

EMERGENCY BOARD

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Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
General Fund	--	--	56,000,000	340,846,094
Total Funds	--	--	\$56,000,000	\$340,846,094

Overview

The Oregon Constitution authorizes the Legislature to establish a joint committee, known as the Emergency Board, to exercise certain powers during the interim between sessions of the Legislative Assembly. These powers include allocating funds appropriated by the Legislature for emergencies, increasing expenditure limitations on continuously appropriated agency funds, establishing or revising budgets for new activities, and authorizing transfers within agency budgets.

The Emergency Fund

The Emergency Fund consists of monies appropriated to the Emergency Board for general purposes and special purpose appropriations made to the Emergency Board for specified uses. The Emergency Board allocates money from the Emergency Fund to finance contingencies that are not addressed in approved agency budgets. Appropriations are also made to the Emergency Board for allocation to specific agencies for specific purposes. This is done in lieu of a direct appropriation to an agency when additional information is required or conditions need to be met prior to making the funds available.

Recent History of the Emergency Fund (\$ in millions)					
	2015-17 Adopted	2015-17 End of Biennium	2017-19 Adopted	2017-19 End of Biennium	2019-21 Adopted
General Purpose	30.0	--	50.0	--	75.0
Salary and Benefit Adjustment	130.7	--	110.0	--	220.0
Special Purpose Appropriations	85.2	--	18.8	--	45.8
Total Emergency Fund	\$245.9	--	\$178.8	--	\$340.8
Remaining Balance		\$28.3		\$57.3	

The Emergency Board allocates money to finance general employee compensation increases (salaries and benefits) when an appropriation is made for this purpose. In recent history, resources set aside for salary and compensation changes of state employees are distributed either in the even-year session or by the Emergency Board's first meeting following the even-year session. This is typically done since the full effect of the collective bargaining agreements is not known until several months following the conclusion of the odd-year session. In addition, the Emergency Board does not usually meet during the first, shorter interim and starts meeting on a quarterly basis following the even-year session.

During the even-year session, the Legislature has recently either supplemented the legislatively adopted general purpose Emergency Fund, distributed existing special purpose appropriations to the identified agencies, or created new special purpose appropriations for the balance of the biennial period. During the odd-year session, the Legislature generally disappropriates any remaining funds in the previous biennium's Emergency Fund to rebalance that biennium's budget. This generally occurs in the first two months of the longer odd-year session.

For example, the \$57.3 million remaining in the Emergency Fund from the 2017-19 biennium was disappropriated and used to rebalance the 2017-19 budget in HB 5046, which was signed into law on April 3, 2019.

Budget Environment

The typical general-purpose appropriation over the past several biennia has been \$30 million, with unused special purpose appropriations augmenting the general-purpose Emergency Fund. In recent years the Legislature has adopted a larger general-purpose appropriation for emergency purposes. The 2017-19 legislatively adopted budget included \$50 million due to concerns over the potential for large wildfire fighting costs and uncertainty around certain federal funding streams. Similarly, the 2019-21 legislatively adopted budget includes a general-purpose appropriation of \$75 million, which includes reservations for mental health services and Oregon's child welfare system, due to emerging needs for these program areas.

Historically, the actual cost of implemented salary and benefit increases have significantly exceeded the amounts appropriated to the Emergency Board. The allocation of \$100 million of the \$125 million 2007-09 salary and benefit special purpose appropriation covered 100% of the redistributed costs for Pension Obligation Bonds, 100% of the costs for a temporary change to the Public Employees Retirement System rates, and slightly more than 75% of the General Fund costs of the regular compensation increases awarded to all employees. Due to a worsening of the state's economic situation, no special purpose appropriation was provided in either the 2009-11 or the 2011-13 legislatively adopted budgets for state employee negotiated salary increases or cost-of-living adjustments; however, \$32 million was allocated to potentially be used for increases in the costs of health benefits for state employees for the 2010 and 2011 benefit years. No such provision was included in the 2011-13 budget. For the 2013-15, 2015-17, and 2017-19 biennial budgets, the Legislature included special purpose appropriations to cover the vast majority of the costs of compensation and benefit adjustments (\$99.4 million, \$130.7 million, and \$110 million, respectively). With an improved revenue situation, the 2019-21 legislatively adopted budget includes \$220 million for compensation and benefit adjustments, twice the amount included in the 2017-19 budget. This amount is anticipated to cover the majority of costs related to compensation and benefit adjustments, including pay equity adjustments, though final costs for the 2019-21 collective bargaining agreements and compensation plan changes for management and unrepresented state employees have not yet been finalized.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget for the Emergency Board includes a \$75 million general purpose appropriation. This amount includes two reservations:

- \$10 million for the Department of Human Services for initiatives to improve Oregon's child welfare system.
- \$9 million for the Oregon Health Authority to maintain the current level of community mental health program services that the agency provides.

The 2019-21 legislatively adopted budget also includes special purpose appropriations totaling \$265.8 million:

- \$200 million for state employee compensation changes.
- \$20 million for non-state employee compensation changes.
- \$20 million for the Public Defense Services Commission (PDSC) to support improvements to the public defense contract model and activities to reduce public defense caseloads.
- \$8 million for fire costs incurred by the Oregon Department of Forestry.
- \$5.7 million for the Oregon Health Authority to support interdisciplinary assessment teams that provide services to youth with behavioral health needs.
- \$4 million to assist the Department of Human Services with increasing capacity for non-Medicaid in-home services under the Family First Prevention Services Act.
- \$3 million for costs associated with grand jury recordings established by SB 505 (2017).
- \$2 million for PDSC costs related to acquisition of a new financial management system.
- \$1.1 million for costs related to prepaid postage for ballot return envelopes as established by SB 861 (2019).

- \$1 million for the Public Defense Services Commission and Department of Corrections for an anticipated increase in prosecutions for unauthorized use of a vehicle resulting from HB 2328 (2019).
- \$1 million for the Oregon Conservation and Recreation Fund, administered by the Department of Fish and Wildlife.

If the amounts in the special purpose appropriations are not allocated by the Emergency Board by December 1, 2020, the remaining amounts generally become available to the Board for any legal use.