsman				
General Fund	947,535	1,084,316	1,753,933	3,784,880
Other Funds	1,769,012	1,708,288	703,121	703,321
Total Expenditures	<u>2,716,547</u>	<u>2,792,604</u>	<u>2,457,054</u>	<u>4,488,201</u>
Private Health Partnerships, Office of				
General Fund	22,575,786	-	-	-
Other Funds	49,832,403	-	-	-
Total Expenditures	<u>72,408,189</u>	<u>-</u>	<u>-</u>	<u>-</u>
Psychiatric Security Review Board				
General Fund	1,045,916	1,214,966	2,105,264	2,372,291
Other Funds	-	85,133	217,256	110,734
Total Expenditures	<u>1,045,916</u>	<u>1,300,099</u>	<u>2,322,520</u>	<u>2,483,025</u>

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
HUMAN SERVICES PROGRAM AREA				
General Fund	3,195,651,005	3,284,525,462	3,904,216,447	4,291,744,115
Lottery Funds	12,637,762	9,587,187	10,158,046	10,592,532
Other Funds	1,326,034,573	1,828,344,937	2,884,433,480	4,398,490,396
Other Funds Nonlimited	38,384,054	2,695,615,819	3,316,231,621	1,904,711,565
Federal Funds	5,982,860,446	7,893,782,568	8,625,940,776	12,594,527,797
Federal Funds Nonlimited	1,351,240,667	2,292,594,653	2,624,448,793	2,621,225,398
Total	11,906,808,507	18,004,450,626	21,365,429,163	25,821,291,803

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
PUBLIC SAFETY				
Corrections, Dept of				
General Fund	1,258,729,939	1,206,075,833	1,362,844,564	1,448,294,183
Other Funds	82,826,944	72,089,447	36,914,957	39,926,693
Other Funds Nonlimited	-	213,420,172	346,773,778	-
Federal Funds	17,625,085	111,346,702	8,687,860	7,369,007
Federal Funds Nonlimited	-	598,088	1,262,826	1,262,826
Total Expenditures	<u>1,359,181,968</u>	<u>1,603,530,242</u>	<u>1,756,483,985</u>	<u>1,496,852,709</u>
Criminal Justice Commission				
General Fund	6,287,416	4,945,096	4,761,327	23,851,046
Other Funds	67,003	185,220	299,950	479,680
Federal Funds	178,872	10,110,865	19,499,190	7,163,318
Total Expenditures	<u>6,533,291</u>	<u>15,241,181</u>	<u>24,560,467</u>	<u>31,494,044</u>
District Attorneys and Their Deputies				
General Fund	<u>10,481,366</u>	<u>10,381,113</u>	<u>10,589,261</u>	<u>10,849,009</u>
Justice, Dept of				
General Fund	49,089,856	51,826,581	59,016,098	66,289,084
Other Funds	212,129,591	215,839,684	227,269,372	265,469,616
Other Funds Nonlimited	6,174,218	6,755,838	10,622,670	4,753,390
Federal Funds	96,755,005	103,125,708	107,173,021	144,356,473
Federal Funds Nonlimited	15,083,540	15,714,157	15,285,103	15,281,798
Total Expenditures	<u>379,232,210</u>	<u>393,261,968</u>	<u>419,366,264</u>	<u>496,150,361</u>
Military Department				
General Fund	24,068,731	22,898,158	27,975,479	21,863,993
Other Funds	126,912,134	87,693,107	138,697,308	113,902,017
Other Funds Nonlimited	-	1,172,023	3,041,915	-
Federal Funds	274,234,096	207,961,728	295,951,938	287,230,606
Total Expenditures	<u>425,214,961</u>	<u>319,725,016</u>	<u>465,666,640</u>	<u>422,996,616</u>
Oregon Youth Authority				
General Fund	249,785,623	251,231,118	256,250,831	275,662,044
Other Funds	28,127,294	10,625,938	13,173,713	19,553,725
Federal Funds	26,415,309	28,624,903	31,107,231	34,680,918
Federal Funds Nonlimited	-	-	1	1
Total Expenditures	<u>304,328,226</u>	<u>290,481,959</u>	<u>300,531,776</u>	<u>329,896,688</u>

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
Parole & Post Prison Supervision, Bd. of				
General Fund	3,896,669	3,695,294	3,641,093	4,189,720
Other Funds	1,424	6,280	10,289	10,536
Total Expenditures	3,898,093	3,701,574	3,651,382	4,200,256
Police, Dept of State*				
General Fund	215,083,395	216,286,946	221,721,695	240,590,265
Lottery Funds	6,669,667	6,511,667	6,855,630	7,166,858
Other Funds	153,784,453	82,597,416	93,876,661	93,291,730
Federal Funds	18,649,062	7,627,721	9,644,097	9,446,084
Total Expenditures	394,186,577	313,023,750	332,098,083	350,494,937
Public Safety Standards & Training, Dept of				
General Fund	10,979,575	11,360,288	11,283,810	9,788,298
Other Funds	36,677,979	31,047,286	32,962,299	35,668,666
Other Funds Nonlimited	-	-	59,971,801	-
Federal Funds	54,635	52,524	107,513	258,893
Total Expenditures	47,712,189	42,460,098	104,325,423	45,715,857
PUBLIC SAFETY PROGRAM AREA				
General Fund	1,828,402,570	1,778,700,427	1,958,084,158	2,101,377,642
Lottery Funds	6,669,667	6,511,667	6,855,630	7,166,858
Other Funds	640,526,822	500,084,378	543,204,549	568,302,663
Other Funds Nonlimited	6,174,218	221,348,033	420,410,164	4,753,390
Federal Funds	433,912,064	468,850,151	472,170,850	490,505,299
Federal Funds Nonlimited	15,083,540	16,312,245	16,547,930	16,544,625
Total	2,930,768,881	2,991,806,901	3,417,273,281	3,188,650,477

* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table

	2007-09 Actual \$	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Legislatively Approved \$
JUDICIAL BRANCH				
Judicial Department				
General Fund	310,336,253	284,107,992	367,808,432	402,814,725
Other Funds	44,642,997	80,904,659	56,914,830	69,478,242
Other Funds Nonlimited	9,721,566	-	-	-
Federal Funds	829,955	1,099,450	1,303,013	1,233,153
Total Expenditures	<u>365,530,771</u>	<u>366,112,101</u>	<u>426,026,275</u>	<u>473,526,120</u>
Judicial Fitness, Commission on				
General Fund	<u>160,475</u>	<u>156,451</u>	<u>178,470</u>	<u>206,651</u>
Public Defense Services Commission				
General Fund	211,417,131	211,374,802	230,441,855	249,684,307
Other Funds	<u>1,054,057</u>	<u>12,144,671</u>	<u>3,830,055</u>	<u>4,474,644</u>
Total Expenditures	<u>212,471,188</u>	<u>223,519,473</u>	<u>234,271,910</u>	<u>254,158,951</u>
JUDICIAL BRANCH PROGRAM AREA				
General Fund	521,913,859	495,639,245	598,428,757	652,705,683
Other Funds	45,697,054	93,049,330	60,744,885	73,952,886
Other Funds Nonlimited	9,721,566	-	-	-
Federal Funds	829,955	1,099,450	1,303,013	1,233,153
Total	<u>578,162,434</u>	<u>589,788,025</u>	<u>660,476,655</u>	<u>727,891,722</u>

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$

ECONOMIC AND COMMUNITY DEVELOPMENT

Business Development Department*

General Fund	4,544,947	8,926,180	3,842,479	8,371,867
Lottery Funds	122,082,119	106,424,887	137,516,918	117,636,290
Other Funds	48,345,537	27,493,113	26,120,912	77,605,374
Other Funds Nonlimited	191,356,719	210,776,965	369,325,307	222,341,005
Federal Funds	24,544,245	28,428,854	50,652,649	38,841,307
Total Expenditures	390,873,567	382,049,999	587,458,265	464,795,843

Employment Department

General Fund	3,767,711	2,756,233	3,234,080	-
Other Funds	111,164,368	88,175,490	129,289,332	127,704,596
Other Funds Nonlimited	2,299,142,910	2,415,086,782	2,077,281,096	1,634,912,351
Federal Funds	269,413,795	322,105,147	311,662,120	168,973,715
Federal Funds Nonlimited	148,664,421	3,009,968,682	1,492,000,000	264,035,745
Total Expenditures	2,832,153,205	5,838,092,334	4,013,466,628	2,195,626,407

Housing & Community Services Dept

General Fund	19,514,921	9,524,010	15,312,436	19,401,247
Lottery Funds	5,929,190	8,454,527	10,464,685	9,428,966
Other Funds	111,922,729	111,020,175	149,615,398	138,522,567
Other Funds Nonlimited	1,210,382,469	744,541,892	806,981,605	577,328,360
Federal Funds	134,933,782	271,449,723	208,039,554	117,493,813
Federal Funds Nonlimited	101,195,237	105,608,871	108,229,868	108,000,000
Total Expenditures	1,583,878,328	1,250,599,198	1,298,643,546	970,174,953

Veterans' Affairs, Department of

General Fund	6,122,619	5,887,682	6,562,195	9,600,742
Other Funds	37,487,702	39,692,961	59,711,219	50,400,107
Other Funds Nonlimited	345,255,913	496,940,215	443,095,385	335,225,000
Federal Funds	-	1,970,508	26,702,288	300,000
Total Expenditures	388,866,234	544,491,366	536,071,087	395,525,849

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

General Fund	33,950,198	27,094,105	28,951,190	37,373,856
Lottery Funds	128,011,309	114,879,414	147,981,603	127,065,256
Other Funds	308,920,336	266,381,739	364,736,861	394,232,644
Other Funds Nonlimited	4,046,138,011	3,867,345,854	3,696,683,393	2,769,806,716
Federal Funds	428,891,822	623,954,232	597,056,611	325,608,835
Federal Funds Nonlimited	249,859,658	3,115,577,553	1,600,229,868	372,035,745
Total	5,195,771,334	8,015,232,897	6,435,639,526	4,026,123,052

* HB 2152 (2009) changed the name of the Oregon Economic and Community Development Department to the Oregon Business Development Department

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
NATURAL RESOURCES				
Agriculture, Department of				
General Fund	14,147,428	12,998,069	12,158,804	19,460,351
Lottery Funds	9,695,292	8,709,513	7,826,943	6,473,272
Other Funds	46,106,933	45,564,865	54,165,502	55,589,067
Federal Funds	7,635,574	9,796,616	12,146,069	15,320,730
Total Expenditures	<u>77,585,227</u>	<u>77,069,063</u>	<u>86,297,318</u>	<u>96,843,420</u>
Columbia River Gorge Commission				
General Fund	1,022,067	813,817	814,846	891,000
Other Funds	-	2,377	5,000	5,000
Total Expenditures	<u>1,022,067</u>	<u>816,194</u>	<u>819,846</u>	<u>896,000</u>
Energy, Department of				
General Fund	3,100,000	-	-	-
Lottery Funds	-	516,894	2,164,185	2,166,050
Other Funds	20,140,759	24,549,756	36,440,507	50,489,645
Other Funds Nonlimited	111,505,039	172,002,020	171,915,239	176,018,807
Federal Funds	3,551,982	28,793,085	36,845,834	2,977,118
Federal Funds Nonlimited	-	-	1	1
Total Expenditures	<u>138,297,780</u>	<u>225,861,755</u>	<u>247,365,766</u>	<u>231,651,621</u>
Environmental Quality, Department of				
General Fund	36,444,631	30,796,820	25,011,536	30,961,259
Lottery Funds	5,610,171	5,415,717	4,502,197	3,873,265
Other Funds	117,306,094	110,387,186	140,225,902	142,862,396
Other Funds Nonlimited	137,436,517	125,941,753	125,666,802	127,290,278
Federal Funds	26,452,507	33,043,015	31,628,115	28,010,107
Total Expenditures	<u>323,249,920</u>	<u>305,584,491</u>	<u>327,034,552</u>	<u>332,997,305</u>
Fish & Wildlife, Department of				
General Fund	13,849,847	13,225,857	6,779,844	17,704,434
Lottery Funds	11,945,861	5,801,126	5,824,398	4,921,716
Other Funds	131,336,054	148,567,890	198,364,072	185,369,107
Federal Funds	83,303,669	95,917,881	112,710,166	134,778,425
Total Expenditures	<u>240,435,431</u>	<u>263,512,754</u>	<u>323,678,480</u>	<u>342,773,682</u>
Forestry, Department of				
General Fund	46,393,079	42,924,304	53,902,250	97,836,604
Lottery Funds	-	1,374,136	2,542,314	5,408,132
Other Funds	212,418,724	169,247,182	217,855,667	343,086,494
Other Funds Nonlimited	2,050,843	7,980,958	-	-
Federal Funds	16,746,135	28,074,483	44,278,675	34,108,167
Total Expenditures	<u>277,608,781</u>	<u>249,601,063</u>	<u>318,578,906</u>	<u>480,439,397</u>

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
Geology & Mineral Industries, Dept of				
General Fund	3,289,957	2,675,269	2,464,702	2,582,015
Lottery Funds	1,499,224	499,999	-	-
Other Funds	5,581,580	7,733,956	9,034,864	7,955,725
Federal Funds	1,690,466	3,492,611	5,268,289	4,429,263
Total Expenditures	12,061,227	14,401,835	16,767,855	14,967,003
Land Conservation & Development, Dept of				
General Fund	19,057,084	15,258,551	11,132,225	12,667,032
Other Funds	686,757	1,309,575	1,457,573	960,315
Federal Funds	5,259,499	4,790,276	6,117,281	6,014,070
Total Expenditures	25,003,340	21,358,402	18,707,079	19,641,417
Land Use Board of Appeals				
General Fund	1,506,938	1,412,424	1,331,909	1,573,758
Other Funds	65,304	64,014	83,620	87,401
Total Expenditures	1,572,242	1,476,438	1,415,529	1,661,159
State Lands, Department of				
General Fund	213,075	1,934,790	681,266	-
Other Funds	37,447,787	23,084,202	29,253,872	30,563,139
Other Funds Nonlimited	1,242,333	7,346,149	29,054,249	10,234,249
Federal Funds	2,277,027	3,497,375	6,099,914	2,881,911
Total Expenditures	41,180,222	35,862,516	65,089,301	43,679,299
Marine Board				
Other Funds	23,795,485	22,201,108	23,537,102	26,214,465
Federal Funds	8,032,484	6,188,391	6,683,394	7,450,387
Total Expenditures	31,827,969	28,389,499	30,220,496	33,664,852
Parks & Recreation Department				
General Fund	-	-	-	980,000
Lottery Funds	93,331,031	86,441,978	80,594,505	86,964,694
Other Funds	105,112,829	86,786,404	99,870,258	112,681,149
Other Funds Nonlimited	215,732	-	4,624,192	-
Federal Funds	5,225,522	8,639,850	17,563,157	11,858,367
Total Expenditures	203,885,114	181,868,232	202,652,112	212,484,210
Water Resources Department				
General Fund	25,873,738	19,268,371	20,359,297	27,284,614
Lottery Funds	-	348,455	732,384	574,025
Other Funds	4,999,094	9,560,735	29,162,165	34,736,737
Federal Funds	576,618	646,093	1,195,479	1,275,264
Total Expenditures	31,449,450	29,823,654	51,449,325	63,870,640

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
Oregon Watershed Enhancement Board				
Lottery Funds	75,662,082	59,881,320	63,179,128	58,227,336
Other Funds	919,340	1,833,021	1,773,534	1,852,224
Federal Funds	14,955,720	20,911,187	47,279,276	32,817,029
Total Expenditures	<u>91,537,142</u>	<u>82,625,528</u>	<u>112,231,938</u>	<u>92,896,589</u>

NATURAL RESOURCES PROGRAM AREA

General Fund	164,897,844	141,308,272	134,636,679	211,941,067
Lottery Funds	197,743,661	168,989,138	167,366,054	168,608,490
Other Funds	705,916,740	650,892,271	841,229,638	992,452,864
Other Funds Nonlimited	252,450,464	313,270,880	331,260,482	313,543,334
Federal Funds	175,707,203	243,790,863	327,815,649	281,920,838
Federal Funds Nonlimited	-	-	1	1
Total	<u>1,496,715,912</u>	<u>1,518,251,424</u>	<u>1,802,308,503</u>	<u>1,968,466,594</u>

	2007-09 Actual \$	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Legislatively Approved \$
TRANSPORTATION				
Aviation, Department of				
Other Funds	8,626,051	7,320,330	5,856,565	6,297,654
Federal Funds	12,178,345	3,711,681	4,086,055	4,778,379
Total Expenditures	20,804,396	11,032,011	9,942,620	11,076,033
Transportation, Department of*				
General Fund	4,504,713	16,912,732	2,000,010	11,060,000
Lottery Funds	46,559,439	80,439,321	72,614,930	93,953,970
Other Funds	2,982,159,093	3,612,722,722	3,616,523,281	3,837,855,561
Other Funds Nonlimited	18,476,509	25,401,967	255,705,987	283,800,326
Federal Funds	61,841,086	103,713,381	135,086,355	119,790,108
Federal Funds Nonlimited	-	11,921,871	21,621,529	21,621,529
Total Expenditures	3,113,540,840	3,851,111,994	4,103,552,092	4,368,081,494

TRANSPORTATION PROGRAM AREA				
General Fund	4,504,713	16,912,732	2,000,010	11,060,000
Lottery Funds	46,559,439	80,439,321	72,614,930	93,953,970
Other Funds	2,990,785,144	3,620,043,052	3,622,379,846	3,844,153,215
Other Funds Nonlimited	18,476,509	25,401,967	255,705,987	283,800,326
Federal Funds	74,019,431	107,425,062	139,172,410	124,568,487
Federal Funds Nonlimited	-	11,921,871	21,621,529	21,621,529
Total	3,134,345,236	3,862,144,005	4,113,494,712	4,379,157,527

* The OWIN Project was transferred from OSP to ODOT during the Feb. 2010 special session; no budget changes are included in this table

	2007-09 Actual \$	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Legislatively Approved \$
CONSUMER AND BUSINESS SERVICES				
Accountancy, Board of				
Other Funds	1,658,890	1,557,481	2,048,572	2,104,122
Chiropractic Examiners, Board of				
Other Funds	1,112,908	1,221,987	1,356,554	1,480,033
Licensed Social Workers, Board of				
Other Funds	793,311	1,013,929	1,244,968	1,395,325
Construction Contractors Board				
Other Funds	14,693,323	13,799,101	15,137,443	16,287,732
Consumer and Business Services, Dept of				
Other Funds	199,119,398	185,767,184	200,876,115	215,686,144
Other Funds Nonlimited	508,373,038	198,397,456	205,069,009	199,565,185
Federal Funds	-	610,545	3,639,056	5,636,901
Total Expenditures	707,492,436	384,775,185	409,584,180	420,888,230
Dentistry, Board of				
Other Funds	1,943,392	2,159,597	2,502,044	2,606,916
Health Licensing Agency				
Other Funds	6,262,795	6,433,623	7,005,466	3,882,241
Health Related Licensing Boards:				
Licensed Dietitians***				
Other Funds	71,185	-	-	-
Mortuary and Cemetery Board				
Other Funds	1,032,009	1,160,298	1,320,994	1,446,342
Naturopathic Examiners				
Other Funds	478,567	518,818	598,123	653,339
Nursing Home Administrators*				
Other Funds	162,985	-	-	-
Occupational Therapy Licensing Bd				
Other Funds	256,951	286,131	363,959	380,132
Medical Imaging				
Other Funds	569,574	589,631	749,594	856,351
Speech-Language Path. and Audio.				
Other Funds	290,440	362,046	404,495	544,232

	2007-09 Actual	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Legislatively Approved
	\$	\$	\$	\$
Veterinary Medical Examiners Bd				
Other Funds	557,881	548,262	701,629	756,229
Health Related Licensing Boards Total				
Other Funds	3,419,592	3,465,186	4,138,794	4,636,625
Labor & Industries, Bureau of				
General Fund	12,749,264	11,832,787	11,145,065	11,846,552
Other Funds	5,395,659	6,970,066	8,992,406	10,550,519
Other Funds Nonlimited	1,832,995	1,376,114	2,200,000	1,200,000
Federal Funds	1,326,011	1,065,281	1,396,750	1,683,613
Total Expenditures	21,303,929	21,244,248	23,734,221	25,280,684
Licensed Prof Counselors and Therapists, Bd				
Other Funds	666,367	903,449	932,509	1,128,319
Medical Board, Oregon				
Other Funds	8,614,946	9,373,666	10,028,550	10,729,843
Nursing, Board of				
Other Funds	10,236,464	12,184,268	13,988,205	14,493,701
Pharmacy, Board of**				
Other Funds	4,387,662	4,478,980	5,111,603	5,957,609
Federal Funds	19,360	-	-	-
Total Expenditures	4,407,022	4,478,980	5,111,603	5,957,609
Psychologist Examiners, Board of				
Other Funds	995,663	883,233	1,035,662	1,038,215
Public Utility Commission				
Other Funds	33,845,411	36,597,114	39,586,887	40,901,178
Other Funds Nonlimited	96,460,209	83,060,443	75,291,665	79,271,765
Federal Funds	476,384	2,222,486	4,813,925	2,474,000
Total Expenditures	130,782,004	121,880,043	119,692,477	122,646,943
Real Estate Agency				
Other Funds	6,939,595	6,772,329	7,461,430	7,277,657
Tax Practitioners, Board of				
Other Funds	1,000,861	1,013,888	1,098,646	1,183,845

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
General Fund	12,749,264	11,832,787	11,145,065	11,846,552
Other Funds	301,086,237	294,595,081	322,545,854	341,340,024
Other Funds Nonlimited	606,666,242	282,834,013	282,560,674	280,036,950
Federal Funds	1,821,755	3,898,312	9,849,731	9,794,514
Total	922,323,498	593,160,193	626,101,324	643,018,040

* 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.

*** Board of Licensed Dieticians moved into Oregon Health Licensing Agency beginning with the 2011-13 legislatively adopted budget.

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
ADMINISTRATION				
Administrative Services, Dept of*				
General Fund	8,238,635	12,506,753	9,211,014	10,483,193
Lottery Funds	-	3,515,081	6,696,851	8,135,841
Other Funds	1,376,856,440	909,266,545	902,773,635	908,666,882
Other Funds Nonlimited	227,879,711	114,030,629	197,531,084	122,552,277
Federal Funds	-	47,000	-	-
Federal Funds Nonlimited	-	-	1	-
Total Expenditures	1,612,974,786	1,039,366,008	1,116,212,585	1,049,838,193
Citizens' Initiative Review Commission				
Other Funds	-	-	115,000	-
County Fairs*				
Lottery Funds	3,557,141	2,807,758	3,498,007	3,669,380
Historical Society*				
General Fund	2,609,668	577,215	-	738,750
Lottery Funds	-	-	233,298	210,392
Other Funds	-	-	2,549,322	-
Total Expenditures	2,609,668	577,215	2,782,620	949,142
Oregon Public Broadcasting*				
General Fund	-	115,443	-	492,500
Lottery Funds	1,725,427	1,880,325	1,566,926	546,157
Other Funds	3,024,167	-	-	-
Other Funds Nonlimited	-	694,639	-	-
Total Expenditures	4,749,594	2,690,407	1,566,926	1,038,657
Advocacy Commissions Office				
General Fund	334,556	366,193	368,932	425,525
Other Funds	17,728	18,125	40,000	40,960
Total Expenditures	352,284	384,318	408,932	466,485
Employment Relations Board				
General Fund	1,781,460	1,621,408	1,932,803	2,061,040
Other Funds	1,581,906	1,471,941	1,862,696	2,140,264
Total Expenditures	3,363,366	3,093,349	3,795,499	4,201,304
Government Ethics Commission				
General Fund	1,257,474	162,912	-	-
Other Funds	1,523	1,244,405	1,615,856	1,976,802
Total Expenditures	1,258,997	1,407,317	1,615,856	1,976,802

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
Governor, Office of the				
General Fund	11,223,550	10,071,418	31,157,883	11,401,846
Lottery Funds	2,049,136	1,941,910	1,815,295	3,376,215
Other Funds	2,261,593	3,768,185	13,471,928	2,910,655
Federal Funds	16,734	-	5,413,248	-
Total Expenditures	<u>15,551,013</u>	<u>15,781,513</u>	<u>51,858,354</u>	<u>17,688,716</u>
Oregon Liquor Control Comm				
Other Funds	<u>120,573,770</u>	<u>128,101,562</u>	<u>140,096,446</u>	<u>151,875,699</u>
Public Employees Retirement System				
Other Funds	83,094,363	79,307,909	80,750,830	88,153,980
Other Funds Nonlimited	6,085,705,691	6,730,356,220	7,837,176,025	9,277,875,000
Total Expenditures	<u>6,168,800,054</u>	<u>6,809,664,129</u>	<u>7,917,926,855</u>	<u>9,366,028,980</u>
Racing Commission, Oregon				
Other Funds	<u>5,663,042</u>	<u>5,076,400</u>	<u>5,192,629</u>	<u>5,905,502</u>
Revenue, Dept of				
General Fund	145,212,294	140,240,842	147,798,243	166,641,759
Other Funds	30,475,737	30,667,149	34,230,088	64,202,113
Other Funds Nonlimited	240,508	251,521	1,945,006	-
Total Expenditures	<u>175,928,539</u>	<u>171,159,512</u>	<u>183,973,337</u>	<u>230,843,872</u>
Secretary of State				
General Fund	13,964,221	13,154,574	12,500,468	8,663,845
Other Funds	36,525,613	34,795,709	42,099,026	50,265,885
Federal Funds	6,421,887	5,632,259	7,559,402	5,045,103
Total Expenditures	<u>56,911,721</u>	<u>53,582,542</u>	<u>62,158,896</u>	<u>63,974,833</u>
State Library				
General Fund	3,207,437	3,128,064	2,868,303	1,629,976
Other Funds	6,862,070	5,904,640	6,325,531	2,810,561
Federal Funds	4,160,813	4,475,725	4,747,696	2,478,210
Total Expenditures	<u>14,230,320</u>	<u>13,508,429</u>	<u>13,941,530</u>	<u>6,918,747</u>
Treasury, Oregon State				
Other Funds	28,820,083	31,773,270	35,248,684	46,683,387
Other Funds Nonlimited	2,844,712	3,677,332	3,700,000	-
Total Expenditures	<u>31,664,795</u>	<u>35,450,602</u>	<u>38,948,684</u>	<u>46,683,387</u>

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
ADMINISTRATION PROGRAM AREA				
General Fund	187,829,295	181,944,822	205,837,646	202,538,434
Lottery Funds	7,331,704	10,145,074	13,810,377	15,937,985
Other Funds	1,695,758,035	1,231,395,840	1,266,371,671	1,325,632,690
Other Funds Nonlimited	6,316,670,622	6,849,010,341	8,040,352,115	9,400,427,277
Federal Funds	10,599,434	10,154,984	17,720,346	7,523,313
Federal Funds Nonlimited	-	-	1	-
Total	8,218,189,090	8,282,651,061	9,544,092,156	10,952,059,699

* 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.

	2007-09 Actual \$	2009-11 Actual \$	2011-13 Legislatively Approved \$	2013-15 Legislatively Approved \$
LEGISLATIVE BRANCH				
Indian Services, Commission on				
General Fund	378,980	367,645	414,602	488,767
Other Funds	752	1,841	6,431	6,586
Total Expenditures	<u>379,732</u>	<u>369,486</u>	<u>421,033</u>	<u>495,353</u>
Legislative Administration Committee				
General Fund	30,183,274	24,027,383	28,999,433	34,719,500
Other Funds	35,918,079	4,764,678	4,108,685	37,929,526
Other Funds Nonlimited	502,054	383,763	597,932	597,932
Total Expenditures	<u>66,603,407</u>	<u>29,175,824</u>	<u>33,706,050</u>	<u>73,246,958</u>
Legislative Assembly				
General Fund	31,781,326	30,840,594	37,132,538	42,111,410
Other Funds	125,145	75,361	268,970	278,847
Other Funds Nonlimited	86,682	81,935	91,360	93,553
Total Expenditures	<u>31,993,153</u>	<u>30,997,890</u>	<u>37,492,868</u>	<u>42,483,810</u>
Legislative Counsel Committee				
General Fund	8,359,019	7,793,217	8,528,744	10,441,182
Other Funds	1,044,451	2,036,401	1,311,425	1,681,068
Other Funds Nonlimited	881,044	869,229	780,711	562,803
Total Expenditures	<u>10,284,514</u>	<u>10,698,847</u>	<u>10,620,880</u>	<u>12,685,053</u>
Legislative Fiscal Officer				
General Fund	5,433,438	5,516,076	5,871,135	3,896,578
Other Funds	-	97,516	-	3,179,547
Total Expenditures	<u>5,433,438</u>	<u>5,613,592</u>	<u>5,871,135</u>	<u>7,076,125</u>
Legislative Revenue Officer				
General Fund	<u>1,783,399</u>	<u>1,977,774</u>	<u>1,996,569</u>	<u>2,796,123</u>
LEGISLATIVE BRANCH PROGRAM AREA				
General Fund	77,919,436	70,522,689	82,943,021	94,453,560
Other Funds	37,088,427	6,975,797	5,695,511	43,075,574
Other Funds Nonlimited	1,469,780	1,334,927	1,470,003	1,254,288
Total	<u>116,477,643</u>	<u>78,833,413</u>	<u>90,108,535</u>	<u>138,783,422</u>

	<u>2007-09</u> <u>Actual</u> \$	<u>2009-11</u> <u>Actual</u> \$	<u>2011-13</u> <u>Legislatively</u> <u>Approved</u> \$	<u>2013-15</u> <u>Legislatively</u> <u>Approved</u> \$
MISCELLANEOUS				
Emergency Board				
General Fund	-	-	-	30,000,000
Total Expenditures	-	-	-	30,000,000
Special Purpose Appropriations (details below)	-	-	-	46,906,819
MISCELLANEOUS PROGRAM TOTAL				
General Fund	-	-	-	76,906,819
Total	-	-	-	76,906,819

Special Purpose Appropriations (SPA)

Department of Forestry - Fire protection expenses	-	-	-	3,000,000
Various - Salary adjustment	-	-	-	-
Various - Non-State salary adjustment	-	-	-	-
State Library - 2nd year funding	-	-	-	1,702,192
Housing and Community Services - 2nd year funding	-	-	-	-
Housing and Community Services - 2nd year Housing Choice Landlord Guarantee Program	-	-	-	-
Department of Education - student assessments	-	-	-	-
Department of Education - youth development	-	-	-	-
Housing and Community Services - 2nd year Oregon Hunger Response Fund	-	-	-	-
Oregon Health Authority - A&D rate increases	-	-	-	-
Oregon Health Authority - Dental pilot program	-	-	-	-
State Agencies - Senior Programs	-	-	-	12,704,627
OHA/DHS - Caseload costs and other budget needs	-	-	-	24,000,000
State Agencies - Costs associated with higher education governance changes	-	-	-	3,500,000
OJD - One-time operations investments or increases in services	-	-	-	1,300,000
OJD - Third-party debt collection	-	-	-	700,000
SPA Totals	-	-	-	46,906,819

	2007-09	2009-11	2011-13	2013-15
	Actual	Actual	Legislatively	Legislatively
	\$	\$	Approved	Approved
	\$	\$	\$	\$
STATE OF OREGON TOTAL EXPENDITURES				
General Fund	12,779,492,755	12,441,714,709	13,688,613,608	15,914,664,891
Lottery Funds	1,544,100,289	1,092,943,278	1,051,425,443	838,709,015
Other Funds	10,436,617,394	10,907,000,274	10,050,870,497	12,495,176,630
Other Funds Nonlimited	13,625,542,940	16,641,894,840	16,523,775,755	15,052,865,313
Federal Funds	8,162,287,786	10,866,278,510	11,201,630,760	14,948,916,441
Federal Funds Nonlimited	1,904,719,017	5,780,530,208	4,639,197,208	3,400,389,002
Total Expenditures	<u>48,452,760,181</u>	<u>57,730,361,819</u>	<u>57,155,513,271</u>	<u>62,650,721,292</u>

STATE OF OREGON TOTAL EXPENDITURES				
General Fund	12,779,492,755	12,441,714,709	13,688,613,608	15,914,664,891
Lottery Funds	1,544,100,289	1,092,943,278	1,051,425,443	838,709,015
Other Funds	24,062,160,334	27,548,895,114	26,574,646,252	27,548,041,943
Federal Funds	10,067,006,803	16,646,808,718	15,840,827,968	18,349,305,443
Total Expenditures	<u>48,452,760,181</u>	<u>57,730,361,819</u>	<u>57,155,513,271</u>	<u>62,650,721,292</u>