

HB 5204 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Emergency Board

2019-21

Various Agencies

2019-21

PRELIMINARY

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Emergency Board</u>				
General Fund - General Purpose	\$ 75,000,000	\$ 150,000,000	\$ 75,000,000	100.0%
General Fund - Special Purpose Appropriations				
State Agencies for state employee compensation	\$ 200,000,000	\$ -	\$ (200,000,000)	-100.0%
State Agencies for non-state worker compensation	\$ 20,000,000	\$ -	\$ (20,000,000)	-100.0%
Public Defense services and contract model	\$ 20,000,000	\$ -	\$ (20,000,000)	-100.0%
Grand Jury Recordation	\$ 3,000,000	\$ -	\$ (3,000,000)	-100.0%
ODF Fire Severity Resources	\$ 4,000,000	\$ 3,626,331	\$ (373,669)	-9.3%
OHA/DHS - caseload costs or budget challenges	\$ -	\$ 75,000,000	\$ 75,000,000	100.0%
HCSA Affordable Housing for Umatilla Flooding	\$ -	\$ 2,000,000	\$ 2,000,000	100.0%
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	\$ 28,814,780	\$ 51,264,081	\$ 22,449,301	77.9%
General Fund Debt Service	\$ 6,799,405	\$ 6,699,149	\$ (100,256)	-1.5%
Lottery Funds Debt Service	\$ 18,785,333	\$ 18,641,555	\$ (143,778)	-0.8%
Other Funds	\$ 626,968,634	\$ 656,635,702	\$ 29,667,068	4.7%
Other Funds Debt Service	\$ 444,720,744	\$ 446,909,945	\$ 2,189,201	0.5%
<u>Advocacy Commissions Office</u>				
General Fund	\$ 756,596	\$ 785,136	\$ 28,540	3.8%
<u>Employment Relations Board</u>				
General Fund	\$ 2,956,273	\$ 3,071,823	\$ 115,550	3.9%
Other Funds	\$ 2,404,621	\$ 2,495,613	\$ 90,992	3.8%
<u>Oregon Government Ethics Commission</u>				
Other Funds	\$ 2,903,298	\$ 3,054,695	\$ 151,397	5.2%
<u>Office of the Governor</u>				
General Fund	\$ 16,491,702	\$ 17,903,982	\$ 1,412,280	8.6%
Lottery Funds	\$ 3,932,736	\$ 4,106,514	\$ 173,778	4.4%
Other Funds	\$ 3,910,275	\$ 4,067,870	\$ 157,595	4.0%
<u>Oregon Liquor Control Commission</u>				
Other Funds	\$ 246,668,728	\$ 250,475,907	\$ 3,807,179	1.5%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Public Employees Retirement System</u>				
Lottery Funds	\$ -	\$ 5,405,177	\$ 5,405,177	100.0%
Other Funds	\$ 263,256,648	\$ 271,475,505	\$ 8,218,857	3.1%
<u>Racing Commission</u>				
Other Funds	\$ 3,899,658	\$ 6,329,944	\$ 2,430,286	62.3%
<u>Department of Revenue</u>				
General Fund	\$ 198,123,562	\$ 204,198,646	\$ 6,075,084	3.1%
General Fund Debt Service	\$ 14,980,120	\$ 13,686,985	\$ (1,293,135)	-8.6%
Other Funds	\$ 124,767,595	\$ 140,090,762	\$ 15,323,167	12.3%
Other Funds Debt Service	\$ 1,327,830	\$ 2,628,871	\$ 1,301,041	98.0%
<u>Secretary of State</u>				
General Fund	\$ 14,158,129	\$ 14,605,764	\$ 447,635	3.2%
Other Funds	\$ 63,888,057	\$ 67,232,726	\$ 3,344,669	5.2%
Federal Funds	\$ 5,387,041	\$ 7,961,570	\$ 2,574,529	47.8%
<u>State Library</u>				
General Fund	\$ 4,200,159	\$ 4,294,798	\$ 94,639	2.3%
Other Funds	\$ 6,987,429	\$ 7,205,514	\$ 218,085	3.1%
Federal Funds	\$ 5,221,519	\$ 5,285,859	\$ 64,340	1.2%
<u>State Treasurer</u>				
Other Funds	\$ 92,726,560	\$ 95,461,860	\$ 2,735,300	2.9%
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>State Board of Accountancy</u>				
Other Funds	\$ 2,788,351	\$ 2,905,362	\$ 117,011	4.2%
<u>Chiropractic Examiners Board</u>				
Other Funds	\$ 2,260,448	\$ 2,310,856	\$ 50,408	2.2%
<u>Consumer and Business Services</u>				
General Fund	\$ 1,299,319	\$ 1,303,041	\$ 3,722	0.3%
Other Funds	\$ 367,014,796	\$ 366,722,792	\$ (292,004)	-0.1%
Federal Funds	\$ 100,670,278	\$ 113,663,321	\$ 12,993,043	12.9%
<u>Construction Contractors Board</u>				
Other Funds	\$ 15,038,579	\$ 16,424,675	\$ 1,386,096	9.2%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Board of Dentistry</u>				
Other Funds	\$ 3,535,260	\$ 3,628,054	\$ 92,794	2.6%
<u>Health Related Licensing Boards</u>				
State Mortuary and Cemetery Board				
Other Funds	\$ 2,343,995	\$ 2,405,424	\$ 61,429	2.6%
Board of Naturopathic Medicine				
Other Funds	\$ 1,166,035	\$ 1,097,655	\$ (68,380)	-5.9%
Occupational Therapy Licensing Board				
Other Funds	\$ 619,842	\$ 639,452	\$ 19,610	3.2%
Board of Medical Imaging				
Other Funds	\$ 1,175,429	\$ 1,305,326	\$ 129,897	11.1%
State Board of Examiners for Speech-Language Pathology and Audiology				
Other Funds	\$ 979,115	\$ 986,701	\$ 7,586	0.8%
Oregon State Veterinary Medical Examining Board				
Other Funds	\$ 1,203,614	\$ 1,260,064	\$ 56,450	4.7%
<u>Bureau of Labor and Industries</u>				
General Fund	\$ 14,894,178	\$ 16,094,465	\$ 1,200,287	8.1%
Lottery Funds	\$ 250,000	\$ 260,230	\$ 10,230	4.1%
Other Funds	\$ 13,953,296	\$ 14,424,426	\$ 471,130	3.4%
Federal Funds	\$ 1,335,294	\$ 1,400,145	\$ 64,851	4.9%
<u>Licensed Social Workers, Board of</u>				
Other Funds	\$ 1,804,612	\$ 2,045,204	\$ 240,592	13.3%
<u>Oregon Medical Board</u>				
Other Funds	\$ 13,662,415	\$ 14,079,904	\$ 417,489	3.1%
<u>Mental Health Regulatory Agency</u>				
Licensed Professional Counselors and Therapists				
Other Funds	\$ 2,384,631	\$ 2,758,704	\$ 374,073	15.7%
Board of Psychology				
Other Funds	\$ 1,556,707	\$ 1,503,717	\$ (52,990)	-3.4%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Board of Nursing</u>				
Other Funds	\$ 19,719,954	\$ 20,326,025	\$ 606,071	3.1%
<u>Board of Pharmacy</u>				
Other Funds	\$ 8,761,878	\$ 9,018,452	\$ 256,574	2.9%
<u>Public Utility Commission</u>				
Other Funds	\$ 49,252,175	\$ 50,792,952	\$ 1,540,777	3.1%
Federal Funds	\$ 1,025,117	\$ 1,074,677	\$ 49,560	4.8%
<u>Real Estate Agency</u>				
Other Funds	\$ 8,499,070	\$ 9,706,611	\$ 1,207,541	14.2%
<u>Board of Tax Practitioners</u>				
Other Funds	\$ 1,091,888	\$ 1,116,398	\$ 24,510	2.2%

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

Oregon Business Development Department

General Fund	\$ 17,355,718	\$ 17,432,283	\$ 76,565	0.4%
General Fund Debt Service	\$ 56,176,824	\$ 56,152,224	\$ (24,600)	0.0%
Lottery Funds	\$ 79,057,623	\$ 94,374,443	\$ 15,316,820	19.4%
Lottery Funds Debt Service	\$ 48,307,543	\$ 46,442,942	\$ (1,864,601)	-3.9%
Other Funds	\$ 555,160,819	\$ 566,146,849	\$ 10,986,030	2.0%
Other Funds Debt Service	\$ 157,290	\$ 2,046,593	\$ 1,889,303	1201.2%
Federal Funds	\$ 43,094,384	\$ 43,158,673	\$ 64,289	0.1%

Employment Department

General Fund	\$ 15,688,586	\$ 15,980,343	\$ 291,757	1.9%
Other Funds	\$ 191,833,467	\$ 198,116,543	\$ 6,283,076	3.3%
Federal Funds	\$ 154,315,171	\$ 161,197,981	\$ 6,882,810	4.5%

Housing and Community Services Department

General Fund	\$ 77,898,648	\$ 105,307,118	\$ 27,408,470	35.2%
Lottery Funds Debt Service	\$ 21,789,335	\$ 21,752,234	\$ (37,101)	-0.2%
Other Funds	\$ 354,280,175	\$ 363,432,557	\$ 9,152,382	2.6%
Other Funds Debt Service	\$ 1,100	\$ 38,202	\$ 37,102	3372.9%
Federal Funds	\$ 126,659,025	\$ 126,912,264	\$ 253,239	0.2%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Department of Veterans' Affairs</u>				
General Fund	\$ 7,974,857	\$ 8,239,518	\$ 264,661	3.3%
General Fund Debt Service	\$ 378,020	\$ 358,437	\$ (19,583)	-5.2%
Lottery Funds	\$ 20,559,847	\$ 21,045,170	\$ 485,323	2.4%
Other Funds	\$ 108,523,336	\$ 109,075,643	\$ 552,307	0.5%
Other Funds Debt Service	\$ -	\$ 20,500	\$ 20,500	100.0%
Federal Funds	\$ 1,525,000	\$ 1,560,975	\$ 35,975	2.4%
<u>EDUCATION PROGRAM AREA</u>				
<u>Department of Education</u>				
General Fund	\$ 868,141,654	\$ 871,539,169	\$ 3,397,515	0.4%
General Fund Debt Service	\$ 31,133,753	\$ 31,129,114	\$ (4,639)	0.0%
Other Funds	\$ 1,517,497,678	\$ 1,520,964,327	\$ 3,466,649	0.2%
Other Funds Debt Service	\$ 9,331	\$ 13,971	\$ 4,640	49.7%
Federal Funds	\$ 1,109,446,757	\$ 1,112,093,238	\$ 2,646,481	0.2%
<u>Higher Education Coordinating Commission</u>				
General Fund	\$ 39,587,633	\$ 41,307,346	\$ 1,719,713	4.3%
Other Funds	\$ 37,337,696	\$ 41,163,373	\$ 3,825,677	10.2%
Federal Funds	\$ 127,560,060	\$ 128,003,667	\$ 443,607	0.3%
<u>State Support for Community Colleges</u>				
General Fund Debt Service	\$ 28,954,449	\$ 28,489,796	\$ (464,653)	-1.6%
Other Funds Debt Service	\$ 3,126,855	\$ 3,591,509	\$ 464,654	14.9%
Other Funds	\$ 45,810	\$ 68,593	\$ 22,783	49.7%
<u>State Support for Public Universities</u>				
General Fund	\$ 1,039,577,708	\$ 1,065,196,708	\$ 25,619,000	2.5%
General Fund Debt Service	\$ 177,386,107	\$ 171,676,899	\$ (5,709,208)	-3.2%
Other Funds Debt Service	\$ 4,876,783	\$ 11,880,847	\$ 7,004,064	143.6%
Other Funds Nonlimited	\$ 203,917,130	\$ 203,972,130	\$ 55,000	0.0%
<u>Oregon Health Sciences University</u>				
General Fund Debt Service	\$ 23,816,150	\$ 23,815,735	\$ (415)	0.0%
Other Funds Debt Service	\$ 30,919,866	\$ 30,920,282	\$ 416	0.0%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Teacher Standards and Practices Commission</u>				
Other Funds	\$ 9,306,571	\$ 9,665,016	\$ 358,445	3.9%
<u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Commission for the Blind</u>				
General Fund	\$ 6,634,036	\$ 6,881,491	\$ 247,455	3.7%
Other Funds	\$ 1,560,451	\$ 1,722,491	\$ 162,040	10.4%
Federal Funds	\$ 15,955,857	\$ 18,962,730	\$ 3,006,873	18.8%
<u>Oregon Health Authority</u>				
General Fund	\$ 2,654,900,900	\$ 2,792,205,342	\$ 137,304,442	5.2%
General Fund Debt Service	\$ 63,722,338	\$ 60,127,370	\$ (3,594,968)	-5.6%
Lottery Funds	\$ 17,093,071	\$ 18,013,792	\$ 920,721	5.4%
Other Funds	\$ 7,644,484,928	\$ 7,821,673,149	\$ 177,188,221	2.3%
Other Funds Debt Service	\$ 216,435	\$ 224,555	\$ 8,120	3.8%
Federal Funds	\$ 12,663,030,976	\$ 12,738,529,224	\$ 75,498,248	0.6%
<u>Department of Human Services</u>				
General Fund	\$ 3,832,420,902	\$ 3,965,114,844	\$ 132,693,942	3.5%
Other Funds	\$ 673,915,109	\$ 681,615,834	\$ 7,700,725	1.1%
Federal Funds	\$ 6,094,787,849	\$ 6,215,911,498	\$ 121,123,649	2.0%
<u>Long Term Care Ombudsman</u>				
General Fund	\$ 7,728,112	\$ 8,011,756	\$ 283,644	3.7%
Lottery Funds	\$ -	\$ 391,302	\$ 391,302	100.0%
Other Funds	\$ 845,016	\$ 871,165	\$ 26,149	3.1%
<u>Psychiatric Security Review Board</u>				
General Fund	\$ 3,198,150	\$ 3,442,235	\$ 244,085	7.6%
<u>JUDICIAL BRANCH</u>				
<u>Judicial Department</u>				
General Fund	\$ 492,439,615	\$ 516,075,706	\$ 23,636,091	4.8%
General Fund Debt Service	\$ -	\$ 5	\$ 5	100.0%
Other Funds	\$ 180,194,418	\$ 181,410,400	\$ 1,215,982	0.7%
Federal Funds	\$ 1,355,846	\$ 1,374,374	\$ 18,528	1.4%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Commission on Judicial Fitness and Disability</u>				
General Fund	\$ 274,890	\$ 290,001	\$ 15,111	5.5%
<u>Public Defense Services Commission</u>				
General Fund	\$ 342,319,238	\$ 349,694,789	\$ 7,375,551	2.2%
Other Funds	\$ 4,039,068	\$ 18,982,005	\$ 14,942,937	370.0%
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund	\$ 39,510,105	\$ 48,425,420	\$ 8,915,315	22.6%
General Fund Debt Service	\$ 11,274,124	\$ 18,674,453	\$ 7,400,329	65.6%
Other Funds	\$ 6,959,630	\$ 8,427,480	\$ 1,467,850	21.1%
Other Funds Debt Service	\$ 4,867,000	\$ 38,504	\$ (4,828,496)	-99.2%
<u>Legislative Assembly</u>				
General Fund	\$ 54,495,347	\$ 58,670,030	\$ 4,174,683	7.7%
<u>Legislative Commission on Indian Services</u>				
General Fund	\$ 730,962	\$ 863,903	\$ 132,941	18.2%
<u>Legislative Counsel</u>				
General Fund	\$ 14,657,440	\$ 16,786,944	\$ 2,129,504	14.5%
Other Funds	\$ 2,000,148	\$ 2,066,532	\$ 66,384	3.3%
<u>Legislative Fiscal Office</u>				
General Fund	\$ 7,807,489	\$ 8,406,922	\$ 599,433	7.7%
Other Funds	\$ 4,435,155	\$ 4,588,865	\$ 153,710	3.5%
<u>Legislative Policy and Research Office</u>				
General Fund	\$ 11,018,643	\$ 12,572,309	\$ 1,553,666	14.1%
<u>Legislative Revenue Office</u>				
General Fund	\$ 2,833,427	\$ 3,242,576	\$ 409,149	14.4%
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>Columbia River Gorge Commission</u>				
General Fund	\$ 1,160,612	\$ 1,373,112	\$ 212,500	18.3%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>State Department of Agriculture</u>				
General Fund	\$ 25,991,367	\$ 27,108,249	\$ 1,116,882	4.3%
Lottery Funds	\$ 10,568,358	\$ 11,295,896	\$ 727,538	6.9%
Other Funds	\$ 74,372,889	\$ 78,428,098	\$ 4,055,209	5.5%
Federal Funds	\$ 17,472,153	\$ 17,607,858	\$ 135,705	0.8%
<u>State Department of Energy</u>				
Other Funds	\$ 32,812,879	\$ 33,681,773	\$ 868,894	2.6%
Federal Funds	\$ 2,196,096	\$ 3,347,683	\$ 1,151,587	52.4%
<u>Department of Environmental Quality</u>				
General Fund	\$ 47,252,278	\$ 49,366,383	\$ 2,114,105	4.5%
General Fund Debt Service	\$ 6,524,882	\$ 6,473,355	\$ (51,527)	-0.8%
Lottery Funds	\$ 5,300,822	\$ 5,557,353	\$ 256,531	4.8%
Other Funds	\$ 222,204,270	\$ 228,865,750	\$ 6,661,480	3.0%
Federal Funds	\$ 29,410,521	\$ 30,280,946	\$ 870,425	3.0%
<u>State Department of Fish and Wildlife</u>				
General Fund	\$ 33,298,520	\$ 34,582,065	\$ 1,283,545	3.9%
Lottery Funds	\$ 7,621,405	\$ 7,979,626	\$ 358,221	4.7%
Other Funds	\$ 195,341,399	\$ 200,536,079	\$ 5,194,680	2.7%
Federal Funds	\$ 141,228,473	\$ 145,255,352	\$ 4,026,879	2.9%
<u>Department of Forestry</u>				
General Fund	\$ 74,114,442	\$ 128,295,306	\$ 54,180,864	73.1%
General Fund Debt Service	\$ 16,489,822	\$ 16,475,837	\$ (13,985)	-0.1%
Other Funds	\$ 254,615,776	\$ 285,031,545	\$ 30,415,769	11.9%
Other Funds Debt Service	\$ 668,774	\$ 683,314	\$ 14,540	2.2%
Federal Funds	\$ 35,483,276	\$ 35,966,957	\$ 483,681	1.4%
<u>Department of Geology and Mineral Industries</u>				
General Fund	\$ 2,534,180	\$ 5,665,268	\$ 3,131,088	123.6%
Other Funds	\$ 2,817,896	\$ 6,606,313	\$ 3,788,417	134.4%
Federal Funds	\$ 2,902,495	\$ 5,818,879	\$ 2,916,384	100.5%
<u>Department of Land Conservation and Development</u>				
General Fund	\$ 20,231,675	\$ 21,240,456	\$ 1,008,781	5.0%
Other Funds	\$ 1,460,817	\$ 1,535,051	\$ 74,234	5.1%
Federal Funds	\$ 6,755,041	\$ 6,949,434	\$ 194,393	2.9%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>Land Use Board of Appeals</u>				
General Fund	\$ 2,061,858	\$ 2,203,477	\$ 141,619	6.9%
<u>Oregon Marine Board</u>				
Other Funds	\$ 28,360,346	\$ 28,752,144	\$ 391,798	1.4%
Federal Funds	\$ 6,317,622	\$ 6,327,646	\$ 10,024	0.2%
<u>Department of Parks and Recreation</u>				
Lottery Funds	\$ 114,488,031	\$ 117,019,560	\$ 2,531,529	2.2%
Other Funds	\$ 130,622,300	\$ 133,115,836	\$ 2,493,536	1.9%
Federal Funds	\$ 16,685,823	\$ 17,412,831	\$ 727,008	4.4%
<u>Department of State Lands</u>				
Other Funds	\$ 53,552,787	\$ 54,998,262	\$ 1,445,475	2.7%
Federal Funds	\$ 2,295,209	\$ 2,803,890	\$ 508,681	22.2%
<u>Water Resources Department</u>				
General Fund	\$ 36,722,794	\$ 40,711,792	\$ 3,988,998	10.9%
Lottery Funds Debt Service	\$ 7,566,502	\$ 7,563,194	\$ (3,308)	0.0%
Other Funds	\$ 99,150,699	\$ 99,707,117	\$ 556,418	0.6%
Other Funds Debt Service	\$ 394	\$ 3,703	\$ 3,309	839.8%
Federal Funds	\$ 875,519	\$ 1,148,011	\$ 272,492	31.1%
<u>Watershed Enhancement Board</u>				
Lottery Funds	\$ 90,535,226	\$ 91,207,290	\$ 672,064	0.7%
Federal Funds	\$ 45,304,270	\$ 45,427,240	\$ 122,970	0.3%
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,736,776,566	\$ 1,816,988,980	\$ 80,212,414	4.6%
General Fund Debt Service	\$ 117,154,410	\$ 115,250,151	\$ (1,904,259)	-1.6%
Other Funds	\$ 48,165,929	\$ 48,933,481	\$ 767,552	1.6%
Other Funds Debt Service	\$ 51,378	\$ 66,248	\$ 14,870	28.9%
<u>Oregon Criminal Justice Commission</u>				
General Fund	\$ 79,843,528	\$ 80,650,911	\$ 807,383	1.0%
Other Funds	\$ 14,962,708	\$ 15,011,498	\$ 48,790	0.3%
Federal Funds	\$ 5,337,957	\$ 5,350,781	\$ 12,824	0.2%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
<u>District Attorneys and their Deputies</u>				
General Fund	\$ 12,839,916	\$ 14,014,586	\$ 1,174,670	9.1%
<u>Department of Justice</u>				
General Fund	\$ 99,138,750	\$ 105,346,590	\$ 6,207,840	6.3%
General Fund Debt Service	\$ 15,650,370	\$ 15,650,370		0.0%
Other Funds	\$ 351,837,618	\$ 365,452,723	\$ 13,615,105	3.9%
Federal Funds	\$ 186,995,478	\$ 191,158,431	\$ 4,162,953	2.2%
<u>Oregon Military Department</u>				
General Fund	\$ 21,929,666	\$ 22,442,732	\$ 513,066	2.3%
General Fund Debt Service	\$ 11,603,502	\$ 11,435,490	\$ (168,012)	-1.4%
Other Funds	\$ 112,018,223	\$ 112,650,343	\$ 632,120	0.6%
Other Funds Debt Service	\$ 133,050	\$ 296,050	\$ 163,000	122.5%
Federal Funds	\$ 284,725,611	\$ 288,102,466	\$ 3,376,855	1.2%
<u>Oregon Board of Parole</u>				
General Fund	\$ 8,680,101	\$ 8,996,030	\$ 315,929	3.6%
<u>Oregon State Police</u>				
General Fund	\$ 318,119,100	\$ 330,763,228	\$ 12,644,128	4.0%
Lottery Funds	\$ 10,004,076	\$ 10,362,821	\$ 358,745	3.6%
Other Funds	\$ 164,788,531	\$ 169,883,412	\$ 5,094,881	3.1%
Federal Funds	\$ 12,616,262	\$ 13,770,684	\$ 1,154,422	9.2%
<u>Department of Public Safety Standards and Training</u>				
Other Funds	\$ 48,102,591	\$ 52,468,390	\$ 4,365,799	9.1%
Federal Funds	\$ 7,689,376	\$ 8,134,071	\$ 444,695	5.8%
<u>Oregon Youth Authority</u>				
General Fund	\$ 317,114,360	\$ 329,746,810	\$ 12,632,450	4.0%
General Fund Debt Service	\$ 12,017,766	\$ 12,017,621	\$ (145)	0.0%
Other Funds	\$ 8,088,845	\$ 8,113,886	\$ 25,041	0.3%
Other Funds Debt Service	\$ 95,000	\$ 95,200	\$ 200	0.2%
Federal Funds	\$ 40,643,083	\$ 40,977,307	\$ 334,224	0.8%
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Aviation</u>				
Other Funds	\$ 17,296,792	\$ 17,482,517	\$ 185,725	1.1%
Federal Funds	\$ 6,101,356	\$ 6,110,139	\$ 8,783	0.1%

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
Department of Transportation				
General Fund		\$ 4,675,566	\$ 4,675,566	100.0%
General Fund Debt Service	\$ 25,306,026	\$ 25,305,752	\$ (274)	0.0%
Lottery Funds Debt Service	\$ 115,592,980	\$ 114,952,981	\$ (639,999)	-0.6%
Other Funds	\$ 3,804,640,588	\$ 3,865,864,884	\$ 61,224,296	1.6%
Other Funds Debt Service	\$ 384,447,137	\$ 385,087,417	\$ 640,280	0.2%
Federal Funds	\$ 113,670,758	\$ 113,812,126	\$ 141,368	0.1%
2019-21 Budget Summary				
General Fund Total	\$ 12,978,698,471	\$ 13,484,006,361	\$ 505,307,890	3.9%
General Fund Debt Service Total	\$ 619,368,068	\$ 613,418,743	\$ (5,949,325)	-1.0%
Lottery Funds Total	\$ 359,411,195	\$ 387,019,174	\$ 27,607,979	7.7%
Lottery Funds Debt Service Total	\$ 212,041,693	\$ 209,352,906	\$ (2,688,787)	-1.3%
Other Funds Total	\$ 18,918,811,362	\$ 19,371,079,187	\$ 452,267,825	2.4%
Other Funds Debt Service Total	\$ 875,618,967	\$ 884,545,711	\$ 8,926,744	1.0%
Other Funds Nonlimited	\$ 203,917,130	\$ 203,972,130	\$ 55,000	0.0%
Federal Funds Total	\$ 21,416,076,553	\$ 21,662,852,928	\$ 246,776,375	1.2%

* Excludes Capital Construction

PRELIMINARY

Position Summary	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			Change	% Change
ADMINISTRATION PROGRAM AREA				
<u>Department of Administrative Services</u>				
Authorized Positions	916	939	23	2.5%
Full-time Equivalent (FTE) positions	906.95	921.91	14.96	1.6%
<u>Oregon Liquor Control Commission</u>				
Authorized Positions	364	365	1	0.3%
Full-time Equivalent (FTE) positions	362.00	362.58	0.58	0.2%
<u>Oregon Racing Commission</u>				
Authorized Positions	14	14	-	0.0%
Full-time Equivalent (FTE) positions	6.14	10.39	4.25	69.2%
<u>Department of Revenue</u>				
Authorized Positions	1,057	1,094	37	3.5%
Full-time Equivalent (FTE) positions	983.39	1,015.80	32.41	3.3%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
<u>Consumer and Business Services</u>				
Authorized Positions	963	964	1	0.1%
Full-time Equivalent (FTE) positions	957.92	958.92	1.00	0.1%
<u>Board of Licensed Clinical Social Workers</u>				
Authorized Positions	6	7	1.00	16.7%
Full-time Equivalent (FTE) positions	6.00	7.00	1.00	16.7%
<u>Bureau of Labor and Industries</u>				
Authorized Positions	113	118	5.00	4.4%
Full-time Equivalent (FTE) positions	109.80	111.88	2.08	1.9%
<u>Health-Related Licensing Boards</u>				
Authorized Positions	24	23	(1)	-4.2%
Full-time Equivalent (FTE) positions	23.00	22.62	(0.38)	-1.7%

Position Summary	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			Change	% Change
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
<u>Oregon Business Development Department</u>				
Authorized Positions	141.00	142	1	0.7%
Full-time Equivalent (FTE) positions	139.21	139.79	0.58	0.4%
<u>Housing and Community Services</u>				
Authorized Positions	224	229	5	2.2%
Full-time Equivalent (FTE) positions	216.71	219.79	3.08	1.4%
EDUCATION PROGRAM AREA				
<u>Department of Education</u>				
Authorized Positions	693	698	5	0.7%
Full-time Equivalent (FTE) positions	653.30	656.70	3.40	0.5%
<u>Higher Education Coordinating Commission</u>				
Authorized Positions	148	149	1	0.7%
Full-time Equivalent (FTE) positions	137.37	138.00	0.63	0.5%
<u>Teacher Standards and Practices Commission</u>				
Authorized Positions	26	27	1	3.8%
Full-time Equivalent (FTE) positions	24.75	25.04	0.29	1.2%
HUMAN SERVICES PROGRAM AREA				
<u>Oregon Health Authority</u>				
Authorized Positions	4,290	4,459	169	3.9%
Full-time Equivalent (FTE) positions	4,243.01	4,377.62	134.61	3.2%
<u>Department of Human Services</u>				
Authorized Positions	9,444	9,504	60	0.6%
Full-time Equivalent (FTE) positions	9,324.14	9,364.46	40.32	0.4%

Position Summary

Long Term Care Ombudsman

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			Change	% Change
Authorized Positions	30	33	3	10.0%
Full-time Equivalent (FTE) positions	29.14	30.64	1.50	5.1%

Psychiatric Security Review Board

Authorized Positions	11	12	1	9.1%
Full-time Equivalent (FTE) positions	11.00	11.63	0.63	5.7%

JUDICIAL BRANCH

Judicial Department

Authorized Positions	1,935	1,947	12	0.6%
Full-time Equivalent (FTE) positions	1,817.22	1,823.97	6.75	0.4%

Public Defense Services Commission

Authorized Positions	81	104	23	28.4%
Full-time Equivalent (FTE) positions	80.80	90.47	9.67	12.0%

NATURAL RESOURCES PROGRAM AREA

State Department of Agriculture

Authorized Positions	509	513	4	0.8%
Full-time Equivalent (FTE) positions	383.77	386.29	2.52	0.7%

Department of Environmental Quality

Authorized Positions	779	784	5	0.6%
Full-time Equivalent (FTE) positions	760.40	763.79	3.39	0.4%

Department of Fish and Wildlife

Authorized Positions	779	782	3	0.4%
Full-time Equivalent (FTE) positions	760.40	762.03	1.63	0.2%

Department of Geology and Mineral Industries

Authorized Positions	39	40	1	2.6%
Full-time Equivalent (FTE) positions	19.46	19.96	0.50	2.6%

Position Summary

Department of State Lands

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted Change	% Change
Authorized Positions	115	115	-	0.0%
Full-time Equivalent (FTE) positions	113.00	112.63	(0.37)	-0.3%

Water Resources Department

Authorized Positions	177	178	1	0.6%
Full-time Equivalent (FTE) positions	171.79	172.67	0.88	0.5%

Watershed Enhancement Board

Authorized Positions	34	36	2	5.9%
Full-time Equivalent (FTE) positions	34.00	35.26	1.26	3.7%

PUBLIC SAFETY PROGRAM AREA

Department of Justice

Authorized Positions	1,453	1,468	15	1.0%
Full-time Equivalent (FTE) positions	1,420.13	1,429.55	9.42	0.7%

Oregon State Police

Authorized Positions	1,402	1,409	7	0.5%
Full-time Equivalent (FTE) positions	1,382.29	1,386.97	4.68	0.3%

Department of Public Safety Standards and Training

Authorized Positions	152	161	9	5.9%
Full-time Equivalent (FTE) positions	149.87	155.54	5.67	3.8%

TRANSPORTATION PROGRAM AREA

Department of Transportation

Authorized Positions	4,867	4,917	50	1.0%
Full-time Equivalent (FTE) positions	4,709.25	4,768.67	59.42	1.3%

Summary of Revenue Changes

The General Fund appropriations made in HB 5204 bill are within resources available as projected in the March 2020 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis.

Summary of Capital Construction Subcommittee Action

HB 5204 is the omnibus budget reconciliation bill for the 2020 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2019 session. The Subcommittee approved HB 5204 with amendments to reflect budget adjustments as described below.

Statewide Adjustments

EMPLOYEE COMPENSATION DISTRIBUTION

The Subcommittee approved allocation of \$205.1 million General Fund to state agencies for employee compensation. The General Fund appropriation is expected to cover 100% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Total compensation adjustments include \$205.1 million General Fund, \$5.4 million Lottery Funds, \$166.4 million Other Funds, and \$78.5 million Federal Funds.

OTHER STATEWIDE ADJUSTMENTS

Statewide adjustments reflect Pension Obligation Bond costs of \$5.1 million total funds. Additional budget changes in multiple agencies are based on reductions to debt service realized through refunding of outstanding general obligation bonds and certificates of participation, as well as Other Fund balances generated through excess bond proceeds, reserve funds, and interest earnings that can be applied to debt service. A technical adjustment to the Legislative Administration Committee's apportionment of General Fund and Other Funds debt service is also included. Net debt service savings total \$8,631,392 General Fund and \$2,688,787 Lottery Funds. New Other Funds expenditure limitation for the Oregon Department of Veterans' Affairs (\$20,500) is established to accommodate the use of fund balances for debt payments, while existing Other Funds expenditure limitations for a number of other agencies are collectively increased by \$6,898,715.

Sections 37 and 158 of the budget bill reflect the changes, as described above, for each agency. These adjustments are generally not addressed in the agency narratives, although they are included in the table at the beginning of the budget report. Other technical adjustments of \$21.3 million total funds included in Section 158 are described in the agency narratives below.

The Subcommittee approved a technical adjustment totaling \$3,341,628 General Fund for Judicial Branch agencies and \$14,570,361 General Fund for Legislative Branch agencies to recognize unexpended General Fund by those agencies from the 2017-19 biennium. Both the Judicial Branch and the Legislative Branch are allowed by statute to retain unexpended General Fund appropriations from the previous biennium.

Emergency Board

Emergency Board

As part of the 2019-21 biennium statewide rebalance plan, HB 5204 adjusts the Emergency Fund and other special purpose appropriations made to the Emergency Board during the 2019 session as follows:

- Eliminated the special purpose appropriation for state employee compensation changes of \$200.0 million and made General Fund appropriations to various state agencies of \$209.1 million for those state employee compensation changes and adjustments for Pension Obligation Bond payments, as discussed under Statewide Adjustments.
- Eliminated the \$20.0 million special purpose appropriation made to the Emergency Board for compensation changes driven by collective bargaining costs of workers who are not state employees and made General Fund appropriations of \$23.1 million, primarily to the Department of Human Services, for the bargained increases for these workers.
- Eliminated the \$20.0 million special purpose appropriation made to the Emergency Board for the Public Defense Services Commission for defense services and changes to the agency's contract model and appropriated \$20 million General Fund to the Commission to implement those changes.
- Eliminated the \$3.0 million special purpose appropriation made to the Emergency Board for agency costs associated with grand jury recordation and appropriated \$800,000 General Fund to the District Attorneys and Their Deputies for payment of costs for grand jury recordation of the District Attorneys, the Department of Justice, and the Judicial Department.
- Reduced the special purpose appropriation made to the Emergency Board for Department of Forestry fire-related costs by \$2.4 million and appropriated \$2.4 million General Fund to the agency for fire severity costs incurred during the 2019 fire season; the remainder of the special purpose appropriation remains available for 2020 fire season costs.
- Increased the initial Emergency Fund appropriation by an additional \$75.0 million for unanticipated expenses the state might incur over the remainder of the 2019-21 biennium.
- Established a new special purpose appropriation in the amount of \$75.0 million for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget problems that the agencies are unable to mitigate during the remainder of the biennium. Known potential challenges include changes to caseloads based on future forecasts; the agencies' ability to manage personal services expenditures; volatility in usage-based costs or charges for services; assessment of federal program penalties or repayments; federal law, rule, or funding changes; and potential legal costs.

- Established a new special purpose appropriation of \$2.0 million for allocation to the Housing and Community Services Department upon presentation and approval of a development plan for new affordable housing units for Umatilla County flood victims, including residents of the Umatilla Indian Reservation.
- Added \$2.0 million General Fund to the existing special purpose appropriation for allocation to the Department of Forestry for fire severity resources.

In most cases, if remaining special purpose appropriations are not allocated by the Emergency Board before December 1, 2020, any remaining balances become available to the Emergency Board for general purposes or are available to the 2021 Legislature for other purposes.

Two reservations established in the Emergency Fund during the 2019 session (one for the Department of Human Services in the amount of \$10.0 million for the child welfare program action plan and one for the Oregon Health Authority in the amount of \$9.0 million for community mental health program support) were eliminated in HB 5204 as the budget rebalance plans for these two agencies included the amounts that had been reserved within the Emergency Fund.

Adjustments to 2019-21 Agency Budgets

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved two Department of Administrative Services (DAS) requests recommended during the January meeting of the Joint Interim Committee on Ways and Means. The first increased Other Funds expenditure limitation by \$2.3 million on a one-time basis for infrastructure improvements at the Mill Creek Corporate Center. DAS has an agreement with the City of Salem to provide infrastructure and roads at the Mill Creek Corporate Center to serve parcels as they are developed. These improvements are paid for with proceeds from land sales at the Center and with City of Salem resources. The second increased Other Funds expenditure limitation one time by \$307,486 and established two Human Resource Consultant 1 positions (1.34 FTE) to complete a comprehensive study of engineering classifications at the Oregon Department of Transportation (ODOT). Through collective bargaining with the Association of Engineering Employees, DAS Chief Human Resources Office agreed to complete a study of engineering positions at ODOT.

A number of Other Fund expenditure limitation increases were approved for the Chief Human Resources Office. An Other Funds expenditure limitation increase of \$308,609, a State Labor Relations Manager position (0.58 FTE), and an Operations and Policy Analyst 4 position (0.58 FTE) were added to conduct collective bargaining of non-state employee contracts, such as Home Health Care workers, on behalf of the state. These negotiations had previously been conducted by the Department of Human Services. Other Funds expenditure limitation of \$240,736 and two

Human Resource Analyst 2 positions (1.26 FTE) were approved to meet workload increases from agencies contracting with DAS to provide their human resources functions. Other Funds expenditure limitation of \$145,222 was added to support a shared resource Operations and Policy Analyst 4 position (0.58 FTE) to provide position, classification, and compensation information from Workday and other state information systems to the Chief Financial Office and the Legislative Fiscal Office. While housed in the Chief Human Resources Office Workday program, the position will be responsible for providing data and analysis to both offices.

The Subcommittee authorized a net zero one-time budget rebalance within the Office of the State Chief Information Officer (OSCIO). Other Funds expenditure limitation of \$8,790,404 was removed from OSCIO-State Data Center and added to OSCIO-Policy to cover unanticipated expenditures related to supporting an enterprise class redesign and implementation of security solutions for the state's computer network in response to a series of network disruptions that occurred last year.

The Subcommittee removed \$10,325,925 Other Funds expenditure limitation for one-time special payments associated with the disbursement of proceeds from Article XI-Q general obligation bond sales for projects that improve facilities at the Oregon State Fair. The proceeds from the sale of Article XI-Q general obligation bonds for these projects will instead be given six-year capital construction expenditure limitation in HB 5201. In addition, \$2,042,875 Other Funds expenditure limitation for one-time special payments associated with the disbursement of proceeds from lottery bonds for the Curry Health District for a Brookings Emergency Room was removed because project expenditures were no longer eligible for bond funding. Instead, the Subcommittee approved a \$2.0 million General Fund appropriation for project costs.

The Department of Administrative Services (DAS) received \$3,891,234 Other Funds expenditure limitation in the 2019-21 legislatively adopted budget to begin implementation of the Workday Payroll and Time Tracking modules. In addition, DAS 2019-21 agency assessments included an additional \$7.6 million Other Funds expenditure limitation to fund the remainder of the 2019-21 biennium Workday project costs, with the expectation that the Department would return during the 2020 session to receive additional Other Funds expenditure limitation to continue the project for the remainder of the biennium. The Department did request additional Other Funds expenditure limitation; however, a review of previously approved expenditures revealed the project has spent less than 10% of the original \$3.9 million Other Funds as of January 2020. Therefore, the Subcommittee deferred the limitation request with the expectation that the Department would seek additional expenditure limitation at a later date. The Subcommittee did approve the establishment of 15 limited duration positions (9.87 FTE), all at step 2 of the relevant classifications. Approved positions include: two Operations and Policy Analyst 4 positions; seven Operations and Policy Analyst 3 positions, two Operations and Policy Analyst 2 positions, two Information Systems Specialist 8 positions; and one Administrative Specialist 2 position, all in Enterprise Goods and Services; and one Information Systems Specialist 8 position in DAS IT. The Subcommittee also added \$107,243 Other Funds expenditure limitation for an Accounting Technician 3 (0.75 FTE) to support the provision of payroll services for the Department of Revenue, which transitioned its payroll functions to DAS as of January 1, 2020.

The Subcommittee approved a one-time increase of \$5,340,186 Other Funds expenditure limitation for Enterprise Asset Management to purchase and operate additional fleet vehicles to accommodate requests from agencies related to staffing increases approved for the 2019-21

biennium, and a \$4.0 million Other Funds expenditure limitation increase for infrastructure improvements required as part of the subdivision and development of the former Oregon State Hospital North Campus property.

The Subcommittee also approved an increase of \$100,000 Other Funds expenditure limitation on a one-time basis for the DAS Chief Financial Office to address unanticipated expenditures related to information technology services.

The Subcommittee approved Other Funds expenditure limitation increases of \$2,007,529 for debt service and a one-time \$730,000 increase for the cost of issuing \$50.0 million in Article XI-Q general obligation bonds to make capital improvements to the Wilsonville building, including seismic enhancements, infrastructure controls, energy efficient lighting, and tenant improvements. The upgraded facility will provide consolidated lab and storage space for several state agencies. Six-year Capital Construction expenditure limitation for the project is contained in HB 5201. Authorization to issue \$50.0 million in bonds is in HB 5202.

Several one-time General Fund appropriations to the Department of Administrative Services were approved to be disbursed for the following purposes:

- \$12.0 million to Klamath County for the Crimson Rose Center
- \$2.0 million to the Rogue Valley Children's Discovery Museum
- \$2.0 million to the Serendipity Center for an expansion project
- \$1,027,386 to the Columbia River Maritime Museum for the Lightship Columbia Preservation and Improvement project
- \$1.0 million to the City of Eugene for development of the Downtown Riverfront Park
- \$1.0 million to Hood River County for a wildfire preparedness and energy resilience pilot project
- \$850,000 for disbursement to the City of Milton-Freewater for flood recovery efforts
- \$280,000 for disbursement to the City of Spray for an Emergency Services Building
- \$200,000 for disbursement to Marion and Polk counties for Court Care programs
- \$103,728 for disbursement to the Oregon Processed Vegetable Commission

The Subcommittee added \$17,851,886 Other Funds expenditure limitation for one-time costs of special payments associated with the disbursement of proceeds from 2019-21 Lottery Bond sales; projects are detailed below and approved in House Bill 5202. Cost of issuance for these projects totals \$296,886. There is no debt service allocated in the 2019-21 biennium, as the bonds will not be sold until the spring of 2021. Debt service payments on all the projects described below are estimated to be \$3,183,179 Lottery Funds for the 2021-23 biennium and \$31,843,047 over the life of the bonds.

- \$7.5 million Other Funds for disbursement to the City of Woodburn for a community center
- \$7,055,000 Other Funds for disbursement to the Willamette Falls Locks Authority to repair and restore the locks
- \$3.5 million Other Funds for disbursement to the City of Eugene for development of the Downtown Riverfront Park

Office of the Governor

The Subcommittee approved \$458,792 General Fund for costs of the Governor's Office to advise and assist the Public Defense Services Commission (PDSC) in the Judicial Branch. The funds may be used to administratively establish limited duration positions, contract with outside consultants, or for other purposes related to advising and assisting PDSC.

To update the state's resiliency plan, the Subcommittee approved \$125,000 General Fund to the Governor's Office. A General Fund appropriation of \$200,000 was also approved for the Office of the Governor for coordination and communication of the recommendations of the Governor's Council on Wildfire Response.

Oregon Liquor Control Commission

Additional Other Funds expenditure limitation in the amount of \$162,694 and one position (0.58 FTE) was approved for the Oregon Liquor Control Commission (OLCC) for a Geographic Information Systems specialist position within OLCC. The service was formerly provided by the Oregon Health Authority (OHA), and ensured that retail marijuana establishments would not be located within 1,000 feet of a site that holds instructional activities for K-12 students. OHA informed OLCC that as of July 1, 2019, it would terminate this service. The contract was funded via a revenue transfer of \$169,324 from OLCC to OHA, which will be eliminated now that OLCC is granted authority to do this work.

Public Employees Retirement System

The Subcommittee approved the upward reclassification of an existing (vacant) permanent full-time Operations and Policy Analyst 3 position (salary range 30) to a permanent full-time Principal Executive Manager F position (salary range 35X). This reclassification will move an Actuarial Services Coordinator position to an Associate Actuary position to manage the Actuarial Services Unit, with direction that the position be hired as a certified Associate Actuary.

The establishment of a \$5.4 million Lottery Funds expenditure limitation was approved for the Employer Resolution Program and the Employer Incentive Fund. The revenue is from a Department of Administrative Services Lottery Funds allocation from the Administrative Services Economic Development Fund. This is the first recorded transfer of sports betting revenue proceeds to the Employer Incentive Fund, which is used to fund the state's 25% match of a participating employer contribution to a new or existing employer side account. There currently is a waitlist of employers seeking state matching funds for the Employer Incentive Fund.

The Subcommittee approved a one-time \$15.5 million increase in Other Funds expenditure limitation for the Employer Incentive Fund and a \$11.5 million reduction to the School District Unfunded Liability Fund. The revenue to support the \$15.5 million comes from an interfund transfer from the School District Unfunded Liability Fund to the Employer Incentive Fund.

To establish the Employer Incentive Fund, the Subcommittee approved a technical adjustment to move \$1 of Other Funds expenditure limitation from the Financial and Administrative Services Division to the Employer Resolution Program.

BUDGET NOTE: The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology during the legislative session in 2021 on the implementation of SB 1049 (2019). The Department of Administrative Services (DAS) and the DAS Office of the State Chief Information Officer (OSCIO) are to continue to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall continue to adhere to the Stage Gate process. OSCIO and the DAS Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology during legislative days in September 2020 and during the legislative session in 2021 on the implementation of SB 1049 (2019). The agencies' reports to the Legislature shall include:

- Update on project scope, schedule, budget, and total cost of ownership;
- Identification of costs associated with one-time solutions versus permanent solutions;
- Independent quality assurance reporting on the project;
- Impact of SB 1049 (2019) information technology project on routine agency operations;
- Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by the Department of Administrative Services;
- Any investments made by the agency during the biennium for technical debt; and
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.

Oregon Racing Commission

The Subcommittee approved a partial budget for the Oregon Racing Commission in 2019, under the assumption that commercial race meets and Portland Meadows would be discontinued and resource needs for the full biennium would need to be reevaluated. Additional Other Funds expenditure limitation of \$2,374,056 and 4.25 FTE is included for the Oregon Racing Commission to reflect commercial race meets scheduled to take place in Grants Pass. These increases in expenditure limitation and FTE reflect a slightly shorter race meet and changes to staffing levels from the prior biennium, but enable the agency to effectively continue its regulatory duties and maintain an ending balance equivalent to two months of operating expenses.

Department of Revenue

To provide resources for administration of the Corporate Activities Tax (CAT), the Subcommittee approved a reduction in General Fund of \$1.3 million and an increase in Other Funds expenditure limitation of \$13.5 million for a total funds increase of \$12.2 million, and authorized the establishment of 39 positions (33.91 FTE). The General Fund changes are one-time as are select Other Fund expenditures for services and

supplies, capital outlay, and the Core Systems Replacement project. The Department of Revenue's (DOR) one-time start-up costs are funded with General Fund through April 2020, in advance of the availability of CAT revenue. Thereafter, DOR's administrative costs will be funded by Other Funds from CAT revenue. The following table summarizes the budget adjustments, all of which were approved by the Interim Joint Committee on Ways and Means in January 2020:

Corporate Activities Tax Supplemental Funding					
Department of Revenue					
	General Fund	Other Funds	Total Funds	Positions	FTE
Corporate Division	387,375	365,274	752,649	14	1.16
Corporate Division	0	9,619,595	9,619,595	25	32.75
Core Systems Replacement	(1,165,000)	1,165,000	0	0	0.00
Core Systems Replacement	0	2,465,000	2,465,000	0	0.00
Administration	(28,559)	(7,592)	(36,151)	0	0.00
Personal Tax and Compliance Division	(287,641)	(5,870)	(293,511)	0	0.00
Business Division	(122,072)	(62,885)	(184,957)	0	0.00
Information Services Division	(128,780)	(20,964)	(149,744)	0	0.00
Marijuana Program	0	(14,053)	(14,053)	0	0.00
Total	(1,344,677)	13,503,505	12,158,828	39	33.91

The supplemental budget adjustments are changes to DOR's 2019-21 legislatively adopted budget for CAT, which totals \$3.9 million General Fund, \$1 Other Funds, and 38 positions (9.29 FTE)(HB 5047 [2019]). The 2021-23 biennial total cost of the CAT program is estimated to total \$19.2 million Other Funds and 67 positions (61.63 FTE).

The supplemental General Fund is for the following activities: (a) administrative support establishing the program, (b) customer service, (c) initial payment processing, (d) information technology, and (e) position funding above second step. The supplemental Other Funds is to support the program for the remainder of the biennium, and includes: (a) ongoing program administration, (b) audit function, (c) tax processing, (d) suspended tax return reconciliation, (e) customer service, (f) information technology services, (g) project management, (h) communications, (i) accounting and disbursement, (j) human resources, and (k) legislative policy.

The Core Systems Replacement Project totals \$3.63 million Other Funds, which includes an additional \$2.7 million Other Funds to modify DOR's integrated system (GENTAX) for the new tax. Modifications include configuration and testing of registration - which, due to a contract delay, was undertaken in-house by DOR - financials, revenue accounting, case workflow, Revenue Online, return processing, audit, collections, filing

enforcement, and appeals. An additional \$600,000 Other Funds expenditure limitation was included for ongoing operation and maintenance costs of GENTAX, along with \$330,000 Other Funds expenditure limitation for independent quality assurance oversight of the implementation.

The Subcommittee approved other adjustments to the legislatively adopted budget. General Fund of \$365,274 associated with the Attorney General line item is shifted to Other Funds. General Fund of \$1.165 million is shifted to Other Funds for the Core Systems Replacement Project, due to a delay in the GENTAX contract amendment for the CAT. A total of \$567,052 in General Fund and \$111,364 Other Funds expenditure limitation is disappropriated, on a one-time basis, across the Administration, Personal Tax and Compliance, Business, Information Services, and Marijuana Divisions due to Corporate Division CAT expenditures being inappropriately charged to these divisions. The Department is instructed to make the necessary accounting corrections in the State Financial Management Application to accurately reflect the expenditure of the Corporate Division appropriated funds by no later than May 1, 2020.

The Subcommittee approved a reduction of \$227,319 General Fund, \$19,767 Other Funds expenditure limitation, and two permanent full-time Accounting Technician 3 positions (1.50 FTE). The personal services reduction totals \$227,429 and the services and supplies reduction totals \$19,657. The reduction is due to the transfer of the Department's payroll function to the Department of Administrative Services - Shared Client Services. DOR undertook this transfer administratively, effective January 1, 2020, and did not make a corresponding budget request. Therefore, DOR may need to return to either the Emergency Board or the Legislature in 2021 for supplemental funding authority if it is unable to fund the contract service with savings from within the agency's legislatively approved budget.

Secretary of State

The Subcommittee added \$75,000 General Fund to the Secretary of State, Elections Division, to restore a reduction made during the 2019 session for postage on Motor Voter return letters.

A technical adjustment was approved to increase the Secretary of State's Other Funds expenditure limitation by \$294,283. This amount reflects adjustments necessary due to the miscalculation of facility rent amounts during 2019-21 budget development, and affects the agency's Administrative Services Division (\$66,963 Other Funds), Archives Division (\$162,430 Other Funds), and Corporation Division (\$64,890 Other Funds).

The subcommittee increased the Secretary of State's Federal Funds expenditure limitation by \$2.5 million for election security enhancements from federal Help America Vote Act (HAVA) revenues.

State Treasurer

The Subcommittee approved the following position reclassifications: (a) upward reclassification: Principal Executive Manager D (salary range 31X) to General Counsel (salary range 51); (b) upward reclassification: Principal Executive Manager H (salary range 40X) to Principal Executive

Manager I (salary range 42X); (c) upward reclassification: Principal Executive Manager D (salary range 31X) to an Operations and Policy Analyst 4 (salary range 32); (d) upward reclassification: Principal Executive Manager D (salary range 31X) to an Operations and Policy Analyst 4 (salary range 32); and (e) downward reclassification: Investment Officer 3 (salary range 48) down to Investment Officer 1 (salary range 43). The General Counsel and Investment Officer positions are moved between the Investment Management and the Investment Compliance budget structures. The estimated net cost of the reclassifications, after taking into account the downward reclassification, is \$76,136 Other Funds. No additional expenditure limitation is being requested for the 2019-21 biennium as the agency is able to absorb the cost using existing Other Funds expenditure limitation. The 2021-23 estimated cost is \$121,817 Other Funds.

Additionally, the Subcommittee approved a net-zero technical adjustment to reapportion State Government Service Charges and Facilities Rent and Taxes between various divisions within the agency.

The subcommittee approved the following budget note for the State Treasury:

BUDGET NOTE: The Oregon State Treasury is requested to undertake a review of statutory accounts and funds invested in the Oregon Short Term Fund to develop criteria and approaches that could be used by the Legislature to identify principal balances that could be partially invested in intermediate and/or long-term investments based upon the cash flow requirements and risk tolerance of the participating statutory account and fund. State Treasury is requested to report to the Emergency Board in May of 2020 with the agency's review and recommendations.

CONSUMER AND BUSINESS SERVICES

Department of Consumer and Business Services

An increase in Federal Funds expenditure limitation of \$445,176 was approved for the Department of Consumer and Business Services to accommodate a no-cost extension of time for the expenditure of a federal grant from the U.S. Department of Health and Human Services awarded in September 2016. The original award of the Health Insurance Enforcement and Consumer Protections Grant of \$1,245,919 had a performance period that ended October 30, 2018. The Department applied for and has been granted two extensions of the performance period. The additional limitation will allow the Department to spend the remaining grant funds.

Increases in Other Funds expenditure limitations for the Workers' Compensation Division, the Central Services Division, and the Division of Financial Regulation totaling \$436,902 were approved for the Department to allow the agency to complete position changes and reclassifications. These changes resulted in no new positions or change in FTE of authorized positions.

In addition to technical adjustments discussed elsewhere in this report, technical adjustments approved by the Subcommittee included a \$11,845,226 shift of expenditure limitation from Other Funds to Federal Funds to allow the Department to spend additional federal grant

funding awarded under a section 1332 state innovation waiver supporting the Oregon Reinsurance Program. The Subcommittee also approved the conversion of a limited duration position that was established in conjunction with the Oregon Reinsurance Program to a permanent, full-time (1.00 FTE) position.

Construction Contractors Board

A technical adjustment was approved to increase Other Funds expenditure limitation by \$775,000 to reflect the agency's changed accounting methodology for testing fees that are paid to an external contractor.

Health-Related Licensing Boards

The Subcommittee eliminated a Fiscal Analyst 2 position (0.63 FTE) and reduced Other Funds expenditure limitation for the Oregon Board of Naturopathic Medicine by \$100,000 to reflect the Health Related Licensing Boards' collective decision to purchase accounting and budgeting services from the Department of Administrative Services' (DAS) Shared Financial Services rather than having it done in-house. No budget adjustments are required to pay for the new contract with DAS, as all six Boards were contributing to the cost of the Fiscal Analyst 2 position, which was located for budget purposes within the Oregon Board of Naturopathic Medicine.

The Subcommittee increased the Board of Medical Imaging's Other Funds expenditure limitation by \$95,000 for recently identified Board expenses related to software and hardware needs of Board members, costs related to necessary office remodel and refurbishment needs, position reclassifications, and the approved increase of an existing Investigator position from 0.50 FTE to 0.75 FTE due to a workload increase in disciplinary investigations. To finance the additional expenditures, the Board intends to administratively increase fees for all permanent and temporary licenses and permits by \$4 per month effective July 1, 2020. Fees have not been increased since 2010. The Board will use the administrative rulemaking process to increase the fees after receiving public comment and following other rulemaking procedures. The increase in fees is expected to generate \$290,880 in additional revenue during the second half of the 2019-21 biennium and should be adequate to cover increased expenditures and maintain a 3-month ending balance through the 2025-27 biennium.

Bureau of Labor and Industries

The Subcommittee approved \$131,919 General Fund and one position (0.58 FTE) for the Bureau of Labor and Industries (BOLI) to support a permanent, full-time Human Resources Analyst 3 position to provide in-house human resources management, recruiting, hiring, classification and compensation, labor relations, and Family and Medical Leave programs. BOLI has contracted for these services with the Department of Consumer and Business Services since 2011, but was recently informed that the latter agency no longer had capacity to provide services. Turnover and additional complexity within BOLI exceed the capacity of the existing \$70,000 per biennium contract amount, and BOLI will use those resources instead to hire and train its new employee.

Additional General Fund in the amount of \$95,500 was approved, one time only, for BOLI to augment the technical assistance provided to employers in the 2019-21 biennium. This additional funding is not intended to be incorporated into continuing service calculations in subsequent biennia.

The Subcommittee approved \$301,108 General Fund and 4 positions (1.50 FTE - two Civil Rights Investigator 1 positions and two Civil Rights Investigator 2 positions) for BOLI to investigate and resolve civil rights claims, including those that are filed alleging violations of federal law relating to Real Property transactions. The General Fund appropriation is one-time-only for the current biennium. The agency is instructed to request Federal Funds expenditure limitation in 2021-23, as well as additional General Fund for the portion of position costs not anticipated to be covered by Federal Funds reimbursement from the U.S. Department of Housing and Urban Development.

To study improvements to education and training opportunities associated with a career path as an Oregon firefighter, the Subcommittee approved a one-time General Fund appropriation of \$25,000. The study is intended to examine, both for municipal fire service and wildfire service, the following: available resources; existing education and training programs and their limitations; workforce diversity; skill gaps; initiatives to address attrition and to attract new workers into the field; and possibilities for partnerships between fire service organizations, educational institutions, and the Bureau of Labor and Industries. Findings are expected to be presented to the Legislative Assembly before January 1, 2022.

Board of Licensed Social Workers

The Subcommittee approved a one-time Other Funds expenditure limitation increase of \$203,661 to cover expenses incurred by the Board of Licensed Social Workers for an administratively created limited duration Investigator 2 position through the 2019-21 biennium. This position will help the Board clear a backlog of compliance cases and improve the Key Performance Measure for compliance case closure within 180 days of receipt.

Mental Health Regulatory Agency

The Subcommittee approved a one-time increase of \$238,939 Other Funds expenditure limitation for the Oregon Board of Licensed Professional Counselors and Therapists and a one-time decrease of \$190,939 Other Funds expenditure limitation for the Oregon Board of Psychology to reflect an increase in facilities rent, Department of Justice flat rate adjustment, and cost reallocation between the Oregon Board of Licensed Professional Counselors and Therapists and the Oregon Board of Psychology.

Real Estate Agency

Additional Other Funds expenditure limitation of \$899,415 was approved for the Real Estate agency to satisfy accounting specifications related to payment of fees by applicants for licensure.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased the \$1 Lottery Funds expenditure limitation, established during the 2019 session for the tide gate and culvert repair and replacement grant and loan program, by \$5,999,999, and established one limited-duration Operations and Policy Analyst 3 position (0.58 FTE) for administration of the program. The 2019-21 legislatively adopted budget included \$6.0 million of Lottery Funds allocated to the Department for this program; however, the Joint Committee on Ways and Means instructed the agency to present a proposal for distributing grants and loans funds before expenditure of the funds would be authorized. This proposal was received, and the one-time expenditure limitation increase and position authority will allow the Department to begin distributing grant and loan awards.

The Subcommittee increased the Lottery Funds expenditure limitation for Business, Innovation and Trade by \$6.5 million to finance two payments. One payment is \$5.0 million to World Athletics Championships Oregon 21 for the 2021 summer games in Eugene. The funds will help pay for security, medical, and other logistical costs. The other payment is \$1.5 million to supplement the Strategic Reserve Fund, for clean-up and restoration expenses incurred by businesses affected by flooding in Eastern Oregon. Expenses reimbursed by insurance are not eligible for these funds. The Subcommittee also increased the Lottery Funds expenditure limitation for the Arts and Cultural Trust by \$250,000 to finance a grant for expansion of the Broadway Rose Theatre in Tigard.

The Department was directed to report, with recommendations, on the statutory and budget changes needed to establish the Oregon Tourism Commission, which currently operates as a semi-independent state agency, as a program within the Department. The Subcommittee appropriated \$25,000 General Fund for this purpose, and adopted the following budget note to provide clarification of intent to the Department:

BUDGET NOTE: No later than December 2020, the Oregon Business Development Department shall report to the Emergency Board on the statutory changes and budget adjustments recommended to establish the Oregon Tourism Commission as a program within the Department, effective beginning with the 2021-23 biennium. The Department shall consult with the Oregon Tourism Commission, Department of Administrative Services, and Legislative Fiscal Office in preparing this report.

The Subcommittee increased the Other Funds expenditure limitation for Infrastructure by \$10,159,759 for two projects. The expenditures will be financed from the proceeds of lottery revenue bonds. The expenditures include \$7.0 million to be transferred to the City of Salem for drinking water improvements, \$3.0 million to be transferred to the Lyons-Mehama Water District for water system improvements, and \$159,759 for the Department for paying costs of issuing the bonds. The additional support to the City of Salem increases the total amount of net proceeds approved for the project in the 2019-21 biennium to \$27.0 million, which will support construction of an ozone treatment facility at Geren Island, installation of two groundwater collector wells at the treatment facility, and construction of a pump station and water line for the City of Turner's distribution system. No debt service will be due on the bonds in the current biennium, but debt service costs are projected to total approximately \$1.7 million Lottery Funds in 2021-23, and will continue for 20 years.

The Subcommittee also redirected the use of Lottery Funds allocated in the 2015-17 biennium to the Regional Infrastructure Fund. This Fund supports legislatively approved Regional Solutions Program projects. One of the projects approved for the North Coast Region is not going forward, and the \$100,000 designated for it remains in the Regional Infrastructure Fund. The Subcommittee adopted the following budget note approving the use of those funds for an alternative project, as requested by the North Coast Regional Solutions Advisory Committee.

BUDGET NOTE: The Subcommittee approved the re-designation of the use of \$100,000 of Lottery Funds approved in the 2015-17 biennium budget for the Regional Solutions Program. The funds were initially approved for dike and levee repairs in the North Coast Region, but that project will not be going forward. The Subcommittee approved transferring these funds instead to the City of Astoria, for upgrading a water line and an associated infrastructure project, as recommended by the North Coast Regional Solutions Advisory Committee.

Finally, the Subcommittee established a new \$1.8 million Lottery Funds expenditure limitation for infrastructure, to be deposited in the Special Public Works Fund (SPWF). The monies will reimburse the SPWF for a loan of the same amount made to the City of Pendleton this year for levee repairs.

Housing and Community Services Department

Other Funds expenditure limitation of \$270,022 was approved by the Subcommittee to ensure that the Housing and Community Services Department (HCSD) meets requirements imposed by the U.S. Department of Housing and Urban Development (HUD) for project-based management occupancy reviews. These reviews are performed on a fee-for-service basis to ensure compliance with HUD program specifications. Two additional positions (1.42 FTE) are authorized to carry out the HUD-mandated reviews.

Other Funds expenditure limitation was increased by \$632,391 for the following expenses related to approval to issue \$50.0 million in Article XI-Q bonds for affordable housing for the Local Innovation and Fast Track (LIFT) Housing program administered by HCSD. Other Funds expenditure limitation of \$315,000 is for costs to issue the bonds, Other Funds expenditure limitation of \$235,188 is for personal services costs associated with two permanent Loan Specialist 3 positions, and \$82,203 Other Funds expenditure limitation is for services and supplies costs, including payments to the Department of Justice associated with contract review. While the bonds will not be sold until spring of 2021, the Department will have the opportunity to include the additional amount authorized in awards for funding opportunities already in progress. The bonds will finance the construction of approximately 400 rental units of affordable housing for low-income Oregonians. Debt service on these bonds for the 2021-23 biennium is projected to be \$9.2 million.

A General Fund appropriation of \$10.0 million was approved for preservation of an estimated 133 units of existing affordable housing. This can include publicly supported affordable housing; properties with federal project-based rental assistance contracts; rent subsidies; manufactured

dwelling parks; and properties undergoing recapitalization. This funding is one time only and is not intended to be included in calculations of the cost of service delivery in future biennia.

The Subcommittee approved a \$6.0 million General Fund appropriation for a land acquisition revolving loan program established pursuant to HB 2912 (2017). The housing eventually developed on these parcels must serve individuals and families at 80% of area median income. While all the funding is anticipated to be committed in the 2019-21 biennium, some of the funds may not be spent until 2021-23; as such, the funds are transferred to an Other Funds account until contract specifications are met by recipients. Loans must be repaid within five years. This funding is one time only and not intended to be included in calculations of the cost of service delivery in future biennia.

General Fund in the amount of \$1.3 million is provided to address cost escalation resulting from delays associated with efforts to construct affordable housing on what is known as the Yaquina Hall - South Fair Apartments Bundle Rehabilitation Project. The project will result in 51 units of new affordable housing, and will preserve 40 units of existing affordable housing across two separate sites in Salem. In 2017, the project was awarded \$6.1 million in Lottery bond proceeds, along with tax credits to finance a portion of project costs. In 2018, the Legislature directed an additional \$1.5 million of previously approved Lottery bond proceeds to the project for mental health housing.

The Subcommittee approved \$5.5 million General Fund for HCSD to provide housing assistance to victims of the February 2020 flooding in Umatilla County. Rapid rehousing including rental assistance comprises \$1.5 million of the total, while \$4.0 million is designated for housing and infrastructure replacement, with the understanding that the Department of Administrative Services (DAS) will unschedule the latter amount until a plan is presented and approved by the Legislative Fiscal Office and the DAS Chief Financial Office. These amounts are one time only and not intended to be included in calculations of the cost of service delivery in future biennia.

General Fund in the amount of \$4.5 million and one Operations and Policy Analyst 3 position (0.50 FTE) was approved to increase matching funds for Individual Development Accounts, and to give the Housing and Community Services Department additional capacity to take a more active role in managing the program. This amount is one time only and is not intended to be included in calculations of the cost of service delivery in future biennia.

Oregon Department of Veterans' Affairs

The Subcommittee approved a one-time \$213,860 increase in Lottery Funds expenditure limitation to allow the Oregon Department of Veterans' Affairs (ODVA) to spend the balance of committed Lottery Funds carried forward from the 2017-19 biennium. ORS 406.141 requires that any allocation of Measure 96 Lottery Funds that remains unspent and uncommitted at the end of the biennium be reverted to the Veterans' Services Fund. ODVA has a 2017-19 ending balance of \$1,384,576 Lottery Funds, of which \$213,860 is committed to a contract related to replacing the conservatorship system and will be spent during the 2019-21 biennium. The remaining \$1,170,716 will be reverted to the Veterans' Services Fund.

EDUCATION

Department of Education

The Subcommittee approved transferring \$216,820 Other Funds expenditure limitation from the Statewide Education Initiatives Account of the Fund for Student Success from the K-12 Grant-in-Aid budget to the Operations budget to pay for one position (0.88 FTE) to administer the grants to each school district and to provide technical assistance grants for the Early Warning System authorized in HB 3427 and HB 5047 (2019).

A transfer of \$349,586 Other Funds expenditure limitation was approved in the Statewide Education Initiatives Account of the Fund for Student Success from the budgeted amount for professional development and training for educators to the Operations budget to pay for two positions (1.26 FTE) to develop and implement a proposal to diversify the K-12 educator workforce. The Student Success Act (HB 3427, 2019) required the Educator Advancement Council (EAC) and the Oregon Department of Education (ODE) to develop a plan to spend \$15.0 million Other Funds. The plan emphasizes diversifying the educator workforce and reducing the systemic barriers that have limited diversification in the past. The Subcommittee also recommended instructing the Department of Administrative Services to unschedule the remaining \$14,650,414 Other Funds until ODE and the EAC report back to the Emergency Board with more specific details on their proposal, as well as recommendations on spending an additional \$7.5 million Other Funds that is available in 2019-21.

The Subcommittee also approved transferring \$609,551 Other Funds expenditure limitation in the Early Learning Account of the Fund for Student Success from the amount budgeted for professional development for early learning professionals to the Operations budget to pay for three positions, one of which is budgeted in the Higher Education Coordinating Commission (HECC), discussed below. The Student Success Act (HB 3427, 2019) provided \$12.5 million Other Funds expenditure limitation for professional development for early learning educators and required the Early Learning Division to consult with stakeholders, create a professional development plan, and report to the Legislature by January 15, 2020 on that proposal. The plan proposed spending \$110,000 for recruitment related efforts; \$3,915,000 for scholarships, capacity at higher education institutions, apprenticeships, and career and technical education programs; \$5,900,000 for competency-based professional development, development and expansion of consortia partnerships with higher education institutions, and increased training for Child Care Resources and Referral (CCR&R) staff; \$1,965,449 for retention efforts; and \$690,551 for staff and other capacity. Two positions (1.26 FTE) are authorized for the Early Learning Division (an Operations and Policy Analyst 4 and a Program Analyst 2) to provide the technical, coordination, and administrative responsibilities for the proposal. Of the \$690,551 Other Funds for staff and other capacity, \$146,347 will be transferred to HECC for a position to develop and implement the scholarship components of the plan.

An increase of \$1.8 million Other Funds expenditure limitation was approved for a grant program for eligible alternative education programs. The funding for this time-limited program is from the Statewide Education Initiatives Account of the Fund for Student Success. This program is authorized only for the 2020-21 and 2021-22 school years. To be eligible for the grant program, an alternative education program must primarily serve students at a physical location, and be operated by an Educational Service District or be registered by the Oregon Department of Education as a private alternative education program as provided by ORS 336.631. There are also eligibility requirements based on income and student characteristics.

Higher Education Coordinating Commission

General Fund resources of \$875,000 were approved for improvements to the Financial Aid Management Information System (FAMIS) and for the next steps in replacing the system. FAMIS is the system that manages the various financial aid programs for the Higher Education Coordinating Commission (HECC). The system is more than 30 years old, and some of its core functions will no longer be supported by software companies. Immediate improvements, most of which will also be part of the planned replacement system, include improved customer experience through better mobile access and replacement of the current website, new on-line applications, improved data exchange between partners, and improved security measures.

The Subcommittee approved an increase of \$3,541 Other Funds expenditure limitation and an increase of \$3,777 Federal Funds expenditure limitation to reclassify an Internal Auditor 2 to an Internal Auditor 3 in the agency's internal audit program. This reclassification also increased General Fund costs that will be absorbed by the agency during the current biennium. The reclassification was also approved. Additionally, \$146,347 Other Funds expenditure limitation and a Program Analyst 2 position (0.63 FTE) was approved to develop and implement a scholarship program for the early learning educators. Funding for this position will be transferred from the Oregon Department of Education.

An increase of \$349,000 General Fund for the Public University Statewide Programs budget was approved for the University of Oregon's (UO) Office for Community Dispute Resolution. The increase restores a reduction to Dispute Resolution that was included in HB 5050 (2019) to offset a corresponding one-time increase of \$349,000 General Fund to the Labor Education and Research Center at UO. A one-time increase of \$500,000 General Fund to the Public University Statewide Programs budget was also approved for UO to purchase a new research and teaching vessel for the Oregon Institute of Marine Biology (OIMB). OIMB's current vessel was built in 1973 and has reached the end of its useful life. In addition to funding provided by Coos County for preliminary design, the state appropriation will be matched with institution funds and private contributions to cover the \$1.3 million estimated cost of the replacement vessel.

The Public University Statewide Programs was also increased by \$870,000 General Fund for Oregon State University (OSU) to support specific activities recommended in the Oregon Coordinating Council on Ocean Acidification and Hypoxia's (OAH) action plan. The one-time funding includes \$170,000 for OSU to support the Molluscan Broodstock Program at the Hatfield Marine Science Center, in conjunction with the Whiskey Creek Shellfish Hatchery, and \$700,000 to support the following ocean acidification and hypoxia research and monitoring activities:

- Sampling along the Newport Hydrographic Line to support OAH research;
- Ocean acidification monitoring using Burk-O-Lator systems;
- Intertidal OAH monitoring at Oregon marine reserves;
- Subtidal OAH monitoring at Oregon marine reserves; and
- OAH monitoring at Yaquina Bay.

The Subcommittee approved a General Fund appropriation of \$7.5 million for a one-time grant to the UO for construction of seismic stations as part of the ShakeAlert earthquake early warning system. The U.S. Geological Survey (USGS) and a coalition of State and university partners developed and are implementing the ShakeAlert system for the West Coast of the United States. Approved funding supports the installation of

ShakeAlert sites that will increase the State of Oregon's "sensor density" to meet federal standards, allowing Oregon to participate in public alerts. Buildout of seismic stations is expected to be completed by June 30, 2023.

A General Fund appropriation of \$12.9 million was approved for a one-time grant to OSU for construction of the Student Success Center at the Cascades Campus, which will house a variety of support services designed to increase graduation and retention rates and successfully transition students to the workforce. The building is estimated to be 18,000 - 23,000 gross square feet with internship coordination, career and academic advising, tutoring, disability access service, mental health counseling, health wellness center, and student study and gathering spaces. OSU is matching the state grant with \$5.0 million of institution funds raised through student fees.

A General Fund appropriation of \$3.5 million was approved for a one-time grant to Southern Oregon University (SOU) to demolish Cascades Hall, a former dormitory that is currently being used primarily for storage and flex space. The Cascades Hall building is estimated to have a deferred maintenance backlog totaling \$12.0 million and demolition is more cost effective than renovation. SOU anticipates the removal of the facility will result in operations and maintenance savings, due to the reduction in utility costs.

The Subcommittee approved increasing Other Funds expenditure limitation by \$2,915,000 for the costs of issuance on bonds authorized in HB 5202 (Article XI-G and XI-Q bonds) for public universities. Capital construction limitation for new capital projects is provided in HB 5201 and project descriptions are included in HB 5202.

The Subcommittee also approved continuation of nonlimited authority to HECC to make Other Funds expenditures necessary to disburse general obligation bonds sold during the 2013-15 biennium for the benefit of public universities. HECC has approximately \$55,000 in remaining bond proceeds for Southern Oregon University's Theatre Arts Building expansion and remodel project that will be disbursed during the 2019-21 biennium.

Three additional changes are included in the table at the end of the bill. First, the Other Funds expenditure limitation for Operations is increased by \$65,000 for the administrative costs for the Oregon Volunteers program administered by HECC. In the initial budget passed for this program, insufficient limitation was approved for this purpose. The Other Funds expenditure limitation for Operations is further increased by \$197,548 for additional grant-related spending. The agency received funding from the Lumina Foundation to assist in eliminating disparities in postsecondary success rates for under-represented students of color. The HECC budget included \$475,000 in Other Funds expenditure limitation; based on spending patterns between the 2017-19 and 2019-21 biennia, an additional \$197,548 Other Funds expenditure limitation is required to spend the available grant funds. Finally, additional revenues of \$22,783 from the Western Oregon and Eastern Oregon Severance Tax Funds are available for distribution to community college districts through the Community Colleges Support Fund. These represent revenues from 2017-19 carried forward for distribution in 2019-21.

The Subcommittee provided the following direction to HECC:

BUDGET NOTE: The Higher Education Coordinating Commission (HECC) shall work with partners, including representatives of post-secondary institutions to study public and non-profit programs designed to promote college access. The study shall include at least the following: (1) identify public and private nonprofit funded college access programs, (2) the number and type of student they serve, (3) the services each provides, (4) their funding sources, (5) an estimate of the cost per student to provide, (6) geographic scope or specific region each serves, and (7) other information required to meet the purpose of this budget note. With this information, HECC will:

- Identify population and geographic gaps of the current set of programs;
- Identify measures or metrics that demonstrate the effectiveness of the programs and their outcomes;
- Means to encourage development where there are gaps; and
- Criteria that future Legislatures may use in determining which programs to fund in the future.

HECC is instructed to report its findings to the Legislature by December 31, 2020.

Teacher Standards and Practices Commission

The Subcommittee approved an increase of \$87,112 Other Funds expenditure limitation and one part-time limited-duration Information Systems Specialist 8 position (0.29 FTE) for the Teacher Standards and Practices Commission (TSPC). This position will serve as the project manager for a new TSPC licensing system, and is expected to be needed through at least the first half of the 2021-23 biennium.

HUMAN SERVICES

Department of Human Services

Budget adjustments in HB 5204 for the Department of Human Services (DHS) primarily consist of actions needed to rebalance the agency's budget and items approved in response to agency requests for funding to address budget needs or issues emerging since adjournment of the 2019 legislative session. The DHS funding package approved by the Subcommittee is molded by legislative budget priorities, which support critical demands across all state programs while maintaining an adequate level of resources for future needs. Many 2020 session investments outside the DHS budget, such as those related to housing and mental health services, also touch or benefit agency clients.

To help track the budget report narrative, note that the DHS 2019-21 budget is built around eight budget structures, reflecting five direct program areas: Self Sufficiency Programs (SSP), Child Welfare (CW), Vocational Rehabilitation (VR), Aging and People with Disabilities (APD), and Intellectual and Developmental Disabilities (IDD); along with three support functions: Central Services, Shared Services, and State Assessments and Enterprise-wide Costs (SAEC).

At the January 2020 meeting of the Joint Interim Committee on Ways and Means, DHS presented a rebalance report tied to several dynamics affecting the agency's budget. These include program cost increases and savings, revenue changes, and technical adjustments needed to keep the budget balanced. For context, the 2019-21 legislatively adopted budget was based on the spring 2019 caseload forecast; the rebalance factors in caseload and cost changes as of the fall 2019 forecast. The agency's initial rebalance calculation results in a cost of \$15.6 million General Fund, however, after transferring some positions and funding to the Oregon Health Authority (OHA), the net General Fund need for the DHS rebalance is \$13.6 million. New projections for non-General Fund resources or programs drive decreases of \$1.9 million Other Funds expenditure limitation and \$24.2 million Federal Funds expenditure limitation. The rebalance also includes a series of position actions (technical adjustments, transfers, position abolish/establish) that net out to a decrease of 38 positions (33.99 FTE). The Subcommittee approved the agency's rebalance request, as outlined in the following table:

DHS 2019-21 Rebalance Highlights - January/February 2020			
General Fund Summary ONLY; Dollars in Millions			
	\$	Pos	FTE
Needs/Costs			
Caseload (SSP, APD, IDD)	30.4	-	-
FMAP changes	6.9	-	-
Motor pool vehicles (CW and APD)	0.4	-	-
Subtotal Needs	37.7	-	-
Savings/Decreases			
Caseload/cost per case changes	(10.3)	-	-
Error corrections (SSP, APD)	(11.7)	-	-
OHP Eligibility - return client services to OHA	(1.8)	(29)	(28.05)
Disband/reorganize HR Shared Services and transfer positions to OHA	(0.2)	(9)	(5.67)
Tech Adjustments, Transfers, Position Abolish/Establish	(0.1)	-	(0.27)
Subtotal Savings	(24.1)	(38)	(33.99)
Net General Fund Position	13.6	(38)	(33.99)

In addition to rebalance, the Department submitted ten funding requests totaling \$131.1 million General Fund that included 492 new positions (440.15 FTE). The largest of these requests was for \$39.9 million General Fund (\$70.3 million total funds) and 331 positions (312.50 FTE) to clear double filled positions. A double fill is when more than one employee is placed on a position; with the state's transition to Workday this is no longer technically possible, so the extra employee sits in a non-budgeted position. However, the concept is unchanged – a person is hired for

whom there is no explicit budget authority – and, since the dollars budgeted for positions only account for one incumbent, an agency needs to have other funding available, such as vacancy savings, to cover the cost of the additional employee.

This double fill issue, which makes agency position utilization and needs very challenging to analyze, received legislative attention during the 2017 session. A budget note directed DHS to report, at each interim meeting during the 2017-19 biennium, on work to improve position management practices; that work was to include reducing the number of both double filled and vacant positions. In the last DHS 2017-19 interim report, presented in December 2018 and reflecting October 2018 data, the agency reported 450 double fills and 1,045 vacant positions. It was clear at that time, while DHS had been able to use the permanent finance plan process to resolve some double fills, not much more progress could be made administratively.

As part of its 2019-21 agency request budget, DHS included 135 new positions and 27 reclassifications, at a cost of \$22.7 million General Fund (\$41.2 million total funds) to true-up positions and help address a portion of the double fill problem. Unfortunately, the request did not make it into the Governor's budget nor was it raised as an executive branch priority during the 2019 legislative session. While the recent, much more robust, request is also not included in the approved DHS funding package, the Legislature continues to be concerned about the agency's position management practices. Accordingly, the Subcommittee approved the following budget note:

BUDGET NOTE: Prior to October 1, 2020, the Department of Human Services shall report to the Emergency Board on its utilization of non-budgeted positions associated with “double fill” needs. The report shall provide information (counts, purpose, justification, etc.) on non-budgeted positions by program and use the January 2020 request for 331 positions as the baseline for showing upward or downward trends in utilization. The report should also identify, by program, position costs for the first year of the biennium, how those costs were covered, and how the agency plans to cover them in the second year of the biennium.

However, the Subcommittee did approve \$83.3 million General Fund (\$164.1 million total funds) in new spending, along with a net increase of 60 positions (40.32 FTE) to support several critical needs. These include the DHS rebalance request and at least partial funding for most of the agency's other funding requests. The statewide salary distribution action adds another \$49.4 million General Fund (\$97.4 million total funds) to the budget, for an overall increase of \$132.7 million General Fund (\$261.6 million total funds); the General Fund amount is a 3.4% increase over the agency's 2019-21 legislatively adopted budget. The chart below shows the components of the funding package:

Department of Human Services

2019-21 Budget Adjustments Approved in HB 5204

	General Fund	Other Funds	Federal Funds	Federal Funds Nonlimited	Total Funds	Pos	FTE
2019-21 Legislatively Adopted	3,855,078,525	673,915,109	6,094,787,849	1,939,345,331	12,563,126,814	9,444	9,324.14
Rebalance	13,583,132	(1,887,736)	(27,586,826)	-	(15,891,430)	(38)	(33.99)
Strengthening, Preserving and Reunifying Families (SPRF)	10,441,171	-	7,347,586	-	17,788,757	-	-
IV-E Pass Through to Public Defense Services	-	-	14,909,155	-	14,909,155	-	-
Family First Preservation Act Transition Funds	-	-	2,500,000	-	2,500,000	-	-
State employee collective bargaining	4,276,382	-	2,801,035	-	7,077,417	-	-
Behavior Rehabilitation Services (BRS) rate increase	1,527,077	-	2,647,644	-	4,174,721	-	-
SB 155 Third party child abuse investigations	2,562,745	2,226,387	-	-	4,789,132	17	9.86
Non-state employee collective bargaining	22,560,739	-	44,333,947	-	66,894,686	-	-
Child Welfare Executive Order recommendations	8,394,570	53,585	3,725,416	-	12,173,571	73	56.70
New positions for critical needs	603,117	35,211	497,483	-	1,135,811	7	7.00
CDDP and Brokerage Case Management	5,000,000	-	6,066,377	-	11,066,377	-	-
IDD Provider Rate Increase Shortfall	12,230,954	-	22,975,232	-	35,206,186	-	-
Child Welfare Out-of-State Licensing (SB 1566)	112,668	179,112	-	-	291,780	1	0.75
Independent Living Program	2,000,000	-	-	-	2,000,000	-	-
Rebalance/Priority Investments Total	83,292,555	606,559	80,217,049	-	164,116,163	60	40.32
Salary Distribution	49,401,387	7,094,166	40,906,600	-	97,402,153	-	-
Total DHS HB 5204 Adjustments	132,693,942	7,700,725	121,123,649	-	261,518,316	60	40.32

While many issues are covered in the DHS rebalance plan and by other budget adjustments, budget risks do remain. These include adjustments to caseloads based on future forecasts; cost per case increases due to rate or acuity changes; the agency’s ability to manage personal services expenditures including non-budgeted (double filled) positions and pay equity impacts; volatility in usage-based costs or charges for services;

assessment of federal program penalties; federal law, rule, or funding changes; and legal costs. The Subcommittee accounted for these risks by approving a \$75 million special purpose appropriation to the Emergency Board for both DHS and OHA to access if caseload costs or other budget challenges prove to be unmanageable.

A more detailed description of significant budget changes by program follows.

Self Sufficiency Programs

The budget adjustments approved by the Subcommittee for Self Sufficiency Programs (SSP) drive a net increase of \$5.4 million General Fund, an increase of \$2.3 million Other Funds expenditure limitation, a decrease of \$8.1 million Federal Funds expenditure limitation, and a net decrease of 29 positions (28.05 FTE). Embedded in these dollar amounts is a net decrease of \$4.7 million total funds due to a rebalance action shifting positions from DHS to OHA. In 2017-19, 476 positions were transferred from OHA to DHS as part of an inter-agency realignment of Oregon Health Plan (OHP) eligibility work and other related functions. Since the initial move, the agencies have returned a subset of these positions and activities back to OHA. Based on further evaluation of member service functions, the approved rebalance transfers 29 client service positions (28.05 FTE) and related funding from DHS to OHA, along with the Speridian contract supporting required Medicaid tax reporting. The agencies do not anticipate additional OHP member service transfers being requested in future rebalance or budget development actions.

The fall 2019 forecast projects the 2019-21 overall Supplemental Nutrition Assistance Program (SNAP) caseload to be 8.5% higher than earlier estimates, which equates to serving 27,573 more households over the biennium. However, the forecast does not reflect the potential future impact of a federal rule change modifying work requirements related to SNAP eligibility for certain able-bodied adults without dependents currently receiving benefits; the program is still working to determine which of these approximately 19,000 clients may be affected by or exempted from the change. The rule is scheduled to be implemented on April 1, 2020, unless litigation at the federal level seeking a preliminary injunction is successful. Other proposed rule changes would change how utility allowances are set and limit the use of categorical eligibility; the latter rule change will turn what is currently a streamlined SNAP application process into a complicated one. Potential impacts of these changes include reduced monthly benefits, complete loss of benefits, and a more complex process for determining eligibility.

Projected caseloads in the Temporary Assistance for Needy Families (TANF) cash assistance programs are up 6.7% from the spring forecast numbers, reflecting a biennial average increase of 1,161 families. The associated cost of just under \$2.0 million General Fund (\$9.4 million total funds) is included in the DHS rebalance plan. A summer hiring season did not materialize in 2019, so clients did not move off of the TANF caseload at the rate they had in the past.

The approved rebalance plan includes an additional \$2.0 million Other Funds expenditure limitation to align the budget with transfers of Child Care Development Fund resources from the Oregon Employment Department to DHS; these dollars support the Employment Related Day Care (ERDC) program. The current cost per case in ERDC is trending at \$935, which is an increase from the \$910 amount used for 2019-21 legislatively adopted budget estimates. Other changes affecting the SSP budget include corrections for an error in budget build, expenditure limitation adjustments for apprenticeship child care revenue and federal grant funds, and technical adjustments and transfers.

HB 5204 does not include any new General Fund investments for SSP but does add \$11.0 million General Fund (\$21.8 million total funds) for the program's share of the statewide salary distribution.

Child Welfare

The budget approved by the Subcommittee for Child Welfare (CW) reflects the following net adjustments: an increase of \$28.4 million General Fund, a decrease of \$414,568 Other Funds expenditure limitation, an increase of \$38.1 million Federal Funds expenditure limitation, and an increase of 48 positions (38.37 FTE). This amount includes \$22.0 million General Fund (\$31.7 million total funds) from the statewide salary distribution.

Approved budget adjustments include the DHS rebalance plan as presented in January 2020. The projected biennial average counts for almost all caseloads within CW decreased between the spring and fall forecasts, for an overall decline of 1.7% or 364 children; adoption assistance grew slightly. The associated funding change is a decrease of \$10.4 million General Fund (\$12.8 million total funds); these amounts include cost per case adjustments. The overall number of children served is expected to average 21,092 in 2019-21, which is a 2.7% decrease from last biennium.

The program's rebalance also contains an increase of \$396,107 General Fund due to an update in the Federal Medical Assistance Percentage (FMAP). Based on the latest federal estimates, the 2019-21 biennial average FMAP rate will decrease from 61.36% to 61.23%, which raises the state contribution and reduces federal support. This change also affects other agency programs.

To provide vehicles for staff to complete travel necessary for investigations, visitation, and other needs, \$343,766 General Fund (\$429,708 total funds) is added to pay for 80 new vehicles; these are obtained from the Department of Administrative Services' fleet services program. The rebalance includes technical adjustments, primarily for moving \$7.4 million General Fund (\$9.9 million total funds) in enterprise costs (state government service charge, facilities rent, computer replacements, etc.) to State Assessments and Enterprise-wide Costs for new positions added in the 2019-21 adopted budget; this is standard post-session adjustment activity.

Changes, both increases and decreases, are also approved for Other and Federal Funds expenditure limitation to address revenue not expected during budget development, such as an increase of \$587,167 Other Funds from marriage tax collection; this funding is dedicated to domestic violence services. Two limited duration positions (1.26 FTE) and Federal Funds expenditure limitation reflects an increase in federal Child Abuse Prevention and Treatment Act funds; the additional resources will help families and infants affected by substance use disorders.

Rebalance caseload savings and technical adjustments reduce the CW budget by \$18.2 million General Fund, which masks \$24.7 million General Fund (\$56.5 million total funds) approved by the Subcommittee to address several program needs. Since this level of General Fund is in excess of the \$10.0 million reservation established by HB 5050 (2019) within the general purpose Emergency Fund for the CW program to access to improve child safety, stabilize the workforce, and help foster families, the Subcommittee eliminated the reservation.

The largest investment approved by the Subcommittee, at \$10.4 million General Fund, is made in the Strengthening, Preserving, and Reunifying Families (SPRF) program. Objectives of this program include keeping children safely in their home if possible, improving permanency outcomes, and reducing the length of stay in foster care. Services include alcohol and drug treatment, counseling, housing assistance, and parent training; in 2017-19 about half of SPRF spending (\$26.5 million total funds) was in the last category. When coupled with \$7.3 million in Federal Funds expenditure limitation supported by federal Family First Transition Act funds and \$2.0 million in remaining federal Title IV-E waiver dollars, the additional General Fund will keep the program whole for the remainder of the 2019-21 biennium.

As background, since its creation in 2011 (SB 964) and up until October 1, 2019, SPRF had been funded with a mix of federal dollars and state General Fund. The availability of federal resources, either accrued savings and/or waiver funding, was a core assumption of the enabling legislation. A waiver was needed because SPRF services have not been eligible for regular matching federal program funds. In 2018, the Family First Prevention Services Act (Family First) reformed federal child welfare financing streams, which led to the waiver funding for SPRF lapsing three months into the current biennium; the associated federal dollars were removed from the 2019-21 budget, which effectively eliminated half of the budget. Due to other priorities, the SPRF budget was also reduced by \$7.0 million General Fund.

While DHS did not have a specific plan for operating SPRF at any lower level of funding, during the 2019 session, the agency indicated it would strive to eliminate services that were proving less effective or not meeting desired outcomes. In addition, it appeared possible that the remaining funds could be leveraged to match federal funding anticipated to be available for foster care prevention under Family First; allowing match on certain prevention activities was another element of the federal financing reforms. However, efforts to eliminate specific contracts have not proven successful and the agency's review of SPRF services concluded that very few of them would be eligible for matching federal dollars. As a result, DHS continued to operate the program as if no reductions in federal or state funding occurred.

Looking ahead to the 2021-23 biennium, even with this current infusion of General Fund, the CW program will need to prepare for operating SPRF at about 75% of the 2019-21 funding level, since the federal funding being used to help shore up the program's budget is one-time and will be phased out during budget development. These funds are being made available to states to help them transition to Family First and support former waiver-funded activities during that transition timeframe. DHS expects to receive about \$9.8 million in these dollars; outside the \$7.3 million approved for SPRF, the Subcommittee added \$2.5 million Federal Funds expenditure limitation for the program to start addressing transition needs. Also related to Family First is a \$4.0 million General Fund appropriation to the Emergency Board approved in HB 5026 (2019) to help support implementation of the federal act by increasing capacity to provide in-home and evidence-based services; the Subcommittee left that appropriation intact for a potential agency request later this biennium.

The next largest CW investment approved by the Subcommittee is an increase of \$5.8 million General Fund (\$8.3 million total funds) and 52 positions (42.36 FTE) tied to recommendations related to Executive Order (EO) 19-03, which was issued by Governor Brown on April 18, 2019. The EO established an oversight board to address the crisis in Oregon's child welfare system. A core element of the EO was procurement of a crisis management team to implement program-related directives. In late April, a contract with Alvarez & Marsal Public Sector Services (A&M) was signed to carry out this work. Over the last eight months of 2019, A&M examined several areas of the agency and the CW program,

ultimately providing feedback on needed improvements; the Subcommittee approved a subset of the 67 positions (52.55 FTE) recommended by A&M:

- 13 positions (13.00 FTE) to add a second swing shift for the Oregon Child Abuse Hotline to respond to call volume and improve response times;
- 5 positions (4.25 FTE) to augment Critical Incident Review Team (CIRT) efforts to help prevent child fatalities through practice improvement, along with coordinating strategy, training, and partner collaboration specific to housing and substance use policy;
- 5 positions (5.00 FTE) to support overall CW program continuous quality improvement, ensure goal and strategy alignment, and to measure family outcomes;
- 11 positions (8.51 FTE) to improve child safety, staff retention, and workforce development by expanding the CW training unit;
- 4 positions (2.52 FTE) to focus on funding strategies to divert children and youth from entering the foster care system in alignment with Family First and ensure compliance with federal policy interpretation and reporting; and
- 8 positions (5.04 FTE) to improve permanency outcomes by strengthening family supports, ensuring children are in a safe and stable living environment, and achieving timely reunification, adoption, or guardianship.

In addition to funding new positions, the Subcommittee approved \$450,000 General Fund to help sustain partnerships with vendors that assist with foster parent recruitment, retention, and training. To enhance partnerships between mental health clinicians and residential treatment services, \$780,000 General Fund was added to pay for associated costs that are not billable to Medicaid.

The Subcommittee also added \$3.8 million General Fund and \$1.9 million Federal Funds expenditure limitation to pay for certain 2019-21 collective bargaining agreement provisions not covered by the statewide salary distribution. These include the cost of increasing salary ranges (salary selectives) for the Social Services Specialist 1 and 2 classifications (child welfare case workers) by one level; the new ranges are 25 and 27. With least cost implementation, these changes affect 431 employees (out of 1,800) at an estimated cost of \$3.0 million General Fund and \$1.5 million Federal Funds. Another cost is tied to a letter of agreement providing union-represented CW program employees with a one-time retention payment of \$500 in recognition of their dedication to public service; payments were made to 2,357 employees, costing \$824,950 General Fund and \$353,550 Federal Funds. Not included in the approved amounts is the estimated cost of making case workers eligible for a shift differential of \$1 per hour for work performed after hours or on weekends, since these types of collective bargaining costs are typically managed by agencies internally.

Another request approved (in part) by the Subcommittee supports rate increases in the behavior rehabilitation services (BRS) program, which offers behavioral intervention, counseling, and skills-training services to children and young adults in Oregon's child welfare and juvenile justice systems. Both DHS and the Oregon Youth Authority (OYA) contract with BRS providers for a range of services in various settings. The current rate setting methodology is the result of a comprehensive BRS program review that was required under a 2014 settlement agreement reached to resolve a lawsuit filed against the state by BRS providers; rates were last increased (average increase of just over 9%) on July 1, 2019.

During the 2019 legislative session it was recognized that BRS rates and funding would likely need to be revisited during the biennium due to SB 171 (2019), which requires DHS to make program changes aligning state law and practice with the federal Family First legislation. One requirement is that residential treatment programs used by DHS (or shared by DHS and OYA) must be accredited by July 1, 2020 and meet “qualified residential treatment program” (QRTP) criteria as set out in the federal law. QRTPs have to meet more service requirements than current programs; including offering 180 days of aftercare, using only evidence-based treatment models, and providing 24-hour access to nursing services. While not all of the state’s current BRS providers will choose to be accredited, the agencies’ plan is for the QRTP requirements to be met by all BRS providers to uniformly improve the quality of services throughout the residential treatment system. This approach is expected to also help avoid moving to a bifurcated rate model.

The BRS rate model uses Oregon Wage Information (OWI) from the Oregon Employment Department as a factor to more closely align rates with actual wages being paid to direct care staff and workers in this sector. However, the timing of the OWI publication, which occurs each June, does not mesh neatly into the state’s budget preparation timelines. For example, current rates are based on the 2017 OWI; the agencies requested a rate increase to account for the most recent OWI published in June 2019.

The Subcommittee approved \$1.6 million General Fund and \$2.6 million Federal Funds expenditure limitation to support higher rates tied to both the QRTP and OWI components; with these changes BRS rates will increase by an average of 15.2% effective July 1, 2020. The full amount of General Fund required to implement the rate increase is \$4.0 million, however, the program has identified \$3.5 million in General Fund savings to put toward the BRS program needs; \$2.5 million is used to offset part of the BRS rate increase and the remaining \$1.0 million will be used to mitigate a potential BRS bed closure issue in Douglas County.

The approved BRS funding package does not include a request to build a vacancy factor into the rate model that is based on half the cost of an occupied bed (using the absent day rate) and equal to 5% (eighteen days) annually. This proposed new rate component was not contemplated during the 2019 session and would be better suited as part of a policy package request for more in-depth review and consideration during the 2021 legislative session. The Subcommittee also noted that its approval of the updated 2019 OWI adjustment is not intended to set a future precedent for automatically updating rates based on the most current OWI just prior to sine die of the long legislative session or for updated rates to be routinely approved every short session. Statewide budget development timelines result in many pricing, rate, or payment assumptions becoming potentially outdated by the time budgets are actually enacted; while it can be operationally challenging, this disconnect is a condition under which most agencies and partners across state government simply need to manage.

To provide more transition services for foster children, the Subcommittee approved \$2.0 million General Fund for the CW Independent Living Program (ILP), which contracts with non-profits and governmental agencies to provide life skills training and other transition services to current and former foster youth between the ages of 14 to 21. The agency’s spending plan allocates \$720,000 to assist approximately 200 more youth; \$1.1 million to help stabilize the provider community by increasing the rate paid per youth (from \$200 to \$300 per month); \$100,000 to provide more Chafee Housing to eligible youth; and \$94,000 to help cover discretionary needs such as housing start-up costs or school fees for eligible youth. No federal funding is available to match state dollars; while some federal dollars are used for ILP services, that federal grant is capped.

Another budget adjustment approved by the Subcommittee is an increase of \$14.9 million in Federal Funds expenditure limitation to pass federal dollars through to the Public Defense Services Commission (PDSC). These additional federal dollars will reimburse payments made by PDSC to fund legal representation of certain children and/or parents and training for contract providers. Federal policy was revised last year to allow states to claim Title IV-E administrative costs (at a 50% match rate) for independent legal representation of children and their parents when (1) the children are candidates for Title IV-E foster care, or (2) the children are in foster care and the legal representation assists the subject children and parents to prepare for and participate in all stages of foster care legal proceedings, such as court hearings related to a child's removal from the home.

The Subcommittee also approved an adjustment shifting \$89,173 in anticipated General Fund savings from CW to SAEC to help cover the costs of a new licensing position in Shared Services associated with work under the proposed SB 1566. To formally check in with CW on budget investments and program challenges during the interim, the Subcommittee approved the following budget note:

BUDGET NOTE: By the end of calendar year 2020, the Department of Human Services (DHS) will provide at least one report to the Emergency Board on the Child Welfare program. The report should include, but need not be limited to, the following: 1) status of child welfare program investments made during both the 2019 and 2020 legislative sessions; 2) Family First implementation efforts; 3) data around case worker recruiting, hiring, position vacancies, separations, turnover, and training; 4) an update on how the Oregon Child Abuse Hotline is performing with regard to metrics, workforce, training, and quality assurance, and 5) progress made in assessing the effectiveness of the Strengthening, Preserving, and Reunifying Families program.

Vocational Rehabilitation

The budget approved by the Subcommittee for Vocational Rehabilitation (VR) reflects an increase of \$634,622 General Fund, a decrease of \$39,411 Other Funds expenditure limitation, and an increase of \$17.1 million Federal Funds expenditure limitation); no changes are made to position counts or FTE. The statewide salary adjustment for this program accounts for a \$2.6 million total funds increase.

The fall 2019 forecast projects the 2019-21 VR caseload to be about 0.5%, or 51 clients, higher than the spring estimate. With a recent award of \$15 million in federal reallocation dollars, for which the rebalance includes expenditure limitation, the program should be able to avoid activating the Order of Selection (priority wait list) in 2019-21. That award may allow the program to free up some General Fund on a one-time basis, however, an assessment of that potential action and any associated program or budget impacts cannot be made until the next round of reallocation funding is awarded in fall 2020. The program's rebalance also include technical adjustments and transfers.

Aging and People with Disabilities

Budget adjustments made by the Subcommittee for the Aging and People with Disabilities (APD) program reflect an increase of \$26.1 million General Fund, an increase of \$151,246 Other Funds expenditure limitation, a decrease of \$23.9 million Federal Funds expenditure limitation, and a net increase of 8 positions (8.37 FTE). Total funds of \$14.9 million cover the statewide salary distribution for this program.

Overall long term care caseloads are estimated to be 2% higher than the spring 2019 forecast, with about 90% of the projected 686 additional clients anticipated to be served in home. The caseload increase is driving a need of \$12.5 million General Fund (\$39.6 million total funds). These costs are partially offset by \$5.2 million in reduced General Fund need; during budget development a subset of clients were double counted.

The approved rebalance plan also includes an additional \$3.4 million General Fund to resolve the federal funding gap created by the FMAP change. A new program cost covered in the plan is \$55,000 General Fund (\$122,400 total funds) to provide 25 vehicles for APD staff, primarily driven by the new field positions approved in the 2019-21 legislatively adopted budget. Another change is a housekeeping adjustment (decrease of \$641,281 General Fund) to correct the amount of budget savings tied to the elimination of evidence-based health contracts in the 2019-21 adopted budget. Position transfers related to systems development and support work drive a net increase of one position (1.37 FTE). Other technical adjustments primarily involve the movement of position-related costs for rent, state government service charges, and other enterprise costs to SAEC where these charges are booked; this is standard post-session clean up.

The APD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$10.2 million General Fund and \$19.9 million Federal Funds expenditure limitation to cover wage increases for home care workers and support an adjustment to offset wages forgone as these workers start to contribute 5% of their salary to the Oregon Saves retirement program beginning July 1, 2020. As of that date, a worker's hourly rate for standard levels of care will be \$15.77 per hour. The Subcommittee used a \$20.0 million General Fund special purpose appropriation created for non-state employee compensation issues to cover most of these costs.

However, inconsistent with past practice, the total amount of General Fund requested by DHS and OHA for non-state worker collective bargaining exceeded the budgeted \$20.0 million amount by \$3.1 million. The overage is a direct result of collective bargaining agreement language around the Oregon Saves contribution, which directed the agency to seek additional funding from the Legislature. To help prevent this direction from becoming a precedent, the budget for the Department of Administrative Services includes additional resources to manage collective bargaining for non-state workers and to report to the Legislature on any associated compensation changes.

In January 2020, DHS made a request for \$3.1 million General Fund (\$5.8 million total funds) and 38 positions (33.19 FTE) to help mitigate program risks identified since the 2019 legislative session. Most of that request, which impacted multiple programs and included positions to support adult abuse investigation due process efforts, emergency planning, and a demonstration project embedding operational functions closer to field operations were not approved. However, the Subcommittee did approve a portion of the risk mitigation package with an increase of \$603,117 General Fund (\$1.1 million total funds) and 7 positions (7.00 FTE). The positions will support the Provider Time Capture (PTC) project, which is an information technology project redesigned to meet federal requirements around electronic visit verification for Medicaid personal care and in-home services provided by home care workers); the number of PTC positions approved is lower than the request for 13 positions (13.00 FTE).

The PTC project is coming up against a mandatory January 1, 2021 start date and DHS requested extra resources to ensure the program is implemented on time and to avoid a potential loss of federal funding due to non-compliance. While the project has been underway for multiple biennia, federal law changes mid-project affected project scope and contributed to the agency and the original project contractor mutually terminating their engagement in January 2019. Subsequently, the PTC project team explored other options to implement a solution meeting the requirements of the federal law, which resulted in the development and release of a request for proposal that is currently open and scheduled to close at the end of March 2020.

Intellectual and Developmental Disabilities

Budget adjustments made by the Subcommittee for the Intellectual and Developmental Disabilities (IDD) program reflect an increase of \$52.0 million General Fund, an increase of \$47,449 Other Funds expenditure limitation, and an increase of \$87.7 million Federal Funds expenditure limitation. No changes were made to positions; \$8.1 million total funds was added to cover the program's statewide salary distribution.

The caseload forecast for program services is 2.5% higher than the spring 2019 forecast, which is an increase of 506 clients over the 2019-21 biennium. Program caseloads had been trending fairly flat, but actuals began ticking upward soon after the spring 2019 forecast was finalized. Growth is occurring primarily in the in home support services caseloads for both children and adults. The rebalance-related budget impact is an increase of \$15.9 million General Fund (\$47.3 million total funds). Other approved rebalance adjustments include \$3.1 million General Fund to resolve the federal funding gap created by the lower FMAP, along with technical adjustments, transfers, and post-session clean up actions.

The Subcommittee approved additional funding to pay for certain 2019-21 collective bargaining agreement costs not anticipated to be covered by the statewide salary distribution adjustment. For the IDD program this is driven by change to one of the classifications used at the Stabilization and Crisis Unit (Mental Health Therapy Technician), which is being discontinued and replaced with a new, unique classification called Direct Support Crisis Specialist. The new classification's salary range (19) is three ranges higher than the old one. With least cost implementation, this change affects 171 (out of 600) employees at a cost of \$465,796 General Fund and \$936,354 Federal Funds.

The IDD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$9.4 million General Fund and \$18.3 million Federal Funds expenditure limitation to cover wage increases for personal support workers and support an adjustment to offset wages forgone as these workers start to contribute 5% of their salary to the Oregon Saves retirement program beginning July 1, 2020. As of that date, a worker's hourly rate for standard levels of care will be \$15.77 per hour. For adult foster homes serving IDD clients, the Subcommittee added just under \$3.0 million General Fund and \$6.1 Federal Funds expenditure limitation to pay for a 7.15% rate increase effective July 1, 2020. Funding to increase rates for adult foster homes serving APD clients was already included in the agency's 2019-21 legislatively adopted budget.

In the 2019-21 legislatively adopted budget, the Community Developmental Disability Programs (CDDPs) and brokerages (the IDD case management entities) received \$13.0 million General Fund (\$22.9 million total funds) to add 149.55 FTE under a newly updated workload model that captures complex case management activities and efforts required to use a new assessment tool, the Oregon Needs Assessment. Due to General Fund constraints that package was \$10.0 million lower than the amount DHS requested. To help address concerns from these entities

about underfunding and unresolved workload issues, the Subcommittee approved \$5.0 million General Fund and \$6.1 million Federal Funds expenditure limitation to increase workload model funding in the second year of the biennium. The investment is expected to help build needed case management capacity, increase safety, improve health monitoring, and prevent crisis situations.

Another 2019 legislative session investment in IDD was a package to support higher wages for direct support professionals through an increase in IDD provider rates. The Legislature added \$30.0 million General Fund (\$91.8 million total funds) to increase rates for most services, but also set expectations about how the funding would be applied; specifically, that the plan should provide for an initial rate increase of no more than 4%, allow for a transition to new rate models mid-biennium, and raise direct support professional (DSP) wages as close as possible to \$15.00 per hour by the end of the 2019-21 biennium. Accordingly, effective August 1, 2019, DHS raised most provider rates by 4%, with rates for some children's services increased on a different timeline or structure. With these changes, the estimated average DSP wage is \$14.09 per hour.

The program planned to move to new rate models this July and estimated the average DSP wage would reach \$14.99 per hour. However, the original cost estimates for the transition were incorrect due to data errors found in December 2019. The errors resulted in the agency underestimating how many people require higher (and more costly) levels of behavior support; the updated costs exceed the current budget. In January 2020, the agency and providers requested additional funding to partially mitigate those errors, The Subcommittee approved \$12.2 million General Fund and just under \$23.0 million Federal Funds expenditure limitation to cover a 7% rate increase on the current rates beginning July 1, 2020, with the new rate models scheduled to implemented on January 1, 2021. Under this updated plan, the average DSP wage is projected to be \$14.38 per hour.

During the 2020 legislative session IDD stakeholders requested legislative engagement to help move forward on establishing a reliable statewide case management system to support data driven policy decisions, more informed caseload forecasting, and increased transparency. To work toward this goal, the Subcommittee approved the following budget note:

BUDGET NOTE: At the meeting of the Emergency Board closest to June 1, 2020, the Department of Human Services shall report on options and recommended next steps for the design and implementation of a statewide case management system serving the Intellectual and Developmental Disabilities program. This effort should be focused on how best to meet the needs of the program, case management entities, providers, families, and people experiencing developmental disabilities. The agency will consult with information technology staff from the Oregon Health Authority's Office of Information Systems (OIS), the Office of the State Chief Information Officer (OSCIO), and the Legislative Fiscal Office (LFO) to ensure that options and recommendations account for availability of OIS resources (or appropriate alternatives) and are consistent with the OSCIO Information Technology (IT) Investment Oversight Policy and the Joint State CIO/LFO Stage Gate Review Process for IT projects.

Central Services

For Central Services, the Subcommittee approved a budget increase of \$5.1 million General Fund, an increase of \$358,559 Other Funds expenditure limitation, and an increase of \$3.8 million Federal Funds expenditure limitation; positions were increased by 43 (28.23 FTE). These amounts include \$3.8 million total funds from the statewide salary distribution.

Approved rebalance changes for this program are driven by a reorganization of human resources (HR) functions in both DHS and OHA. When the two agencies split in 2009, each agency was allocated some HR staff, but certain activities were housed in DHS under Shared Services. Since the 2019 legislative session, the two agencies have agreed that some of the shared functions might perform better if they were allowed to focus solely on one agency's needs. After several months of discussion, it was determined that OHA would receive nine positions, or just under one-third of the HR positions based on cost allocation statistics and DHS would retain 20 positions (12.51 FTE). The rebalance moves the 20 positions from Shared Services to the Central Services' HR unit; along with the positions comes \$1.8 million General Fund (\$2.8 million total funds). The rebalance also includes position transfers related to systems development, human resources, and research efforts that net out to an increase of two positions (1.38 FTE).

As discussed under the Child Welfare narrative previously, an external contractor, Alvarez & Marsal Public Sector Services (A&M), examined several areas of the agency and provided feedback on needed improvements. For Central Services, the Subcommittee approved \$1.4 million General Fund (\$2.6 million total funds) and 21 positions (14.34 FTE), as recommended by A&M; this is a subset of the 21 positions requested:

- 3 positions (1.89 FTE) to improve transparency of child welfare efforts, track and coordinate responsibilities related to litigation, and support a team dedicated to receiving and responding to an average of 500 monthly public records requests;
- 14 positions (8.82 FTE) in human resources to cover recruitment workload demands; lead and direct DHS Workday implementation; align classification, compensation, and safety work with legal requirements; ensure safety and wellbeing of employees through risk management; and support leadership decision-making related to the Americans with Disabilities Act; and
- 4 positions (3.63 FTE) to create a team within the Office of Reporting, Research, Analytics, and Implementation to focus on child welfare reports, data, and a dashboard in alignment with A&M's work.

Shared Services

The budget approved by the Subcommittee for Shared Services is a net increase of \$5.0 million Other Funds expenditure limitation and a net decrease of 10 positions (6.60 FTE) from the legislatively adopted budget. The most significant rebalance-related adjustment is a reduction of \$4.2 million and 29 positions (18.18 FTE) for the human resources reorganization approved for DHS and OHA. Also included are technical adjustments, transfers, and position adjustments; the latter action repurposes three vacant positions to address workload in contracts and publication services. The net funding increase also includes \$3.5 million Other Funds expenditure limitation for the statewide salary distribution.

In response to the expected enactment of SB 1566, which includes a provision requiring DHS to license any out-of-state child-caring agency in which Child Welfare is placing children, the Subcommittee approved a new full-time permanent Compliance Specialist 3 position (1

position/0.75 FTE) at a biennial cost of about \$200,000 General Fund. The position is budgeted in the Office of Training, Investigations, and Safety (OTIS) and is partially funded with General Fund from the CW program.

Another change affecting OTIS is also related to SB 1566; with passage of SB 155 (2019), the agency is now responsible for handling reports of third party child abuse, however, the resources for this work provided under that measure do not appear to be adequate for addressing the volume of reports anticipated. SB 1566 permits DHS, up through March 31, 2021, to close at screening certain types of these reports. This flexibility supports gradual program implementation and provides time for DHS to gain actual experience with these new investigations toward helping inform policy and resource needs. A report on program activity is due to interim legislative committees no later than November 15, 2020. In addition, delaying full implementation will mitigate some projected costs. For context, without the measure, DHS estimates needing 46 positions and \$7.8 million General Fund in the current biennium to handle approximately 5,000 investigations per year. The Subcommittee approved \$2.6 million General Fund (\$4.2 million total funds) and 17 positions (9.86 FTE) to scale up work on these investigations. Depending on how that work evolves, the agency may want to report to the Emergency Board in the interim, perhaps in conjunction with the substantive committee report required under the bill.

State Assessments and Enterprise-wide Costs

The Subcommittee approved, for State Assessments and Enterprise-wide Costs (SAEC), net increases of \$15.0 million General Fund, \$308,771 Other Funds expenditure limitation, and \$6.4 million Federal Funds expenditure limitation; no changes were made to positions or FTE as these are not budgeted within this program unit. Rebalance-related actions account for the bulk of these increases; a net increase of \$7.7 million General Fund (\$11.0 million total funds) is primarily tied to agencywide technical adjustments moving enterprise costs (state government service charge, facilities rent, computer replacements, etc.) to SAEC for new positions added in the 2019-21 adopted budget; this is standard post-session budget adjustment activity. Another element of the increase is \$4.5 million General Fund (\$8.0 million total funds) to update the shared services funding line (pays Shared Services personnel costs) for the statewide salary distribution.

New positions approved by the Subcommittee for OTIS (Shared Services) drive an increase of \$2.8 million General Fund in the shared services funding line; there is currently no federal funding source that can be used to help fund these investigative and licensing activities.

Commission for the Blind

The Subcommittee approved one-time increases of \$52,929 General Fund, \$156,098 Other Funds expenditure limitation, and \$2,552,443 Federal Funds expenditure limitation for information technology services, the purchase of vending machine equipment for the Commission's Business Enterprise Program, and for the Case Management Migration Update project.

Oregon Health Authority

HB 5204 adjusts the Oregon Health Authority (OHA) budget by supporting actions necessary to rebalance the agency's budget, address multiple budget challenges, and implement several investments approved by the Subcommittee. Many of these issues were discussed at the January 2020 meeting of the Joint Interim Committee on Ways and Means and deferred to the 2020 legislative session.

The following table provides a high-level summary of the OHA budget adjustments approved in HB 5204.

Oregon Health Authority	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Rebalance	(24,903,764)	826,000	193,005,719	4,577,725	173,505,680	72	65.69
Aid and Assist investments	13,207,670	-	131,548	302,560	13,641,778	50	29.79
Oregon State Hospital - current program costs	74,602,291	-	(31,029,554)	(7,586,868)	35,985,869	33	31.35
IMD federal Medicaid repayment	50,000,000	-	-	-	50,000,000	-	-
Community mental health	9,000,000	-	-	-	9,000,000	-	-
Mental health rate standardization	(11,895,031)	-	-	46,284,601	34,389,570	-	-
Behavioral health IT project	450,000	-	-	7,575,286	8,025,286	-	-
Targeted rate increases	1,875,000	-	-	3,493,000	5,368,000	-	-
Backfill medical marijuana revenue shortfall	1,495,538	-	-	-	1,495,538	-	-
Nurse staffing law support	1,383,589	-	-	-	1,383,589	6	3.00
One-time grant and rate savings	(11,483,838)	-	-	9,390,088	(2,093,750)	-	-
Non-state employee collective bargaining	570,974	-	-	880,298	1,451,272	-	-
Other position and limitation adjustments	137,992	-	2,551,146	361,313	3,050,451	8	4.78
Subtotal	104,440,421	826,000	164,658,859	65,278,003	335,203,283	169	134.61
Statewide adjustments	29,269,053	94,721	12,537,482	10,220,245	52,121,501	-	-
Total OHA HB 5204 Adjustments	133,709,474	920,721	177,196,341	75,498,248	387,324,784	169	134.61

A critical issue addressed in the budget is the insufficient capacity in the Oregon State Hospital and local communities to support a sustained increase in the number of individuals who are under court orders to receive mental health services in order for them to “aid and assist” in their own criminal defense. The budget funds the opening of an additional 25-bed unit at the Oregon State Hospital Junction City campus, establishes a new program unit in OHA to oversee and help coordinate community behavioral health services, increases funding for community restoration services, and supports expanding treatment facility capacity in the community.

The agency's budget rebalance, which largely addresses changes in caseloads, federal match rates, available revenue, and transfers between programs, results in net General Fund savings of \$24.9 million. This change is nearly identical to the adjustments reflected in the agency's rebalance report submitted to the Legislature in December 2019 and has been updated for revised revenue forecasts and legislative decisions. Many of the other adjustments in the bill support underlying budget problems faced by the agency. This includes a \$74.6 million General Fund increase in the Oregon State Hospital to backfill a shortfall in Other Funds and Federal Funds revenue, support increased staffing costs, fund OHA's opening of two treatment cottages, and repay overclaimed Medicaid reimbursement on a one-time basis. Also included is a one-time \$50.0 million General Fund increase in the Health Systems Division to repay the federal government for a separate issue involving overclaimed Medicaid match.

Not supported is a \$28.1 million General Fund increase requested by OHA to support one-time costs associated with the agency's decision to incorporate the coordinated care organization (CCO) quality incentive pool funding model into the CCO capitation rate structure. As described in more detail below, the agency is expected to mitigate this one-time cost within its existing resources while maintaining the level of quality incentive pool payments funded in the agency's 2019-21 legislatively adopted budget. The Subcommittee recommendation also postpones allocation of \$5.7 million from the special purpose appropriation to the Emergency Board to support interdisciplinary assessment teams until the agency has gone through the request for proposal process.

The bill includes \$9.0 million General Fund to support community mental health services. This funding is available as a result of a reservation established in the general purpose Emergency Fund in HB 5050 (2019). The budget also supports investments for targeted increases in provider rates, specifically \$1.5 million to increase Applied Behavior Analysis technician rates and \$375,000 to increase neonatal and pediatric intensive care provider rates.

In addition to the General Fund investments to resolve the agency's budget challenges, the Subcommittee established a \$75.0 million special purpose appropriation to the Emergency Board in recognition of potential future challenges identified by OHA or the Department of Human Services (DHS).

A more detailed description by program area follows.

Health Systems Division (HSD)

For HSD, the budget includes a General Fund increase of \$17.3 million, a total funds increase of \$170.4 million, and an increase of 39 positions (35.59 FTE). To support the repayment of overclaimed federal Medicaid match that occurred over a six-year period, the Subcommittee approved a one-time increase of \$50.0 million General Fund with the understanding that the Department of Administrative Services will unschedule this funding until the precise repayment amount is known upon reprocessing the incorrect claims.

As part of the investment to support individuals who are under “aid and assist” court orders, the HSD budget is increased by \$7.3 million General Fund. This amount supports all elements of the investment except for the funding to open the new unit at the Oregon State Hospital Junction City campus. The HSD adjustments include:

- \$886,901 and eight positions (5.04 FTE) to establish the new Intensive Services Unit to provide oversight and coordination of community-based services for adults who enter the behavioral health system through court actions;
- \$4.1 million to increase state support for aid and assist community restoration services; and
- \$2.3 million to expand the number of treatment beds in community settings.

The \$4.1 million for community restoration is in addition to existing community mental health program funding available for these services, including, but not limited to, \$6.8 million from an investment made in the 2015-17 biennium and a \$7.6 million investment in the agency’s 2019-21 legislatively adopted budget to support aid and assist community capacity. Given the critical role data-drive outcomes have in helping to determine the appropriate strategies for investing in these services, the Subcommittee approved the following direction:

BUDGET NOTE: The Oregon Health Authority shall collect, or develop a plan to start collecting, performance outcome data and service-level expenditure information related to all funding in the agency’s budget awarded to community mental health programs to support restorative services and community capacity for individuals under aid and assist court orders. The agency shall report to the Legislature by December 1, 2020 regarding the community mental health program performance outcome and financial reporting requirements in place at that time and any plans by the agency to incorporate additional performance outcome and financial reporting requirements, as necessary, to determine the effectiveness of state investments in aid and assist restorative services and community capacity.

The purpose of the \$2.3 million General Fund is to provide one-time start-up funding to help expand the number of community-based treatment beds, study the underlying reasons for the increasing number of individuals entering behavioral health treatment as a result of their involvement in the criminal justice system, and to support related service expenditures. OHA has identified up to 25 beds across multiple communities that, with one-time investments, could be brought online within the next several months. OHA is expected to ensure private resources are leveraged as much as is possible to help expand the number of community treatment beds. The ongoing full biennial General Fund need for non-Medicaid reimbursable services is not fully known, and will depend on the level of non-reimbursable Medicaid services these individuals need. The Subcommittee included the following direction:

BUDGET NOTE: The purpose of the additional community mental health treatment facility beds established with the \$2.3 million investment is for the Oregon Health Authority (OHA) to transition patients receiving services in the Oregon State Hospital to community beds, as appropriate based on the needs of the patient. OHA shall ensure that Medicaid and other forms of reimbursement for patient care are maximized and shall leverage private resources to the extent possible before state General Fund reimbursement is required.

The agency shall report to the Emergency Board at its first and second meetings in 2020 regarding the progress made to establish additional beds in community settings and the full cost of care for the individuals admitted. At a minimum, the report shall identify the

amount of funding expended on one-time start-up costs and what those costs entail, how the agency has leveraged private resources in addition to state funds to establish beds, the number and type of beds established in community settings, and the number of individuals placed in the community beds who were discharged from the Oregon State Hospital versus those who were not. The report shall also identify the average cost for each individual receiving services and treatment in the community beds; the amount of the average cost supported with General Fund and federal Medicaid reimbursement; and the estimated cost by fund source for continuing to provide services for these individuals through the remainder of the 2019-21 biennium and over the course of the 2021-23 biennium.

The bill increases General Fund by \$1.5 million to increase the reimbursement rate for Applied Behavior Analysis administered by licensed providers, specifically under Current Procedural Terminology (CPT) code 97153. The bill also includes \$375,000 General Fund to increase neonatal and pediatric intensive care provider rates under the following CPT codes: 99468, 99469, 99471, 99472, 99475, 99476, 99477, 99478, 99479, and 99480. Both sets of rate increases assume an effective date of July 1, 2020, subject to federal approval. In an effort to explore additional aspects of the health care system that can impact outcomes, the Subcommittee recommended the following:

BUDGET NOTE: By September 15, 2020, the Oregon Health Authority shall report to the House and Senate Committees on Health Care regarding the estimated costs and required steps to professionalize the health care interpreter workforce.

A large portion of the agency's rebalance adjustments occur in HSD. These include General Fund costs of \$9.1 million resulting from decreased Medicaid match rates and \$4.3 million to backfill declining tobacco tax revenues dedicated for OHP and community mental health services, as adjusted according to the March 2020 state revenue forecast. Forecasted caseload changes result in net General Fund savings of \$3.0 million, which includes costs of \$4.7 million due to increases in the Cover All Kids caseload and savings of \$7.7 million due to changes in the Medicaid caseload. Although the Medicaid caseload forecast reflects a small overall decrease in the number of members eligible for services, the savings amount is driven by changes between caseload categories with different cost and federal match structures.

The bill makes no adjustments for forecasted changes in the community mental health caseload pending the continued review of the caseload forecast and budget processes with stakeholders, which was required by a 2019-21 budget note. OHA presented an initial report on this work in early February 2020; the report indicates more time is needed to collect, analyze, and validate data, and review cost models before final recommendations can be presented. This work is expected to be done by December 2020. In advance of the outcome of this work, the bill increases the community mental health budget by \$9.0 million General Fund, which eliminates an Emergency Fund reservation established during the 2019 legislative session. An important purpose of the \$9.0 million is to help reduce the number of individuals sent to the Oregon State Hospital on aid and assist orders through activities such as community-based restoration, system management and coordination, and jail diversion programs.

To advance the behavioral health system modernization project through the 2019-21 biennium, the bill includes \$450,000 General Fund. This amount is in addition to \$1.5 million General Fund authorized during the 2019 legislative session and is expected to sustain project activities through the biennium.

Savings of \$50.0 million General Fund is included as a result of several Other Funds and Federal Funds revenue sources available to support OHP and non-Medicaid behavioral health expenses. OHA estimates revenue from the Type A and B rural hospitals will offset \$13.0 million General Fund. As part of the closeout of the 2017-19 biennium, \$30.4 million in unspent Other Funds revenue is available to offset \$26.0 million in General Fund expenditures on a one-time basis. This includes \$10.9 million from the assessment on diagnostic related group hospitals, \$10.0 million from the OHSU intergovernmental transfer agreement, and \$5.1 million from Tobacco Master Settlement Agreement funds, tobacco taxes, and recreational marijuana taxes. The agency is also able to save \$11.0 million General Fund on a one-time basis as a result of available federal Mental Health Block Grant funds. In addition to these amounts, one-time administrative savings of \$1.2 million General Fund is available to mitigate agency-wide cost pressures. One-time General Fund savings of \$456,250 is also available due to the effective date of a portion of the behavioral health provider rate increases implemented earlier in the biennium.

The HSD budget is affected by collective bargaining for non-state workers for providers serving mental health clients in adult nursing homes. To support increased costs, the Subcommittee approved using \$570,974 General Fund from a special purpose appropriation created in 2019 for non-state employee compensation expenses in OHA and DHS.

The bill supports the transfer of 29 OHP client service positions and related funding from DHS to OHA, as well as funding for the Speridian contract that provides required Medicaid tax reporting. This adjustment represents the return of a portion of the 476 positions transferred from OHA to DHS as part of an inter-agency realignment of OHP eligibility and member service functions in 2017-19. The Legislature previously supported the return of the 19-member Community Partner Outreach Program in the 2019-21 legislatively adopted budget. Based on continued evaluation of member service functions, the agency proposed the return of the 29 client service positions and contract funding but does not expect similar transfers in the future. The bill also supports other transfers and technical adjustments within OHA.

A series of General Fund and Federal Funds expenditure limitation adjustments reflect the budget adjustments resulting from standardized mental health residential provider rates that took effect July 1, 2019. Overall, this represents a net General Fund decrease of \$11.9 million and a Federal Funds increase of \$46.3 million. These adjustments reflect General Fund savings made possible through leveraging additional federal dollars for Medicaid-reimbursable services that were not captured under the old rate structure.

Increased expenditure limitation of \$22.9 million Other Funds and \$35.7 million Federal Funds supports the implementation of supplemental fee-for-service payments for public Ground Emergency Medicaid Transportation providers, consistent with HB 4030 (2016). The adjustment also includes two positions (1.50 FTE) to support program operations. A similar supplemental payment program for CCO services remains under development.

As part of its submission to the Joint Interim Committee on Ways and Means in January 2020, OHA requested \$28.1 million General Fund and \$83.0 million Federal Funds to support one-time transitional costs related to incorporating funding for the CCO quality incentive pool into the monthly CCO capitation rate structure as a rate “withhold” instead of continuing to fund the program outside the capitation rates. The agency

made this policy change as part of the 2020 CCO contracts to increase program transparency and help ensure quality incentive pool dollars are spent on core health care services. OHA originally understood this change to be budget-neutral; however, the agency subsequently identified a one-time cost resulting from a required change in accounting methodology under the rate withhold (cash basis) versus the previous way of funding the program outside the rate structure (accrual basis). In addition to this cost, outstanding questions remain regarding the methodology and legal construct the agency will apply in terms of using revenue withheld in the last six months of a biennium to contribute to the first quality incentive pool payment in the subsequent biennium pursuant to the performance payout schedule.

Although the Subcommittee supports the policies related to this change, OHA is expected to resolve the one-time cost within its existing budget while maintaining the level of quality incentive pool payments approved in the agency's 2019-21 legislatively adopted budget and ensure the rate withhold model and biennial performance payouts satisfy state accounting and budget rules. The Subcommittee included the following instruction:

BUDGET NOTE: The Oregon Health Authority shall take steps to resolve within its existing budget the one-time costs associated with transitioning the coordinated care organization (CCO) quality incentive pool into the monthly CCO rate structure while maintaining the level of quality incentive pool payments funded in the agency's 2019-21 legislatively adopted budget. The agency shall notify the Department of Administrative Services Chief Financial Office and Legislative Fiscal Office of any budget saving measures it identifies to resolve some or all of the one-time costs. If the agency is unable to resolve the one-time costs, the agency shall report to the Emergency Board no later than November 1, 2020 on the steps the agency has taken and explored to mitigate the one-time costs. At a minimum, the report shall identify all vacant positions across the entire agency funded in whole, or in part, with General Fund or other resources that can be used to offset General Fund expenses; the budget-to-actuals position by fund source of all agency programs according to the detail cross reference budget structure; year-to-date collections of and estimates for all Other Funds revenues used to support Medicaid expenditures; and options the agency proposes to contribute to some or all of the one-time costs.

Health Policy and Analytics (HPA)

The budget for HPA includes a General Fund decrease of \$1.1 million General Fund, total funds decrease of \$17.1 million, and a decrease of two positions (0.70 FTE). The net General Fund change includes \$638,287 in one-time administrative savings to help offset costs in other agency programs. HPA will achieve these savings through hiring delays and reducing services and supplies expenditures. Also included is the phase-out of one-time costs related to HB 4020 (2018), which established a new program to license extended stay center health care facilities.

The budget also removes \$15.0 million in unused Federal Funds expenditure limitation due to decreases in Office of Health Information Technology incentive payments for electronic health records. This decrease is commensurate with program milestones being met. The remaining changes reflect technical adjustments across OHA programs to align costs to the proper budget structure. These adjustments have a net-zero impact across the agency.

Public Health Division

The bill includes a General Fund increase of \$2.1 million, total funds increase of \$6.9 million, and an increase of 21 positions (11.94 FTE) for the Public Health Division. To help offset costs identified in other agency programs, a one-time reduction of \$303,341 General Fund is included, which the division will achieve by reducing expenditures on services and supplies and delaying the hiring of a vacant position.

To support Oregon's hospital nurse staffing laws, the bill includes \$1.4 million General Fund and six positions (3.00 FTE). The Subcommittee included the following instruction related to this investment:

BUDGET NOTE: The Oregon Health Authority shall use the \$1.4 million General Fund appropriation related to implementing nurse staffing laws to hire, whether through state employment or by contract, a manager with nurse staffing experience; ensure current client care surveyors are trained to understand the current practices of nurse staffing; and support administrative simplification of the nurse staffing process and survey toolkit. These actions are consistent with the recommendations of the Nurse Staffing Advisory Board and should include, but are not limited to, approval of standardized templates and universal forms and postings to the attestation of portions of the survey tool agreed upon by both Hospital Nurse Staffing Committee co-chairs. The agency shall also consider ways to address complaints in a timely fashion and leverage the expertise of the Nurse Staffing Advisory Board. The agency shall report to the Legislature during the 2021 legislative session on the progress of how these funds are being allocated to improve the intent and goal of hospital nurse staffing laws to promote better patient outcomes.

A \$1.5 million shift from Other Funds to General Fund represents the backfill of remaining medical marijuana revenue supporting non-medical marijuana program activities, specifically communicable disease program funding for local public health authorities. A similar adjustment was included in the 2019-21 legislatively adopted budget; however, medical marijuana revenue collections have declined faster than anticipated. This adjustment results in all remaining medical marijuana revenue budgeted for the medical marijuana program.

Consistent with available on-going revenue identified by the agency, Other Funds and Federal Funds expenditure limitations are increased by a combined \$791,843 to support seven positions (4.15 FTE). Of these, five positions will support increasing demands in foundational Public Health programs, including the Immunization, Acute and Communicable Disease, Public Health Laboratory, and HIV, STD, and TB programs. The remaining two positions represent the transfer of federal Health Preparedness Program positions from Multnomah County to the Public Health Division, as requested by the county. An increase of \$1.2 million Federal Funds and nine positions (5.67 FTE) will support work required by three recently awarded federal grants for Surveillance of Non-Fatal Suicide-Related Outcomes, Overdose Data to Action, and Rape Prevention Education. The agency received prior legislative authorization to apply for these grants.

A reduction of \$59,180 Other Funds expenditure limitation represents planned revisions to Emergency Medical Service (EMS) fees established in administrative rule. This includes eliminating fees no longer used and establishing a prorated fee schedule in order for EMS providers to not pay the full fee level when renewing or reinstating licenses for less than the statutory two-year licensing cycle.

Due to available tobacco tax revenue carried forward from 2017-19, Other Funds expenditure limitation is increased by \$5.0 million to support one-time activities, including a tobacco cessation campaign, tobacco prevention work occurring at the local level, and the implementation of Executive Order 19-09 pertaining to tobacco and vaping. A separate adjustment results in a net \$245,000 decrease in Other Funds expenditure limitation to reflect declining tobacco tax revenue available in 2019-21 for the Tobacco Use Reduction Account according to the March 2020 state revenue forecast. Other technical adjustments were approved that have a net zero effect.

Oregon State Hospital (OSH)

For the OSH, the bill includes a General Fund increase of \$84.6 million, a total funds increase of \$45.9 million, and an increase of 100 positions (81.10 FTE). Nearly half of the General Fund increase corresponds to backfilling a \$31.0 million shortfall in Other Funds revenue and a \$7.6 million shortfall in Federal Funds revenue. The Other Funds revenue shortfall is related to actions taken by the agency to certify additional hospital-licensed beds, which enables the hospital to bill insurance plans for patient services. Based on an estimated increase in this source of Other Funds revenue, the 2017-19 budget assumed General Fund savings of approximately \$30.0 million. Due to delays and setbacks with establishing the appropriate billing infrastructure and changes in patient reimbursement eligibility, OHA no longer expects reimbursement levels to achieve the General Fund savings, including the inflationary impact recognized during the 2019-21 budget development process. The Federal Funds revenue shortfall mostly relates to decreased availability of Disproportionate Share Hospital payments and changes in federal match rates. The Other Funds and Federal Funds shortfalls are backfilled with General Fund to maintain operations at the hospital.

As part of the aid and assist investment package, the budget increases General Fund by \$6.0 million and includes an increase of 42 positions (24.75 FTE) to open a new 25-patient unit at the Junction City campus. This action will enable the transfer of guilty except for insanity patients from the Salem campus to Junction City, thereby enabling additional aid and assist patients to be admitted to the Salem campus. The new unit is planned to be opened as of July 1, 2020.

Also included is an increase of \$8.5 million General Fund and 33 positions (31.35 FTE) to support the agency's opening of two eight-bed treatment cottages on the Junction City campus. The agency decided to open these cottages at the beginning of the 2019-21 biennium prior to requesting appropriation authority. The purpose for doing so, and in combination with other patient transfers, was to move civil commitment patients into the cottages to help make a 26-bed unit available at the Salem campus for aid and assist admissions. While the agency was able to make the 26 beds in Salem available for aid and assist patients, it was later determined that the bed space in the cottages was significantly underutilized through January 2020.

BUDGET NOTE: The Oregon Health Authority shall notify the Department of Administrative Services Chief Financial Office and Legislative Fiscal Office in writing any time the census of the 16-bed "Rivers Run" treatment cottages totals fewer than nine patients. Upon doing so, the agency shall provide a detailed description of the reason for the underutilization of the bed space, the number of individuals who qualify to be placed in the cottages based on treatment needs, and the estimated time for placing individuals in the cottages.

The budget includes a General Fund increase of \$17.4 million to support increased staffing and overtime costs related to enhanced patient supervisions commensurate with patient acuity levels. This amount does not include funding requested by OHA based on the agency's estimates for the level of OSH salary increases that would not be funded by the distribution of the statewide "salary pot." The agency needs to continue working with the Department of Administrative Services Chief Financial Office and Legislative Fiscal Office to determine appropriate amounts that should be funded as part of statewide adjustments.

The budget includes \$4.0 million General Fund and 25 positions (25.00 FTE) to support the implementation of the nurse staffing plan pursuant to the requirements of SB 469 (2015). General Fund in the amount of \$1.9 million supports the replacement of the personal monitoring transmitter system, which helps locate staff at times of duress and is no longer supported by the manufacturer. The safety system at the Junction City campus is more modern and is still supported. One-time General Fund of \$8.1 million is included to support the repayment of overclaimed federal Medicaid match. Other technical adjustments have a net zero impact on the OSH budget.

Public Employees' Benefit Board (PEBB)

The bill increases PEBB's budget by \$61.9 million Other Funds expenditure limitation. Nearly all of this increase (\$60.0 million) supports overall health benefit payments funded by member premiums based on changes in member enrollment and fluctuations between member plans. The adjustment does not represent higher than expected per-member benefit costs, as PEBB remained with the budgeted 3.4% annual inflationary threshold for the 2020 plan year. A similar expenditure limitation increase was approved as part of a prior agency rebalance, but only on a one-time basis.

The budget also includes \$1.9 million Other Funds expenditure limitation to support information technology security and system changes. Of this amount, \$1.0 million is for one-time expenses. Other technical adjustments have a net zero impact across the agency.

Oregon Educators Benefit Board (OEBB)

An increase of \$63.6 million Other Funds expenditure limitation is included in OEBB's budget. Similar to PEBB, most of this increase (\$62.0 million) supports overall benefit payments funded by member premiums based on changes in member enrollment and fluctuations between member plans. In addition, \$1.6 million supports information technology security and system changes, nearly all of which is for one-time expenses. Other technical adjustments have a net zero impact across the agency.

Central Services/State Assessments and Enterprise-wide Costs (SAEC)

The budget includes a General Fund increase of \$1.6 million, a total funds increase of \$3.6 million, and includes an increase of 11 positions (6.68 FTE). These amounts include \$137,992 General Fund to support an additional position (0.63 FTE) for OHA's central budget team to help manage the agency's cash position and strengthen divisional reporting and monitoring processes. An increase of \$155,315 General Fund, \$401,886 total funds, and nine positions (5.67 FTE) represents the separation of certain human resources functions from the joint OHA-DHS shared services funding model. Similar offsetting adjustments are included in DHS, which is where these positions were previously budgeted as part of the shared service budget structure. Other changes include technical adjustments to properly align costs across budget structures.

Long Term Care Ombudsman

A new Lottery Funds expenditure limitation in the amount of \$391,302 was established by the Subcommittee for the Oregon Public Guardian (OPG) program to add staff to exclusively serve veterans. The lottery revenue supporting this expenditure will be allocated in HB 5203, from the Veterans' Services Fund, which is sourced by lottery proceeds dedicated to veterans' services under Ballot Measure 96.

Effective July 1, 2020, the funding will pay for three permanent, full-time Veteran Specialist Deputy Public Guardian positions (Program Analyst 2 classification and 1.50 FTE total). Each position will carry a caseload of 20 veterans; OPG is currently serving 14 veterans and has 10 veterans on the program's waitlist. Consistent with OPG's existing clients, only veterans most at risk and without other options for achieving safety will be considered for the program. Less restrictive alternatives to guardianship will be thoroughly exhausted before pursuing guardianship. Additionally, veterans with appropriate family members willing and able to serve as a guardian, or veterans with adequate resources to pay for professional guardianship services, will not be considered for the program.

The Subcommittee noted that since the number of veterans currently identified as needing OPG services is only enough to warrant two positions, the third position should not be filled until caseload numbers justify its hiring. The agency is also directed to provide caseload and waitlist counts for both OPG and OPG Veterans caseloads to the Legislative Fiscal Office on a quarterly basis, with the first (baseline) report due by April 15, 2020, for the quarter ending March 31, 2020.

Psychiatric Security Review Board

The Subcommittee approved \$121,575 General Fund to support one additional permanent full-time administrative specialist position (0.63 FTE) to support the Psychiatric Security Review Board's increasing body of work.

JUDICIAL BRANCH

Judicial Department

An increase of \$1,658,402 General Fund was approved for the Oregon Judicial Department to establish three new circuit court judge positions (1.50 FTE) - two in Deschutes County and one in Douglas County - and nine judicial services specialist positions (5.25 FTE).

Public Defense Services Commission

The Subcommittee approved an increase of \$17,506,206 General Fund for the Public Defense Services Commission (PDSC) to improve contracts for indigent public defense services, and approved \$2,493,794 General Fund to establish 23 permanent full-time positions (9.67 FTE) to enhance oversight of public defense service contracts and the processing of provider claims for payment. Funding for these services came from a special

purpose appropriation to the Emergency Board established for the PDSC in the 2019 legislative session

Other Funds expenditure limitation of \$14,759,155 was approved for the Commission for legal representation of parents and children involved in foster care. The adjustment reflects the availability of Title IV-E Federal Funds as reimbursement for state expenses. A corresponding decrease of \$14,759,155 General Fund was approved to reflect the availability of federal reimbursement for legal representation of children and parents involved in foster care.

Other Funds expenditure limitation of \$150,000 was approved, on a one-time basis, to train attorneys working in the Parent Child Representation Program. For ongoing training support, the agency is instructed to prepare a policy option package for consideration in the 2021-23 budget development process.

The following budget notes were adopted for the Public Defense Services Commission:

BUDGET NOTE: No later than September 2020, the Public Defense Services Commission shall report to the Legislature on the use of the \$20.0 million provided in this bill (HB 5204, 2020). It is the Legislature's intent that the funds be used as follows: (1) \$3.9 million to provide increases in compensation for public defense contracts across the state; (2) \$11.1 million to recruit and retain public defense attorneys, and address system overhead costs; (3) \$2.5 million to increase the rate paid to contract investigators and interpreters; and (4) \$2.5 million to hire 23 permanent full-time employees (9.67 FTE).

BUDGET NOTE: No later than January 2021, the Public Defense Services Commission shall report to the Legislature and other relevant committees of the Legislative Assembly on the strategic plan to improve indigent public defense services and agency oversight of the service delivery system. The plan should articulate a vision for the delivery of public defense services in Oregon and identify specific initiatives the agency has undertaken or will undertake to move toward that vision, with target implementation dates. At a minimum, the plan must address: (1) caseload standards, (2) workforce stability, (3) training for attorneys in the Parent Child Representation Program, (4) system performance and client-based outcome evaluations, and (5) standards and processes designed to ensure consistency, fairness, and equity in the public defense contract review process.

LEGISLATIVE BRANCH

Legislative Administration Committee

An Other Funds expenditure limitation increase of \$600,000 for the Legislative Administration Committee is included for further work related to the Oregon Capitol History Gateway. This work is for the Welcome Center Space Design, Exhibit Design, Fabrication and Installation Project, and will serve as part of the visitor experience. Design concept elements include an interactive map of Oregon that provides users with information

on where they can go to learn more about Oregon's history, an interactive station where visitors can plan their Capitol visit and find out more about events, and an interactive wall focusing on places visitors can go to learn about cultural groups and Oregon's tribes.

Funding is included in the amount of \$2,682,056 General Fund for debt service costs and \$880,000 Other Funds for the cost of issuing \$65.0 million Article XI-Q bonds to finance further capital improvements to the State Capitol Building, including seismic upgrades to the House and Senate wings, Legislative Counsel and Legislative Fiscal Office renovations, seismic and other upgrades to the parking garage connectors, accessibility improvements to the South entrance, restoration of the Capitol grounds, and other improvements and upgrades to the building.

NATURAL RESOURCES

Department of Agriculture

The Subcommittee approved an increase of \$1,230,000 Other Funds expenditure limitation and authorized the establishment of two permanent full-time positions (1.26 FTE) to address increasing workload around the Department's Hemp Program. The rapid growth of the program, especially after passage of the 2018 Federal Farm Bill that reclassified industrial hemp as a legal commercial product, has increased the workload beyond the Department's internal capacity. The two new positions will be used primarily for inspection and enforcement work around registration compliance, sampling and testing requirements, and technical assistance to growers and handlers.

An increase of \$429,078 in Measure 76 Lottery Funds and the establishment of two permanent full-time positions (1.26 FTE) was approved for the Native Plant Conservation Program. The two Natural Resources Specialist positions will function as a Lead Botanist and a Conservation Biologist for the program, and will allow for more focus on the administrative needs of the program and the development of State projects. Of the total Lottery Funds, \$114,349 is the result of the reversal of a fund shift approved in HB 5002 (2019) that moved some of the funding for an existing position in this program from General Fund to Federal Funds; however, with the fund shift, the program could only work on projects eligible to be funded with federal monies and not on state priority projects. By reversing the fund shift, and adding the two additional positions, the program will be able to provide more resources to projects that directly benefit the state.

An additional one-time General Fund appropriation of \$250,000 was approved for the development of data and research relevant to ground water nitrates and connectivity in the Umatilla Basin.

Columbia River Gorge Commission

The Subcommittee added \$212,500 General Fund to the Columbia River Gorge Commission to fund Oregon's share of the ACCESS Database Replacement information technology project which is designed to increase the capacity and efficiency of the agency to perform its regulatory functions. The investment in a new database will allow the agency to provide the public better access to information by allowing for keyword searches, geospatially linking with GIS systems, and scanning and indexing volumes of paper files to fulfill public records requests and to improve

the efficiency of daily agency operations. The agency will provide periodic updates to the Legislative Fiscal Office and the Department of Administrative Services, Office of the State Chief Information Officer on progress being made on the project.

Department of Energy

The Subcommittee approved an increase of \$41,992 Other Funds expenditure limitation to correct a Position Information Control System (PICS) programming error for the two Northwest Power and Conservation Council positions located in the Department of Energy's budget.

Additionally, the Subcommittee approved an increase of \$1,075,258 Federal Fund expenditure limitation to use grant funds from the U.S. Department of Defense related to the siting of potential renewable energy development projects. These funds will be used to produce a Renewable Energy Siting Assessment Report and Mapping Tool that will inform energy developers, utilities, local governments, and military entities with the goal of mitigating conflicts between potential renewable energy development and the needs of military assets in training.

Department of Environmental Quality

The Subcommittee approved a one-time increase of \$708,689 Other Funds expenditure limitation, and the addition of five limited duration positions (3.39 FTE) to provide additional administrative support for the agency. The Department received position authority for over 50 positions in the 2019 session and does not have the corresponding administrative support necessary in human resources, accounting, and other central services for that level of growth in its programs.

The Subcommittee approved a one-time General Fund appropriation of \$250,000 for the Department to hire a contractor for the initial scoping and business requirements for the design of an integrated data platform to collect state and local water infrastructure data. It is anticipated that this will be matched with \$250,000 Other Funds from the Oregon Business Development Department. The data platform is intended to provide a comprehensive inventory of the status and conditions of existing wastewater and stormwater systems to determine short-term and long-term infrastructure needs.

The Subcommittee approved a \$95,000 General Fund appropriation to the Department to purchase an autoanalyzer instrument to analyze water samples for cyanotoxins. Of the General Fund appropriated, \$30,000 is one-time for the purchase of the instrument, while the remainder is for ongoing vendor and operating costs.

Department of Fish and Wildlife

The Subcommittee increased the Other Funds expenditure limitation by \$300,000 and authorized the establishment of one limited duration position (0.63 FTE) for the Department to provide permit consultation and technical support for the Jordan Cove Energy Project. The consultation and technical support are to provide input for the application and permitting process, not to advocate for any sort of specific outcome for the overall project. Funding for the position comes from a cost-recovery agreement with the developer.

To correct an amount that was added in error to the Department's Major Construction and Acquisition budget in SB 5510 (2019), the Subcommittee approved a decrease of \$257,448 Other Funds expenditure limitation. The Department requested position authority related to \$10.0 million in capital construction expenditure limitation from Article XI-Q bonds to be used for deferred maintenance needs at their various facilities that was approved in 2017. While the position authority was provided in SB 5510, the limitation was not necessary since capital construction projects receive six-year limitation.

The Subcommittee approved a \$239,750 General Fund appropriation and two permanent full-time Natural Resource Specialist 3 positions (1.00 FTE) to the Department of Fish and Wildlife as part of the Oregon Conservation Strategy. The two new positions are expected to be located regionally, one in Newport and one in La Grande, to enhance conservation strategy efforts in those regions through research and monitoring efforts for nongame species.

Department of Forestry

A one-time increase of \$12,757,565 General Fund was made to the Department of Forestry (ODF), Fire Protection Division for the payment of emergency firefighting costs associated with the 2019 forest fire season. This amount is dedicated to the following specific uses:

- Unbudgeted emergency fire costs (\$9,629,300)
- Oregon State Treasury and Oregon Forestland Protection Fund loan interest (\$754,596)
- Severity resources (\$2,373,669)

Of the General Fund appropriation made to the Department, the amount included for severity resources is offset by a reduction of the same amount in the special purpose appropriation to the Emergency Board that had been established for this purpose. In addition, Other Funds expenditure limitation is increased one-time only by \$23,587,897, which includes \$6,607,687 for unbudgeted emergency fire costs and \$16,980,210 for the reimbursed portion of emergency fire costs from other agencies including the Federal Emergency Management Agency (FEMA).

A one-time, General Fund appropriation of \$38,242,435 was made to the Department in conjunction with the agency's estimation of its cash-flow needs through the end of the 2019-21 biennium. Due to a lag in the processing and reimbursement of recoverable fire costs, ODF projections indicate that the agency will not have enough cash on hand to fund its budgeted operations through the end of the biennium. This shortfall is estimated to be \$18,242,435. In addition to this amount, the appropriation includes \$20.0 million to pre-pay possible 2020 fire season costs attributable to the General Fund and provide cash liquidity to the agency for 2020 fire season costs pending additional cost recoveries.

The Subcommittee approved a one-time increase of \$700,000 General Fund for ODF to reimburse the Department of Administrative Services for the cost of contracted consulting services. A consultant was hired to review operational issues related to the processing and collection of

accounts receivable at ODF, to assist the agency in its processing and collection of accounts receivable, and to make recommendations for changes to the agency and its processes to ensure the agency can adequately and efficiently account for and collect receivables and provide accurate cash-flow estimates.

A General Fund appropriation of \$243,198 and authorization to establish two permanent, full-time positions (1.00 FTE) was also approved for the Department. The two Natural Resource Specialist 4 positions (a Geotechnical Specialist and an Aquatic Monitoring Specialist) will provide policy and technical support on potential changes to Oregon's Forest Practices Act, development of habitat conservation plans, and provide coordination between programs, other agencies, and stakeholders in addition to specific duties related to their areas of specialization.

Department of Geology and Mineral Industries

The Subcommittee approved the funding necessary for operation of the Department of Geology and Mineral Industries for the second fiscal year in the 2019-21 biennium. The Department was provided a one-year budget in the 2019 session due to financial uncertainty around its programs. Funding for the second fiscal year includes an increase of \$3,104,928 General Fund, an additional \$1,308,461 Other Funds expenditure limitation for the Geologic Survey program, and an increase of \$2,902,495 Federal Funds expenditure limitation. Additionally, the Subcommittee approved the addition of a permanent full-time manager position (0.50 FTE) for the Geologic Survey program. For the Mined Land Reclamation and Regulation program, the Subcommittee approved an increase of \$2,452,263 Other Funds expenditure limitation for the second fiscal year of operations. This should provide the program with sufficient limitation to hire a third-party contractor to assist with the current chemical gold mine permit process. The approval of expenditure limitation amounts assumes a fee increase in SB 5702 to support ongoing operations of the program at current staffing levels.

Department of Land Conservation and Development

Statute allows for the cumulative designation of up to 50 acres from no more than 10 sites outside an urban growth boundary as potential sites for industrial uses or other employment uses in a county's comprehensive plan if that county has adopted an economic opportunity analysis as part of its comprehensive plan. This allowance is limited to ten counties listed in statute: Baker, Gilliam, Grant, Harney, Lake, Malheur, Sherman, Union, Wallowa, and Wheeler Counties. A General Fund appropriation of \$500,000 to the Department of Land Conservation and Development was approved for distribution as grants to these counties to defer a portion of the cost of creating the analyses.

Land Use Board of Appeals

An increase of \$59,980 in the General Fund appropriation to the Land Use Board of Appeals was approved to allow the agency to migrate contracted administrative functions from their current service provider, the Department of State Lands, to the shared client services program at the Department of Administrative Services.

Parks and Recreation Department

A Federal Funds expenditure limitation increase of \$665,000 for the Parks and Recreation Department was approved by the Subcommittee to allow the agency to spend federal grant funds received from the National Parks Service. The funds will be used to provide sub-grants to eligible entities for the rehabilitation of historic theaters that are located primarily in rural communities.

In addition to technical adjustments discussed elsewhere in this report, a technical adjustment was included for the Department to move expenditure limitation for Attorney General costs between budgetary programs with a net zero impact on the agency's overall budget.

Department of State Lands

A technical adjustment was approved by the Subcommittee that provides \$86,953 of Other Funds expenditure limitation from the Submerged Lands Enhancement Fund, allowing the Department of State Lands to spend remaining grant monies in the fund. These funds must be used on projects that enhance state-owned submerged and submersible lands including removal and disposal of abandoned or derelict structures, marine debris and vessels, or activities to improve water quality, watershed enhancement, or fish and wildlife habitat. A corresponding reduction in Other Funds expenditure limitation from the Common School Fund results in a net-zero change to the agency's overall Other Funds expenditure limitation.

The Subcommittee approved a Federal Funds expenditure limitation increase of \$427,008 for the Department of State Lands to spend federal grant awards from the U.S. Environmental Protection Agency. Grant funding supports ongoing wetlands program development and preliminary program development for the eventual assumption of permitting authority under section 404 of the Federal Clean Water Act.

The Subcommittee approved an Other Funds expenditure limitation increase of \$186,592 and the establishment of a permanent, full-time natural resource specialist position (0.63 FTE) for the Department to provide for enforcement activities related to abandoned and derelict vessels and camping on state-owned lands and waterways.

An increase in Other Funds expenditure limitation of \$58,992 and the elimination of an Executive Support Specialist position (1.00 FTE) was approved for the Department to reclassify nine positions, including the upward reclassification of seven managerial positions. In addition, technical adjustments were approved by the Subcommittee, including a correction in the position title for a position that was authorized for the South Slough National Estuarine Research Reserve (SSNERR). The corrected position title is a Training and Development Specialist 1 rather than a Natural Resource Specialist 1 position that was originally approved. There is no change to the amount budgeted for the position.

Water Resources Department

A \$125,000 increase in the General Fund appropriation made to the Water Resources Department (WRD) was approved for the purpose of funding the cost to migrate information technology hardware and services to the state data center. The agency's current network and server

resources are beyond their useful life and have resulted in service interruptions. The increased funding will support the move of networking equipment, network operations, and database hosting. Additional work will be completed in the upcoming biennium as the project continues through the planned phases of the transition.

The Subcommittee approved an increase of \$260,484 Federal Funds expenditure limitation and authorized one limited-duration position (0.88 FTE) for the Department to spend a grant award from the Federal Emergency Management Agency (FEMA). The Department intends to use the federal funding in combination with state matching funds of \$140,261 for five specific tasks: a written summary of the status of high-hazard potential dams in Oregon; the completion of the comprehensive risk-of-failure assessment protocol; the application of the risk-of-failure protocol to the sixteen identified high-hazard potential dams in Oregon; the completion of formal loss estimates; and the development of floodplain management plans for communities in dam breach inundation areas as funding allows.

The Subcommittee approved a \$200,000 General Fund appropriation to the Department for the development of a business case assessment regarding the economic impact of the use of water in Oregon, the impacts of not investing in natural and built water infrastructure, and the associated need for continued water infrastructure investment in Oregon.

A General Fund appropriation of \$2.0 million to the Department and the authorization to establish two full-time, permanent engineering positions (1.26 FTE) was included in the measure for structural and other safety issue evaluations of dams in Oregon. Of the \$2.0 million, \$1,622,214 is for one-time contracting costs for the development of an Oregon-specific flood methodology for evaluating risks to dams, and for engineering analyses on dams that have been identified to be at risk of failure to determine specific actions to address the risk, or to identify dams that may need more detailed analysis than provided in original assessments.

A one-time general fund appropriation of \$250,000 to the Department and authorization to establish a limited-duration, natural resource specialist position was approved to address complex basin issues, provide technical review of statutes and administrative rules, and assist with local coordination in the Deschutes basin.

Oregon Watershed Enhancement Board

The Subcommittee approved a \$350,000 increase in dedicated Lottery Funds from the Watershed Conservation Operating Fund and the establishment of two limited duration positions (1.26 FTE) to support the Governor's 100-Year Water Vision plan, which involves multiple state agencies. The Oregon Watershed Enhancement Board (OWEB) funding will support ongoing outreach across the state, as well as, planning and initial implementation of the Governor's Water Vision. The Governor has designated OWEB's Executive Director as the Executive Branch point person on this project. OWEB believes the Executive Director's work is an eligible use of Lottery Funds from the constitutionally dedicated Watershed Conservation Operating Fund.

PUBLIC SAFETY

Department of Corrections

The Subcommittee approved \$25.0 million General Fund to enhance baseline funding for community corrections programs on an ongoing basis. The Department of Corrections will distribute this funding to counties based on each county's proportion of the 2019-21 legislatively adopted baseline funding, and will not change the currently established capitated daily rate. The Subcommittee approved the accompanying budget notes:

BUDGET NOTE: In consultation with the Legislative Fiscal Office and the Department of Administrative Services Chief Financial Office, the Department of Corrections (DOC) is directed to develop and recommend a statewide biennial inflation factor for community corrections funding that is weighted proportionately for personnel costs and services and supplies costs incurred by counties for the provision of community corrections programs locally. DOC shall submit the recommended methodology and associated work papers in writing for approval by the Legislative Fiscal Office by March 15, 2020, and use the approved inflation factor in the development of its agency recommended budget for community corrections each biennium.

BUDGET NOTE: The Department of Corrections shall create outcome measures for community corrections that are relevant to the work being conducted, in line with evidence based practices and recognized national benchmarks, and applied consistently across all community corrections agencies. The Department shall solicit outside expertise and technical assistance in defining and implementing these outcomes, and shall seek grant or in-kind resources if necessary to support this work. The Department of Corrections is expected to report on the recommended outcome measures for community corrections during the 2021 legislative session and implement them by July 1, 2021.

The Subcommittee approved a net zero technical adjustment to move planned expenditures between programs in the same appropriation, to rebalance caseload adjustments made in SB 5504 (2019), and to correct Federal Funds expenditure limitation related to federal grants between programs.

The Subcommittee provided the following direction to the Department of Corrections:

BUDGET NOTE The Department of Corrections has reported an estimated General Fund budget shortfall of \$60 million for the 2019-21 biennium. The agency is directed to report to the Legislature at each meeting of the Emergency Board in 2020 and 2021, and quarterly during the 2021 legislative session, on the status of management efforts undertaken to balance expenditures to the agency's legislatively approved budget. At a minimum, each report should include updates on projected spending, cost saving measures taken to date, and the effect of the cost savings measures on the projected budget shortfall and on prison and program operations.

BUDGET NOTE The Department of Corrections (DOC) is directed to assess its minimum security prisons and report its findings to the Legislature. This assessment is to include physical plant conditions, including major repairs planned, the volume and estimated cost of deferred maintenance, and operating costs for utilities; operating conditions, including staff recruitment and retention considerations, the availability of health care services for adults in custody, and transportation and logistics costs; programming provided at each facility; and any other factors the agency deems relevant to prison costs and operations. DOC shall report to the Legislature on this assessment no later than March 1, 2021.

BUDGET NOTE The Coffee Creek Correctional Facility (CCCF) is the state's only prison for women and the state prison system's intake center. It is located in the northern Willamette Valley near the state's largest urban center and major medical facilities. For these and other reasons it is a desirable location for pilot programs intended to address specific needs of adults in custody, improve prison operations, or both. There are currently ten pilot programs operating at CCCF, including a pilot for Certified Medication Aides (SB 5504, 2019); hospital watch security positions (SB 5504, 2019); civil legal services (HB 2631, 2019); and the Family Preservation Project, Early Head Start, the Reducing Overdose After Release (ROAR) pilot, and others.

The Department of Corrections (DOC) is directed to evaluate its organizational capacity to conduct pilot programs at CCCF, and to assess the following: staff time devoted to each pilot, ability to evaluate the relative success of each pilot, outcomes for the adults in custody participating in each pilot, scalability, and other factors that cost or benefit the prison system as a whole or benefit adults in custody. DOC shall report its findings to the Legislature no later than March 1, 2021.

Criminal Justice Commission

To correct a typographical error in the budget report for SB 973 (2019), the Subcommittee approved changing a Program Analyst 2 position to a Program Analyst 3 position in order to address the workload associated with implementing the *Improving People's Access to Community-based Treatment, Supports and Services* (IMPACTS) Program.

The Subcommittee approved \$200,985 General Fund on a one-time basis for the Criminal Justice Commission to contract with OHSU's Center for Health Systems Effectiveness to complete a claims-based analysis of mental health services paid for by public and private insurers, with the following instructions:

BUDGET NOTE: The Criminal Justice Commission is directed to work collaboratively with the Department of Consumer and Business Services and the Oregon Health Authority on a project to develop a dataset linking behavioral health data to criminal justice data sources in order to analyze the use of both criminal justice and public health resources in Oregon.

Additionally, \$400,000 General Fund was approved to be passed through to the YWCA of Greater Portland for operation of the Family Preservation Project. This amount is equal to what the Legislature approved for the program in each of the past two biennia. Additional instructions to the Criminal Justice Commission are as follows:

BUDGET NOTE The Family Preservation Project strengthens family ties by providing services and supports to incarcerated parents and their minor children. The program operates at the Coffee Creek Correctional Facility in Wilsonville and is provided by the YWCA of Greater Portland. The Criminal Justice Commission (CJC) is directed to work with the Department of Corrections (DOC) and the YWCA of Greater Portland to track the program’s outcomes for incarcerated adults and their minor children, its effect on successful parent re-entry into society upon release from prison, its effect on reducing recidivism, and any other pro-social program outcomes as determined by DOC, CJC, and the YWCA of Greater Portland. CJC shall report to the Legislature on Family Preservation Program outcomes at least annually during a legislative session.

District Attorneys and Their Deputies

The Subcommittee approved an \$800,000 General Fund appropriation for grand jury recordation to the state agency District Attorneys and Their Deputies and \$650,000 Other Funds expenditure limitation for the Department of Justice. The following table summarizes how these funds are to be budgeted and spent.

Expense Category	Service Provider	Service Agreement	General Fund
Statewide transcription service for district attorney offices	Private vendor(s)	Department of Justice to procure and administer statewide contract(s)	\$500,000
Storage and archiving of grand jury recordings	Department of Justice	Department of Justice to provide segregated hosting, security, backup, maintenance, and customer support	\$150,000
Technical assistance support, if contract vendor support is unavailable, on grand jury recording equipment	Judicial Department	Judicial Department to bill the District Attorney and Their Deputies on a quarterly basis and for a flat hourly rate for each technical support service call	\$135,000
Annual training on grand jury recording equipment	Judicial Department	Judicial Department to bill the District Attorney and Their Deputies on a fiscal year basis for annual training(s) on the recording equipment	\$15,000
Total			\$800,000

The Oregon District Attorneys Association (ODAA) and the Judicial Department (OJD) are expected to enter into a memorandum of agreements for OJD to provide technical assistance related to grand jury recording equipment to local district attorney offices and counties; and for OJD to provide annual recording equipment training for local district attorney offices and county personnel.

The appropriation of \$800,000 represents a biennial appropriation, which is to become part of the agency’s 2021-23 current service level.

Oregon Department of Justice

General Counsel

The Subcommittee approved an increase of \$350,877 Other Funds expenditure limitation and authorized the establishment of one permanent full-time Senior Assistant Attorney General position (0.50 FTE) starting July 1, 2020, and one permanent full-time Assistant Attorney General position (0.38 FTE) starting October 1, 2020. Personal services totals \$275,911 and services and supplies totals \$74,966. The two positions will be assigned to the General Counsel Division - Business Transactions Section as design and construction attorneys, and their work will be related to HB 2017 (2017), a transportation infrastructure bill. Projects include Interstate 5 North and South widening projects; the Highway 217 widening project; the Rose Quarter widening project; and the Interstate Bridge Replacement "Columbia River Crossing" project. The revenue to support these positions will come from hourly legal service billing to the Oregon Department of Transportation. The 2021-23 biennial cost for the Department of Justice (DOJ) is estimated to be \$829,427 Other Funds.

Civil Enforcement Division

The Subcommittee approved \$233,801 Other Funds expenditure limitation and authorized the establishment of one permanent full-time Senior Assistant Attorney General position (0.50 FTE), with a start date of July 1, 2020. Personal services totals \$189,911 and services and supplies total \$43,890. The position will be assigned to the Civil Enforcement Division - Environmental Crimes and Cultural Resources Unit (ECRU) as an anti-poaching criminal resource prosecutor. The revenue to support this position will come from hourly legal service billing to the Oregon Department of Fish and Wildlife (ODFW). The 2021-23 biennial cost for DOJ is estimated to be \$479,795 Other Funds.

Crime Victims and Survivor Services Division

The Subcommittee approved an increase of \$894,566 Other Funds expenditure limitation for the establishment of four permanent full-time positions (3.50 FTE), and a reduction of \$894,566 Other Fund expenditure limitation in special payments for the Crime Victim Survivor Services Division (CVSSD). The approved amount provides for retroactive approval and position authority for the Appellate Advocacy and Human Trafficking Intervention programs since their administrative inception. Neither program has been authorized by statute or approved formally through the budget process. This action authorizes one Program Analyst 1 (1.00 FTE) and one Administrative Specialist 2 (0.50 FTE) to work with victims whose cases move into the post-conviction phase of a criminal proceeding or who are part of the jurisdiction of the Psychiatric Security Review Board; and authorizes one Program Analyst 3 (1.00 FTE) and one Operations and Policy Analyst 3 (1.00 FTE) to train law enforcement, prosecutors, and victim advocates on how to identify and develop interventions for trafficking victims. The Other Funds revenue to support these positions comes from one-time punitive damage awards and Federal as Other Funds from a Victims of Crime Act subrecipient grant.

CVSSD was able to identify offsetting savings for DOJ to self-fund this request (i.e., excess or unneeded Other Funds expenditure limitation), so this reduction can be taken without any adverse impact to ongoing crime victim assistance programs at the state or local level. Additionally, the Subcommittee recommended that DOJ seek to establish statutory authority for the Appellate Advocacy and Human Trafficking Intervention programs during the legislative session in 2021, as this may become important as the Legislature determines the 2021-23 CVSSD budget.

Administration

The Subcommittee approved a General Fund appropriation of \$1,339,965 and the establishment of six permanent full-time positions (3.37 FTE) and two limited duration positions (1.17 FTE) for the Legal Tools Replacement Project 2.0. The personal services totals \$914,746 and the services and supplies totals \$425,219. The positions include four permanent full-time Operations and Policy Analyst 2 (2.33 FTE) Business Analyst positions with a start date of May 1, 2020; one permanent full-time Operations and Policy Analyst 2 (0.46 FTE) Technical Writer position with a start date of August 1, 2020; one permanent full-time Information Systems Specialist 7 (0.58 FTE) Project Coordinator position with a start date of May 1, 2020; and two limited duration Operations and Policy Analyst 2 (1.17 FTE) Business Analyst positions with a start date of May 1, 2020. The request moves \$95,000 Other Funds expenditure limitation from capital outlay to services and supplies. The 2021-23 cost is estimated to be \$1.6 million General Fund.

DOJ's current legal matter management "system" is a compilation of loosely coupled and dated applications, including matter management (e.g., cases, events, parties to the case, etc.); document management (e.g., files and storage, etc.); time capture; client billing; and various custom linkages to office applications and system security. The Legal Tool Replacement Project's purpose is to replace these applications with a single commercial off the shelf or custom-developed solution that will also accommodate e-discovery.

During the 2017-19 biennium (see Emergency Board Item #28, December 2018), DOJ stopped its initial legal tools replacement project upon discovering that the vendor's software did not meet specifications and that costs incurred to date were not refundable. The Legislature in 2019 re-authorized the planning phase of the project. The re-authorized project continues to leverage the lessons learned from the prior effort and remains under the auspices of the Department of Administrative Services - Office of the Chief Information Officer and the Joint Stage Gate process. DOJ also plans to re-employ an independent quality assurance vendor. The project anticipates submitting a policy option package for implementation funding during the legislative session in 2021. The planning efforts funded as part of this request will inform the total cost of the project and subsequent budget request(s).

Child Advocacy Centers

The Subcommittee approved a one-time \$3.0 million General Fund appropriation as supplemental funding for Child Advocacy Centers. The funding shall be distributed as follows: \$80,000 for each Child Advocacy Center for base costs for a cost of \$1.84 million, and an additional proportional distribution to each Child Advocacy Center based on each county's population between the ages of 0-17 years old as determined by the most current population estimate produced by the Portland State University Population Research Center, for a distribution of \$1.16 million. DOJ will use existing staff and resources to distribute the appropriation.

BUDGET NOTE: The Department of Justice is to report to the Legislature in 2021 on state funding of Children's Advocacy Centers. The report is to include:

- the number of children served;
- the number of children receiving medical assessments;
- the number of children unable to receive medical assessments;

- the number of children receiving forensic interviews;
- the number of children unable to receive forensic interviews;
- other types of services provided;
- timeliness of services provided; client satisfaction survey results; and
- recommendations on how service delivery to children residing in rural areas can be improved.

Technical Adjustments

The Subcommittee approved the following technical adjustments for DOJ:

- Child Enforcement Automated System information technology project - increase Other Funds expenditure limitation by \$463,687 for services and supplies and increase Federal Funds expenditure limitation by \$900,098 for services and supplies to account for a delay in contract vendor billings that were originally anticipated for the 2017-19 biennium;
- Crime Victim and Survivor Services Division - increase Other Funds by \$557,325 for personal services and reduce Federal Funds expenditure limitation by \$557,325 for personal services; and
- Agency-wide adjustment - increase General Fund by \$30,088 for services and supplies, reduce Other Funds expenditure limitation by \$16,225 for services and supplies, and reduce Federal Funds expenditure limitation by \$6,600 for services and supplies, to correct mis-apportioned Department of Administrative Service assessment charges.

Technical Adjustment - Flat Charge Billing Agencies

The Subcommittee approved the following technical adjustment for agencies participating in the Department of Justice flat charge billing model. These changes were not included as part of standard changes in the legislatively adopted budget:

Since 2010, the flat charge model has been a “pilot” entering its fifth continuous biennia of use. The model has yet to expand beyond a small group of agencies, and the number of participating agencies has changed as some agencies have chosen to withdraw from the pilot and return to the hourly billing model. There are currently only ten “pilot” agencies, which is down from a high of 20 agencies during the 2015-17 biennium. For the 2019-21 biennium, flat charge agencies account for less than one percent (\$2.1 million) of total legal billings (\$229.3 million).

Flat Charge Agencies				
Services and supplies - Attorney General line-item adjustment				
Agency	Adopted Budget	Approved Budget	Change Amount	Percent Change
Oregon Board of Licensed Professional Counselors and Therapists	\$156,851	213,094	\$56,243	35.9%
Oregon Board of Psychology	223,150	303,930	\$80,780	36.2%
State Board of Accountancy	423,103	451,204	\$28,101	6.6%
Board of Licensed Social Workers	85,925	70,271	(\$15,654)	-18.2%
Government Ethics Commission	186,758	248,150	\$61,392	32.9%

Flat Charge Agencies				
Services and supplies - Attorney General line-item adjustment				
Occupational Therapy Licensing Board	25,703	18,569	(\$7,134)	-27.8%
Board of Medical Imaging	80,830	82,239	\$1,409	1.7%
State Board of Examiners for Speech-Language Pathology and Audiology	78,690	53,163	(\$25,527)	-32.4%
Oregon State Veterinary Medical Examining Board	75,218	91,868	\$16,650	22.1%
Board of Pharmacy	551,381	525,607	(\$25,774)	-4.7%
Department of Aviation	85,396	105,329	\$19,933	23.3%

Department of Public Safety Standards and Training

The Subcommittee increased the agency’s Other Funds expenditure limitation by \$2,700,921 and authorized nine permanent positions (5.67 FTE) to add four basic police classes to the agency’s training calendar to meet demand during the 2019-21 biennium, and to add one custodian to clean and maintain defensive tactics training spaces at the Public Safety Academy.

The Subcommittee increased the agency’s Federal Funds expenditure limitation by \$429,087 for expenditure of an Assistance to Firefighters grant. The agency will spend the award on mobile firefighting equipment.

Oregon State Police

The Subcommittee reduced General Fund expenditures by \$356,360 and Other Funds expenditure limitation by \$148,840 to correct a double-budgeted expense in the Department of State Police’s 2019-21 budget.

The Subcommittee increased the agency’s General Fund appropriation by \$798,158 and authorized four permanent positions (2.67 FTE) to provide three morgue technicians and one Office Specialist 2 in the Office of the Chief Medical Examiner, and to implement a compensation study conducted by the DAS-Chief Human Resources Office for Deputy Medical Examiners and the Chief Medical Examiner.

An additional \$342,842 General Fund was approved on a one-time basis, and Federal Funds expenditure limitation was increased by \$1,104,843 for the Oregon State Police Forensics Services program to provide matching funds and allow expenditure of a federal DNA Capacity Enhancement and Backlog Reduction program grant from the U.S. Department of Justice. Funds will be used to convert storage space to laboratory space at the agency’s Forensic Laboratory in Clackamas, Oregon.

The Subcommittee approved \$687,355 General Fund and authorized three permanent positions (2.01 FTE) to support sixteen months of operation for the Oregon State Police’s newly-created Health and Wellness Unit in the Agency Support program.

To better align responsibilities and workload within the agency, sixteen Oregon State Police positions were approved for reclassification at no cost in 2019-21. These reclassifications create consistent management oversight in the Forensic Labs, diversify support services in the Medical Examiner's Office, strengthen Human Resources programs and services within OSP, create additional management support for regional patrol offices, and appropriately classify positions in Information Technology, Finance, and the Criminal Justice Information Systems programs to meet workload requirements.

Oregon Youth Authority

The Subcommittee approved \$2,571,034 General Fund for the Oregon Youth Authority (OYA) to increase the rates paid to providers of Behavior Rehabilitation Services, specifically to fund requirements under the Family First Prevention Services Act, and to update provider wage rates based on 2019 Oregon Wage Information published by the Oregon Employment Department.

The Subcommittee provided the following direction to OYA regarding the development of pass-through case rates:

BUDGET NOTE: The Oregon Youth Authority is directed to work with the Legislative Fiscal Office and the Department of Administrative Services Chief Financial Office to create a statewide case rate to reimburse county juvenile departments for performing juvenile expunctions per SB 1573 (2019). OYA shall submit the recommended case rate and associated work papers in writing for approval by the Legislative Fiscal Office by September 1, 2020. OYA shall report on the statewide case rate in conjunction with other reporting requirements specified in SB 1573.

Based on county experience performing expunctions under SB 1573 and based on the approved case rate, OYA may request funding from the Emergency Board or the Legislature to reimburse counties for performing juvenile expunctions during the 2019-21 biennium. Ongoing funding to counties for this purpose shall be estimated and included in the agency's 2021-23 requested budget.

TRANSPORTATION

Department of Transportation

The Subcommittee approved an increase of \$10,661,388 Other Funds expenditure limitation and authorized the establishment of 50 positions (59.42 FTE) for the Driver and Motor Vehicle (DMV) program to address increased transactions resulting from new state driver licensing laws. In addition to adding 22 permanent full-time and 28 limited-duration positions, the agency will be hiring some previously authorized positions earlier than originally planned.

An increase of \$3,999,999 Other Funds was approved for the Oregon Department of Transportation (ODOT) for distribution to the City of Sherwood in support of pedestrian connection improvements between Sherwood East and West at or near the State Highway 99W and Sunset

Boulevard intersection. In addition, an increase of \$42,466 Other Funds was approved for ODOT for the cost of issuing lottery bonds for this project.

The Subcommittee also approved a General Fund appropriation of \$4,675,566 for ODOT to distribute as follows: \$1,000,000 to the City of Tigard for the Highway 99W Corridor Plan Study; \$3,500,000 to Lake County for the Rail Line Upgrade; and, \$175,566 to the Port of Hood River for the Aviation Technology and Emergency Response Center.

The Subcommittee provided the following direction to ODOT regarding transportation planning:

BUDGET NOTE: The Oregon Department of Transportation is directed to work with community-based organizations and other stakeholders to ensure broad community outreach and engagement related to implementation of HB 2015 (2019). The Department is further directed to use existing resources of up to \$500,000 for such outreach and to contract with one or more trusted community-based organizations with a track record of providing culturally competent and linguistically appropriate community outreach. No later than September 2020, the Department shall report to the Emergency Board on the details of the community outreach activities.

PRELIMINARY