

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Richard Devlin, Senate Co-Chair
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair
Sen. Jackie Winters, Senate Co-Vice Chair
Rep. Dan Rayfield, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Public Safety Subcommittee

From: Julie Neburka, Legislative Fiscal Office
Matt Stayner, Legislative Fiscal Office

Date: June 13, 2017

Subject: HB 5044 – Relating to state financial administration
Work Session Recommendation

The purpose of this bill is to complete legislative actions taken on behalf of the Department of Corrections to address budgetary shortfalls in the 2015-17 budget, and to both provide additional resources to the Oregon Department of Forestry and to remove unneeded expenditure limitation in the current biennium.

For the Department of Corrections, the bill re-balances General Fund appropriations between divisions, and appropriates \$5.0 million General Fund to the Department to make up a budget shortfall remaining from an unspecified General Fund reduction of \$15 million in the 2015-17 budget. The agency has managed this shortfall through a combination of vacancy savings and spending reductions in services and supplies. The remaining shortfall estimate includes unanticipated health care spending associated with a significant increase in the use of the newest Hepatitis C medication in the last quarter of the biennium.

For the Department of Forestry, the bill repeals sections 67 and 68 of chapter 82, Oregon Laws of 2016 (enrolled Senate Bill 5701), eliminating the General Fund appropriation and increase in Other Funds expenditure limitation provided to the Department of Forestry for costs related to the implementation of a procurement and payment system replacement. ODF will not be able to complete the implementation of the new system before the end of the 2015-17 biennium.

The bill also includes a General Fund appropriation and additional expenditure limitation to allow the Department of Forestry to pay for the premium costs associated with securing catastrophic wildfire insurance for the 2017 fire season. The insurance policy provides for a maximum of \$25 million in cost reimbursement for wildfire costs in excess of \$50 million.

Legislative Fiscal Office Recommendations

LFO recommends the following actions to implement the DOC and ODF 2015-17 close-out appropriation adjustments:

Approve the -1 amendment to HB 5044 to adjust General Fund appropriations.

The -1 amendment:

- Rebalances Department of Corrections appropriations between divisions, and adds \$5 million to cover a 2015-17 budget shortfall
- Adds \$1,689,072 from the General Fund to the Oregon Department of Forestry, to purchase a catastrophic wildfire insurance policy for the 2017 fire season
- Adds \$1,689,072 Other Funds expenditure limitation to the Oregon Department of Forestry, to purchase a catastrophic wildfire insurance policy for the 2017 fire season
- Deletes two sections of Chapter 82, Oregon Laws 2016, that provided General Fund and Other Funds expenditure limitation to the Oregon Department of Forestry in 2015-17 for a procurement and payment system that will not be complete before the end of the biennium.

MOTION: I move adoption of the -1 amendment to HB 5044. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5044, as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move HB 5044, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____