

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5515-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Beyer

Carrier – Senate: Sen. Johnson

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

Vote: 24 – 0 – 1

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, G. Smith, Thatcher, Whisnant

– Nays:

– Exc: Richardson

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Michele Nichols, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: June 3, 2011

Agency

Housing and Community Services Department

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Biennium

2011-13

Budget Summary*

	2009-11		2011-13		Committee Change from 2009-11 Leg Approved	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	Committee Recommendation	\$ Change	% Change
General Fund	\$ 9,524,011	\$ 10,575,562	\$ 9,523,939	\$ 9,548,033	\$ 24,022	+0.3%
Lottery Funds Ltd	0	0	0	46,803	46,803	0.0%
Lottery Funds Debt Svc Ltd	8,659,409	11,230,921	11,230,921	11,230,921	2,571,512	+29.7%
Other Funds Ltd	142,228,868	134,510,656	144,675,849	145,435,408	3,206,540	+2.3%
Other Funds Debt Svc Ltd	120,382	0	501,923	0	(120,382)	-100.0%
Other Funds Non-Ltd	659,093,873	215,066,500	215,062,162	215,062,162	(444,031,711)	-67.4%
Other Funds Debt Svc Non-Ltd	879,468,141	365,424,221	365,424,221	365,424,221	(514,043,920)	-58.4%
Federal Funds Ltd	283,581,340	203,307,337	203,012,721	203,012,721	(80,568,619)	-28.4%
Federal Funds Non-Ltd	107,250,000	104,229,868	104,229,868	104,229,868	(3,020,132)	-2.8%
Total	2,089,926,024	1,044,345,065	1,053,661,604	1,053,990,137	(1,035,935,887)	-49.6%

Position Summary

Authorized Positions	193	132	191	190	-3
Full-time Equivalent (FTE) Positions	162.42	127.70	168.87	168.37	5.95

(1) Includes adjustments through March 2011.

Summary of Revenue Changes

The Housing and Community Services Department (HCSD) is funded by General, Lottery, Other and Federal Funds. There are no changes in revenue sources or fees in the recommended budget.

Summary of Transportation and Economic Development Subcommittee Action

The HCSD provides financing and support for the development of affordable housing in the state and for the delivery of services for economically needy Oregonians. The Department administers federal and state programs to alleviate homelessness and poverty. The Department directs the state's manufactured dwelling park community relations program and works with public, nonprofit and for-profit organizations and community based organizations to deliver its services. The State Housing Council is a seven member council appointed by the Governor that provides program and policy oversight to the Department.

The Subcommittee approved a total funds budget of \$1,053,990,137 and 168.37 FTE. This is a decrease in total funds of \$1,035,935,887, approximately a 50 percent decrease from the 2009-11 Legislatively Approved Budget through March 2011. This decrease is largely due to a large reduction to Other Funds Non-limited as a result of current market conditions; resulting in fewer home loans being made and a decline in short term bonds being issued.

Energy/Weatherization Programs

Energy and Weatherization programs help families meet their basic needs such as food and housing by providing assistance payments, installing energy-saving modifications on heating systems and home weatherization, and providing conservation education. The agency administers various activities through local community action agencies. Energy assistance and weatherization programs are funded with Other and Federal Funds. The Subcommittee approved a budget of \$181,631,357 total funds, 19.0 FTE. This reflects a 6.9 percent reduction in their total funds budget from the Legislatively Approved Budget through March 2011.

- The Subcommittee approved package 083, September 2010 E-Board. This package adjusts for the September 2010 Emergency Board action that provided expenditure limitation for Solar Photovoltaic and Sustainable Energy Efficiency Alternative projects. Federal Funds are increased by \$3,133,049.
- The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.
- The Subcommittee approved package 101, Restore Existing Positions. This package continues existing positions in the Energy and Weatherization program that would otherwise phase out at the beginning of the 2011-13 biennium. The package increases Other Funds by \$243,112 and Federal Funds by \$242,089 and adds three limited duration positions (3.00 FTE).
- The Subcommittee approved package 111, Continue ARRA Programs. This package establishes eight limited duration positions (4.00 FTE) needed to complete the ARRA Weatherization program for the 2011-13 biennium. Federal Funds are increased by \$593,272.
- The Subcommittee approved package 141, Energy Compliance & Implementation. This package establishes the following three positions as limited duration; Program Analyst 4, Compliance Specialist 2 and Administrative Specialist 2 positions (3.00 FTE). These positions will be used for additional compliance and monitoring within the Department to adhere to federal guidelines and will be funded by fully utilizing the administrative allowance for Energy related programs, rather than releasing these funds as additional program dollars.

Self Sufficiency/Emergency Assistance Programs

Self Sufficiency and Emergency Assistance programs include housing assistance and food programs that provide services to very low-income Oregonians, helping them to meet short-term, daily needs for food and shelter. These programs are funded by General Other and Federal Funds. The Subcommittee approved a budget of \$150,403,245 total funds, 19.0 FTE. This reflects a 7.8 percent reduction in their total funds budget from the Legislatively Approved Budget through March 2011.

- The Subcommittee approved package 085, Allotment Reduction Roll-ups. This package extends the Governor's Allotment Reductions for 2009-11 through the 2011-13 biennium. It reduces total funds by \$1,190,677. General Fund is reduced by \$788,528 (General Fund Food Program -\$156,977, Emergency Housing Account -\$402,149 and the State Homeless Assistance Program -\$229,402).
- The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.
- The Subcommittee approved package 111, Continue ARRA Programs. This package establishes two limited duration positions (1.00 FTE) needed to complete the ARRA Homelessness Prevention and Rapid RE-Housing Program for the 2011-13 biennium. This package increases Federal Funds limitation by \$166,821.
- The Subcommittee approved package 801, Targeted Statewide Adjustments, which reduces General Fund by \$3,425. This package implements a statewide reduction action included in the Co-Chairs' Budget, which is a 6.5 percent reduction from total General Fund Services and Supplies expenditures included in the Governor's Recommended Budget.
- The Subcommittee approved package 810, LFO Analyst Adjustments. This package provides a one-time increase of \$350,000 General Fund to support the General Fund Food program.
- The Subcommittee approved package 819, Supplemental Statewide Ending Balance. This package includes the supplemental statewide ending balance hold back adjustment of 3.5 percent on General Fund and Lottery Fund expenditures. It reduces General Fund by \$333,607.

The budget bill for the agency will be amended to include authorization for Housing and Community Services Department to spend up to 54 percent of all General Fund appropriated to it for the 2011-13 biennium in the first year of the biennium.

Community Capacity Building Programs

Community capacity building includes a variety of services intended to promote volunteerism, alternative dispute resolution, and streamlined housing services through a variety of mechanisms. The Subcommittee approved a budget of \$7,264,017 total funds, 6.5 FTE. This reflects a 4.9 percent increase in their total funds budget from the Legislatively Approved Budget through March 2011.

- The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.
- The Subcommittee approved package 802, Vacant Position Savings. This package eliminates a permanent half-time position (.50 FTE) which was vacant for greater than 12 months during the 2009-11 biennium. This reduces Other Funds by \$77,578.

Homeownership/Rental Housing Programs

Homeownership/Rental Housing Programs provide affordable housing opportunities for low-income Oregonians. The Homeownership Programs provide loans and services for low-income Oregonians that enable them to own homes. The Affordable Rental Housing Development Programs provide resources to housing developers that enable them to create or maintain affordable rental housing for low-income Oregonians. These programs consist of below market-rate loans financed through the sale of tax exempt mortgage revenue bonds, down payment and closing cost assistance, conduit financing and loan programs, administration of various housing-related tax credits, administration of federal programs for the repair and maintenance of existing low-income housing in rural Oregon, and funding for home ownership education. The Subcommittee approved a \$699,981,976 total funds budget, 68.50 FTE. This represents a 59 percent decrease in the total funds budget from the Legislatively Approved Budget through March 2011

- The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.
- The Subcommittee approved package 101, Restore Existing Positions. This package continues existing positions in the Homeownership/Rental Housing program that would otherwise phase out at the beginning of the 2011-13 biennium. The package increases Other Funds by \$640,565 and adds three limited duration positions (3.00 FTE) and one Permanent position (1.00 FTE).
- The Subcommittee approved package 111, Continue ARRA Programs. This package establishes three limited duration positions (2.50 FTE) needed to complete the ARRA Neighborhood Stabilization program for the 2011-13 biennium. Federal Funds are increased by \$418,417.
- The Subcommittee approved package 121, Preserve Housing with Federal Subsidies. This package includes lottery bond proceeds to help low income housing developers finance the acquisition and rehabilitation of housing with expiring federal subsidies. This package increases Lottery Funds by \$455,840 and Other Funds by \$10,000,000. It includes two limited duration positions, a full time Construction Inspector and a halftime Loan Specialist 3 (1.5 FTE).
- The Subcommittee approved package 819, Supplemental Statewide Ending Balance. This package includes the supplemental statewide ending balance hold back adjustment of 3.5 percent on General Fund and Lottery Fund expenditures. It reduces Lottery Funds by \$409,037.

Program Outreach & Accountability

Program Outreach and Accountability includes the Director's Office, Financial Management Division and Information Services Division, all of which help effectively administers the various programs within the Department. The Subcommittee approved a total funds budget of \$11,062,657 with 33.20 FTE. This represents a 6.4 percent increase in the total funds budget from the Legislatively Approved Budget through March 2011.

- The Subcommittee approved package 086 and package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.
- The Subcommittee approved package 810, LFO Analyst Adjustments. This package shifts \$1,996 Personal Services funding for indirect administrative costs related to the State Homeless Assistance Program from General Fund to Other Funds.

Homeownership Stabilization Initiative

The Homeownership Stabilization Initiative provides foreclosure mitigation programs such as Mortgage Payment Assistance, Loan Preservation Assistance, Transitional Assistance, Loan Modification Assistance and Loan Refinancing Assistance. The Subcommittee approved a total funds budget of \$3,646,885 with 22.17 FTE for the administration of these programs.

- The Subcommittee approved package 083, September 2010 Emergency Board. This package reflects the September 2010 Emergency Board action that provided expenditure limitation for administrative expenses associated with the Oregon Homeownership Stabilization Initiative. Other Funds is increased by \$3,821,386.
- The Subcommittee approved package 087, which decreases projected Personal Services costs by 5.5 percent.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5515-A

**Housing and Community Services Department
Michele Nichols - (503) 373-1863**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$ 9,524,011	\$ 8,659,409	\$ 142,349,250	\$ 1,538,562,014	\$ 283,581,340	\$ 107,250,000	\$ 2,089,926,024	193	162.42
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 10,575,562	\$ 11,230,921	\$ 134,510,656	\$ 580,490,721	\$ 203,307,337	\$ 104,229,868	\$ 1,044,345,065	132	127.70
2011-13 Governor's Recommended Budget*	\$ 9,523,939	\$ 11,230,921	\$ 145,177,772	\$ 580,486,383	\$ 203,012,721	\$ 104,229,868	\$ 1,053,661,604	191	168.87

SUBCOMMITTEE ADJUSTMENTS (from GRB)

Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 085: Allotment Reduction roll-ups

Special Payments - Acct 6030	\$ 0	\$ 0	\$ (235,500)	\$ 0	\$ 0	\$ 0	\$ (235,500)	0	0.00
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Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 090: Analyst Adjustments

Services and Supplies	\$ 13,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,122	0	0.00
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Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 102: Oregon Housing Fund

Special Payments	\$ 0	\$ 0	\$ 431,133	\$ 0	\$ 0	\$ 0	\$ 431,133	0	0.00
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Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 801: Targeted Statewide Adjustments

Services and Supplies	\$ (3,425)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,425)	0	0.00
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Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 810: LFO Analyst Adjustments

Special Payments	\$ 350,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 350,000	0	0.00
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Self-Sufficiency and Emergency Assistance Programs (SCR 200-00)

Package 819: Supplemental Ending Balance

Personal Services	\$ (3,856)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,856)	0	0.00
Services and Supplies	\$ (1,846)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,846)	0	0.00
Special Payments	\$ (327,905)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (327,905)	0	0.00

Community Capacity Building Programs (SCR 300-00)

Package 802: Vacant Position Savings

Personal Services	\$ 0	\$ 0	\$ (77,578)	\$ 0	\$ 0	\$ 0	\$ (77,578)	(1)	-0.50
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Homeownership/Rental Housing Programs (SCR 400-00)

Package 102: Oregon Housing Fund

Special Payments	\$ 0	\$ 0	\$ 639,508	\$ 0	\$ 0	\$ 0	\$ 639,508	0	0.00
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*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Homeownership/Rental Housing Programs (SCR 400-00)									
Package 121: Preserve Housing with Federal Subsidies									
Debt Service	\$ 0	\$ 455,840	\$ (501,923)	\$ 0	\$ 0	\$ 0	\$ (46,083)	0	0.00
Homeownership/Rental Housing Programs (SCR 400-00)									
Package 819: Supplemental Ending Balance									
Debt Service	\$ 0	\$ (409,037)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (409,037)	0	0.00
Program Outreach & Accountability (SCR 500-00)									
Package 810: LFO Analyst Adjustments									
Personal Services	\$ (1,996)	\$ 0	\$ 1,996	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
TOTAL ADJUSTMENTS	\$ 24,094	\$ 46,803	\$ 257,636	\$ 0	\$ 0	\$ 0	\$ 328,533	(1)	(0.50)
SUBCOMMITTEE RECOMMENDATION *	\$ 9,548,033	\$ 11,277,724	\$ 145,435,408	\$ 580,486,383	\$ 203,012,721	\$ 104,229,868	\$ 1,053,990,137	190	168.37
% Change from 2009-11 Leg Approved Budget	0.3%	30.2%	2.2%	-62.3%	-28.4%	-2.8%	-49.6%	-1.6%	3.7%
% Change from 2011-13 Current Service Level	-9.7%	0.4%	8.1%	0.0%	-0.1%	0.0%	0.9%	43.9%	31.8%
% Change from 2011-13 Gov's Recommended Budget	0.3%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	-0.5%	-0.3%

*Excludes Capital Construction Expenditures

Legislatively Proposed 2011-2013 Key Performance Measures

Agency: HOUSING and COMMUNITY SERVICES, OREGON

Mission: Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
- Affordable Home Ownership Percent of households at or below the state's median income served by our single family programs matches or exceeds Oregon's households at or below median income.		Proposed New KPM			
- Affordable Rental Housing through Bonds, Grants, and Tax Credits – Percent of housing units funded with grants, tax credits, and bonds, excluding market rate housing units, will be affordable to households earning less than 60% of the area median income.		Proposed New KPM			
- Increasing Housing for Special Needs Individuals – Percent of affordable rental housing units developed that provide rental opportunities for the low-income elderly or individuals with special needs compared to the percent of the state's population that are low-income elderly or individuals with special needs.		Proposed New KPM			
- Low Income Energy Assistance -- Mitigate household energy crises through prevention of disconnection of home energy services for at least 80% of the cases.		Proposed New KPM			
- Reducing Homelessness – Percent of homeless persons entering permanent housing with stays of six months or longer. .		Proposed New KPM			
1 a - Affordable Home Ownership Percent of residential loans closed that provide homeownership to individuals at A) 100% applicable median income and below.		Proposed Delete KPM	99.40		
1 b - Affordable Home Ownership – Percent of residential loans closed that provide homeownership to individuals at B) 90% applicable median income and below.		Proposed Delete KPM	94.20		
1 c - Affordable Home Ownership – Percent of residential loans closed that provide homeownership to individuals at C) 80% applicable median income and below.		Proposed Delete KPM	88.90		

Agency: HOUSING and COMMUNITY SERVICES, OREGON

Mission: Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
3 - Reducing Homelessness – Percent of households that entered a housing program in either a homeless or at-risk status that exited to a stable housing situation.		Proposed Delete KPM	37.10		
4 - Affordable Rental Housing through Bonds – Percent of housing units developed through the issuance of tax-exempt bonds that provide affordable rental opportunities for individuals at 60% or below area median income.		Proposed Delete KPM	99.50		
5 a - Affordable Rental Housing through Grants – Percent of housing units developed through the Department’s Consolidated Funding Cycle and other processes that provide affordable rental opportunities for individuals at A) 60% area median income and below.		Proposed Delete KPM	86.20		
5 b - Affordable Rental Housing through Grants – Percent of housing units developed through the Department’s Consolidated Funding Cycle and other processes that provide affordable rental opportunities for individuals at B) 50% area median income and below.		Proposed Delete KPM	33.60		
5 c - Affordable Rental Housing through Grants – Percent of housing units developed through the Department’s Consolidated Funding Cycle and other processes that provide affordable rental opportunities for individuals at C) 40% area median income and below.		Proposed Delete KPM	15.20		
5 d - Affordable Rental Housing through Grants – Percent of housing units developed through the Department’s Consolidated Funding Cycle and other processes that provide affordable rental opportunities for individuals at D) 30% area median income and below.		Proposed Delete KPM	12.50		
7 - Increasing Housing for Special Needs Individuals – Percent of housing units developed that provide rental opportunities for the elderly and individuals with special needs.		Proposed Delete KPM	51.20		
- Construction Costs – Cost per square foot for housing units developed through Grant and Tax Credit programs.		Approved KPM	168.24		
6 - Increasing Energy Savings – For all funds invested, the percent of energy savings generated from the Department’s Energy Conservation Helping Oregonians (ECHO) weatherization program.		Approved KPM	102.00		

Agency: HOUSING and COMMUNITY SERVICES, OREGON

Mission: Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Accuracy	Approved KPM	79.50	80.00	80.00
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Availability of Information	Approved KPM	76.70	80.00	80.00
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Expertise	Approved KPM	83.70	80.00	80.00
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Helpfulness	Approved KPM	82.70	80.00	80.00
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Overall	Approved KPM	80.80	80.00	80.00
8 - Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Timeliness	Approved KPM	77.70	80.00	80.00
9 - Percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program.		Approved KPM	5.50		

LFO Recommendation:

The Legislative Fiscal Office recommends eliminating measures 1a-1c, 4, 5a - 5d and measure 7, and replacing these measures with measures related to affordable Affordable Home Ownership, Affordable Rental Housing, and increasing housing for special needs individuals as proposed by the Housing and Community Services Department. The proposed new KPMs compare the percentage of total housing loans or units financed by the department against the percentage designated for a specific demographic, and provides further context by measuring that percentage against the total percentage of Oregonians who fit within the particular classification. The change enables the Department to measure whether its housing programs are meeting or falling behind the needs of Oregonians in specific income ranges or with special circumstances. The Legislative Fiscal Office recommends that the current KPM 3 be replaced with a proposed measure on reducing homelessness that better indicates whether the Department-financed housing for the homeless is successful in the longer term. The Legislative Fiscal Office does not recommend a proposed new KPM related to Low Income Energy Assistance. The proposed measure appears to serve more of a "benchmark" or reporting function, rather than a true measure of the agency's performance for an area in which many factors are beyond the agency's control including: the amount of funding available, the number of total clients eligible for the service, and the price of energy (which could affect program demand). The agency may choose to track this information internally. Lastly, the Legislative Fiscal Office recommends that Housing and Community Services undertake efforts to develop a Key Performance Measure related to efforts in the Community Capacity Building program, for consideration in conjunction with the 2013-15 budget for the agency.

Sub-Committee Action: