

**HB 5046 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Various Agencies**

**2017-19**

PRELIMINARY

## Budget Summary\*

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Committee Recommendation (2019 Session)	Committee Change from 2017-19 Leg. Approved	
			\$ Change	% Change
<b><u>Emergency Board</u></b>				
General Fund - General Purpose	\$ 57,255,961	\$ -	\$ (57,255,961)	-100.0%
<b><u>ADMINISTRATION PROGRAM AREA</u></b>				
<b><u>Department of Administrative Services</u></b>				
General Fund Debt Service	\$ 7,137,196	\$ 6,482,496	\$ (654,700)	-9.2%
Other Funds	\$ 548,431,752	\$ 548,714,876	\$ 283,124	0.1%
Other Funds Debt Service	\$ 406,616,039	\$ 406,590,139	\$ (25,900)	0.0%
<b><u>Department of Revenue</u></b>				
General Fund Debt Service	\$ 14,425,618	\$ 14,376,932	\$ (48,686)	-0.3%
Other Funds Debt Service	\$ 1,185,157	\$ 1,181,172	\$ (3,985)	-0.3%
<b><u>State Library</u></b>				
Federal Funds	\$ 5,309,791	\$ 5,449,791	\$ 140,000	2.6%
<b><u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u></b>				
<b><u>Health Related Licensing Boards</u></b>				
Board of Naturopathic Medicine				
Other Funds	\$ 809,413	\$ 909,413	\$ 100,000	12.4%
Board of Medical Imaging				
Other Funds	\$ 898,304	\$ 958,304	\$ 60,000	6.7%
Oregon State Veterinary Medical Examining Board				
Other Funds	\$ 1,034,917	\$ 1,134,917	\$ 100,000	9.7%
<b><u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u></b>				
<b><u>Oregon Business Development Department</u></b>				
General Fund Debt Service	\$ 39,036,407	\$ 38,591,534	\$ (444,873)	-1.1%
<b><u>Housing and Community Services Department</u></b>				
General Fund Debt Service	\$ 9,066,521	\$ 8,553,686	\$ (512,835)	-5.7%

## Budget Summary\*

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Committee Recommendation (2019 Session)	Committee Change from 2017-19 Leg. Approved	
			\$ Change	% Change
<b><u>EDUCATION PROGRAM AREA</u></b>				
<b><u>Department of Education</u></b>				
General Fund Debt Service	\$ 18,239,116	\$ 18,168,337	\$ (70,779)	-0.4%
Other Funds Debt Service	\$ 24,302	\$ 44,694	\$ 20,392	83.9%
Federal Funds	\$ 1,068,783,290	\$ 1,069,793,915	\$ 1,010,625	0.1%
<b><u>Higher Education Coordinating Commission</u></b>				
Other Funds	\$ 37,519,362	\$ 37,685,062	\$ 165,700	0.4%
<b><u>State Support for Community Colleges</u></b>				
General Fund Debt Service	\$ 26,551,170	\$ 26,542,970	\$ (8,200)	0.0%
<b><u>State Support for Public Universities</u></b>				
General Fund Debt Service	\$ 150,990,325	\$ 147,393,094	\$ (3,597,231)	-2.4%
Other Funds Debt Service	\$ 3,140,132	\$ 6,701,426	\$ 3,561,294	113.4%
<b><u>HUMAN SERVICES PROGRAM AREA</u></b>				
<b><u>Commission for the Blind</u></b>				
Federal Funds	\$ 16,645,593	\$ 17,609,075	\$ 963,482	5.8%
<b><u>Oregon Health Authority</u></b>				
General Fund Debt Service	\$ 66,343,686	\$ 67,255,298	\$ 911,612	1.4%
<b><u>Department of Human Services</u></b>				
General Fund Debt Service	\$ 15,414,969	\$ 12,060,448	\$ (3,354,521)	-21.8%
<b><u>JUDICIAL BRANCH</u></b>				
<b><u>Public Defense Services Commission</u></b>				
General Fund	\$ 305,491,556	\$ 309,985,014	\$ 4,493,458	1.5%
<b><u>LEGISLATIVE BRANCH</u></b>				
<b><u>Office of the Legislative Counsel</u></b>				
General Fund	\$ 13,397,725	\$ 13,384,325	\$ (13,400)	-0.1%

## Budget Summary\*

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Committee Recommendation (2019 Session)	Committee Change from 2017-19 Leg. Approved	
			\$ Change	% Change
<b><u>Legislative Policy and Research Committee</u></b>				
General Fund	\$ 9,903,112	\$ 9,889,412	\$ (13,700)	-0.1%
<b><u>Legislative Revenue Officer</u></b>				
General Fund	\$ 3,069,127	\$ 3,065,527	\$ (3,600)	-0.1%
<b><u>Legislative Fiscal Officer</u></b>				
General Fund	\$ 4,976,414	\$ 4,969,314	\$ (7,100)	-0.1%
<b><u>Legislative Assembly</u></b>				
General Fund	\$ 46,054,850	\$ 45,984,750	\$ (70,100)	-0.2%
<b><u>Legislative Administration Committee</u></b>				
General Fund	\$ 37,277,599	\$ 37,386,499	\$ 108,900	0.3%
General Fund Debt Service	\$ 12,379,677	\$ 12,306,864	\$ (72,813)	-0.6%
<b><u>Comission on Indian Services</u></b>				
General Fund	\$ 629,880	\$ 628,880	\$ (1,000)	-0.2%
<b><u>NATURAL RESOURCES PROGRAM AREA</u></b>				
<b><u>Department of Environmental Quality</u></b>				
General Fund Debt Service	\$ 4,658,847	\$ 4,602,080	\$ (56,767)	-1.2%
<b><u>Department of Forestry</u></b>				
General Fund	\$ 98,764,502	\$ 130,310,254	\$ 31,545,752	31.9%
General Fund Debt Service	\$ 2,329,152	\$ 2,297,033	\$ (32,119)	-1.4%
Other Funds Debt Service	\$ 772,524	\$ 727,883	\$ (44,641)	-5.8%
<b><u>Department of State Lands</u></b>				
Other Funds	\$ 55,921,667	\$ 54,609,639	\$ (1,312,028)	-2.3%
<b><u>Land Use Board of Appeals</u></b>				
General Fund	\$ 1,952,556	\$ 2,014,924	\$ 62,368	3.2%

## Budget Summary\*

	2017-19 Legislatively	2017-19 Committee	Committee Change from	
	Approved Budget <sup>(1)</sup>	Recommendation (2019 Session)	2017-19 Leg. Approved \$ Change	% Change
<b><u>PUBLIC SAFETY PROGRAM AREA</u></b>				
<b><u>Department of Justice</u></b>				
General Fund	\$ 77,186,409	\$ 77,886,409	\$ 700,000	0.9%
General Fund Debt Service	\$ 12,507,190	\$ 12,309,027	\$ (198,163)	-1.6%
<b><u>District Attorneys and their Deputies</u></b>				
General Fund	\$ 12,978,561	\$ 13,328,561	\$ 350,000	2.7%
<b><u>Department of Corrections</u></b>				
General Fund	\$ 1,592,661,172	\$ 1,632,404,011	\$ 39,742,839	2.5%
Other Funds	\$ 43,508,746	\$ 43,508,747	\$ 1	0.0%
General Fund Debt Service	\$ 113,974,191	\$ 114,024,238	\$ 50,047	0.0%
Other Funds Debt Service	\$ 43,042	\$ 98,234	\$ 55,192	128.2%
<b><u>Oregon State Police</u></b>				
General Fund	\$ 296,619,101	\$ 303,284,101	\$ 6,665,000	2.2%
<b><u>Oregon Military Department</u></b>				
General Fund	\$ 16,891,831	\$ 16,941,931	\$ 50,100	0.3%
General Fund Debt Service	\$ 9,997,675	\$ 9,554,794	\$ (442,881)	-4.4%
Other Funds	\$ 112,160,793	\$ 116,010,793	\$ 3,850,000	3.4%
<b><u>Oregon Youth Authority</u></b>				
General Fund Debt Service	\$ 11,294,254	\$ 10,403,469	\$ (890,785)	-7.9%
<b>2017-19 Budget Summary</b>				
<b>General Fund Total</b>	\$ 2,575,110,356	\$ 2,601,463,912	\$ 26,353,556	1.0%
<b>General Fund Debt Service Total</b>	\$ 514,345,994	\$ 504,922,300	\$ (9,423,694)	-1.8%
<b>Other Funds Total</b>	\$ 800,284,954	\$ 803,531,751	\$ 3,246,797	0.4%
<b>Other Funds Debt Service Total</b>	\$ 411,781,196	\$ 415,343,548	\$ 3,562,352	0.9%
<b>Federal Funds Total</b>	\$ 1,090,738,674	\$ 1,092,852,781	\$ 2,114,107	0.2%

(1) Includes adjustments through December 2018

\* Excludes Capital Construction

## Position Summary

	2017-19 Legislatively Approved Budget	2017-19 Committee Recommendation (2019 Session)	Committee Change from 2017-19 Leg. Approved	
			Change	% Change
<b>ADMINISTRATION PROGRAM AREA</b>				
<b><u>Department of Administrative Services</u></b>				
Authorized Positions	914	917	3.00	0.3%
Full-time Equivalent (FTE) positions	906.96	907.35	0.39	0.0%

## Summary of Revenue Changes

HB 5046 rebalances the State's budget with available resources. Additional General Fund and Lottery Fund revenues are available from the current ending balance, while Other and Federal Funds revenues include available ending balances and grant awards.

## Summary of Capital Construction Subcommittee Action

The Subcommittee approved a series of actions in this omnibus budget reconciliation bill (HB 5046) needed to rebalance spending authority, address technical adjustments, modify appropriations, and adjust expenditure limitations in some 2017-19 agency budgets.

## Emergency Board

HB 5046 disappropriates \$57,255,961 General Fund from the Emergency Board. This represents the remaining amount of appropriation in the Emergency Fund for the 2017-19 biennium.

## Adjustments to 2017-19 Agency Budgets

### **STATEWIDE DEBT SERVICE ADJUSTMENTS**

Statewide adjustments reflect budget changes in multiple agencies based on reductions to debt service realized through interest rate savings on the October 2017 and May 2018 Article XI-Q, XI-M, and XI-N bond sales, and Other Funds balances and interest earnings that can be applied to debt service. General Fund debt service savings total \$9,423,694, net of increases to the Department of Corrections (\$255,353) and Oregon Health Authority's (\$920,476) debt service for Build America Bond (BAB) federal subsidy payment delays as a result of the federal government shutdown. Other Funds expenditure limitation is increased by \$3,606,993 to accommodate the use of fund balances for debt payments. Section

44 of the budget bill reflects the changes, as described above, for each agency. These adjustments are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

Federal Funds nonlimited debt service expenditure limitations for the Department of Corrections (\$2,463), Higher Education Coordinating Commission (\$11,076), and Oregon Health Authority (\$8,865) are also increased to reflect an adjustment in the BAB Subsidy Sequestration Rate.

## **ADMINISTRATION**

### **Department of Administrative Services**

The Subcommittee approved a \$283,124 Other Funds expenditure limitation increase and the establishment of three positions (0.39 FTE) to replace the current statewide procurement program ORPIN with a new eProcurement system called OregonBuys. A group of 10 agencies have been working on adopting a new procurement system since the 2015-17 biennium. The group chose an IT solution offered by Periscope Holdings. The Oregon instance of the program is called OregonBuys. That project is now largely complete and the first agencies from this group will soon begin using the new system.

The Department of Administrative Services, one of the original participating agencies, negotiated a statewide price agreement with the vendor in the belief that this solution should be expanded to statewide use and replace the current legacy procurement project. This will allow all entities now using the existing system to transition to the new system. The cost of the system and services provided by Periscope will be funded by a transaction fee charged under existing statewide price agreements, with a hard cap on the amount of vendor fee revenue being transferred to Periscope. The new system will improve procurement functionality and analysis by collecting much more data surrounding procurements than is possible under the old system.

### **State Library**

The State Library received a higher than anticipated federal allotment from the Institute of Museum and Library Services to be used for statewide innovation grants to local libraries. The agency needs additional Federal Funds expenditure limitation in the amount of \$140,000 to be able to distribute these funds. This action does not change federal match or maintenance of effort requirements.

## **CONSUMER AND BUSINESS SERVICES**

### **Health-Related Licensing Boards**

The Health-Related Licensing Boards are currently operating without a fully-functioning licensing database. The Boards hired a project manager in September of 2018 and expect to sign a contract with a vendor for a new licensing database shortly. Three of the boards need additional expenditure limitation to pay for the project manager and the costs associated with the initial phase of the database implementation. The Subcommittee approved increasing the Other Funds expenditure limitation as follows: \$100,000 for the Oregon Veterinary Medical Examining Board; \$100,000 for the Board of Naturopathic Medicine; and \$60,000 for the Oregon Board of Medical Imaging.

## **ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA**

### **Housing and Community Services Department**

HB 5006, the 2017 omnibus budget bill, included additional funding of \$13.2 million General Fund for the Emergency Housing Assistance (EHA) program and \$6.8 million General Fund for the State Homeless Assistance Program (SHAP) administered by the Housing and Community Services Department. These funds were intended to be ongoing rather than one-time enhancements, for a total current service level projection of \$28 million for the EHA program and \$12 million for SHAP in the 2019-21 biennium.

## **EDUCATION**

### **Oregon Department of Education**

The Emergency Board in September 2018 approved resources for staff and other costs for developing a pilot project to provide assistance to low-income families for infant and toddler child care. Across the state, there is a shortage of quality providers to provide child care for these age groups. Three regions of the state have been selected for participation in the program, for a total of 245 slots. The regions are anticipated to start providing child care in April 2019 and estimated expenditures assume an annual cost per slot of \$18,000. This is significantly higher than child care costs for older children given the need for lower staff-to-children ratios. The pilot program also assumes a staffing model with educational requirements for staff and assumes lead staff will be compensated similarly to public school Kindergarten teachers. Total estimated cost for the three sites for the remainder of the 2017-19 biennium is \$1,010,625. Funding for this biennium will be from the federal Child Care Development Block Grant.

The School Lunch Reimbursement program reimburses school districts for the costs of meals provided to students who are eligible for reduced cost lunches. This program is funded in the 2017-19 biennium from a \$2.47 million “carve-out” from the State School Fund. Based on recent estimates, the agency anticipates that 6.6 million meals will be served under this program at a per-meal cost of \$0.40, resulting in a shortfall of approximately \$170,000. Instead of requesting General Fund resources for this shortfall, the Oregon Department of Education proposed using anticipated savings in the Summer and Breakfast program which is currently estimated at approximately \$600,000 General Fund. These savings would have reverted at the end of the biennium. The Summer and Breakfast program reverted General Fund resources in 2015-17. The Subcommittee approved the use of the Summer and Breakfast program funds for the School Lunch Reimbursement program shortfall.

### **Higher Education Coordinating Commission**

The Other Funds expenditure limitation for the Higher Education Coordinating Commission was approved for an increase of \$40,700 for the administration of the grant that provides funding for the Oregon Volunteers Commission and related programs.

Additional Other Funds expenditure limitation of \$125,000 was approved in Operations, for a grant awarded by the Lumina Foundation for Education. This grant funds efforts to increase the level of degree attainment for adult African-American, Hispanic, Native Hawaiians/Pacific Islanders, and American Indians. This initial phase of this two-year \$689,000 grant will be used to hire and employ a project administrator and



other staff resources (research/administrative support) and to start establishing a network of representatives from schools and communities for the grant.

## **HUMAN SERVICES**

### **Commission for the Blind**

The Subcommittee approved an increase in Federal Funds expenditure limitation of \$963,482 for the Oregon Commission for the Blind. This amount reflects \$197,066 in carry forward funds from the Vocational Rehabilitation Grant and \$766,416 in a re-allotment supplemental award from the U.S. Department of Education. In anticipation of higher expenditures for Client Special Payments in its Vocational Rehabilitation Program, the Commission requested and received this award. Due to maintenance of effort requirements, the match on this award has been met, and no additional General Fund is needed.

## **JUDICIAL BRANCH**

### **Public Defense Services Commission**

The Subcommittee approved an increase of \$4,493,458 in the General Fund appropriation for professional services. Public defense caseloads are trending approximately 2% above the forecasted budget. The additional funding is projected to fully fund current biennium caseload levels.

Additionally, the Subcommittee approved a net-zero shift of \$90,000 Other Funds expenditure limitation from professional services to contract and business services to fully fund personal services costs associated with the Application Contribution Program.

## **LEGISLATIVE BRANCH**

### **Legislative Branch Agencies**

The Subcommittee approved a net-zero rebalance for the Legislative Branch by reducing General Fund appropriations for the Legislative Assembly, the Office of Legislative Counsel, the Legislative Policy and Research Office, the Legislative Fiscal Office, the Legislative Revenue Office, and the Commission on Indian Services and increasing the General Fund appropriation for Legislative Administration in order to cover costs related to the implementation of a new branch phone system. Also approved was a net-zero rebalance within the Legislative Assembly budget to pay for pay equity requirements.

## **NATURAL RESOURCES**

### **Oregon Department of Forestry**

The Subcommittee approved a technical adjustment to the Other Funds expenditure limitation established for the Oregon Department of Forestry to segregate expenditures in the Debt Service Program into individual limitations for principal and interest payments and for the

payment of bond issuance and related expenses. This adjustment also included a reduction of \$44,641 Other Funds expenditure limitation for debt service due to interest rate savings realized on the May 2018 Article XI-Q bond sale.

The Subcommittee approved an increase of \$31,545,752 in the General Fund appropriation made to the Department of Forestry, Fire Protection Division for the payment of unbudgeted emergency firefighting expenses incurred during the 2018 forest fire season.

#### **Oregon Department of Fish and Wildlife**

The Subcommittee approved the transfer of \$1,700,000 of Federal Funds expenditure limitation from the Fish Division to the Wildlife Division, to support higher-than-anticipated levels of spending for wildlife conservation grant programs. The funding for the Fish Division's major federal grant programs has remained stagnant, allowing for the transfer of limitation between divisions.

#### **Water Resources Department**

The Subcommittee approved a budget rebalance request by the Water Resources Department that adjusted General Fund amounts between budgeted programs to reflect anticipated actual expenditures by the agency. These include an increase in the General Fund appropriation for the Director's Office in the amount of \$766,319 due to the transfer of positions and related services and supplies costs for the water resources development program from the Technical Services Division (\$246,389) and the Administrative Services Division (\$319,930) along with the transfer of costs associated with legal expenses paid to the Office of Administrative Hearings through the Director's Office (\$200,000) from the Water Rights Services Division. Corresponding reductions in the General Fund appropriations from the programs from which costs and positions were transferred are included in the adjustments as well. An increase in the General Fund appropriation for the Technical Services Division in the amount of \$266,000 and a corresponding reduction in the General Fund appropriation for the Field Services Division was included to accommodate expenditure of funding for groundwater studies in the correct program. These adjustments resulted in no net change to the agency's total General Fund appropriation.

#### **Department of State Lands**

A reduction in the Other Funds expenditure limitation from the Portland Harbor Cleanup fund in the amount of \$6,235,000 was approved to align the expenditure limitation with estimated actual expenditures from the fund through the end of the 2017-19 biennium.

A transfer of \$12 million Other Funds from the Common School Fund and a transfer of \$12 million Other Funds from the State Highway Fund to the Portland Harbor Cleanup Fund was approved by the Subcommittee. These funds are to be used, within their respective purposes set forth in the Oregon Constitution, for costs relating to or arising out of the Portland Harbor Superfund Site.

The Subcommittee approved an increase in the Other Funds expenditure limitation provided to the Department of State Lands in the amount of \$4,922,972 for cleanup activities related to a terminated lease at the Goble, Oregon site on the Columbia River.

### **Land Use Board of Appeals**

To allow the Board to meet vacation payout obligations for retiring employees, the Subcommittee approved an increase of \$62,368 in the General Fund appropriation made to the Land Use Board of Appeals.

## **PUBLIC SAFETY**

### **Department of Justice**

The Subcommittee approved a technical adjustment to move an Emergency Board General Fund allocation (September 2018 - Item #43) of \$1,343,260 for the Child Support Enforcement Automated System (CSEAS) information technology project from the Division of Child Support to a new General Fund appropriation established under the CSEAS program.

The Subcommittee approved a one-time increase of \$700,000 General Fund for the Defense of Criminal Convictions (DCC). DCC is a budgetary unit used to track the cost of defending the state in cases in which sentenced offenders challenge their convictions or sentences. The Department is experiencing an increase in post-conviction challenges, however, some of the cost increase is being offset by a reduction in the cost of capital cases. The 2017-19 legislatively approved budget for DCC totals \$21.3 million General Fund and this request represents a 3.3% increase to the approved budget.

The Subcommittee approved three actions related to providing legal representation to child welfare caseworkers. In the 2017 session, the Legislature approved funding to provide full legal representation to child welfare caseworkers in all juvenile dependency proceedings. At that time, the Legislature approved \$6.9 million Other Funds expenditure limitation and 35 permanent full-time positions (30.80 FTE) to support a three-phase roll out of the program statewide; the Department of Human Services (DHS) received General Fund to pay the Department of Justice (DOJ) for the expanded services.

Phase I and II of the rollout have been completed. DHS and DOJ, however, did need to modify the original schedule to accommodate the needs of specific counties, primarily by advancing certain counties to an earlier phase. The remaining six counties in Phase III (Clackamas, Clatsop, Marion, Multnomah, Union, and Washington) have a revised implementation date of July 1, 2019.

The implementation has impacted the base budget of the Child Advocacy Section requiring additional resources. DOJ requested the establishment of six limited duration positions (0.67 FTE), including two Senior Assistant Attorney General positions, one Assistant Attorney General position, one Paralegal, one Legal Secretary, and one Office Specialist 1 position at a one-time cost of \$298,508 Other Funds.

The implementation also resulted in DOJ's re-evaluation of the classifications of some of the 35 permanent full-time positions previously approved by the Legislature in 2017. DOJ requested the reclassification of: three Office Specialist 1 positions to three Senior Assistant Attorney General positions; one Office Specialist 1 to an Assistant Attorney General position; two Assistant Attorney General positions to two Senior

Assistant Attorney General positions; two Investigator 1 positions to two Senior Assistant Attorney General positions; one Paralegal position to an Assistant Attorney General position; and three Investigator 1 positions to three Investigator 3 positions at a cost of \$268,034 Other Funds.

The cost to implement the Multnomah County expansion was not included in the original budget. In order to implement Multnomah County, DOJ requested 24 limited duration positions (2.46 FTE), including five Senior Assistant Attorney General positions, seven Assistant Attorney General positions, five Paralegal positions, five Legal Secretary positions, and two Office Specialist positions at a cost of \$894,060 Other Funds.

The combined cost of these actions total \$1.5 million (30 limited duration positions and 3.13 FTE). DOJ can absorb this cost without additional expenditure limitation due to savings within the Civil Enforcement Division's budget. The 2017-19 legislatively approved budget for DHS has sufficient General Fund to fund all of DOJ's costs. DOJ will need to seek re-authorization of these changes as part of the agency's 2019-21 budget request before the Legislature.

#### **District Attorneys and Their Deputies**

The Subcommittee approved a one-time increase of \$350,000 General Fund resulting from a final reconciliation of personal service costs that typically occurs each biennium.

#### **Department of Corrections**

To bring the Department of Corrections' Community Corrections Program funding to the 2017-19 current service level amount statewide, the Subcommittee approved an appropriation of \$1,504,245 General Fund. "Current service level" for community corrections was established by the April 2017 community corrections population forecast prepared by the Office of Economic Analysis, Department of Administrative Services.

The Subcommittee appropriated \$38,238,594 General Fund, one time only, to the Department of Corrections to address a known 2017-19 budget shortfall of \$20.2 million and additional unanticipated expenditures totaling \$23.5 million. Unanticipated expenditures include emergency repairs to facilities, spending on medication for Hepatitis C and for contract medical staff in prisons, computer replacements and necessary software upgrades, and backfill of a federal grant. The agency is mitigating its budget shortfall through such management actions as a hiring freeze for management positions, limiting spending on staff training, eliminating some inmate alcohol and drug treatment programs, freezing inmate clothing orders through the end of the biennium, and by using Other Funds revenue where available. Any residual shortfall not addressed by these and other agency actions can be addressed, if necessary, during the agency's 2019-21 budget work session.

A budget rebalance between Department of Corrections General Fund appropriations and Other Funds expenditure limitations was approved to help the Department manage its 2017-19 budget shortfall. In the Offender Management and Rehabilitation program, \$2,000,000 General Fund was reduced to reflect alcohol and drug treatment costs shifted to Other Funds. In Operations and Health Services, \$2,000,000 General Fund was increased to partially address extraordinary expenses in Health Services. The Capital Improvements program was reduced \$1,276,717 General Fund and the Operations and Health Services program was increased in the same amount. To balance expenditures to available

revenues, \$6,384,560 in Other Funds expenditure limitation was reduced from Central Administration and Administrative Services programs and increased as follows: \$4,909,939 in Operations and Health Services, \$890,587 in Community Corrections, and \$591,035 in Offender Management and Rehabilitation. These actions resulted in a \$1 net Other Funds expenditure limitation increase for the Department.

### **Department of State Police**

To address the unfunded cost of responding to conflagrations borne by the Office of the State Fire Marshal in the 2017-19 biennium, the Subcommittee appropriated \$6,665,000 General Fund. Of this amount, \$1,456,000 is to cover otherwise unreimbursable wildfire-related expenses, and \$5,209,000 is to manage cash flow through the end of the biennium, with the understanding that wildfire reimbursements from the Federal Emergency Management Agency (FEMA) in the amount of \$5,209,000 will be credited to the General Fund upon receipt. Combined with Emergency Board allocations in September and December 2018, this action brings the total amount of FEMA receivables from the 2017 and 2018 fire seasons due to the General Fund to \$15,509,000.

The Subcommittee approved a department-wide net-zero rebalancing of Other Funds expenditure limitation for the Department of State Police (OSP). This budget-neutral action re-allocates \$7,000,000 in Other Funds expenditure limitation between three OSP limitations. It reduces Other Funds expenditure limitation in the Office of the State Fire Marshal by \$7,000,000, due to federal reimbursements not expected to be received in the current biennium. It increases Other Funds expenditure limitation in the Fish and Wildlife Division by \$2,900,000 to cover operational expenses supported by intergovernmental revenues from the Oregon Marine Board, the Oregon Department of Fish and Wildlife, and the Oregon Department of Agriculture. It increases Other Funds expenditure limitation in the Patrol Services Division by \$2,200,000 to cover operational expenses supported by intergovernmental revenues from Oregon State University, Legislative Administration, and the Department of Revenue; and it increases Other Funds expenditure limitation in the Criminal Investigations Division by \$1,900,000 to balance personnel costs correctly between General and Other Funds within the division, and to available revenue.

### **Oregon Military Department**

The Subcommittee approved an increase in Other Funds expenditure limitation of \$3,850,000 to receive reimbursement from the Oregon Department of Forestry for costs incurred by the Oregon Military Department during the 2018 wildfire season in Oregon.

The agency paid its wildfire-related expenses up front with a line of credit issued by the Oregon State Treasury. The Subcommittee approved a General Fund appropriation of \$50,100 to pay the cost of interest that accrued due to withdrawals from the line of credit.