MEASURE NUMBER: SB 340STATUS: A EngrossedSUBJECT: Appropriates \$12.6 million General Fund to the Department of Human Services to fundOregon Project IndependenceGOVERNMENT UNIT AFFECTED: Department of Human ServicesPREPARED BY: Kim ToREVIEWED BY: Sheila BakerDATE: April 6, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b> General Fund – Special Payments	\$12,600,000	-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 \$12.6 million General Fund to the Department of Human Services (DHS), for the 2009-11 biennium, to be deposited in the Oregon Project Independence Fund.

Monies deposited into the OPI Fund are transferred to DHS as Other Funds. DHS states that with passage of this bill, the department will distribute monies directly to Area Agencies on Aging 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. SB 870 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 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	<b>General Fund Appropriation</b>	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. However, recent projections from the Department of Revenue indicate there will be no excess funds to transfer to the OPI Fund until the 2012-13 fiscal year. Therefore, DHS now estimates only \$3.5 million Other Funds will be available for the 2009-11 biennium.

This bill requires budgetary action for the appropriation of the \$12.6 million General Fund for the 2009-11 biennium.