

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 777 - A**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Theresa McHugh
Reviewed by: John Borden
Date: April 3, 2015**Measure Description:**

Directs State Treasurer to establish by rule qualified state program as described in federal Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014.

Government Unit(s) Affected:

Oregon State Treasurer

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund		
Lottery Funds		
Other Funds	896,391	673,673
Federal Funds		
Total Funds	\$896,391	\$673,673
Positions	2	2
FTE	1.50	2.00

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:

The bill directs the State Treasurer to establish a tax-advantaged savings program to be used for disability-related expenses for disabled Oregonians as described in the Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014. Allowable disability-related expenses can include such items as costs related to health, prevention, and wellness; assistive technology and personal support services; housing; employment support; and education as long as all of the expenses are for the benefit of an individual with a disability and are related to the disability.

The Office of the State Treasurer expects the program to cost \$896,391 in 2015-17 and the measure includes Other Funds expenditure limitation for that amount. Of the total amount, \$327,607 will be spent on salary and associated expenses for two permanent staff positions to begin work on January 1, 2016. These positions are to provide policy development and operational support for the program. The Office of the State Treasurer believes, based on recent hiring experience, that they will need to pay at the top step of the salary range for these positions and the fiscal impact statement total reflects that level of compensation. If they are able to hire qualified employees at the second step of the pay range, the total fiscal impact for 2015-17 would be reduced to \$824,179. The 2017-19 biennium fiscal impact would also be reduced accordingly.

In addition, the Office of the State Treasurer anticipates spending \$390,000 for professional services, \$100,000 for Attorney General costs, and \$78,784 for other services and supplies categories. The

Office of the State Treasurer believes professional services needed include outreach services and program development. It is anticipated that even though the new positions will be on staff for the entire biennium in 2017-19, overall program costs will be lower than 2015-17, primarily due to a reduction in one-time expenses for professional services and Attorney General advice.

Contributions for the ABLE program will be made directly to, and invested by, private investment firms. The contributions or earnings will not reside with the State of Oregon. The revenue to cover program costs would come from an assessment on plan assets and program revenues will vary directly with the total balance in participants' accounts. The measure does not specify or limit the amount of the assessment. The current 529 College Savings Network assessment equals 5 basis points (0.0005%) which is calculated and remitted monthly.

Under the measure, the administrative funds of both the 529 College Savings Network and the ABLE program will be comingled. While not stated in the measure, the Office of the State Treasurer assumes that the revenue to cover the costs for the ABLE program, until it becomes self-supporting, will come from existing 529 revenues; however, it is anticipated that these funds will be repaid to the 529 College Savings Network. Funds to repay the 529 College Savings Network and ongoing costs of the program will come from fees charged on the assets under management directly related to the ABLE program.

The Legislative Fiscal Office believes this measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of this measure's budgetary impact.