



# Oregon

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## Department of Administrative Services

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**To:** House Committee on Revenue  
Senate Committee on Finance and Revenue

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**Subject:** Selected Other Funds Revenues: December 2012 Forecast

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This report summarizes the December 2012 forecast of selected Other Funds revenues. Other Funds are typically a large source of funding for agency programs. Reductions in these revenues can have implications on programs or require General Fund resources as a replacement.

This report provides legislators with information on major sources of Other Funds revenues. Produced in June and December of each year, it provides revenue projections for the 2011-13 through 2015-17 biennia. The Office of Economic Analysis, in conjunction with the Chief Financial Office and the Legislative Revenue Office, is working to both increase the number of Other Funds reported and provide further information on these revenue sources.

Overall for the 2011-13 BN, total Other Funds are estimated to be \$32.6 billion. However this figure includes funds that do not correspond to the traditional provision of public goods and services, including contributions to the Public Employee Retirement System and tuition received by the Oregon University System. Once revenues from the Public Employee Retirement System (\$10.2 billion), the Department of Higher Education (\$4.6 billion), bond-related (\$1.4 billion) and federal pass-through monies categorized as Other Funds (\$0.9 billion) are excluded from the sum, the remaining Other Funds total \$15.4 billion for 2011-13. This report, based on currently reported funds, totals \$6.4 billion for a coverage rate of 42 percent.

### FORECAST SUMMARY

Overall, the select Other Funds revenue reported here within total \$6.4 billion for the 2011-13 Biennium (BN), a decrease of \$2.1 billion (-24.4%) from the June forecast. The primary reason for such a decline is that with the passage of SB 242 during the 2011 legislative session, the Oregon University System is no longer a state agency and therefore will no longer be reporting their revenues for the purpose of this report. After accounting for this major change, the structural changes to the Other Funds outlook is a relatively minor reduction of \$48.2 million or -0.7 percent.

## **Department of Fish and Wildlife**

*Hunter and Angler Licenses:* The forecast for Hunter and Angler Licenses is unchanged relative to the previous forecast. License fees total \$99.4 million in 2011-13 BN, \$100.1 million in 2013-15 BN and \$98.6 million in 2015-17 BN.

## **Oregon Health Authority**

*Provider Taxes:* The forecast for Provider Taxes for the 2011-13 BN is \$813.6 million. It is \$96.6 million for the 2013-15 BN and \$0 for the 2015-17 BN as the tax is scheduled to sunset. This represents 10.1 percent decline in the current biennium and a 17.4 percent reduction in the 2013-15 BN relative to the June forecast.

*OMIP Assessment:* The Oregon Medical Insurance Pool Assessments revenues are from the state's high-risk health insurance pool for individuals who are unable to obtain medical insurance because of health conditions. The forecast has been lowered in the 2011-13 biennium by \$9.9 million (-5.4 percent) to \$171.4 million. The outlook has also been lowered for 2013-15 by \$11.3 million (-21.4 percent) to \$41.5 million. The program is scheduled to sunset in January 2014.

*Member Paid Insurance Premiums:* These revenues are projected to total \$176.7 million in 2011-13, \$41.5 million in 2013-15 and \$0 in 2015-17 due to the scheduled sunset of January 2014.

*Other Revenues:* Women Infants and Children Rebates have been lowered from \$40 million in 2011-13 to \$34.7 million (-13.1 percent) while the outlook for future biennia remains \$40 million. Fees and Charges for Services have been raised nearly 40 percent (\$16.9 million) for all biennia primarily due to the fee increases for Oregon Medicinal Marijuana. OHA Recoveries/Reimbursements are forecasted to be \$5.1 million in each biennium, relatively unchanged compared to the June forecast.

The Drug Rebates forecast has increased to \$79.2 million in 2011-13 primarily due to higher levels of MCO drug rebates in 2011, however this impact will level off in the outer years and the forecast reflects this trend. Pharmacy Revenues are projected to total \$53.3 million in 2011-13, \$62.7 million 2013-15 and \$65.8 million in 2015-17 and are unchanged from the June outlook.

## **Department of Human Services**

*Provider Taxes:* The forecast for Provider Taxes for the 2011-13 BN is \$83.5 million, a 6.2 percent reduction from the June outlook, or \$5.5 million. It is \$49.6 million for the 2013-15 BN and \$0 for the 2015-17 BN as the tax is scheduled to sunset.

*Recoveries/Reimbursements:* DHA revenues in this category are the aggregate of all Estate Recoveries and various Reimbursements (SSI recoveries, client costs, etc). The forecast totals \$18.7 million in 2011-13, \$19.9 million 2013-15 and \$20.4 million in 2015-17.

## **Employment Department**

*Employment Taxes:* The forecast for Employment Taxes for the 2011-13 BN is \$2.1 billion and \$2.2 billion for both the 2013-15 and 2015-17 biennia. This represents an upward revision of \$36.0 million in 2011-13, a downward adjustment of \$28.2 million in 2013-15 and a minor \$0.1 change to the 2015-17 BN. As revenues are based on taxable payroll, the recession took a heavy toll on employment tax revenue. The projections are based on a gradual economic recovery with the Unemployment Insurance Trust Fund being nearly replenished by 2015-16, after which time the Tax Schedule will be adjusted lower and reduce tax assessments.

## **Department of Consumer and Business Services**

*Workers' Compensation Insurance Taxes:* The forecast for Workers' Compensation Insurance Taxes for the 2011-13 BN is \$100.1 million. It is \$110.9 million for the 2013-15 BN, and \$121.4 million for the 2015-17 BN. This represents a slight decrease for all biennia compared to the June forecast, primarily due to a lower outlook on wages in the economic forecast.

*Other Employer-Employee Taxes:* The forecast for Other Employer-Employee Taxes for the 2011-13 BN is \$143.0 million, \$175.1 million for the 2013-15 BN and \$182.5 million for the 2015-17 BN. The adjustments to the 2011-13 BN outlook are downward by \$0.2 million or -0.1%. The WBF assessment rate is raised to 3.3 cents per hour effective April 1, 2013 and therefore both the 2013-15 and 2015-17 forecasts have been raised considerably, about 17 percent. The forecast for 2013-15 is up \$26.0 million while 2015-17 is up \$26.8 million.

*Other Revenues:* Health Insurance Taxes are forecasted to total \$112.5 million in 2011-13, a decrease of 0.2% (-\$0.2 million). The forecast for 2013-15 is lowered 1.0% (-\$0.2 million) due to lower estimates of premiums subject to tax. Business Licenses and Fees are projected to be \$72.5 million in 2011-13, \$75.3 million in 2013-15 and \$80.1 million in 2015-17. This represents an increase of 1-2 percent per biennium due to slightly higher funding assessment rates established in FY13 plus an increase in Building Codes revenue as the housing recovery continues. Fire Marshal Fees forecast has been raised 3.0% in the 2011-13 BN to \$18.0 million. The outlook for 2013-15 is unchanged at \$19.2 million, while the forecast for 2015-17 has been lowered 1.3% to \$21.2 million.

## **Department of Transportation**

*Motor Fuels Taxes:* The forecast for Motor Fuels Taxes has been lowered 0.8 percent in 2011-13 (-\$8.3 million), unchanged in 2013-15, and raised 1.4 percent in 2015-17. Revenues total \$1.0 billion in both 2011-13 and 2013-15 and \$1.1 billion in 2015-17.

*Driver's License Fees:* The forecast for Driver's License Fees for 2011-13 is \$71.1 million, an increase of \$1.0 million (1.4%) while the forecast for 2013-15 is \$78.7 million, an increase of \$1.0 million (1.2%). These forecasts are largely driven by demographic trends and have been essentially unchanged for the past two years.

*Vehicle License Fees:* The forecast for Vehicle License Fees has been raised for the current biennium, however lowered slightly for both 2013-15 and 2015-17. Revenues are projected to total \$530.5 million in 2011-13, an upward revision of \$6.0 million (1.2%) while 2013-15 has been lowered \$0.5 million (-0.1%) to \$537.7 million and 2015-17 has been lowered \$1.5 million (-0.3%) to \$546.8 million.

*Other Transportation Licenses and Fees:* The forecast for Other Transportation Licenses and Fees for the 2011-13 BN is \$156.2 million. It is \$167.5 million for the 2013-15 BN and \$173.0 million for 2015-17. This marks an upward revision of \$11.2 million (7.7%) for 2011-13 and the 2013-15 revision is \$14.8 million (9.7%).

*Weight-Mile Taxes:* These taxes have been revised downward 2.5% (-\$13.7 million) in 2011-13, which would bring the total to \$542.2 million for the biennium. The future biennia forecasts are lowered to a lesser degree. 2013-15 is revised \$2.1 million lower (-0.4%) while 2015-17 is lowered \$0.8 million (-0.1%).

### **Department of Parks and Recreation**

*Park User Fees:* The forecast for the Park User Fees is \$39.4 million for the 2011-13 BN and \$43.3 million in 2013-15 and \$44.4 million in 2015-17. This represents a downward revision of \$0.5 million for the current biennium. However both the the 2013-15 and 2015-17 bienniums have been raised, \$3.0 million and \$4.0 million, respectively.

### **Department of Higher Education**

The Department of Higher Education is no longer reporting revenues for the Other Funds report.

**Select Other Fund Revenues**

**Dec-12 Forecast**

	2011-13 Biennium			2013-15 Biennium			2015-17 Biennium		
	Dec-12 Forecast	Change from Jun-12		Dec-12 Forecast	Change from Jun-12		Dec-12 Forecast	Change from Jun-12	
Dept of Fish and Wildlife									
Hunter and Angler Licenses	\$99,357,164	\$0	0.0%	\$100,122,125	\$0	0.0%	\$98,623,327	\$0	0.0%
Oregon Health Authority									
Provider Taxes	\$813,616,329	-\$91,469,953	-10.1%	\$96,569,258	-\$20,320,285	-17.4%	\$0	\$0	--
WIC Rebate*	\$34,747,082	-\$5,252,918	-13.1%	\$40,000,000	\$0	0.0%	\$40,000,000	\$0	0.0%
Fees and Charges for Services	\$59,446,000	\$16,901,910	39.7%	\$59,446,000	\$16,901,910	39.7%	\$59,446,000	\$16,901,910	39.7%
Recoveries/Reimbursements	\$5,099,538	\$210,988	4.3%	\$5,099,538	-\$26,406	-0.5%	\$5,099,538	-\$26,406	-0.5%
Drug Rebates	\$79,192,232	\$22,925,897	40.7%	\$73,479,181	\$30,801,864	72.2%	\$69,250,000	\$29,105,856	72.5%
OMIP Assessment	\$171,409,356	-\$9,877,984	-5.4%	\$41,516,912	-\$11,272,279	-21.4%	\$0	\$0	--
Member Paid Insurance Premiums	\$176,673,902	-\$9,145,622	-4.9%	\$41,490,596	-\$7,949,314	-16.1%	\$0	\$0	--
Pharmacy Revenue	\$53,278,317	\$0	0.0%	\$62,664,628	\$0	0.0%	\$65,797,860	\$0	0.0%
Department of Human Services									
Provider Taxes	\$83,466,520	-\$5,521,155	-6.2%	\$49,614,600	\$0	0.0%	\$0	\$0	--
Recoveries/Reimbursements	\$18,711,733	\$0	0.0%	\$19,941,690	\$0	0.0%	\$20,420,022	\$0	0.0%
Marriage License Tax	\$1,182,810	--	--	\$1,182,810	--	--	\$1,182,810	--	--
Employment Department									
Employment Taxes	\$2,068,278,646	\$36,043,899	1.8%	\$2,175,601,210	-\$28,186,183	-1.3%	\$2,179,943,341	\$161,361	0.0%
Dept of Consumer & Business Services									
Workers' Comp. Insurance Taxes	\$100,131,399	-\$457,724	-0.5%	\$110,875,947	-\$1,230,569	-1.1%	\$121,421,817	-\$1,654,770	-1.3%
Other Employer-Employee Taxes	\$142,988,089	-\$178,398	-0.1%	\$175,085,105	\$25,951,754	17.4%	\$182,495,628	\$26,842,793	17.2%
Health Insurance Taxes	\$112,502,276	-\$247,113	-0.2%	\$28,723,538	-\$281,262	-1.0%	\$0	\$0	--
Business Licenses and Fees	\$72,542,241	\$1,508,176	2.1%	\$75,328,025	\$959,970	1.3%	\$80,081,989	\$1,133,302	1.4%
Fire Marshal Fees	\$18,017,748	\$532,792	3.0%	\$19,215,740	\$4,182	0.0%	\$21,238,767	-\$285,999	-1.3%
Oregon University System									
Instruction and Other Fees	\$0	-\$1,728,960,480	-100%	\$0	-\$2,016,659,503	-100%	\$0	-\$2,352,231,644	-100%
Sales, Service and Special Fees	\$0	-\$99,203,283	-100%	\$0	-\$103,211,096	-100%	\$0	-\$107,380,824	-100%
Other Revenues**	\$0	-\$207,390,297	-100%	\$0	-\$215,768,865	-100%	\$0	-\$224,485,927	-100%
Department of Transportation									
Motor Fuel Taxes	\$996,171,802	-\$8,305,961	-0.8%	\$1,034,667,468	\$319,008	0.0%	\$1,089,888,647	\$15,053,683	1.4%
Weight-Mile Taxes	\$542,225,563	-\$13,659,498	-2.5%	\$593,529,860	-\$2,147,228	-0.4%	\$645,949,551	-\$844,611	-0.1%
Vehicle License Fees	\$530,483,563	\$6,040,097	1.2%	\$537,677,347	-\$353,147	-0.1%	\$546,812,027	-\$1,506,298	-0.3%
Driver's License Fees	\$71,117,711	\$1,010,270	1.4%	\$78,724,232	\$966,858	1.2%	\$74,328,519	\$717,918	1.0%
Other Transp. License & Fees	\$156,235,659	\$11,206,336	7.7%	\$167,455,393	\$14,779,901	9.7%	\$172,967,988	\$14,618,848	9.2%
Parks and Recreation Department									
Park User Fees	\$39,417,448	-\$496,152	-1.2%	\$43,337,291	\$2,988,919	7.4%	\$44,370,934	\$4,022,562	10.0%
<b>Total Selected Other Funds</b>	<b>\$6,446,293,129</b>	<b>-\$2,083,786,174</b>	<b>-24.4%</b>	<b>\$5,631,348,493</b>	<b>-\$2,313,731,770</b>	<b>-29.1%</b>	<b>\$5,519,318,764</b>	<b>-\$2,579,858,247</b>	<b>-31.9%</b>
<b>Total ex OUS Other Funds</b>	<b>\$6,446,293,129</b>	<b>-\$48,232,114</b>	<b>-0.7%</b>	<b>\$5,631,348,493</b>	<b>\$21,907,694</b>	<b>0.4%</b>	<b>\$5,519,318,764</b>	<b>\$104,240,148</b>	<b>1.9%</b>

\* Transferred from DHS to Early Childhood Division 7/1/2011

\*\* Includes indirect cost recoveries from grants, appropriations, investment income, transfer and misc.