

Program Area Summaries

EDUCATION

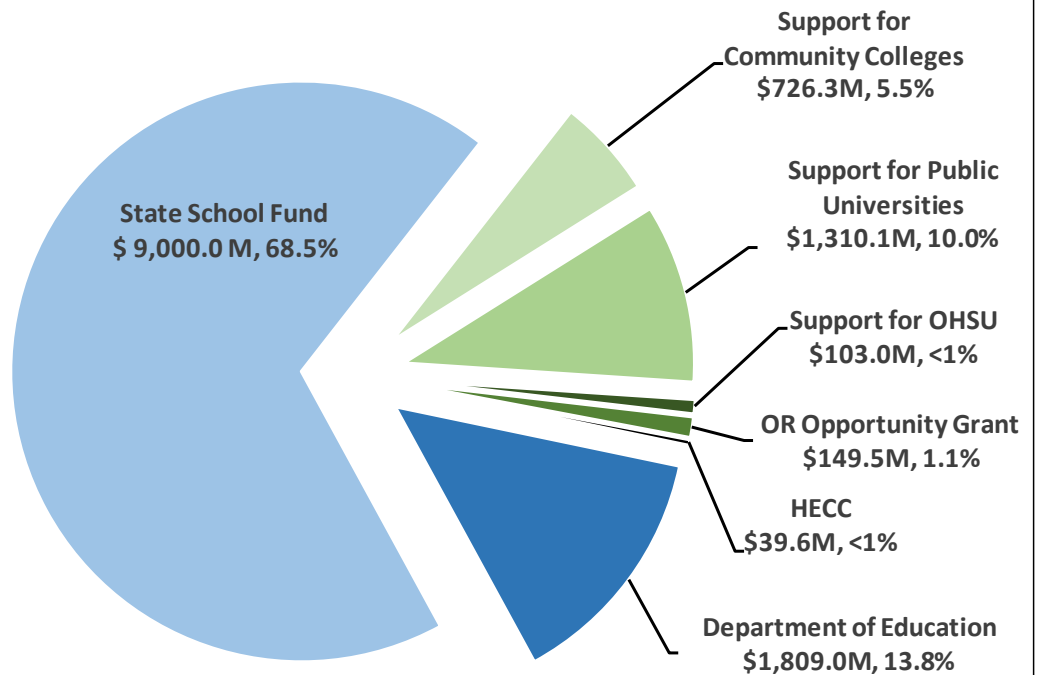
The Education program area includes state operated or financed activities serving children or students from early education through post-secondary education (P-20). This P-20 scope includes:

- Early childhood programs which are administered by the Early Learning Division in the Department of Education (ODE) and include child care assistance and regulation, Oregon Prekindergarten, Healthy Start, Relief Nurseries, and Preschool Promise.
- Kindergarten through 12th grade programs include the State School Fund (SSF) which is the primary funding source for School Districts and Education Service Districts (ESDs); licensing and regulation of teachers and other education professionals; specific K-12 funding streams through ODE's Grant-in Aid programs; and the monitoring and distribution of Federal Funds, including programs related to the Individuals with Disabilities Education Act, Every Student Succeeds Act (ESSA), and nutrition-related programs. The new Fund for Student Success will provide roughly \$1 billion annually when fully implemented for these programs.
- Youth development programs administered through ODE that include Juvenile Crime Prevention Programs and a variety of other grant programs.
- Post-Secondary education programs administered at the state level through the Higher Education Coordinating Commission (HECC) that include funding for the community college system, Oregon Health and Science University (OHSU), the seven public universities, and student financial aid programs through the Office of Student Access and Completion.

Over the past eight years there have been several organizational changes including the establishment of HECC, the move toward a more independent public university system, and the consolidation of early learning and youth development programs into ODE as new divisions. The Chief Education Office (formerly the Oregon Education Investment Board or OEIB) which was created during this period sunsetted, effective June 30, 2019.

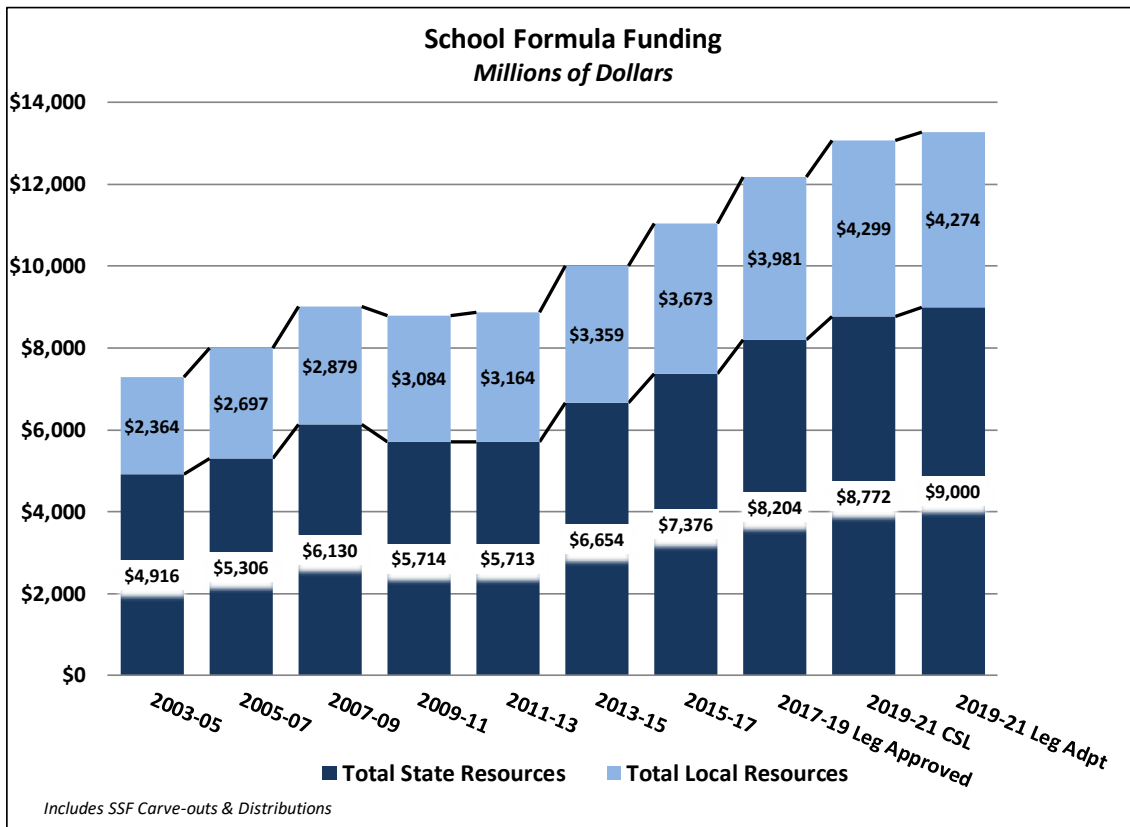
The 2019-21 legislatively adopted General Fund and Lottery Funds budget for the Education program area is \$11.48 billion. This is an increase of \$471.5 million (or 4.3%) from the 2017-19 legislatively approved budget. The total funds budget of \$15.95 billion reflects a 12.9% increase over the prior biennium. This larger total funds increase is in large part due to the new Fund for Student Success. The \$9 billion SSF, as demonstrated in the chart below, represents 68.5% of the combined General Fund, Lottery Funds, Fund for Student Success, and dedicated marijuana revenues. Compared to the 2017-19 legislatively approved budget, the relative shares for the various spending areas in the chart, other than the Department of Education, stay relatively the same. The budget for the Department of Education increases by roughly \$1 billion driven primarily from the increased resources for grant-in-aid programs from the new Fund for Student Success.

**Education Program Area – 2019-21 Legislatively Adopted Budget
General and Lottery Funds, Student Success and Marijuana Revenues
\$13,137 Million**

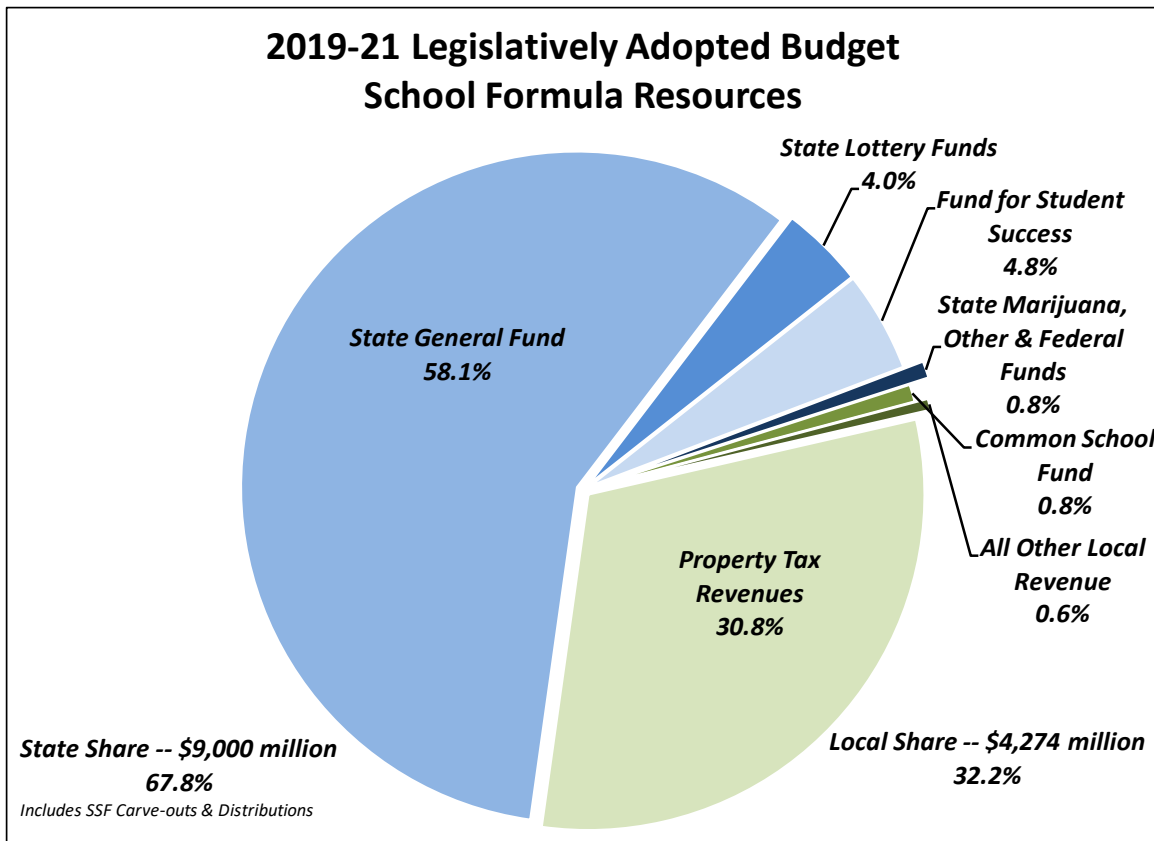


State School Fund

The 2019-21 legislatively adopted budget includes \$9 billion total funds for the State School Fund which makes up the state portion of the amount distributed to School Districts and Education Service Districts through the school funding formula. The 2019-21 SSF budget represents a \$796.1 million (or 9.7%) increase in total funds for the SSF over the amount available in 2017-19. As with the previous three biennia, no additional funding from the Education Stability Fund or the Oregon Rainy Day Fund is included in the SSF for 2019-21. An estimated \$4 million of the SSF is assumed to cover the payments required under the Local Option Equalization Grants. Overall, general purpose funding for School Districts and ESDs depends on both the state contribution through the SSF and the contributions of local revenue including property taxes, timber revenue, and distributions from the Common School Fund. Biennium to biennium change in both state and local share of the distribution is shown below.



For 2019-21, the funding mix for the SSF has changed. While the General Fund remains the largest source of funding, the new Fund for Student Success contributes \$643 million. The largest share of this amount, or \$423 million, represents the amount of General Fund resources lost due to the income tax rate reductions and other tax changes in HB 3427 (2019). The remaining amounts represent a \$20 million annual increase for the High Cost Disability account (starting in the second year of the biennium) and a one-time \$200 million contribution to the SSF. Marijuana-related revenues increase by approximately \$22 million for 2019-21 to \$103.8 million. It should be noted that the SSF is at risk of losing all or a portion of the amount contributed by the Fund for Student Success depending on the outcome of an election if a measure to repeal or modify the new law is placed on the ballot for voter approval. The chart below demonstrates the various state and local resources that are part of the calculation of the formula distribution for 2019-21 which totals \$13.27 billion. The overall state share increases from 67.3% in 2017-19 to 67.8% for 2019-21.



Department of Education

The budget for the Department of Education (not including the State School Fund) includes central operations including the K-12 system oversight and technical assistance staff, the School for the Deaf, Youth Corrections and Juvenile Detention Education Programs, K-12 Grant-in-Aid support to local programs, Common School Fund distributions, early learning programs, and youth development programs.

The 2019-21 legislatively adopted budget includes General Fund and Lottery Funds of \$900 million, which is \$74 million (or 9%) greater than the 2017-19 legislatively approved budget. All \$692,870 Lottery Funds are for debt service payments for bonds issued for school district improvements; these bonds will be paid off in the 2019-21 biennium. The total funds budget of \$4.054 billion is 40.5% greater than the 2017-19 amount, primarily due to the almost 215% or \$1.035 billion increase in Other Funds (limited) that is the result of the new spending from the Fund for Student Success (FFS). There will be another significant increase for 2021-23 since almost all the FFS spending starts in the second year of the 2019-21 biennium. The budget includes 693 positions (653.30 FTE). This represents an increase of 109 positions (102.87 FTE) from 2017-19, primarily due to staff increases associated with FFS-funded programs and increases in the early learning monitoring and quality assurance staffing.

The largest share of this budget (84% General Fund and 82% of total funds) is paid out to local school districts, Education Service Districts, and other entities as Grant-in-Aid payments for educational services, as well as for early learning and youth development programs. While some of these programs are competitive grants, most of them are awarded based on criteria set in statute or by the federal government including income, disability, or educational need. The budgets and notable changes for

these Grant-in-Aid programs are described below in three groupings – K-12, early learning and youth development.

The budget for K-12 Grant-in-Aid programs for 2019-21 totals \$487.4 million General Fund and \$2.739 billion total funds. While General Fund resources grew by 7.3% over 2017-19, total funds grew by nearly 40% almost entirely due to the FSS resources. The following table provides program detail. Notable changes include:

- Funding formerly through the Network for Quality Teaching and Learning (NQTL) totaling \$37.9 million is repurposed to fund the programs under the new Educator Advancement Council which will be responsible for coordinating educator professional development through a network of regional entities. This means that programs formerly funded with Network resources (noted by “NQTL” in the program name) will not be funded directly but will depend on priorities set by each regional network. The programs no longer directly funded include Mentoring, School District Collaboration, dyslexia related training, Trauma Informed Practices pilot grants, Low Performing Schools grants, and School District Turnaround grants.
- The new source of funding from the FSS provides resources for many new programs, including \$472.7 million Other Funds for new formula-driven Student Investment grants available to all school districts, \$12 million for grants to assist districts where student achievement performance is lagging, \$24 million to ESDs to assist school districts to prepare the required plans to receive the Student Investment grants, \$2.8 million to assist districts in establishing systems to identify at-risk students, \$41.6 million for school nutrition programs, \$3 million for Summer Learning programs, \$3.8 million for expanding the African American Education grants, \$3.2 million for grants to carry out the Native American Education Plan, \$1 million to develop an educational plan for Latino students, and \$15 million for professional development for K-12 educators. Existing programs expanded using FSS resources include an additional \$37.5 million for the Early Intervention and Early Childhood Special Education programs and \$133.2 million to bring funding for High School Success grants (Ballot Measure 98) to the 2019-21 current service level. Generally, this FSS funding is available starting in the second year of the biennium.
- Eliminated K-12 Grant-in-Aid programs include the programs formerly funded by the Network for Quality Teaching and Learning described above, and the Trauma Informed pilot grants. The CTE Revitalization grants program was reduced by just over \$3.3 million General Fund with the remaining \$7 million to first go to rural schools and for student groups previously under-represented in grants in previous years.

	2017-19 Legislatively Approved Budget		2019-21 Current Service Level (CSL)		2019-21 Legislatively Adopted Budget		
	<i>Millions of Dollars</i>						
	GF	TF	GF	TF	GF	OF-FSS	TF
K-12 GRANT-IN-AID PROGRAMS							
Student Success Grant Programs							
Start Making A Reader Today (SMART)	0.26	0.26	0.27	0.27	0.27	-	0.27
Reach Out to Read Program	0.05	0.05	0.05	0.05	0.08	-	0.08
Supporting Accelerated Learning Opportunities	2.64	2.64	2.74	2.74	2.74	-	2.74
Regional Promise Grants	3.11	3.11	3.23	3.23	3.23	-	3.23
Physical Education Grants	0.95	4.36	0.99	4.53	1.41	-	4.31
Chronic Absenteeism Grants	6.24	6.24	6.47	6.47	6.47	-	6.47
Trauma Informed Grants (NQTL)	-	1.00	-	1.04	-	-	-
High School Success Grants (Measure 98)	170.00	340.00	303.19	606.38	169.99	133.20	473.18
Student Investment Program - Formula Grants	-	-	-	-	-	472.74	472.74
Student Investment Intensive Program: High Need	-	-	-	-	-	12.00	12.00
E-Rate	0.34	0.34	-	-	-	-	-
Other Federal/Other Funds Grants	-	35.37	-	51.00	-	-	23.23
SUBTOTAL	183.60	393.37	316.95	675.72	184.19	617.94	998.25
District Capacity and Technical Assistance Grant Programs							
ESD Technical Assistance Support Grants	-	-	-	-	-	24.00	24.00
Healthy & Safe School Plan Grants	-	-	-	2.00	-	-	2.00
Statewide School Safety & Prevention Systems	-	-	-	-	-	1.73	1.73
Early Warning System Grants	-	-	-	-	-	1.75	1.75
Electronic Warning System Technical Assistance Grants	-	-	-	-	-	1.00	1.00
Foster Care & Extra Curricular Transportation Grants	0.25	0.75	-	0.52	-	-	2.00
SUBTOTAL	0.25	0.75	-	2.52	-	28.48	32.48
STEM and CTE Related Programs							
STEM/CTE Regional Network Grants	4.67	4.67	4.84	4.84	4.84	-	4.84
CTE Revitalization Grants	10.33	10.33	10.73	10.73	7.02	-	7.02
STEM/CTE Career Pathway Fund	8.17	8.17	8.48	8.48	8.48	-	8.48
STEM/CTE Innovation Grants	4.43	4.43	4.60	4.60	4.60	-	4.60
Student Leadership Centers	0.70	0.70	0.73	0.73	0.73	-	0.73
Future Farmers of America Association (FAA)	-	-	-	-	1.43	-	1.43
Agricultural Summer Program Grants	-	-	-	-	0.60	-	0.60
For Inspiration & Recognition of Science & Tech (FIRST)	0.47	0.47	0.48	0.48	0.48	-	0.48
CTE Vocational Education Grant: Perkins Grant	-	32.19	-	33.33	-	-	33.33
SUBTOTAL	28.77	60.96	29.86	63.19	28.18	-	61.52
Nutritional Programs							
Federal Reimbursement Programs	-	388.01	-	407.12	-	-	407.12
After School Meal/Snack Program	0.48	0.48	0.50	0.50	0.50	-	0.50
Breakfast & Summer Lunch Programs	1.61	1.61	1.67	1.67	1.01	-	1.01
Breakfast Before the Bell Program	-	-	-	-	-	1.18	1.18
Hunger Free Schools Program Grants	-	-	-	-	-	40.43	40.43
Free Lunch Grant Program (SSF Transfer)	-	2.47	-	2.57	-	-	2.85
Farm to School - Transfer to Dept. of Agriculture	-	-	-	-	0.50	-	0.50
Farm to School Programs	4.50	4.50	4.67	4.67	14.16	-	14.16
SUBTOTAL	6.59	397.07	6.84	416.53	16.17	41.61	467.75
Educator Effectiveness & Professional Development							
Accelerated College Credit Instructor Program	0.26	0.26	0.27	0.27	0.27	-	0.54
Dyslexia Training Grants (NQTL)	-	1.90	-	1.97	-	-	-
Mentoring Grants (NQTL)	-	11.50	-	11.94	-	-	-
School Dist Collaboration Grant (NQTL)	-	13.50	-	14.01	-	-	-
Leadership Training Grants (NQTL)	-	2.50	-	2.60	-	-	-
Educator Professional Development Grants	-	-	-	-	-	15.00	15.00
Title IIA Teacher and Principal Grant	-	47.85	-	37.67	-	-	37.67
SUBTOTAL	0.26	77.51	0.27	68.45	0.27	15.00	53.21
Closing the Achievement Gap							
African American Education Plan Grants	6.00	6.00	6.23	6.23	6.23	3.81	10.04
Latino State Plan	-	-	-	-	-	1.00	1.00
Native American Education Plan Grants	-	-	-	-	-	3.19	3.19
Tribal Attendance Grants	1.55	1.55	1.61	1.61	1.61	-	1.61
Native American Curriculum Grants	1.80	1.80	-	-	1.80	-	1.80
English Language Learners Grants	-	10.43	-	10.83	-	-	10.00
School & Dist Turnaround Grants (NQTL)	-	2.00	-	2.08	-	-	-
Low Performing Schools Grants (NQTL)	-	2.50	-	2.60	-	-	-
Summer Learning Grants	-	-	-	-	-	3.00	3.00
Low Income: Title I, Part A	-	300.00	-	301.13	-	-	301.13
School Improvement Grants	-	10.00	-	20.38	-	-	20.38
Migrant Education (Title I, Part C) Grants	-	21.53	-	38.00	-	-	38.00
English Language Acquisition (Title III) Grants	-	22.77	-	13.38	-	-	13.38
Title IV-A Student Enrichment Grants (new 2018-19)	-	25.45	-	20.00	-	-	20.00
Title IV-B 21st Century Community Learning Centers	-	18.10	-	18.79	-	-	18.79
SUBTOTAL	9.35	422.13	7.84	435.01	9.64	11.00	442.32
Specialized Student Service Grant Programs							
Vision Screenings Reimbursements	1.00	1.92	1.00	3.00	-	-	1.86
Youth Corrections/Detention (YCEP/JDEP)	-	19.42	-	20.16	-	-	16.74
Transition Network Facilitator Grants (TNFs)	-	-	-	-	1.40	-	1.40
Early Intervention/Early Childhood Educ (EI/ECSE)	175.01	207.26	194.37	227.53	194.37	37.50	265.03
Regional Programs	27.68	60.40	28.73	62.69	28.73	-	62.69
Hospital Programs	1.37	7.05	1.42	6.85	1.37	-	7.57
Long Term Care and Treatment	18.94	44.81	19.66	47.08	16.72	-	41.74
Blind & Visually Impaired	1.00	6.04	1.04	2.68	-	-	1.60
Individuals with Disabilities Act (IDEA) Grants	-	261.60	-	271.53	3.31	-	274.85
Charter School Grants	-	7.00	-	7.27	-	-	7.27
Salem-Keizer Educ. Foundation (one-time for 2017-19)	0.25	0.25	-	-	-	-	-
SUBTOTAL	225.25	615.74	246.22	648.79	248.90	37.50	683.74
TOTAL K-12 GRANT-IN-AID PROGRAMS	454.06	1,967.53	607.98	2,310.21	487.36	751.52	2,739.25

The budget for early learning related Grant-in-Aid (GIA) programs for 2019-21 totals \$256.9 million General Fund and \$570.3 million total funds. This represents a 3.6% increase over 2017-19 for General Fund and 44.7% for total funds. Like the K-12 GIA programs, early learning GIA programs received over \$131 million in FSS resources as well as \$36 in new federal resources. Program detail is in the following table. Notable changes include:

- A number of early learning programs received Other Funds from the new FSS funding source including Relief Nurseries (\$2.8 million), Oregon Pre-Kindergarten or OPK (\$44.4 million), Preschool Promise (\$30.8 million), Early Head Start (\$22.3 million), Healthy Families (\$2 million), parenting education (\$1 million) Hubs for local coordination (\$2.2 million), and resources for early learning professional development (\$12.5 million). This funding is generally only available for the second year of the biennium.
- A new Equity Fund is established for the second year of the biennium with FSS resources to assist children and families in under-represented populations.
- Expanding federal funding under the Child Care Development Block Grant is incorporated into the budget. Funding of \$8.3 million is for the continuation of the Baby Promise pilot program started in late 2017-19 in three areas of the state to ensure quality infant and toddler child care. To support child care providers, \$12.9 million is available generally through the Child Care Resource and Referral programs (CCR&Rs). Finally, an additional \$20 million is transferred to the Department of Human Services for the Employment Related Day Care (ERDC) program. This additional funding is generally roll-up costs of expansions made in late 2017-19.
- Three programs have General Fund reductions – Focused Child Care (\$327,979), Kindergarten Readiness grants (\$700,000), and Early Learning Hub funding (\$500,000).

	2017-19 Legislatively Approved Budget		2019-21 Current Service Level (CSL)		2019-21 Legislatively Adopted Budget		
	<i>Millions of Dollars</i>						
	GF	TF	GF	TF	GF	OF-FSS	TF
EARLY LEARNING DIVISION							
Oregon Prekindergarten	150.69	150.69	156.42	156.42	156.42	44.40	200.82
Early Head Start	1.65	1.65	1.71	1.71	1.71	22.34	24.05
Preschool Promise	35.73	35.73	37.09	37.09	37.09	30.80	67.88
Healthy Families	24.84	29.50	25.73	30.57	25.73	2.00	32.57
Office of Child Care	2.08	33.14	2.16	29.79	1.83	-	44.58
DHS - Employment Related Day Care (ERDC) & Inclusive Child Care	-	104.69	-	97.45	-	-	117.45
Baby Promise	-	1.01	-	2.69	-	-	8.75
Preschool Development Grant (Birth to 5)	-	-	-	-	-	-	3.10
Early Childhood Equity Fund	-	-	-	-	-	10.00	10.00
Coaching / Professional Development	-	-	-	-	-	14.40	14.40
Relief Nurseries	8.92	10.99	9.26	11.41	9.41	2.80	14.21
Kindergarten Partnerships Initiative	9.07	9.07	9.41	9.41	8.71	-	8.71
Early Learning HUBs	14.97	17.77	15.54	18.44	15.33	2.19	20.42
Race to the Top	-	-	-	-	-	-	-
Other Early Learning Grants	-	-	-	-	0.72	2.67	3.39
TOTAL EARLY LEARNING DIVISION	247.94	394.22	257.31	394.97	256.95	131.59	570.33

Funding for Youth Development Grant-in-Aid programs for 2019-21 is \$14.1 million General Fund and \$24.6 million total funds. These are increases over 2017-19 of 7.6% and 21.8%, respectively.

Major changes for 2019-21 include a new youth Re-engagement program to be developed; it is funded in the second year of the biennium with \$4 million of FSS resources. This program is to assist in reconnecting youth with school and employment. A reduction of available Title XX funding for youth

development grant programs is backfilled with \$450,000 General Fund. A similar \$150,000 backfill is also made for Relief Nurseries in the early learning program.

As noted above, the staff at ODE for 2019-21 grew by a net 109 positions from 2017-19. Almost all of this growth is in three areas:

- The Fund for Student Success (FSS) legislation resulted in 72 new positions (51.95 FTE) including: 11 Early Learning Division positions for administering the new or expanded programs; 4 Youth Development Division positions to develop and administer the new Youth Re-engagement program; 17 positions to administer a variety of K-12 new or expanded programs; 7 positions for assisting lower performing school districts through student success or coaching efforts; 22 positions for the grant management and monitoring of the \$472.7 million in Student Investment grants to school districts; 5 positions for increasing district fiscal transparency; and 10 positions for support services and agency infrastructure.
- A total of 42 positions are established in the Early Learning Division. Most of them (35 positions) are for activities related to licensing, compliance, investigations, and assistance to child care providers. Many of the 35 positions are inspection/compliance staff and will reduce the caseloads of existing staff. Another 4 positions are for administering grants, legislative and rule coordination, family engagement activities, and managing evaluations of Division programs. Finally, three limited duration positions are continued for the Baby Promise pilot project.
- 10 positions are established for ODE agency support and infrastructure in areas including personnel, information systems, project management, procurement, and financial services.

	2017-19 Legislatively Approved Budget		2019-21 Current Service Level (CSL)		2019-21 Legislatively Adopted Budget		
	<i>Millions of Dollars</i>						
	GF	TF	GF	TF	GF	OF-FSS	TF
YOUTH DEVELOPMENT DIVISION							
Juvenile Crime Prevention	5.88	6.63	6.11	6.88	6.11	-	6.56
Gang Prevention & Intervention Grants	0.75	0.75	0.78	0.78	0.78	4.00	4.78
All Means ALL Grants	-	-	-	-	-	-	-
Youth & Entrepreneurship Grants	-	-	-	-	-	-	-
Career & Workforce Success Grants	-	-	-	-	-	-	-
Youth & Community	3.25	9.47	3.37	9.83	3.82	-	9.83
Youth & Innovation	3.17	3.17	3.29	3.29	3.29	-	3.29
Community Schools	0.10	0.16	0.10	0.17	0.10	-	0.17
TOTAL YOUTH DEVELOPMENT DIVISION	13.15	20.18	13.65	20.95	14.10	4.00	24.62

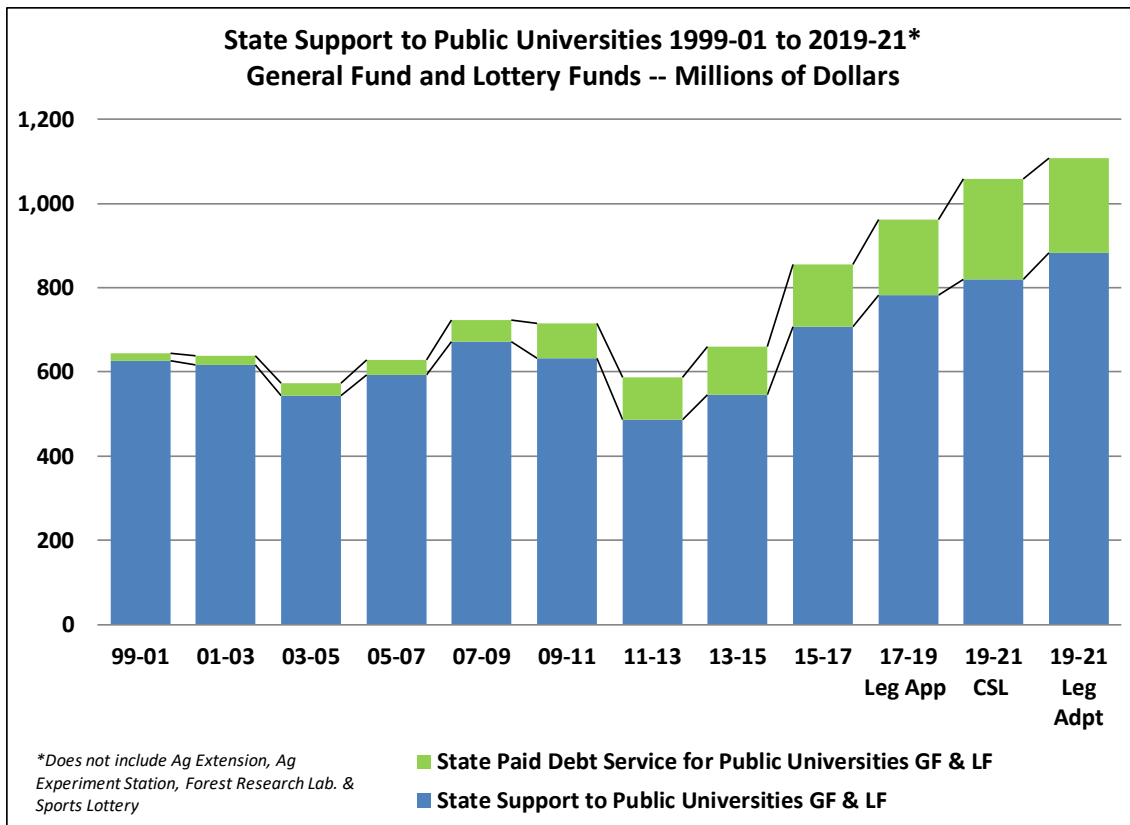
Post-Secondary Education (Higher Education Coordinating Commission)

State funded post-secondary education resources are generally channeled through the budget of the Higher Education Coordinating Commission (HECC), including the seven public universities that previously made up the Oregon University System, the 17 community colleges, the other components of the former Department of Community Colleges and Workforce Development (CCWD), the Oregon Health and Science University (OHSU), and the Oregon Student Assistance and Completion office (formerly the Oregon Student Assistance Commission or OSAC). Overall, the 2019-21 legislatively adopted budget for HECC is \$2.328 billion General Fund and Lottery Funds, an increase of \$277.2 million (or 13.5%) from the 2017-19 legislatively approved budget (including the portion of the OHSU budget in the Department of Administrative Services’ 2017-19 budget).

State Support for Public Universities

State General Fund support for the seven public universities in the 2019-21 legislatively adopted budget totals \$1.2 billion and Lottery Funds total another \$93.2 million. This is an increase of \$191.1 million (or 17.1%) of combined General and Lottery Funds from the 2017-19 legislatively approved budget. Public universities are no longer subject to Other Funds expenditure limitation by the Legislature, but Other Funds resources of \$286.5 million are included in HECC’s budget for capital construction projects (\$77.7 million), debt service on state-supported bonds (\$4.9 million), and non-state paid debt service on bonds supported with university revenues (\$203.9 million Nonlimited). Capital construction projects for public universities and community colleges are described in the State Bonding and Capital Construction section of this report.

General Fund support for the Public University Support program, which includes the instruction, research, and operating costs of the seven institutions, as well as certain public service program expenditures, totals \$881.9 million, which is a \$98.7 million (or 12.6%) increase from the 2017-19 level. The majority of this funding is for the Public University Support Fund (PUSF), which is allocated to the universities for instruction, student support, and research. For 2019-21, the PUSF totals \$836.9 million, which represents a \$100 million increase over the amount available in 2017-19. General Fund support for the State Programs area, which includes support for programs with a statewide focus, special programs that cross institutional lines, and one-time projects totals \$45 million. State funding for debt service and related costs is \$191.5 million General Fund and \$33.7 million Lottery Funds, for a total of \$225.2 million in the 2019-21 biennium. This represents a 25.6% increase over total 2017-19 General Fund and Lottery Funds debt service of \$179.3 million. The following graph illustrates the history of state support to public universities, as well as the increasing amount the state pays for debt service on bonds issued for the benefit of the public universities.



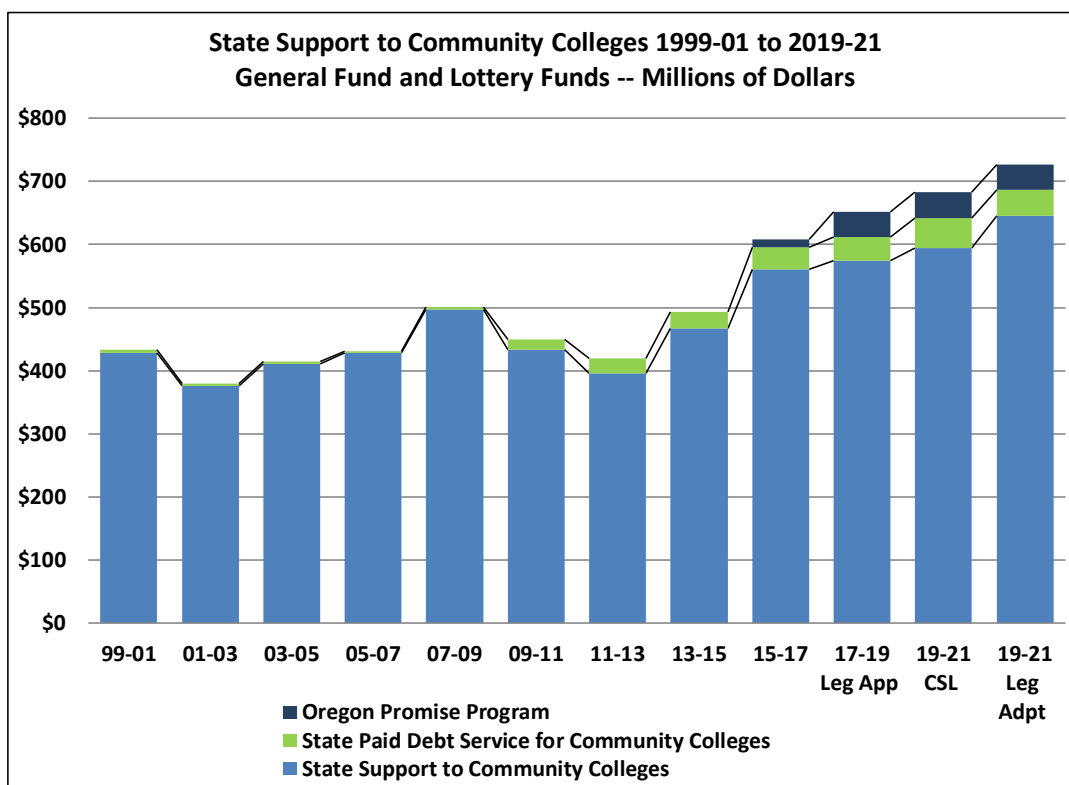
The Legislature increased General Fund support for the three Statewide Public Service programs (Agricultural Experiment Stations, the Extension Service, and the Forest Research Laboratory) at Oregon State University (OSU) by \$19.2 million to \$143.6 million, which is 15.4% above the 2017-19 budget, to maintain the cost of existing programs, as well as provide funding for investments in fire resilience and water management programs. The OSU Extension Service budget also includes \$45.3 million Lottery Funds for the statewide Outdoor School program established through the passage of Ballot Measure 99 in 2016. Lottery Funds support for Outdoor School represents an 88.8% increase over the \$24 million approved in 2017-19, reflecting the full biennial cost of the program. Sports Lottery funding was approved at \$14.1 million for the biennium, with the four technical and regional universities each receiving an increased allocation of \$2.4 million, and the remaining universities' allocations maintained at the levels approved in the prior two biennia.

State Support for Community Colleges

The 2019-21 legislatively adopted budget of \$726.3 million combined General Fund and Lottery Funds is \$74.2 million (or 11.4%) greater than the 2017-19 legislatively approved budget. This number includes the Community College Support Fund, the Oregon Promise program, and debt service on state bonds issued on behalf of Community Colleges. The Support Fund is the largest portion of this budget representing \$645.8 million, an increase of \$71.8 million (or 12.5%) General Fund over the 2017-19 legislatively approved budget of \$573.9 million. Almost all of the amount (\$640.9 million) is for payments to community colleges for general operations. Other funding includes \$3.3 million for assistance for underserved students (e.g., first generation students), \$592,655 for grants to two Skills Centers in the Portland area, and a one-time grant of \$975,000 to Treasure Valley Community College for a career and technical center.

Debt service accounts for \$40.3 million combined General and Lottery Funds, a slight increase over the \$38.2 million included in the 2017-19 budget. There is a total of \$24.9 million in capital construction Other Funds expenditure limitation for projects at Blue Mountain, Central Oregon, Klamath, and Treasure Valley community colleges.

A total of \$40.2 million is available for the Oregon Promise program, virtually the same amount as for 2017-19. This is slightly lower than the \$41.5 million estimated as the 2019-21 current service level. As a result, there may need to be some restrictions placed on the program to stay within its budgeted amount. The following graph shows the funding for a multi-biennia period for the programs described above.



State Support for Oregon Health and Science University

The 2019-21 legislatively adopted budget for HECC includes \$103 million General Fund for the Oregon Health and Science University (OHSU), which is an increase of \$3.9 million (or 4%) from the 2017-19 legislatively approved budget (including the funds for OHSU in the DAS budget for 2017-19). General Fund support includes \$79.2 million for the OHSU Schools of Medicine, Nursing, and Dentistry (\$61 million); the Area Health Education Centers and Office of Rural Health (\$4.8 million); the Oregon Poison Center (\$2.8 million); the Child Development and Rehabilitation Center (CDRC) (\$8.6 million); and a one-time investment in the Children’s Integrated Health Database (\$2 million). An additional \$23.8 million General Fund supports debt service payments due in 2019-21 on bonds issued for the benefit of OHSU. Funds appropriated to HECC for debt service on outstanding OHSU state bonds represents a 92.7% increase over the 2017-19 budget, due to the transfer of debt service on bonds issued for the Knight Cancer Institute from the Department of Administrative Services to HECC.

Oregon Opportunity Grants

The 2019-21 legislatively adopted budget of \$164.2 million total funds is an increase of \$18.1 million (or 12.4%) over the 2017-19 legislatively approved budget. The program is estimated to assist approximately 31,580 recipients at a maximum grant of 13% of prior-year cost of attendance in the first year of the biennium. The mix of funding for the program has changed considerably for 2019-21 with less reliance on General Fund (\$109.5 million) made possible with greater availability of interest earnings (\$40 million) from the Education Stability Fund and \$14.5 million in resources from the auction of tax credits for the program.

Other Programs of the Higher Education Coordinating Commission

The remainder of the HECC budget is composed of the Commission’s staff (148 positions, 137.37) and various smaller HECC-administered programs, including the Private Career Schools program, the Office of Degree Authorization, the ASPIRE program, student assistance programs, and a variety of other

programs. Oregon's workforce development programs are also included but they are primarily federally funded. Overall, the 2019-21 budget for this area is \$39.6 million General Fund and \$224.4 million total funds. Agency infrastructure staff including additional procurement, human resource, internal audit, and capital-related positions were added. Positions were also added for work related to credit transfer between post-secondary institutions, diversity activities, workforce system alignment, and for the Oregon Scholars program. Ten positions are added for the staffing of the Statewide Longitudinal Data System which is transferred from the Chief Education Office which sunsetted June 30, 2019.

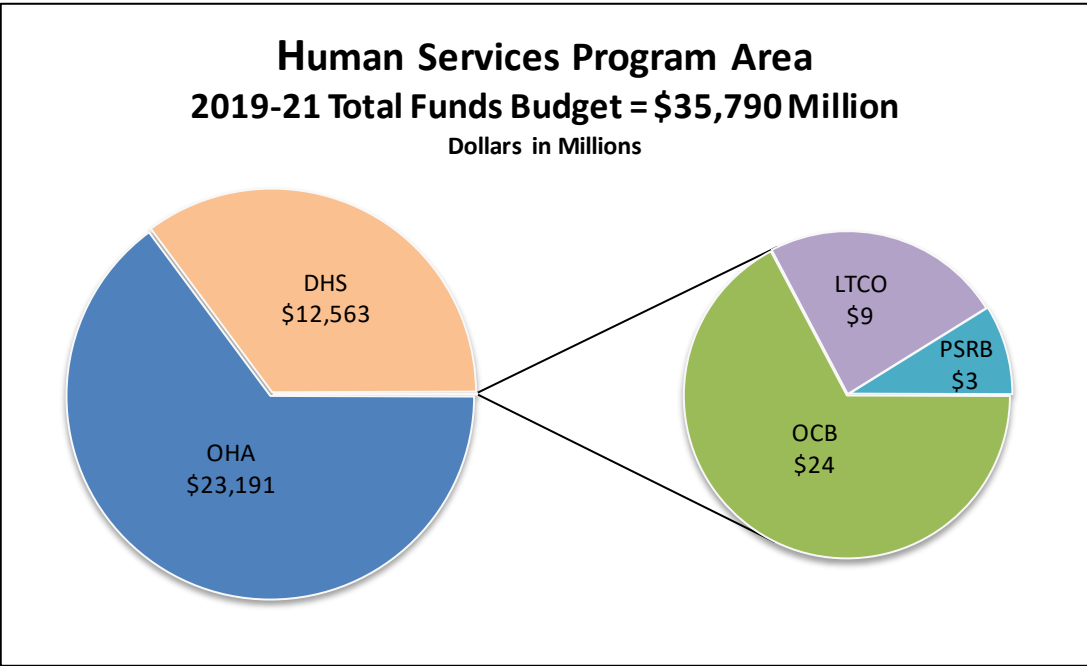
Teacher Standards and Practices Commission

The \$9.3 million Other Funds operating budget for the Teacher Standards and Practices Commission (TSPC) for 2019-21 is \$200,161 (or 2.2%) greater than the 2017-19 operating budget. The budget includes 26 positions (24.75 FTE). The budget establishes one new permanent position to assist in approving educator preparation programs at post-secondary institutions in the state and eliminates an information system position no longer required. A licensing position is transferred to the investigations unit to address the Commission's backlog in investigations. Three new permanent positions (2.25 FTE) are added to meet the requirements of SB 155 (2019) which establishes hard deadlines for investigations of abuse by licensed educators. It should be noted that the 2017-19 budget also included a one-time \$1.7 million General Fund appropriation to capitalize an ongoing account to provide financial assistance to teachers in offsetting the costs of applying and working on receiving the National Board Certification. Other Funds limitation is included as part of the 2019-21 budget for awards from this account. This 2019-21 budget assumes the Commission will need to increase fees during the 2019-21 biennium.

HUMAN SERVICES

The agencies in the Human Services program area work with local governments, private for-profit and non-profit organizations, communities, and individuals to provide cash and employment assistance, nutrition assistance, medical coverage, long term care, and other support to low-income individuals and families, including Oregonians with disabilities; intervene in cases of child abuse and neglect; offer treatment services to persons with mental disorders, alcohol, or drug addictions; regulate the state's public health system; supervise placements for those with mental illness who have been found guilty of committing a crime; and advocate for residents of long term care facilities.

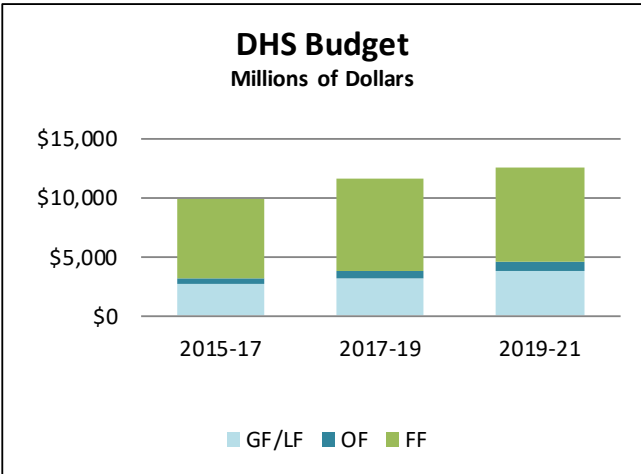
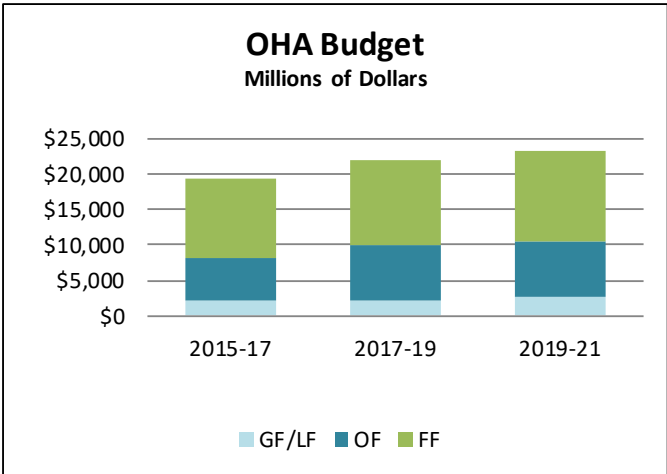
The 2019-21 legislatively adopted budget for the human services program area agencies totals \$6.609 billion combined General Fund and Lottery Funds, and \$35.790 billion total funds. This is a 22.6% increase over the 2017-19 legislatively approved budget in General Fund and Lottery Funds resources, and a 6.8% increase in total funds. The combined General Fund and Lottery Funds budget is \$1.218 billion more than the 2017-19 biennial budget, while the total funds budget for the program area is a \$2.267 billion increase from the 2017-19 biennium. The substantially higher percentage increase in General Fund is primarily due to investments in programs that receive lower levels of federal funding and to federal program modifications or match rate changes requiring more state financial participation.



The Human Services program area budget includes \$8.362 billion Other Funds, with Public Employees' Benefit Board/Oregon Educators Benefit Board resources making up just under half of the total. Other significant sources are Medicaid provider assessments, tobacco taxes, tobacco master settlement revenues, transfers from other agencies, and various fees.

At \$20.819 billion, Federal Funds include matching funds such as Medicaid, capped block grants such as Temporary Assistance to Needy Families (TANF), numerous other federal grants, and Nonlimited Federal Funds, primarily for Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits.

The previous chart shows the 2019-21 total funds budget for each of the five program area agencies, while the following charts provide budget comparisons over the last three biennia for the Oregon Health Authority (OHA) and the Department of Human Services (DHS).



Budget highlights for each agency in the program area are described below.

Oregon Health Authority

The 2019-21 legislatively adopted budget for the Oregon Health Authority (OHA) totals \$23.2 billion, which includes \$2.7 billion General Fund and 4,290 positions (4,243.01 FTE). The total funds budget represents a 6.2% increase from the 2017-19 legislatively approved budget and the General Fund budget represents an increase of 25.7% (or \$556.5 million).

The General Fund increase is largely driven by the level of funding needed to maintain Oregon Health Plan services due to decreases in federal Medicaid matching rates, or the Federal Medical Assistance Percentage (FMAP). Changes to the state's FMAP rates result in a cost shift of \$445 million from Federal Funds to the General Fund. Likewise, the General Fund must support a larger share of Oregon Health Plan expenses due to the loss of \$63.3 million in one-time Tobacco Master Settlement Agreement (MSA) revenue used in 2017-19, as well as an overall decline in on-going MSA and tobacco tax revenues.

The budget also incorporates changes to health care provider assessments, adjusts funding according to the forecasts for both Medicaid and non-Medicaid caseloads, and caps expenditure growth for the Oregon Health Plan, Public Employees' Benefit Board, and Oregon Educators Benefit Board at 3.4% per member per year. At a minimum, all core agency functions are maintained at existing levels and investments are made in several programs, particularly in the behavioral health and public health systems. To help minimize the overall impact on General Fund resources, the budget includes a non-caseload related savings target of \$10 million, recognizes vacancy savings across multiple programs, and leverages available Other Funds revenue to offset General Fund costs in certain programs.

More detail follows regarding OHA's five major program areas: Health Systems Division, Health Policy and Analytics, Public Employees' Benefit Board and Oregon Educators Benefit Board, Public Health, and the Oregon State Hospital.

Health Systems Division

The Health Systems Division (HSD) ensures the transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services; strengthening the coordinated care model; and improving health outcomes. The division supports both Medicaid and non-Medicaid programs with services delivered through coordinated care organizations (CCOs), federally qualified health centers, county-run behavioral health agencies, and community non-profit organizations.

HSD Medicaid supports the provision of health care services to over one million children and adults through the Oregon Health Plan. This population includes approximately 360,000 Oregonians who receive health care coverage as a result of the Affordable Care Act (ACA) expansion implemented in January 2014. Medicaid services are funded nationwide through joint state-federal partnerships in which the federal government matches costs through each state's FMAP rates. For the Oregon Health Plan, there are three caseloads that receive federal support according to a distinct FMAP: the ACA, non-ACA, and Children's Health Insurance Program (CHIP) caseloads. OHA matches federal Medicaid funds primarily with General Fund dollars, health care provider assessments, an intergovernmental transfer from the Oregon Health and Science University (OHSU), tobacco tax revenue, and MSA funds.

The non-Medicaid portion of the HSD budget supports community mental health and addiction programs for low-income people who do not qualify for Medicaid and services that are not eligible for federal Medicaid reimbursement. These programs are primarily supported with state funds, specifically General Fund, tobacco tax revenue, MSA funds, and marijuana tax revenue.

The 2019-21 legislatively adopted budget for HSD totals \$17.3 billion, of which \$1.8 billion is General Fund. The total funds budget represents a 6.9% increase from the 2017-19 legislatively approved budget and the General Fund budget represents a 39% increase. Compared to the 2019-21 current service level (CSL) budget, the General Fund budget reflects a decrease of 21.1%.

The largest impact on the General Fund is due to a decline in Federal Funds and Other Funds revenues available to support the Oregon Health Plan. As discussed above, decreases in Oregon's FMAP rates resulted in a \$445 million decrease in available federal revenue. This includes \$203 million due to the final stepdown of the ACA FMAP in calendar year 2020, \$166 million from a decrease in the non-ACA FMAP, and \$76 million from a decrease in the CHIP FMAP. A significant part of the CHIP FMAP decrease results from the phase-out of the 23-percentage point enhancement authorized for all states under the ACA. Half of this rate increase will be removed in federal fiscal year 2020 and will then be fully phased out in federal fiscal year 2021.

The HSD budget incorporates multiple changes to provider assessments. Consistent with the passage of HB 2010 (2019), the 1.5% insurer assessment is reestablished at 2% and expanded to include stop-loss insurance premiums. The Other Funds revenue generated by the 2% assessment helps offset General Fund costs in the Oregon Health Plan by \$281 million. The budget also includes adjustments to the diagnostic related group (DRG) and rural A/B hospital assessments. First, the 0.7% DRG tax authorized by HB 2391 (2017) expired on July 1, 2019. In its place, the budget increases the fully reimbursable DRG assessment from 5.3% to 6% with an effective date of January 1, 2020. This date coincides with the transition of DRG hospital reimbursements to a qualified directed payment (QDP) model similar to rural A/B hospitals. The budget increases the rural A/B hospital assessment from 4% to 5.5% as of January 1, 2020. The changes to the DRG and rural hospital assessments offset General Fund expenses in the Oregon Health Plan by a combined \$131 million.

The budget also adjusts Other Funds revenue related to changes in the OHSU intergovernmental transfer (IGT). This includes a \$25 million increase to the IGT contribution provided by OHSU, which offsets a like amount of General Fund. An additional \$116 million in General Fund savings is achieved through updated IGT revenue estimates consistent with program growth and through the use of on-going IGT revenue initially considered to be contingency revenue prior to the program's full biennial roll-out. Additional changes to Other Funds revenue include decreases in tobacco tax and MSA revenue. These changes result in a combined fund shift of \$97.8 million from Other Funds to General Fund to maintain services for both the Oregon Health Plan and non-Medicaid services.

The HSD budget is adjusted according to forecasted changes for both Medicaid and community mental health caseloads. Based on the Spring 2019 forecast, Medicaid caseloads are expected to increase by an average of 15,249 individuals compared to 2017-19 levels. Overall, the budget includes an increase of \$413.3 million total funds (\$73.8 million General Fund) to support Medicaid caseload changes. The forecasted change from 2017-19 to 2019-21 for community mental health caseloads reflects a decrease of 85 individuals, which is the net result of a decline in the civil commitment caseload and a slight increase in the guilty except for insanity caseload. Consistent with the forecasted community mental health caseload decrease, the budget includes a net decrease of \$15.3 million, which is all General Fund.

The Medicaid and non-Medicaid budgets include an increase of \$31.3 million General Fund as part of the \$50 million statewide behavioral health investment package. This funding supports certain recommendations from the Children and Youth with Specialized Needs Workgroup, including the

provision of intensive in-home behavioral health services, crisis and transition services, and school-based mental health and suicide prevention services. The investment will also fund community placements for Aid and Assist patients and support an increase to Medicaid and non-Medicaid fee-for-service behavioral health provider rates. Other key HSD investments include the following:

- CCO 2.0 – \$0.6 million General Fund and 9 positions (6.10 FTE) to support the agency’s on-going work to advance Oregon’s coordinated care model during the next five-year period of coordinated care organization (CCO) contracts, also known as “CCO 2.0;”
- Rental Assistance – \$4.5 million General Fund to support rental assistance payments and wraparound services for new permanent supportive housing units;
- Project Nurture – \$2.5 million General Fund to support addiction treatment for pregnant and postpartum women modeled after the Project Nurture program pursuant to HB 2257 (2019); and
- Project ECHO – \$1 million General Fund to improve health care workforce capacity and patient access to care for chronic and complex illnesses by supporting tele-mentoring and provider training through the Project ECHO (Extension for Community Healthcare Outcomes) initiative.

Health Policy and Analytics

The Health Policy and Analytics (HPA) Division provides agency-wide policy development, strategic planning, and clinical leadership. The division also develops statewide delivery system technology tools to support care coordination, health system performance evaluation reports, and CCO and delivery transformation support. The 2019-21 legislatively adopted budget for HPA is \$194.2 million total funds, which is a 0.8% increase from the 2017-19 legislatively approved budget. The General Fund budget is \$49 million, which is an 8.3% increase from 2017-19.

The relatively minor net increase in HPA’s total funds budget is mostly driven by the removal of Other Funds expenditure limitation related to the suspension of the Common Credentialing Program, as well as the transfer of funding and positions to the Health Systems Division based on organizational changes made in 2017-19. The budget also includes \$2.2 million total funds (\$1.3 million General Fund) and 8 positions (6.28 FTE) to support HPA’s role in CCO 2.0; \$0.7 million total funds (\$0.4 million General Fund) to support the reestablishment of the Mental Health Clinical Advisory Group under SB 138 (2019); and \$0.3 million General Fund as part of the statewide \$50 million behavioral health investment.

Public Employees’ Benefit Board / Oregon Educators Benefit Board

The Public Employees’ Benefit Board (PEBB) contracts for and administers medical and dental insurance coverage for state government and university employees. Although funding for PEBB is budgeted entirely as Other Funds, its revenue comes from the premium payments made mostly by the employers, of which approximately 45% is from the General Fund. The 2019-21 legislatively adopted budget for PEBB is \$2.1 billion Other Funds, which includes an increase of \$17.2 million to support PEBB’s share of the 2% insurer assessment.

The Oregon Educators Benefit Board (OEBB) contracts for insurance coverage for Oregon’s K-12 school districts, education service districts, and community colleges throughout the state, as well as some charter schools and local governments. Like PEBB, OEBB’s funding is budgeted entirely as Other Funds and is supported by revenue received from premium payments. OEBB’s 2019-21 legislatively adopted budget is \$1.7 billion Other Funds, which is an increase of 1.8% from 2017-19.

Both the PEBB and OEBB budgets include a combined increase of \$1.8 million to support the planning stage of a project to replace the benefit management systems used by both programs. The goal of this project is to implement an integrated benefit management system that enhances program coordination, improves access to plan information, and automates and streamlines essential business processes.

Public Health

The Public Health Division provides various services to promote and improve the health of all Oregonians and support the goals of Oregon's health care transformation. The division manages more than 100 prevention-related programs that halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. Public health services in Oregon are delivered through a collaborative system of federal, state, and local agencies; private organizations; and local communities. Within this system, much of the work is carried out by local public health authorities with assistance and oversight from the Public Health Division.

The 2019-21 legislatively adopted budget for the Public Health Division is \$731.9 million total funds, which is a 12.1% increase from the 2017-19 legislatively approved budget. The General Fund budget is \$94.8 million and reflects a 45.1% increase from 2017-19. This increase is driven by several investments, which include \$10 million to advance Public Health Modernization, in addition to the \$5 million approved for 2017-19; \$5.5 million to backfill declining medical marijuana revenue; \$5.1 million to support the phase-in of reproductive health services required under HB 3391 (2017); and \$2.9 million for a new voluntary universal nurse home visiting program.

The budget also includes Other Funds adjustments to support statutory and administrative fee changes. First, a \$1.9 million increase reflects the restructuring of Drinking Water Services fees authorized by SB 27 (2019). Instead of the program's current sanitary survey fee, the program will implement an annual regulatory fee to more adequately support drinking water safety regulations and respond to detection of contaminants. An increase of \$64,450 is included to support increased fees related to the regulation of food, pool, and lodging programs in accordance with SB 28 (2019). Most of this regulatory work is delegated to local public health authorities. The budget also includes an increase of \$111,511 to reflect the implementation of a waiver application fee in the Toxic Free Kids program. State law authorizes OHA to establish fees for this program through the administrative rules process.

Oregon State Hospital

The Oregon State Hospital is an integral part of the statewide mental health system, providing psychiatric care for adults from all 36 counties at the Salem and Junction City campuses. The State Hospital's 2019-21 legislatively adopted budget is \$606.8 million total funds, which is an increase of 4.6% from the 2017-19 legislatively approved budget. The General Fund budget is \$497.5 million, which is 2.3% less than the 2017-19 budget. The decreased level of General Fund is mostly due to increases included in the May 2019 rebalance to support 2017-19 costs which are not part of the 2019-21 budget.

The hospital's budget maintains the current level of services provided at both the Salem and Junction City campuses. It also includes approximately \$1 million General Fund to support costs related to heightened accreditation standards for patient safety and suicide prevention; \$1.9 million for collectively bargained nursing staff shift differential costs; and \$1.6 million to expand hepatitis C treatment to patients at the hospital.

Department of Human Services

The 2019-21 legislatively adopted budget for the Department of Human Services is \$3.855 billion General Fund, \$12.563 billion total funds, and 9,444 positions (9,324.14 FTE). The budget is 20.4% General Fund and 7.8% total funds more than the agency's 2017-19 legislatively approved budget.

Some trends that influence demand on agency programs and its budget include a growing population of older adults, an increasing number of people with disabilities, the rate of economic growth, a tight labor market in which housing and other living costs outpace wage increases, and regional dynamics that have limited economic recovery in many parts of rural Oregon.

A significant cross program budget component is approval of funding for the final development phase, implementation, and transition to Maintenance and Operations (M&O) of an integrated eligibility system, called the Integrated Eligibility (IE) project. This effort integrates enrollment and eligibility activities for several DHS programs into the system used by OHA. The 2019-21 estimated project cost of \$200.6 million total funds covers state staff costs of \$20.7 million, \$94 million for contracted information technology services, \$11.2 million for payments to OHA for its project work, and \$5.8 million for debt service. Other elements addressed in the project plan include cost allocation, contingency, legacy system work, hosting services, disaster recovery, and security enhancements.

Another agency-wide budget element is a budget note providing direction to the agency regarding the breakout of its budget appropriations into more detail for 2021-23 budget development. More detail follows for the agency's five major programs: Self Sufficiency, Child Welfare, Vocational Rehabilitation, Aging and People with Disabilities, and Intellectual and Developmental Disabilities.

Self Sufficiency

The agency's Self Sufficiency programs assist low-income families by helping them become stable and self-supporting. Services focus on basic needs, such as food and shelter, but also include job training, employment assistance, parenting supports, health care, and child care. The legislatively adopted budget is \$448.7 million General Fund and \$3.111 billion total funds; this is a 13.6% General Fund increase from the 2017-19 legislatively approved budget. The total funds budget is a 4.4% decrease due to adjusting Nonlimited expenditures downward to reflect an updated projection for Supplemental Nutrition Assistance Program (SNAP) benefit payments. Federal Funds limited expenditures increase by a net \$68 million, primarily due to moving \$40 million in federal Temporary Assistance for Needy Families (TANF) funding from the Child Welfare program to Self Sufficiency.

Nonlimited Federal Funds expenditures for SNAP (food stamps) make up 62.3% of the total budget for Self Sufficiency. At \$1.939 billion, SNAP benefit payments are projected to be \$275 million (or 12.4%) lower than in the 2017-19 biennium. The 2019-21 biennial average SNAP caseload forecast is 324,970 households, which is 10.9% lower than the 2017-19 projected average of 364,713 households.

By the end of 2019, the DHS caseload forecast projects TANF caseloads to fall to levels not seen since autumn 2006 (pre-recession levels). While both the caseload floor itself and the timing for reaching it have fluctuated in recent forecasts, the 2019-21 biennial average forecast is 17,405 families, which is 7.9% lower than the projected 2017-19 average of 18,902 families.

The Employment Related Day Care (ERDC) program is budgeted at \$179.8 million total funds (\$65.5 million General Fund and \$114.3 million Other Funds). The program's Other Funds expenditures are

supported by federal Child Care Development Fund dollars transferred to DHS from the Early Learning Division at the Department of Education. This funding level, which is a 12% increase over the 2017-19 level, is expected to allow the program to serve an average of 8,230 families over the biennium; the associated pricing is based on a cost per case of \$910 per month. About \$2.7 million of the budget will be used on a one-time basis to support a pilot incentive program for child care providers offering evening, night, and weekend child care.

Other budget actions include a one-time investment of \$2 million General Fund associated with HB 2508, which directs the Department to award grants to eligible refugee resettlement agencies providing services to refugees who reside in Oregon. Two food-related, one-time General Fund proposals were approved; \$1.3 million to help the Oregon Food Bank acquire and distribute food and \$1.5 million for the Double Up Food Bucks program, which matches SNAP benefits used at farmers' markets and helps clients take home more healthy food.

Child Welfare

The Child Welfare program conducts prevention, protection, and regulatory activities to keep children safe and improve their quality of life. Services include responding to reports of child abuse or neglect, providing in-home supports or out-of-home care when necessary, and arranging adoption or guardianship services and supports.

The 2019-21 legislatively adopted budget is \$775.5 million General Fund and \$1.353 billion total funds, which is 29% and 15.1% higher, respectively, than the \$601.1 million General Fund and \$1.175 billion total funds 2017-19 legislatively approved budget. Budget increases are primarily tied to maintaining base positions at risk of loss due to federal TANF funding realignment, adding new positions to address workload issues, and investing in efforts to help foster families. The Spring 2019 caseload forecast projects the program will serve an average of 21,455 children over the 2019-21 biennium, which is 1% lower than the 2017-19 biennial forecast average of 21,680 children.

A total of 272 positions (271.50 FTE) are added between biennia to help stabilize the program; the position mix was developed using mandated caseload workload model calculations coupled with a "best practices standard" approach. As the Department is actively working to update the workload model and workload continues to be a challenge for caseworker recruitment and retention, these resources are not expected to fully meet program needs. The budget also includes 16 (14.08 FTE) Mentoring, Assisting, and Promoting Success (MAPS) positions, which provide mentoring and other supports to first-year caseworkers; these new positions augment 50 added in the prior biennium.

Other investments targeted at helping improve program performance and capacity include:

- \$8.9 million General Fund and 46 permanent positions (38.51 FTE) for the Oregon Child Abuse Hotline. The agency's move to this centralized screening operation was initially accomplished by realigning existing positions and staff over an eight month period ending in early April 2019; more staff are needed to help handle a high volume of calls and mitigate caller wait times.
- \$3.8 million total funds and 17 positions (17.00 FTE) to develop a data-informed statewide foster family recruitment and retention team. A centrally located program manager will oversee a recruitment specialist located in each of the agency's 16 districts.
- \$3.1 million General Fund (\$7.8 million total funds) will pay for the statewide expansion of a former pilot program, called Keeping Foster and Kin Parents Supported and Trained. The program provides

weekly training to small groups of parents; the sessions cover parenting techniques and skills tailored specifically to each cohort's needs.

- \$2.3 million General Fund (\$3.9 million total funds) and 17.60 FTE to continue the Leveraging Intensive Family Engagement program at its current, limited level in five counties. The program was initially scheduled to be phased out by October 2019 since it was funded with expiring federal Title IV-E Waiver funds. The program supports monthly case planning meetings, enhanced family finding activities, parent mentors, and team collaboration.

In the 2017-19 biennium, the Department of Justice began providing full legal representation to DHS caseworkers. In the 2019-21 legislatively adopted budget, the last phase of program implementation is funded with \$12.7 million General Fund (\$23.3 million total funds). The funding covers program rollout costs for Clackamas, Clatsop, Marion, Multnomah, Union, and Washington counties, along with other position-related adjustments needed to adequately operate the program. Another investment continues planning and initiation work related to the OR-KIDS system, which is the state's primary child welfare data system, with 3.8 million General Fund (\$7.5 million total funds) and nine permanent positions (9.00 FTE). Federal rules require these systems to meet new standards regarding data quality and modularity.

A \$50 million General Fund statewide behavioral health investment package has two Child Welfare components. The first is a \$3.5 million General Fund appropriation (\$8.5 million total funds) to pay for therapeutic foster care home recruitment, training, and support. The second appropriates \$4 million General Fund to the Emergency Board to help increase capacity for non-Medicaid in-home services under the Family First Prevention Services Act. In addition to allowing federal dollars to help pay for prevention services, this new federal law also limits federal funding for children placed in a setting that is not a foster family home unless the setting is a qualified residential treatment program. The restriction is expected to affect services offered by existing providers, many of whom were already having difficulty attracting and retaining staff even before addressing new programmatic requirements. A related budget note directs the Department to assess and report back on workforce issues associated with the residential provider community and ways to help surmount regulatory barriers or other challenges.

Three budget reduction actions were approved to help make General Fund available for other program needs. These reduce the enhanced foster care budget by \$2.3 million General Fund; decrease the Strengthening, Preserving, and Reunifying Families budget by 50% (just under \$7 million General Fund); and trim the budget for Focused Opportunities for Children Utilizing Services placements by 25% (\$6.3 million General Fund, \$6.6 million total funds). This last program is supported mostly by General Fund and primarily serves children with specialized needs placed out-of-state; as the state develops in-state placements to help meet those needs, federal dollars can potentially be leveraged to help cover placement costs and stretch the state dollars further.

Vocational Rehabilitation

The Vocational Rehabilitation program assists youth and adults with disabilities to obtain, maintain, or advance in employment. The program's overarching goal is to help clients succeed in jobs that allow them to live as independently as possible, reduce or eliminate their need for publicly funded benefits, and be fully contributing members of their local communities.

The legislatively adopted budget is \$35.6 million General Fund and \$122.4 million total funds; the total funds budget is 4.2% above the 2017-19 legislatively approved budget. However, the General Fund budget is a 20.5% increase over the prior biennium primarily due to backfilling \$4.9 million in one-time

federal reallocation dollars with General Fund. The program's 2019-21 biennial average forecast is 10,347 clients, which is 0.9% higher than the 2017-19 forecast average of 10,252.

The budget continues essential services with an emphasis on improving employment outcomes for people with intellectual and developmental disabilities under the Employment First initiative and implementing program changes driven by the Workforce Innovation and Opportunity Act. Consistent with recent biennial practices, the budget includes \$4.5 million Federal Funds expenditure limitation to spend one-time Federal Fiscal Year 2018 reallocation revenue carried forward from the 2017-19 biennium; this action offsets a projected federal funding shortfall. To help the program collaborate with school districts to provide pre-employment transition services for all eligible students, the budget includes \$0.6 million Other Funds expenditure limitation and 3 permanent positions (3.00 FTE).

Aging and People with Disabilities

Aging and People with Disabilities (APD) programs provide long term care services to seniors and people with physical disabilities. Clients are served in their own homes, in community based care settings, and in nursing facilities. The legislatively adopted budget is \$1.207 billion General Fund and \$3.946 billion total funds, which is 18.5% and 11.5% higher, respectively, than the \$1.019 billion General Fund and \$3.541 billion total funds 2017-19 legislatively approved budget.

The legislatively adopted budget accounts for overall caseload growth and cost per case changes based on the Spring 2019 forecast; the program's 2019-21 biennial average forecast is 35,070 clients, which is 1% higher than the 2017-19 forecast average of 34,730. While the pace of overall caseload growth is forecasted to slow compared to recent history, the trend is steadily upward and shifts between lower cost (in-home) and higher cost (nursing facility) caseloads can heavily influence the budget.

The budget includes \$5.8 million total funds and 19 permanent positions (19.00 FTE) to implement two actions approved at the December 2018 meeting of the Emergency Board. Fifteen positions support compliance with a federal mandate requiring all nursing facility complaint investigations to be handled by the agency's Nursing Facility Survey unit; federal funding pays for 75% of the work. The other 4 positions will be used to embed case managers in hospitals; these staff can more quickly assess and place hospitalized individuals needing long term care Medicaid services upon discharge. The full cost of the positions will be paid for by the hospitals.

In the nursing facilities program, \$32.2 million from a projected carryforward balance in the long term care facility assessment (Other Funds revenue) is used in place of the same amount of General Fund on a one-time basis; the General Fund is then used to pay for several program needs:

- Rate increases for Assisted Living Facilities, Residential Care Facilities, Memory Care Facilities, In-Home Care Agencies, and Providence ElderPlace.
- Funding to increase rates for Adult Foster Homes within the APD program; these rates are also subject to collective bargaining.
- Twenty full-time permanent community-based care surveyor positions (10.00 FTE; phased in July 1, 2020) to help reduce a backlog of inspections and keep up with facility oversight.
- To address workload issues and a workload model that is out of sync with duties in local offices serving seniors and people with physical disabilities, the equivalent of 143 positions (71.50 FTE; phased in July 1, 2020) are added; most of these are case manager positions.

- Two positions (1.76 FTE) permanent full-time positions are approved to promote the effective use of emergency medical services by residents of licensed long term care settings and to support efforts of the quality measurement council.

The budget includes one reduction action eliminating \$1.3 million General Fund (discretionary, unmatched funding) used to fund evidence-based health promotion programs operated through local Area Agencies on Aging (AAA). The 2019-21 legislatively adopted budget maintains Oregon Project Independence (OPI), which provides in-home services outside of the Medicaid program, at current levels with \$28.1 million General Fund. A related budget note directs the Department to explore opportunities to obtain federal funding for OPI and for a potential family caregiver respite program.

Intellectual and Developmental Disabilities

The Intellectual and Developmental Disabilities (IDD) program provides services for Oregonians with intellectual and developmental disabilities of all ages. Services include in-home family support, intensive in-home supports, out-of-home 24-hour services delivered by proctor/foster care or residential care providers, and brokerage support services. The legislatively adopted budget is \$1.054 billion General Fund and \$3.085 billion total funds, which is 19.8% and 13.5% higher, respectively, than the \$880.5 million General Fund and \$2.719 billion total funds in the 2017-19 legislatively approved budget.

The legislatively adopted budget for IDD reflects continued caseload growth and budget pressure due to expanded services and costs per case for children and adults, primarily resulting from implementation of the K Plan. Based on the Spring 2019 forecast, the 2019-21 case management (overall client count) biennial average caseload forecast is 30,592 clients, which is 9.8 % higher than the 2017-19 average forecast of 27,860 clients; the budget accounts for this caseload growth and associated cost per case increases. The budget also includes payments to Community Developmental Disability Programs and brokerages for administering these services, however, the full cost to implement an updated workload model for these entities is not covered.

To help increase wages of direct support professionals (providers not represented by a labor union), the budget contains \$30 million General Fund (\$91.8 million total funds) to increase most IDD provider rates. The IDD budget includes part of the statewide \$50 million behavioral health investment; \$4.9 million General Fund (\$10.5 million total funds) and one permanent position (0.88 FTE) will help provide enhanced foster care services to about 140 youth and develop small group home settings for 12 youth.

Three program-related budget notes were approved, addressing IDD case management duties and training requirements; implementation of provider rate increases and new rate models; and rates for adult foster homes that are subject to collective bargaining.

Budget reductions are also taken to help support other program needs; no reductions are made to the Fairview Trust. The Trust is also sheltered from future budget reduction discussions via SB 491, which transfers the account balance to the Oregon Community Foundation.

Commission for the Blind

The legislatively adopted budget for the Commission for the Blind is \$6.6 million General Fund, \$24.2 million total funds, and 68 positions (66.00 FTE). This is an 87.6% increase in General Fund from the 2017-19 budget level due to a one-time appropriation of \$2.4 million General Fund and the establishment of 1 limited duration position (1.00 FTE) to support the replacement of an aging

vocational rehabilitation case management system used to record data on all clients receiving services and to track services provided. The system is mission critical to agency operations because it is used to satisfy federal reporting requirements and must be replaced as the current system software vendor has notified the agency that it will discontinue software maintenance and support as of December 31, 2020.

Long Term Care Ombudsman

The Long Term Care Ombudsman's 2019-21 legislatively adopted budget of \$7.7 million General Fund is 20.7% more than the 2017-19 budget of \$6.4 million General Fund, primarily due to the addition of three new deputy ombudsman positions that were approved in HB 3413 (2019). In addition, the adopted budget includes roll-up costs for 2 positions in the Oregon Public Guardian program that were approved during the 2018 session. The overall budget, at \$8.6 million total funds, is a 17.4% increase above the prior biennium funding level and supports 30 positions (19.14 FTE).

Psychiatric Security Review Board

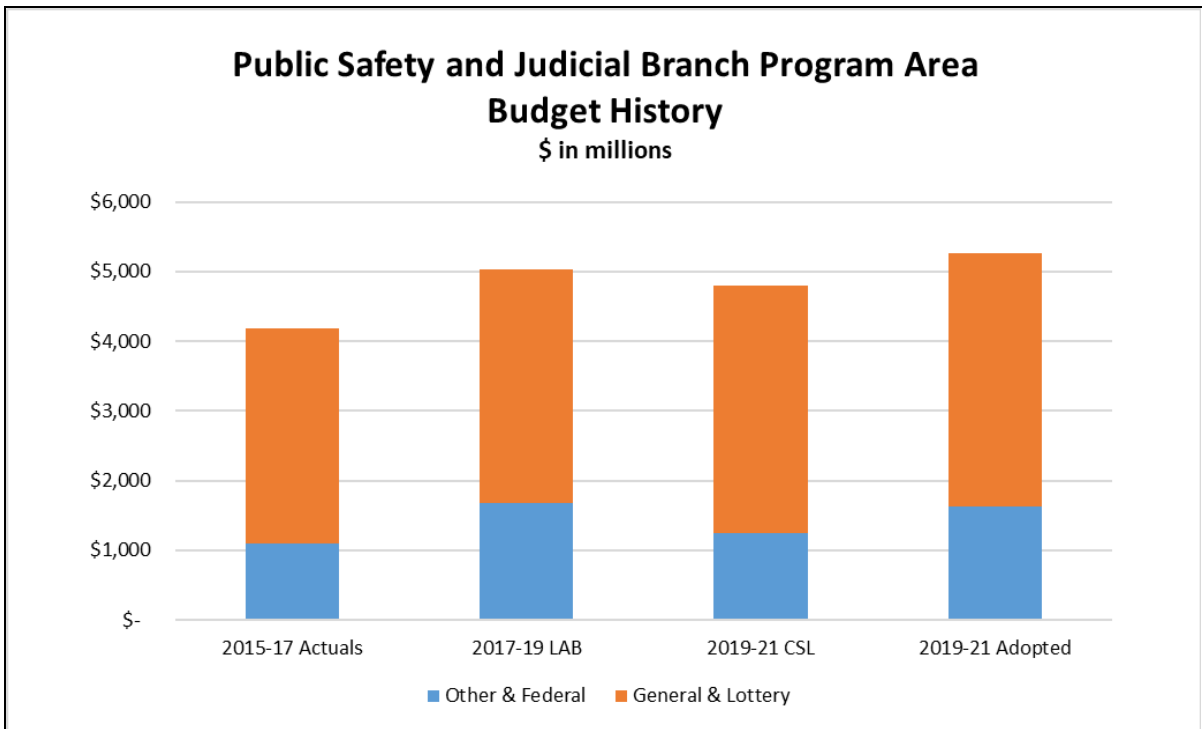
The mission of the Psychiatric Security Review Board (PSRB) is to protect the public by ensuring persons who have a psychiatric illness and/or intellectual disability and have been placed under the Board's jurisdiction as a result of committing a crime receive the necessary support to reduce the risk of future dangerous behavior. The PSRB was created in 1977 to supervise adults who are found guilty except for insanity (GEI) in criminal defense proceedings. The Board's functions have since been expanded to also include overseeing youth who are found to be responsible of a crime except for insanity and certain civilly committed individuals; conducting hearings for individuals to have their right to own a firearm restored following a prior mental health determination; and assessing the risk of sex offenders currently and previously under the Board's jurisdiction.

The PSRB's legislatively adopted budget is \$3.2 million, which is all General Fund. The budget supports 11 positions (11.00 FTE) and funds the Board at the 2019-21 current service level.

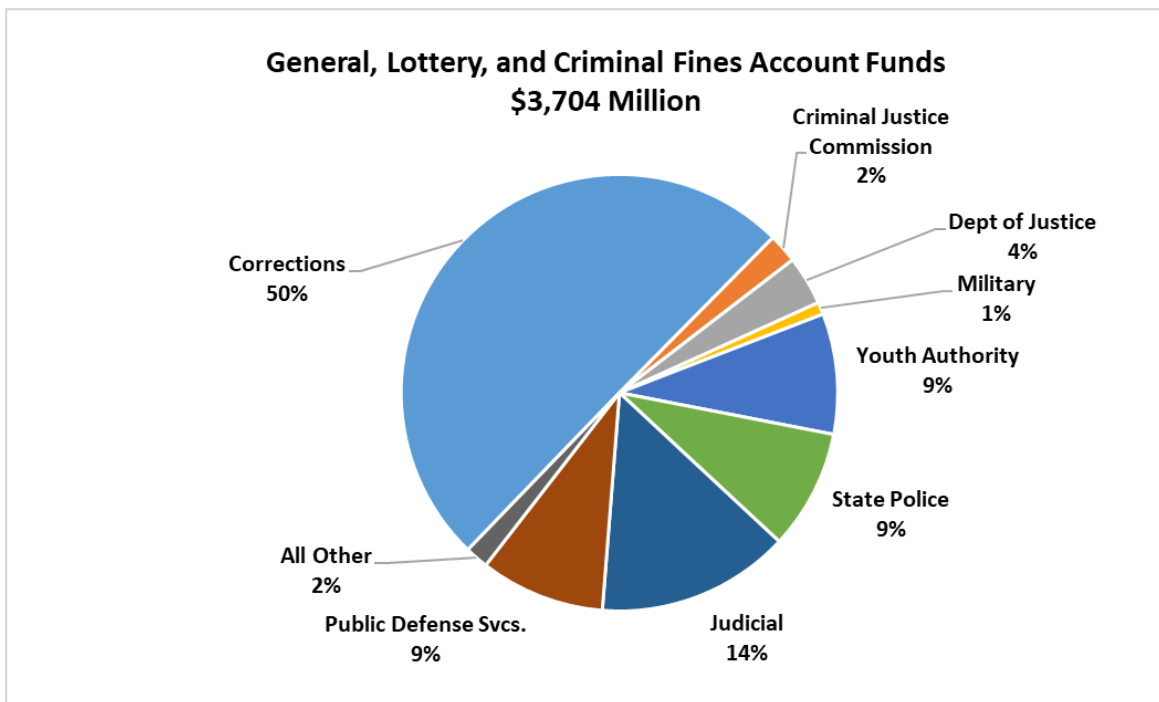
PUBLIC SAFETY AND JUDICIAL BRANCH

The agencies in the combined Public Safety and Judicial Branch program area ensure the safety of and justice for Oregonians by providing services through four interconnected systems: (1) community safety, law enforcement, homeland security, and resolution of civil matters; (2) prosecution and defense services related to the court system; (3) incarceration and related treatment services; and (4) prevention and intervention programs. Oregon counties are important public safety partners, providing community corrections and juvenile crime prevention programs, operating circuit courts, and building new court houses with funding provided by the state.

Public Safety and Judicial Branch programs and activities account for 15.4% of the statewide 2019-21 General Fund and Lottery Funds budget, and 6.1% of the statewide all-funds budget. Incarceration and supervision costs represent the largest share of state spending in the public safety program area by a significant margin.

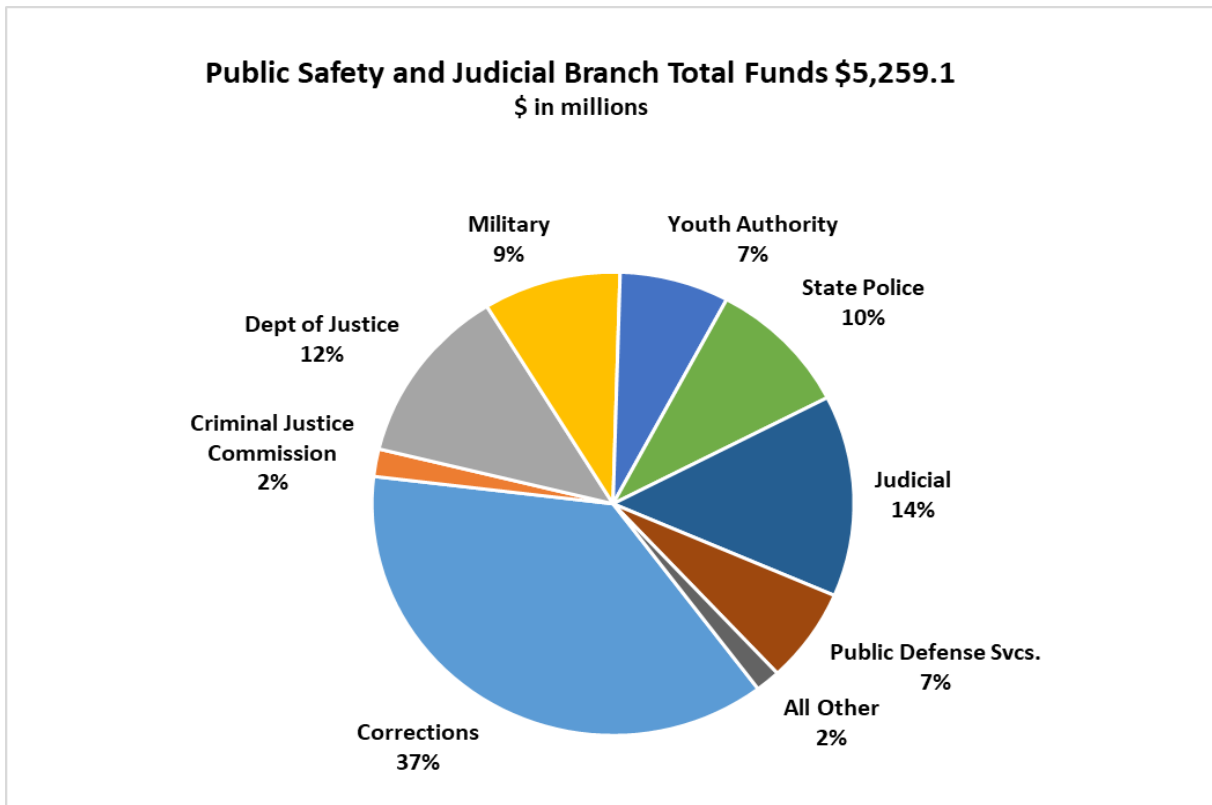


Several public safety agencies also receive Criminal Fine Account (CFA) revenues, as allowed by statute. Of the \$128.6 million total, \$76.8 million (or 59.7%) was allocated to public safety and judicial branch agencies. In agency budgets, the CFA funds appear as Other Funds, but because unallocated CFA funds are fungible (available for General Fund uses), they are included in the following chart.



Included in the All Other category are the Department of Public Safety Standards and Training, District Attorneys and Their Deputies, the Board of Parole and Post-Prison Supervision, and the Commission on Judicial Fitness and Disability.

The next chart shows each public safety agency's percentage of total public safety program area funds.



Included in the All Other category are the Department of Public Safety Standards and Training, District Attorneys and Their Deputies, the Board of Parole and Post-Prison Supervision, and the Commission on Judicial Fitness and Disability.

Criminal Justice Commission

The Criminal Justice Commission's (CJC) 2019-21 legislatively adopted budget is \$79.8 million General Fund, \$100.7 million total funds, and 23 positions (21.51 FTE). This is a 22.8% increase in General Fund from the 2017-19 legislatively approved budget level and a 32.7% increase overall. Policy bills added funding and responsibilities to the Commission's budget for 2019-21, as follows:

- HB 2631 added \$800,000 General Fund for a pass-through payment to the Oregon Justice Resource Center to create a pilot program to provide legal services to women incarcerated at the Coffee Creek Correctional Facility.
- HB 3064 added \$110,000 General Fund for research into how the CJC can distribute Justice Reinvestment grants more equitably.
- SB 577 added \$235,476 and 1 position (1.00 FTE) to develop a means of collecting data on reported bias crimes.
- SB 973 added \$10,639,462 million General Fund, established \$10 million Other Funds expenditure limitation, and added 3 positions (2.38 FTE) for a Behavioral Health Justice Reinvestment initiative.

Additionally, \$1,039,385 General Fund and \$636,633 Other Funds expenditure limitation was provided for the Statistical Transparency of Policing (STOP) Program; \$275,086 Other Funds expenditure limitation was added to spend grant proceeds on research into pretrial detention; and \$555,000 Ballot Measure 96 Lottery Funds replaced \$555,000 General Fund to support veterans' specialty courts.

Military Department

The Military Department's 2019-21 total funds budget is \$486 million, which is 7% more than the 2017-19 legislatively approved budget. General Fund is \$33.5 million, an increase of 20.2% from the 2017-19 budget level. The budget includes 517 positions (463.00 FTE). The 2019-21 budget also includes:

- \$2,552,425 Federal Funds expenditure limitation and \$193,354 Other Funds expenditure limitation to establish 24 positions (18.00 FTE) for wildland firefighting, facility maintenance, and National Guard support at various Military Department locations throughout the state.
- \$495,000 General Fund and \$707,960 Federal Funds expenditure limitation to address personnel costs, utility cost increases, and deferred maintenance at the Portland Air National Guard base and Kingsley Field.
- \$400,000 General Fund, \$305,185 Other Funds expenditure limitation, and \$1,683,492 Federal Funds expenditure limitation for the Oregon Youth Challenge Program expansion project.
- \$2,970,000 General Fund, on a one-time basis, and \$1,415,352 General Fund, on an ongoing basis, to address federal audit findings in the Office of Emergency Management.
- \$288,000 Other Funds expenditure limitation for the Generator Connector grant program.
- \$300,000 General Fund, on a one-time basis, to contract for a study of the Critical Energy Infrastructure Hub in Portland.
- \$21,927,000 of Article XI-Q bond proceeds and six year capital construction expenditure limitation for renovation of and capital improvements to the Salem and Pendleton Army Aviation Facilities, the Owen Summers Building and Anderson Readiness Center in Salem, an armory service life extension project (ASLEP) at the Jackson Armory in Portland, and the construction of exhibit space at the Oregon Military Museum at Camp Withycombe in Clackamas.
- \$28,500,000 of Federal Funds and six-year capital construction expenditure limitation for the Salem Owen Summers Building and Anderson Readiness Center renovations, construction of a tactical unmanned aerial vehicle facility in Boardman, a wastewater treatment project at Camp Umatilla, and an ASLEP at the Grants Pass Armory.

Department of Public Safety Standards and Training

The legislatively adopted budget for the Department of Public Safety Standards and Training is \$9.7 million General Fund for debt service, \$48.1 million Other Funds (including \$32 million Criminal Fines Account revenue), and \$7.7 million Federal Funds for a total biennial budget of \$65.5 million, including 152 positions (149.87 FTE). The 2019-21 budget is 2.8% less than the 2017-19 legislatively approved budget. The budget reduces four basic police classes, \$2,552,000 Other Funds and 8 positions (8.00 FTE); adds \$329,156 Other Funds expenditure limitation and 2 positions (1.50 FTE) for the Statistical Transparency of Policing (STOP) program; adds \$436,945 Other Funds expenditure limitation to address critical deferred maintenance projects at the Public Safety Academy campus; and adds \$325,955 Federal Funds expenditure limitation, on a one-time basis, in order to spend grant funds on a new fire truck.

Oregon Youth Authority

The Oregon Youth Authority's 2019-21 budget is \$330.7 million General Fund, \$385.9 million total funds, and 1,008 positions (980.88 FTE). General Fund is increased by 5.8% over the 2017-19 legislatively approved budget, while total funds are 6.1% less, due entirely to Capital Construction expenditure limitation that is \$43 million lower than in 2017-19. Additional budget adjustments include:

- Funding for community residential treatment beds was reduced by \$2,200,000 General Fund, to reflect lower-than-anticipated demand for residential treatment services.

- \$750,000 General Fund and \$24,218 Federal Funds expenditure limitation was provided to begin planning an upgrade to the Juvenile Justice Information System.
- Vocational Education Services for Older Youth (VESOY) service provider funding was improved with \$560,699 General Fund.
- \$155,655 General Fund and 0.75 FTE was added to improve dental services for young women in the Oak Creek Youth Correctional Facility.
- A \$6 million net-zero re-allocation of budgeted funds between program areas added 33 positions (33.00 FTE) in the Facilities program and 3 positions in the Program Support program. It also reduced residential treatment beds by 60 in the Community Services program.
- \$6,369,577 in Other Funds six-year Capital Construction expenditure limitation was added to renovate medical and dental clinic spaces at the Tillamook and Oak Creek Youth Correctional Facilities, to renovate the infirmary and pharmacy spaces at MacLaren, and to update control rooms in OYA facilities.

District Attorneys and Their Deputies

The budget for District Attorneys and their Deputies is \$12.8 million General Fund and is a 3.7% decrease from the 2017-19 legislatively approved budget, with the reduction attributable to the elimination of one-time funding for grand jury recordation in three pilot counties and a decrease in Department of Administrative Service's risk assessments. The 2019-21 legislatively adopted budget is a current service level budget sufficient to pay for the salaries and benefits of District Attorneys as well as state assessments. The budget includes 36 positions (36.00 FTE).

The Legislature enacted SB 505 (2017) requiring District Attorneys to electronically record all grand jury proceedings, as well as to store and maintain copies of the audio recording. Three counties began recordation on March 1, 2018 and the remaining 33 counties began on July 1, 2019. A \$3 million special purpose appropriation to the Emergency Fund was established for implementation costs. A budget note directs the Judicial Department, District Attorneys, and the Association of Oregon Counties to identify how grand jury recordation can be delivered in the most efficient, consistent, and economical method across the state given the Legislature's funding of similar recordation services in circuit courts.

Department of Justice

The budget for the Department of Justice is \$653.6 million total funds, including \$114.8 million General Fund, \$351.8 million Other Funds, and \$187 million Federal Funds. The total funds budget is \$29.5 million (or 4.7%) more than the 2017-19 legislatively approved budget. The budget includes 1,453 positions (1,420.13 FTE).

The 2019-21 billable Attorney General rate for agencies will increase from \$182 for the 2017-19 biennium to \$214 and is estimated to generate \$229.3 million. The rate is a 17.6% increase over the 2017-19 biennium. Noteworthy is that the 2017-19 legal services rate was kept artificially low to consume excess cash reserves in the Legal Services Fund. The average increase in the rate for the 2017-19 and 2019-21 biennia is 10.8%.

Continued funding is provided for: Victims of Crime Act grant funding (\$30.3 million); backfill of a revenue reduction in Division of Child Support (\$17.8 million); funding for the final phase of the Child Support Enforcement Automated System project (\$17.1 million), plus a data center contract with a private vendor (\$4.2 million); and homeland security and urban area security grants (\$569,430). The

agency's internal audit function was in-sourced with the establishment of an audit position. The Defense of Criminal Convictions was fully funded at forecasted caseload (\$26.8 million).

Enhanced funding is provided for: juvenile dependency representation (\$16.7 million); legal services to agencies (\$6.1 million); intra-agency charges to fund administrative expenses (\$8.4 million); investments in information technology infrastructure (\$5 million), including the re-initiation of the Legal Tools project (\$595,610); debt service (\$1.5 million); Financial Fraud/Consumer Protection (\$435,525); and additional support for the Oregon Crime Victims Law Center (\$700,000), among other lesser increases.

New funding was provided for: HB 2006 and housing for victims of domestic and sexual violence (\$3 million); SB 577 and a Hate Crimes Coordinator and hotline service (\$247,833); permanent support of the Child Support Enforcement Automated System (\$2.9 million); and consumer privacy fraud protection (\$486,637).

Reductions in the budget include: General Fund reduction to the Criminal Justice Division (\$772,727); reduced allocations for the Criminal Fines Account (\$2 million) and Master Tobacco Settlement Account (\$1.6 million) and the elimination of vacant positions (\$5.1 million). Reductions were also made to eliminate excess or unneeded Other Funds expenditure limitation in the Mortgage Mediation program (\$2.8 million); enforcement of the Tobacco Master Settlement program (\$300,000); and information technology operations and maintenance costs (\$400,000). A shift from Other Funds to General Fund eliminated \$6.3 million in the double-budgeting of most expenditures in the Criminal Justice program.

Finally, DOJ will transfer to the General Fund \$46 million of surplus Protection and Education Account funds from major legal settlements (HB 2377).

Department of State Police

The legislatively adopted total funds budget for the Department of State Police (OSP) is \$506 million, which is comprised of \$318.4 million General Fund, \$164.9 million Other Funds, \$10 million Lottery Funds, \$12.6 million Federal Funds, and 1,402 positions (1,382.29 FTE). General Fund increased by 9.6%; the total funds budget is 7.8% higher than the 2017-19 legislatively approved budget. A reduction of \$9.5 million General Fund was replaced with \$8.5 million of marijuana tax revenues and \$1 million of Ballot Measure 76 lottery revenues, for no net change to agency funding.

The Legislature made significant investments in OSP infrastructure, including:

- \$4,135,056 General Fund to support OSP's 35% share of the State Radio System.
- \$3,160,562 General Fund for mobile technology lifecycle replacements.
- \$2,626,579 General Fund for the last phase of vehicle purchases, intended to provide every trooper with his or her own assigned vehicle.
- \$9,523,086 General Fund, \$1,668,298 Other Funds expenditure limitation, and 26 positions (26.21 FTE) to resolve double-filled and re-classified Patrol support positions, fund shift differential and overtime budget shortfalls, and add new positions across the agency.

The State Police assumed responsibility for two new programs as of July 1, 2019. The Ignition Interlock Device program was transferred from the Department of Transportation to OSP, adding \$1,950,454 Other Funds expenditure limitation and 5 positions (5.00 FTE). This fee-supported program oversees ignition interlock devices, companies, service centers, and technicians throughout Oregon. OSP's Fish

and Wildlife Division will partner with the Department of Fish and Wildlife's Anti-Poaching Initiative, adding 5 positions (5.00 FTE) and \$2,389,141 Other Funds expenditure limitation to improve detection of wildlife poachers and strengthen enforcement of fish and wildlife laws.

Department of Corrections

The Department of Corrections (DOC) operates the state's 14 prisons, where adult and certain juvenile felons sentenced to prison for more than twelve months are incarcerated. The April 2019 prison population forecast projects an average of 13,271 men and 1,197 women to be housed during the 2019-21 biennium. The Department is also responsible for community corrections offenders sentenced or sanctioned to prison for 12 months or less, known as the local control population, and all felony offenders under community supervision for parole or probation. These offenders are managed by the counties, except for Douglas and Linn counties, which are managed by DOC. In total, the community corrections population is forecast to be 30,074 by the end of the 2019-21 biennium.

The 2019-21 legislatively adopted budget for DOC is \$1.85 billion General Fund, \$1.95 billion total funds, and 4,731 positions (4,699.06 FTE). General Fund is 8.6% higher than the 2017-19 legislatively approved budget and total funds are 8.9% higher. Other Funds of \$95.3 million include \$4.6 million of Criminal Fines Account revenue. The budget includes both operational improvements and investments in infrastructure, including:

- \$1,500,000 General Fund to begin implementation of an electronic health records system.
- \$2,480,000 General Fund for computer lifecycle replacements and software licenses.
- \$12,556,301 General Fund and 5 positions (5.00 FTE) to address a significant backlog of deferred maintenance in DOC's prisons and administrative buildings.
- \$1,625,260 General Fund for annual fire suppression system testing.
- \$1,650,000 General Fund to upgrade the Corrections Information System.
- \$7,949,899 General Fund and 40 positions (37.84 FTE) to pilot hospital security watches at three DOC institutions.
- \$1,069,388 General Fund and 10 positions (7.50 FTE) to pilot the use of Certified Medication Aides for dispensing daily medications to adults in custody.

The Legislature approved \$47.1 million in Other Funds capital construction expenditure limitation for Article XI-Q bond proceeds for the agency to continue addressing its deferred maintenance and capital construction requirements, and to upgrade and replace camera and radio system infrastructure. Bonds will be issued throughout the biennium, requiring new debt service of \$1,956,975 General Fund in the 2019-21 biennium.

Board of Parole and Post-Prison Supervision

The 2019-21 legislatively adopted budget for the Board of Parole and Post-Prison Supervision is \$8.8 million total funds, a decrease of 3% from the 2017-19 budget. All but \$11,682 of the total funds budget is financed with General Fund. The budget continues 25 positions (25.00 FTE).

Judicial Department

The 2019-21 legislatively adopted budget for the Judicial Department (OJD) of \$739 million total funds is 2.8% greater than the 2017-19 legislatively approved budget. The budget supports 1,935 positions (1,817.22 FTE), a 2.3% increase in FTE from the prior biennium. The Department's operating costs are primarily supported by General Fund. The \$519.8 million of General Fund support is 14.4% higher than

the prior biennium level. The agency is also projected to carry forward approximately \$1.5 million of General Fund from 2017-19, which will be added to its 2019-21 biennium budget without additional legislative action. Key provisions of the budget include the following enhancements, reductions, and adjustments:

- \$135 million of Article XI-Q bond proceeds (Other Funds) for the state share of courthouse replacement project costs in Clackamas (\$31.5 million), Linn (\$15.9 million) and Lane (\$87.6 million) counties. This brings total state bonding for the Lane and Linn county projects to \$94 million and 32.7 million, respectively. Future requests are anticipated for all three projects.
- \$27.8 million of Article XI-Q bond proceeds (Other Funds) for renovation of the Oregon Supreme Court building, including seismic updates, energy efficiency improvements, and various systems and safety code upgrades, bringing the two-biennium total Article XI-Q bond proceeds for this project to \$33.8 million. The budget includes \$5.3 million General Fund for project costs that cannot be financed with bonds.
- \$8.5 million of Article XI-Q bond proceeds (Other Funds) to purchase state-owned furniture and equipment for the new Multnomah County Courthouse, bringing the total costs for state-owned furniture, fixtures, and equipment at the facility to \$17.4 million. The budget includes \$750,000 General Fund, on a one-time basis, for related OJD moving expenses.
- \$6.7 million Other Funds for activities funded from the State Court Facilities and Security Account, including emergency preparedness, court security training, and courthouse capital improvements.
- \$2.1 million of Article XI-Q bond proceeds are provided to finance the costs of issuing the bonds for the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF) and capital construction projects.
- \$2 million General Fund for planning of a replacement courthouse for Benton County. This funding establishes no obligation for the state to provide additional support for this project.
- \$1.1 million General Fund and 8 positions (4.50 FTE) to establish two new circuit court judgeships: one in Jackson County and one in Marion County. The new judgeships are established on July 1, 2020.
- \$1.3 million General Fund to increase judges' annual salary by \$5,000 effective July 1, 2020.
- \$1.8 million General Fund and 9 positions (9.00 FTE) to support implementation of SB 24 (2019) and SB 973 (2019) related to supports and services for people with serious mental illness and substance additions.
- \$12.3 million General Fund for Legal Aid services, a 3% increase from the 2017-19 legislatively approved budget.
- A \$5 million General Fund reduction was made to help balance the statewide General Fund budget. These reductions are equivalent to approximately 1.4% of the Department's operations budget. The Judicial Department is given flexibility in implementing the reductions, to minimize their impact on judicial operations.

Public Defense Services Commission

The 2019-21 legislatively adopted budget for the Public Defense Services Commission (PDSC) of \$346.4 million total funds is 10% greater than the 2017-19 legislatively approved budget. The budget supports 81 positions (80.80 FTE), an increase of 4 positions compared to the prior biennium. The agency's operating costs are primarily supported by the General Fund. The \$342 million of General Fund support is 10.4% greater than the prior biennium level. Key provisions of the budget include the following enhancements and adjustments:

- \$3.5 million General Fund to extend the Parent Child Representation Program to Multnomah County effective July 1, 2020. Multnomah will be the sixth county in which the program is being implemented, joining Columbia, Coos, Lincoln, Linn, and Yamhill counties.
- \$603,237 General Fund for Appellate Division compensation adjustments aimed at achieving parity in attorney compensation, between the PDSC and the Department of Justice.
- \$322,000 General Fund to lease an additional 6,500 usable square feet office space in Salem.
- \$263,810 General Fund to support two limited duration Accounting Technician positions to improve payment processing timeliness, as well as \$300,000 General Fund for IT contract services related to replacement of the existing financial management system.
- \$261,678 General Fund and 2 positions to implement improved contract oversight and quality assurance.
- The Professional Services Account was reduced by \$7 million General Fund to help balance the statewide General Fund budget. The reduction represents about 40% of the \$17 million General Fund added in 2019-21 for inflation in contractor services and supplies costs.

Two special purpose appropriations to the Emergency Fund (and related budget notes) were adopted for the Public Defense Services Commission: one for \$2 million General Fund for acquisition of a new financial/case management system, and another for \$20 million for caseload, including activities to reduce public defender caseloads, and implementations of an improved public defense contract model.

Commission on Judicial Fitness and Disability

The 2019-21 legislatively adopted budget for the Commission on Judicial Fitness and Disability of \$274,890 General Fund is 8.8% above the 2017-19 legislatively approved budget. The increase is due to standard inflation, the addition of \$16,000 General Fund to pay for compensation adjustments made at the end of the 2017-19 biennium, and for up to 20 hours a month of administrative support. The Commission has just one half-time Executive Director position, and the amount of materials necessary to provide the volunteer members of the Commission adequate information on specifics of complaints requires additional support work.

ECONOMIC AND COMMUNITY DEVELOPMENT

Agencies in the Economic and Community Development program area include the Oregon Business Development Department, Employment Department, Housing and Community Services Department, and Department of Veterans' Affairs. These agencies' missions are centered on supporting Oregonians' prosperity by supporting business opportunities, enhancing the state's workforce, alleviating poverty, and contributing to personal wealth through homeownership opportunities. The agencies are funded through a mix of General Fund, Other Funds (including fees for service, interest income, and bond proceeds) and Federal Funds. Lottery Funds are allocated to support debt service on lottery bond proceeds issued in previous biennia for agency programs, for economic development initiatives in the Business Development Department, and for support of veterans' services in the Department of Veterans' Affairs.

Oregon Business Development Department

The 2019-21 legislatively adopted budget for the Oregon Business Development Department (OBDD) totals \$1,079.9 million, a \$243.3 million (or 29.1%) increase over the prior biennium and includes 140 positions (138.63 FTE). The increase is the result of expanded support for lottery bond-funded projects

and programs, additional General Fund for debt service costs, and increased General Fund and Lottery Funds support for agency programs. These increases are partially offset by reductions in Lottery Funds debt service and program support.

The OBDD budget includes \$200.9 million of state support (General Fund and Lottery Funds), including \$127.4 million of Lottery Funds. The state support total is \$28.5 million (or 16.6%) above the prior biennium level. The increase is primarily due to debt service requirements on outstanding and authorized general obligation bonds. Lottery Funds and General Fund debt service costs are \$16.1 million (or 18.3%) above the prior biennium level. Lottery Funds and General Fund expenditures for the agency's other operating and program costs are increased by \$12.4 million (or 14.8%) over the prior biennium level.

Other Funds expenditures increased \$171.7 million (or 44.8%) over 2017-19 as a result of limitation provided for new bond authorizations and for bond proceeds carried forward from the prior biennium budget. A significant portion of bonds approved in the 2017-19 biennium were not issued until spring 2019, so many of the expenditures financed by those bonds are included for disbursement in the 2019-21 budget. Nonlimited Other Funds also increased \$41.4 million (or 17.3%) over the prior biennium for bonds authorized to capitalize the agency's infrastructure revolving loan funds. The approved budget provides \$226.4 million of lottery revenue and general obligation bond proceeds for agency programs, an increase of 25.5% over the \$180.4 million provided in the 2017-19 budget. General Fund and Lottery Funds debt service costs on these bonds are projected to total \$38 million per biennium when the costs fully phase-in during the 2021-23 biennium, and \$372.5 million in total over the term of the bonds.

The budget for the agency includes the following highlights:

- Lottery Funds support for the Oregon Innovation Council (Oregon InC) was reduced by \$1.6 million, resulting in a total of \$17.3 million authorized for Oregon InC initiatives.
- \$2 million was added to the Strategic Reserve Fund (SRF), bringing ongoing Lottery Funds support for new projects to \$9 million and total Lottery and Other Funds combined support to \$11.1 million. An additional \$3.7 million Lottery Funds limitation is also included to expend the estimated beginning balance of SRF project awards.
- \$10 million of one-time General Fund was approved for the new University Innovation Research Fund (UIRF), which will support grants to public universities and the Oregon Health and Science University to match competitive federal research awards.
- Lottery Funds support for operating and research expenses of the Oregon Manufacturing Innovation Center (OMIC), a collaboration between business, academic, and government partners in Columbia County to enhance innovation and competitiveness in the metals manufacturing and advanced manufacturing sectors, was increased by \$5 million, bringing ongoing OMIC operations support to \$8.7 million.
- \$6 million of Lottery Funds were allocated for a new Tide Gates and Culverts Program; however, only \$1 of expenditure limitation was provided pending a request from the agency that includes a proposal for distributing grants and loans for the repair and replacement of tide gate and culvert infrastructure.
- General Fund debt service of \$4.5 million was included for general obligation bonds approved to support the Seismic Rehabilitation Grant Program. These funds will allow \$50.6 million of seismic rehabilitation bonds for schools and \$10.1 million for emergency services facilities to be issued in the spring of 2020. The remaining \$60.8 million of authorized seismic bonds are not scheduled to

be issued until spring of 2021 and will not require debt service payments during the 2019-21 biennium.

- \$3.6 million of Lottery Funds were added for one-time infrastructure grants to the City of Sandy, Levee Ready Columbia, Port of Port Orford, and the City of Astoria.
- \$2.1 million of one-time Lottery Funds was provided to the Arts Commission for grants to four designated cultural institutions.
- \$750,000 of Lottery Funds was added on a one-time basis for the Rural Opportunities Initiative (ROI) grant program, which supports entrepreneurship-based economic development in rural communities.
- \$700,000 of combined Lottery and Other Funds were approved to replace the agency's legacy financial portfolio management system with an application that will allow continued management of financial awards, as well as additional functionality for tracking tax incentives and meeting transparency and reporting requirements.
- \$629,199 of Lottery Funds was added for the Oregon Growth Fund (OGF) to increase capital available to early-stage small businesses and promote economic development. Lottery Funds support for the OGF is approved as ongoing for the first time in the 2019-21 biennium.
- The budget also reduces Lottery Funds by \$519,000 to eliminate funding for the Regional Accelerator and Innovation Network (RAIN), aligns staff and resources with the Department's organizational structure, adds an internal auditor position, and reduces administrative expenditures in the Oregon Cultural Trust through abolishment of the Arts Assistant Director position.

The budget includes \$229.7 million of general obligation and lottery revenue bond proceeds for Department programs (\$226.4 million) and costs of issuance (\$3.3 million). Projects and programs financed with bond proceeds include the following:

- \$120 million for the Seismic Rehabilitation Grant Program, including \$100 million for seismic rehabilitation grants to schools and \$20 million for grants to emergency services facilities. This is a competitive grant program that provides funding for the seismic rehabilitation of critical public buildings. The state issues general obligation bonds authorized under Article XI-M and Article XI-N of the Oregon Constitution, to finance these grants. Funding is approved at the same level as the prior biennium.
- \$30 million for the Special Public Works Fund. These monies will be added to the corpus of the Fund and be used for infrastructure development for industrial land sites, water and wastewater systems, and other economic development-related municipal infrastructure.
- \$20 million to the City of Salem for drinking water system improvements.
- \$18.4 million for other specified community development projects with Mill City, City of Sweet Home, Confederated Tribes of the Warm Springs Reservation, and the City of Hood River.
- \$15 million for levee inspection, accreditation, certification, and repair project grants.
- \$15 million for reauthorization of the Port of Coos Bay Channel Deepening Project.
- \$5 million to recapitalize the Brownfields Redevelopment Fund for cleanup and redevelopment of brownfields properties.
- \$3 million for the Lincoln County Cultural Center and Beaverton Arts Foundation cultural capital projects. Bond funding last biennium for cultural organization capital projects totaled \$2.45 million.

The legislatively adopted budget also allocates lottery revenues to counties for economic development programs to the full amount, reflecting the statutory distribution of 2.5% of video

lottery revenue proceeds, minus one-half of the costs of supporting Regional Solutions positions in the Office of the Governor. Funding to counties totals \$50.2 million, a 21.7% increase over the prior biennium level.

Employment Department

Of the \$2.04 billion budgeted for the Oregon Employment Department (OED), \$1.58 billion is associated with Unemployment Insurance Benefits projected to be paid to Oregon's workers who are laid off through no fault of their own. Agency operations are supported primarily by Federal Funds allocated to OED from the U.S. Department of Labor for unemployment insurance benefit administration, workforce service, and labor research. Other Funds are also a major source of operating revenue, supporting information technology modernization efforts, fraud and overpayment prevention activities, job placement services, and agency administration. Federal Funds support administration and services for worker retraining programs authorized by federal legislation.

A General Fund appropriation in the amount of \$15,688,586 was approved through the passage of HB 2005, which establishes a paid family and medical leave program, to be overseen by OED. This amount will be repaid once OED collects sufficient insurance premiums from employers and workers. The appropriation enables the agency to plan, create, and administer the program, creating a new division within the agency. The Legislature directed the Department of Administrative Services to unschedule \$10.9 million, which can be deployed once progress reports have been made regarding information systems options, business analysis, actuarial review, program planning, and further stakeholder input. The bill included deadlines by which program rules are to be established (September 1, 2021), contributions would begin to be collected (January 1, 2022), and benefits would begin to be paid (January 1, 2023).

The 2019-21 legislatively adopted budget included approval of Other Funds expenditure limitation in the amount of \$13.7 million related to the acquisition and replacement of the Department's aging information technology systems for unemployment insurance tax and benefits. The budget also provides for intensive job training and placement services for clients of the Department of Human Services (\$9.4 million Other Funds and 41.00 FTE) and for worker and business services under the federal Trade Act (\$1.5 million Federal Funds and 8.00 FTE).

Housing and Community Services Department

The 2019-21 legislatively adopted budget resulted in historic investments in affordable housing and homeless assistance programs administered by the Housing and Community Services Department (HCSD). New investments and ongoing programs will result in an estimated 6,492 units of affordable housing, preservation of approximately 1326 existing units – including manufactured homes – as affordable, assistance to 138,449 Oregonians who are homeless or at risk of becoming homeless, and homeownership opportunities for an estimated 3,186 median to low income Oregonians.

Investments can be categorized into the following main areas: efforts to address and prevent homeless, preserving and increasing the supply of affordable rental housing, providing and maintaining homeownership opportunities, and centralized agency administration. The agency issues bonds for single family mortgage products, provides conduit bonding opportunities, administers federal affordable housing tax credits which it pairs with other resources to provide gap financing for affordable housing development, and administers federal rental assistance and project-based subsidies.

Resources for the agency are included in its budget bill (SB 5512), several policy bills (HB 2003, HB 2006, HB 2020, HB 2032, HB 2896, and SB 586), and the end of session emergency fund allocation bill (HB 5050). The legislatively approved total funds budget for the 2019-21 biennium is \$2,017,998,409, a \$458 million (or 29.4%) increase over the 2017-19 legislatively approved budget. General Fund in the agency's budget increased by \$47 million (79%) over the 2017-19 legislatively approved budget, \$19.5 million of which was associated with anticipated debt service payments.

Significant General Fund investments in the HCSD budget include:

- Debt service payments on bonds in the current and previous biennia (\$28.6 million).
- \$33 million for the Emergency Housing Assistance (EHA) program, \$5 million of which is considered a one-time enhancement.
- \$12 million for the State Homeless Assistance Program (SHAP) for shelter support and services.
- \$5 million in non-recurring funding for strengthening and increasing shelter capacity in areas of high need.
- \$3 million for rental market resources that help Oregonians access secure, affordable housing.
- \$15 million for programs associated with preserving, decommissioning, and improving manufactured homes and parks.
- \$1.5 million to support homeownership counseling services, including foreclosure avoidance, which is not anticipated to be ongoing.

Lottery Funds in the HCSD budget is dedicated to payment of debt service on lottery bonds issued in support of affordable housing projects.

New initiatives resulting in additional Other Funds expenditures in the HCSD budget include:

- \$8 million to fund 38 new positions (39.50 FTE) to administer programs, provide oversight of additional funding to partners, and support central agency administration associated with new program investments and associated staffing. The positions are funded through program application and utilization fees and interest income.
- \$2.7 million and 7 positions (6.16 FTE) were approved to comply with new Internal Revenue Service guidelines that require additional inspections of affordable housing units.
- Lottery Bond to fund the preservation of approximately 400 units of existing affordable housing (\$25.4 million), and to acquire new "naturally occurring" affordable housing at market rates (\$15.3 million).
- \$152 million of Other Funds expenditure limitation reflects the issuance of General Obligation bonds issued pursuant to Article XI-Q of the Oregon Constitution to finance 2,168 new units of affordable housing through the Local Innovation and Fast Track (LIFT) Housing program; two million of this amount is attributable to reserves and costs of issuance.
- \$53.7 million associated with approving the issuance of \$50 million in Article XI-Q bonds to finance an estimated 500 units of permanent supported housing for chronically homeless Oregonians. Two hundred of the units are estimated to be completed by the end of the 2019-21 biennium, with the remainder coming on line during the 2021-23 biennium.
- \$15.5 million to fund a pilot program for longer-term housing assistance for families at risk of homelessness. The source of this revenue is a transfer of Temporary Assistance to Needy Families funding from the Department of Human Services.

Department of Veterans' Affairs

The Legislature approved a 2019-21 total funds budget of \$547.7 million and 105 positions (104.47 FTE) for the Department of Veterans' Affairs, which is an 8.1% decrease from the 2017-19 legislatively approved budget. Nonlimited Other Funds, in the amount of \$408.8 million, for the Veterans' Home Loan program bond-related activities, debt service, and loan repayments make up 74.6% of the total budget. Excluding Nonlimited funds, the 2019-21 legislatively adopted budget is a 6.2% decrease from the 2017-19 legislatively approved budget. The decrease is primarily attributable to reductions in Other and Federal Funds limitation to phase-out capital construction projects approved in the 2017-19 biennium. Lottery Funds expenditure limitation of \$20.6 million, available through the passage of Ballot Measure 96, is included in the budget and represents a 33.5% increase over the prior biennium. The budget also includes \$8.4 million of General Fund, which consists of \$8 million for veterans' services and \$378,020 for debt service on outstanding bonds.

The legislatively adopted budget makes key investments with the lottery dollars dedicated by Ballot Measure 96 to expand services to veterans, while retaining a projected \$3 million ending balance in the constitutionally dedicated Veterans' Services Fund to allow for stable funding in the event of fluctuations in revenue projections, and to provide a working capital balance. The budget also includes increases in Other Funds expenditure limitation to support the Home Loan and Veterans' Services Programs. Specific investments include:

- \$5 million, through a combination of \$1 million Lottery Funds and \$4 million lottery revenue bond proceeds, for a one-time grant to the YMCA of Marion and Polk Counties to construct veterans' affordable housing in Salem.
- \$1 million Lottery Funds to renew funding for the Campus Veteran Grant Program that will enable the agency to award grants to Oregon community colleges and public universities to expand and enhance veteran programs on college campuses.
- \$975,000 combined Lottery and Other Funds to continue the refresh of the Department of Veterans' Affairs' office building and complete renovation of the second floor.
- \$145,930 Lottery Funds and \$525,000 Federal Funds to establish 3 positions that will allow the agency to serve as the U.S. Department of Veterans Affairs State Approving Agency for veterans' education programs beginning October 1, 2019.
- \$500,000 Lottery Funds to support Tribal Veteran Representative programs and partnerships through the addition of a Tribal Veteran Coordinator position and pass-through funding to Tribal Veteran Offices.
- \$500,000 Lottery Funds to establish a new Veterans' Health Care Transportation Grant Program that will expand the existing federally funded Highly Rural Transportation Grants for transportation services in rural counties. Initial funding for the new program is approved as one-time.
- \$500,000 to increase Lottery Funds support for the Veterans' Services Grant Fund on a one-time basis, for total funding in the 2019-21 budget of \$1.1 million, to expand the number and amount of grants available to community partners.
- \$400,000 Lottery Funds to continue replacement of the conservatorship system that will enable the Department to effectively and efficiently deliver conservatorship and representative payee services.
- \$354,708 to increase Lottery funds support for the National Service Organizations, bringing total pass-through funding to \$600,000.
- \$250,000 Other Funds to purchase and install a home loan system that combines loan origination and servicing into one application.

- \$227,517 Other Funds for the establishment of a Business Development Representative position to increase the number of veteran home loans, including those in underserved markets.
- The budget also provides additional funding for technology investments, enhanced training for veteran service officers, grant program administration, and an internal auditor position.

CONSUMER AND BUSINESS SERVICES

The Consumer and Business Services program area encompasses occupational and health licensing boards, and agencies with a worker or consumer protection mission, such as the Bureau of Labor and Industries and the Consumer and Business Services Department. Most funding for these agencies is from licensing and fee revenue, with some grant or fee-for-service funding from the federal government for some agencies. General Fund supports certain services in the Bureau of Labor and Industries, as well as a small insurance premium payment in the Department of Consumer and Business Services. Finally, \$250,000 in one-time lottery funding is included for the Bureau of Labor and Industries for 2019-21. Changes of note for Consumer and Business Services program area agencies are summarized below.

Board of Accountancy

The Board's 2019-21 budget totals \$2,788,351 Other Funds and includes 8 positions (7.50 FTE). The budget is a 6.5% increase from the 2017-19 legislatively approved budget and will leave the Board with a projected ending balance of approximately \$1,838,557, which is the equivalent of an estimated 15 months of operating expenses. The budget includes an increase in Other Funds limitation of \$182,502 to cover an anticipated increase in the Department of Justice Flat Rate Agreement.

Board of Chiropractic Examiners

The Board's 2019-21 budget totals \$2,260,448 Other Funds and includes 6 positions (5.10 FTE). The budget is an 11.5% increase over the 2017-19 legislatively approved budget. The adopted budget leaves the Board with an ending balance equivalent to approximately two months of operations. The budget includes funding for the reclassification of the Executive Director and to implement database upgrades.

Construction Contractors Board

The Board's 2019-21 budget totals \$15,262,377 Other Funds and includes 61 positions (61.00 FTE). This budget is a 5.6% reduction from the 2017-19 legislatively approved budget. The reduction is due primarily to the removal of excess Other Funds expenditure limitation. The projected ending balance of \$7.1 million will leave the Board with approximately 11 months of operating reserves. The budget includes expenditure limitation for the following positions: one limited duration Operations and Policy Analyst 4 to engage in planning efforts associated with a new licensing system update, one Public Service Representative 4 position to handle growing licensee workload, and funding to reclassify an Accounting Tech 3 position to a Fiscal Analyst 1.

Department of Consumer and Business Services

The 2019-21 legislatively adopted total funds budget for the Department of Consumer and Business Services (DCBS) is \$680,500,224 and includes 963 positions (957.92 FTE). The budget includes \$211.5 million in Nonlimited Other Funds for Workers' Compensation and Insurance programs. This budget is a 44.2% increase from the 2017-19 legislatively approved budget. The vast majority of this increase is due to the provision of expenditure limitation related to the Oregon Reinsurance Program established by HB 2391 in the 2017 legislative session. Excepting those amounts, the agency's budget increases by \$22,856,951 total funds (a 4.84% increase from the legislatively approved budget for 2017-19).

The budget for DCBS recognizes revenues from retaliatory taxes from out-of-state insurance companies, which DCBS transfers to the General Fund. The tax is forecasted to generate approximately \$142.8 million for the General Fund in the 2019-21 biennium. A surcharge on fire insurance policies, estimated at \$26.9 million in the 2019-21 biennium, is also collected by the agency and is transferred to the office of the Fire Marshal at the Department of State Police. Additionally, the budget recognizes \$636,240 in anticipated revenues from the establishment of fees authorized by HB 4005 (2017) related to the Oregon Prescription Drug Price Transparency program as well as additional General Fund revenues of \$3,100,000 from the increase in fees for annual licensure renewal of securities broker dealers as adopted by rule.

The budget includes Other Fund expenditure limitation of \$1,692,685 for contracted professional information technology services and the establishment of a permanent manager position (0.88 FTE) in the Workers' Compensation Division to continue planning efforts on modernizing the agency's workers' compensation claims information technology system, a project that is estimated to span multiple biennia.

A General Fund appropriation of \$1.2 million for deposit in the Compact of Free Association (COFA) Islander Premium Assistance Fund and corresponding Other Funds expenditure authority of \$1.15 million is included in the budget to support ongoing payments of insurance premiums and out of pocket expenses for qualified program participants. A General Fund appropriation of \$99,319 and authorization to establish a limited duration position (0.25 FTE) was included in HB 2706 for DCBS to conduct a cost study on providing dental insurance coverage to COFA islanders in a similar manner to the health insurance premium assistance program.

The largest single item included in the DCBS budget is one-time expenditure limitation of \$101,255,388 Other Funds and \$84,482,113 Federal Funds to allow the Department to make payments to insurers under the Oregon Reinsurance Program established by HB 2391 (2017). The funding also supports a limited duration Operations and Policy Analyst position (1.00 FTE) to assist with program administration. Revenues for the program are supported through temporary taxes on insurance premiums and managed care premiums, fund balances transferred from a prior reinsurance program, funds transferred from the Oregon Health Insurance Marketplace, and federal funding.

Board of Dentistry

The 2019-21 budget for the Oregon Board of Dentistry totals \$3,535,260 Other Funds and includes 8 positions (8.00 FTE). This budget is a 7.8% increase from the 2017-19 legislatively approved budget, and the projected ending balance of \$757,940 will leave the Board with approximately 5.2 months of operating reserves. The budget includes an increase in expenditure limitation of \$100,000 for a new licensing database and on-going IT support.

Bureau of Labor and Industries

The 2019-21 legislatively adopted budget for the Bureau of Labor and Industries represents a 9.1% increase from the 2017-19 legislatively approved budget. Additional General Fund of \$250,000 was approved to allow a one-time investment for upgrades to the agency's website to improve customer service. Ongoing new General Fund investments totaled \$660,012 and were approved for a public records coordinator to provide access to case files, an additional Civil Rights investigator, position reclassifications, and technical and apprenticeship assistance in Eastern Oregon. New investments were partially offset by management efficiencies.

Enhancements to the agency's wage and hour accounting functions and office specialist support increased FTE by 1.25 and will be funded through the Wage Security Fund and fees, respectively. The Legislature directed the Bureau, via budget note, to research and develop alternatives for generating revenue to support activities and services related to apprenticeship and training. The Bureau is expected to report back on those efforts during the 2020 legislative session.

Medical Board

The 2019-21 legislatively adopted budget for the Oregon Medical Board totals \$13,662,415 Other Funds and includes 41 positions (41.00 FTE). The budget is a 6.4% increase from the 2017-19 legislatively approved budget and is projected to leave an ending fund balance of \$4,169,192 Other Funds, which equates to 7.3 months of operating expenses. The budget provides ongoing expenditure limitation of \$250,000 to support the Oregon Wellness Program, a coalition effort to develop and implement local physician wellness programs, and ongoing limitation to establish a Public Affairs Specialist 1 position and add an additional public member to the Board.

Board of Medical Imaging

The Board's 2019-21 budget totals \$1,175,429 Other Funds and includes 4 positions (3.50 FTE). The budget is a 30.8% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$154,958 will leave the Board with approximately 3.2 months of operating expenses. The budget includes expenditure limitation of \$75,000 Other Funds for a new licensing database and IT support, \$52,641 Other Funds to reclass 3 positions, and \$44,887 Other Funds for Department of Justice costs. The budget also increases personal services limitation by \$70,964 Other Funds to add a permanent investigator position (0.50 FTE).

Mental Health Regulatory Agency

The Agency's 2019-21 budget totals \$3,941,338 Other Funds and includes 12 positions (12.00 FTE). The budget is a 12.3% increase from the 2017-19 legislatively approved budget. The Agency provides administrative support for two boards: The Board of Psychology and the Board of Licensed Counselors and Therapists. The Agency's budget includes an increase in Other Funds limitation of \$240,034 to make permanent one Compliance Specialist 2 position (1.00 FTE) to assist the Agency with its growing investigation backlog. The budget also includes an \$87,804 increase in Other Funds limitation to cover the ongoing costs of desktop support, ETS hosting, and database maintenance fees associated with the implementation of an IT project to integrate and upgrade the two Boards' online database and desktop support needs.

Mortuary and Cemetery Board

The 2019-21 budget for the Mortuary and Cemetery Board totals \$2,343,995 Other Funds and includes 7 positions (7.00 FTE). The budget is a 7% increase from the 2017-19 legislatively approved budget. The projected ending balance of \$1,028,418 will leave the Board with approximately 10.5 months of operating reserves. The budget includes expenditure limitation of \$95,000 Other Funds for a new licensing database, and \$11,149 Other Funds to reclass 2 positions. The Board will no longer house the accounting staff shared by the Health-Related Licensing Boards. The budget converts that position to an Investigator 2 to increase capacity for inspections. The budget also instructs the Board to report to the Legislature in September regarding their inspections and complaint backlog.

Board of Naturopathic Medicine

The 2019-21 budget for the Board of Naturopathic Medicine totals \$1,166,035 Other Funds and 4 positions (4.00 FTE). The budget is a 44% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$359,795 will leave the Board with approximately 7.4 months of operating expenses. The budget increase includes expenditure limitation of \$70,000 Other Funds for a new licensing database and IT support, and \$26,712 Other Funds to reclass the Executive Director position. A new position is added to the Board for a Fiscal Analyst 3 to meet the accounting and budget needs for all six Health-Related Licensing Boards. The budget included \$176,682 of Other Funds expenditure limitation for this position, of which \$149,346 will be paid by the other five boards through intrafund transfers.

Board of Nursing

The 2019-21 legislatively adopted budget for the Board of Nursing totals \$19,719,954 Other Funds and includes 54 positions (53.90 FTE). The budget is a 17% increase from the 2017-19 legislatively approved budget and is projected to leave an ending fund balance of \$7,960,658 Other Funds, or approximately 9.7 months of operating reserves. The budget provides expenditure limitation of \$1,305,011 to reclassify 11 positions and permanently establish 5 positions: a Licensing Supervisor (PEM A), a Public Service Representative 4, an Investigations Supervisor (PEM C), a Nurse Investigator, and a Scanning Specialist. The budget also adds one-time expenditure limitation of \$400,000 Other Funds and ongoing limitation of \$75,000 Other Funds to expand and upgrade the Board's office space.

Occupational Therapy Licensing Board

The Board's 2019-21 budget totals \$619,842 Other Funds and includes 2 positions (1.75 FTE). The budget is a 20.5% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$229,867 will leave the Board with approximately 8.9 months of operating reserves. The budget includes expenditure limitation of \$50,000 Other Funds for a new licensing database and IT support, and \$34,889 Other Funds to increase the Administrative Assistant position from 0.50 FTE to 0.75 FTE.

Board of Pharmacy

The Board's 2019-21 budget totals \$8,761,878 Other Funds and includes 22.00 positions (22.00 FTE). The budget is a 17.4% increase from the 2019-21 legislatively approved budget and the projected ending balance of \$1,706,181 will leave the Board with approximately 4.67 months of operating reserves. The budget raises Other Funds revenue by \$2,411,800 by updating the Board's fee schedule. The last time the Board raised fees was in 2001. A proposed fee increase during the 2011-13 biennium was rolled back to 2001 rates. In 2015, the Board instituted biennial licensure without a fee adjustment. Pharmacist, certified pharmacy technicians, and pharmacy technicians have been receiving two years of license for the price of one year. The updated fee schedule adjusts for biennial licensure as well as the increased costs of operations driven by changes in the focus of pharmacy practice and technological advances being incorporated into systems of drug distribution. The budget includes a \$468,403 increase in Other Funds limitation for the establishment of one Healthcare Investigator position and one Public Service Representative 3 position (2.00 FTE) to address a growing workload associated with the increase in number of applicants and licensees, as well as the growing number of complex outlet license categories.

Board of Licensed Social Workers

The Board's 2019-21 legislatively adopted budget totals \$1,810,716 Other Funds and includes 6 positions (6.00 FTE). The budget is a 5.4% increase from the 2017-19 legislatively approved budget. The Board's

projected ending balance represents approximately 7 months of operating reserves. The Board is responsible for the standards of practice, ethics, and regulation of Social Workers.

Board of Examiners for Speech-Language Pathology and Audiology

The Board's 2019-21 budget totals \$979,115 Other Funds and includes 3 positions (3.00 FTE). The budget is a 29.5% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$234,867 will leave the Board with approximately 5.7 months of operating reserves. The budget includes expenditure limitation of \$55,000 Other Funds for a new licensing database and IT support, \$53,282 Other Funds to increase the Board's Investigator 2 position from 0.50 FTE to 1.00 FTE, and \$26,712 Other Funds to reclass the Executive Director position.

Board of Tax Practitioners

The Board's 2019-21 budget totals \$1,104,037 Other Funds and includes 3 positions (2.50 FTE). The budget is a 6% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$220,929 will leave the Board with approximately 5 months of operating reserves. Revenues are estimated to decrease by approximately \$3,750 per biennium due to modifications to Exam Application Fees for Tax Preparers and Tax Consultants and the Proctoring Fee for Tax Preparers and Tax Consultants.

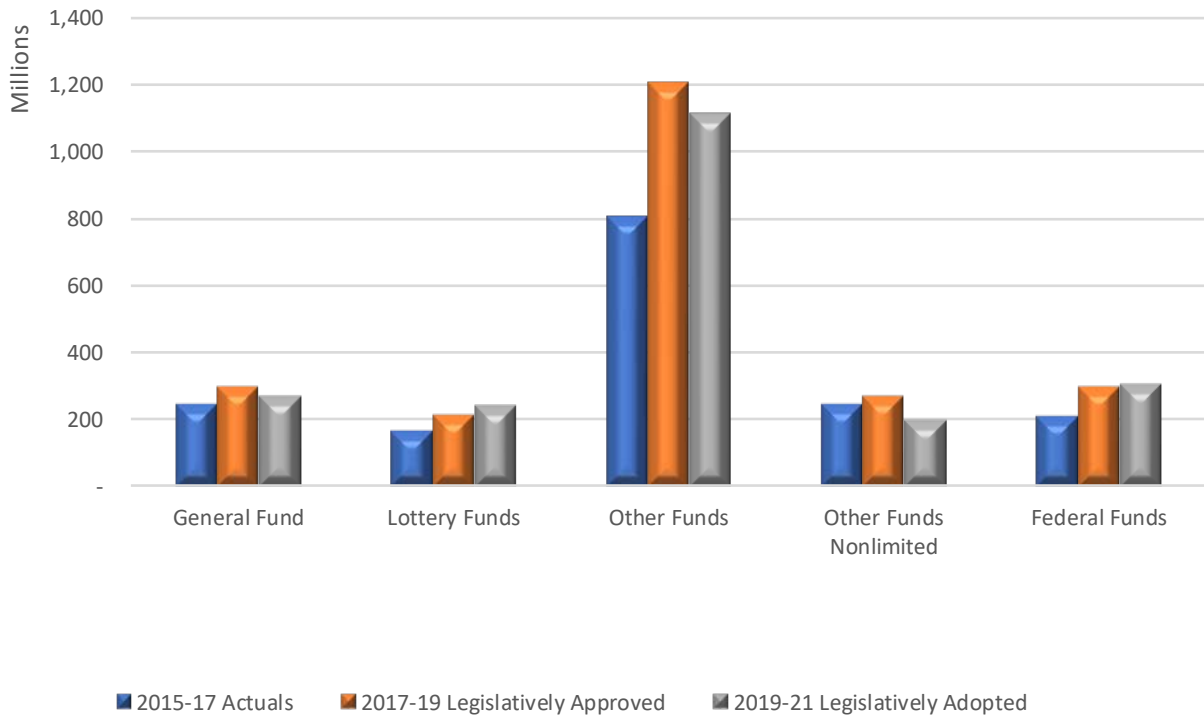
Veterinary Medical Examining Board

The Board's 2019-21 budget totals \$1,203,615 Other Funds and includes 4 positions (3.75 FTE). The budget is a 16.3% increase from the 2017-19 legislatively approved budget and the projected ending balance of \$1,289,504 will leave the Board with approximately 25 months of operating reserves. The budget includes expenditure limitation of \$75,000 Other Funds for a new licensing database and IT support, and \$46,688 Other Funds to reclass 2 positions.

NATURAL RESOURCES

The legislatively adopted total funds budget for the fourteen agencies comprising the Natural Resources program area totals \$2.14 billion. This amount is \$157.8 million (or 6.87%) less than the legislatively approved budget for the 2017-19 biennium. The Natural Resources program area budget represents roughly 2.5% of the state's budgeted biennial expenditures.

Natural Resources Program Area by Fund Type and Biennium



Nonlimited Federal Funds of \$104,000 at the Department of Energy are not displayed.

General Fund appropriations made to Natural Resources agencies decreased overall by \$25.5 million or 8.5% from the 2017-19 legislatively approved budget. On an individual agency basis, however, General Fund reductions were confined to five agencies. The most notable of these is a \$45.2 million net reduction in General Fund to the Department of Forestry that includes the phase-out of roughly \$57.7 million in General Fund for unbudgeted forest fire protection costs. The Department of Geology and Mineral Industries budget includes a General Fund appropriation for the first year of the biennium only, reducing General Fund by \$2.8 million. In contrast to those reductions, the Department of Agriculture and the Department of Environmental Quality received a combined net increase in General Fund of \$7.5 million for various programs. The Department of Fish and Wildlife's General Fund budget increased by \$5.5 million including funds for sealion predation, wolf plan implementation, water quality work, steelhead production for the Santiam waterways, and an anti-poaching campaign. The Department of Energy budget includes General Fund appropriations of \$4.3 million to cover a budget shortfall related to debt service payments in the Small-Scale Energy Loan Program (SELP) and \$2 million for a solar rebate program approved in HB 2618. The largest percentage increase (33.45%) in General Fund is in the Department of Land Conservation and Development that includes \$6.5 million in new funding related to the implementation of HB 2001 and HB 2003.

Lottery Funds utilized in the Natural Resources Program Area are comprised entirely from the allocation of lottery revenues to the Parks and Natural Resources Fund, as required by the Oregon Constitution by

Ballot Measures 68 and 76 (2010), with the exception of \$15.4 million that is dedicated to debt service. Forecasted distributions of lottery revenues to the Parks and Natural Resources Fund for the 2017-19 biennium totaled \$218.44 million. Total budgeted expenditures for the 2017-19 biennium of constitutionally dedicated Lottery Funds are \$238.52 million, the difference accounted for by the expenditure of residual fund balance. Overall, 2019-21 legislatively adopted Lottery Funds expenditures for the Natural Resources Program Area total \$243.94 million, an increase of \$25.5 million (or 11.7%) over the 2017-19 legislatively approved budget.

Other Funds revenues, principally generated through fee assessments and other regulatory actions, continue to be the largest funding source for the Natural Resources Program Area. Reductions in budgeted Other Funds include significant phase outs of bond-funded expenditures in both the Department of Forestry and the Water Resources Department, and roughly \$104.6 million in Other Funds limitation authorized in the 2017-19 biennium for large fire costs. New, bond-funded investments included in the budget of the Water Resources Department of \$43.8 million and \$78.3 million in additional operational expenditures at multiple agencies partially offset the reductions, resulting in a net Other Funds reduction of \$94 million.

Department of Agriculture

The adopted budget for the Department of Agriculture totals \$128.4 million. The budget includes \$26 million General Fund, \$10.6 million Ballot Measure 76 Lottery Funds, \$74.4 million Other Funds, \$17.5 million Federal Funds, and 509 positions (383.77 FTE). The total funds budget is 7.3% higher than the 2017-19 legislatively approved budget level. The General Fund budget is 10.5% higher than the 2017-19 budget due largely to one-time investments for the Invasive Species Council, replacement of laboratory equipment, water sample testing at Klamath Lake, and predator control. Additional one-time General Fund was added for the regulation of animal shelters by the State Veterinarian (SB 883), shellfish application assistance (HB 2574) and removal or fill site review (HB 2437).

Ballot Measure 76 Lottery Funds increased over 2017-19 levels due to the one-time addition of \$2.6 million to combat the invasive Japanese Beetle. The Other Funds budget increased by \$6.8 million over 2017-19 mostly due to increased staffing in the Plant, Fertilizer, and Shipping Point programs and the addition of a new position within the laboratory. Fee increases were included for the Food Safety, Weights and Measures, Certifications, Confined Animal Feeding Operations, and Hemp programs.

Federal Funds expenditure limitation of \$1.4 million was added to help Oregon's produce farmers comply with the federal Food Safety Modernization Act.

Columbia River Gorge Commission

The Columbia River Gorge Commission's legislatively adopted Oregon budget for the 2019-21 biennium totals \$1,160,612 General Fund. The budget is a 14.9% increase from the 2017-19 legislatively approved budget and is 12.5% above the 2019-21 current service level. The states of Oregon and Washington are required by interstate compact to equally share the operational costs of the Commission. The Oregon adopted budget includes \$1,128,000 for joint operational expenses and \$32,612 for Oregon commissioner expenses. Due to budget development revenue concerns, Oregon initially passed a current service level budget for the Commission. That budget was then supplemented at the end of the Oregon legislative session in HB 5050 with an additional \$109,813 General Fund to finance Oregon's share of costs associated with a new Vital Sign Indicators Land Use Planner position and with the replacement of staff laptops and desktop computers. This additional appropriation will allow the

Commission to hire another staff land use planner since the Oregon action was made to match a previous appropriation made for the 2019-21 biennium by Washington.

Department of Energy

The legislatively adopted budget for the Department of Energy is \$85.5 million total funds and includes \$3 million Lottery Funds for debt service, \$32.8 million Other Funds, \$2.2 million Federal Funds, \$41 million Other Funds Nonlimited, \$104,000 Federal Funds Nonlimited, and 81 positions (79.25 FTE). The budget also includes General Fund, for the first time for this agency, in the amount of \$4.3 million to cover a budget shortfall related to debt service payments in the Small-Scale Energy Loan Program (SELP) and \$2 million for a solar rebate program approved in HB 2618 (2019). Nonlimited Other Funds and Federal Funds limitation is provided for the SELP program; however, no bond authority was approved to finance new loans.

The total funds budget is \$75 million (or 47%) less than the 2017-19 legislatively approved budget. A significant portion of the decrease is attributable to the removal of \$54.9 million Nonlimited Other Funds expenditure limitation to reflect limited activity in the SELP program and another \$23.4 million for refunding of outstanding SELP bonds.

Excluding the debt service and Nonlimited funds, the budget is a 2.8% decrease from the 2017-19 legislatively approved budget. Reductions of \$1.5 million Other Funds and eight vacant positions (8.00 FTE) were approved to decrease expenditures supported by the Energy Supplier Assessment (ESA). The budget includes the addition of two limited duration positions (2.00 FTE) for the energy siting program for workload anticipated from increased applications. Finally, the budget includes \$2 million of one-time General Fund for a solar rebate program. Of the \$2 million, \$1.5 million is available for rebates, with \$500,000 available for administration of the program. The Department will hire three limited duration positions (1.25 FTE) and utilize existing personnel for administration of this program.

Department of Environmental Quality

The legislatively adopted budget for the Department of Environmental Quality is \$458.7 million total funds, including \$53.8 million General Fund, \$5.3 million Ballot Measure 76 Lottery Funds, \$222.2 million Other Funds, \$29.4 million Federal Funds, and 779 positions (760.40 FTE). The budget also includes \$148 million of Nonlimited Other Funds for Clean Water State Revolving Fund loan activities and debt service.

The total funds budget is \$46.9 million (or 11.4%) higher than the 2017-19 legislatively approved budget level. The General Fund budget is \$5 million (or 10.3%) higher than 2017-19 due largely to a \$3.4 million state investment in overall water quality improvements. This includes positions to address water quality standards, implement clean water plans, test drinking water systems for harmful algal bloom, and issue stormwater and wastewater permits. Additional General Fund investments include one-time funding for wood stove replacement funding in the wood smoke reduction program, some costs related to the Environmental Data Management System information technology replacement project, and an internal auditor position.

The 2019-21 Other Funds budget is \$27.3 million higher than 2017-19 due to increases for the Electric Vehicle rebate program (\$5.7 million), implementation of the Air Toxics program known as Cleaner Air Oregon (\$2.6 million), positions to address the air quality permit backlog, a \$3.1 million addition to address solid waste orphan site cleanups, \$7.4 million for the Environmental Data Management System project, and positions for oil spill prevention for both vessels and pipelines and high hazard rail. The

budget includes fee increases for the heating oil tank program, oil spill prevention program, hazardous waste, wastewater permits, air contaminate discharge permits, underground control injection permits, and establishment of fees for the Cleaner Air Oregon program.

Department of Fish and Wildlife

The Department of Fish and Wildlife 2019-21 budget totals \$390 million, which includes \$35 million General Fund, \$7.6 million Ballot Measure 76 Lottery Funds, \$203 million Other Funds, \$144.4 million Federal Funds, and 1,357 positions (1,154.69 FTE). The Department's total funds budget is 7.0% higher than 2017-19 levels. General Fund support is up 19.1%, including funds for sealion predation, wolf plan implementation, water quality work, steelhead production for the Santiam waterways, and an anti-poaching campaign that will also fund additional Oregon State Police troopers. Ballot Measure 76 Lottery Funds are up 43% largely due to a one-time fund shift of General Fund expenses to utilize available ending balance from the May 2019 forecast.

The 2019-21 Other Funds expenditure limitation is \$9.2 million (or 4.7%) higher than 2017-19 due to \$1.9 million in fund shifts to provide General Fund savings, \$4.5 million for culvert fish passage in partnership with the Department of Transportation, a \$1 million increase for the required match in Pittman-Robertson apportionment from the federal government, and \$1.3 million for operation of the Leaburg Hatchery. Federal Funds expenditure limitation is 6.3% higher than 2017-19 due to an increase in the Pittman-Robertson apportionment that comes from the sale of sporting arms and ammunition, and limitation and positions to assist landowners in implementation of conservation projects outlined in the federal Farm Bill.

Department of Forestry

The budget for the Department of Forestry totals \$388.7 million and includes 1153 positions (848.99 FTE). This is a \$56.4 million reduction from the 2017-19 legislatively adopted budget, but that budget included one-time Other Funds expenditure limitation of \$100 million for bond proceeds for the partial decoupling of the Elliott State Forest from the Common School Fund.

The ODF budget recognizes personnel reorganizations in the Agency Administration and State Forests divisions. Both of these reorganizations were completed with existing budgetary resources; the State Forests division reorganization resulting in a cost savings of \$650,423 and the reduction of seven positions. Additional budgetary capacity of \$12 million Other Funds in the State Forests division was added to accommodate expanded use of log-sort sales. A one-time General Fund appropriation of \$200,000 is included in the budget for the purchase of a 160-acre tract of timber land for the Santiam State Forest. Bond funding of \$2.9 million was authorized for the completion of a shared facility being built in conjunction with the Department of Transportation at Toledo, Oregon. In addition to the roughly \$1.4 million total funds included in the agency's base budget, the budget includes an additional \$1.7 million General Fund appropriation for the control of Sudden Oak Death.

Although not included in the agency's total budget as stated above, supporting special purpose appropriations were made to the Emergency Fund of \$4 million for severity resources; \$2 million for catastrophic wildfire insurance premium costs; and \$2 million for supplemental Fire Program personnel costs due to extended fire seasons.

A \$3,201,253 General Fund appropriation and an increase of \$532,747 Other Funds expenditure limitation for the 2017-19 biennium was also included in the agency's budget bill to pay the premium costs of catastrophic wildfire insurance for the 2019 fire season.

Department of Geology and Mineral Industries

The Department's 2019-21 budget totals \$8.3 million and includes 39 positions (19.46 FTE). This reflects a one-year budget for the agency due to financial uncertainty caused by the Department having cash flow issues in both of its programs. Overall, the budget is 56.9% lower than the 2017-19 legislatively approved budget. The General Fund total has decreased 52.7%, the Other Funds limitation has decreased 63.6%, and the Federal Funds limitation has decreased 52%.

The budget includes the elimination of five positions in the Geologic Survey program that will provide the General Fund savings necessary to fund two new financial support positions within the agency to provide additional grant and contract oversight. The 2019-21 budget also included a budget note directing the Governor's Office and the Department of Administrative Services to report to the Joint Committee on Ways and Means in the 2020 legislative session on a detailed strategic plan for the future of the agency.

Department of Land Conservation and Development

The legislatively approved budget for the Department of Land Conservation and Development totals \$28,447,533 and supports 64 positions (62.09 FTE). This includes \$20.2 million General Fund, \$1.5 million Other Funds, and \$6.8 million Federal Funds. The budget is a \$5 million increase from the 2017-19 legislatively approved budget.

The budget includes additional \$846,294 Other Funds and \$515,074 Federal Funds expenditure limitation and the authority to establish five limited-duration positions (5.00 FTE) for updates to Oregon's Climate Change Adaptation Framework, natural hazard mitigation planning, and to assist local communities in working with the National Flood Insurance Program.

A General Fund appropriation of \$200,000 is included in the budget for the agency to receive, consolidate, and organize public records of federal, state, or local governments concerning shellfish mariculture as directed under HB 2474.

HB 2001 and HB 2003 included General Fund appropriations totaling \$4.5 million for specific local planning grants to provide technical assistance to local planning authorities for the development of housing production strategies (HB 2003), to support the requirements of local planning districts to update or amend comprehensive plans to encourage middle housing, and to develop middle housing ordinances (HB 2001). A General Fund appropriation of \$2 million and the establishment of seven limited-duration positions (6.00 FTE) associated with implementation of HB 2001 and HB 2003 is included in the agency's legislatively approved budget.

General, ongoing, local planning grant funding of \$1.64 million General Fund is continued at the current service level.

Land Use Board of Appeals

The budget for the Land Use Board of Appeals totals \$2,096,839 and 6 positions (6.00 FTE), including \$2.06 million General Fund and \$34,981 Other Funds. The budget is a 5.6% increase from the

legislatively approved budget for the 2017-19 biennium and continues funding for the agency at the current service level.

Marine Board

The Marine Board's total funds budget for 2019-21 is \$34,649,036 and 39 positions (38.75 FTE). The budget, which is a 2.6% decrease from the 2017-19 budget, includes \$28,328,774 Other Funds expenditure limitation and \$6,320,265 Federal Funds expenditure limitation. The Board's funding comes from three major sources: license and fee revenue, motor boat fuel tax revenues, and federal grants. The 2019-21 legislatively adopted budget reflects raising Vessel fees, Boat Certificate of Title fees, and Mandatory Boater Education Card fees, which will total \$3.1 million in additional revenue. SB 47 (2019) established the nonmotorized boat Waterway Access Fund within the Board for the purposes of awarding grants for acquisition, construction, and maintenance of boating facilities that serve nonmotorized boaters. When fully enacted, the Waterway Access Fund will generate approximately \$1 million Other Funds revenue per biennium. HB 2532 (2019) established the Towed Watersports Program to support the costs of administering and implementing the program and assist with paying the costs of law enforcement activities related to towed watersports in the Newberg Pool Congested Zone. The fees will generate approximately \$124,000 Other Funds revenue per biennium.

Parks and Recreation Department

The legislatively adopted budget for the Parks and Recreation Department totals \$264.1 million which includes \$116,785,754 Lottery Funds, \$130,655,323 Other Funds, \$16,685,823 Federal Funds, and 870 positions (602.55 FTE). The budget is a 16.3% increase from the 2017-19 legislatively approved budget. The budget recognizes fee revenues from a flexible fee schedule adopted by the Parks Commission and includes \$13 million in Lottery Funds for local park grants. The budget also includes \$5 million Other Funds expenditure limitation for bond proceeds for local Main Street program grants.

The budget makes significant investments in accessibility improvements, facilities maintenance, and development of existing parks and trail systems totaling \$16.35 million. Operational investments include \$500,000 for inclusivity programs to address recreation and service needs of under-represented and non-traditional users, \$2.7 million for increased costs of contracted services, and \$1.6 million for initial reservation system replacement planning. The budget includes an increase of \$3 million Lottery Funds for park property acquisition.

Expenditure limitation of \$12 million is included for grants that were awarded but not fully drawn down in the 2017-19 biennium. An additional \$3 million increase in Other Funds expenditure limitation is provided to allow the Department to distribute increased funding available for all-terrain vehicle recreational opportunities due to the increase in fuel taxes.

Department of State Lands

The 2019-21 biennium total budget for the Department of State Lands totals \$67,002,306 and 115 positions (113.00 FTE). This is a \$14.8 million (or 18.11%) reduction from the 2017-19 legislatively approved budget. The reduction is due primarily to the elimination of one-time expenditures that were authorized in the prior biennium.

In addition to ongoing program operations, the budget includes \$6.8 million for anticipated legal and consulting expenses due to the cost allocation and natural resource damage assessments related to the

Land Board's interest in the Portland Harbor Superfund site. Expenditure limitation totaling \$7.77 million was provided for remediation design work and initial project work within the site.

The budget includes \$4.06 million for costs related to the Elliott State Forest. These costs include: \$2 million for a third-party management contract that covers road maintenance, reforestation, and general property oversight of the forest, \$1.58 million for the continued development of a habitat conservation plan and public affairs consulting, and \$382,000 for a forester position and project management position related to the forest.

Continuation of temporary projects include \$450,000 to fund the planning phase for the replacement of the agency's Land Administration System and \$432,746 to continue the implementation of SB 912 (2015), inventorying the state's interest in historically filled lands.

Other Funds expenditure authority of \$355,776 and the establishment of two limited-duration positions is included in the budget for the implementation of HB 2436 to develop a proposal for the state's partial assumption of section 404 of the federal Clean Water Act.

Water Resources Department

The legislatively adopted budget for the Water Resources Department totals \$144,315,908, a \$38,087,649 (or 35.9%) increase from the legislatively approved budget for the 2017-19 biennium. The budget supports 177 positions (171.79 FTE) and continues support for place-based integrated water resources planning, makes permanent a position participating in shared payroll services that serves six agencies, and provides funding for a second basin groundwater study team.

The majority of the budget increase is due to the provision of Other Funds expenditure limitation for lottery revenue bond proceeds. Although \$22.9 million of a total \$53.6 million in Other Funds expenditure limitation that was approved for bond-funded projects in the 2017-19 biennium was scheduled to be phased-out of the 2019-21 budget, the adopted budget carried forward \$42 million in expenditure authority and added another \$43.8 million for projects funded from lottery revenue bonds in the current biennium. Other Funds expenditure limitation for bond-funded projects totals \$85.85 million (or 59.5%) of the 2019-21 biennial budget for the Water Resources Department. Lottery Funds debt service expenditures have increased at a rate of 53.7% since fiscal year 2013. Lottery Funds supported debt service totals \$7.6 million (or 13%) of the agency's budget excluding bond proceeds for the 2019-21 biennium.

Two vehicles were used to distribute bond proceeds in the agency's budget. An increase of \$25,521,689 in Other Funds expenditure limitation was established for the purpose of making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Development Fund, commonly referred to as the SB 839 fund. Of this amount, \$15 million is for Water Supply Development grants and loans to evaluate, plan, and develop in-stream and out-of-stream water development projects that repair or replace infrastructure to increase the efficiency of water use; provide new or expanded water storage; improve or alter operations of existing water storage facilities in connection with newly developed water; create new, expanded, improved, or altered water distribution, conveyance, or delivery systems in connection with newly developed water; allocate federally stored water; promote water reuse or conservation; provide streamflow protection or restoration; provide for water management or measurement in connection with newly developed water; and, determine seasonally varying flows in connection with newly developed water. The budget

includes \$521,689 for the payment of bond issuance costs. The remaining \$10 million expenditure limitation is for bond proceeds allocated to the fund for the Deschutes Basin Board of Control Piping Project. The funding will be combined with additional state, local, and federal funds to allow the Board of Control to pipe currently open canals with a total project cost of \$99.38 million. The second increase of \$18,327,563 in Other Funds expenditure limitation was for making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Fund. Of the total increase, \$327,563 is for the estimated cost of bond issuance, \$14 million is for a grant to the Wallowa Lake Irrigation District for the rehabilitation of the Wallowa Lake Dam, and the remaining \$4 million is for a grant to the City of Newport for the planning, environmental permitting, and design costs of replacing the Big Creek Dams.

Oregon Watershed Enhancement Board

The budget for the Oregon Watershed Enhancement Board (OWEB) is divided into two areas, grants and operations. The Legislature provided OWEB with a total of \$8.3 million in Ballot Measure 76 Lottery Funds, \$18,000 Other Funds, \$2.5 million Federal Funds, and 34 positions (34.00 FTE) to support administration of the grant program during the 2019-21 biennium.

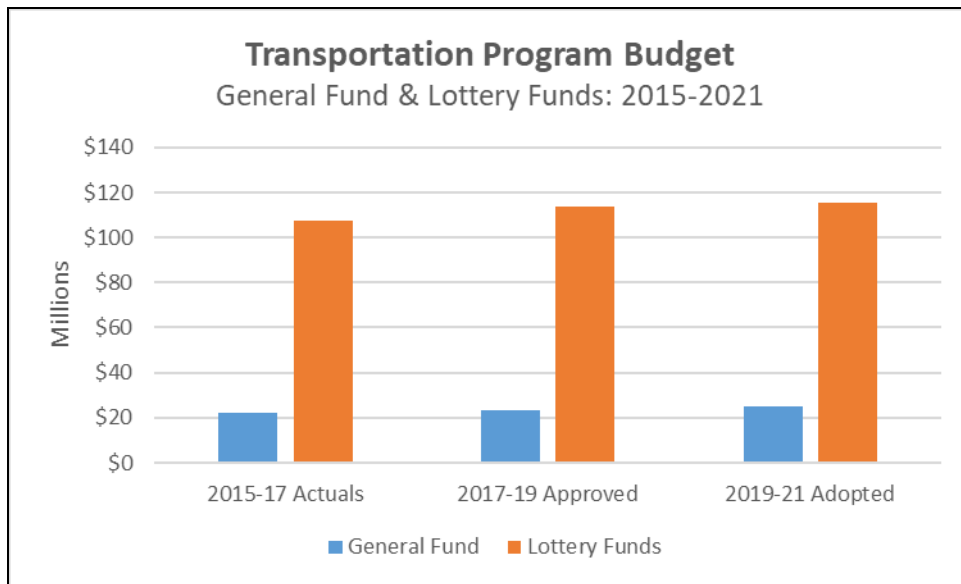
The grant program budget is \$3.1 million Other Funds and \$42.8 million Federal Funds. All Other Funds from the sales of Salmon Plates are in the grants program and are used solely for grants. Almost all of the federal monies are derived from the federal Pacific Coastal Salmon Recovery Fund. The grants program budget also includes \$82.2 million in Lottery Funds expenditure limitation (to be available for a 6-year period) for new grants awarded during the 2019-21 biennium. Many of the grant projects awarded Lottery Funds by OWEB are multi-year efforts and OWEB only makes final grant payments upon completion of the project. The Legislature addresses this by treating the local grants portion of the OWEB budget like capital construction projects, which have a six-year limitation, allowing time for approved grant projects to be completed.

TRANSPORTATION

The Transportation program area includes the Department of Transportation (ODOT) and the Department of Aviation. Transportation agencies are primarily funded by revenues generated through motor and jet fuel taxes, licenses and fees, bond revenue, and Federal Funds. The State Highway Fund is shared between ODOT, counties, and cities. Oregon's population growth rate, employment levels, vehicle fuel efficiency, and E-commerce continue to influence traffic congestion and demands for maintenance, pavement preservation, Driver and Motor Vehicle (DMV) services, and Motor Carrier Transportation activities.

The 2019-21 legislatively adopted budget for the Transportation program area totals \$4.55 billion, which is comprised of \$25.3 million General Fund, \$115.6 million Lottery Funds, \$4.2 billion Other Funds, and \$124.9 million Federal Funds. The budget also includes \$18 million in Nonlimited Other Funds for the Infrastructure Bank Loan program activity and \$21.2 million in Nonlimited Federal Funds for debt service supported by Federal Funds.

Excluding Nonlimited Funds, the total program area budget for 2019-21 is \$423.8 million (or 10.4%) above the 2017-19 legislatively approved budget. The increase in total funds is primarily due to projected payouts on projects in the Statewide Transportation Improvement Program and increased spending for public transit.



Department of Aviation

The Department of Aviation is supported entirely by Other Funds and Federal Funds. The agency’s total funds budget is \$31.3 million, which is \$8.3 million (or 35.9%) higher than the 2017-19 approved budget. This increase mostly reflects the ramp-up of aviation system grant programs created by HB 2075 (2015), funded by a temporary increase in aircraft fuel taxes. The Aviation budget includes \$7.95 million in capital construction for the following airport improvement projects:

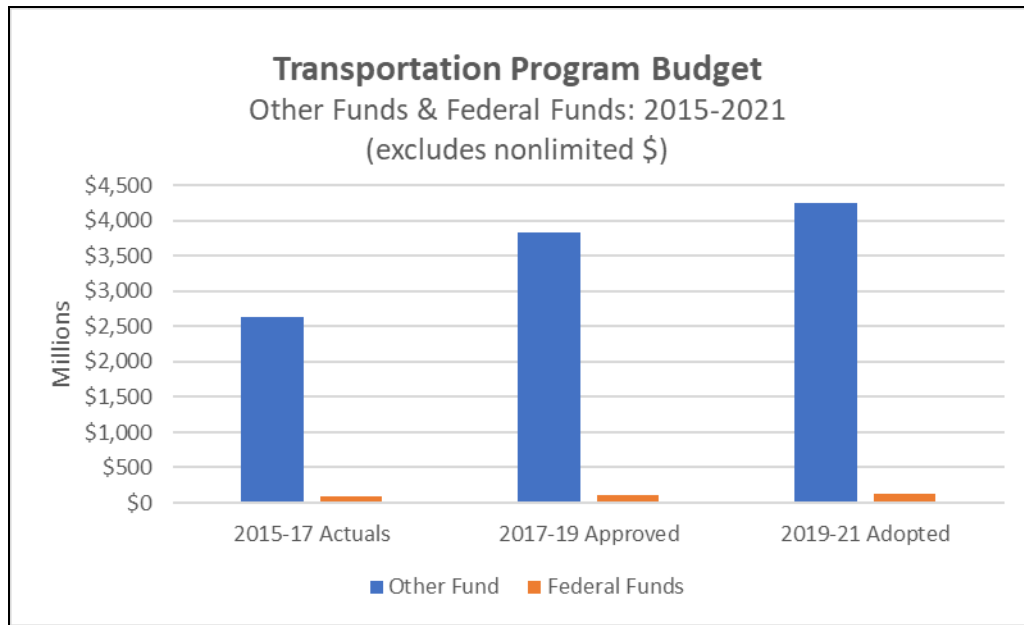
- Prospect State Airport Runway Reconstruction: \$2,160,000 Other Funds to conduct renovations at the Prospect State Airport. This project includes reconstruction of the runway, including design engineering and construction of a new subbase.
- Aurora State Airport Run-up Area Construction: \$1,845,000 Federal Funds and \$205,000 Other Funds to conduct rehabilitation at the Aurora State Airport. The project includes design engineering and construction of a run-up area for runway 17 to improve safety and reduce congestion.
- Condon State Airport Runway Rehabilitation: \$2,340,000 Federal Funds and \$260,000 Other Funds to conduct rehabilitation at the Condon State Airport. This project includes rehabilitation of the runway, which is needed to meet federal standards for safe operating conditions.
- Siletz Bay State Airport Taxiway Rehabilitation: \$1,026,000 Federal Funds and \$114,000 Other Funds to conduct rehabilitation at the Siletz State Airport. This project includes rehabilitation of the taxiway, which is needed to meet federal standards for safe operating conditions.

Department of Transportation

The ODOT total funds budget is \$4.5 billion, excluding Nonlimited funds, which is \$415.5 million (or 10.2%) higher than the 2017-19 approved budget. General Fund resources for ODOT increased by \$1.8 million (or 7.9%) from the 2017-19 approved budget. All General Fund in ODOT’s budget – \$25.3 million – is for debt service, mostly for the State Radio Project that was completed in 2017. Two programs that had been supported in recent years by the General Fund, namely intercity passenger rail and senior and disabled transit grants, are instead funded using Other Funds.

Lottery Funds expenditure limitation increased by \$2 million (or 1.8%) compared to the 2017-19 biennium. The Legislature approved the use of lottery-backed bonds for \$7 million to fund projects at the Port of Coos Bay and in the City of Sherwood. Bond issuance costs for the 2019-21 biennium are

estimated to be \$149,462 with no debt service on the new bonds in 2019-21 due to the timing of the planned sale date.



The Other Funds budget increased by \$403.8 million (or 10.6%) from the 2017-19 legislatively approved budget level. The total Other Funds expenditure limitation includes:

- \$12 million for the land purchase and design for a new South Coast Maintenance Station located in the Coos Bay area.
- \$8 million for the land purchase and design for a new Central Coast Maintenance Station located in the Lincoln County area.
- \$74.9 million for the ConnectOregon program, most of which will fund projects identified in HB 2017 (2017). No new lottery bonds were authorized for this program for 2019-21.
- \$30 million for the DMV Service Transformation Project.
- \$14.9 million for DMV operations, including 123 positions (63.96 FTE) for DMV field offices to begin issuance of REAL ID driver license and identification cards on July 1, 2020, and to implement HB 2015 (2019) which allows individuals without proof of legal presence to obtain regular – non-REAL ID – driver license and identification cards.
- \$10.3 million and 117 positions to issue REAL ID cards and driver licenses and implement HB 2015 (2019) related to identification for undocumented Oregonians.
- \$9.5 million for state radio system hardware replacement.
- \$161.2 million (189% increase) for ODOT public transit programs to increase bus service frequency, expand bus routes, and reduce bus fares.
- \$187.5 million for ODOT transportation projects, and highway operations and maintenance, including 55 positions (54.50 FTE) for HB 2017 (2018) project delivery.

Federal Funds expenditure limitation is decreased by \$7.9 million (or 7.5%) compared to the 2017-19 legislatively approved budget.

ADMINISTRATION

The Administration program area provides services to state agencies and local governments. Such services include: central administration and support of agencies, retirement administration, labor relations, government ethics and lobby regulation, library services, income and property tax administration, alcohol regulation, and pari-mutuel racing regulation. Additionally, it includes the Governor's Office, financial and performance auditing, elections, and records management by the Secretary of State, and financial and investment activities of the State Treasurer. State pass-through funding is included for public broadcasting, county fairs, and the Historical Society, among others.

The 2019-21 legislatively adopted budget for the program area is \$14.9 billion total funds. The adopted budget is \$1.8 billion (or 13.3%) more than the 2017-19 legislatively approved budget and includes 3,287 positions (3,184.86 FTE). This program area accounts for 17.4% of the \$85.8 billion statewide total funds budget.

Of the adopted budget for this program area, \$12.5 billion (or 83.9%) is attributable to benefit payments to state and local government retirees, which is an increase of \$1.4 billion (or 12.7%) over the 2017-19 legislatively approved budget. The remainder of the program area budget totals \$2.4 billion and experienced a \$335.3 million (or 16.2%) increase in funding over the prior biennium.

The program is supported by \$287.8 million General Fund (1.9%), \$26.6 million Lottery Funds (0.2%), \$1.9 billion Other Funds (13.1%), \$12.6 billion Other Funds Nonlimited (84.4%), and \$10.6 million Federal Funds (0.1%). Major sources of Other Funds revenue include: Public Employees Retirement System employer and employee contributions, including investment returns; assessments on state agencies and local government; corporate registration fees; and liquor sales. A portion of Other Funds revenues originates as General, Lottery, and Federal Funds.

Department of Administrative Services

The Other Funds 2019-21 legislatively adopted budget for the Department of Administrative Services totals \$1.134 billion, which is \$107 million (or 10%) above the 2017-19 legislatively approved total funds budget. Other Funds Nonlimited totals \$134 million for 2019-21, which is \$3 million more than 2017-19.

Major limited Other Funds increases mostly involved investments in information technology (IT) projects, including \$13.6 million for IT security compliance, \$9.4 million for implementation of a new statewide procurement system, \$15.3 million to replace equipment at the State Data Center that is past its useful life, \$5.4 million to start planning for the replacement of the Oregon State Payroll System, and \$3.6 million for a new online training and learning management system. Additional Other Fund supported increases included \$2 million to purchase new vehicles, \$1.5 million for positions related to an IT procurement initiative, and \$2.8 million to support 14 new positions in the Chief Human Resources Office. Other Funds reductions totaling \$15.7 million included assumed vacancy savings, cuts to services and supplies and professional services, reduced service provision, and the elimination of nine vacant positions.

The budget contains \$22.2 million General Fund for 23 local projects, including but not limited to, funding for census outreach, immigration defense, a local jail, fire protection district start-up costs, education facilities, and stream gauges. Also included was \$61.3 million Other Funds supported by revenues from the sale of lottery bonds for 15 projects around the state.

Fairs (County and State)

Under ORS 565.447, County Fairs are provided state support (as a pass-through from DAS) for financial assistance related to county fair activities. For 2019-21, County Fairs are provided \$3,828,000 Lottery Funds, which is the amount to be transferred under the existing formula. General Fund in the amount of \$1,015,299 for state support of the State Fair was approved for transfer to the State Fair Council, which now operates the State Fairgrounds. An additional \$581,701 General Fund was added to pay debt service on previously issued General Obligation bonds for facilities repairs. Three new bond-funded projects were approved for facilities at the State Fairgrounds: \$5.3 million for general deferred maintenance and capital improvements; \$3 million to make capital improvements and renovate the Horse Barn; and \$2 million to make capital improvements and renovate the Poultry Barn.

Oregon Historical Society

The Oregon Historical Society was provided \$2,000,000 General Fund to support daily operations. This is a \$1.1 million General Fund increase from the 2017-19 biennium. The budget also includes \$412,392 Lottery Funds to cover the bond debt service costs related to payment of mortgage costs associated with the Society's storage facility in Gresham.

Oregon Public Broadcasting

Oregon Public Broadcasting was provided \$1,000,000 General Fund to support daily operations. This is double the General Fund provided during 2017-19. In addition, \$915,135 Lottery Funds were allocated for debt service on bonds previously issued for infrastructure improvements.

Advocacy Commissions Office

The budget for the Advocacy Commissions Office is \$766,437 total funds, which is a 5 % increase from the 2017-19 legislatively approved budget. The budget includes \$760,506 General Fund, \$9,481 Other Funds, and 3 positions (2.50 FTE).

Employment Relations Board

The budget for the Employment Relations Board is \$5.4 million total funds, including \$3 million General Fund and \$2.4 million Other Funds. The total funds budget is \$247,744 (or 4.8%) more than the 2017-19 legislatively approved budget. The budget includes 13 positions (13.00 FTE).

Government Ethics Commission

The approved budget for the Government Ethics Commission totals \$2,903,298 Other Funds and 9 positions (9.00 FTE), which is a 5.2% increase from the 2017-19 legislatively approved budget and a 1.1% decrease from the 2019-21 current service level. Other Funds revenue of \$2,958,949 from assessments charged to state agencies and local government entities supports budgeted costs and a projected ending balance of \$795,819, which provides a six-month operating reserve.

Office of the Governor

The Office of the Governor's total funds budget of \$24.3 million represents a 0.2% decrease from the 2017-19 legislatively approved budget and a 5.5% increase over the 2019-21 current service level. The legislatively adopted budget includes \$16.5 million General Fund, \$4 million Lottery Funds, \$3.9 million Other Funds, and 62 positions (61.63 FTE).

The budget provides sufficient funding to continue ongoing programs and services, as well as to accommodate reclassification and realignment of positions in the Office. In addition, the budget

incorporates funding for a limited duration Census Coordinator position and a permanent Diversity and Inclusion Coordinator position. Other Funds limitation was included to provide Small Business Forums around the state and to replace vans for the Extradition program. A budget note requests the Office review the various funding sources for its positions and identify alternative funding methodologies, including an assessment-based approach. The budget note also states that it shall be the policy going forward that positions funded in another agency's budget that are assigned to or are otherwise "on loan" to the Office of the Governor be limited to needs and issues that are temporary in nature.

Oregon Liquor Control Commission

The 2019-21 legislatively adopted budget for the Oregon Liquor Control Commission totaled \$247.1 million Other Funds, a 14.6% increase from the 2017-19 legislatively approved budget. The budget is entirely Other Funds, funded from licensing fees and liquor sales. Major investments in OLCC services and programs include the following:

- A package to maximize shipping capacity from the Milwaukie warehouse totaled \$2,203,955 million and 11 positions (11.00 FTE).
- Additional Licensing and enforcement staff in the alcohol and marijuana programs amounted to \$4,694,377 and 18 positions (18.00 FTE).
- Approved increases for administrative capacity in financial services, human resources, and administration of the bottle bill resulted in additional Other Funds expenditure limitation of \$780,561 and 4 positions (4.00 FTE).
- Migrating dispatch services to a statewide interoperable radio network maintained by the state police and associated equipment increased Other Funds expenditures by \$1,036,320.
- Expenditure limitation to further develop new information technology systems related to alcohol licensing and enforcement, marijuana licensing and enforcement, privilege tax payment and reporting, and the distilled spirits supply chain totaled \$6.5 million Other Funds and 4 positions (4.00 FTE). The agency will request remaining funding needed during the 2020 legislative session or later, once remaining costs related to the various systems are known.
- Repairs to the roof of the primary warehouse totaling \$150,000, to remediate and prevent further water damage.

Liquor sales are projected to total \$1.5 billion. After liquor-related agency expenditures, remaining alcohol revenue is distributed to the state General Fund, cities, counties, and the Oregon Wine Board. Projected distribution amounts for the 2019-21 biennium are as follows:

- \$341.1 million to the General Fund.
- \$108 million to incorporated cities.
- \$75.6 million for City Revenue Sharing.
- \$54 million to counties.
- \$19.7 million for county mental health services.
- \$0.697 million to the Oregon Wine Board.

Public Employees Retirement System

The budget for the Public Employees Retirement System totals \$12.9 billion Other Funds. Of the total, \$12.5 billion is for benefit payments to retirees. The budget includes, for the first time, a General Fund appropriation of \$100 million to match employer contributions into side accounts. The administrative budget totals an additional \$263.3 million Other Funds and is a \$161.6 million (or 159%) increase from the 2017-19 legislatively approved budget. The budget includes 419 positions (414.32 FTE).

The single largest budget increase, besides the \$100 million General Fund appropriation and the corresponding \$100 million in Other Funds expenditure limitation, is \$40 million Other Funds and 43 positions for the implementation of SB 1049 – the PERS reform measure. Another material increase is \$11.5 million for the School District Unfunded Liability Fund due to a transfer of revenue from the Common School Funds under SB 1566 (2018).

Continued funding is provided for: Oregon Growth Savings Plan (\$1.6 million); an accountant position for the Individual Account Program’s target-date fund earnings reporting (\$198,066); cybersecurity/business continuity/disaster recovery (\$442,191); the agency’s move to the State Data Center (\$1.7 million); and a limited duration Accounting Technician 3 for collections activities related to the 2012 Oregon Supreme Court Decision to retroactively reduce the earnings credited to member accounts (\$357,679).

New funding was provided for: a one-time increase in deferred maintenance (\$1.2 million); cybersecurity/business continuity/disaster recovery (\$638,291); a Quality Assurance Engineer and an Electronic Content Management analyst for the Information Services Division (\$356,295); a Benefit Calculations Supervisor, an Operations and Policy Analyst for the Individual Account Program’s target-date fund, two Retirement Counselors, and an Office Specialist for Intake and Review for the Operations Division (\$568,790).

Reductions in the budget include the elimination of two long-term vacant positions (\$631,523), as well as the elimination of excess or unneeded budget authority for rent and temporary staff (\$644,528).

Racing Commission

The 2019-21 legislatively adopted budget for the Oregon Racing Commission of \$4 million is based on approximately one year of operating expenses. This is a \$2.5 million (39%) decrease from the 2017-19 legislatively approved budget, reflecting an assumed sale of Portland Meadows, the venue for Oregon’s only commercial race meet. Should this occur, there may be fewer race days and less need for full-time staff. The agency is directed to report to the February 2020 Legislative Assembly with a budget plan for the 2020-21 fiscal year, based on workload, resources, and the number of assumed licensees.

Department of Revenue

The budget for the Department of Revenue is \$339.2 million total funds, which is a \$14.9 million (or 4.6%) increase from the 2017-19 legislatively approved budget. The budget includes \$213.1 million General Fund, \$126.1 million Other Funds, and includes 1,057 positions (983.39 FTE).

Continued funding is provided for: The Core [tax] Systems Replacement project for post-implementation vendor support (\$7.1 million); document scanner project (\$847,833); administration of transportation taxes (\$1.5 million); and the administration of the Heavy Equipment Rental Tax (\$876,361).

New funding was provided for: Corporate Activities Tax (\$4 million); a fund shift from Other Funds to General Fund in the Property Tax Division to resolve long-standing funding issues (\$495,238); auditing of marijuana tax filings (\$833,216); state and local lodging taxes enforcement (\$883,936); and updating the Property Valuation System business case (\$210,500).

Reductions in the budget include the elimination of 26 vacant positions (\$3.2 million) and an expired vendor support contract (\$510,000).

DOR successfully completed reporting on nine budget notes from the 2017 session, which were a legislative effort to seek improvements to the agency's operations; however, the Legislature noted continued interest in monitoring agency performance and outcomes. Lastly, DOR undertook a number of organization changes to improve the tracking and transparency of the agency's financial activities including establishing a Corporate Tax Division and a Collections Division, among other changes.

Secretary of State

The Secretary of State's total funds budget of \$83.4 million is a 3.4% increase from the 2017-19 legislatively approved budget and a 6.5% increase over the 2019-21 current service level. The increase over the current service level is largely due to the continuation of motor voter payments which were included in the 2017-19 budget as one-time payments but are continued into the 2019-21 biennium budget and to the addition of funding for pre-paid postage for election ballots. The adopted budget includes \$14.2 million General Fund, a slight 1.4% reduction from the previous biennium, and also consists of \$63.9 million Other Funds, \$5.4 million Federal Funds, and 224 positions (223.42 FTE). The number of positions is a 3.2% increase over the 2017-19 biennium approved level.

The budget includes the following agency-specific adjustments affecting General Fund support levels:

- \$1,668,783 General Fund to pay postage costs for ballots returned by mail in all Oregon elections during the biennium held on or after January 1, 2020; this funding is associated with the passage of SB 861 and includes a special purpose appropriation to the Emergency Board of \$1,146,094 in case costs are higher than initially projected due to enhanced ballot return by mail.
- \$879,248 General Fund for county costs associated with expanded voter registration rolls generated by the Motor Voter program. Funding is essentially unchanged from the prior-biennium level; this expenditure represents the third of a four-biennium phase-in.
- \$336,696 General Fund for the establishment of two new limited duration Compliance Specialist 2 positions (1.75 FTE) to manually accept, review, and maintain lists of campaign finance filings, answer questions, conduct investigations, oversee civil penalties and case hearings, and fulfill public records requests associated with campaign finance changes in HB 2983.
- \$197,841 General Fund for the establishment of a new Operations and Policy Analyst 2 position to work with counties on the Oregon Centralized Voter Registration system and organize enhancement requests by operating a call center help desk.
- A \$75,000 General Fund reduction by eliminating the Oregon Motor Voter return letters and replacing them with a postcard that does not have a return envelope option.
- \$20,000 General Fund to enhance the Secretary's ability to travel both in-state and out-of-state on official business.

Principal Other Funds adjustments in the Secretary of State budget include:

- \$727,933 Other Funds to add five Public Service Representative 4 positions for the Corporation Division call center and for the Office of Small Business Assistance.
- \$502,044 Other Funds to continue a limited duration Training and Development Specialist 2 position as permanent and to add a new Principal Executive Manager C position as a Service Desk Manager for the Network Operations Security Center.
- \$500,000 Other Funds for phase three of the Archives Building compact shelving project.
- \$500,000 Other Funds for increased merchant fees due to growing use of credit cards to pay for report filing and business registration fees.
- \$271,528 Other Funds to finalize the migration of business information systems to the Cloud.

- \$80,700 Other Funds for maintenance of new security systems put into place during the 2017-19 biennium.
- \$50,000 Other Funds to allow the translation of 70 business forms used by the Secretary of State into five specified languages as required under HB 2998.

A \$465,550 Federal Funds expenditure limitation increase was also included in the adopted budget to continue two IT security positions approved at the May 2018 meeting of the Emergency Board as part of the enhanced federal funding for voting system security as part of the Help American Vote Act.

State Library

The budget for the State Library is \$16.5 million total funds, which is a 1.6% increase from the 2017-19 legislatively approved budget and a 2.5% increase from the 2019-21 current service level. The budget includes \$4.2 million General Fund, \$7 million Other Funds, \$5.2 million Federal Funds, and 41 positions (39.04 FTE). The budget provides sufficient funds to continue ongoing programs and reflects anticipated available federal funds revenue. A budget note was included directing the agency to work with partners, including the Commission for the Blind and the Oregon Textbook and Media Center, to evaluate ways to better use technology to meet the needs of visually impaired Oregonians.

State Treasurer

The budget for the State Treasurer is \$92.7 million Other Funds. The budget is a \$5.4 million (or 6.1%) increase from the 2017-19 legislatively approved budget. The adopted budget includes 166 positions and 164.47 FTE.

The Legislature continued, for the third consecutive biennium, an investment in the level of resources dedicated to the Investment Division (\$1.5 million). Supplemental funding was also approved for information security (\$780,691). The Legislature approved the consolidation and reorganization of the 529 College Savings and Achieving-a-Better-Life (ABLE) programs as well as other related changes to the Oregon Retirement Savings Board (ORSB), which included moving the ABLE and ORSB from General to entirely Other Fund support (\$1.5 million). Reductions in the budget include the elimination of one long-term vacant position (\$212,877).

LEGISLATIVE BRANCH

The 2019 Legislature adopted a budget of \$142.3 million General Fund and \$162.2 million total funds and 573 positions (459.00 FTE) for the seven legislative branch agencies. The General Fund budget is an 11% increase over the 2017-19 legislatively approved General Fund budget. The total funds budget is only a slight increase over the 2017-19 total funds budget.

The adopted budget includes branch-wide adjustments for pay equity costs, position reclassifications, and centralized phone system costs. Other actions in legislative agencies include the following:

Legislative Assembly

HB 3377 established a new Legislative Equity Office with a budget of \$1,393,318 General Fund and 2 positions (1.67 FTE).

Legislative Administration Committee

- Funding in the amount of \$550,000 General Fund to pay for ongoing security costs.
- Establishment of ongoing funds for Capitol building maintenance (\$2 million General Fund) and media replacement (\$100,000 General Fund).
- New positions in Information Technology (Developer and VOIP phone system positions), Facilities (Project Manager position), and Employee Services (Policy and Program Development position).
- Funding in the amount of \$250,000 General Fund for costs related to the Document Publishing and Management System project that cannot be paid from bond proceeds which will be used to finance the remainder of the project. An additional \$766,117 General Fund is provided to cover debt service costs in 2019-21; Other Funds expenditure limitation of \$5,168,000 was included reflecting bond proceeds, costs of issuing bonds, and actual project costs.
- General Fund in the amount of \$1,361,800 was included for planning of Phase II of the Capitol Accessibility, Maintenance and Safety (CAMS) project.

Legislative Counsel Committee

Establishment of a new Senior Editor/Team Leader position and three Editor positions.

Legislative Fiscal Office

Establishment of five new positions (3.77 FTE) to support the Joint Legislative Audit Committee, assist with Information Technology review functions, and for budget and fiscal impact statement workload.

EMERGENCY FUND

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

The 2019-21 legislatively adopted budget for the Emergency Board includes a \$75 million general purpose appropriation. The typical general purpose appropriation over the past several biennia has been \$30 million, with an increased general purpose appropriation of \$50 million in 2017-19 due to the potential for increased wildfire fighting costs. Similarly, the 2019-21 general purpose appropriation includes \$19 million in reservations for mental health services, and for Oregon's child welfare system, due to emerging needs for these program areas.

In addition to the general purpose appropriation, the 2019-21 legislatively adopted budget 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 to support improvements to the public defense contract model and activities to reduce public defense caseloads.
- \$8 million for fire costs incurred by the 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 Public Defense Services Commission 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, which is 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 become available to the Board for any legal use.