

**Corrected Edition 2/24/02**

Replaces document dated 2/22/02

# **Budget Highlights**

**Revised 2001-2003  
Legislatively Approved Budget**

**Based on February 8-11, 2002  
Special Session Actions**



**LEGISLATIVE FISCAL OFFICE  
FEBRUARY 2002**

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February 24, 2002

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

The Legislative Fiscal Office staff has prepared this corrected edition of the overview of actions taken by the Legislative Assembly during the February 8-11, 2002 special session to rebalance the statewide General Fund and lottery budget. Please replace the *Budget Highlights* version dated 2/22/02 with this copy.

As you know, Governor Kitzhaber vetoed several of the bills that would implement these actions; nevertheless, we hope you find this report useful. As a summary document, it is intended to highlight major legislative budget actions. For information on the revenue package that accompanied these actions, refer to the Legislative Revenue Office Research Brief No. 4-02.

Please feel free to call our office should you have any further questions.

Sincerely,

Ken Rocco  
Legislative Fiscal Officer

# Summary of the 2001-03 Legislatively Approved Budget Modified by the February 8-11, 2002 Special Session

## General Fund and Lottery Spending

Because of the current economic conditions in Oregon and the resultant General Fund shortfall projected for 2001-03, the Legislative Assembly passed several bills to balance the statewide General Fund and lottery budget in the special legislative session held February 8-11, 2002. The official December 2001 economic and revenue forecast projected \$720 million less in General Fund revenues from the 2001 close-of-session estimate.

The pre-special session General Fund and lottery budget, as approved by the 2001 Legislature and modified by subsequent 2001-03 Emergency Board actions, totaled \$12 billion, or 35% of the total 2001-03 budget. This amount represented a 14% increase compared to expenditures from these two fund sources in 1999-01.

In the February 2002 special session, the Legislative Assembly reduced General Fund and lottery spending by \$641 million, with a portion of the reductions being offset with fund shifts and the balance of the shortfall covered by new revenue sources. The following table compares the special session-adjusted budget for General Fund and lottery with 1999-01 estimated expenditures and the prior 2001-03 legislatively approved budget.

|  | 1999-01<br>Estimated | 2001-03<br>Legislative | Feb. 8-11,<br>2002 Special<br>Session | % Change<br>01-03 Sp.<br>Session from<br>01-03 Leg | % Change<br>01-03 Sp.<br>Session<br>from 99-01 |
|--|----------------------|------------------------|---------------------------------------|--|--|
| <b>Education</b>                       |                      |                        |                                       |  |  |
| K - 12 (excl. ODE)                     | \$4,568              | \$5,080                | \$4,708                               | -7.3%  | 3.1%   |
| Higher Education <sup>2</sup>          | 873                  | 822                    | 773                                   | -5.9%  | -11.5%   |
| Community Colleges                     | 436                  | 475                    | 460                                   | -3.1%  | 5.6%   |
| All Other Education                    | 285                  | 372                    | 359                                   | -3.6%  | 26.0%  |
| <b>Total Education</b>                 | 6,161                | 6,748                  | 6,300                                 | -6.6%  | 2.3%   |
| <b>Human Services</b>                  | 2,289                | 2,641                  | 2,564                                 | -2.9%  | 12.0%  |
| <b>Public Safety</b>                   | 1,193                | 1,351                  | 1,307                                 | -3.3%  | 9.6%   |
| <b>Natural Resources</b>               | 226                  | 279                    | 264                                   | -5.4%  | 16.8%  |
| <b>All Other Programs</b> <sup>3</sup> | 746                  | 955                    | 898                                   | -5.9%  | 20.4%  |
| <b>Total Expenditures</b>              | \$10,615             | \$11,974               | \$11,333                              | -5.4%  | 6.8%   |

<sup>1</sup> Amounts may not add due to rounding  
<sup>2</sup> Includes Oregon Health and Science University Public Corporation  
<sup>3</sup> Includes \$140 million in Emergency Fund for 2001-03

## Tobacco Settlement, Medicaid Upper Payment Limit, and Other State Funds

While the Legislative Assembly reduced combined state support from General Fund and lottery revenue, the reduction described earlier does not present the whole picture.

Although the result from the 2001 regular legislative session was growth in General Fund and lottery expenditures of \$1.4 billion over the 1999-01 level, this fell short of funding programs at the continuing service level. The Legislature addressed the gap, in part, by using alternative revenue sources. Two major sources of discretionary revenue used to “backfill” expenditures that would normally be supported with General Fund or lottery proceeds were Medicaid Upper Payment Limit (MUPL) and Tobacco Settlement funds. In the February 2002 special session, the Legislature continued this practice.

When these two sources are included, along with a transfer of \$120 million from either the Education Endowment Fund or the Common School Fund to the State School Fund, the state support changes from a decrease of 5.4% (when only General Fund and lottery support are considered) to a decrease of 2.8 percent. The increase over 1999-01 expenditures changes from 6.8% to 13 percent. The following table shows changes in the total of General Fund, lottery, MUPL, Tobacco Settlement and other state revenue supporting each program area as a result of special session actions.

| <b>2001-03 Discretionary</b> <sup>1</sup> |                      |                        |                                       |  |  |
|---|----------------------|------------------------|---------------------------------------|--|--|
| (Dollars in Millions) <sup>2</sup>        |                      |                        |                                       |  |  |
|   | 1999-01<br>Estimated | 2001-03<br>Legislative | Feb. 8-11, 2002<br>Special<br>Session | % Change<br>01-03 Sp.<br>Session from<br>01-03 Leg | % Change<br>01-03 Sp.<br>Session<br>from 99-01 |
| <b>Education</b>                          |                      |                        |                                       |  |  |
| <b>K - 12 (excl. ODE)</b>                 | \$4,568              | \$5,179                | \$5,063 <sup>4</sup>                  | -2.2%  | 10.8%  |
| <b>Higher Education</b> <sup>3</sup>      | 873                  | 923                    | 865                                   | -6.3%  | -0.9%  |
| <b>Community Colleges</b>                 | 436                  | 475                    | 460                                   | -3.1%  | 5.6%   |
| <b>All Other Education</b> <sup>5</sup>   | 285                  | 377                    | 364                                   | -3.4%  | 27.7%  |
| <b>Total Education</b>                    | 6,161                | 6,954                  | 6,752                                 | -2.9%  | 9.6%   |
| <b>Human Services</b>                     | 2,289                | 2,805 <sup>6</sup>     | 2,776 <sup>6</sup>                    | -1.0%  | 21.3%  |
| <b>Public Safety</b>                      | 1,193                | 1,351                  | 1,307                                 | -3.3%  | 9.6%   |
| <b>Natural Resources</b>                  | 226                  | 279                    | 264                                   | -5.4%  | 16.8%  |
| <b>All Other Programs</b> <sup>7</sup>    | 746                  | 955                    | 898                                   | -6.0%  | 20.4%  |
| <b>Total Expenditures</b>                 | \$10,615             | \$12,344               | \$11,997                              | -2.8%  | 13.0%  |

<sup>1</sup> General Fund, Lottery, MUPL, Tobacco Settlement and either Education Endowment or Common School Fund transfer  
<sup>2</sup> Amounts may not add due to rounding  
<sup>3</sup> Includes Oregon Health and Science University Public Corporation  
<sup>4</sup> Includes \$235.1 million of MUPL, \$120 million of Education Endowment Fund or Common School Fund transfer  
<sup>5</sup> Includes \$5 million in Tobacco Settlement Funds for the Oregon Resource and Technology Subaccount for 2001-03 LAB and Feb 8-11 Special Session  
<sup>6</sup> Includes \$15.0 million of MUPL for the Oregon Rural Health Association for 2001-03 LAB; \$7.5 million for Feb 8-11 Special Session  
<sup>7</sup> Includes \$140 million in Emergency Fund for 2001-03

Including these funds also significantly alters some of the program percentage changes from one biennium to another. The most significant percentage changes occur in the Human Services and Education categories. The Human Services increase over 1999-01 expenditures changes from 12%, when only General Fund and Lottery are considered, to 21.3% when MUPL and Tobacco Settlement revenue are included. This primarily reflects a shift of \$179 million in Oregon Health Plan expenditures from General Fund to Tobacco Settlement funds. Growth in the Education program changes from 2.3% to 9.6% when the alternative resources are included. This reflects the use of MUPL funds to offset \$235.1 million General Fund in K-12 Education and \$91.9 million General Fund for the Oregon Health and Science University Public Corporation. It also reflects the \$120 million transfer from either the Education Endowment Fund or the Common School Fund to the State School Fund.

The following tables show the uses of MUPL and Tobacco Settlement Funds as approved by the Legislature in the 2001 regular session and the recent special session.

| <b>Medicaid Upper Payment Limit (MUPL) - 2001-03 Legislatively Approved Budget</b><br>(Dollars in Millions) |                                 |                                    |
|---|---------------------------------|------------------------------------|
|   | Prior Legislatively<br>Approved | Feb. 8-11, 2002<br>Special Session |
| K-12 Education  | 99.2                            | 235.1                              |
| Oregon Health and Science University  | 101.3                           | 91.9                               |
| Oregon Rural Health Association   | 15.0                            | 7.5                                |
| Dept. of Administrative Services - MUPL Fund  | 118.1                           | 12.1                               |
| General Fund  | -                               | -                                  |
| <b>Total</b>  | <b>333.6</b>                    | <b>346.6</b>                       |

| <b>Tobacco Settlement Fund Usage - 2001-03 Legislatively Approved Budget</b><br>(Dollars in Millions) |                                 |                                    |
|---|---------------------------------|------------------------------------|
|   | Prior Legislatively<br>Approved | Feb. 8-11, 2002<br>Special Session |
| K-12 Education  | -                               | -                                  |
| Tobacco Prevention  | 5.0                             | -                                  |
| Family Health Insurance Assistance Program  | 20.0                            | 20.0                               |
| Health Care Trust Fund  | 95.0                            | 45.0                               |
| Oregon Health and Science University  | -                               | -                                  |
| Oregon Health Plan Medicaid Program   | 124.0                           | 179.0                              |
| Oregon Resources and Technology Development   | 5.0                             | 5.0                                |
| General Fund (for ending balance & Emergency Bd.)   | 99.2                            | 99.2                               |
| <b>Total</b>  | <b>348.2</b>                    | <b>348.2</b>                       |

Following is a summary, by program area, of the budget actions taken by the Legislative Assembly to balance the statewide 2001-03 General Fund and lottery funds budget.

## Education Program Area

### **K-12 Education Program**

The Legislative Assembly reduced the K-12 education program by \$423.2 million General Fund. However, offsetting this reduction are fund shifts of \$135.9 million from Medicaid Upper Payment Limit (MUPL) funds, \$39.2 million from Lottery Funds, \$120 million from an anticipated transfer from either the Education Endowment Fund or the Common School Fund, and up to \$6.2 million from Federal Funds. After these fund shifts, the reduction is \$121.9 million, which is a 2.2% decrease from the pre-special session (or "prior") 2001-03 legislatively approved budget for the K-12 education program. The resulting \$5.4 billion budget from General Fund revenue, Lottery Funds, and other state funds is 9.3% above 1999-01 estimated expenditures from General Fund revenue, Lottery Funds, and proceeds from lottery-backed education bonds.

Major components of the net \$121.9 million reduction are as follows:

In the Department of Education's budget for **Operations and Special Schools** -

- \$990,770 General Fund due to administrative savings from areas such as position vacancies as well as reduced travel and training;
- \$1.5 million General Fund from a special purpose appropriation in the Emergency Fund for the Department's technology budget; and
- \$668,000, or 4%, General Fund from the Oregon School for the Deaf and School for the Blind.

In the Department's budget for **Grant-in-Aid** programs -

- \$1.5 million General Fund from a \$3.9 million special purpose appropriation in the Emergency Fund for the Oregon PreKindergarten Program, representing a 2.4% reduction in total state funding;
- a net \$400,000 General Fund reduction, or 0.4% in total state funding, from the Early Intervention/Early Childhood Special Education program (the total reduction is \$3.9 million from an \$8.5 million special purpose appropriation in the Emergency Fund, with an anticipated \$3.5 million to be replaced with federal revenue as described below); and
- \$383,000 General Fund from various Grant-in-Aid programs.

In the budget for the **State School Fund and Other K-12 Grants** -

- \$112 million General Fund for elimination of second-year School Improvement Fund grants;
- \$3.9 million General Fund in incentive payments to schools from the yet-to-be implemented Data Integrity Project (for which there is a \$10.325 million special purpose appropriation in the Emergency Fund);
- \$150,000 General Fund from local option grant funds (the excess over estimated need in 2001-03); and
- \$350,000 General Fund for a technical adjustment to the State School Fund.

Additional reductions of \$6.2 million for which federal revenue is anticipated as backfill include the following -

- \$1.7 million General Fund from Department-level assessment activities (although the Department's ability to use federal assessment funds as backfill is not assured; \$1 million of this reduction is from a special purpose appropriation in the Emergency Fund);
- \$3.5 million General Fund in the Early Intervention/Early Childhood Special Education to be offset by increased federal special education and Medicaid funds; and
- \$1.04 million General Fund from grants to low performing schools.

The Legislative Assembly passed SJR 50, which refers to the voters an amendment to the Constitution to transfer \$120 million from the Education Endowment Fund to the State School Fund in May 2003. This transfer is intended to replace General Fund in the State School Fund. The Legislative Assembly also passed House Bill 4012, which provides for up to \$120 million to be transferred from the Common School Fund. However, this legislation only

becomes operative if the voters do not approve SJR 50 in May 2002. Lottery Funds of \$39.2 million and MUPL funds of \$135.9 million also replace General Fund reductions in the State School Fund. Thus, although the General Fund support of the State School Fund was reduced by \$295.5 million, funds shifts of \$295.1 million replace all but \$350,000 of the reduction.

The Legislature also passed House Bill 4011, which reallocates \$4.9 million from education service districts to school districts should the School Improvement Fund decrease by more than \$100 million. This legislation is intended to ensure education service districts take a reduction proportionate to school districts' reduction in state support.

## **Post-Secondary Education Programs**

### **Department of Community Colleges and Workforce Development**

The special session budget adjustments reduce General Fund support for both the Community College Support Fund (CCSF), and for the larger Department of Community Colleges and Workforce Development budget as a whole, by 3% from the pre-special session 2001-03 legislatively approved budget. The General Fund reduction to the Department budget totals \$14.1 million. Most of this reduction is contained in the 3% CCSF reduction (\$13.9 million). The remaining reductions include 4% cuts to a new satellite campus facility in Brookings and to a funding restoration for the Sabin Skills Center together totaling \$60,000, approximately \$26,000 in reductions to the Oregon Youth Conservation Corps, and approximately \$81,000 in reductions to agency administration. During the 2001 session, the Legislature approved substantial increases in General Fund support for community colleges, so even after the special session reductions, General Fund support remains \$24.8 million (or 5.7%) above the 1999-01 biennium level.

### **Department of Higher Education**

General Fund and lottery support for the Department of Higher Education budget was reduced by \$48.8 million, or 6%, from the pre-special session 2001-03 legislatively approved budget. The budget reductions are specified and made in terms of the funding distributions of the Department's Resource Allocation Model (RAM). The RAM distributes General Fund support to campuses on a per-student enrollment basis (i.e., "cell value" funding), and to campuses and centralized operations through a series of targeted programs. The budget rebalance reduces basic undergraduate cell values by 3% (\$11.2 million), and basic graduate cell values by 5% (\$7.8 million), from their prior 2001-03 legislatively approved budget levels. The budget also reduces General Fund support for Education and General services through the targeted programs by \$24.4 million – for a total Education and General services reduction of \$43.4 million.

The components of the \$24.4 million cut to targeted program support include: a 20% reduction to the research support distribution (\$3.2 million); an 11% reduction to the Chancellor's Office (\$3 million); elimination of an enrollment growth funding reserve (\$2.5 million), performance funding awards (\$2 million), and support for nonresident Masters students (\$1.8 million); a 7% reduction in the Engineering education enhancements proposed by the Engineering Industry and Technology Council (\$1.4 million); a reduction in special per-student funds (varying by student type) for professional and certain Engineering students (\$1.3 million); a 5% reduction in support to small schools (\$1.3 million); a 7% reduction to the Oregon State University (OSU) Cascades Campus (\$326,926); a 5% reduction to Top-Tier Engineering funding (\$250,000); and a 4.5% reduction to funding for expanding the OSU College of Veterinary Medicine (\$180,000). Funding for the Patient Prescription Drug Assistance Program at OSU was eliminated (\$100,000). Other targeted program cuts of varying percentages account for the remaining \$7 million reduction to Education and General services.

The budget rebalance also reduces General Fund support for the three OSU Statewide Public Service Programs by 5.1% (\$5.1 million), and Lottery Fund debt service by \$281,186. Remaining General Fund and Lottery Fund support for the Department is \$8.3 million (or 1.1%) above the 1999-01 biennium level. The adjusted budget, however, also contains an estimated \$22.3 million General Fund for 2001-03 salary and benefit adjustments.

These funds will be allocated to the Department later this biennium. Including these additional funds, 2001-03 biennium state support will total \$30.6 million (or 4%) above the 1999-01 biennium level.

### **Oregon Health and Science University Public Corporation**

The Legislature does not approve the OHSU budget, but does provide support for OHSU's finances. The pre-special session 2001-03 budget included \$104.6 million in direct state support to the Oregon Health and Science University (OHSU), primarily from funds in the state's Medicaid Upper Payment Limit (MUPL) account. The special session budget reduced MUPL support by \$9.4 million, which is equivalent to a 9% reduction in total state support. The reduction was made in support to OHSU's hospital and clinics only. Support to OHSU's Education and General services (including the Area Health Education Centers) and to the Child Development and Rehabilitation Center was not reduced. During the 2001 session, the Legislature reduced state support to OHSU, and with the additional special session reduction, state support is \$16.7 million (or 14.9%) below the 1999-01 biennium level.

### **Oregon Student Assistance Commission**

General Fund and lottery support for the Oregon Student Assistance Commission (OSAC) was reduced by \$1.4 million (or 3.2%) from the pre-special session 2001-03 legislatively approved budget. During the 2001 session, the Legislature approved substantial increases in General Fund support for the Commission, so even after the special session reductions, General Fund and lottery support remains \$5.4 million (or 14.2%) above the 1999-01 biennium level. The budget rebalance reduces General Fund support for agency administration by \$40,324 and support for the newly-established Former Foster Youth Scholarship Program by 4%, or \$4,000.

The rest of the reduction to the OSAC budget is in Lottery Funds for the Opportunity Grant Program. The source of Lottery Funds that OSAC receives for Opportunity Grants is interest earnings of the Education Endowment Fund. The budget rebalance reduction merely reflects how projected interest earnings have declined since the May 2001 economic and revenue forecast. The action of the Legislature to reduce the OSAC Lottery Funds expenditure limitation does not, thus in itself, reduce Opportunity Grant funding. It merely adjusts the limitation to reflect the amount of revenue that is currently forecast to be available.

## **Human Services Program Area**

The prior 2001-03 legislatively approved budget for the Human Services program area included \$2.6 billion General Fund, \$7.1 million of Lottery Funds, and \$149 million of Tobacco Settlement revenue. The Department of Human Services accounted for more than 97% of this General Fund and all of the Lottery Funds.

The statewide budget problem included a Department of Human Services General Fund budget deficit of nearly \$84.3 million. Much of the deficit was the result of rising medical and cash assistance caseloads primarily caused by Oregon's weakened economy. Prior to the special legislative session, the Emergency Board reduced various Department programs by about \$77.6 million General Fund, closing the deficit to \$6.7 million.

During the special session, the Legislative Assembly disappropriated \$49.9 million of the Department's General Fund. Most of this reduction was the result of replacing \$50 million of General Fund with Tobacco Settlement revenue (Other Funds). Lottery Funds were cut by \$0.7 million, or about 10%. In addition to adjustments made directly to the Department's budget, the Assembly disappropriated a total of \$23.9 million from special purpose appropriations to the Emergency Fund and another \$0.9 million from a reservation in the Emergency Fund earmarked for uses within the Department of Human Services. The Assembly disappropriated another \$2.7 million from the other six agencies within the Human Services program area, primarily from the State Commission on Children and Families (\$2.5 million).

## Department of Human Services

Aside from the \$50 million replacement of General Fund with Tobacco Settlement revenue, the Legislative Assembly added a net of \$0.1 million General Fund to the agency's budget as adjusted by the Emergency Board. This was the result of a number of adjustments including the following:

- replacement of \$2.5 million General Fund in Adult and Family Services with unused JOBS Plus Individual Education Account funds;
- addition of \$151,000 for two teen pregnancy prevention programs: Stop and Think, and NW Family Services (FACTS);
- addition of \$1 million to fully restore Oregon Project Independence;
- restoration of \$1.1 million General Fund for the Babies First and the Public Health perinatal and prenatal programs;
- partial restoration of a \$2 million General Fund reduction to pharmacy reimbursement approved by the Emergency Board in its consideration of the Department's rebalance plan;
- replacement of \$1 million General Fund within the Medical Assistance Programs with funds from the Law Enforcement Liability Account;
- reduction of General Fund for adult dental benefits within the Oregon Health Plan by \$6.1 million;
- partial restoration of funding (\$122,692) for the Department's sheltered services program; and
- redirection of \$1.3 million of JOBS program funding to the JOBS Plus program, which had been reduced earlier by the Emergency Board.

As noted above, the Assembly also disappropriated \$23.9 million from special purpose appropriations to the Emergency Board earmarked for uses within the Department. These disappropriations eliminated reserves for the cash assistance and medical assistance caseloads, a senior drug prescription program, and funding for the Home Care Commission. Two other special purpose appropriations, for mental health planning and services and for safety net clinics, were partially reduced.

## State Commission on Children and Families

The \$2.5 million General Fund reduction represents a 4.1% adjustment to the agency's pre-special session 2001-03 legislatively approved budget of \$61.4 million General Fund. The following programs were reduced or eliminated: early childhood system-wide evaluations, training for physicians, Early Childhood Information Hotline, One-Call Centers, and First Steps violence prevention training. The implementation of the Healthy Start program is slightly delayed in seven counties and funded to serve 70 % of first births statewide rather than increase to the 80 % level in January 2003. This is expected to be a one-time reduction.

## Other

The General Fund budget for the **Oregon Commission for the Blind** was reduced by \$52,190, or 4% from the prior 2001-03 legislatively approved budget of \$1.3 million. The Other Funds expenditure limitation was increased by \$52,097 to allow the Commission to replace the General Fund reduction with bequest and donations revenue. The Legislative Assembly reduced the General Fund budget for the **Long Term Care Ombudsman** by \$12,253, or 2% from the prior 2001-03 legislatively approved budget of \$0.6 million. In taking the reduction, the Assembly did not specify a particular program adjustment. The Assembly made a 15.2% or \$79,775, General Fund reduction to the **Insurance Pool Governing Board's** administrative 2001-03 legislatively approved budget of \$0.5 million. The General Fund budget for the **Psychiatric Security Review Board** was reduced by \$14,473 or 2% from the prior 2001-03 legislatively approved budget of \$0.7 million. In making the reduction, the Assembly did not specify a particular program adjustment. The **Oregon Disabilities Commission's** budget was reduced to reflect lower Secretary of State assessments.

## Public Safety Program Area

The special session adjustments reduce General Fund support for the Public Safety program area by \$43.6 million, which is a 3.2% decrease from the pre-special session 2001-03 legislatively approved budget. The resulting \$1.3 billion budget is 9.6% above 1999-01 estimated expenditures.

### **Department of Corrections**

General Fund support for the Department of Corrections was reduced by \$30.1 million, which is a 3.5% decrease from the pre-special session 2001-03 legislatively approved budget. On February 1, 2002, the Emergency Board approved the use of an additional \$35.5 million in savings to rebalance the Department's budget, thereby covering unbudgeted operating expenses resulting from compensation plan changes, overtime, inmate medical needs, and utility rate changes. The resulting budget is 9% (\$69 million) above 1999-01 estimated expenditures. The reductions were achieved as follows: \$31.9 million in construction savings from one-time debt service backfill with Other Funds; \$6.3 million in hiring delays; \$4.5 million in food cost savings; \$4.6 million in delayed opening of inmate housing units; \$3.6 million in eliminated non-security positions; \$3 million in reduced services and supplies; \$2.7 million in alternative delivery of inmate health care; \$2.5 million in backfill with federal grant funds; \$1.8 million in various administrative actions; \$1.6 million in alternative delivery of work-based education/workforce development programs; \$1.2 million in reduced debt service on new projects; \$1.0 million in reduced community corrections inflation; \$0.5 million in overtime management savings; and \$0.4 million from elimination of an Emergency Fund special purpose appropriation for population management.

### **Department of State Police**

General Fund support for the Department of State Police was reduced by \$7.2 million, which is a 3.8% decrease from the pre-special session 2001-03 legislatively approved budget. The resulting budget is 6.5% (\$11 million) above 1999-01 estimated expenditures. The legislative reductions were achieved as follows: \$3.1 million in eliminated non-sworn call taker, dispatch, data entry, and field support positions; \$1.9 million in savings from cancellation of a January 2003 recruit school for 38 patrol officers; \$0.9 million from the sale of a remaining King Air airplane and elimination of a pilot position; \$0.9 million in reduced services, supplies, and equipment purchases; and \$0.3 million from elimination of two sworn positions in training and human resources. The legislative plan restored funding for three Fish and Wildlife officers using Ballot Measure 66 Lottery Funds.

### **Oregon Youth Authority**

General Fund support for the Oregon Youth Authority was reduced by \$4.9 million, which is a 2.1% decrease from the pre-special session 2001-03 legislatively approved budget. The resulting budget is 9.2% (\$18.8 million) above 1999-01 estimated expenditures. One-time reductions, additional Other Funds and Federal Funds revenue, and administrative reductions save \$2.2 million General Fund. Other reductions include \$1.7 million from delaying the opening of one 25-bed unit and closing about 50 beds. An Emergency Fund reservation was established for the agency to request additional bed funding if needed. Community programs such as foster care, residential treatment, and county grants were reduced by \$1 million.

### **Other**

The remaining reductions in the public safety area total \$1.3 million and affect five other agencies. The **Military Department** budget was reduced \$465,829 or 3.4% from the prior 2001-03 legislatively approved budget based on elimination of four armory technician positions and uncommitted tuition assistance funds. The **Criminal Justice Commission** was reduced \$461,132 or 2.3% of the prior 2001-03 legislatively approved budget based primarily on cuts to juvenile crime prevention grants and reduced funding for a racial profiling study. The prior 2001-03 legislatively approved budget for **District Attorneys and Their Deputies** was reduced \$191,586 or 2% primarily due to a cut in funding for prosecution witness fees. The **Dispute Resolution Commission** budget was reduced \$119,284, which represents all of the supplemental funding that was provided in an end-of-regular-session bill. Lastly, the **Board of Parole and Post Prison Supervision** budget was reduced \$90,419 or 2.8% based on vacancy and reduced purchase savings.

## **Natural Resources Program Area**

The Legislative Assembly reduced Natural Resources program area budgets by \$14.9 million General Fund and Lottery Funds. This reduction includes approximately \$5 million in one-time fund shifts that move Oregon Plan expenditures from the General Fund to Lottery Funds and Federal Funds. Excluding reductions for this and other fund shifts, General Fund and lottery reductions total approximately \$9 million, which represents a 3.2% reduction from the pre-special session 2001-03 legislatively approved budget and a 19.8% increase over 1999-01 estimated expenditures.

### **Department of Agriculture**

This budget was reduced by \$0.8 million General Fund, excluding approximately \$0.9 million in internal fund shifts and those related to salmon recovery efforts. Reductions include vacancy savings, agricultural marketing, smoke management, shellfish programs, and county fairs.

### **Department of Fish and Wildlife**

The budget was reduced by \$1.8 million General Fund, excluding reductions caused by a one-time fund shift from the General Fund to Lottery Funds for salmon and watershed restoration. Actions taken to implement the budget rebalance plan, in addition to administrative savings, include reductions to:

- landowner services in the Green Forage and DEAR programs;
- Willamette trout production, fish stocking programs, and the Cedar Creek Hatchery;
- fish screen maintenance and installation; and
- a Geographical Information System (GIS) services position.

### **Forestry Department**

The budget was reduced \$2 million General Fund. The reductions include \$1 million in forest fire protection programs including \$390,000 from a special purpose appropriation in the Emergency Fund. These reductions do not include an adjustment of funding sources for Department salmon and watershed restoration activities.

### **Department of Environmental Quality**

The budget was reduced by \$2 million, excluding fund shift reductions. Short-term reductions include vacancy savings and about \$0.5 million from reduced debt service caused by delayed bond sales. Other reductions include:

- water quality and land quality cleanup support;
- funding for development of a hazardous waste management database work; and
- communication and outreach program support.

### **Water Resources Department**

This budget was reduced by \$1.2 million General Fund. The reduction includes funding for Klamath water supply augmentation grants, field services, hearings and various administrative service and supplies.

### **Other**

Other budget reductions in the natural resource program area include the **Department of Land Conservation and Development** - \$484,134 (reduced landowner notification and landslide mitigation grants) and **Office of Energy** - \$18,000 (special purpose appropriation for OMSI debt service). The **Oregon Watershed Enhancement Board** was reduced by \$334,059 Lottery Funds and General Fund to reflect administrative savings and project funding reductions. This does not include fund shift reductions. Other budget reductions for the **Columbia River Gorge Commission**, the **Department of Geology and Mineral Industries**, the **Land Use Board of Appeals**, and the **Division of State Lands** primarily reflect administrative savings (see attached table).

## **Economic Development Program Area**

The Legislative Assembly reduced the General Fund and lottery support for the Economic Development program area by \$20.7 million. The resulting budget is an 8.9% increase over 1999-01 estimated expenditures. Most of this increase is in the Economic and Community Development Department and reflects increased funding for economic development infrastructure projects, both through direct Regional and Rural Investment funds and for debt service on lottery-backed bonds.

### **Economic and Community Development Department**

This budget was decreased by \$12.6 million, primarily in Lottery Funds, which is a 12.8% reduction to the 2001-03 legislatively approved budget. The direct Lottery Funds reduction is \$7.7 million, which is an 8% reduction. Adjustments include:

- reduced services, supplies and staff in Program Services and the Arts and Tourism Commission, saving \$0.7 million (including consolidation of office space, vacancy savings, and reductions in mailroom positions, and transfer of \$43,995 in position costs from Lottery Funds to Other Funds);
- reduced Regional and Rural Investment funds that are transferred to cities, counties and regions for infrastructure and economic development programs, saving \$5.8 million (with a portion (\$1.8 million) of the reduction offset with available Other Funds from program interest earnings);
- reduced lottery bond debt service, saving \$1.2 million, to reflect lower interest rates;
- reduced Arts Commission grants to local artists, saving \$0.1 million;
- reduced carryover Lottery Funds limitation by \$4.9 million, to accurately reflect costs encumbered in the 1999-01 biennium and projected to be expended in the 2001-03 biennium; and
- reduced Community Assistance funds by \$21,000, including reductions to downtown development and business initiative funding.

### **Employment Department**

The Department's General Fund budget of \$4.1 million was reduced by \$0.5 million, or approximately 12.1 percent. Reductions include:

- \$0.1 million by delaying the hiring of child care certifiers; and
- \$0.4 million by using Penalty and Interest Other Funds to backfill General Fund within the Child Care Division. The Penalty and Interest funds were originally allocated for specific information technology items that now will be deferred until next biennium.

### **Oregon State Fair and Exposition Center**

This agency's budget was decreased by \$0.7 million, or 14.6 percent. The Legislative Assembly:

- reduced the General Fund subsidy by \$0.1 million, which is an 8.1% reduction, by increasing recycling and reducing overhead costs for Fair programs; and
- reduced Lottery bond debt service by \$0.6 million (a 17.6% reduction to Lottery Funds) to reflect savings from lower interest rates.

### **Department of Administrative Services**

Pass-through General Fund for the Historical Society and Oregon Public Broadcasting was reduced by \$93,662. Adjustments include:

- an unspecified 2% reduction (\$67,999) in funding for Oregon Public Broadcasting; and
- an unspecified 2% reduction (\$25,663) in funding for the Oregon Historical Society.

### **Housing and Community Services Department**

Other Funds from unanticipated interest earnings and unrestricted cash reserves will replace \$6 million General Fund. Other adjustments include:

- an unspecified 3% reduction (\$327,602) of remaining General Fund;
- a reduction in lottery bond debt service by \$327,578 to reflect savings from lower interest rates; and
- vacancy savings related to a delay in hiring staff, resulting in General Fund savings of \$15,942.

## **Oregon Department of Veterans' Affairs**

The agency's budget was decreased by \$0.1 million, a 3.7% reduction in the General Fund budget, for the following:

- an administrative reduction of \$45,345 from vacancy savings and reduced services and supplies expenditures; and
- an unspecified 2% reduction (\$51,616) of remaining General Fund, exclusive of funds to be distributed to counties.

## **Administration Program Area**

The Legislative Assembly reduced Administration program area budgets by \$4.7 million General Fund. The revised 2001-03 General Fund budget is 8% above 1999-01 estimated expenditures, but 3.0% less than the pre-special session 2001-03 legislatively approved budget. The Legislature also reduced Secretary of State Audits Division assessments by \$500,000 and Department of Administrative Services assessments, uniform rent and service fees by \$4.9 million. It is anticipated these reductions will result in General Fund savings of approximately \$1.9 million.

### **Office of the Governor**

The General Fund budget for the Office of the Governor was reduced \$1,015,000. Of this, \$418,000 was to provide support to the Board of Education and the Post-Secondary Education Opportunity Commission. The balance of \$597,000 is an unspecified reduction amounting to 6.8% of General Fund support.

### **Secretary of State**

The Legislature eliminated a \$2 million appropriation for a centralized voter registration system. Instead, it set aside \$2 million in the Emergency Fund, pending receipt of federal funding for such a system. Additionally an unspecified reduction of \$239,000 was made, as was an additional \$368,000 reduction for expected cost savings in the Voters' Pamphlet. However, \$368,000 was reserved in the Emergency Fund in the event the cost savings do not materialize. General Fund reductions also include \$344,000 in permanent fund shifts that move some of the Secretary of State's Executive Office expenditures from General Fund to Other Funds to recognize the role that office plays in administration of the Corporation and Audits Divisions.

### **Administrative Services**

The Legislature reduced the Department's General Fund budget by \$401,000, exclusive of savings from debt service. Of this, \$76,000 is a reduction in grant payments to various entities with the balance from operations of the Department. Additionally, the reductions made to Department's assessments, uniform rent, and fees for services are expected to result in about \$1.7 million in General Fund savings to state agencies.

### **Other**

The General Fund budgets of the **State Library, Employment Relations Board, Government Standards and Practices Commission and advocacy commissions** each were reduced by approximately 2%. The General Fund budget of the **Department of Revenue** was reduced by \$19,009 for the reduction in Secretary of State Audits Division assessments.

## **Transportation Program Area**

The Legislative Assembly reduced the Transportation program area budget by \$1.4 million General Fund, a 3.6% decrease from the pre-special session 2001-03 legislatively approved budget. The reduced budget is 3.2% below 1999-01 estimated expenditures. The \$1.4 million includes the following:

- a \$920,009 reduction in the Public Transit Program, which results in a decreased Lane Transit District facility grant and eliminates funding for transportation studies;
- a \$20,000 reduction in the Transportation Safety Program, which results in a decrease in grants used to educate youth and other at-risk drivers about traumatic injuries as well as proper use of helmets, safety belts and car seats; and
- a \$520,000 reduction in the Rail Program partially offset by a shift of \$480,000 Other Funds from the federal intercity bus funds. This shift results in a delay of planned improvements to intercity service between rural areas but allows continued service for the connecting service routes operated under private contract for Eastern Oregon.

## **Consumer and Business Services Program Area**

The Legislative Assembly reduced the Bureau of Labor and Industries (BOLI) budget by \$653,303 General Fund, a 5.3% decrease from the pre-special session 2001-03 legislatively approved budget. The reduced budget represents a 6.5% decrease from 1999-01 estimated expenditures.

The reduction was offset by a fund shift of \$531,419 General Fund to Other Funds, using the Department of Consumer and Business Services Workers' Benefit Fund. The remaining reduction of \$121,884 General Fund was taken from BOLI's personnel services budget based on anticipated vacancy savings.

After the fund shift, the reduced budget is a 1% decrease from the 2001-03 LAB and a 2.2% decrease from 1999-01 estimated expenditures.

## **Judicial Branch**

The Legislative Assembly reduced the General Fund support for the Judicial Branch by \$25.1 million, which is a 6.1% reduction from the pre-special session 2001-03 legislatively approved budget. The resulting budget for the Judicial Branch is 6.2% above 1999-01 estimated expenditures. Most of this increase is in the Judicial Department and reflects increased court workload, indigent defense services workload and increased payments for jurors.

### **Judicial Department**

This budget was decreased by \$25 million General Fund, which is a 6.2% reduction to the prior 2001-03 Legislatively Approved budget. Reductions include:

- reduced services, supplies and staff in circuit, tax and appellate courts and statewide administration, saving \$10.4 million;
- delay of three new judgeships with three new staff positions each until June 30, 2003, saving \$0.6 million and delay of other new-judge-related staff positions until June 30, 2003, saving \$0.2 million in an Emergency Fund special purpose appropriation;
- transfer of costs for the Citizen Review Board to another funding source, saving \$0.3 million;
- avoidance of the appointment of counsel in adult and juvenile parole violations and juvenile misdemeanors through the use of alternative sanctions and accountability measures, saving \$12.4 million in indigent defense costs; and
- a rollback of a statutory increase in juror payment approved by the 2001 Legislature and a reduction of reimbursable juror costs and jury trial expense. The jury trial expense reduction assumes that a reduced number of cases will be tried. These actions will save \$1.2 million.

### **Other**

The budget for the **Public Defense Services Commission** was decreased by \$51,893 General Fund, which is a 0.9% reduction to the prior 2001-03 legislatively approved budget. Reductions include services, supplies and

staff support. The Legislative Assembly decreased the budget for the **Commission on Judicial Fitness and Disability** by \$13,101 General Fund, which is a 6.6% reduction from the prior 2001-03 legislatively approved budget. The agency has not specified where the reductions would occur. The budget for the **Council on Court Procedures** was decreased by \$5,967 General Fund, which is a 6.6% reduction from the prior 2001-03 legislatively approved budget. The agency has not specified where the reductions would occur.

## **Legislative Branch**

The Legislative Branch budget was reduced by 6.4 percent. Smaller legislative agencies (Legislative Counsel Committee, Legislative Fiscal Officer, Legislative Revenue Officer, and the Commission on Indian Services) were reduced 2 percent. Most of the reductions for these agencies will come from vacancy savings and reductions in contractual services, travel and other operating costs.

The Legislative Administration Committee budget was reduced by 7.7 percent. Savings will be realized through lower debt service on Certificates of Participation and reductions in Information Systems services, equipment, and training; facilities operations; and other operating expenditures.

The Legislative Assembly budget was reduced 7.3 percent. Carryover funds from the prior Assembly offset some of the reduction. The remaining savings are in travel, the cost of members' computers, and operating costs of the desk and leadership offices.

## **Emergency Fund**

The \$40 million general purpose Emergency Fund was left intact, with the exception of a \$900,000 disappropriation of a reservation for institutional pharmacy reimbursement. The Legislative Assembly made no reductions in the \$100 million in the Emergency Fund for state employee salary and benefits adjustments.

Reductions in the special purpose appropriations for various agencies are described in the above program area sections.

## **APPENDIX 1**

The following appendix displays only that portion of state agency budgets supported by the General Fund, Lottery Funds, and other state support such as Medicaid Upper Payment Limit and Tobacco Settlement funds. Thus, not all sources of backfill (such as federal funds) are displayed since the table is intended to highlight, for the most part, major changes in state support. The table also does not display \$140 million in the Emergency Fund for general purposes as well as salary and benefits adjustments. The table is not intended to be an accounting document, but instead is to provide the reader with additional, but not all-inclusive, information not contained in the narrative of this report.

| AGENCY & PROGRAM | 2001-03 LAB<br>(w/ E-Boards) | Reductions | Legislative Plan | % LAB<br>Remaining<br>w/ Leg. Plan |
|------------------|------------------------------|------------|------------------|------------------------------------|
|------------------|------------------------------|------------|------------------|------------------------------------|

## Education Program

|   |                      |                      |                      |              |
|---|----------------------|----------------------|----------------------|--------------|
| <b>Education, Department of - State School Fund &amp; Other K-12 Grants</b>   |                      |                      |                      |              |
| Lottery   | 4,791,211,056        | (411,517,210)        | 4,379,693,846        | 91.4%        |
| Medicaid Upper Payment Limit  | 288,417,086          | 39,201,971           | 327,619,057          | 113.6%       |
| Education Endowment Fund or Common School Fund                                | 99,200,000           | 135,915,239          | 235,115,239          | 237.0%       |
| <b>Total</b>  | <b>5,178,828,142</b> | <b>(116,400,000)</b> | <b>5,062,428,142</b> | <b>97.8%</b> |
| <b>Education, Department of - Operations, Grant-in-Aid &amp; Debt Service</b> |                      |                      |                      |              |
| Department Operations   | 45,117,708           | (4,201,068)          | 40,916,640           | 90.7%        |
| Special Schools   | 16,684,209           | (668,000)            | 16,016,209           | 96.0%        |
| Grant-in-aid  | 210,007,088          | (6,825,054)          | 203,182,034          | 96.8%        |
| Debt Service  | 56,000,000           | -                    | 56,000,000           | 100.0%       |
| <b>Total</b>  | <b>327,809,005</b>   | <b>(11,694,122)</b>  | <b>316,114,883</b>   | <b>96.4%</b> |
| <b>Community Colleges and Workforce Development, Dept. of</b>                 |                      |                      |                      |              |
|   | 474,528,195          | (14,066,921)         | 460,461,274          | 97.0%        |
| <b>Higher Education, Department of</b>  |                      |                      |                      |              |
| Education and General   | 678,205,931          | (43,421,866)         | 634,784,065          | 93.6%        |
| Statewide Public Services   | 100,212,614          | (5,102,649)          | 95,109,965           | 94.9%        |
| Debt Service/Capital Construction/Sports Act                                  | 39,891,481           | (281,186)            | 39,610,295           | 99.3%        |
| <b>Total</b>  | <b>818,310,026</b>   | <b>(48,805,701)</b>  | <b>769,504,325</b>   | <b>94.0%</b> |
| <b>Oregon Health and Science University Public Corporation</b>                |                      |                      |                      |              |
|   | 104,613,772          | (9,415,239)          | 95,198,533           | 91.0%        |
| <b>Oregon Student Assistance Commission</b>                                   |                      |                      |                      |              |
|   | 44,515,643           | (1,416,102)          | 43,099,541           | 96.8%        |
| <b>Oregon Resource and Technology Development Subaccount (ORTDS)</b>          |                      |                      |                      |              |
|   | 5,000,000            | -                    | 5,000,000            | 100.0%       |
| <b>TOTAL EDUCATION PROGRAM</b>  | <b>6,953,604,783</b> | <b>(201,798,085)</b> | <b>6,751,806,698</b> | <b>97.1%</b> |

## Human Services Program

|   |             |              |             |        |
|---|-------------|--------------|-------------|--------|
| <b>Blind, Commission for the</b>                  | 1,302,438   | (52,190)     | 1,250,248   | 96.0%  |
| <b>Children and Families, State Commission on</b> | 61,398,701  | (2,544,718)  | 58,853,983  | 95.9%  |
| <b>Human Services, Department of (DHS)</b>        |             |              |             |        |
| DHS - Adult and Family Services                   | 191,463,347 | (6,677,965)  | 184,785,382 | 96.5%  |
| DHS - Children and Families, Services to          | 224,457,097 | (15,329)     | 224,441,768 | 100.0% |
| DHS - Director's Office                           | 4,934,184   | -            | 4,934,184   | 100.0% |
| DHS - Alcohol & Drug Abuse Programs               | 34,174,864  | (460)        | 34,174,404  | 100.0% |
| DHS - Alcohol & Drug Abuse Programs - Lottery     | 7,145,478   | (714,550)    | 6,430,928   | 90.0%  |
| DHS - Alcohol & Drug Abuse Programs Subtotal      | 41,320,342  | (715,010)    | 40,605,332  | 98.3%  |
| DHS - Medical Assistance Programs                 | 784,425,234 | (64,256,978) | 720,168,256 | 91.8%  |
| DHS - Medical Assistance Programs - TS            | 129,000,000 | 55,000,000   | 184,000,000 | 142.6% |
| DHS - Medical Assistance Programs Subtotal        | 913,425,234 | (9,256,978)  | 904,168,256 | 99.0%  |
| DHS - Public Health Programs                      | 30,729,332  | 1,072,136    | 31,801,468  | 103.5% |
| DHS - Public Health Programs - TS                 | -           | -            | 0           | -      |
| DHS - Public Health Programs Subtotal             | 30,729,332  | 1,072,136    | 31,801,468  | 103.5% |
| DHS - Mental Health Services                      | 324,293,250 | (4,316,136)  | 319,977,114 | 98.7%  |
| DHS - Developmental Disability Services           | 343,605,050 | (343,233)    | 343,261,817 | 99.9%  |
| DHS - Senior and Disabled Services                | 616,724,463 | 685,140      | 617,409,603 | 100.1% |
| DHS - Vocational Rehabilitation Programs          | 14,445,590  | 121,390      | 14,566,980  | 100.8% |

| AGENCY & PROGRAM                         | 2001-03 LAB<br>(w/ E-Boards) | Reductions          | Legislative Plan     | % LAB<br>Remaining<br>w/ Leg. Plan |
|--|------------------------------|---------------------|----------------------|------------------------------------|
| <b>DHS - Subtotals</b>                   |                              |                     |                      |                                    |
| General Fund                             | 2,569,252,411                | (73,731,435)        | 2,495,520,976        | 97.1%                              |
| Lottery                                  | 7,145,478                    | (714,550)           | 6,430,928            | 90.0%                              |
| Tobacco Settlement                       | 129,000,000                  | 55,000,000          | 184,000,000          | 142.6%                             |
| <b>Total</b>                             | <b>2,705,397,889</b>         | <b>(19,445,985)</b> | <b>2,685,951,904</b> | <b>99.3%</b>                       |
| <b>Insurance Pool Governing Board</b>    |                              |                     |                      |                                    |
| General Fund                             | 525,529                      | (79,775)            | 445,754              | 84.8%                              |
| Tobacco Settlement                       | 19,980,287                   |                     | 19,980,287           | 100.0%                             |
| <b>Total</b>                             | <b>20,505,816</b>            | <b>(79,775)</b>     | <b>20,426,041</b>    | <b>99.6%</b>                       |
| <b>Long Term Care Ombudsman</b>          | <b>611,153</b>               | <b>(12,253)</b>     | <b>598,900</b>       | <b>98.0%</b>                       |
| <b>Oregon Disabilities Commission</b>    | <b>288,741</b>               | <b>(17)</b>         | <b>288,724</b>       | <b>100.0%</b>                      |
| <b>Psychiatric Security Review Board</b> | <b>722,271</b>               | <b>(14,473)</b>     | <b>707,798</b>       | <b>98.0%</b>                       |
| <b>TOTAL HUMAN SERVICES PROGRAM</b>      | <b>2,790,227,009</b>         | <b>(22,149,411)</b> | <b>2,768,077,598</b> | <b>99.2%</b>                       |

## Public Safety Program

### Oregon State Police

|  |                    |                    |                    |              |
|--|--------------------|--------------------|--------------------|--------------|
| Patrol / Fish & Wildlife                         | 83,959,139         | (1,829,008)        | 82,130,131         | 97.8%        |
| Criminal Services                                | 22,101,636         | (18,004)           | 22,083,632         | 99.9%        |
| Human Resources / Info. Systems / Training / OEM | 55,555,505         | (5,081,397)        | 50,474,108         | 90.9%        |
| Forensics / Medical Examiner                     | 26,697,804         | (200,000)          | 26,497,804         | 99.3%        |
| Debt Service                                     | 323,098            | (58,834)           | 264,264            | 81.8%        |
| <b>Total</b>                                     | <b>188,637,182</b> | <b>(7,187,243)</b> | <b>181,449,939</b> | <b>96.2%</b> |

### Department of Corrections

|                                      |                    |                     |                    |              |
|--------------------------------------|--------------------|---------------------|--------------------|--------------|
| Institutions & Correctional Programs | 521,277,995        | (11,352,806)        | 509,925,189        | 97.8%        |
| Community Corrections                | 195,762,214        | (1,000,000)         | 194,762,214        | 99.5%        |
| Central Support / Administration     | 59,870,598         | (1,836,623)         | 58,033,975         | 96.9%        |
| Debt Service                         | 80,855,061         | (15,979,692)        | 64,875,369         | 80.2%        |
| Capital Construction                 | 2,227,000          | -                   | 2,227,000          | 100.0%       |
| Capital Improvement                  | 2,030,272          | -                   | 2,030,272          | 100.0%       |
| <b>Total</b>                         | <b>862,023,140</b> | <b>(30,169,121)</b> | <b>831,854,019</b> | <b>96.5%</b> |

### Oregon Youth Authority

|                                    |                    |                    |                    |              |
|------------------------------------|--------------------|--------------------|--------------------|--------------|
| Facilities                         | 131,686,934        | (2,734,505)        | 128,952,429        | 97.9%        |
| Community Programs                 | 80,666,769         | (1,800,509)        | 78,866,260         | 97.8%        |
| Administration                     | 16,908,331         | (343,890)          | 16,564,441         | 98.0%        |
| Capital Improvement / Construction | 206,249            | -                  | 206,249            | 100.0%       |
| <b>Total</b>                       | <b>229,468,283</b> | <b>(4,878,904)</b> | <b>224,589,379</b> | <b>97.9%</b> |

### Military

|                   |                   |                  |                   |              |
|-------------------|-------------------|------------------|-------------------|--------------|
| Administration    | 4,381,468         | (305,807)        | 4,075,661         | 93.0%        |
| Operations        | 8,572,931         | (159,822)        | 8,413,109         | 98.1%        |
| Community Support | 765,064           | -                | 765,064           | 100.0%       |
| <b>Total</b>      | <b>13,719,463</b> | <b>(465,629)</b> | <b>13,253,834</b> | <b>96.6%</b> |

### Board of Parole Board

|  |           |          |           |       |
|--|-----------|----------|-----------|-------|
|  | 3,217,226 | (90,419) | 3,126,807 | 97.2% |
|--|-----------|----------|-----------|-------|

### Criminal Justice Commission

|  |            |           |            |       |
|--|------------|-----------|------------|-------|
|  | 19,791,212 | (461,132) | 19,330,080 | 97.7% |
|--|------------|-----------|------------|-------|

### Dispute Resolution Commission

|  |         |           |   |      |
|--|---------|-----------|---|------|
|  | 119,284 | (119,284) | - | 0.0% |
|--|---------|-----------|---|------|

| <b>AGENCY &amp; PROGRAM</b>                    | <b>2001-03 LAB<br/>(w/ E-Boards)</b> | <b>Reductions</b>   | <b>Legislative Plan</b> | <b>% LAB<br/>Remaining<br/>w/ Leg. Plan</b> |
|--|--------------------------------------|---------------------|-------------------------|---|
| <b>Department of Justice</b>                   | 24,428,584                           | -                   | 24,428,584              | 100.0%                                      |
| <b>District Attorneys &amp; Their Deputies</b> |                                      |                     |                         |   |
| DA Salaries & Benefits                         | 6,673,619                            | -                   | 6,673,619               | 100.0%                                      |
| Deputy Supplements                             | 1,903,744                            | -                   | 1,903,744               | 100.0%                                      |
| Witness Fees                                   | 584,135                              | (191,277)           | 392,858                 | 67.3%                                       |
| Administrative Expense                         | 402,359                              | (309)               | 402,050                 | 99.9%                                       |
| <b>Total</b>                                   | <b>9,563,857</b>                     | <b>(191,586)</b>    | <b>9,372,271</b>        | <b>98.0%</b>                                |
| <b>TOTAL PUBLIC SAFETY PROGRAM</b>             | <b>1,350,968,231</b>                 | <b>(43,563,318)</b> | <b>1,307,404,913</b>    | <b>96.8%</b>                                |

### Natural Resources Program

|   |                    |                     |                    |              |
|---|--------------------|---------------------|--------------------|--------------|
| <b>Agriculture, Department of</b>                         | 30,547,758         | (1,749,479)         | 28,798,279         | 94.3%        |
| <b>Columbia River Gorge Commission</b>                    | 720,716            | (13,619)            | 707,097            | 98.1%        |
| <b>Energy, Office of</b>                                  | 900,000            | (18,000)            | 882,000            | 98.0%        |
| <b>Environmental Quality, Department of</b>               | 43,370,346         | (2,198,191)         | 41,172,155         | 94.9%        |
| <b>Fish and Wildlife, Department of</b>                   | 31,036,205         | (1,759,797)         | 29,276,408         | 94.3%        |
| <b>Forestry Department</b>                                | 37,230,991         | (1,969,490)         | 35,261,501         | 94.7%        |
| <b>Oregon Watershed Enhancement Board</b>                 | 51,109,035         | (334,059)           | 50,774,976         | 99.3%        |
| <b>Geology and Mineral Industries</b>                     | 3,232,286          | (161,141)           | 3,071,145          | 95.0%        |
| <b>Land Conservation &amp; Development, Department of</b> | 10,552,839         | (484,134)           | 10,068,705         | 95.4%        |
| <b>Land Use Board of Appeals</b>                          | 1,254,439          | (25,138)            | 1,229,301          | 98.0%        |
| <b>Parks and Recreation, Department of</b>                | 45,768,481         | -                   | 45,768,481         | 100.0%       |
| <b>State Lands, Division of</b>                           | 133,727            | (3,375)             | 130,352            | 97.5%        |
| <b>Water Resources Department</b>                         | 23,875,317         | (1,171,959)         | 22,703,358         | 95.1%        |
| <i>Federal Funds Backfill Adjustments</i>                 | -                  | (5,000,000)         | (5,000,000)        |              |
| <b>TOTAL NATURAL RESOURCES PROGRAM</b>                    | <b>279,732,140</b> | <b>(14,888,382)</b> | <b>264,843,758</b> | <b>94.7%</b> |

### Economic Development Program

|  |            |           |            |       |
|--|------------|-----------|------------|-------|
| <b>Oregon Public Broadcasting passed through Department of Administrative Services (DAS)</b> | 3,399,929  | (67,999)  | 3,331,930  | 98.0% |
| <b>Economic and Community Development Department</b>   |            |           |            |       |
| Program Services   | 16,772,892 | (616,932) | 16,155,960 | 96.3% |

| <b>AGENCY &amp; PROGRAM</b>                                     | <b>2001-03 LAB<br/>(w/ E-Boards)</b> | <b>Reductions</b>   | <b>Legislative Plan</b> | <b>% LAB<br/>Remaining<br/>w/ Leg. Plan</b> |
|---|--------------------------------------|---------------------|-------------------------|---|
| Community Development Fund                                      | 52,810,056                           | (10,651,430)        | 42,158,626              | 79.8%                                       |
| Tourism Commission  | 6,406,994                            | (33,000)            | 6,373,994               | 99.5%                                       |
| Film & Video Office   | 972,508                              | (13,989)            | 958,519                 | 98.6%                                       |
| Arts Commission   | 2,422,315                            | (104,333)           | 2,317,982               | 95.7%                                       |
| Debt Service  | 19,753,358                           | (1,224,109)         | 18,529,249              | 93.8%                                       |
| <b>Total</b>  | <b>99,138,123</b>                    | <b>(12,643,793)</b> | <b>86,494,330</b>       | <b>87.2%</b>                                |
| <b>Employment Department</b>                                    | <b>4,133,755</b>                     | <b>(501,992)</b>    | <b>3,631,763</b>        | <b>87.9%</b>                                |
| <b>Fair and Exposition Center, State</b>                        | <b>4,663,280</b>                     | <b>(679,922)</b>    | <b>3,983,358</b>        | <b>85.4%</b>                                |
| <b>Historical Society passed through DAS</b>                    | <b>1,298,130</b>                     | <b>(25,963)</b>     | <b>1,272,167</b>        | <b>98.0%</b>                                |
| <b>Housing and Community Services Department</b>                | <b>16,412,129</b>                    | <b>(6,671,122)</b>  | <b>9,741,007</b>        | <b>59.4%</b>                                |
| \$6 million Other Funds will backfill \$6 million GF reductions |                                      |                     |                         |   |
| <b>Veterans' Affairs, Department of</b>                         | <b>2,626,159</b>                     | <b>(96,961)</b>     | <b>2,529,198</b>        | <b>96.3%</b>                                |
| <b>TOTAL ECONOMIC DEVELOPMENT PROGRAM</b>                       | <b>131,671,505</b>                   | <b>(20,687,752)</b> | <b>110,983,753</b>      | <b>84.3%</b>                                |

## Administration Program

### Administrative Services, Dept.

|  |                    |                    |                    |               |
|--|--------------------|--------------------|--------------------|---------------|
| Community Development Office                                   | 1,886,617          | (151,291)          | 1,735,326          | 92.0%         |
| Dispute Resolution   | 280,000            |                    | 280,000            | 100.0%        |
| Risk Management Ins. For Dentists                              | 9,900              | (9,900)            | 0                  | 0.0%          |
| Progress Board   | 704,470            | (46,495)           | 657,975            | 93.4%         |
| Arrest & Return  | 1,290,482          | (85,172)           | 1,205,310          | 93.4%         |
| Office of Health Policy & Research                             | 1,618,386          | (32,368)           | 1,586,018          | 98.0%         |
| Debt Service - OPB Lottery Bonds                               | 534,003            | (152,661)          | 381,342            | 71.4%         |
| Children's Trust Fund Grant                                    | 1,012,500          | (67,500)           | 945,000            | 93.3%         |
| All Others   | 1,089,322          | (8,250)            | 1,081,072          | 99.2%         |
| <b>Total</b>   | <b>8,425,680</b>   | <b>(553,637)</b>   | <b>7,872,043</b>   | <b>93.4%</b>  |
| <b>Asian Affairs, Commission on (S&amp;S)</b>                  | <b>141,508</b>     | <b>(2,836)</b>     | <b>138,672</b>     | <b>98.0%</b>  |
| <b>Black Affairs, Commission on (S&amp;S)</b>                  | <b>141,508</b>     | <b>(2,836)</b>     | <b>138,672</b>     | <b>98.0%</b>  |
| <b>Employment Relations Board (S&amp;S)</b>                    | <b>1,339,602</b>   | <b>(26,855)</b>    | <b>1,312,747</b>   | <b>98.0%</b>  |
| <b>Government Standards and Practices Commission (S&amp;S)</b> | <b>734,730</b>     | <b>(12,828)</b>    | <b>721,902</b>     | <b>98.3%</b>  |
| <b>Governor, Office of the</b>                                 |                    |                    |                    |               |
| Operations   | 8,838,178          | (596,726)          | 8,241,452          | 93.2%         |
| Post Secondary Education Commission                            | 218,000            | (218,000)          | 0                  | 0.0%          |
| Board of Education Support                                     | 200,000            | (200,000)          | 0                  | 0.0%          |
| <b>Total</b>   | <b>9,256,178</b>   | <b>(1,014,726)</b> | <b>8,241,452</b>   | <b>89.0%</b>  |
| <b>Hispanic Affairs, Commission on (S&amp;S)</b>               | <b>141,508</b>     | <b>(2,839)</b>     | <b>138,669</b>     | <b>98.0%</b>  |
| <b>Revenue, Department of</b>                                  | <b>119,365,959</b> | <b>(19,009)</b>    | <b>119,346,950</b> | <b>100.0%</b> |
| <b>Secretary of State</b>                                      |                    |                    |                    |               |

| <b>AGENCY &amp; PROGRAM</b>                                       | <b>2001-03 LAB<br/>(w/ E-Boards)</b> | <b>Reductions</b>  | <b>Legislative Plan</b> | <b>% LAB<br/>Remaining<br/>w/ Leg. Plan</b> |
|---|--------------------------------------|--------------------|-------------------------|---|
| Trust for Cultural Development                                    | 1,100,000                            | (70,000)           | 1,030,000               | 93.6%                                       |
| Elections Division  | 5,021,852                            | (367,900)          | 4,653,952               | 92.7%                                       |
| Archives Division   | 3,574,512                            |                    | 3,574,512               | 100.0%                                      |
| Info. Systems (Voters Registration System)                        | 2,885,594                            | (2,000,000)        | 885,594                 | 30.7%                                       |
| Executive Office  | 1,170,616                            |                    | 1,170,616               | 100.0%                                      |
| Business Services Division  | 570,844                              |                    | 570,844                 | 100.0%                                      |
| Personnel Resources Division                                      | 89,312                               |                    | 89,312                  | 100.0%                                      |
| GF Savings from Funds Shift in Executive Office                   |                                      | (344,600)          | (344,600)               |   |
| Estimated GF Savings from Assessment Reduction by Audits Division |                                      |                    | 0                       |   |
| Unspecified GF Reduction  | (213,656)                            | (238,800)          | (452,456)               |   |
| <b>Total</b>  | <b>14,199,074</b>                    | <b>(3,021,300)</b> | <b>11,177,774</b>       | <b>78.7%</b>                                |
| <b>State Library (S&amp;S)</b>                                    | <b>3,191,312</b>                     | <b>(63,935)</b>    | <b>3,127,377</b>        | <b>98.0%</b>                                |
| <b>Treasurer of State</b>   | <b>281,771</b>                       | <b>-</b>           | <b>281,771</b>          | <b>100.0%</b>                               |
| <b>Women, Commission for (S&amp;S)</b>                            | <b>141,508</b>                       | <b>(2,838)</b>     | <b>138,670</b>          | <b>98.0%</b>                                |
| <b>TOTAL ADMINISTRATION PROGRAM</b>                               | <b>157,360,338</b>                   | <b>(4,723,639)</b> | <b>152,636,699</b>      | <b>97.0%</b>                                |

## Transportation Program

| <b>Transportation, Department of</b> |                   |                    |                   |              |
|--------------------------------------|-------------------|--------------------|-------------------|--------------|
| Public Transit                       | 9,253,009         | (920,009)          | 8,333,000         | 90.1%        |
| Rail                                 | 10,294,606        | (520,000)          | 9,774,606         | 94.9%        |
| Trans Safety                         | 190,183           | (20,000)           | 170,183           | 89.5%        |
| Debt Service                         | 20,200,045        | (2,200)            | 20,197,845        | 100.0%       |
| All Other                            | 373,228           | -                  | 373,228           | 100.0%       |
| <b>TOTAL TRANSPORTATION PROGRAM</b>  | <b>40,311,071</b> | <b>(1,462,209)</b> | <b>38,848,862</b> | <b>96.4%</b> |

## Consumer Services Program

|  |                   |                  |                   |              |
|--|-------------------|------------------|-------------------|--------------|
| <b>Bureau of Labor and Industries</b>  | <b>12,411,445</b> | <b>(653,303)</b> | <b>11,758,142</b> | <b>94.7%</b> |
| <b>TOTAL CONSUMER SERVICES PROGRAM</b> | <b>12,411,445</b> | <b>(653,303)</b> | <b>11,758,142</b> | <b>94.7%</b> |

## Judicial Branch

|   |                    |                     |                    |              |
|---|--------------------|---------------------|--------------------|--------------|
| <b>Court Procedures, Council on</b>                   | <b>90,340</b>      | <b>(5,967)</b>      | <b>84,373</b>      | <b>93.4%</b> |
| <b>Judicial Department</b>                            |                    |                     |                    |              |
| Admin, Trial & Appellate Courts                       | 227,277,626        | (11,477,083)        | 215,800,543        | 95.0%        |
| Mandated Payments                                     | 15,868,536         | (1,197,199)         | 14,671,337         | 92.5%        |
| Indigent Defense                                      | 163,731,062        | (12,353,663)        | 151,377,399        | 92.5%        |
| <b>Total</b>  | <b>406,877,224</b> | <b>(25,027,945)</b> | <b>381,849,279</b> | <b>93.8%</b> |
| <b>Judicial Fitness and Disability, Commission on</b> | <b>198,407</b>     | <b>(13,101)</b>     | <b>185,306</b>     | <b>93.4%</b> |
| <b>Public Defender</b>                                | <b>5,914,734</b>   | <b>(51,893)</b>     | <b>5,862,841</b>   | <b>99.1%</b> |
| <b>TOTAL JUDICIAL BRANCH</b>                          | <b>413,080,705</b> | <b>(25,098,906)</b> | <b>387,981,799</b> | <b>93.9%</b> |

| <b>AGENCY &amp; PROGRAM</b>          | <b>2001-03 LAB<br/>(w/ E-Boards)</b> | <b>Reductions</b>  | <b>Legislative Plan</b> | <b>% LAB<br/>Remaining<br/>w/ Leg. Plan</b> |
|--------------------------------------|--------------------------------------|--------------------|-------------------------|---|
| <b>Legislative Branch</b>            |                                      |                    |                         |   |
| Legislative Assembly                 | 27,492,772                           | (2,008,260)        | 25,484,512              | 92.7%                                       |
| Legislative Administration Committee | 22,258,634                           | (1,704,761)        | 20,553,873              | 92.3%                                       |
| Legislative Counsel Committee        | 5,836,547                            | (116,983)          | 5,719,564               | 98.0%                                       |
| Legislative Fiscal Officer           | 3,855,839                            | (77,246)           | 3,778,593               | 98.0%                                       |
| Legislative Revenue Officer          | 1,452,986                            | (29,106)           | 1,423,880               | 98.0%                                       |
| Commission on Indian Services        | 326,338                              | (6,527)            | 319,811                 | 98.0%                                       |
| <b>TOTAL LEGISLATIVE BRANCH</b>      | <b>61,223,116</b>                    | <b>(3,942,883)</b> | <b>57,280,233</b>       | <b>93.6%</b>                                |