

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5520-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Cameron
Carrier – Senate: Sen. Winters**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 0 – 1

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Winters

Prepared By: Kelly Freels, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: 6/8/07

Agency

Department of Justice

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Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Representative Chip Shields, Public Safety Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Change from Governor's Budget
General Fund	\$ 34,170,674	\$ 52,833,644	\$ 52,589,599	\$ -244,045	-0.5%
Other Funds	159,834,994	207,878,638	203,489,609	-4,389,029	-2.1%
Other Funds Nonlimited	7,994,025	7,339,368	7,794,005	+454,637	+6.2%
Federal Funds	81,786,510	87,667,018	96,938,261	+9,271,243	+10.6%
Federal Funds Nonlimited	16,399,813	13,969,281	14,851,812	+882,531	+6.3%
Total	\$ 300,186,016	\$ 369,687,949	\$ 375,663,286	\$ +5,975,337	+1.6%

Position Summary

Authorized Positions	1,226	1,275	1,305	+30
Full-time Equivalent (FTE) Positions	1,212.01	1,258.49	1,278.99	+20.50

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department receives General Fund for criminal appeals, district attorney assistance, organized crime and criminal intelligence, Oregon Domestic and Sexual Assault Violence fund, corrections litigation, Master Settlement Agreement litigation, and state match for federal child support enforcement funds and federal Medicaid fraud funds. The Department generates the majority of its Other Fund revenues from charges to state agencies for legal services. Child Support payments for families in Temporary Assistance for Needy Families (TANF) program and federal performance incentives partially fund the Child Support program. Criminal Fines and Assessment Account (CFAA) funds support the crime victims' compensation program, the Child Abuse Multidisciplinary Intervention (CAMI) program, the Child Abuse Medical Assessment program, and regional assessment centers. Registration and filing fees are charged to charitable organizations. A portion of the Tobacco Settlement Fund is transferred to the Department for staff to enforce the Non-Participating Manufacturer provision of the Master Settlement Agreement. A portion of revenue generated from Tobacco Tax Compliance Task Force collections are transferred to the Department for this activity.

Federal funds support child support enforcement and Medicaid fraud activities. Federal grant funds support crime victim programs, drug enforcement activities and law enforcement agencies in narcotic intelligence sharing.

The Subcommittee approved all revenue adjustments identified in package 819: Technical Changes. These adjustments are intended to update the revenue estimates for revisions to the legal fund and inter-departmental transfers based on the approved budget.

Summary of Subcommittee Action

The Department of Justice is responsible for providing general legal counsel and supervision of all civil actions and legal proceedings in which the state is a party or has an interest. The Department is in charge of all the state's legal business that requires an attorney or legal counsel, and is further responsible for a number of programs including child support enforcement, district attorney assistance, crime victims' compensation and assistance, charitable activity enforcement, and consumer protection services. The Department is organized into the Office of the Attorney General (Administration) and six operational divisions: Appellate, Civil Enforcement, Criminal Justice, General Counsel, Trial and Child Support. For budget purposes, the Defense of Criminal Convictions (DCC) fund, and Crime Victims' programs within the Criminal Justice Division are separately identified.

The Subcommittee approved a budget for the Department of \$375.7 million total funds (16.8 percent increase from the Essential Budget Level) and 1,278.99 full-time equivalent positions. Of this amount, \$52.6 million is from the General Fund, a 20.8 percent increase from the Essential Budget Level.

The approved budget:

- Does not fund BM 37 workload costs for legal services. Necessary resources will be included in a later bill after the legislature determines the final adjustment to the requirements of this measure.
- Adds \$8.0 million General Fund to finance a large portion of the projected Defense of Criminal Convictions caseload growth.
- Assumes the Juvenile Dependency representation package will be phased-in during the biennium. This package is funded at one-half the amount recommended by the Governor.
- Adds \$2.0 million to the Child Abuse Multidisciplinary Intervention (CAMI) program, \$2.0 million to the Domestic and Sexual Violence Services program and \$2.0 million to Victim Services and Criminal Injury Compensation programs.
- Addresses federal changes in the Child Support program. It replaces lost federal dollars with General Fund, finances changes in federal requirements (House Bill 2125) and anticipates funds to pay for a federal audit finding.

Administration

The Administration Division provides administrative oversight and support to the six operating divisions in the Department. The Subcommittee approved a budget of \$22.8 million total funds and 113.26 full-time equivalent positions, a 57.8 percent total funds increase above the Essential Budget Level. This large increase is primarily due to the technical change approved in Package 491.

The Subcommittee approved Package 101: Agency Budget Support. This package establishes two permanent full-time budget positions for workload growth, including one Principal Executive Manager E (1.00 full-time equivalent) position that is currently double-filled in the Department and one Fiscal Analyst 3 (0.88 full-time equivalent) position that will be hired three months into the biennium. The package is partially financed by eliminating one part-time Fiscal Analyst 1 position (0.50 full-time equivalent). The Department's budget has grown in complexity and size in recent years, with 25 special programs, 30 grants and 3 funding sources. As a result, current fiscal staff are unable to provide management information and analysis required by Department managers to manage the budget. The cost is \$307,247 Other Funds.

The Subcommittee approved Package 104: Honors Attorneys. This package establishes two permanent full-time positions (1.50 full-time equivalent) of which one will phase-in the second year to expand the Honors Attorney Program. The program is designed to attract talented new law school graduates and judicial clerks for a two year program. During that time, the Honors Attorneys rotate between two of the Department's legal divisions and have the opportunity to be introduced to public law. This program has proven to be a successful tool in attracting qualified attorneys to the Department. The cost is \$270,955 Other Funds.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. It includes \$7,764,653 Other Funds to change how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The package is the response to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 492: DOJ Position Reclassifications, but required the Department to fund the associated cost increase within the approved budget. This package reclassifies upward ten positions (nine information systems positions and a support staff position) based on revised duties as evaluated by the Department of Administrative Services, Human Resource Services Division.

Appellate

The Appellate Division represents the state's interests in all cases in federal and state appellate courts. It also prepares and defends ballot titles. The Subcommittee approved a budget of \$16.0 million total funds and 64.63 full-time equivalent positions. This is a 5.7 percent increase above the Essential Budget Level.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical package. It includes \$25,691 Other Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. It includes \$972,632 Other Funds to change how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The package is the response to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 810: Mandated Caseload Adjustment. This package reduces Other Funds by \$140,823 to match the expected Defense of Criminal Conviction funding available to process mandated cases.

The Subcommittee approved Package 812, which reclassifies upward one Office Specialist 1 position to an Office Specialist 2 based on revised duties as evaluated by the Department of Administrative Services Human Resource Services Division. The Department is expected to fund the cost of this reclassification within the approved budget.

Civil Enforcement

The Civil Enforcement Division represents the state in civil cases and also enforces certain criminal laws. General responsibilities of this Division include: (1) enforce consumer protection, charities and non-profit gaming laws, (2) prosecute Medicaid fraud and related crimes as well as provide related education/outreach, (3) prosecute termination of parental rights cases and represent the State in child support orders and mental health commitments, and (4) protect the State's interest in bankruptcy court. The Subcommittee approved a budget of \$35.8 million total funds (\$1.4 million General Fund) and 135.84 full-time equivalent positions. This is an 18.6 percent total funds increase and a 227 percent General Fund increase above the Essential Budget Level. The significant General Fund increase in this division results from the Master Settlement Agreement (MSA) "diligent enforcement" litigation cost approved in Package 201.

The Subcommittee approved Package 201: Defense of Tobacco Funding. This package provides funding to continue the Master Settlement Agreement (MSA) "diligent enforcement" litigation. Oregon and other states are challenging the reduction in payments in 2006 and 2007 by the tobacco companies required under the MSA. Because of cost uncertainty, the Subcommittee approved \$1.0 million General Fund in the Department's budget, and will recommend establishment of a special purpose appropriation within the Emergency Fund which will allow the Department to return to a meeting of the Emergency Board if additional resources are required to continue this litigation. The approved package includes three full-time limited duration positions (one Senior Assistant Attorney General, one Paralegal and one Legal Secretary [1.98 full-time equivalent]) to coordinate discovery and other aspects of the litigation. It also includes funding for outside counsel. The result of not funding this litigation may place the State in jeopardy of receiving about \$150 million each biennium in MSA payments from tobacco companies.

The Subcommittee approved Package 202: ODOT Cost Recovery. This \$121,078 Other Funds package establishes one permanent full-time Administrative Specialist 1 position (1.00 full-time equivalent) dedicated to cost recovery for the Department of Transportation (ODOT). This position will allow the Civil Recovery Section to process ODOT claims faster and reduce the current backlog.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical package. It includes \$52,261 Other Funds and \$3,659 Federal Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. It changes how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The cost is \$4,320,556 Other Funds and \$217,422 Federal Funds. The package responds to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The approved budget includes \$928,064 Other Funds expenditure limitation for enforcing the Non-Participating Manufacturing (NPM) requirements in statute. The Department is concerned that this may not be enough if more than the expected number of court cases and other enforcement activities occur. If additional limitation is required, the Department can request the Emergency Board to increase Other Funds expenditure limitation.

Criminal Justice

The Criminal Justice Division: 1) provides protection and investigation assistance to District Attorneys statewide; and, 2) provides investigation, intelligence and prosecution services relating to terrorism, drug and organized crime. The Crime Victims' programs are also administered under the division, but is a separate budget unit. The Subcommittee approved a budget of \$25.7 million total funds (\$8.4 million General Fund) and 72.63 full-time equivalent positions. This is a 33.6 percent total funds increase above the Essential Budget Level, with General Fund equal to the Essential Budget Level.

The Subcommittee did not approve Package 250: Criminal Justice Restoration; this package restored services for District Attorney assistance and the Organized Crime unit.

The Subcommittee approved Package 251: Continuation of Tobacco Tax Compliance Task Force (TCTF) before December 31, 2007 Sunset. This package continues two limited duration positions in the TCTF for six months until the program sunsets on December 31, 2007. One Senior Assistant Attorney General position (0.25 full-time equivalent) and one Criminal Financial Investigator position (0.25 full-time equivalent) are recommended by the Subcommittee. With these positions, the Task Force will be fully staffed to meet on-going workload. The Task Force is a joint effort of the Department of Justice, Oregon State Police and the Department of Revenue to enforce the tobacco tax laws in Oregon. The cost is \$132,040 Other Funds (tobacco tax revenue).

The Subcommittee approved Package 252: Continuation of Tobacco Tax Compliance Task Force (TCTF). This package continues the TCTF scheduled to sunset on December 31, 2007 through the end of the 2007-09 biennium. To date, the Task Force has investigated and prosecuted numerous offenders who have defrauded Oregon out of millions of dollars of tax revenue by smuggling tobacco products into the State. Working with the National Association of Attorneys General, it has persuaded credit card companies to cease facilitating the online sale of cigarettes. This package establishes two positions and continues four positions (4.50 full-time equivalent), and associated Services and Supplies from January 1, 2007 through June 30, 2009. The cost is \$927,075 Other Funds (tobacco tax revenue).

The Subcommittee approved Package 253: Internet Crimes Against Children. This package establishes two limited duration investigator positions (0.50 full-time equivalent) to spend existing grant dollars for the first six months of the biennium. The two positions are responsible for investigations of child molesters who use the internet to recruit victims, and for investigation of persons who possess, distribute and manufacture child pornography. In addition, the positions conduct training for law enforcement and citizens throughout Oregon. The cost is \$148,733 Federal Funds. The Department may receive further federal funds for this activity.

The Subcommittee approved Package 255: DUII Prosecutions. This package continues one limited duration Senior Attorney position (0.63 full-time equivalent). It assumes continued funding from the Oregon Department of Transportation to train police and prosecutors on the complexities of Oregon's DUII law through September 2008. The position also litigates issues in Oregon courts, and coordinates with the National Highway Traffic Safety Administration to ensure Oregon is current with national trends on traffic safety. The cost is \$165,543 Other Funds. Further funding after September 2008 is possible.

The Subcommittee approved Package 259: Marijuana Eradication. This package distributes \$200,000 Federal Funds to local law enforcement agencies to eradicate illegal marijuana growing operations. At this time the Department has not been formally notified that these funds are available so the Department of Administrative Services Budget and Management Division is requested to un-schedule this expenditure limitation pending receipt of the grant.

The Subcommittee did not approved Package 260: Transfer to District Attorneys, as the companion package in the District Attorney budget has not been approved.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical package. It includes \$18,170 Other Funds and \$110 Federal Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology, as modified. This is a technical package. It increases Other Funds by \$1,273,366 and decreases Federal Funds by \$110. The package changes how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The package responds to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 492: DOJ Position Reclassifications, but required the Department to fund the associated cost increase within the approved budget. The Package reclassifies upward one Chief Criminal Investigator position to a Principle Executive Manager F based on revised duties as evaluated by the Department of Administrative Services Human Resource Services Division.

The Subcommittee approved Package 813: HIDTA Transfer. The Package transfers and makes permanent three limited duration High Intensity Drug Trafficking Area program (HIDTA) (2.5 full-time equivalent) positions of which one is part-time from the State Police (OSP) to this division since this is where most of the state agency HIDTA activity now occurs. It includes \$5,700,848 Federal Funds and eliminates the \$2,172,797 Other Funds previously in the budget from the OSP transfer. Most of the federal funding is distributed to local jurisdictions. A corresponding package was approved as part of the State Police budget.

Crime Victims' Programs

These programs are part of the Criminal Justice Division, but are identified separately for budget purposes. This section includes programs for Crime Victims' Compensation, Federal Victims of Crime Act, Prosecutor-based Victim/Witness Assistance, Crime Victim Grants, Child Abuse Multidisciplinary Intervention Account (CAMI) and Sexual Assault Victims' Emergency Medical Response Fund. The new Address Confidentiality Program is also within this section. The Subcommittee approved a budget of \$45.4 million total funds (\$4.7 million General Fund) and 29.34 full-time equivalent positions. This is a 24.4 percent total funds and an 83.0 percent General Fund increase above the Essential Budget Level.

The Subcommittee approved Package 300: Address Confidentiality Program. This package finances one permanent full-time position to continue the Address Confidentiality Program (ACP). This new program started January 1, 2007 with a limited duration position. The program is intended to help crime victims stay safe by preventing offenders from locating their victims by using state and local government records. Mail is sent to the ACP address –which is the address of record - and then is forwarded to the actual participants residential address, which remains confidential. The cost is \$130,000 General Fund. The Department is instructed to report to the 2009 Legislature as part of its Joint Committee on Ways and Means budget presentation on the future staffing needs to continue the program after its start-up and initial two years of operation.

The Subcommittee approved Package 301: Victim Services/Criminal Injury Compensation Account Increase. This package expands the Crime Victims' Compensation Program (CVCP) and the Prosecutor-based Victim/Witness Assistance Programs (VAP). Funding to CVCP was cut by over seven percent in the 2005-07 biennium while claim payments were increasing by seven percent. The package establishes one Office Specialist position (0.50 full-time equivalent) for the claims processing workload, while the majority of funds distributed to local programs. The cost is \$2,000,000 Other Funds (Criminal Fines and Assessment Account fund).

The Subcommittee approved Package 302: Oregon Domestic and Sexual Violence Services (ODSVS) Fund. The package expands funding for ODSVS by roughly one third with an infusion of \$2,000,000 General Fund. The program provides funding for non-profits and other entities which provide local services to victims of domestic and sexual violence. A portion of this new funding (\$93,059) will be used to fund a position to coordinate and promote collaboration among the local service providers.

The Subcommittee approved Package 303: Child Abuse Multidisciplinary Intervention (CAMI) Increase. This package includes \$2,000,000 Other Funds (Criminal Fines and Assessment Fund) to expand CAMI. The increased revenue will support the network of child abuse intervention centers that now exist throughout the state, along with the 36 county multidisciplinary team that are responsible for determining whether a child is safe with his caretaker.

The Subcommittee approved Package 304: Sexual Assault Victims Emergency Medical Response Fund (SAVEMRF). This package continues SAVEMRF that is scheduled to sunset on December 31, 2007. House Bill 2154, already signed by the Governor, eliminated the sunset provision. This package continues the funding (\$215,817 Other Funds and \$140,490 Federal Funds) that is supported through donations, gifts and grants. It also receives 60 percent federal match for all expended state dollars. SAVEMRF resources are expended on medical assessments for victims of sexual assault.

The Subcommittee approved Package 305: Crime Victims Rights Compliance. This package requests legislative authorization to apply for and accept the third and final year of a federal grant to improve Oregon's compliance with existing crime victims' rights. The grant will be spent from May 1, 2007 through April 30, 2008. This package includes \$94,452 Federal Funds for the 10 months of the 2007-09 biennium. It also continues two limited duration positions (0.42 full-time equivalent).

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical package. It includes \$14,377 Other Funds and \$2,875 Federal Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. This package includes \$545,404 Other Funds and \$82,718 Federal Funds. It changes how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The package responds to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 501: Transfer of Violence Against Women. This package transfers \$1.549 million Federal Funds for grants and \$140,000 to fund a position which is transferred from the State Police (Criminal Justice Services Division) as part of the larger transfer of the homeland security responsibilities and the Office of Emergency Management from State Police to the Military Department.

The Subcommittee approved Package 812: Position Reclassification. It reclassifies upward one Program Analyst Position to a Principal Executive Manager D. The Department is expected to self-finance the cost of this reclassification within the approved budget.

General Counsel

The General Counsel Division provides a broad range of legal services to over 150 state agencies, boards, and commissions. The Subcommittee approved a budget of \$48.8 million total funds and 179.92 full-time equivalent positions. This is a 17.7 percent increase above the Essential Budget Level.

The Subcommittee did not approved Package 150: Ballot Measure 37. The Legislature continues to work through policy options to address issues surrounding Ballot Measure 37. Once those issues are resolved, the associated costs from the resulting workload will be address in the Department's budget later in the legislative session.

The Subcommittee approved Package 350: Juvenile Dependency. This package establishes 16 positions (5.54 full-time equivalent) for increased legal representation of the state and the Department of Human Services (DHS) in the juvenile dependency process. The package will increase uniformity in attorney representation of the state in the early stages of juvenile dependency cases and to support staff work allocation between the District Attorney's and the DHS. This package was reduced by about one-half from the Governor's recommendation. The Department is expected to delay implementation of the package until later in the biennium. The proportional shares between DOJ staff and the payments to the District Attorneys would stay the same (but reduced by half). The cost is \$2,556,608 Other Funds that will be paid by DHS.

The Subcommittee provided further direction on Package 350. This package includes \$1.0 million in resources for payments to District Attorneys or counties to insure consistent practice by District Attorneys for court appearances and related activities in juvenile dependency proceedings between the time a child is taken into protective custody and the entry of jurisdiction/disposition orders by the court. Intergovernmental agreements will be negotiated between the Department of Justice and District Attorneys' offices and counties that choose to enter into the agreements. The Subcommittee expects the agreements will provide a significant measure of uniformity throughout of the state as to participation by District Attorney participation in the juvenile dependency process. The agreements should address the following:

- Types of proceedings in the juvenile dependency process in which District Attorney participation is required.
- Nature of District Attorney participation in juvenile dependency processes and proceedings.
- Responsibility for preparing various legal documents.
- Responsibility for reviewing various legal documents.

The amount to be paid to each District Attorney or county as part of the intergovernmental agreement in package 350 will be determined based on a formula factoring each of the county's proportional share of children under age 18 and the proportional share of children under the age of 18 living in poverty. If a District Attorney or county does not enter into an agreement, the share allocated for that county under the formula will be retained by the Department of Justice and reverted at the end of the biennium.

The Subcommittee approved Package 351: Portland Harbor Superfund Team. This package includes \$200,247 Other Funds and establishes one permanent full-time Senior Assistant Attorney General (0.75 full-time equivalent phased-in) to provide legal services as part of a multi-agency team to address cleanup of the Portland Harbor Superfund site. These costs will be financed by the Department of Environmental Quality and the Department of State Lands (DSL). The Department of Administrative Services Budget and Management Division is requested to unencumber one-half of the expenditure limitation in this package pending a status report made by DSL to an interim legislative committee.

The Subcommittee approved Package 352: Klamath Water Rights Adjudication. This package establishes one limited duration full-time Senior Assistant Attorney General (0.63 full-time equivalent) to provide legal services to the Oregon Water Resources Department (OWRD) to complete the Final Order and Determination by 2009 of the Klamath water rights litigation. Until the Adjudication is completed, the OWRD is not able to manage water use within the Klamath basin. The cost is \$182,536 Other Funds and corresponds to the amount available in the OWRD budget.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical Package. It includes \$66,025 Other Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. It requests \$4,342,512 Other Funds. It changes how the indirect administrative charges are recorded in the divisions and programs to fully account for costs. The package responds to a 2005 budget note that directed the Department to implement a full-cost accounting method in divisions with development of the 2007-09 budget. With this change, the Department's budget will be consistent with other state agencies. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

Trial

The Trial Division represents the State of Oregon and its agencies, departments, boards, commissions, officers, employees, and agents in all state and federal trial courts. The Subcommittee approved a budget of \$20.1 million total funds and 88.59 full-time equivalent positions. This is a 10.2 percent total funds increase above the Essential Budget Level.

The Subcommittee did not approved Package 150: Ballot Measure 37. The Legislature continues to work through policy options to address issues surrounding Ballot Measure 37. Once those issues are resolved, the associated costs from the resulting workload will be address in the Department's budget later in the legislative session.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical Package. It includes \$35,436 Other Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This is a technical package. It requests \$1,727,283 Other Funds. It changes how the Division's indirect charges are recorded to the divisions and programs to fully account for costs. This package responds to a 2005 budget note that directed the Department to implement a full-cost accounting method used by other agencies with development of the 2007-09 budget. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 810: Mandated Caseload Adjustment. This package increases Other Funds by \$95,125 to match the expected Defense of Criminal Conviction workload in this division to process mandated cases. It establishes one permanent full-time Office Specialist, and reduces a Senior Assistant Attorney General position (0.88 full-time equivalent).

The Subcommittee approved Package 812, which reclassifies upward one Legal Secretary position to a Paralegal based on revised duties as evaluated by the Department of Administrative Services Human Resource Services Division. The Department is expected to fund the cost of this reclassification within the approved budget.

Defense of Criminal Convictions (DCC)

Defense of Criminal Convictions (formally referred to as Criminal Appeals) is a budgetary unit to track the cost to the Department of defending the state in cases in which sentenced offenders challenge their convictions or sentences. Work on ballot measure titles is also billed to this fund. Personnel and resources connected to this work are part of the Trial and Appellate Divisions. This fund is used to finance staff in both the Trial and Appellate divisions that defend the state in DCC cases. The Subcommittee approved a budget of \$20.1 million General Fund, which is about equal to the Essential Budget Level.

The Subcommittee approved Package 810: Mandated Caseload Adjustment. This package makes a minor adjustment in the funding for DCC, reducing General Fund by \$34,793. Associated adjustments are also made in the Trial and Appellate Divisions for the staffing impact from this minor reduction. With this package, DCC is slightly below the Essential Budget Level.

Funding in past biennia for Defense of Criminal Convictions has not kept pace and a growing backlog of cases has developed. The ability of the agency to further delay cases is very limited. The remaining options available to the agency are few in number since the Department of Justice is statutorily vested with representing these cases for the State. If there is no DOJ representation, these cases don't necessarily go away and in some instances cases may continue to move forward with minimal or no representation of the State's interest. Costs may be transferred to other parts

of the criminal justice system. The recommended budget includes \$8.0 million in additional funding which the agency states is not enough to keep pace with the number and complexity of the cases under current projections.

Budget Note:

The Department of Justice is instructed to report to the interim Joint Committee on Ways and Means or the Emergency Board on its progress in meeting the workload demands for Defense of Criminal Convictions (DCC) cases. In its report, the agency must outline what measures have been taken to streamline the processing of these cases, the impact of the additional funding on the size of the backlog of cases, and future estimates of the number of DCC cases.

The Subcommittee discussed the potential need for additional funding to defend DCC cases and encouraged the Department to request additional funding from the Legislature if required to continue defending the DCC cases.

Division of Child Support

The Division of Child Support works to enhance the well being of children and promote positive parental involvement by providing child support program services to families under federal and state laws. The Division establishes paternity, enforces and modifies child support obligations, and receives and distributes child support payments from absent parents. The Subcommittee approved a budget of \$141.0 million total funds (\$18.0 million General Fund) and 594.78 full-time equivalent positions. This is a 12.4 percent total funds increase and a 49.3 percent General Fund increase above the Essential Budget Level. General Fund is increased to restore lost Federal dollars related to the Deficit Reduction Act of 2005.

The Subcommittee approved Package 400: Federal Reduction Act Restoration. This package restores 42 positions (41.63 full-time equivalent) eliminated to accommodate the revenue shortfall created with passage of the federal Deficit Reduction Act of 2005. If this package was not approved, Child Support staff asserts that they are at risk of failing to meet federal performance requirements which may result in penalties and reduced incentive money both to the Program and the Temporary Assistance to Needy Families (TANF) grants. This reduction would also reduce resources to the county child support programs administered by district attorneys. The package increases General Fund by \$4,253,263, Federal Funds (limited) by \$3,000,877, and Federal Funds (non-limited) by \$5,458,250. It also reduces Other Funds by \$378,553.

The Subcommittee approved Package 490: Administrative Offset for Intra-Agency Charges. This is a technical package. It includes \$84,584 Federal Funds as the indirect distribution for the Department's program to cover the cost of Administration's policy packages.

The Subcommittee approved Package 491: Removing Reduction of Expense Methodology. This package requests \$1,199,522 Other Funds and \$1,355,317 Federal Funds to change how the Division's indirect charges are recorded to the divisions and programs to fully account for costs. This package responds to a 2005 budget note that directed the Department to a full-cost accounting method used by other agencies with development of the 2007-09 budget. It represents no real change to actual spending by the Department, but does increase the amount of expenditures (double-counting) for accounting purposes.

The Subcommittee approved Package 811: Oregon Youth Authority (OYA) Audit Costs. This package increases Other Funds expenditure limitation by \$1.7 million to repay the federal government for an overpayment stemming from findings of a federal audit relating to use of federal funds for child support cases for youth under the jurisdiction of the Oregon Youth Authority. The audits date back to payments for the period FFY 2002 to 2006. It is estimated that \$1.7 million is the minimum amount the state will likely need to pay; the upper end of the range is \$3 million. The agency has appealed the findings of the audit which could reduce the amount of the reduced federal payments. The agency has put aside \$1.7 million in resources for this purpose. The Subcommittee requested the Department of Administrative Services Budget and Management Division to unschedule the \$1.7 million until the state knows with certainty the amount owed the federal government. The agency will have to identify other savings to fill any gap between the \$1.7 million and any greater amount owed to the federal government. With this understanding, the Subcommittee directed the following budget note:

Budget Note:

The Department of Justice is instructed to report to the interim Joint Committee on Ways and Means or the Emergency Board on the amount owed to the federal government once the final findings from the audit are formally announced. The Department of Administrative Services is requested to unschedule \$1.7 million allocated for payment of the amount due resulting from the audit until the report is made.

The Subcommittee approved Package 814: Bill Changes. This package funds the cost of House Bill 2125, which response to the federal Deficit Reduction Act of 2005 that places additional requirements on the state operated child support programs. Changes include processing a new fee on custodial parents who have not received benefits under TANF; review of all support orders three years or older, work related to new definitions for medical support, and enforcement of orders for medical support against parents. The cost is \$1,706,662 General Fund, \$203,337 Other Funds, \$454,637 Other Funds (non-limited), \$3,701,006 Federal Funds, and \$882,531 Federal Fund (non-limited). The package establishes 35 permanent full-time positions (33.20 full-time equivalent).

House Bill 2469 is the Temporary Assistance to Needy Families (TANF) restructuring bill which also makes changes to the Child Support program. One of the proposed changes is the establishment of a \$50 pass-through payment per child of child support collections with a maximum of \$200 per family. Currently, none of the collections are “passed through” to the families and the resources are used to pay part of the costs of the child support program. Under House Bill 2469, the pass-through is established which leaves a \$925,485 General Fund gap in the funding in the child support program growing to \$2.5 million General Fund in 2009-11. If House Bill 2469 is passed, the \$925,485 General Fund and the \$1.8 million in matching Federal Funds will be added to this program’s budget by the end of the Session from resources available from the Human Services Subcommittee.

Summary of Performance Measure Action

See attached Legislatively Adopted 2007-09 Key Performance Measures form.