

Budget Highlights

**Revised 2001–2003
Legislatively Approved Budget**

**Based on
June 12–30, 2002
Special Session Actions**



**LEGISLATIVE FISCAL OFFICE
AUGUST 2002**

**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

LARRY NISWENDER
DEPUTY LEGISLATIVE FISCAL OFFICER

August 2, 2002

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

The Legislative Fiscal Office staff has prepared this overview of the actions taken by the Legislative Assembly during the June 12–30, 2002 special session to rebalance the statewide General Fund and lottery budget.

As a summary document, this report is intended to highlight major legislative budget actions. For more information on the revenue package that accompanied these actions, refer to the Legislative Revenue Office Research Brief No. 8-02.

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

Sincerely,

Ken Rocco
Legislative Fiscal Officer

Summary of the 2001–2003 Legislatively Approved Budget Modified by the 2002 First, Second, and Third Special Sessions

First Special Session: February 8–11, 2002

The December 2001 economic and revenue forecast projected \$720 million less in General Fund revenues than the 2001 close-of-session estimate. Due to this General Fund shortfall projected for 2001-03, the Legislature passed several bills to balance the statewide General Fund and lottery budget in the special session held February 8-11, 2002. The Legislature 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 increased revenues from various sources. However, the Governor subsequently vetoed the legislation comprising the legislative plan to rebalance the state budget, including Senate Bills 5574 and 1008 as well as House Bills 4012, 4014, 4020, 5070, and 5071. House Bill 4013, also a part of the plan, was returned unsigned, but not disapproved, by the Governor.

Second Special Session: February 25 – March 2, 2002

The Governor called the Legislature into a second special session, commencing February 25, 2002. The Department of Administrative Services' Office of Economic Analysis presented the March 2002 economic and revenue forecast which projected General Fund resources to decrease another \$144 million, for a total of \$864 million, from the 2001 close-of-session forecast. Offsetting this amount was a \$31 million increase in lottery funds from the close-of-session forecast.

To address the budget shortfall identified in the March 2002 economic forecast, the Legislature adopted a combination of expenditure reductions and new revenue sources in the second special session. The revenue plan increased estimated 2001-03 revenue by approximately \$480 million. The plan consisted of direct increases to the General Fund and fund shifts to Other and Federal Funds to offset General Fund expenditures. The plan also reduced the anticipated General Fund ending balance by \$20 million to \$76 million.

The major components of the second special session revenue plan included the use of \$131 million of unallocated Medicaid Upper Payment Limit (MUPL) Account funds and \$62.5 million of unallocated Tobacco Settlement funds as General Fund offsets. The plan also assumed the availability of \$200 million from the Education Stability Fund to offset an equal reduction to the State School Fund. The use of the Education Stability Fund resources was contingent on passage of HJR 76. HJR 76 proposed a constitutional amendment to change the Education Endowment Fund to the Education Stability Fund and specified when a total transfer of \$220 million of the principal of the fund was allowed for expenditure on public education.

Following passage of the second special session rebalance plan, the Governor again vetoed portions of the plan, creating an \$81 million deficit. The Governor vetoed use of the tobacco settlement funds (SB 5575 line item veto), the transfer of \$14 million in 9-1-1 balances to the General Fund (HB 4030), and a reduction of \$6.1 million in expenses associated with changes in the adult dental program of the Oregon Health Plan (HB 4029). In order to rebalance the budget, the Governor then directed the Department of Administrative Services to use the allotment authority granted under ORS 291.254 to make selective reductions to state programs and indicated that the Legislature would be called back into special session following the June 2002 economic and revenue forecast.

Third Special Session: June 12–30, 2002

The June 2002 economic and revenue forecast projected General Fund and Lottery Fund resources at approximately \$1.4 billion below the close-of-session forecast. The revenue shortfall was \$545 million below the March 2002 forecast and presented the Legislature with a potential gap of \$859 million. The gap consisted of the reduction in General Fund resources, restoration of the \$200 million reduction to schools associated with the defeat of the Education Stability Fund establishment (HJR 76) in the May 2002 primary election, the

\$81 million reduction associated with the Governor’s second special session vetoes, and an additional \$33 million in Department of Human Services rebalance needs due to recession-related increases in caseload expenditures. In addition, some interest was expressed in restoring a portion of the previously approved reductions to local schools that had occurred in the second special session. And, in fact, the Legislature restored \$30 million of the previous \$112 million reduced from local school districts.

The \$889 million budget rebalance plan adopted by the Legislature in the third special session consisted of approximately \$54 million in expenditure reductions and \$835 million in revenue changes. The revenue plan included \$173 million in new tax revenue from an increase in cigarette taxes and a delayed phase-in of increased deductibility of federal income taxes on state income tax returns as well as \$632 million in fund shifts and one-time revenues or reserves. The rebalance plan also assumed the use of \$150 million from the Education Stability Fund to offset an equivalent General Fund reduction in the State School Fund. The Education Stability Fund establishment is contingent on voter approval of HJR 80 in a September 17, 2002 special election. The plan also delayed \$267 million in payments from the State School Fund and the Community College Support Fund until the 2003-05 biennium. Additional details of the revenue plan are shown in the following table:

3rd Special Session Revenue Plan	
(millions)	
	Revenue Impact
State School Fund Delayed Payment	\$211.0
Education Stability Fund*	150.0
Phase-in of Higher Federal Income Tax Subtraction	108.0
Tobacco Settlement	85.0
Cigarette Tax Increase (60 cents/pack)*	65.0
GF Ending Balance Reduction	59.0
Community College Support Fund Payment Delay	56.0
Revenue Bonds on Future Cigarette Taxes	50.0
Common School Fund Statutory Balance	18.0
Emergency Fund General Purpose Balance	14.0
Refunding Light Rail Reserves	10.0
9-1-1 Balance Transfer	9.0
Total Revenue	\$835.0
* contingent on passage in September 17, 2002 special election	

General Fund and Lottery Spending

As part of the third special session rebalance plan, the Legislature approved reductions in expenditures of approximately \$31 million in specified General Fund and Lottery Fund programs. Other General Fund reductions were made, but were offset with fund shifts from various components of the revenue package. In addition to the selective program cuts, the rebalance plan disappropriated the \$100 million provided to the Emergency Board for state employee salary and benefit compensation adjustments during the 2001-03 biennium and distributed approximately \$77 million of these resources to state agencies. The salary adjustment dollars are generally allocated by the Emergency Board in April; however, given the current biennium’s revenue situation, the Emergency Board deferred taking such action in order to allow the \$100 million to be considered by the Legislature during the third special session.

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.

2001-03 General Fund & Lottery Spending

(Dollars in Millions) ¹

	1999-01 Estimated	2001-03 Legislatively Adopted Budget	Feb. 25-Mar. 2, 2002 Special Session	June 12-30, 2002 Special Session	% Change 01-03 Sp. Session from 2001-03 LAB	% Change 01-03 Sp. Session from 1999-01
Education						
K - 12 (excl. ODE) ²	\$4,568	\$5,080	\$4,611	\$4,412	-13.1%	-3.4%
Higher Education ³	873	822	778	794	-3.4%	-9.1%
Community Colleges ⁴	436	475	460	404	-14.9%	-7.3%
All Other Education	<u>285</u>	<u>372</u>	<u>355</u>	<u>356</u>	-4.4%	24.9%
Total Education	6,161	6,748	6,204	5,966	-11.6%	-3.2%
Human Services	2,289	2,641	2,553	2,506	-5.1%	9.5%
Public Safety	1,193	1,351	1,300	1,317	-2.5%	10.4%
Natural Resources	226	279	265	269	-3.7%	19.0%
All Other Programs ⁵	746	955	894	772	-19.1%	3.5%
Total Expenditures ⁶	<u>\$10,615</u>	<u>\$11,974</u>	<u>\$11,216</u>	<u>\$10,830</u>	-9.6%	2.0%

¹ Amounts may not add due to rounding

² The June 2002 special session number reflects a shift of \$211 million of the 2001-03 State School Fund payment to the 2003-05 biennium

³ Includes Oregon Health and Science University Public Corporation

⁴ The June 2002 special session number reflects a shift of the final \$56 million CCSF payment to the 2003-05 biennium

⁵ Includes \$140 million in Emergency Fund for 2001-03 LAB, which was reduced by \$5 million in March 2002 and by another \$114 million in June 2002

⁶ The spending approved during the Feb-March 2002 special session (\$11,216) was effectively increased by another \$60.6 million when the Governor vetoed elements of the legislative plan

Tobacco Settlement, Medicaid Upper Payment Limit, & Other State Funds

While the Legislature reduced combined state support from General Fund and lottery revenue, the reduction described above does not present the entire picture.

Although the result from the 2001 regular 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 three 2002 special sessions, the Legislature continued this practice by using an additional \$131 million of MUPL resources in the second special session and an additional \$85 million in Tobacco Settlement funds in the third special session.

When these two sources are included, along with the proposed transfer from the Education Stability Fund to the State School Fund, the state support changes from a decrease of 9.6% (when only General Fund and lottery support are considered) to a decrease of 5.9% from the initial 2001-03 legislatively approved budget. The increase over 1999-01 expenditures changes from 2% to 9.4 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:

2001-03 Discretionary Spending ¹

(Dollars in Millions) ²

	1999-01 Estimated	2001-03 Legislatively Adopted Budget	Feb. 25-Mar. 2, 2002 Special Session	June 12 - 30, 2002 Special Session	% Change 01-03 Sp. Session from 2001-03 LAB	% Change 01- 03 Sp. Session from 1999-01
Education						
K - 12 (excl. ODE)	\$4,568	\$5,179	\$5,076	4,857 ⁴	-6.2%	6.3%
Higher Education ³	873	923	872	888	-3.8%	1.7%
Community Colleges ⁵	436	475	460	404	-14.9%	-7.3%
All Other Education ⁶	285	377	360	361	-4.2%	26.7%
Total Education	6,161	6,953	6,768	6,510	-6.4%	5.7%
Human Services ⁷	2,289	2,805 ⁷	2,772 ⁷	2,742 ⁷	-2.2%	19.8%
Public Safety	1,193	1,351	1,300	1,317	-2.5%	10.4%
Natural Resources	226	279	265	269	-3.7%	19.0%
All Other Programs ⁸	746	955	894	772	-19.2%	3.5%
Total Expenditures	\$10,615	\$12,344	\$11,999 ⁹	\$11,610	-5.9%	9.4%

¹ General Fund, Lottery, MUPL, Tobacco Settlement, Education Stability Fund transfer, and cigarette tax revenue bond proceeds

² Amounts may not add due to rounding

³ Includes Oregon Health and Science University Public Corporation

⁴ Includes \$245.1 million of MUPL, \$150 million Education Stability Fund transfer, \$50 million in cigarette tax revenue bond proceeds, plus a \$211 million General Fund shift of the 2001-03 state school fund payment to the 2003-05 biennium

⁵ The June 2002 special session number reflects a shift of the final \$56 million CCSF payment to the 2003-05 biennium

⁶ Includes \$5 million in Tobacco Settlement for the Oregon Resource and Technology Subaccount for 2001-03 LAB & Special Session columns

⁷ Includes \$15 million of MUPL for the Oregon Rural Health Association for 2001-03 LAB; \$7.5 million for Feb-March and June 2002 special sessions

⁸ Includes \$140 million in Emergency Fund for 2001-03 LAB, which was reduced by \$5 million in March 2002 and by another \$114 million in June 2002

⁹ The spending approved during the Feb-March 2002 special session (\$11,999) was effectively increased by another \$60.6 million when the Governor vetoed elements of the legislative plan

Inclusion of these other fund types alters 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 9.5%, when only General Fund and lottery are considered, to 19.8%, when MUPL and Tobacco Settlement revenue are included. This primarily reflects a shift of \$209 million in Oregon Health Plan expenditures from General Fund to Tobacco Settlement funds. Growth in the Education program changes from a 3.2% decrease to a 5.7% increase when the alternative resources are included. This reflects the use of MUPL funds to offset \$245.1 million General Fund in K-12 Education and \$93.9 million General Fund for the Oregon Health and Science University Public Corporation. It also reflects a \$150 million transfer from the Education Stability Fund to the State School Fund and \$50 million in cigarette tax revenue bond proceeds for K-12 education.

The following tables show the uses of MUPL and Tobacco Settlement funds as approved by the Legislature in the 2001 regular session and each of the three subsequent special sessions:

Medicaid Upper Payment Limit (MUPL) - 2001-03 Legislatively Approved Budget

(Dollars in Millions)

	Prior Legislatively Approved	Feb. 8-11, 2002 Special Session	Feb. 25-Mar. 2, 2002 Special Session	June 12-30, 2002 Special Session
K-12 Education	99.2	235.1	245.1	245.1
Oregon Health and Science University	101.3	91.9	93.9	93.9
Oregon Rural Health Association	15.0	7.5	7.5	7.5
Dept. of Administrative Services - MUPL Fund	118.1	12.1	0.1	0.1
General Fund	-	-	-	-
Total	333.6	346.6	346.6	346.6

The Medicaid Upper Payment Limit account had a projected ending balance of \$131 million following the close of the 2001 regular session. During the second special session, the Legislature allocated the remaining MUPL funds to backfill K-12 education expenditures previously funded through the General Fund. In addition, the Legislature similarly redirected use of previously allocated MUPL revenue from the Oregon Rural Health Association (\$7.5 million) and the Oregon Health and Science University (\$7.4 million). These actions were unaffected by the Governor's vetoes and remained unchanged in the third special session.

Tobacco Settlement Fund Usage - 2001-03 Legislatively Approved Budget				
(Dollars in Millions)				
	Prior Legislatively Approved	Feb. 8-11, 2002 Special Session	Feb. 25-Mar. 2, 2002 Special Session	June 12-30, 2002 Special Session
K-12 Education	-	-	-	-
Tobacco Prevention	5.0	-	-	-
Family Health Insurance Assistance Program	20.0	20.0	20.0	20.0
Health Care Trust Fund	95.0	45.0	19.5	2.0
Oregon Health Plan Medicaid Program	124.0	179.0	191.5	209.0
Oregon Resources and Technology Development	5.0	5.0	5.0	5.0
General Fund (for ending balance & Emergency Bd.)	99.2	99.2	99.2	99.2
Total	348.2	348.2	335.2	335.2

Since the close-of-session, expected tobacco settlement receipts have decreased by \$13 million, from \$348.2 million to \$335.2 million, due to national changes in inflation and volume adjustments under the Master Settlement Agreement. This reduced the unallocated balance in the Health Care Trust Fund from the end of the 2001 regular session projection of \$95 million to \$82 million.

In the second special session, the Legislature shifted \$62.5 million from the revised balance in the Health Care Trust Fund to the Oregon Health Plan Medicaid program, leaving a total of \$19.5 million unallocated. Additionally, \$5 million allocated for tobacco prevention activities during the 2001 regular session was shifted to the Oregon Health Plan. The Governor's subsequent vetoes reversed both of these elements of the legislative rebalance plan.

In the third special session, a total of \$80 million unallocated Tobacco Settlement revenue was shifted to the Oregon Health Plan Medicaid program, leaving a total of \$2 million unallocated in the Health Care Trust Fund. Additionally, the Legislature again shifted the \$5 million allocated during the regular session for tobacco prevention activities to the Oregon Health Plan. In total, tobacco settlement proceeds used to support the Oregon Health Plan increased by \$85 million between the end of the regular session and the conclusion of the third special session.

Following is a summary, by program area, of the budget actions taken by the Legislative Assembly in the 2002 third special session to balance the statewide 2001-03 General Fund and lottery funds budget.

Education Program Area

K-12 Education

The total budget for the Department of Education, including the State School Fund, was reduced by \$205,011,680 General Fund.

Employee compensation adjustments add the following amounts: \$566,527 General Fund to Department Operations and \$762,991 General Fund to the Schools for the Deaf and for the Blind. General Fund amounts represent \$462,410 less than what the Department would have received under the full salary distribution of \$100 million for 2001-03. Also, the salary for the Superintendent of Public Instruction was reduced by \$5,344 General Fund, assuming passage of HB 4055. In addition, 11 vacant positions (3.87 FTE) were eliminated from the Schools for the Deaf and for the Blind, but no savings result because position resources currently cover costs of overtime, temporary and contracted services.

In the Grant-in-Aid budget, the second-year funding for Junior Achievement (\$40,000) was eliminated entirely. The \$2.4 million special purpose appropriation made to the Emergency Board for the Oregon Pre-Kindergarten program was eliminated, with this amount appropriated to the Department's Grant-in-Aid budget for this program.

K-12 funding was reduced a total of \$208,695,854 General Fund. However, offsetting this reduction are the following: \$30 million in proceeds from cigarette tax revenue bonds (if HB 4056 becomes law); \$9,995,854 from lottery funds; \$150 million from an anticipated transfer from the Education Stability Fund (subject to voter approval of HJR 80 in September 2002); and \$17.7 million from an increased distribution from the Common School Fund (if HB 4055 becomes law). The Legislature also provided for an additional \$20 million in proceeds from cigarette tax revenue bonds in HB 4056 and transferred \$10 million General Fund from the ending balance of the state's General Fund to the State School Fund. After these fund shifts, the overall increase is \$30 million for the State School Fund.

A disappropriation of \$11 million General Fund was made in HB 5091 to recognize a portion of the K-12 payment shift, which moves \$211 million in General Fund expenditures from the state's 2001-03 budget to its 2003-05 budget. (SB 1022 is the implementing language for the K-12 payment shift. No disappropriation was made in that bill.) The remaining \$200 million General Fund already was disappropriated in SB 5575 from the second special session. This earlier disappropriation was done anticipating the passage of Measure 13 in the May 2002 primary election, which would have transferred \$220 million from the Education Stability Fund to the State School Fund in May 2003 to offset the General Fund reduction. Measure 13 was not passed by the voters. However, the disappropriation is still in effect.

Notwithstanding the \$211 million shift, the net decrease in funding for K-12 schools from actions taken during the second and third special sessions is \$82 million. This comprises the \$112 million reduction in the School Improvement Fund's second-year grants (second special session action) and the \$30 million increase in the State School Fund described above (third special session action). The net reduction is 1.6% below the 2001-03 budget approved by the Legislature during the 2001 regular session.

The Legislature also provided that, should HB 4056 pass and additional revenue bonds be issued as provided for in that bill (up to \$175 million over the initial \$50 million), the General Fund appropriation for the State School Fund for the 2002-03 fiscal year would be decreased by an amount equal to the net bond proceeds transferred to the State School Fund.

The budget includes several revenue sources that are not likely to continue at the 2001-03 levels into the 2003-05 biennium. These include Medicaid Upper Payment Limit (MUPL) (\$245,115,239); Education Stability Fund (\$150 million); and Cigarette Tax Bond Fund (\$50 million), with the potential of up to an additional \$175 million. Although these resources are considered one-time resources, the associated expenditures are considered to be ongoing when developing the current service level budget for 2003-05.

Finally, HB 4055 directs the Division of State Lands to transfer at least \$17.7 million over and above the original \$30 million planned distribution to schools from the Common School Fund. If the Division cannot make the additional distribution from the Common School Fund's Distributable Income Account, it is to report by March 1, 2003 to the legislative committees on revenue.

Department of Community Colleges and Workforce Development

The General Fund appropriation to the Community College Support Fund was reduced by \$56,000,061 (or 25% of the amount available for the 2002-03 fiscal year). This reduction is to be achieved by delaying, until July 2003, the last quarterly formula distribution from the Community College Support Fund for the 2002-03 fiscal year. There was no reduction made to the base budget for the Community College Support Fund for purposes of developing the 2003-05 biennial budget. Employee compensation adjustments add \$39,008 General Fund, which is a \$13,566 reduction from the level in the close of the 2001 regular session legislatively adopted budget. General Fund support is now reduced 14.8% from the level approved during the 2001 regular session. Excluding the \$56 million payment shifted to the 2003-05 biennium, however, the base budget General Fund support reduction remains at 3 percent.

Department of Higher Education

General Fund support for information technology expenditures was reduced by \$3 million. The reduction is divided among the following program areas: Education and General Services, Agricultural Experiment Station, Extension Service, and Forest Research Laboratory.

General Fund was increased \$18,716,610 and Other Funds limitations were increased \$21,651,949 to accommodate employee compensation adjustments. The General Fund total for employee compensation adjustments included an additional \$2.3 million for Education and General Services above the Department's pro-rata share of the statewide employee compensation distribution.

Total General Fund for employee compensation adjustments remains \$3,443,011 below the amount that the Department would have received under the \$100 million statewide employee compensation adjustment included in the close of regular session legislatively adopted budget. The Legislature approved allowing this reduction, plus the \$3 million General Fund reduction for information technology, by tuition and fee increases to Graduate, Professional, and Undergraduate Nonresident students above the anticipated 3% rate increase, if the State Board of Higher Education finds that these tuition and fee increases are needed. The Department was also directed to not reduce per-FTE "cell value" funding for undergraduate students in response to the funding reductions in this bill. State support remains 6% below the level approved during the 2001 regular session.

Other Funds expenditure limitation for Educational and General Services was increased by \$138,992 for costs of issuing an additional \$5 million in lottery-backed bonds for the Southern Oregon University library addition/remodel project. Other Funds expenditure limitation for the Extension Service was also increased by \$5 million to allow expenditure of county and other revenues not anticipated during the 2001 regular session.

Oregon Health and Science University Public Corporation

The Legislature made no modifications to the funding for the Oregon Health and Science University. State support remains 7.1% below the level approved during the 2001 regular session.

Oregon Student Assistance Commission

The only adjustment made to the Oregon Student Assistance Commission budget was an appropriation of General Fund and an increase in the Other Funds limitation to finance state employee compensation changes. Funding for student aid was not changed. The Legislature added \$30,992 General Fund for compensation changes, which represents a \$10,779 reduction from the funding at the close of the 2001 regular session. State support remains 5% below the level approved during the 2001 regular session.

Human Services Program Area

The budgets for the agencies within the Human Services program area were reduced by a total of \$103.8 million General Fund, primarily as a result of changes in the budget for Department of Human Services.

Department of Human Services

The Department of Human Services (DHS) budget was reduced by \$104 million General Fund, but expenditure limitations were increased as follows: \$5,097 Lottery Funds, \$173.5 million Other Funds, and \$85.2 million Federal Funds. An additional \$39.7 million in non-limited Federal Funds expenditures are anticipated for increased Food Stamp benefits. The net \$8.5 billion total funds DHS budget, exclusive of non-limited Other Funds and Federal Funds expenditures, is \$154.7 million total funds (1.8%) more than the legislatively approved budget through April 2002.

The net \$104 million General Fund reduction in the DHS budget reflects:

- Agency-identified needs for \$34.2 million General Fund to rebalance problems and savings in the agency's programs and services. Major elements of the requested budget rebalance were caseload increases in Temporary Assistance to Needy Families (TANF), Food Stamps, and Medicaid long-term care programs; Other Funds and Federal Funds revenue rejections for Services to Children and Families and Alcohol and Drug Abuse Programs; cost adjustments in the Oregon Health Plan; and information system costs to comply with federal Health Insurance Portability and Accountability Act (HIPAA) requirements. The plan also shifted funding and staffing within DHS to eliminate the Director's Office "prorate" billing for centralized services and to improve federal cost allocation practices.
- An \$18.3 million General Fund appropriation for employee compensation adjustments as DHS's share of the \$77.3 million statewide allocation. The partial distribution of the original \$100 million statewide amount will require DHS to manage a \$6.4 million salary/benefit shortfall.
- A \$4.5 million allocation to DHS from special purpose appropriations made to the Emergency Board for local mental health planning and services, safety net clinics, and the Home Care Commission.
- A \$3.2 million General Fund addition to eliminate scheduled ambulatory and pharmacy co-payments for Oregon Health Plan and Medicaid clients receiving home and community-based services under Oregon's long-term care waivers or the developmental disability waivers. Co-payments for other Oregon Health Plan clients will be delayed until January 2003.
- A total of \$9.4 million in General Fund reductions for rebalance plan costs and other program expenditures, including \$6.8 million of prospective savings from Oregon Health Plan efficiencies to be developed by the Health Services Commission. An additional \$154,426 savings was achieved by eliminating 118 vacant positions.
- A \$68.5 million General Fund reduction in the Medical Assistance Programs budget, replaced with Other Funds revenues anticipated from a \$.60 per pack cigarette tax increase subject to voter approval in September 2002. Other Funds expenditure limitation for the Tobacco Use Reduction Account in the Public Health Programs budget was increased by \$2 million for these revenues.
- Use of \$85 million in tobacco settlement funds and \$1 million in Law Enforcement Medical Liability Account funds to replace \$86 million General Fund in the Medical Assistance Programs' budget.

A budget note also requested the Department of Administrative Services to reschedule a total of \$1.1 million General Fund currently uncheduled due to the Governor's prior allotment reduction plan. The \$1.1 million

included funding for the student day care program, the JOBS and JOBS Plus programs, the Father Taaffe Foundation and the Klamath Adolescent Girls program, Independent Living Centers, and Oregon Project Independence.

State Commission on Children and Families

The budget for the State Commission on Children and Families was increased by \$123,427 General Fund, \$44,840 Other Funds, and \$5,951 Federal Funds for employee compensation adjustments. One position (1.00 FTE) temporarily held for vacancy savings was eliminated, for an additional Personal Services savings of \$28,765 General Fund.

Other

The General Fund budgets for the Commission for the Blind, the Oregon Disabilities Commission, the Insurance Pool Governing Board, the Long Term Care Ombudsman, and the Psychiatric Security Review Board were increased by a total of \$88,443 General Fund, \$72,450 Other Funds, and \$255,383 Federal Funds for employee compensation adjustments.

Public Safety Program Area

The Public Safety program area was reduced by \$3.5 million General Fund based on specific steps taken to achieve a statewide budget rebalance. The Legislature also appropriated \$21.1 million to public safety agencies for employee compensation plan changes when it distributed \$77.3 million of the \$100 million appropriated to the Emergency Board. In total, public safety agencies received \$7.3 million less than their full salary distribution for 2001-03. The net effect of these actions is a \$17.6 million General Fund increase to the Public Safety program area when compared to the approved budgets after the second special session.

Department of Corrections

For the Department of Corrections, specified General Fund reductions totaled \$1,923,630. These are to be achieved through a \$1,790,130 reduction to non-mandated correctional programs and reduction of \$133,500 budgeted for county bed rental. These amounts were offset by distribution of \$12,358,227 General Fund for compensation plan changes. The net General Fund effect was a \$10,434,597 increase to the legislatively approved budget. The funding for 13 vacant positions (10.74 FTE) that were abolished was shifted to overtime for one position and to services and supplies for the remaining 12 positions. The partial distribution for employee compensation will require the Department to manage a \$4.3 million salary/benefit shortfall.

Department of State Police

The budget for the Department of State Police was decreased by \$1,566,910 General Fund for specified reductions: elimination of seven Human Resources manager positions (3.50 FTE); reduced in-service training; reduced LEDS and information and communication systems hardware/software purchases; and reduced emergency management services and supply expenditures. These decreases were among the options the Department identified when asked what reductions might be needed if compensation plan changes were not fully funded. The budget was increased by \$3,814,196 General Fund for employee compensation adjustments. The Legislature added \$480,797 General Fund for the Forensics Services Division to purchase DNA analytical equipment and supplies and to assist with higher 2001-03 staffing costs being incurred to address a significant workload increase in the Portland metropolitan area. The net effect of these actions was a \$2,728,083 General Fund increase to the agency's budget. The partial distribution for employee compensation will require the Department to manage a \$1.3 million salary/benefit shortfall.

Oregon Youth Authority

The Oregon Youth Authority (OYA) received \$4,257,154 General Fund for employee compensation adjustments. Trust receipts revenues are expected to be \$1,383,144 higher than previously forecast; these will

be used to cover a \$1,083,144 Federal Funds shortfall and save \$300,000 General Fund. Two vacant positions (1.67 FTE) were eliminated. The partial distribution for employee compensation will require OYA to manage a \$1.5 million salary/benefit shortfall.

Other

The budget for the Criminal Justice Commission was reduced by \$143,262 General Fund. This reduction was partially offset by \$47,988 General Fund added for compensation plan adjustments. The net General Fund effect was a \$95,274 decrease to the Commission's budget. The budget for District Attorneys and Their Deputies was increased by \$194,077 General Fund for employee compensation adjustments. The Department of Justice budget was reduced by \$5,928 General Fund based on elimination of second-year salary increases for statewide elected officials, but increased by \$106,086 General Fund for other employee compensation adjustments. The net effect was a \$100,158 increase to the legislatively approved General Fund budget. The Oregon Military Department budget was increased by \$249,334 General Fund for employee compensation adjustments. Total specific reductions for the Board of Parole and Post-Prison Supervision were \$34,717 General Fund. This reduction was offset by distribution of \$59,301 General Fund for compensation plan changes. The net effect was a \$24,584 General Fund increase to the legislatively approved General Fund budget.

Natural Resources Program Area

The Legislature reduced the Natural Resources program area budgets by \$2.3 million General Fund to produce the statewide balance of expenditures within available resources. The Legislature also appropriated \$3.3 million General Fund and \$0.5 million Lottery Funds for employee salary and benefits compensation adjustments. Agencies received \$1.1 million less than their full salary distribution for 2001-03. The net effect of salary distributions and program reductions is a \$1.5 million increase to Natural Resources program area budgets – a 0.5% increase to the remaining legislatively approved budget after the second special session.

Department of Agriculture

The Department's budget was reduced by a total of \$131,074 General Fund to reflect vacancy savings and a shift in funding for the Animal Health Program from General Fund to Other Funds. In addition, \$1,116,346 was disappropriated from the special purpose appropriation made to the Emergency Board for the Pesticide Use Reporting System development. The Board appropriated \$167,882 for costs related to completion of Phase II and III of the project, leaving \$167,882 for future costs. Since this action leaves no contingency funds for project costs beyond those initially anticipated, the Legislature established a \$200,000 reservation in the general purpose Emergency Fund.

Department of Fish and Wildlife

Reductions to the budget include elimination of the Trask Hatchery Manager, Trout Research Coordinator, and an Administrative Assistant 2 position. The Department's budget was also rebalanced to comply with direction provided by a budget note directing the Department to ensure that positions were aligned with programs and linked to appropriate funding sources. These position changes, in turn, required adjustments to services and supplies and capital outlay expenditures to correctly align funding. Rebalance adjustments taken as a whole result in net zero budget impact. Significant rebalance changes occurred in the Fish and the Wildlife divisions. In the Fish Division, 19 positions were abolished and total FTE was increased by 37.80 to reflect adding months to currently authorized seasonal positions, and Other Funds limitation was decreased by \$238,898 to reflect the transfer of watershed manager positions to the Wildlife Division. In the Wildlife Division, an Other Funds limitation was increased by \$130,932 to accommodate the transfer of positions from the Fish Division, six positions were abolished, and total FTE was increased by 9.76 to reflect adding months to seasonal positions. In total, the rebalance resulted in 22 positions being abolished and an overall increase of 48.18 FTE.

Forestry Department

The budget was increased by \$669,895 General Fund, \$3,417,851 Other Funds, and \$10,372,406 Federal Funds. The Department received a net increase of \$861,850 General Fund for employee compensation adjustments, which is \$323,089 less than their full salary distribution for 2001-03. A Federal Funds expenditure limitation of \$8,268,886 was approved for receipt of federal grants from the United States Forest Service and the United States Department of Indian Affairs for forest fire prevention programs. The grants fund programs aimed at preventing serious wildfire from damaging or destroying homes, forests, and other investments in forest lands. The Forest Practices program was reduced by \$191,955 General Fund and \$127,971 Other Funds, eliminating three vacant limited duration positions.

Department of Environmental Quality

The Department's budget was reduced by \$590,313 General Fund. This adjustment was accomplished through the abolishment of four positions: an Open Burning position; the non-point source policy coordinator; the voluntary monitoring support position; and a Total Maximum Daily Load (TMDL) development position, which was moved to TMDL implementation and funded through a federal grant.

Other

The budget for the Department of Geology and Mineral Industries was reduced by a total of \$100,000 General Fund as a result of eliminating months for a publications editor position and replacing General Fund with Other Funds in the coastal program. The budget for the Department of Land Conservation and Development was reduced by \$79,400 General Fund (unspecified), but the agency received \$148,441 General Fund for employee compensation adjustments. The Land Use Board of Appeals received \$32,446 General Fund for employee compensation adjustments.

Economic and Community Development Program Area

The Legislature appropriated \$183,890 General Fund for employee salary and benefits compensation adjustments. Economic and Community Development program area agencies received \$63,960 less than the full salary distribution for 2001-03. The net effect of salary distributions and program reductions is a \$1.98 million decrease to Economic and Community Development program area budgets, which is a 14.1% decrease to the remaining legislatively approved budget after the second special session. Most of this reduction (\$1,750,000) is from the Employment Department Child Care Division. These funds are being replaced by funds from the Employment Department Special Administrative Fund (Penalty and Interest). Unspecified reductions of \$165,490 were made to the appropriation to Oregon Public Broadcasting and \$1,470 to the Oregon Historical Society.

The reduction of \$63,960 in the General Fund distribution for salaries and benefits was spread among all Economic and Community Development program area budgets. Of this reduction, \$30,852 was from the Employment Department, \$16,472 from the Department of Veterans Affairs, and the remainder proportionally reduced from the Economic and Community Development Department, Arts Commission, and the Housing and Community Services Department.

Administration Program Area

The Legislature selectively reduced Administration program area budgets by approximately \$400,000 General Fund and provided an additional \$1.6 million General Fund to the Department of Administrative Services for transfer to the Multnomah County Sheriff's Office for gang-related law enforcement activities. The selective reductions included elimination of the second-year salary increases for the Governor, Secretary of State, and Treasurer. Additionally, reductions include payments to the Children's Trust Fund (\$94,500); Oregon Progress

Board budget (\$30,000); Trust for Cultural Development budget (\$80,000); Office of the Governor budget (\$159,080); and Government Standards and Practices Commission budget (\$12,800).

The reduction of the General Fund distribution for salaries and benefits was spread among all Administrative Program area budgets. Of this \$1.2 million reduction, the Department of Revenue was affected the most, absorbing \$1 million of the total reduction.

Transportation Program Area

The Legislature reduced the Transportation program area budgets by \$73,413 General Fund to eliminate one vacant limited duration position in the Rail program. The Legislature also appropriated \$24,926 General Fund for employee salary and benefits compensation adjustments. Refunding of the lottery-backed West Side Light Rail bonds freed up bond reserves from the Department of Transportation's budget. No longer needed for bond reserve purposes, these funds became unallocated lottery revenue available for general purposes and were used to offset a General Fund reduction in the State School Fund.

Consumer and Business Services Program Area

The Bureau of Labor and Industries is the only Consumer and Business Services program area agency that receives General Fund. The Legislature appropriated \$302,451 General Fund for employee salary and benefits compensation adjustments, which is \$105,193 less than the full salary distribution for 2001-03. Also, the \$5,344 second-year salary adjustment for the Labor Commission was eliminated. The net effect of salary distributions and program reductions is a 5.1% decrease to the remaining legislatively approved budget after the second special session.

Judicial Branch

The Legislature appropriated \$8.8 million General Fund for employee salary and benefits compensation adjustments. Judicial Branch agencies received \$1.9 million less than the full salary distribution for 2001-03. The net effect of salary distributions and program reductions is a \$13.1 million decrease to Judicial Branch budgets, which is a 5.7% decrease to the remaining legislatively approved budget after the second special session.

Program reductions include elimination of \$1.2 million in funding for the second-year salary increase for state judges, including the Supreme Court, Court of Appeals, Tax Court, and Circuit Courts. The statutory increase in judicial salaries was not amended, and the Judicial Department will absorb the increased cost of \$1.2 million for the 2002-03 fiscal year. The Legislature also reduced the Indigent Defense Services budget by \$10 million. The intent was to earmark \$5 million of general purpose Emergency Fund moneys for potential caseload needs.

The reduction of \$1.9 million in the General Fund distribution for salaries and benefits was spread among all Judicial Branch budgets. Of this reduction, \$1.88 million was from the Judicial Department and the remainder was proportionally reduced from the Council on Court Procedures, the Commission on Judicial Fitness and Disability, and the Public Defense Services Commission.

Legislative Branch

The budgets for Legislative Branch agencies were collectively reduced by \$572,503 in unspecified General Fund reductions, \$87,832 for legislator salary reductions, \$9,636 for vacant position savings, and \$400,000 in debt service savings, for a total \$1,069,971 General Fund. This reduction was offset by a \$1,482,739 General Fund appropriation for employee compensation adjustments. The net effect was a \$412,768 General Fund increase to the overall budget for the Legislative Branch.

On an agency-by-agency basis, there was a \$308,632 General Fund increase in the budget for the Legislative Assembly; a \$204,718 General Fund decrease in the budget for the Legislative Administration Committee; a \$176,612 General Fund increase in the budget for the Legislative Counsel Committee; a \$91,433 General Fund increase in the budget for the Legislative Fiscal Office; a \$31,975 General Fund increase in the budget for the Legislative Revenue Office; and an \$8,834 General Fund increase in the budget for the Commission on Indian Services. Additionally, four vacant positions (0.88 FTE) will be abolished in the Legislative Administration Committee budget. The funding for these positions is to be shifted to funding for temporary staff.

Emergency Fund

The \$40 million general purpose Emergency Fund was reduced by \$5 million in the second special session and by an additional \$14 million in the third special session. The total reduction represents a 47.5% decrease from the prior 2001-03 legislatively adopted budget. The Legislature also disappropriated the \$100 million appropriated to the Emergency Board for state employee salary and benefit adjustments for the 2001-03 biennium and distributed \$77.3 million of the amount to state agencies during the third special session. Details of the amounts provided to state agencies can be found in the individual program area descriptions and in the appendix table.

Reductions in other special purpose appropriations for various agencies are also described in the previous 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 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.

The following appendix also displays the 2001-03 Legislatively Approved Budget (LAB) for each agency adjusted to reflect full distribution of the \$100 million originally appropriated to the Emergency Board for salary/benefit changes. This adjustment was made to illustrate the agency-by-agency effects of the rebalance plan that appropriated \$77.3 million of the \$100 million originally provided by the Legislature for salary/benefit increases. The \$23.7 million salary/benefit reduction was pro-rated across all General Fund agencies in addition to approximately \$31.7 million in specified reductions. The 2001-03 LAB figures displayed in prior special session *Highlights* documents did not include distribution of the \$100 million.

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
Education Program							
Education, Department of - State School Fund & Other K-12 Grants							
General Fund	4,791,211,056	(509,301,899)	4,281,909,157	(208,695,854)	-	4,073,213,303	85.0%
Lottery	288,417,086	40,736,660	329,153,746	9,995,854	-	339,149,600	117.6%
Medicaid Upper Payment Limit	99,200,000	145,915,239	245,115,239	-	-	245,115,239	247.1%
Education Endowment (Stability) Fund	-	220,000,000	220,000,000	(70,000,000)	-	150,000,000	---
Cigarette Tax Revenue Bond Proceeds	-	-	-	50,000,000	-	50,000,000	---
Total (excludes increased Common School Fund distribution)	5,178,828,142	(102,650,000)	5,076,178,142	(218,700,000)	-	4,857,478,142	93.8%
Education, Department of - Operations, Grant-in-Aid & Debt Service							
Department Operations	45,881,275	(7,955,494)	37,925,781	(5,344)	(197,040)	37,723,397	82.2%
Special Schools	17,712,570	(668,000)	17,044,570	-	(265,370)	16,779,200	94.7%
Grant-in-aid	210,007,088	(6,425,054)	203,582,034	(40,000)	-	203,542,034	96.9%
Debt Service	56,000,000	-	56,000,000	-	-	56,000,000	100.0%
Total	329,600,933	(15,048,548)	314,552,385	(45,344)	(462,410)	314,044,631	95.3%
Community Colleges and Workforce Development, Dept. of	474,580,769	(14,066,921)	460,513,848	(56,000,061)	(13,566)	404,500,221	85.2%
Higher Education, Department of							
Education and General	698,536,226	(38,421,866)	660,114,360	(2,622,114)	(2,970,952)	654,521,294	93.7%
Statewide Public Services	102,041,940	(5,102,649)	96,939,291	(377,886)	(472,059)	96,089,346	94.2%
Debt Service/Capital Construction/Sports Act	39,891,481	(281,186)	39,610,295	-	-	39,610,295	99.3%
Total	840,469,647	(43,805,701)	796,663,946	(3,000,000)	(3,443,011)	790,220,935	94.0%
Oregon Health and Science University Public Corporation	104,613,772	(7,415,239)	97,198,533	-	-	97,198,533	92.9%
Oregon Student Assistance Commission	44,557,414	(2,229,881)	42,327,533	-	(10,779)	42,316,754	95.0%
Oregon Resource and Technology Development Subaccount (ORTDS)	5,000,000	-	5,000,000	-	-	5,000,000	100.0%
TOTAL EDUCATION PROGRAM	6,977,650,677	(185,216,290)	6,792,434,387	(277,745,405)	(3,929,766)	6,510,759,216	93.3%

Human Services Program

Blind, Commission for the	1,343,586	(52,190)	1,291,396	-	(10,618)	1,280,778	95.3%
Children and Families, State Commission on	61,565,056	(4,032,793)	57,532,263	(28,765)	(42,928)	57,460,570	93.3%
Human Services, Department of (DHS)							
DHS - Adult and Family Services	196,991,553	(5,618,227)	191,373,326	(31,369,012)	(1,426,561)	158,577,753	80.5%
DHS - Children and Families, Services to	229,632,324	(15,329)	229,616,995	(6,497,248)	(1,335,475)	221,784,272	96.6%
DHS - Director's Office	7,978,611	-	7,978,611	82,534,385	(785,619)	89,727,377	1124.6%
DHS - Alcohol & Drug Abuse Programs	34,256,466	(460)	34,256,006	(4,978,817)	(21,057)	29,256,132	85.4%
DHS - Alcohol & Drug Abuse Programs - Lottery	7,150,575	(714,550)	6,436,025	-	-	6,436,025	90.0%
DHS - Alcohol & Drug Abuse Programs Subtotal	41,407,041	(715,010)	40,692,031	(4,978,817)	(21,057)	35,692,157	86.2%
DHS - Medical Assistance Programs	784,675,783	(75,309,658)	769,959,155	(149,080,230)	(64,654)	620,814,271	79.1%
DHS - Medical Assistance Programs - TS	129,000,000	62,500,000	124,000,000	85,000,000	-	209,000,000	162.0%
DHS - Medical Assistance Programs Subtotal	913,675,783	(12,809,658)	893,959,155	(64,080,230)	(64,654)	829,814,271	90.8%
DHS - Public Health Programs	31,024,953	1,072,136	32,097,089	(2,857,044)	(76,285)	29,163,760	94.0%
DHS - Mental Health Services	327,835,690	(3,906,733)	323,928,957	119,833	(914,132)	323,134,658	98.6%
DHS - Developmental Disability Services	347,300,271	(343,233)	346,957,038	(7,371,087)	(953,557)	338,632,394	97.5%
DHS - Senior and Disabled Services	618,783,925	785,140	619,569,065	(5,561,078)	(531,447)	613,476,540	99.1%
DHS - Vocational Rehabilitation Programs	15,423,521	444,760	15,868,281	(1,666,447)	(252,357)	13,949,477	90.4%
DHS - Subtotals							

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
General Fund	2,593,903,097	(82,891,604)	2,571,604,523	(126,726,745)	(6,361,144)	2,438,516,634	94.0%
Lottery	7,150,575	(714,550)	6,436,025	-	-	6,436,025	90.0%
Tobacco Settlement	129,000,000	62,500,000	124,000,000	85,000,000	-	209,000,000	162.0%
Total	2,730,053,672	(21,106,154)	2,702,040,548	(41,726,745)	(6,361,144)	2,653,952,659	97.2%
Insurance Pool Governing Board							
General Fund	537,634	(79,775)	457,859	-	(3,124)	454,735	84.6%
Tobacco Settlement	19,980,287	-	19,980,287	-	-	19,980,287	100.0%
Total	20,517,921	(79,775)	20,438,146	-	(3,124)	20,435,022	99.6%
Long Term Care Ombudsman	644,167	(12,253)	631,914	-	(8,520)	623,394	96.8%
Oregon Disabilities Commission	298,591	(17)	298,574	-	(2,541)	296,033	99.1%
Psychiatric Security Review Board	745,358	(14,473)	730,885	-	(5,958)	724,927	97.3%
Oregon Rural Health Association passed through DAS	15,000,000	(7,500,000)	7,500,000	-	-	7,500,000	50.0%
TOTAL HUMAN SERVICES PROGRAM	2,830,168,351	(32,797,655)	2,790,463,726	(41,755,510)	(6,434,833)	2,742,273,383	96.9%

Public Safety Program

Oregon State Police

Patrol / Fish & Wildlife	86,157,829	(1,829,008)	84,328,821	-	(567,117)	83,761,704	97.2%
Criminal Services	22,736,747	(18,004)	22,718,743	-	(163,892)	22,554,851	99.2%
Human Resources / Info. Systems / Training / OEM	57,107,369	(5,081,397)	52,025,972	(1,566,910)	(400,461)	50,058,601	87.7%
Forensics / Medical Examiner	27,453,923	(200,000)	27,253,923	480,797	(195,118)	27,539,602	100.3%
Debt Service	323,098	(137,793)	185,305	-	-	185,305	57.4%
Total	193,778,966	(7,266,202)	186,512,764	(1,086,113)	(1,326,588)	184,100,063	95.0%

Department of Corrections

Institutions & Correctional Programs	535,994,251	(11,352,806)	524,641,445	(1,923,630)	(3,797,550)	518,920,265	96.8%
Community Corrections	195,762,214	(1,000,000)	194,762,214	-	-	194,762,214	99.5%
Central Support / Administration	61,810,787	(1,836,623)	59,974,164	-	(500,668)	59,473,496	96.2%
Debt Service	80,855,061	(23,049,547)	57,805,514	-	-	57,805,514	71.5%
Capital Construction	2,227,000	-	2,227,000	-	-	2,227,000	100.0%
Capital Improvement	2,030,272	-	2,030,272	-	-	2,030,272	100.0%
Total	878,679,585	(37,238,976)	841,440,609	(1,923,630)	(4,298,218)	835,218,761	95.1%

Oregon Youth Authority

Facilities	136,436,112	(3,449,332)	132,986,780	(300,000)	(160,592)	132,526,188	97.1%
Community Programs	81,283,583	(1,800,509)	79,483,074	-	(1,179,378)	78,303,696	96.3%
Administration	17,280,141	(343,890)	16,936,251	-	(140,677)	16,795,574	97.2%
Capital Improvement / Construction	206,249	-	206,249	-	-	206,249	100.0%
Total	235,206,085	(5,593,731)	229,612,354	(300,000)	(1,480,647)	227,831,707	96.9%

Military Department

Administration	4,488,791	(305,807)	4,182,984	-	(27,695)	4,155,289	92.6%
Operations	9,031,522	(166,916)	8,864,606	-	(54,189)	8,810,417	97.6%
Community Support	783,804	-	783,804	-	(4,836)	778,968	99.4%
Total	14,304,117	(472,722)	13,831,395	-	(86,720)	13,744,675	96.1%

Board of Parole Board

	3,276,527	(90,419)	3,186,108	(34,717)	(20,625)	3,130,766	95.6%
--	-----------	----------	-----------	----------	----------	-----------	-------

Criminal Justice Commission

	19,855,891	(461,132)	19,394,759	(143,262)	(16,691)	19,234,806	96.9%
--	------------	-----------	------------	-----------	----------	------------	-------

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
Dispute Resolution Commission	119,284	(119,284)	0			0	0.0%
Department of Justice	24,571,567	-	24,571,567		(36,897)	24,534,670	99.9%
District Attorneys & Their Deputies							
DA Salaries & Benefits	6,935,196	-	6,935,196		(67,500)	6,867,696	99.0%
Deputy Supplements	1,903,744	-	1,903,744			1,903,744	100.0%
Witness Fees	584,135	(191,277)	392,858			392,858	67.3%
Administrative Expense	402,359	(309)	402,050			402,050	99.9%
Total	9,825,434	(191,586)	9,633,848		(67,500)	9,566,348	97.4%
TOTAL PUBLIC SAFETY PROGRAM	1,379,617,456	(51,434,052)	1,328,183,404	(3,487,722)	(7,333,886)	1,317,361,796	95.5%

Natural Resources Program

Agriculture, Department of	31,109,581	(3,207,492)	27,902,089	(1,076,538)	(144,979)	26,680,572	85.8%
Columbia River Gorge Commission	736,027	(13,619)	722,408	0	(3,951)	718,457	97.6%
Energy, Office of	900,000	(18,000)	882,000		0	882,000	98.0%
Environmental Quality, Department of	44,201,790	(2,198,391)	42,003,399	(590,313)	(214,555)	41,198,531	93.2%
Fish and Wildlife, Department of	31,734,167	(1,759,797)	29,974,370	(203,435)	(180,109)	29,590,826	93.3%
Forestry Department	38,960,143	(2,101,640)	36,858,503	(269,130)	(323,089)	36,266,284	93.1%
Oregon Watershed Enhancement Board	51,208,383	(1,329,896)	49,878,487	0	0	49,878,487	97.4%
Geology and Mineral Industries	3,353,573	(161,141)	3,192,432	(100,000)	(31,299)	3,061,133	91.3%
Land Conservation & Development, Department of	10,752,909	(484,134)	10,268,775	(79,400)	(51,629)	10,137,746	94.3%
Land Use Board of Appeals	1,298,169	(25,138)	1,273,031		(11,284)	1,261,747	97.2%
Parks and Recreation, Department of	45,959,257	-	45,959,257		0	45,959,257	100.0%
State Lands, Division of	133,727	(3,375)	130,352		0	130,352	97.5%
Water Resources Department	24,557,686	(1,172,990)	23,384,696		(176,086)	23,208,610	94.5%
TOTAL NATURAL RESOURCES PROGRAM	284,905,412	(9,782,676)	275,122,736	(2,318,816)	(1,136,981)	268,974,002	94.4%

Economic Development Program

Oregon Public Broadcasting passed through Department of Administrative Services (DAS)	3,399,929	(67,999)	3,331,930	(165,490)		3,166,440	93.1%
Economic and Community Development Department							

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
Program Services	16,772,892	(616,932)	16,155,960			16,155,960	96.3%
Community Development Fund	52,810,056	(10,651,430)	42,158,626			42,158,626	79.8%
Tourism Commission	6,406,994	(33,000)	6,373,994			6,373,994	99.5%
Film & Video Office	972,508	(13,989)	958,519			958,519	98.6%
Arts Commission	2,449,992	(154,333)	2,295,659		(7,143)	2,288,516	93.4%
Debt Service	19,753,358	(1,224,109)	18,529,249			18,529,249	93.8%
Total	99,165,800	(12,693,793)	86,472,007	-	(7,143)	86,464,864	87.2%
Employment Department	4,253,312	(501,992)	3,751,320	(1,750,000)	(30,852)	1,970,468	46.3%
Fair and Exposition Center, State	4,694,898	(679,922)	4,014,976		(8,159)	4,006,817	85.3%
Historical Society passed through DAS	1,298,130	(25,963)	1,272,167	(1,470)		1,270,697	97.9%
Housing and Community Services Department	16,417,296	(6,671,122)	9,746,174		(1,334)	9,744,840	59.4%
<p>\$6 million Other Funds will backfill \$6 million GF reductions</p>							
Veterans' Affairs, Department of	2,689,990	(96,961)	2,593,029	-	(16,472)	2,576,557	95.8%
TOTAL ECONOMIC DEVELOPMENT PROGRAM	131,919,355	(20,737,752)	111,181,603	(1,916,960)	(63,960)	109,200,683	82.8%

Administration Program

Administrative Services, Dept.

Community Development Office	1,886,617	(151,291)	1,735,326			1,735,326	92.0%
Dispute Resolution	280,000		280,000			280,000	100.0%
Risk Management Ins. For Dentists	9,900	(9,900)	0			-	0.0%
Progress Board	724,358	(46,495)	677,863	(30,000)	(5,132)	642,731	88.7%
Arrest & Return	1,290,482	(85,172)	1,205,310			1,205,310	93.4%
Office of Health Policy & Research	1,618,386	(32,368)	1,586,018			1,586,018	98.0%
Debt Service - OPB Lottery Bonds	534,003	(152,661)	381,342			381,342	71.4%
Children's Trust Fund Grant	1,012,500	(67,500)	945,000	(94,500)		850,500	84.0%
All Others	1,215,978	(8,250)	1,207,728	1,579,024	(32,684)	2,754,068	226.5%
Total	8,572,224	(553,637)	8,018,587	1,454,524	(37,816)	9,435,295	110.1%

Asian Affairs, Commission on (S&S)

147,344	(2,836)	144,508	-	(1,506)	143,002	97.1%
---------	---------	---------	---	---------	---------	-------

Black Affairs, Commission on (S&S)

147,456	(2,836)	144,620	-	(1,535)	143,085	97.0%
---------	---------	---------	---	---------	---------	-------

Employment Relations Board (S&S)

1,382,422	(26,855)	1,355,567	-	(11,050)	1,344,517	97.3%
-----------	----------	-----------	---	----------	-----------	-------

Government Standards and Practices Commission (S&S)

861,106	(12,828)	848,278	(12,800)	(6,290)	829,188	96.3%
---------	----------	---------	----------	---------	---------	-------

Governor, Office of the

Operations	9,110,735	(596,726)	8,514,009	(159,080)	(70,333)	8,284,596	90.9%
Post Secondary Education Commission	218,000	(218,000)	0			-	0.0%
Board of Education Support	200,000	(200,000)	0			-	0.0%
Total	9,528,735	(1,014,726)	8,514,009	(159,080)	(70,333)	8,284,596	86.9%

Hispanic Affairs, Commission on (S&S)

143,084	(2,839)	140,245	-	(407)	139,838	97.7%
---------	---------	---------	---	-------	---------	-------

Revenue, Department of

123,277,352	(19,009)	123,258,343	-	(1,009,340)	122,249,003	99.2%
-------------	----------	-------------	---	-------------	-------------	-------

Secretary of State

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
Trust for Cultural Development	1,100,000	(70,000)	1,030,000	(80,000)		950,000	86.4%
Elections Division	5,116,456	(367,900)	4,748,556		(24,413)	4,724,143	92.3%
Archives Division	3,686,808	-	3,686,808		(28,978)	3,657,830	99.2%
Info. Systems (Voters Registration System)	2,922,424	(2,000,000)	922,424		(9,504)	912,920	31.2%
Executive Office	1,221,870	-	1,221,870	(5,344)	(13,226)	1,203,300	98.5%
Business Services Division	593,731	-	593,731		(5,906)	587,825	99.0%
Personnel Resources Division	92,865	-	92,865		(917)	91,948	99.0%
Audits Division	40,000	-	40,000			40,000	100.0%
GF Savings from Funds Shift in Executive Office		(344,600)	(344,600)			(344,600)	---
Estimated GF Savings from Assessment Reduction by Audits Division						-	---
Unspecified GF Reduction	(213,656)	(238,800)	(452,456)			(452,456)	211.8%
Total	14,560,498	(3,021,300)	11,539,198	(85,344)	(82,944)	11,370,910	78.1%
State Library	3,258,320	(63,935)	3,194,385	-	(17,292)	3,177,093	97.5%
Treasurer of State	289,439	-	289,439	(5,344)	(1,979)	282,116	97.5%
Women, Commission for (S&S)	147,137	(2,838)	144,299	-	(1,452)	142,847	97.1%
TOTAL ADMINISTRATION PROGRAM	162,315,117	(4,723,639)	157,591,478	1,191,956	(1,241,944)	157,541,490	97.1%

Transportation Program

Transportation, Department of							
Public Transit	9,257,203	(920,009)	8,337,194	-	(1,341)	8,335,853	90.1%
Rail	10,310,889	(520,000)	9,790,889	(73,413)	(4,459)	9,713,017	94.2%
Trans Safety	190,183	(20,000)	170,183	-	-	170,183	89.5%
Debt Service	20,200,045	(2,200)	20,197,845	(9,995,854)	-	10,201,991	50.5%
All Other	384,345	-	384,345	-	(2,868)	381,477	99.3%
TOTAL TRANSPORTATION PROGRAM	40,342,665	(1,462,209)	38,880,456	(10,069,267)	(8,668)	28,802,521	71.4%

Consumer Services Program

Bureau of Labor and Industries	12,819,089	(653,303)	12,165,786	(5,344)	(105,193)	12,055,249	94.0%
TOTAL CONSUMER SERVICES PROGRAM	12,819,089	(653,303)	12,165,786	(5,344)	(105,193)	12,055,249	94.0%

Judicial Branch

Court Procedures, Council on	99,266	(5,967)	93,299		(1,859)	91,440	92.1%
Judicial Department							
Admin, Trial & Appellate Courts	237,620,671	(10,477,083)	227,143,588	(1,200,000)	(1,874,266)	224,069,322	94.3%
Mandated Payments	15,951,466	(1,197,199)	14,754,267		(15,028)	14,739,239	92.4%
Indigent Defense	163,731,062	(12,353,663)	151,377,399	(10,000,000)		141,377,399	86.4%
Total	417,303,199	(24,027,945)	393,275,254	(11,200,000)	(1,889,294)	380,185,960	91.1%
Judicial Fitness and Disability, Commission on	207,499	(13,101)	194,398		(1,861)	192,537	92.8%
Public Defender	6,162,015	(51,893)	6,110,122		(36,054)	6,074,068	98.6%
TOTAL JUDICIAL BRANCH	423,771,979	(24,098,906)	399,673,073	(11,200,000)	(1,929,068)	386,544,005	91.2%

AGENCY & PROGRAM	2001-03 LAB (including E-Boards and Total \$100 Million Salary Distribution)	Total Second Special Session Reductions	Legislative Plan (LAB adjusted for Second Special Session and Governor Actions)	Third Special Session Budget Reductions and Rebalance Actions	Third Special Session Reduction to Salary Distribution	Legislative Plan (LAB adjusted for All Special Session Actions and Salary Distribution)	Percent of Adjusted LAB
Legislative Branch							
Legislative Assembly	27,492,772	(2,008,260)	25,484,512	(404,734)	(248,110)	24,831,668	90.3%
Legislative Administration Committee	22,258,634	(1,704,761)	20,553,873	(665,237)	(160,169)	19,728,467	88.6%
Legislative Counsel Committee	5,836,547	(116,983)	5,719,564		(61,426)	5,658,138	96.9%
Legislative Fiscal Officer	3,855,839	(77,246)	3,778,593		(31,800)	3,746,793	97.2%
Legislative Revenue Officer	1,422,986	(29,106)	1,393,880		(11,121)	1,382,759	97.2%
Commission on Indian Services	326,338	(6,527)	319,811		(3,073)	316,738	97.1%
TOTAL LEGISLATIVE BRANCH	61,193,116	(3,942,883)	57,250,233	(1,069,971)	(515,699)	55,664,563	91.0%
Emergency Board							
General Purpose Emergency Fund	40,000,000	(5,000,000)	35,000,000	(14,000,000)		21,000,000	52.5%
Special Purpose Appropriation for salaries/benefits	100,000,000	-	100,000,000		(22,700,000)	77,300,000	77.3%
	<i>incl. in agency totals above</i>				<i>incl. in agency totals above</i>		
EMERGENCY BOARD	140,000,000	(5,000,000)	135,000,000	(14,000,000)	(22,700,000)	98,300,000	70.2%