

Co-Chairs' Existing Resources Budget Framework, 2017-19: At a Glance

On January 19, the Ways & Means Co-Chairs released an "Existing Resources Budget Framework" for the 2017-19 biennium. This framework will provide a starting point for discussions about how to draft a budget that meets Oregonians' needs in the face of a \$1.8 billion budget gap.

Incoming revenue is 8% lower than what is needed to fund programs at their current levels given rising costs, new voter-approved programs, and Oregon's existing revenue structure.

The Co-Chairs released an initial budget framework based on the existing resources in the state's General and Lottery funds. It's worth noting that in some cases, cutting state support for critical programs triggers a reduction in federal funding as well, so the loss to Oregonians would be much greater than shown in the estimates below.

The following is a brief summary of proposed budget levels and their implications:

Education

K-12

2017-19 Framework Budget: \$7.8 billion

Current Service Level: \$8.012 billion

Deficit: \$212 million (-2.65%)

K-12 schools will be more than \$200 million below existing levels, even with an expected \$74 million influx from marijuana tax revenue. Since budgeting decisions are made locally, cuts will vary from district to district, but are likely to include: teacher layoffs, larger class sizes, cut school days, reductions to educational and extracurricular programs, and cuts to support staff like counselors and librarians.

Community Colleges and Higher Education

2017-19 Framework Budget: \$1.99 billion

Current Service Level: \$2.019 billion

Deficit: \$28.8 million (-1.4%)

Cuts could include a reduction in staff at the Higher Education Coordinating Commission, cuts to the Sports Action Lottery Program, cuts to general support for community colleges and public universities leading to higher tuition costs, cuts to extension services and research centers supporting programs across the state, and flat lining support for Oregon Promise, limiting the number of students who can enroll and leaving us unable to fund the existing students participating in the program.

Other Education

2017-19 Framework Budget: \$827.3 million

Current Service Level: \$944.2 million

Deficit: \$116.9 million (-12.4%)

This category includes Early Learning, Youth Development programs, and grant-in-aid to districts for special education and other supports outside the State School Fund. \$294 million in funding for CTE programs mandated by Measure 98 are included in CSL but reductions are assumed to meet

necessary deficit reductions. Any additional funding for that program would be at the additional expense of other educational programs, like K-12 classrooms.

Cuts could also include reductions in funding for early learning, grant-in-aid programs (excluding special education and nutrition support), or existing CTE programs.

Health Care and Human Services

Oregon Health Authority

2017-19 Framework Budget: \$2.322 billion

Current Service Level: \$3.203 billion

Deficit: \$881.5 million (-27.5%)

Program reductions in this area could include cutting health insurance coverage or critical medical services for the 355,000 Oregonians covered by Oregon Health Plan (OHP) expansion to low-income Oregonians, cuts to dental and addiction services for OHP members, and cuts to other critical services like mental health care, school-based health centers, and family planning services. The current deficit could be reduced by about \$250 million through savings from the hospital assessment from the 2015-17 biennium, but that would not be enough to prevent more than 70 percent of the aforementioned program cuts.

Department of Human Services

2017-19 Framework Budget: \$2.99 billion

Current Service Level: \$3.275 billion

Deficit: \$285 million (-8.7%)

Program reductions of this magnitude will be felt by all DHS departments and the vulnerable populations they serve, including children in the child welfare system and seniors and families living in poverty. Cuts could include staff reductions, and cuts to state funding of TANF and Employment Related Day Care, as well as critical senior programs like Oregon Project Independence, among others.

Public Safety

2017-19 Framework Budget: \$2.49 billion

Current Service Level: \$2.57 billion

Deficit: \$80.1 million (-3.1%)

The public safety program area includes many agencies and programs focused on protecting our communities. Cuts could include closure of the 50-bed North Coast Youth Correctional Facility, a reduction of more than 175 community treatment beds statewide for OYA youth, and cuts to community corrections and drug treatment programs.

Other Areas:

Judicial – Budget Deficit: \$26.1 million (-3.4%)

Economic Development – Budget Deficit: \$7.4 million (-3.1%)

Natural Resources – Budget Deficit: \$9 million (-2.2%)

Transportation – Budget Deficit: \$29.4 million (-16.8%)

Consumer and Business Services – Budget Deficit: \$400,000 (-2.8%)

Administrative – Budget Deficit: \$13.5 million (-4.8%)

Legislative – Budget Deficit: \$3.9 million (-3.5%)

Other Adjustments:

2016 Ballot Measures – Cost: \$357 million. Three voter-approved programs were included as part of the state’s assumed roll up costs, but the Co-Chairs acknowledge that the level of funding for all three may have to be reduced, as is the case with the existing critical services and programs described above.

State Employee Contracts – The amount of money used to fund state employee contracts was reduced to one third of its previous size.