

Oregon Legislative Fiscal Office
and
State of Oregon Budget

January 2019

Constitutional Responsibility of the Legislature: To balance the budget

Article IX, Section 2: Legislature to provide revenue to pay current state expenses and interest

The Legislative Assembly shall provide for raising revenue sufficiently to defray the expenses of the State for each fiscal year, and also a sufficient sum to pay the interest on the State debt, if there be any.

Article IX, Section 4: Appropriation necessary for withdrawal from treasury

No money shall be drawn from the treasury, but in pursuance of appropriations made by law.

Article IX, Section 6: Deficiency of funds; tax levy to pay

Whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year.

Oregon's Budget Policy

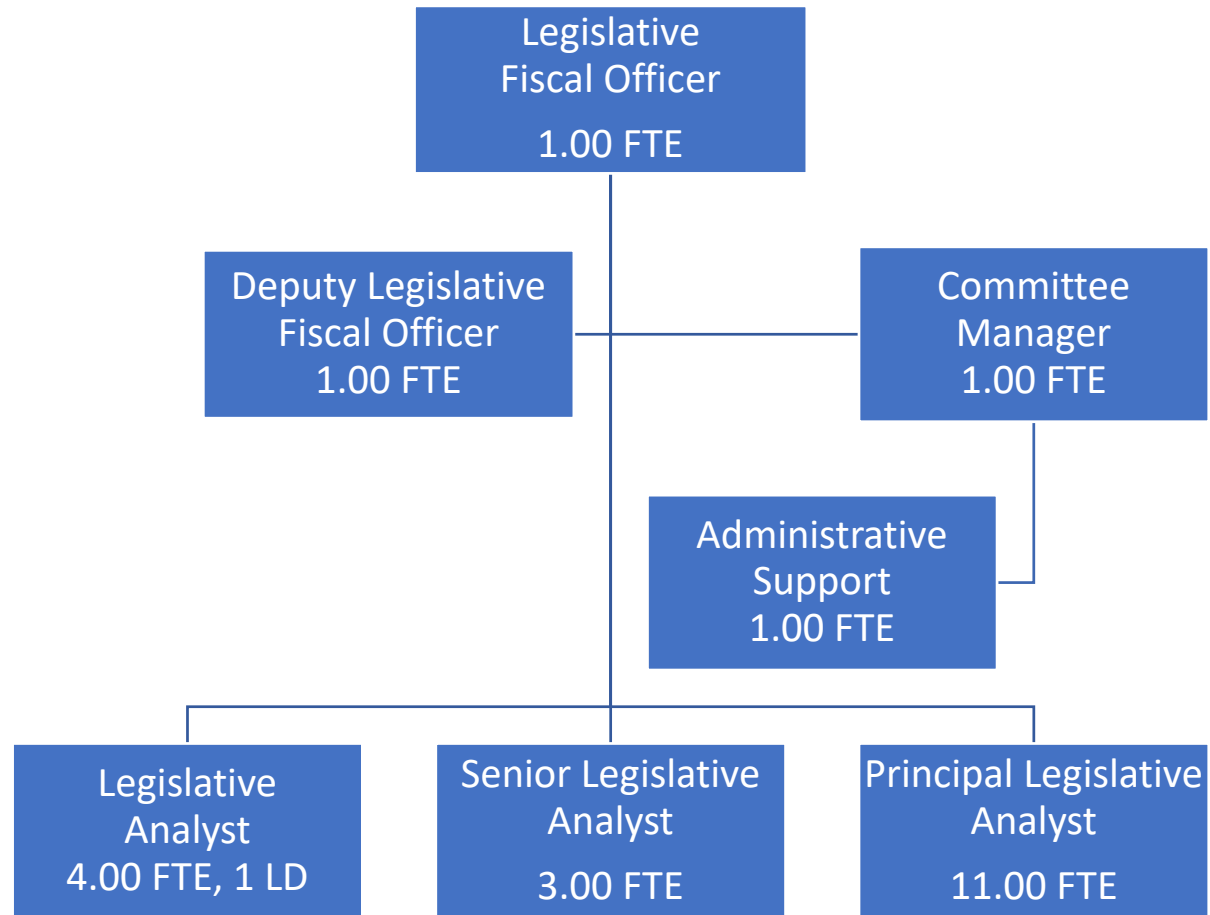
Based on principles of:

- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Planning for the short term and the long term, using consistent assumptions on demographics and trends
- Providing accountability at all levels for meeting program outcomes

What is the Legislative Fiscal Office (LFO)?

- Non-partisan, independent, permanent professional support staff office to the Legislature that was created in 1959
- Mission is to provide objective research, analysis, and evaluation of state expenditures, financial affairs, program administration, and agency operations; LFO also provides staffing to several legislative committees
- Staff consists of a director, a deputy, 18 analysts, a committee manager, and an administrative support
- Each analyst has a portfolio of agencies with which they work

LFO Organization Chart



LFO Analyst Responsibilities During Session

- Review agency budgets for accuracy
- Analyze fiscal and policy issues
- Examine revenue sources, expenditure limitations, expenditure patterns, staffing levels, and proposed law changes
- Review impact of budget reductions or enhancements
- Make recommendations to the Legislature related to agency budgets
- Prepare fiscal impact statements
- Respond to questions and collect information requested by legislators
- Facilitate bill amendments, budget note and budget report finalization, and presentation of Ways and Means Subcommittee decisions for the Full Ways and Means Committee
- Assist bill carriers on the House and Senate floors

Other Staffing Responsibilities

- Emergency Board is a constitutional body responsible for making certain allowable budget adjustments when the Legislature is not in session
- Joint Legislative Audit Committee is responsible for reviewing audits, conducting evaluations, and making recommendations for change based on audit findings
- Joint Legislative Committee on Information Management and Technology is responsible for establishing statewide policy on information systems and technology and making recommendations on information resource management programs and information technology acquisitions
- Transparency Oregon Advisory Commission is responsible for making recommendations to the Department of Administrative Services on the creation, contents, operations, and enhancements to the state's transparency website

Staff Responsibilities During the Interim

- Publish highlights report of session budgetary actions and detailed analysis reports of the legislatively adopted budget by agency and program
- Publish briefs and reports on budget-related topics and issues of interest to the Legislature
- Produce analysis and recommendations on agency requests for Emergency Board action
- Review state agency budget execution and operations
- Monitor agency expenditures and program implementation
- Respond to inquiries from legislators, press, agencies, citizens, NCSL, etc.

Oregon's Two-Year Budget Cycle

- Oregon budgets on a biennial basis
 - July 1st of odd-numbered year to June 30th of next odd-numbered year
 - Currently 19 months into the 2017-19 biennium; started creating the 2019-21 biennium budget in March 2018
- 2019 Legislative Session (January to June)
- 2019 Short Interim (July to January)
 - Interim Joint Ways and Means only makes recommendations
- 2020 Legislative Session (February)
 - Recommendations from Interim Joint Ways and Means or new items
- 2020 Long Interim (March to December)
 - Emergency Board
 - Budget development for next biennium

Oregon's Two-Year Budget Cycle

**In any two-year biennial budget period,
adjustments to the adopted budget
can be made in either of the annual sessions
or by the Emergency Board**

7) Legislatively Adopted Budget (LAB) is passed

1) Agencies use Allotment plan to show how LAB is spent each quarter

2) Agencies implement LAB with oversight from LFO/DAS; tentative budget for next biennium prepared

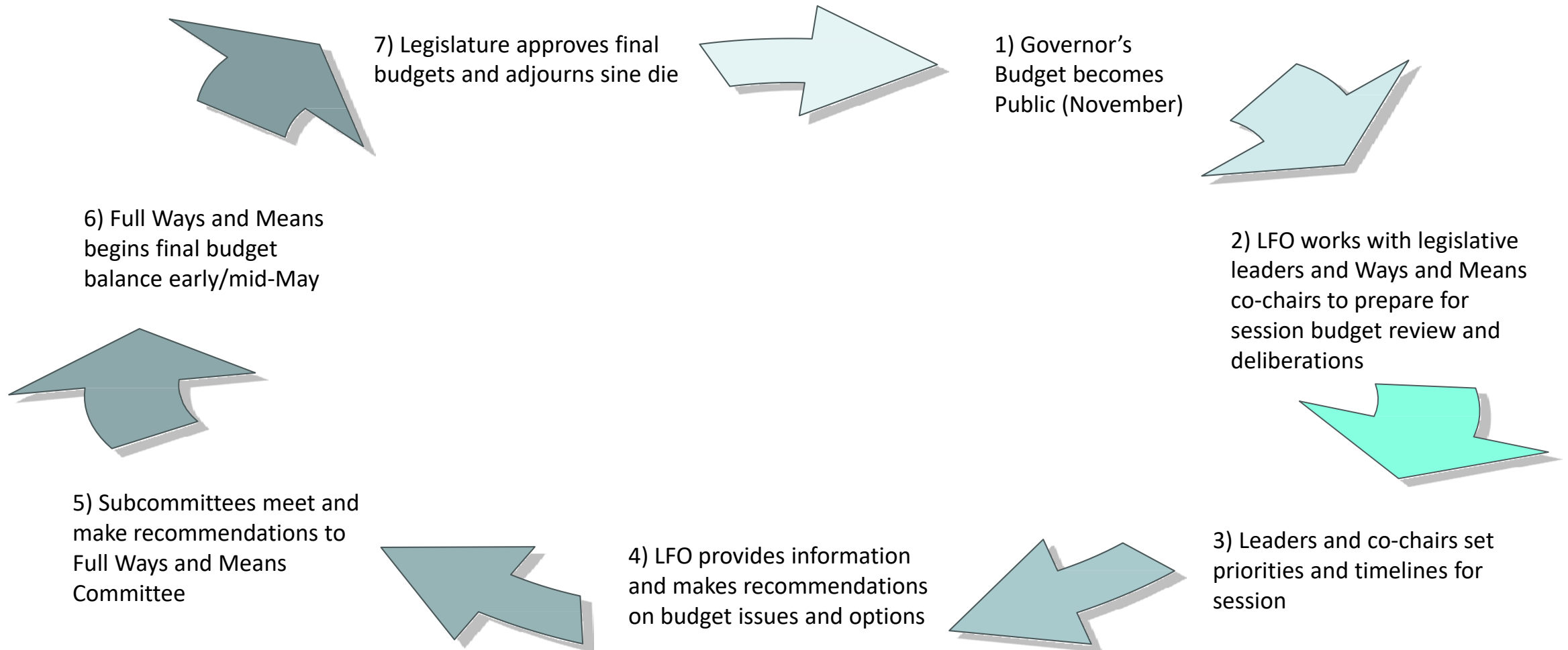
3) Agencies may request funding from Emergency Board

4) Agencies prepare Request Budget (ARB) based on LAB, interim action, and instructions

5) ARB analyzed; Governor's Budget prepared

6) Legislature reviews materials from Executive Branch and other sources; holds hearings, prepares balanced budget

Oregon Budget Process – Long Legislative Session



Budget Basics – Fund Types

- 1) General Fund – appropriation
 - Primarily personal and corporate income taxes, estate and inheritance taxes, corporate excise taxes; 7% other (i.e., liquor revenue)
 - “Fungible”
- 2) Lottery Funds – allocation
 - Sale of tickets and video lottery gaming proceeds, associated interest and penalties
 - Dedicated to economic development, education, parks/salmon habitat, veterans
- 3) Other Funds – limitation
 - Fees, interest earnings, excise taxes, dedicated fee or tax revenue (9-1-1 tax, lodging tax, forest harvest tax, vehicle and gas tax, etc.), bond proceeds
 - Dedicated by law for specific purposes
 - Limited and Nonlimited
 - Nonlimited: debt service, cost of issuance, Unemployment Insurance benefit payments
- 4) Federal Funds – limitation
 - Grants, formula funds from federal agencies such as HUD, HHS
 - Dedicated by law for specific purposes
 - Limited and Nonlimited
 - Nonlimited: federally funded food and housing vouchers

Budget Basics – Expenditure Categories

- Personal Services includes personnel costs (wages, PERS, benefits, social security, etc.)
- Services and Supplies includes operation costs (travel, office supplies, rent, legal expenses, expendable property, contracts, etc.)
- Capital Outlay includes products with value of more than \$5,000, life of more than two years, used more than once
- Capital Improvement includes construction, remodel, improvement costs of less than \$1 million
- Major Construction/Acquisition (or Capital Construction) includes construction, remodel, improvement costs of more than \$1 million; established for a six-year period
- Debt Service includes principal and interest payments on bonds and certificates of participation

Budget also tracks positions and FTE (full-time equivalent)

Budget Basics – Appropriation Bills

- Appropriation bills are the budgetary control
- Appropriation bills are session law (Oregon Laws)
- Appropriation bills are by fund type and may be total agency or detailed to program within agency
- Appropriation bills are not detailed to the expenditure category level
- Budget reports accompany appropriation bills or policy bills with appropriation amendments

Budget Basics – Budget Bills

- Appropriation bills are generally agency specific (House bills = 5000 series, Senate bills = 5500 series)
- Oregon has approximately 80 agencies under budgetary control
- Range from small (\$300,000 biennial budget) to large (\$22 billion biennial budget)
- Budget for bonding and capital construction are in bills separate from agency budget bills
- Article IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)
- Final bills of session are commonly known as the Program Change bill and the Omnibus Budget Reconciliation (a.k.a. Emergency Fund) bill

Budget Basics: “Budget Math”

Agency Budget Bill

+ Policy Bills

+ Omnibus Budget Reconciliation (a.k.a. Emergency Fund) Bill

+ Capital Construction Bill

= Legislatively Adopted Budget

Budget Reports

- LFO Work Session Recommendations become the basis for the budget report
 - Key Performance Measures are reviewed and approved as part of the LFO recommendation
- Accompany appropriation bills or policy bills with appropriation amendments
- Provide details on legislative action and intent for a budget bill or a policy bill with a budgetary impact (will have expenditure category detail)
- Contain detailed information on approved Policy Option Packages
- Include position authorization and full-time equivalents

Subcommittee Role and Responsibilities

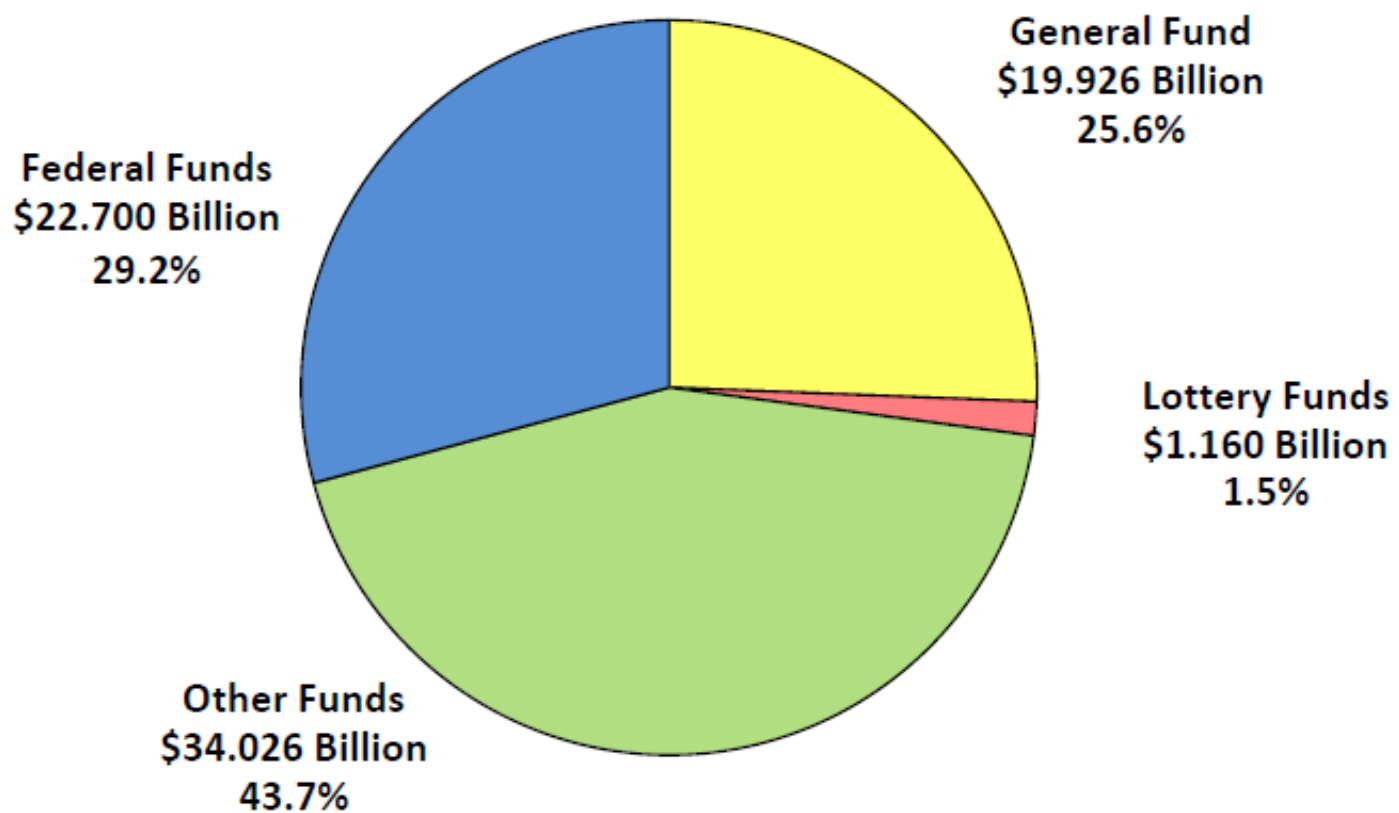
- Budget (Appropriation) Bills
- Agency Budget Presentations: Consist of Phase 1/Phase 2 (Agency Profile/Discussion of Issues) and Phase 3 (Work Session)
- Budget Notes: Included in a budget report to provide budget execution direction to agency
 - Cannot be used in lieu of legislation
 - Does not have the force of law
- Federal Grant Applications: Statute requires approval from either Joint Committee on Ways and Means or Emergency Board

Subcommittee Role and Responsibilities (cont.)

- Reports: When required by budget report, subcommittee instructions, or statute
- Fee-Related Bills: Generally tied to an agency's budget request
- Policy Bills: Directly referred to Ways and Means or subsequently referred after being heard in a policy committee; often have a financial impact or may be tied to assumptions in an agency budget

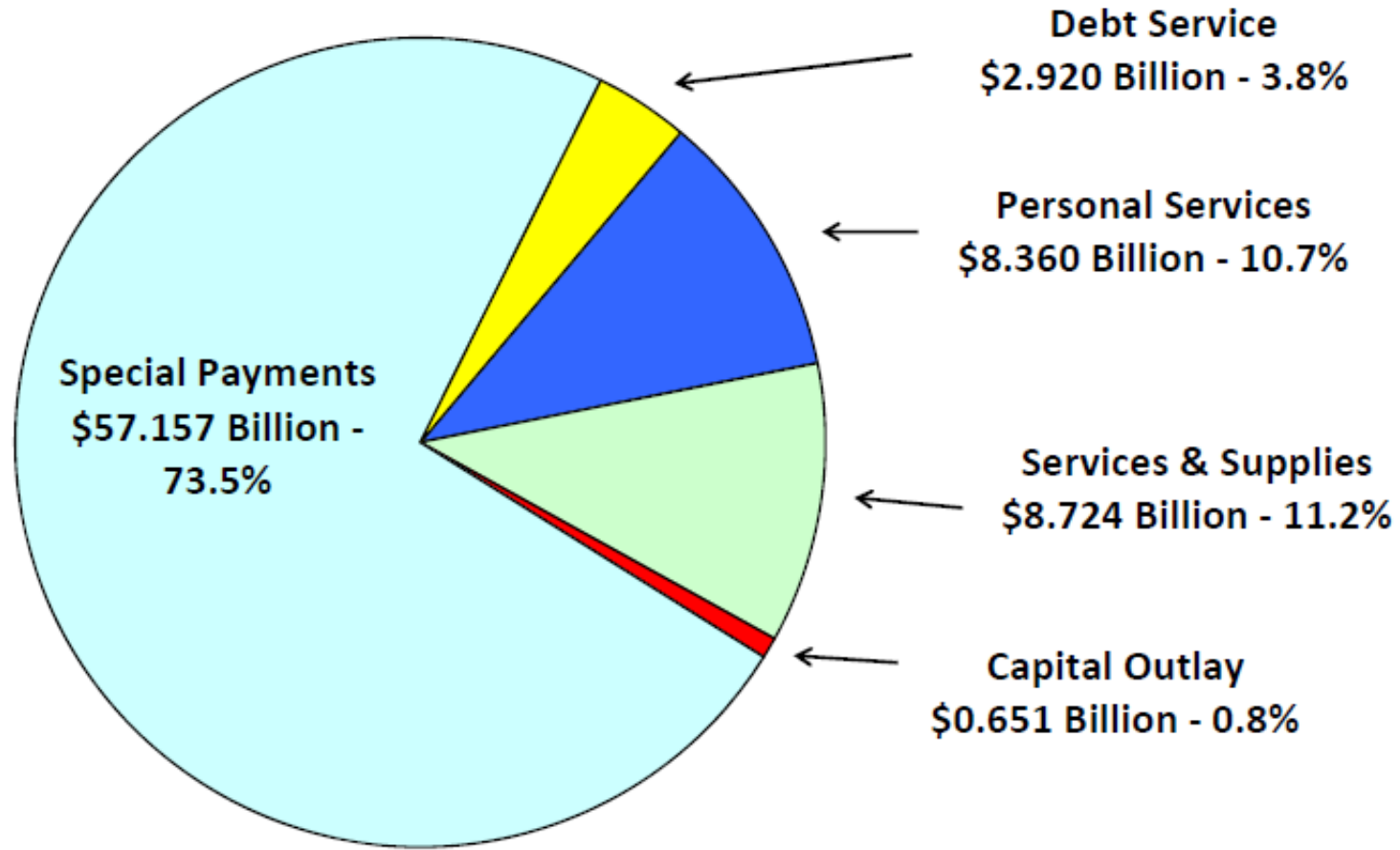
2017-19 Legislatively Approved Budget Totals \$77.812 Billion

8.3% Increase from 2015-17 Approved



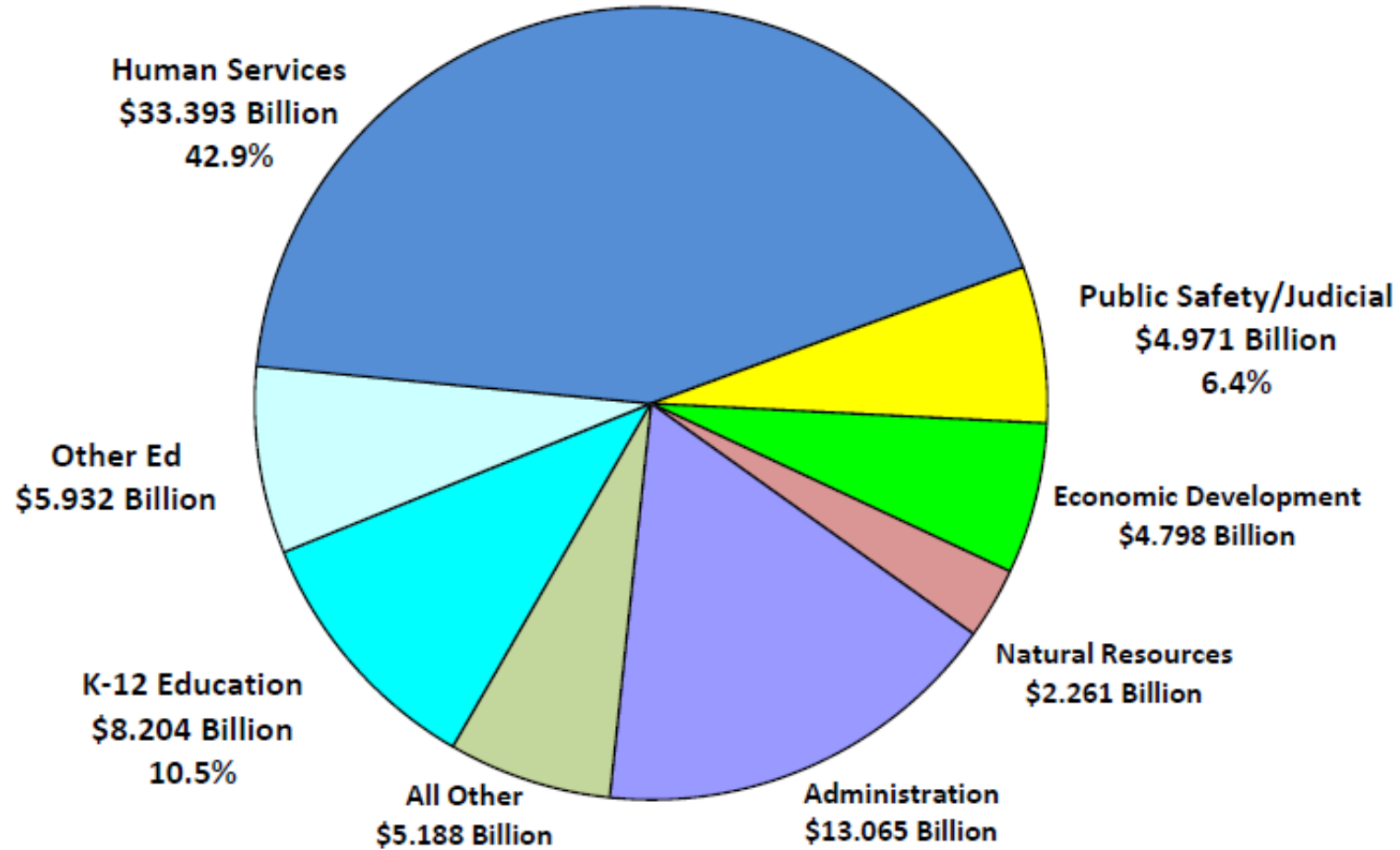
Expenditures by Category

Total Funds - 2017-19 Legislatively Approved Budget
(through December 2018; \$77.8 Billion)



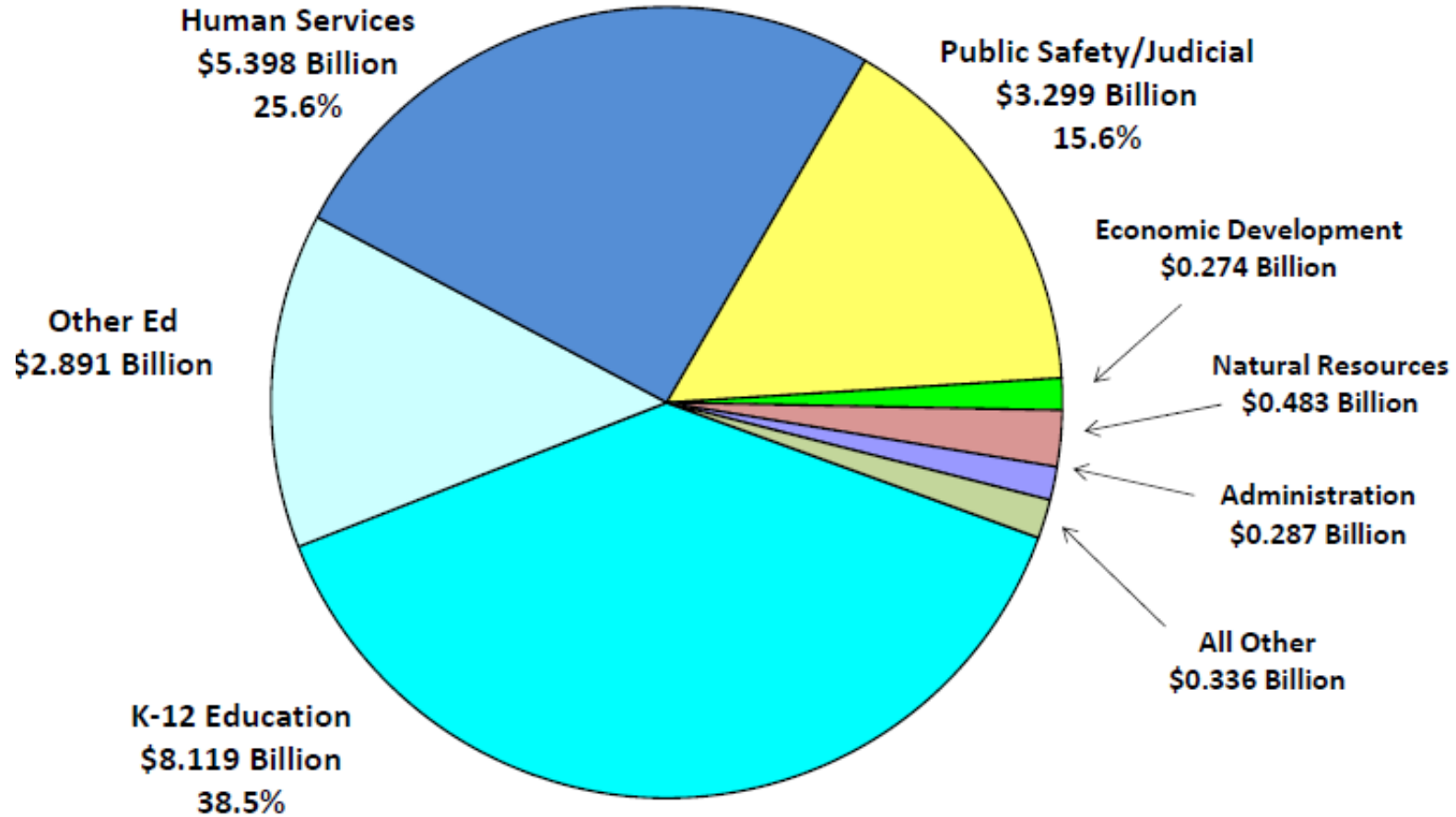
2017-19 Legislatively Approved Budget - Total Funds \$77.812 Billion

8.3% Increase from 2015-17 Approved
(through the Dec. 2018 Emergency Board Meeting)

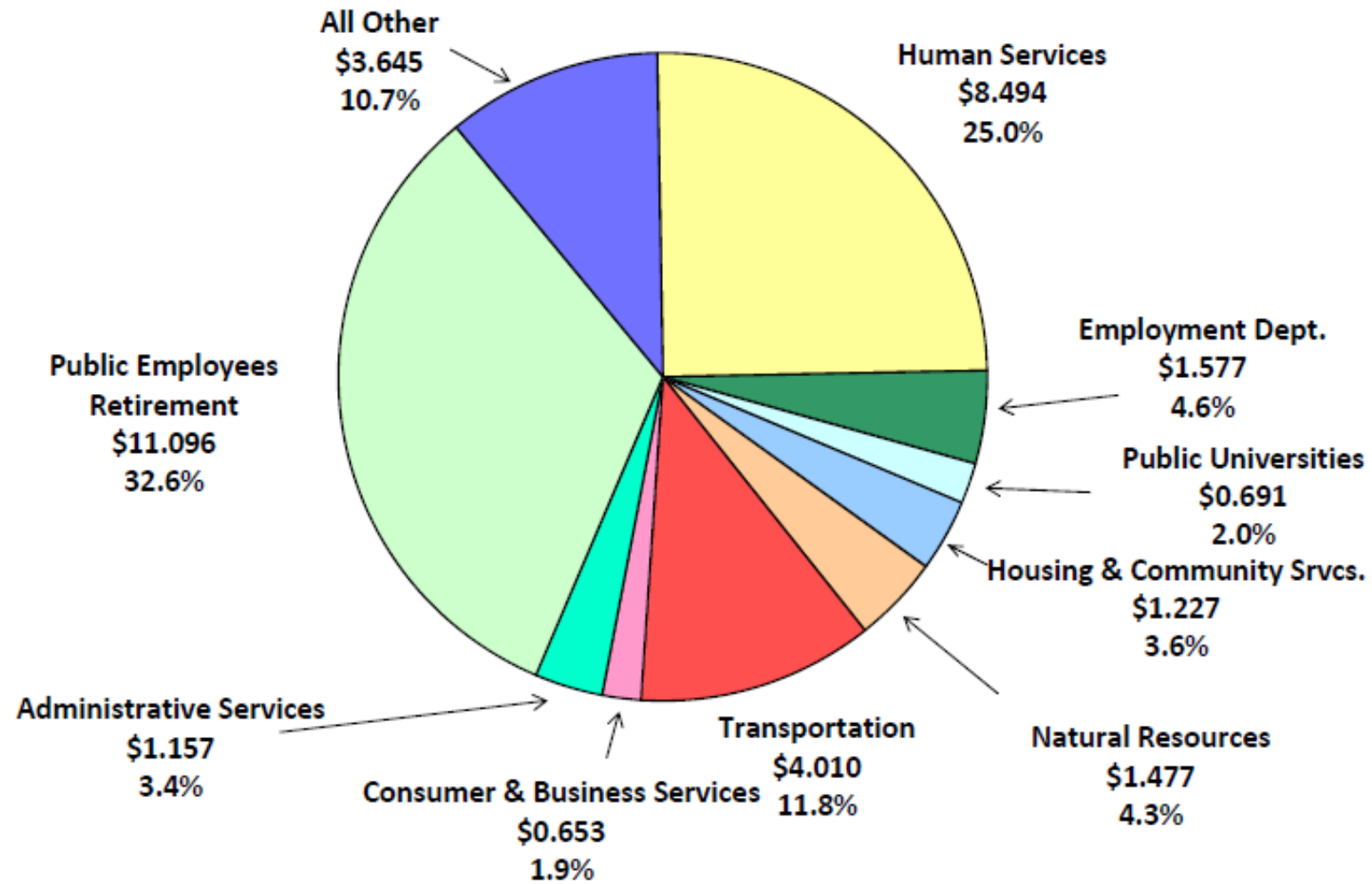


2017-19 General Fund & Lottery Funds Approved Total \$21.086 Billion

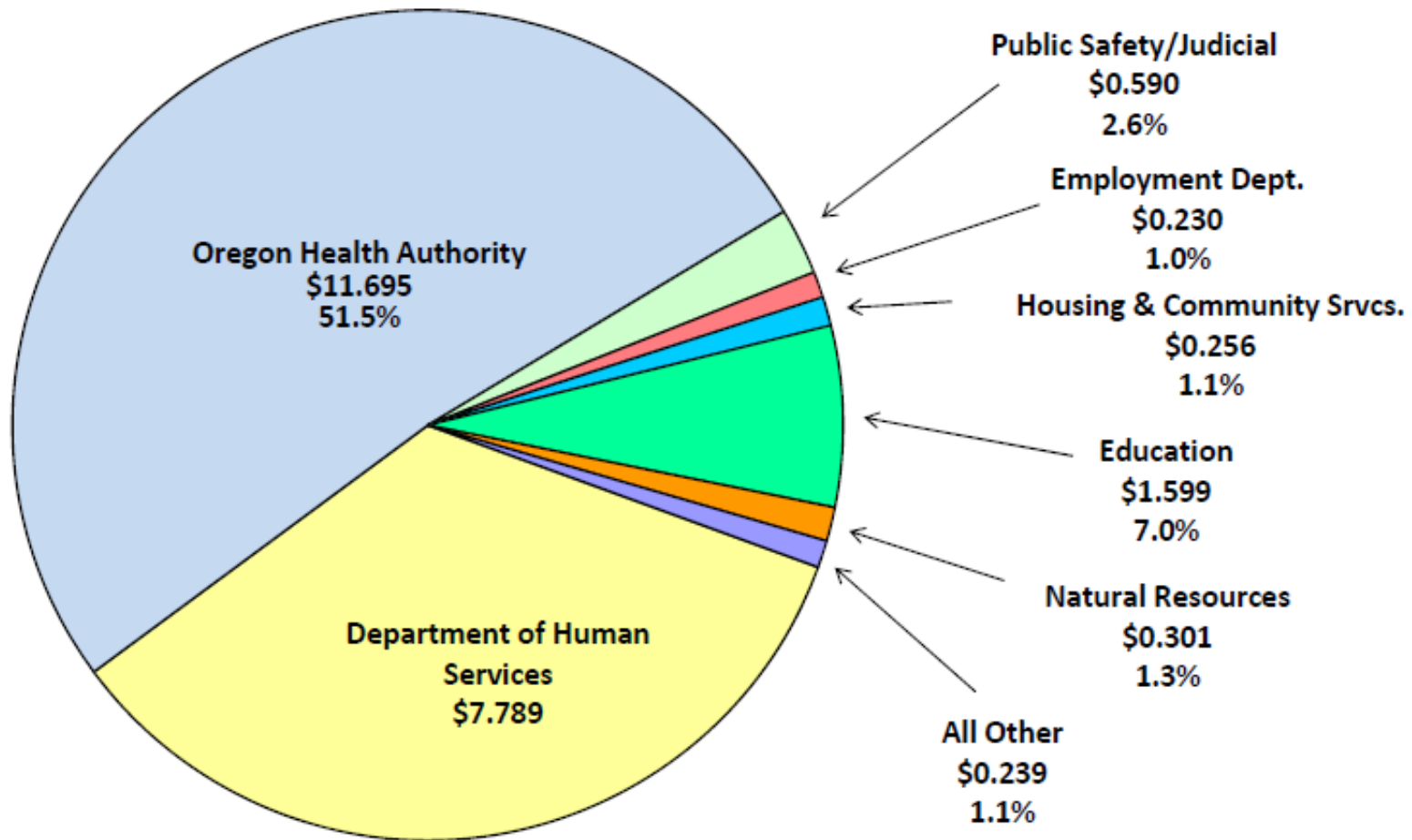
11.2% Increase from 2015-17 Approved
(through the Dec. 2018 Emergency Board Meeting)



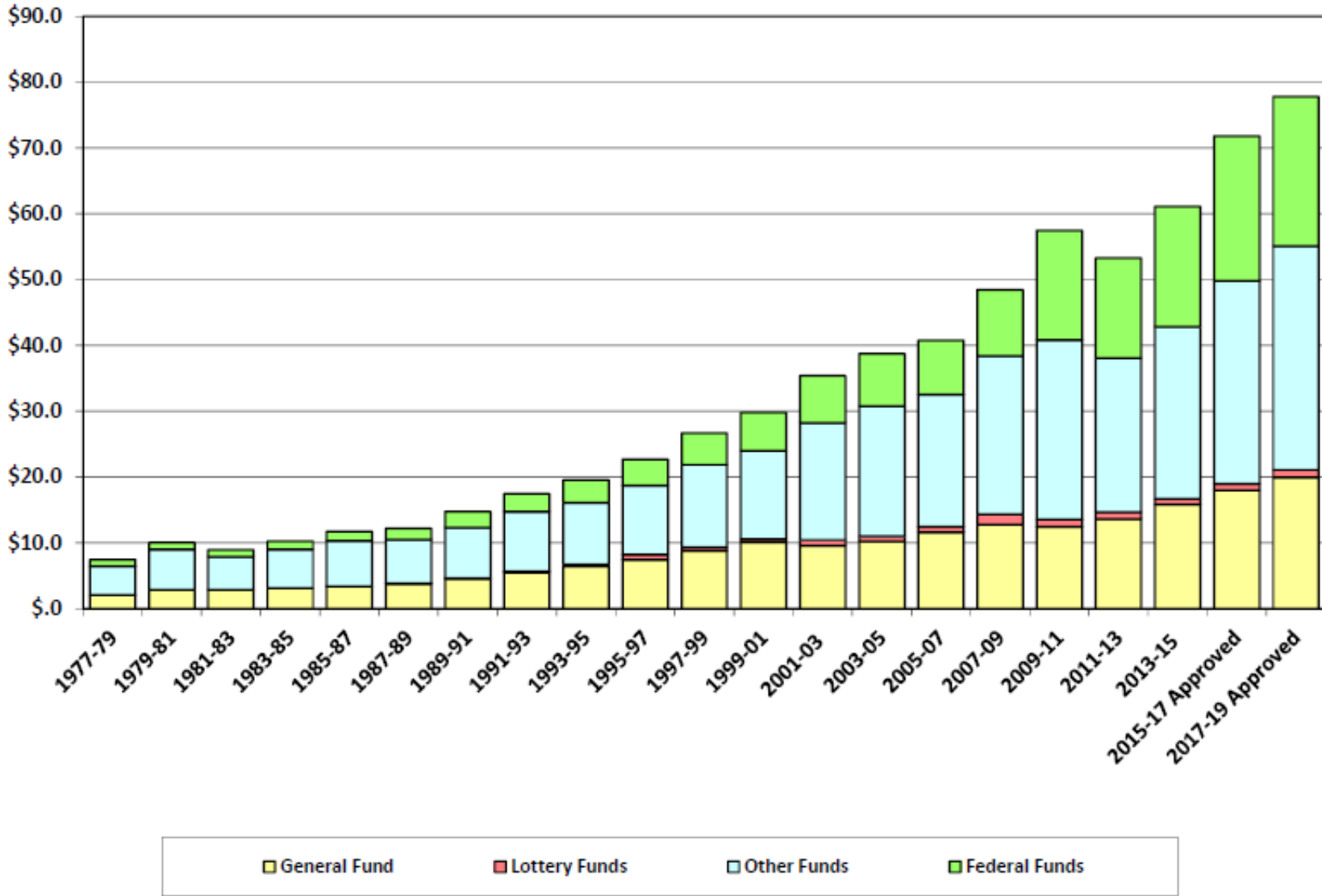
2017-19 Other Funds Total \$34.026 Billion
10.4% Increase from 2015-17 Approved Expenditures
(Billions of Dollars/Percent of Total; through Dec. 2018 Emergency Board Meeting)



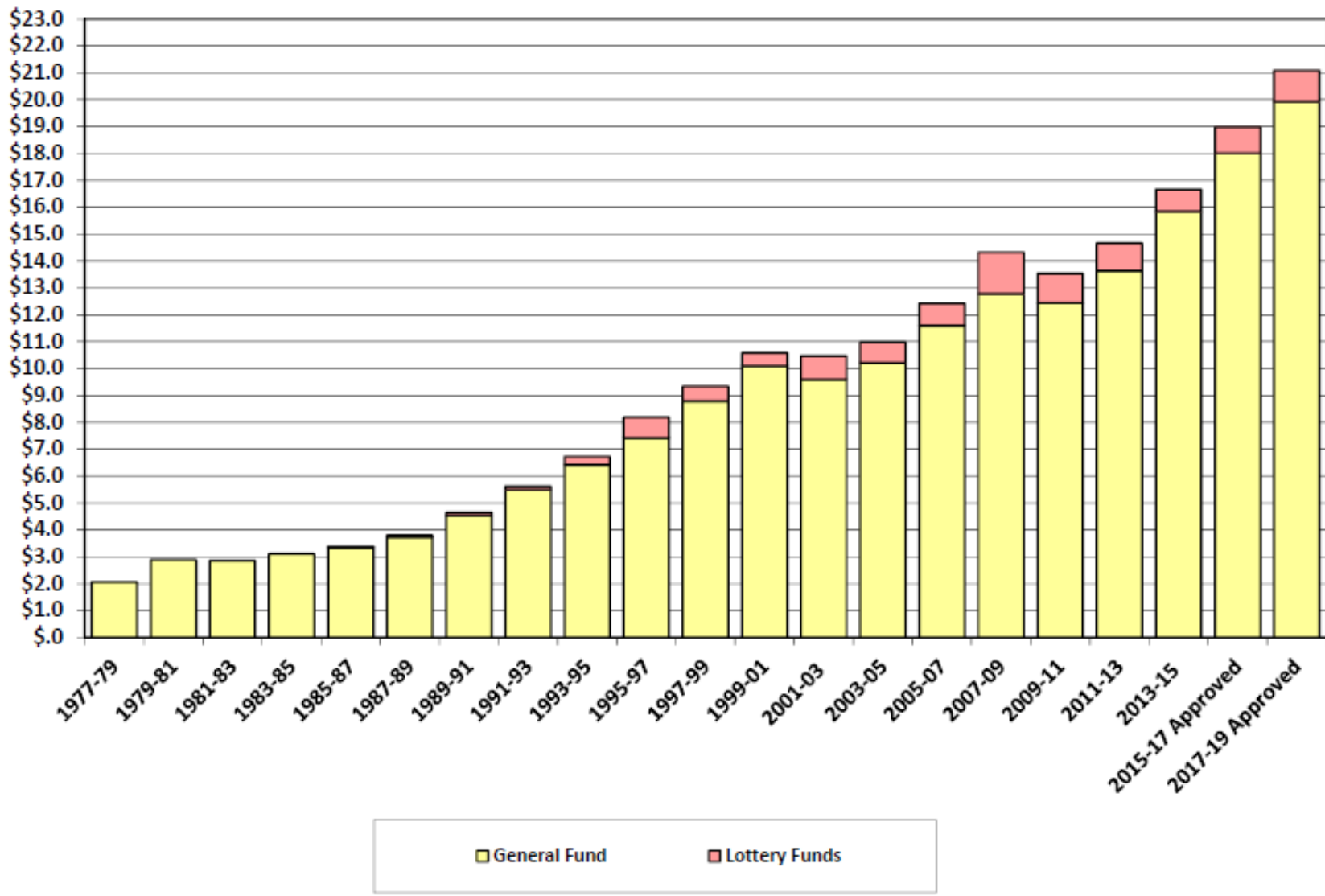
2017-19 Federal Funds Total \$22.700 Billion
3.0% Increase from 2015-15 Approved Expenditures
(Billions of Dollars/Percent of Total; through Dec. 2018 Emergency Board Meeting)



Oregon Budget History -- All Funds (Billions \$)



Oregon Budget History -- General Fund and Lottery Funds (Billions \$)



Oregon 2019-21 Budget Information

Budget Issues

Key Drivers of Budget Change:

- Population Growth
- Demographics
- Inflation
- Health Care Costs
- Mandated Caseloads
- Federal Policy Changes
- Lawsuits
- Initiatives
- Rollup Costs
- Public Employees Retirement System
- Replacement of One-Time Revenues
- State Policy Decisions

Budget Issues Facing 2019 Legislature

- Rebalancing the 2017-19 budget
- Revenue forecast changes
- Potential difficulty continuing current General Fund programs and services
- Governor and other stakeholder budget proposals
- Potential Issues (e.g., lawsuits, decreased federal funding)
- State employee and non-state employee compensation
- Responding to successful ballot initiatives
- 2021-23 tentative budget and revenue forecast

Current Service Level Budget Adjustments

- Personal Service adjustments for 2019-21
- Debt Service adjustments
- Program phase-in costs for new programs that did not operate for the entire biennium
- Program phase-out savings for programs that will be discontinued or were one-time
- Inflation for most services, supplies, capital outlay, professional services
- Mandated caseload increases or decreases
- Fund shifts – replace one-time funds

**Joint Committee on Ways and Means
2019 Subcommittee Assignments**

TRANSPORTATION and ECONOMIC DEVELOPMENT

1:00-2:30pm, Mon-Thu, HR F

Michelle Deister, Coordinator
Eric Sorenson, Assistant

Sen. James Manning Jr., Co-Chair
Sen. Jeff Golden
Sen. Bill Hansell

Rep. David Gomberg, Co-Chair
Rep. Paul Evans
Rep. Gary Leif
Rep. Rachel Prusak
Rep. Duane Stark

Bill No.	Agency	LFO Analyst
HB 5004	Aviation, Department of	Jolivet
SB 5524	Business Development Department, Oregon	Beitel
HB 5011	Consumer and Business Services, Department of	Stayner
SB 5508	Employment Department	Deister
SB 5512	Housing and Community Services Department	Deister
SB 5516	Labor and Industries, Bureau of	Deister
SB 5519	Liquor Control Commission, Oregon	Deister
HB 5045	Liquor Control Commission, Oregon – fee bill	Deister
SB 5534	Public Utility Commission	Jolivet
SB 5535	Racing Commission	Deister
SB 5536	Real Estate Agency	Deister
HB 5039	Transportation, Department of	Jolivet
HB 5040	Transportation, Department of – fee bill	Jolivet
HB 5041	Transportation, Department of – fee bill	Jolivet
SB 5538	Veterans' Affairs, Department of	Beitel

TED Subcommittee Work Session Documents

...examples of coming attractions

House Bill 5012

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Appropriates moneys from General Fund to Housing and Community Services Department for biennial expenses and for debt service.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts and certain federal funds, but excluding lottery funds and other federal funds, collected or received by department.

Limits biennial expenditures by department from certain lottery moneys.

Limits biennial expenditures by department from other federal funds.

Authorizes specified nonlimited expenditures.

Declares emergency, effective July 1, 2017.

A BILL FOR AN ACT

1
2 Relating to the financial administration of the Housing and Community Services Department; and
3 declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. There is appropriated to the Housing and Community Services Department,**
6 **for the biennium beginning July 1, 2017, out of the General Fund, the amount of \$17,096,570.**

7 **SECTION 2. Notwithstanding any other law limiting expenditures, the amount of**
8 **\$184,198,543 is established for the biennium beginning July 1, 2017, as the maximum limit for**
9 **payment of expenses for operations, from fees, moneys or other revenues, including Miscel-**
10 **laneous Receipts and federal funds from the United States Department of Housing and Urban**
11 **Development for contract services, but excluding lottery funds and federal funds not de-**
12 **scribed in this section, collected or received by the Housing and Community Services De-**
13 **partment.**

14 **SECTION 3. Notwithstanding any other law limiting expenditures, the amount of**
15 **\$17,081,530 is established for the biennium beginning July 1, 2017, as the maximum limit for**
16 **payment of expenses from lottery moneys allocated from the Administrative Services Eco-**
17 **nomic Development Fund to the Housing and Community Services Department for lottery**
18 **bonds.**

19 **SECTION 4. Notwithstanding any other law limiting expenditures, the amount of**
20 **\$123,897,984 is established for the biennium beginning July 1, 2017, as the maximum limit for**
21 **payment of expenses from federal funds other than those described in sections 2 and 6 of this**
22 **2017 Act collected or received by the Housing and Community Services Department.**

23 **SECTION 5. There is appropriated to the Housing and Community Services Department,**

Agency Budget Bill example

LFO Recommendation Summary example

Legislative Fiscal Office

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900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Fiscal Officer



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: Transportation and Economic Development Subcommittee

From: Michelle Deister, Legislative Fiscal Office

Date: June 20, 2017

Subject: HB 5012 – Housing and Community Services Department
Reconsideration/Work Session Recommendations

Housing and Community Services Department – Agency Totals

	2013-15 Actual	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 LFO Recommended
General Fund	20,335,205	28,591,263	20,099,493	32,038,587
Lottery Funds	9,413,639	11,676,469	16,007,282	16,007,282
Other Funds	116,634,380	224,757,497	166,273,550	184,965,549
Other Funds NL	689,623,347	784,502,128	631,849,381	631,849,381
Federal Funds	112,299,287	120,118,294	122,847,675	129,920,182
Federal Funds NL	110,118,920	119,320,000	121,165,609	121,165,609
Total Funds	1,058,444,778	1,288,965,651	1,078,242,990	1,115,946,590
Positions	168	149	122	156
FTE	150.98	135.15	120.75	148.68

The Legislative Fiscal Office recommends a budget of \$1,115,946,590 total funds, and 156 positions (148.68 FTE) for the Housing and Community Services Department (HCSD) for the 2017-19 biennium. Because decisions regarding bonds are still pending before the Capital Construction Subcommittee of Ways and Means, no expenditure limitation attributable to bond-funded initiatives is included in this recommendation; this budget can be adjusted to reflect any additions in a budget reconciliation bill toward the end of the 2017 session. The budget includes the following adjustments:

- General Fund and Other Funds expenditure limitation to support three positions associated with \$40 million in Article XI-Q bonds approved in 2015 associated with the Low Income Fast Track (LIFT) housing program;
- Strategic investments in agency staffing capacity, as follows:

LFO Recommendation Summary example (cont.)

- A research analyst position to provide for regular updates of market conditions, affordable housing inventory and homelessness data, to ensure the most effective allocation of resources;
- Two positions in the Single-Family housing program that will perform analysis and product development to augment loan volume; and
- A position to meet additional, sustained demand for the 4% Low Income Housing Tax Credit program;
- Continuation of the Home Ownership Stabilization Initiative program, which is funded entirely by a federal allocation of Troubled Asset Relief Program dollars.
- Federal Funds expenditure limitation for a new state allocation of National Housing Trust Fund dollars that will complement existing state efforts to increase and preserve the supply of affordable housing for extremely low-income families;
- Additional federal Housing and Urban Development project rental assistance program dollars;
- The transfer of Elderly Rental Assistance program funding from the Oregon Department of Revenue to HCSD, pursuant to legislation approved in 2015;
- Additional Other Funds expenditure limitation to accommodate expected additional low income electrical bill assistance payments due to the passage of HB 2134;
- Technical adjustments to reflect the elimination of a long-term vacancy, and the movement of positions between agency divisions; and
- Because of General Fund constraints, reductions of approximately 6% from the agency's current service level calculation to the following programs:
 - Low-Income Rental Assistance;
 - Elderly Rental Assistance;
 - Emergency Housing Account;
 - State Homeless Assistance Program;
 - Housing Choice Landlord Guarantee; and
 - Court Appointed Special Advocates (CASA)

General Fund support for the Oregon Commission on Voluntary Action and Service (Oregon Volunteers!) and the Oregon Foreclosure Avoidance Program - neither of which are included in the agency's Current Service Level calculation - is not included in this recommendation. Discussions regarding Oregon Volunteers! are ongoing.

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5012. (VOTE)

OR

Change LFO Recommendation:

LFO Recommendation Summary example (cont.)

MOTION: I move the LFO recommendation to HB 5012, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2017-19 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Budget Notes

#1 Budget Note: Report on Strategic Investments for Veterans’ Housing

The Housing and Community Services Department and the Oregon Department of Veterans’ Affairs are directed to work in concert to develop a plan to advise the Legislature on strategic investments of federal, state (including Measure 96 Lottery dollars) and local funds for veterans’ homelessness and housing issues, that will result in long term housing stability for veterans. The Oregon Department of Veterans’ Affairs and the Housing and Community Services Department will report back to the Joint Committee on Ways and Means in February 2018 with a proposal that includes a key performance measure to quantify progress toward this goal. The report shall include but need not be limited to the following:

- Information on best practices and programs in other states that have shown efficacy;
- The amount and source of resources intended to be utilized for each option presented;
- Other partners or cooperation necessary from state or local entities;
- The number of veterans that can be assisted with each proposal at the suggested level of support; and
- Necessary changes to statute to implement the plan.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Budget Notes. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

LFO Recommendation Summary example (cont.)

MOTION: I move the LFO recommendation on Budget Notes, with modifications.
(VOTE)

Recommended Changes

LFO recommends a budget of \$21,431,203 General Fund, \$16,007,282 Lottery Funds, \$176,563,739 Other Funds, \$129,920,182 Federal Funds, \$631,849,381 Other Funds-Nonlimited, \$121,165,609 Federal Funds Nonlimited and 156 positions (148.68 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to House Bill 5012. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5012 as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move HB 5012 as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	15,679,188	11,676,469	212,088,734	119,926,854	783,429,303	112,320,000	1,255,120,548	130	126.17
2015-17 Ebds, SS & Admin Act	12,912,075	-	12,668,763	191,440	-	-	25,772,278	19	8.98
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	28,591,263	11,676,469	224,757,497	120,118,294	783,429,303	112,320,000	1,280,892,826	149	135.15
2015-17 Leg Approved Budget (Base)	28,591,118	11,676,469	223,456,192	120,114,238	783,429,303	112,320,000	1,279,587,320	132	126.90
Summary of Base Adjustments	6,368,139	4,555,947	(39,668,245)	141,506	(151,579,922)	8,845,609	(171,336,966)	(10)	(6.15)
2017-19 Base Budget	34,959,257	16,232,416	183,787,947	120,255,744	631,849,381	121,165,609	1,108,250,354	122	120.75
010: Non-PICS Pers Svc/Vacancy Factor	(317)	(225,134)	(232,181)	(14,745)	-	-	(472,377)	-	-
020: Phase In / Out Pgm & One-time Cost	(15,343,520)	-	(21,972,674)	(1,472,505)	-	-	(38,788,699)	-	-
030: Inflation & Price List Adjustments	484,073	-	4,690,458	4,079,181	-	-	9,253,712	-	-
2017-19 Current Service Level	20,099,493	16,007,282	166,273,550	122,847,675	631,849,381	121,165,609	1,078,242,990	122	120.75
Adjusted 2017-19 Current Service Level	20,099,493	16,007,282	166,273,550	122,847,675	631,849,381	121,165,609	1,078,242,990	122	120.75
Total LFO Recommended Packages	11,939,094	-	18,691,999	7,072,507	-	-	37,703,600	34	27.93
2017-19 Legislative Actions	32,038,587	16,007,282	184,965,549	129,920,182	631,849,381	121,165,609	1,115,946,590	156	148.68
Net change from 2015-17 Leg Approved Budget	3,447,324	4,330,813	(39,791,948)	9,801,888	(151,579,922)	8,845,609	(164,946,236)	7	13.53
Percent change from 2015-17 Leg Approved Budget	12.1%	37.1%	(17.7%)	8.2%	(19.4%)	7.9%	(12.9%)	4.7%	10.0%
Net change from 2017-19 Adj Current Service Level	11,939,094	-	18,691,999	7,072,507	-	-	37,703,600	34	27.93
Percent change from 2017-19 Adj Current Service Level	59.4%	0.0%	11.2%	5.8%	0.0%	0.0%	3.5%	27.9%	23.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Essential Staffing Needs

Package Description Additional Other Funds expenditure limitation is recommended to support two permanent positions in the Single Family loan program, to support efforts to increase volume in the residential loan program to \$100 million annually. A Program Analyst 4 position will conduct market analysis to determine new niche loans products and product enhancements that could be attractive regardless of market conditions, conduct outreach to solicit additional lending partners, and training. A Loan Specialist 1 position is also recommended to process anticipated increased transaction volume, ensuring timely service delivery to lending partners.

LFO Recommendation Approve.

LFO Analyst Notes HCSD issues tax-exempt bonds to provide loan financing. These bond proceeds are then used to purchase mortgages on single family homes for first time homebuyers, often at a lower interest rate than a conventional loan would provide. However, the recent recession demonstrated that in times of low interest rates, the department's financing is not competitive with the market, and volume in the agency's residential loan program falls. In order to create steady volume regardless of market conditions, HCSD is looking to develop new products that are not currently available, such as additional down payment assistance, or refinancing (which the agency doesn't currently offer on its loans).

LFO Recommended	-	-	408,589	-	-	-	408,589	2	2.00
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Legislatively Proposed 2017 - 2019 Key Performance Measures

Published: 6/20/2017 9:09:58 AM

Agency: Housing and Community Services

LFO KPM Report Example

Mission Statement:

We provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Reducing Homelessness - Percentage of homeless households who exited into permanent housing and retained that housing for six months or longer.		Approved	87%	80%	80%
2. Energy Assistance - Of all crisis energy payments, the percentage of payments made to prevent power disconnections. Crisis payments include those for preventing disconnection of service or restoring service which was shut off.		Approved	No Data	90%	90%
3. Affordable Rental Housing - Percentage of regulated multifamily housing units funded with grants, tax credits, and bonds, that will be affordable to households earning at or below 50% of the area median income.		Approved	No Data	50%	50%
4. Affordable Rental Housing for People with Disabilities - Percentage of affordable rental housing units funded that provide rental opportunities for low-income individuals with physical or mental disabilities.		Approved	No Data	12%	12%
5. Affordable Rental Housing (Construction Costs) - Construction costs per square foot for: newly constructed housing units developed through grant and tax credit programs; and construction costs per square foot for rehabilitated housing units developed through grant and tax credit programs, as compared to national RS Means data.		Approved	No Data	100%	100%
6. Affordable Rental Housing (Areas of Opportunity) - Percentage of affordable rental housing units funded with 9% Low Income Housing Tax Credits or HOME program funds that will be developed in high opportunity areas. High opportunity areas are defined as census tracts that meet two of the following three criteria: low poverty rate, below average unemployment rate, high ratio of jobs to labor force.		Approved	No Data	40%	40%
7. Homeownership - Percentage of households at or below the state's median household income served by our single family programs.		Approved	56%	55%	55%
8. Homeownership (People of Color) - Percentage of OHCS residential loan program loans issued to people of color.		Approved	No Data	20%	20%
9. Agency Customer Service - Percentage 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	74%	80%	80%
	Overall		78%	80%	80%
	Timeliness		74%	80%	80%
	Accuracy		70%	80%	80%
	Expertise		74%	80%	80%
	Helpfulness		82%	80%	80%
2. Affordable Rental Housing through Bonds, Grants, and Tax Credits - Percentage 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.		Legislatively Deleted	95%	TBD	TBD

LFO KPM Report Example (cont.)

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
3. Increasing Housing for Special Needs Individuals - Percentage of affordable rental housing units developed that provide rental opportunities for the low-income elderly or individuals with special needs compared to the percentage of the state's population that are low-income elderly or individuals with special needs.		Legislatively Deleted	42%	TBD	TBD
5. Construction Costs - Cost per square foot for housing units developed through Grant and Tax Credit programs.		Legislatively Deleted	\$177.30	TBD	TBD
6. Increasing Energy Savings - For all funds invested, the percentage of energy savings generated from the Department's Energy Conservation Helping Oregonians (ECHO) weatherization program.		Legislatively Deleted	104%	TBD	TBD

LFO Recommendation:

The Legislative Fiscal office recommends Key Performance Measures as proposed above.

With regard to newly proposed KPM #5, LFO recommends that the Housing and Community Services Department differentiate between the cost per square foot of newly constructed housing, vs. the cost per square foot for rehabilitated housing units developed through grant and tax credit programs, and report on both. The targets for these measures are recommended to align with RS means data, taken from a national construction data base, with the goal being that the agency's actual cost per square foot be the same or lower than the RS means reported for that year, for building type. RS means averages are available for both new construction and for renovations. With this methodology, however, targets cannot be determined ahead of time.

SubCommittee Action:

The Subcommittee recommended that the target for KPM #5 be amended to reflect a percentage. The target was established at 100%, which would represent the same cost per square foot as the RS Means data, the object being for the agency not to exceed the RS Means construction cost for either newly constructed or rehabilitated housing units.

Amendments reflecting the Subcommittee Recommendation

HB 5012-2
(LC 9012)
6/20/17 (DFY/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

PROPOSED AMENDMENTS TO HOUSE BILL 5012

1 On page 1 of the printed bill, line 6, delete “\$17,096,570” and insert
2 “\$25,612,305”.

3 In line 8, delete “\$184,198,543” and insert “\$184,965,549”.

4 In line 15, delete “\$17,081,530” and insert “\$16,007,282”.

5 In line 20, delete “\$123,897,984” and insert “\$129,920,182”.

6 In line 24, delete “\$8,571,532” and insert “\$6,426,282”.

7

HB 5012 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Monroe

Joint Committee On Ways and Means

Action Date: 06/28/17

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 12 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Thomsen, Winters

House Vote

Yeas: 10 - Gomberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith G, Smith Warner, Stark, Williamson

Nays: 1 - Whisnant

Prepared By: Linnea Wittekind, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Housing and Community Services Department

2017-19

Budget Report Example (cover page)

Budget Summary*

	2015-17	2017-19		Committee Change from	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 28,591,263	\$ 13,673,231	\$ 25,612,305	\$ (2,978,958)	(10.4%)
General Fund Debt Service	\$ -	\$ 6,426,262	\$ 6,426,282	\$ 6,426,282	100.0%
Lottery Funds Debt Service	\$ 11,676,469	\$ 16,232,416	\$ 16,007,282	\$ 4,330,813	37.1%
Other Funds Limited	\$ 184,757,497	\$ 166,273,550	\$ 184,965,549	\$ 208,052	0.1%
Other Funds Nonlimited	\$ 231,980,523	\$ 185,683,523	\$ 185,683,523	\$ (46,297,000)	(20.0%)
Other Funds Debt Service Nonlimited	\$ 551,448,780	\$ 446,165,858	\$ 446,165,858	\$ (105,282,922)	(19.1%)
Federal Funds Limited	\$ 120,118,294	\$ 122,847,675	\$ 129,920,182	\$ 9,801,888	8.2%
Federal Funds Nonlimited	\$ 112,320,000	\$ 121,165,609	\$ 121,165,609	\$ 8,845,609	7.9%
Total	\$ 1,240,892,826	\$ 1,078,468,124	\$ 1,115,946,590	\$ (124,946,236)	(10.1%)

Position Summary

Authorized Positions	149	122	156	7
Full-time Equivalent (FTE) positions	135.15	120.75	148.68	13.53

⁽¹⁾ Includes adjustments through December 2016
* Excludes Capital Construction expenditures

Budget Report Example (body)

Summary of Revenue Changes

Most of the Housing and Community Services Department (HCSD) programs are funded with either Federal or Other Funds. The agency's General Fund of \$32,038,587 represents approximately 3% of overall revenues. The 2017-19 budget allocates \$16,007,282 Lottery Funds to pay debt service associated with previous Lottery Bond sales.

The primary sources of Other Funds include, but are not limited to, various fees charged for tax credits and other low-income housing development programs; public utility fees; revenue bonds; loan repayments; interest income; and various other revenues including document recording fees.

The Federal Funds received by the agency include grants from U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Health and Human Services, the U.S. Department of Energy, the Corporation for National and Community Service, the Bonneville Power Administration and NeighborWorks.

Other Funds Nonlimited revenue is derived from loan interest payments, loan principal repayments and bond sale proceeds. Funds for tenant based rental assistance payments are received and expended as Federal Funds Nonlimited.

**Budget Report
Example (body -
cont.)**

Summary of Transportation and Economic Development Subcommittee Action

The mission of HCSD is to provide stable and affordable housing and engage leaders to develop integrated statewide policy addressing poverty and providing opportunities for Oregonians. HCSD is Oregon's housing finance agency, providing financial and program support to create and preserve quality, affordable housing for Oregonians of lower and moderate income. HCSD administers federal and state antipoverty, homeless energy assistance and community service programs. HCSD also assists in the financing of single-family homes, the new construction or rehabilitation of multifamily affordable housing developments, and awards grants and tax credits to promote affordable housing.

The Subcommittee approved budget is \$1,115,946,590 total funds, with \$32,038,587 General Fund, \$16,007,282 Lottery Funds, \$184,965,549 Other Funds expenditure limitation, \$631,849,381 Other Funds Nonlimited, \$129,920,182 Federal Funds expenditure limitation, \$121,165,609 Federal Funds Nonlimited and 156 positions (148.68 FTE). This is a 10.1% decrease from 2015-17 Legislatively Approved Budget, largely due to the discontinuation of one-time programs.

The agency re-organized its budget structure during the 2015-17 biennium, to align more closely with the organizational program delivery. As a result, some of the program names have changed or been eliminated.

Housing Stabilization Programs

Formerly the Safety Net programs, the Housing Stabilization Programs division passes through federal and state resources to Oregon's community action network and their partners, supporting a continuum of services helping low-income individuals and households. The division also manages federal housing resources through the HUD Contract Administration section. The four main programs in this area are (1) homeless prevention and assistance services, (2) energy bill payment assistance and weatherization services, (3) low income rental assistance, (4) and performance-based contract administration.

The Subcommittee approved budget for the Housing Stabilization Programs is \$324,782,681 (\$22,347,511 General Fund, \$82,473,510 Other Funds limitation, \$98,796,051 Federal Funds limitation and \$121,165,609 Federal Funds Nonlimited) and 30 positions (29.00 FTE).

The Subcommittee approved the following packages:

Package 109, HUD Project Rental Assistance. This package provides \$952,813 Federal Funds limitation for the 2017-19 biennium associated with the Section 811 Project Rental Assistance grant program. The program provides rental assistance to extremely low-income persons with disabilities. A part-time Administrative Specialist II, for processing rent subsidy payments, is included in the package (one position and .50 FTE).

Package 110, Elderly Rental Assistance Program. This package reflects the transfer of the Elderly Rental Assistance program from the Oregon Department of Revenue to HCSD, approved by the 2015 Legislative Assembly. Due to General Fund constraints, the recommended funding for

LFO Budget Report Summary – by agency division, package, fund type

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 91400-050 - Homeownership Stabilization Initiative									
Package 108: Oregon Homeownership									
Personal Services	\$ -	\$ -	\$ 3,617,112	\$ -	\$ -	\$ -	\$ 3,617,112	25	21.43
Services and Supplies	\$ -	\$ -	\$ 271,131	\$ -	\$ -	\$ -	\$ 271,131		
SCR 91400-070 -Central Services									
Package 102: Essential Staffing									
Personal Services	\$ 145,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,493	1	1.00
Services and Supplies	\$ 21,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,805		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ (5,000)	\$ -	\$ (5,000)	\$ -	\$ -	\$ -	\$ (10,000)		
Special Payments	\$ (142,420)	\$ -	\$ (142,420)	\$ -	\$ -	\$ -	\$ (284,840)		
Package 812: Vacant Position Elimination									
Personal Services	\$ -	\$ -	\$ (208,972)	\$ -	\$ -	\$ -	\$ (208,972)	(1)	(1.00)
SCR 91400-080 -Bond Activities and Debt Service									
Package 815: Updated Base Debt Service Adjustment									
Debt Service	\$ 20	\$ (225,134)	\$ -	\$ -	\$ -	\$ -	\$ (225,114)	0	0.00
TOTAL ADJUSTMENTS	\$ 11,939,074	\$ (225,134)	\$ 18,691,999	\$ -	\$ 7,072,507	\$ -	\$ 37,478,466	34	27.93
SUBCOMMITTEE RECOMMENDATION *	\$ 32,038,567	\$ 16,007,282	\$ 184,965,549	\$ 631,849,381	\$ 129,920,182	\$ 121,165,609	\$ 1,115,946,570	156	148.68
% Change from 2015-17 Leg Approved Budget	12.1%	37.1%	0.1%	(19.3%)	8.2%	7.9%	(10.1%)	4.7%	10.0%
% Change from 2017-19 Current Service Level	59.4%	-1.4%	11.2%	0.0%	5.8%	0.0%	3.5%	27.9%	23.1%

*Excludes Capital Construction Expenditures

Performance measure report is also attached
to the Budget Report document

Questions?