

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 340

STATUS: Original

SUBJECT: Appropriates \$5.0 million General Fund to the Department of Human Services to distribute to Oregon Association of Area Agencies on Aging and Disabilities to fund Oregon Project Independence

GOVERNMENT UNIT AFFECTED: Department of Human Services

PREPARED BY: Kim To

REVIEWED BY: Sheila Baker

DATE: March 2, 2009

EXPENDITURES:	<u>2009-2011</u>	<u>2011-2013</u>
General Fund – Special Payments	\$5,000,000	-0-

EFFECTIVE DATE: July 1, 2009

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: This bill appropriates \$5.0 million General Fund to the Department of Human Services (DHS), for the 2009-11 biennium, to distribute to the Oregon Association of Area Agencies on Aging and Disabilities (O4AD) to fund Oregon Project Independence (OPI).

OPI serves individuals who are age 60 and older or individuals who have been diagnosed with Alzheimer’s disease or a related disorder. It provides in-home services to seniors who require assistance with activities of daily living, but who do not qualify for Medicaid or choose not to enter the Medicaid long-term care system. Services are provided at no cost for those with incomes at or below 100% of the Federal Poverty Level (FPL). Individuals with net incomes between 100% and 200% of FPL are expected to pay a sliding scale fee. Families with income above 200% of FPL are expected to pay the full hourly rate of service provided.

Historically, OPI has been funded by General Fund appropriations. However, in 2005, Senate Bill 870 established the Oregon Project Independence Fund in the State Treasury. The bill directed DHS to pay \$12.0 million General Fund into the OPI Fund, and required \$250,000 to be transferred from the Senior Property Tax Deferral Revolving Account to the OPI Fund. This seeded the OPI Fund with the intent that OPI would be supported with transfers of excess funds in the Senior Property Tax Deferral Revolving Account, beginning in the 2007-2009 biennium. Excess is defined as the greater of 35% of the prior tax year payments to counties or \$5.0 million. If an excess exists as of November 30 of the year, the Department of Revenue must transfer the excess by February 1 of the following year. The OPI Fund can earn interest, and funds are retained and do not revert back to the General Fund.

The following chart shows the funding history for the OPI program over the last ten years:

Biennium	General Fund Appropriation	Senior Property Tax Deferral transfer
1999-01	\$13,264,735	
2001-03	\$10,739,714	
2003-05	\$8,582,257	
2005-07	\$12,000,000	\$250,000
2007-09		\$13,021,865

The 2009-11 Governor's Recommended Budget includes expenditures of \$7,408,221 Other Funds for the program, funded by transfers from the Senior Property Tax Deferral Revolving Account to the OPI Fund.

The Legislative Fiscal Office notes the bill directs the \$5.0 million appropriation be distributed to the Oregon Association of Area Agencies on Aging and Disabilities. This is a non-profit advocacy organization that represents local Area Agencies on Aging, but is not itself a designated Area Agency on Aging. DHS has indicated that the distribution directed in the bill would not be allowable under Oregon Revised Statute 410.410.