

SB 5723 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On The Second Special Session of 2020

Prepared By: Julie Neburka, Legislative Fiscal Office

Reviewed By: Ken Rocco and Theresa McHugh, Legislative Fiscal Office

Emergency Board
2019-21

Various Agencies
2019-21

PRELIMINARY

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Emergency Board</u>				
General Fund - General Purpose	\$ 10,287,672	\$ 210,287,672	\$ 200,000,000	1944.1%
General Fund - Special Purpose Appropriations				
Public Defense services and contract model	\$ 16,124,035	\$ -	\$ (16,124,035)	-100.0%
Public Defense services - financial management system	\$ 2,000,000	\$ -	\$ (2,000,000)	-100.0%
ODFW Oregon Conservation & Recreation Fund	\$ 1,000,000	\$ -	\$ (1,000,000)	-100.0%
DHS - Non-Medicaid In-Home Services	\$ 4,000,000	\$ -	\$ (4,000,000)	-100.0%
OJD/DAs - Grand Jury Recordation	\$ 3,000,000	\$ -	\$ (3,000,000)	-100.0%
OHA - Youth with Behavioral Health Needs	\$ 5,700,000	\$ -	\$ (5,700,000)	-100.0%
PDSC/DOC - Unauthorized Use of a Vehicle	\$ 1,000,000	\$ -	\$ (1,000,000)	-100.0%
DOJ - Child Advocacy Center	\$ -	\$ 1,000,000	\$ 1,000,000	100.0%
DHS/OHA - caseload changes	\$ -	\$ 100,000,000	\$ 100,000,000	100.0%
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	\$ 35,067,780	\$ 37,887,780	\$ 2,820,000	8.0%
General Fund Debt Service	\$ 6,799,405	\$ 6,468,285	\$ (331,120)	-4.9%
Lottery Funds Debt Service	\$ 17,457,806	\$ 17,169,452	\$ (288,354)	-1.7%
Other Funds	\$ 689,663,131	\$ 653,090,076	\$ (36,573,055)	-5.3%
Other Funds Debt Service	\$ 444,720,744	\$ 442,427,859	\$ (2,292,885)	-0.5%
Federal Funds	\$ 1,238,930,000	\$ 1,260,780,000	\$ 21,850,000	1.8%
<u>Advocacy Commissions Office</u>				
General Fund	\$ 756,596	\$ 679,492	\$ (77,104)	-10.2%
<u>Employment Relations Board</u>				
General Fund	\$ 2,956,273	\$ 2,728,544	\$ (227,729)	-7.7%
Other Funds	\$ 2,404,621	\$ 2,632,350	\$ 227,729	9.5%
<u>Oregon Government Ethics Commission</u>				
Other Funds	\$ 2,903,298	\$ 2,964,690	\$ 61,392	2.1%
<u>Office of the Governor</u>				
General Fund	\$ 16,666,702	\$ 15,854,375	\$ (812,327)	-4.9%
Other Funds	\$ 3,910,275	\$ 4,072,275	\$ 162,000	4.1%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Oregon Liquor Control Commission</u>				
Other Funds	\$ 247,046,671	\$ 245,276,671	\$ (1,770,000)	-0.7%
<u>Public Employees Retirement System</u>				
General Fund	\$ 100,000,000	\$ 64,751,802	\$ (35,248,198)	-35.2%
Other Funds	\$ 263,256,648	\$ 205,968,978	\$ (57,287,670)	-21.8%
<u>Department of Revenue</u>				
General Fund	\$ 198,123,562	\$ 185,800,758	\$ (12,322,804)	-6.2%
General Fund Debt Service	\$ 14,980,120	\$ 14,287,394	\$ (692,726)	-4.6%
Other Funds	\$ 124,767,595	\$ 137,495,585	\$ 12,727,990	10.2%
Other Funds Debt Service	\$ 1,327,830	\$ 2,018,471	\$ 690,641	52.0%
<u>Secretary of State</u>				
General Fund	\$ 14,158,129	\$ 13,847,047	\$ (311,082)	-2.2%
Other Funds	\$ 63,888,057	\$ 62,414,142	\$ (1,473,915)	-2.3%
<u>State Library</u>				
General Fund	\$ 4,200,159	\$ 3,990,749	\$ (209,410)	-5.0%
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>State Board of Accountancy</u>				
Other Funds	\$ 2,788,351	\$ 2,816,452	\$ 28,101	1.0%
<u>Consumer and Business Services</u>				
General Fund	\$ 1,299,319	\$ 1,299,319	\$ -	0.0%
Other Funds	\$ 397,014,796	\$ 385,605,662	\$ (11,409,134)	-2.9%
Federal Funds	\$ 100,670,278	\$ 112,960,680	\$ 12,290,402	12.2%
<u>Construction Contractors Board</u>				
Other Funds	\$ 15,038,579	\$ 15,813,579	\$ 775,000	5.2%
<u>Health Related Licensing Boards</u>				
Occupational Therapy Licensing Board				
Other Funds	\$ 619,842	\$ 612,708	\$ (7,134)	-1.2%
Board of Medical Imaging				
Other Funds	\$ 1,175,429	\$ 1,176,838	\$ 1,409	0.1%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Health Related Licensing Boards</u>				
State Board of Examiners for Speech-Language Pathology and Audiology				
Other Funds	\$ 979,115	\$ 953,588	\$ (25,527)	-2.6%
Oregon State Veterinary Medical Examining Board				
Other Funds	\$ 1,203,614	\$ 1,220,264	\$ 16,650	1.4%
<u>Bureau of Labor and Industries</u>				
General Fund	\$ 15,013,956	\$ 13,967,090	\$ (1,046,866)	-7.0%
Lottery Funds	\$ 250,000	\$ 250,000	\$ -	0.0%
Other Funds	\$ 13,953,296	\$ 14,041,111	\$ 87,815	0.6%
Federal Funds	\$ 1,335,294	\$ 1,335,294	\$ -	0.0%
<u>Licensed Social Workers, Board of</u>				
Other Funds	\$ 1,804,612	\$ 1,992,619	\$ 188,007	10.4%
<u>Mental Health Regulatory Agency</u>				
Licensed Professional Counselors and Therapists				
Other Funds	\$ 2,384,631	\$ 2,757,667	\$ 373,036	15.6%
Board of Psychology				
Other Funds	\$ 1,556,707	\$ 1,483,057	\$ (73,650)	-4.7%
<u>Board of Pharmacy</u>				
Other Funds	\$ 8,761,878	\$ 8,736,104	\$ (25,774)	-0.3%
<u>Real Estate Agency</u>				
Other Funds	\$ 8,499,070	\$ 9,398,485	\$ 899,415	10.6%
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>				
<u>Oregon Business Development Department</u>				
General Fund	\$ 29,235,718	\$ 30,077,482	\$ 841,764	2.9%
General Fund Debt Service	\$ 56,176,824	\$ 54,475,254	\$ (1,701,570)	-3.0%
Lottery Funds	\$ 79,057,623	\$ 71,776,140	\$ (7,281,483)	-9.2%
Lottery Funds Debt Service	\$ 48,307,543	\$ 45,764,621	\$ (2,542,922)	-5.3%
Other Funds	\$ 687,245,691	\$ 672,193,326	\$ (15,052,365)	-2.2%
Other Funds Debt Service	\$ 157,290	\$ 2,735,716	\$ 2,578,426	1639.3%
Federal Funds	\$ 43,094,384	\$ 72,472,652	\$ 29,378,268	68.2%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Employment Department</u>				
General Fund	\$ 15,688,586	\$ 9,508,586	\$ (6,180,000)	-39.4%
Other Funds	\$ 192,385,467	\$ 192,822,907	\$ 437,440	0.2%
Federal Funds	\$ 154,315,171	\$ 242,772,407	\$ 88,457,236	57.3%
<u>Housing and Community Services Department</u>				
General Fund	\$ 97,398,648	\$ 87,398,648	\$ (10,000,000)	-10.3%
General Fund Debt Service	\$ 28,569,838	\$ 23,043,308	\$ (5,526,530)	-19.3%
Lottery Funds Debt Service	\$ 21,789,335	\$ 21,752,234	\$ (37,101)	-0.2%
Other Funds	\$ 644,280,175	\$ 654,071,299	\$ 9,791,124	1.5%
Other Funds Debt Service	\$ 1,100	\$ 38,202	\$ 37,102	3372.9%
Federal Funds	\$ 126,659,025	\$ 200,315,609	\$ 73,656,584	58.2%
<u>Department of Veterans' Affairs</u>				
General Fund	\$ 7,974,857	\$ 7,337,003	\$ (637,854)	-8.0%
General Fund Debt Service	\$ 378,020	\$ 358,174	\$ (19,846)	-5.2%
Lottery Funds	\$ 20,559,847	\$ 19,001,367	\$ (1,558,480)	-7.6%
Other Funds Debt Service	\$ -	\$ 20,000	\$ 20,000	100.0%
Federal Funds	\$ 1,525,000	\$ 3,231,284	\$ 1,706,284	111.9%
<u>EDUCATION PROGRAM AREA</u>				
<u>Department of Education</u>				
General Fund	\$ 868,141,654	\$ 833,479,221	\$ (34,662,433)	-4.0%
General Fund Debt Service	\$ 31,133,753	\$ 31,114,252	\$ (19,501)	-0.1%
Other Funds	\$ 1,547,497,678	\$ 1,213,919,141	\$ (333,578,537)	-21.6%
Other Funds Debt Service	\$ 9,331	\$ 28,846	\$ 19,515	209.1%
Federal Funds	\$ 1,109,446,757	\$ 1,248,756,548	\$ 139,309,791	12.6%
<u>State School Fund</u>				
General Fund	\$ 7,718,687,417	\$ 7,568,496,644	\$ (150,190,773)	-1.9%
Lottery Funds	\$ 530,146,857	\$ 730,467,530	\$ 200,320,673	37.8%
Other Funds	\$ 751,165,726	\$ 701,035,826	\$ (50,129,900)	-6.7%
<u>Higher Education Coordinating Commission</u>				
General Fund	\$ 39,587,633	\$ 32,114,364	\$ (7,473,269)	-18.9%
Other Funds	\$ 37,337,696	\$ 49,748,567	\$ 12,410,871	33.2%
Federal Funds	\$ 127,560,060	\$ 127,706,496	\$ 146,436	0.1%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>State Support for Community Colleges</u>				
General Fund Debt Service	\$ 28,954,449	\$ 27,380,472	\$ (1,573,977)	-5.4%
Other Funds Debt Service	\$ 3,126,855	\$ 3,841,028	\$ 714,173	22.8%
Other Funds	\$ 24,905,810	\$ 24,928,593	\$ 22,783	0.1%
<u>State Support for Public Universities</u>				
General Fund	\$ 1,039,577,708	\$ 1,035,662,968	\$ (3,914,740)	-0.4%
General Fund Debt Service	\$ 177,386,107	\$ 167,311,672	\$ (10,074,435)	-5.7%
Lottery Funds	\$ 93,150,451	\$ 59,405,656	\$ (2,265,292)	-36.2%
Other Funds Debt Service	\$ 4,876,783	\$ 13,087,784	\$ 8,211,001	168.4%
Other Funds Debt Service Nonlimited	\$ 224,257,728	\$ 208,210,681	\$ (16,047,047)	-7.2%
Other Funds Nonlimited	\$ 412,573	\$ 467,573	\$ 55,000	13.3%
<u>Oregon Health Sciences University</u>				
General Fund	\$ 79,161,533	\$ 78,823,491	\$ (338,042)	-0.4%
General Fund Debt Service	\$ 23,816,150	\$ 23,815,730	\$ (420)	0.0%
Other Funds Debt Service	\$ 30,919,866	\$ 30,920,287	\$ 421	0.0%
Other Funds Debt Service Nonlimited	\$ 7,298,890	\$ 6,234,016	\$ (1,064,874)	-14.6%
<u>Oregon Opportunity Grant Program</u>				
General Fund	\$ 109,510,413	\$ 99,510,413	\$ (10,000,000)	-9.1%
Other Funds	\$ 14,669,415	\$ 24,669,415	\$ 10,000,000	68.2%
<u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Commission for the Blind</u>				
General Fund	\$ 6,634,036	\$ 6,218,539	\$ (415,497)	-6.3%
Other Funds	\$ 1,560,451	\$ 2,060,451	\$ 500,000	32.0%
Federal Funds	\$ 15,955,857	\$ 18,508,300	\$ 2,552,443	16.0%
<u>Oregon Health Authority</u>				
General Fund	\$ 2,661,224,944	\$ 2,515,495,703	\$ (145,729,241)	-5.5%
General Fund Debt Service	\$ 63,722,338	\$ 60,024,589	\$ (3,697,749)	-5.8%
Lottery Funds	\$ 17,093,071	\$ 17,904,599	\$ 811,528	4.7%
Other Funds	\$ 7,813,067,998	\$ 7,955,577,038	\$ 142,509,040	1.8%
Other Funds Debt Service	\$ 216,435	\$ 224,985	\$ 8,550	4.0%
Federal Funds	\$ 12,683,911,274	\$ 13,960,060,406	\$ 1,276,149,132	10.1%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Department of Human Services</u>				
General Fund	\$ 3,855,390,892	\$ 3,645,091,815	\$ (210,299,077)	-5.5%
General Fund Debt Service	\$ 22,657,623	\$ 21,294,053	\$ (1,363,570)	-6.0%
Other Funds	\$ 704,801,492	\$ 703,907,975	\$ (893,517)	-0.1%
Federal Funds	\$ 6,133,004,273	\$ 6,304,724,533	\$ 171,720,260	2.8%
Federal Funds Nonlimited	\$ 1,939,345,331	\$ 2,489,345,331	\$ 550,000,000	28.4%
<u>Long Term Care Ombudsman</u>				
General Fund	\$ 7,728,112	\$ 7,287,294	\$ (440,818)	-5.7%
Other Funds	\$ 845,016	\$ 1,066,016	\$ 221,000	26.2%
<u>Psychiatric Security Review Board</u>				
General Fund	\$ 3,198,150	\$ 3,098,150	\$ (100,000)	-3.1%
<u>JUDICIAL BRANCH</u>				
<u>Judicial Department</u>				
General Fund	\$ 494,874,779	\$ 483,774,779	\$ (11,100,000)	-2.2%
General Fund Debt Service	\$ 27,383,694	\$ 19,273,095	\$ (8,110,599)	100.0%
Other Funds	\$ 216,514,418	\$ 114,329,418	\$ (102,185,000)	-47.2%
Other Funds Debt Service	\$ 1,300,000	\$ 9,432,005	\$ 8,132,005	100.0%
<u>Public Defense Services Commission</u>				
General Fund	\$ 347,092,015	\$ 340,895,203	\$ (6,196,812)	-1.8%
Other Funds	\$ 4,039,068	\$ 13,039,068	\$ 9,000,000	222.8%
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund	\$ 47,814,546	\$ 46,064,546	\$ (1,750,000)	-3.7%
General Fund Debt Service	\$ 11,274,124	\$ 16,037,140	\$ 4,763,016	42.2%
Other Funds	\$ 6,959,630	\$ 8,469,630	\$ 1,510,000	21.7%
Other Funds Debt Service	\$ 4,867,000	\$ 65,560	\$ (4,801,440)	-98.7%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>State Department of Agriculture</u>				
General Fund	\$ 26,229,015	\$ 23,706,541	\$ (2,522,474)	-9.6%
Other Funds	\$ 74,372,889	\$ 75,764,818	\$ 1,391,929	1.9%
Federal Funds	\$ 17,472,153	\$ 17,547,153	\$ 75,000	0.4%
<u>State Department of Energy</u>				
General Fund	\$ 6,334,048	\$ 6,274,048	\$ (60,000)	-0.9%
Other Funds	\$ 32,812,879	\$ 32,794,871	\$ (18,008)	-0.1%
Federal Funds	\$ 2,196,096	\$ 3,271,354	\$ 1,075,258	49.0%
<u>Department of Environmental Quality</u>				
General Fund	\$ 52,252,278	\$ 47,936,894	\$ (4,315,384)	-8.3%
General Fund Debt Service	\$ 6,524,882	\$ 6,368,955	\$ (155,927)	-2.4%
Other Funds	\$ 222,204,270	\$ 222,528,559	\$ 324,289	0.1%
<u>State Department of Fish and Wildlife</u>				
General Fund	\$ 35,094,508	\$ 31,224,445	\$ (3,870,063)	-11.0%
Other Funds	\$ 203,027,596	\$ 202,805,869	\$ (221,727)	-0.1%
Federal Funds	\$ 144,438,993	\$ 144,857,087	\$ 418,094	0.3%
<u>Department of Forestry</u>				
General Fund	\$ 80,958,987	\$ 87,263,555	\$ 6,304,568	7.8%
General Fund Debt Service	\$ 16,489,822	\$ 16,418,449	\$ (71,373)	-0.4%
Other Funds	\$ 283,057,822	\$ 280,119,697	\$ (2,938,125)	-1.0%
Other Funds Debt Service	\$ 668,774	\$ 603,234	\$ (65,540)	-9.8%
Federal Funds	\$ 35,483,276	\$ 35,425,432	\$ (57,844)	-0.2%
<u>Department of Land Conservation and Development</u>				
General Fund	\$ 20,231,675	\$ 17,333,363	\$ (2,898,312)	-14.3%
<u>Land Use Board of Appeals</u>				
General Fund	\$ 2,061,858	\$ 2,121,838	\$ 59,980	2.9%
<u>Department of Parks and Recreation</u>				
Federal Funds	\$ 16,685,823	\$ 17,350,823	\$ 665,000	4.0%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Department of State Lands</u>				
Other Funds	\$ 54,079,207	\$ 54,324,791	\$ 245,584	0.5%
Federal Funds	\$ 2,295,209	\$ 2,983,495	\$ 688,286	30.0%
<u>Water Resources Department</u>				
General Fund	\$ 36,722,794	\$ 33,210,095	\$ (3,512,699)	-9.6%
Lottery Funds Debt Service	\$ 7,566,502	\$ 7,563,194	\$ (3,308)	0.0%
Other Funds	\$ 99,150,699	\$ 99,702,961	\$ 552,262	0.6%
Other Funds Debt Service	\$ 394	\$ 3,703	\$ 3,309	839.8%
Federal Funds	\$ 875,519	\$ 1,136,003	\$ 260,484	29.8%
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,736,776,566	\$ 1,759,924,168	\$ 23,147,602	1.3%
General Fund Debt Service	\$ 117,154,410	\$ 112,948,840	\$ (4,205,570)	-3.6%
Other Funds	\$ 95,275,997	\$ 95,979,042	\$ 703,045	0.7%
Other Funds Debt Service	\$ 51,378	\$ 66,358	\$ 14,980	29.2%
<u>Oregon Criminal Justice Commission</u>				
General Fund	\$ 79,843,528	\$ 79,175,528	\$ (668,000)	-0.8%
Federal Funds	\$ 5,337,957	\$ 12,149,340	\$ 6,811,383	127.6%
<u>District Attorneys and their Deputies</u>				
General Fund	\$ 12,839,916	\$ 13,339,916	\$ 500,000	3.9%
<u>Department of Justice</u>				
General Fund	\$ 101,138,750	\$ 96,108,238	\$ (5,030,512)	-5.0%
Other Funds	\$ 355,837,618	\$ 359,947,494	\$ 4,109,876	1.2%
Federal Funds	\$ 186,995,478	\$ 212,643,937	\$ 25,648,459	13.7%
<u>Oregon Military Department</u>				
General Fund	\$ 24,629,666	\$ 22,665,897	\$ (1,963,769)	-8.0%
General Fund Debt Service	\$ 11,603,502	\$ 11,317,429	\$ (286,073)	-2.5%
Other Funds	\$ 133,945,223	\$ 134,445,223	\$ 500,000	0.4%
Other Funds Debt Service	\$ 133,050	\$ 290,916	\$ 157,866	118.7%
Federal Funds	\$ 318,358,977	\$ 316,713,291	\$ (1,645,686)	-0.5%
<u>Oregon Board of Parole and Post Prison Supervision</u>				
General Fund	\$ 8,680,101	\$ 8,353,511	\$ (326,590)	-3.8%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
<u>Oregon State Police</u>				
General Fund	\$ 318,475,460	\$ 255,184,365	\$ (63,291,095)	-19.9%
Other Funds	\$ 164,937,371	\$ 220,896,207	\$ 55,958,836	33.9%
Federal Funds	\$ 12,616,262	\$ 13,721,105	\$ 1,104,843	8.8%
<u>Department of Public Safety Standards and Training</u>				
General Fund Debt Service	\$ 9,665,010	\$ 9,357,609	\$ (307,401)	-3.2%
Other Funds	\$ 48,102,591	\$ 48,125,319	\$ 22,728	0.0%
Federal Funds	\$ 7,689,376	\$ 8,118,463	\$ 429,087	5.6%
<u>Oregon Youth Authority</u>				
General Fund	\$ 318,708,435	\$ 308,294,951	\$ (10,413,484)	-3.3%
General Fund Debt Service	\$ 12,017,766	\$ 11,153,998	\$ (863,768)	-7.2%
Other Funds	\$ 14,458,422	\$ 14,439,875	\$ (18,547)	-0.1%
Other Funds Debt Service	\$ 95,000	\$ 408,100	\$ 313,100	329.6%
Federal Funds	\$ 40,643,083	\$ 36,319,995	\$ (4,323,088)	-10.6%
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Aviation</u>				
Other Funds	\$ 20,035,792	\$ 20,055,725	\$ 19,933	0.1%
<u>Department of Transportation</u>				
General Fund Debt Service	\$ 25,306,026	\$ 25,176,339	\$ (129,687)	-0.5%
Lottery Funds	\$ -	\$ 500,000	\$ 500,000	100.0%
Lottery Funds Debt Service	\$ 115,592,980	\$ 114,671,361	\$ (921,619)	-0.8%
Other Funds	\$ 3,841,994,260	\$ 3,845,761,059	\$ 3,766,799	0.1%
Other Funds Debt Service	\$ 384,447,137	\$ 385,369,037	\$ 921,900	0.2%
Federal Funds	\$ 113,670,758	\$ 160,370,758	\$ 46,700,000	41.1%

Budget Summary*

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			\$ Change	% Change
2019-21 Budget Summary				
General Fund Total	\$ 20,721,253,409	\$ 20,274,546,830	\$ (446,706,579)	-2.2%
General Fund Debt Service Total	\$ 691,993,863	\$ 657,625,037	\$ (34,368,826)	-5.0%
Lottery Funds Total	\$ 740,257,849	\$ 899,305,292	\$ 190,526,946	21.5%
Lottery Funds Debt Service Total	\$ 210,714,166	\$ 206,920,862	\$ (3,793,304)	-1.8%
Other Funds Total	\$ 20,144,188,583	\$ 19,800,053,081	\$ (344,135,502)	-1.7%
Other Funds Nonlimited Total	\$ 412,573	\$ 467,573	\$ 55,000	13.3%
Other Funds Debt Service Total	\$ 876,918,967	\$ 891,582,091	\$ 14,663,124	1.7%
Other Funds Nonlimited Debt Service Total	\$ 231,556,618	\$ 214,444,697	\$ (17,111,921)	-7.4%
Federal Funds Total	\$ 22,641,166,333	\$ 24,536,232,445	\$ 1,895,066,112	8.4%
Federal Funds Nonlimited Total	\$ 6,133,004,273	\$ 6,304,724,533	\$ 550,000,000	2.8%

* Excludes Capital Construction

PRELIMINARY

Position Summary

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			Change	% Change
ADMINISTRATION PROGRAM AREA				
<u>Department of Administrative Services</u>				
Authorized Positions	916.00	928	12	1.3%
Full-time Equivalent (FTE) positions	906.95	910.27	3.32	0.4%
<u>Department of Revenue</u>				
Authorized Positions	1,057	1,085	28	2.6%
Full-time Equivalent (FTE) positions	983.39	1,011.85	28.46	2.9%
<u>State Treasurer</u>				
Authorized Positions	166	169	3	1.8%
Full-time Equivalent (FTE) positions	164.47	165.01	0.54	0.3%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
<u>Bureau of Labor and Industries</u>				
Authorized Positions	113	110	(3)	-2.7%
Full-time Equivalent (FTE) positions	109.80	108.54	(1.26)	-1.1%
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
<u>Oregon Business Development Department</u>				
Authorized Positions	141.00	145	(1)	-0.7%
Full-time Equivalent (FTE) positions	139.21	139.68	(1.00)	-0.7%
<u>Employment Department</u>				
Authorized Positions	1,389	2,142	753	54.2%
Full-time Equivalent (FTE) positions	1,323.58	1,755.91	432.33	32.7%
<u>Housing and Community Services</u>				
Authorized Positions	224	226	2	0.9%
Full-time Equivalent (FTE) positions	216.71	216.57	(0.14)	-0.1%

Position Summary

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			Change	% Change
EDUCATION PROGRAM AREA				
<u>Department of Education</u>				
Authorized Positions	693	687	(6)	-0.9%
Full-time Equivalent (FTE) positions	653.30	648.80	(4.50)	-0.7%
<u>Higher Education Coordinating Commission</u>				
Authorized Positions	148	144	(4)	-2.7%
Full-time Equivalent (FTE) positions	137.37	134.91	(2.46)	-1.8%
HUMAN SERVICES PROGRAM AREA				
<u>Oregon Health Authority</u>				
Authorized Positions	4,290	4,381	91	2.1%
Full-time Equivalent (FTE) positions	4,243.01	4,316.87	73.86	1.7%
<u>Department of Human Services</u>				
Authorized Positions	9,444	9,431	(13)	-0.1%
Full-time Equivalent (FTE) positions	9,324.14	9,329.78	5.64	0.1%
NATURAL RESOURCES PROGRAM AREA				
<u>State Department of Agriculture</u>				
Authorized Positions	512	514	2	0.4%
Full-time Equivalent (FTE) positions	384.52	385.36	0.84	0.2%
<u>Department of Fish and Wildlife</u>				
Authorized Positions	1,357	1,356	(1)	-0.1%
Full-time Equivalent (FTE) positions	1,154.69	1,153.44	(1.25)	-0.1%
<u>Department of Land Conservation and Development</u>				
Authorized Positions	64	112	(3)	-2.6%
Full-time Equivalent (FTE) positions	62.09	109.46	(3.54)	-3.1%

Position Summary

	2019-21 Legislatively Approved Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
			Change	% Change
<u>Department of State Lands</u>				
Authorized Positions	115	115	-	0.0%
Full-time Equivalent (FTE) positions	113.00	112.63	(0.37)	-0.3%
<u>Water Resources Department</u>				
Authorized Positions	177	178	1	0.6%
Full-time Equivalent (FTE) positions	171.79	172.67	0.88	0.5%
PUBLIC SAFETY PROGRAM AREA				
<u>Department of Justice</u>				
Authorized Positions	1,453	1,456	3	0.2%
Full-time Equivalent (FTE) positions	1,420.13	1,423.23	3.10	0.2%

PRELIMINARY

Summary of Revenue Changes

The General Fund appropriations made in SB 5723 are within resources available as projected in the June 2020 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis.

Summary of Committee/Committee Action

Statewide Adjustments

STATEWIDE ADJUSTMENTS

Statewide adjustments in multiple agencies are based on reductions to debt service realized through refunding of outstanding general obligation bonds and certificates of participation, interest rate savings on bond sales, 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 \$34.6 million General Fund and \$3.8 million Lottery Funds. New Other Funds expenditure limitation for the Oregon Department of Veterans' Affairs (\$20,000) 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 \$14.6 million. Nonlimited Other Funds debt service limitation for HECC is also decreased by \$17.1 million for debt service savings generated from the refunding of outstanding Article XI-F (1) bonds issued for the benefit of the public universities and the Oregon Health and Science University.

Sections 70 and 354 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 \$3.3 million total funds included in Section 354 are described in the agency narratives below.

Emergency Board

Emergency Board

As part of the 2019-21 biennium statewide rebalance plan, SB 5723 adjusts the Emergency Fund and other special purpose appropriations made to the Emergency Board during the 2019 session as follows:

- Eliminated the \$5.7 million special purpose appropriation made to the Emergency Board for the Oregon Health Authority to support interdisciplinary assessment teams for the provision of consultation, evaluation, and stabilization services to youth with specialized needs.
- Eliminated the \$3.0 million special purpose appropriation made to the Emergency Board for agency costs associated with grand jury recordation.
- Established a new \$1.0 million special purpose appropriation for the Department of Justice and Child Advocacy Center to address a potential increase in caseloads or funding shortfalls associated with the COVID-19 pandemic.
- Eliminated the \$16.1 million special purpose appropriation made to the Emergency Board that was established in HB 5050 (2019). This is the remaining balance of a \$20.0 million appropriation that was available for allocation to the Public Defense Services Commission for caseload activities, including activities designed to improve public defense caseloads. In its April meeting, the Emergency Board approved \$3.9 million for staff and information technology services to improve oversight of indigent defense contracts as well as to provide a rate increase for related investigator and interpreter services.
- Eliminated the \$2.0 million special purpose appropriation made to the Emergency Board in SB 5532 (2019) for use by the Public Defense Services Commission to acquire a new financial management system. Based on the current project timeline, the funds will not be needed in the current biennium.
- Eliminated the \$1.0 million special purpose appropriation made to the Emergency Board in HB 5050 (2019) for use by the Oregon Department of Corrections and the Public Defense Services Commission to cover costs associated with Chapter 530, Oregon Laws 2019, relating to unauthorized use of vehicles as the costs are not likely to materialize in the current biennium.
- Eliminated the \$1.0 million special purpose appropriation made to the Emergency Board in HB 2829 (2019). This appropriation had been made available for allocation to the Department of Fish and Wildlife for the Oregon Conservation and Recreation Fund, contingent on the Department depositing an equal amount of money into the Fund from non-State or Federal sources prior to the sunset of the Fund on June 30, 2021.
- Eliminated the \$4.0 million special purpose appropriation made to the Emergency Board for the Department of Human Services (Child Welfare) to help increase capacity for non-Medicaid in-home services under the federal Family First Prevention Services Act. A larger and more flexible special purpose appropriation was established to help address agency budget issues over the next few months.
- Established a new special purpose appropriation in the amount of \$100.0 million for the Oregon Health Authority and/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; COVID-19 impacts on programs or costs; 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.

- Appropriated \$200.0 million General Fund to the Emergency Fund for needs of the state as a result of the COVID-19 pandemic, potential costs related to wildfires, and the uncertainty of the current economy.

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 SB 5723. Since a new special purpose appropriation was established to address potential budget needs specifically for these two agencies, the reservations can be removed to help support flexibility within the general purpose Emergency Fund and future statewide allocations that may be needed to keep the budget aligned with 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.

Adjustments to 2019-21 Agency Budgets

ADMINISTRATION

Department of Administrative Services

The Committee approved General Fund and a number of Other Fund expenditure limitation changes for the Department of Administrative Services (DAS).

In the Chief Operating Office, the Committee approved a one-time \$320,975 Other Funds reduction associated with vacancy savings and reductions to services and supplies and capital outlay, as well as a permanent reduction of \$464,852 Other Funds and the abolishment of two vacant positions (2.00 FTE).

A one-time Other Funds expenditure reduction of \$60,000 due to vacancy savings and reductions to services and supplies and capital outlay was approved in the Chief Financial Office. Similarly, a one-time Other Funds expenditure limitation reduction of \$577,355 from vacancy and administrative savings was realized in the Chief Human Resource Office.

In the Office of the State Chief Information Officer, the Committee approved a one-time \$6.4 million Other Funds expenditure limitation reduction for Policy and a one-time \$8.2 million Other Funds expenditure limitation reduction for the State Data Center due to vacancy savings and reductions to services and supplies and capital outlay. Other Funds expenditure limitation of \$8.8 million was removed from the State Data Center program and added to the Policy program 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 Committee increased Other Funds expenditure limitation in Enterprise Asset Management 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 Committee also increased Other Funds expenditure limitation by \$2.5 million for infrastructure improvements required as part of the subdivision and development of the former Oregon State Hospital North Campus property. An additional one-time Other Funds reduction of \$5.2 million reflects vacancy and administrative savings.

The Committee also approved an increase of \$53,660 Other Funds expenditure limitation in Enterprise Goods and Services for an Accounting Technician 3 (0.38 FTE) due to the transfer of the Department of Revenue's (DOR) payroll function to the Department of Administrative Services - Shared Client Services. DOR undertook this transfer administratively, effective January 1, 2020. An additional one-time Other Funds expenditure limitation reduction of \$2.7 million reflects vacancy and administrative savings.

The Committee approved a one-time \$2.3 million Other Funds expenditure limitation reduction due to vacancy savings and reductions to services and supplies and capital outlay in the Business Services program.

In the Information Technology program, the Committee increased Other Funds expenditure limitation by \$788,835 and approved the establishment of one Information Systems Specialist 8 position (0.38 FTE) in DAS Information Technology for the Workday Payroll and Time Tracking application. Other Funds expenditure limitation was increased by \$4.9 million and 12 limited duration positions (4.56 FTE) were established, all at step 2 of the relevant classifications, for the Workday Payroll and Time Tracking application. Approved positions include two Operations and Policy Analyst 4 positions, seven Operations and Policy Analyst 3 positions, two Operations and Policy Analyst 2 positions, and one Information Systems Specialist 8 position.

The Committee 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 SB 5722.

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. Instead, the Committee approved a \$2.0 million General Fund appropriation for project costs.

The Committee removed Other Funds expenditure limitation for one-time special payments associated with the disbursement of proceeds from Lottery bond sales as follows: for Hacienda CDC - Las Adelitas Housing Project - (\$2,042,875); for Port of Morrow - Early Learning Center Expansion - (\$1,439,188); for Wallowa Valley Center for Wellness - (\$2,548,087); and for the YMCA of Columbia-Willamette - Beaverton Hoop YMCA - (\$2,558,500).

The Committee approved \$21.85 million of Federal Funds expenditure limitation for the Coronavirus Relief Fund. This supplemental limitation relates to exchanging General Fund that was allocated by the Emergency Board to various agencies for COVID-19 related activities that have been deemed eligible for federal reimbursement under the federal CARES Act. The General Fund allocations were made under emergency circumstances and prior to the state's receipt of federal CARE Act/ Coronavirus Relief Fund funding.

Special payments to the following projects were reduced as follows:

- Klamath County - Acquire, install, and maintain Stream Gauges (\$30,000)
- Historic Portland Public Market Foundation - James Beard Public Market (\$400,000)
- Lutheran Community Services Northwest for drug abuse programs (\$500,000)

The Committee approved \$1.5 million General Fund for the Wallowa Valley Center for Wellness and Winding Waters Medical Clinic to build an integrated health services facility in Enterprise, as well as \$250,000 General Fund for a contract with an independent economist to examine wildfire protection costs and funding in Oregon.

Oregon Advocacy Commissions

The Committee approved one-time reductions to the Oregon Advocacy Commissions Office budget of \$77,104 General Fund. This reduction reflects vacancy savings of \$66,311 accrued due to a position budgeted as full-time being filled only part-time, and \$10,793 in other administrative savings.

Employment Relations Board

The Committee approved a fund shift to move \$227,729 General Fund to Other Funds, the source of which is \$157,993 of excess miscellaneous revenue and \$69,736 of excess state agency assessment revenue.

Office of the Governor

A one-time reduction of \$812,327 General Fund from the Office of the Governor reflects vacancy and other administrative savings, and the use of Other Funds rather than General Fund for one position.

Oregon Liquor Control Commission

Other Funds expenditure limitation of \$1.77 million was eliminated from the budget of the Oregon Liquor Control Commission (OLCC), reflecting vacancy savings and an assumed hiring freeze as of July 2020. Administrative action directed by budget note in the 2019 session to update the amount of credit card fees paid by the Commission for liquor-related items will also net one-time agency savings of \$1.4 million. These reductions in OLCC expenses are estimated to return an additional \$1.8 million in revenue to the General Fund.

Public Employees Retirement System

The Committee approved a one-time \$35.3 million General Fund reduction and a corresponding one-time \$35.3 million Other Funds expenditure limitation reduction related to state matching funds for the Employer Incentive Fund. Of the original \$100 million General Fund appropriation, the remaining \$64.7 either has been used for matching employer contributions or will be used to match employer contributions through July 31, 2020.

A one-time \$11.5 million Other Funds expenditure limitation reduction to the School District Unfunded Liability Fund was approved, and a \$1 Other Funds expenditure limitation reduction was approved for the Financial and Administrative Services Division for the Employer Resolution Program/Employer Incentive Fund.

The Committee 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.

Other Funds expenditure limitation for the Core System Retirement Application was reduced by \$10.5 million, which includes \$10 million for Information Technology Applications and \$500,000 for a Contingency Reserve. Recent status reporting by PERS (July 2020) revealed that the permanent solution for the redirect project will extend into the 2021-23 and the 2023-25 biennia.

The Committee approved the following budget note.

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 prior to 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;
- Current project risks, likely impacts, and mitigation strategies;
- Explanation of the delay related to implementing member redirect and associated costs and actuarial impact(s);
- 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;
- Whether SB 1049 (2019) is meeting financial objectives;
- 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.

Department of Revenue

A number of General Fund and Other Fund expenditure limitation changes were approved for the Department of Revenue (DOR). One-time budgetary reductions reflecting vacancies and other administrative reductions in various Department programs are as follows:

- In the Administrative Division, \$2.3 million General Fund and \$600,907 Other Funds expenditure limitation
- In the Property Tax Division, \$886,888 General Fund
- In the Personal Income Tax and Compliance Division, \$4.2 million General Fund and \$97,524 Other Funds expenditure limitation
- In the Business Division, \$688,383 General Fund and \$353,662 Other Funds expenditure limitation
- In the Information Technology Services Division, \$335,369 General Fund and \$56,832 Other Funds expenditure limitation

To provide supplemental resources for administration of the Corporate Activities Tax (CAT), the Committee approved an increase in Other Funds expenditure limitation of \$11.5 million and authorized the establishment of 28 positions (28.46 FTE) for the Corporate Division. The Committee also approved a one-time \$1 General Fund reduction and fund shift of \$2,789,361 General Fund to Other Funds (corporate activities tax).

To provide resources for administration of the Corporate Activities Tax (CAT), the Committee increased Other Funds expenditure limitation for the Core Systems Replacement project by \$2.3 million to modify DOR's integrated system (GENTAX) for the new tax. The Committee also approved a one-time \$1,165,000 General Fund reduction in services and supplies due to contract savings.

Secretary of State

The Committee reduced total General Fund appropriations to the Secretary of State by \$311,082 (or 2.2%) and reduced Other Funds expenditures by \$1,768,198 (or 2.8%). The \$1,768,198 Other Funds not spent as a result of these reductions are transferred to the General Fund in HB 4304 to help rebalance the state General Fund budget. These Other Funds consist of assessment revenues paid by other state agencies to the Audits and Archives Divisions, plus corporate registration fee revenue paid to the Corporation Division.

The General Fund reductions include a \$61,378 (or 1.8%) reduction to the Administrative Services Division and a \$249,704 (or 2.3%) reduction to the Elections Division. The reductions are one-time in nature. The agency will manage the funding reductions by holding three current vacancies for the remainder of the biennium and by holding a fourth vacancy (the Executive Assistant to the Secretary) through the remainder of 2020. The current vacancies to be held for the entire biennium include one Information Specialist 8 in the Administrative Services Division and two Compliance Specialist 2 positions in Elections. Elections Division reductions include an additional \$39,000 of services and supplies cuts in the Oregon Motor Voter program and division-wide.

The Other Funds reductions include: a) \$583,292 (or 3.0%) to the Administrative Services Division, b) \$768,365 (or 3.3%) to the Audits Division, c) \$153,504 (or 1.8%) to the Archives Division, and d) \$263,037 (or 2.2%) to the Corporation Division. The reductions are one-time in nature. The agency will manage the funding reductions by holding two current vacancies in the Information Services Division, four current vacancies in the Audits Division, and one current vacancy each in the Archives and Corporation Divisions for the remainder of the biennium. Another three vacant Executive Office positions, including the Deputy Secretary of State, a Public Affairs Specialist 3, and the Executive Assistant to the Secretary, will be held through the remainder of 2020. Additionally, services and supplies expenditures in the Audits and Corporation Divisions were reduced by a combined \$180,372, and two management positions in the Corporation Division will be underfilled with Program Analyst 1's.

The Other Funds reductions were partially offset by a technical adjustment approved to increase the Secretary of State's total 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) budgets. Including the impact of this technical adjustment, the net Other Funds expenditure limitation reduction for the Secretary of State totals \$1,473,915 (or 2.3%).

Oregon State Library

A one-time reduction of \$209,410 General Fund from the Oregon State Library reflects vacancy, rent, and other administrative savings. The reduction is not anticipated to affect programs or services.

Oregon State Treasurer

To transition accounting and budget services from the Department of Administrative Services to Treasury, the Committee approved the establishment of three permanent positions (0.54 FTE) and the reclassification of one position, funded internally through the agency's shared services cost allocation. The positions being established are: one permanent full-time Principal Executive Manager D (salary range 31X) to manage the program transitioning to Treasury at 0.25 FTE (phases-in 1/1/2021), one permanent full-time Fiscal Analyst 1 position (salary range 23) at 0.25 FTE (phases-in 1/1/2021), and one permanent part-time Accounting Technician 3 position (salary range 19) at 0.04 FTE (phases-in 6/1/2021) to perform the functions transitioned from DAS Shared Client Services. The Committee also approved the reclassification of a permanent, full-time Accountant 1 (salary range 21) to an Accountant 4 (salary range 30) to effectively distribute the complex accounting work performed by each position classification in the new unit. No additional expenditure limitation is required for the 2019-21 biennium as the agency is able to absorb the cost within its current budget.

Also approved were the following position reclassifications: a Principal Executive Manager D (salary range 31X) to General Counsel (salary range 51); a Principal Executive Manager H (salary range 40X) to Principal Executive Manager I (salary range 42X); a Principal Executive Manager D (salary range 31X) to an Operations and Policy Analyst 4 (salary range 32); a Principal Executive Manager D (salary range 31X) to an Operations and Policy Analyst 4 (salary range 32); and an 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 considering the downward reclassification, is \$76,136 Other Funds; however no additional expenditure limitation is being requested for the 2019-21 biennium as the agency is able to absorb the cost within its current budget. The 2021-23 estimated cost is \$121,817 Other Funds.

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

CONSUMER AND BUSINESS SERVICES

Board of Accountancy

The Committee approved technical adjustments related to the Department of Justice flat rate billing model, increasing Other Funds expenditure limitation by \$28,101 for the Board of Accountancy.

Department of Business and Consumer Services

The Committee approved an increase in Federal Funds expenditure limitation of \$445,176 for the Department of Consumer and Business Services (DCBS) to accommodate a no-cost extension of time for the expenditure of a federal grant received from the U.S. Department of Health and Human Services. The September 2016 award of the Health Insurance Enforcement and Consumer Protections Grant of \$1,245,919 had an original 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 expend the remaining grant funds.

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

In addition to technical adjustments discussed elsewhere in this report, technical adjustments approved by the Committee included a \$11,845,226 shift of expenditure limitation from Other Funds to Federal Funds to allow the agency to expend additional federal grant funding awarded under a section 1332 state innovation waiver supporting the Oregon Reinsurance Program. The Committee 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.

Health-Related Licensing Boards

The Committee included technical adjustments to the following Health-Related Licensing Boards to reflect technical adjustments related to the Department of Justice flat rate billing model: Occupational Therapy Licensing Board reduce Other Funds expenditure limitation by \$7,134; Board of Medical Imaging increase Other Funds expenditure limitation by \$1,409; Board of Examiners for Speech-Language Pathology and Audiology reduce Other Funds expenditure limitation by \$25,527; and Oregon Veterinary Medical Examiners Board increase Other Funds expenditure limitation by \$16,650.

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.

Bureau of Labor and Industries

General Fund reductions totaling \$1,046,866 were approved to help balance the statewide budget. Reductions reflect vacancy savings, management furloughs, services and supplies reductions, fund-shifting portions of two positions in the Wage and Hour Division from General

Fund support to the Wage Security Fund, and the elimination of an office specialist and two apprenticeship representatives (3 positions/1.26 FTE) from the Apprenticeship and Training Division.

Board of Licensed Social Workers

The Committee 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 Committee approved a one-time increase of \$314,793 Other Funds expenditure limitation for the Oregon Board of Licensed Professional Counselors and Therapists and a one-time decrease of \$158,430 Other Funds expenditure limitation for the Oregon Board of Psychology to reflect an increase in facilities rent, establishment a Licensing Manager (LD PEM-C, MMS) position, reclassification of an existing Licensing Manager/Policy Advisor Position (OPA-3, MMS) to Policy Advisor (OPA-3, MMN), and cost reallocation between the Oregon Board of Licensed Professional Counselors and Therapists and the Oregon Board of Psychology. The Committee also included technical adjustments related to the Department of Justice flat rate billing model, increasing Other Funds expenditure limitation by \$56,243 for the Board of Board of Licensed Professional Counselors and Therapists, and by \$80,780 for the Board of Psychology.

PRELIMINARY

Board of Pharmacy

The Committee approved technical adjustments related to the Department of Justice flat rate billing model, decreasing Other Funds expenditure limitation by \$25,774 for the Board of Pharmacy.

Real Estate Agency

Other Funds expenditure limitation of \$899,415 is included 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 Committee reduced total General Fund appropriations to the Oregon Business Development Department (OBDD) by \$859,806 (or 1%), reduced Lottery Funds expenditures by \$9,824,405 (or 7.7%), reduced Other Funds expenditures by \$12,473,939 (or 1.8%), and increased Federal Funds expenditures by \$29,378,268 (or 68.2%). The Committee also eliminated one position (1.00 FTE) in the agency budget.

The net General Fund reduction masks several significant changes to the Department's budget. Excluding debt service expenditures, the General Fund for ongoing agency programs and operations was reduced by \$10,378,236 (or 35.5%). These reductions include:

- University Innovation Research Fund - This newly-established program was reduced by \$7,400,000 (or 74%). No additional program awards will be available for the remainder of the 2019-21 biennium.
- Emergency Small Business Assistance Grants - This program, which provides financial assistance to businesses impacted by the COVID-19 pandemic, was reduced by \$2,200,000 (44% of its General Fund and 6.8% of its total funding). This reduction is not projected to have any impact on grants to businesses as program utilization is not expected to exceed the amount of the remaining funds.
- Arts Commission Grants - Arts Commission grant funding was reduced by \$332,938, a 33% reduction in second-year grant support.
- Solar Incentivization Program - A \$292,298 (or 8.5%) reduction is expected to have no impact as these funds were not expected to be utilized.
- Special Public Works Fund (SPWF) - Although the SPWF does not typically receive General Fund support, the Emergency Board allocated \$1,800,000 in the current budget to offset the cost of a SPWF loan to the City of Pendleton for levee repairs. The Committee reduced this reimbursement by \$153,000 (or 8.5%). This reduction does not affect funding to the City of Pendleton but does reduce the SPWF balance.

Excluding debt service expenditures, the Lottery Funds provided for ongoing agency programs and operations was reduced by \$13,281,482 (or 15.6%). These figures reflect adjustments to lottery fund allocations to the Department. The reductions include:

- Tide Gates and Culverts Program - This newly-established program was reduced by \$3,000,000 (or 50%). Although the Lottery Funds expenditure limit for the program was increased from \$1 to \$3.0 million following a report on proposed program operations, this increase does not allow expenditure of the full \$6 million allocated for the program in the 2019 session. The \$6 million Lottery Funds allocation was reduced by \$3.0 million in HB 5221, the special session measure modifying lottery allocations.
- Oregon Innovation Council Commercialization Fund - This newly-established program was reduced by \$2,500,000 (or 50%).
- Port of Port Orford - Funding for the Port's Cannery Redevelopment Project was reduced by \$1,600,000, eliminating all support in the current biennium. The Port does not yet have the estimated \$14.4 million of matching funds needed to complete the project, but the project can be brought back for consideration once matching funds are available.
- High-Impact Opportunity Projects (HIOPs) - This Oregon Innovation Council program, which supports the growth of target industry sectors in Oregon, was reduced by \$1.5 million (or 50%).
- Oregon Metals Initiative - Funding was reduced by \$981,710 (or 53%), eliminating second-year support.
- Oregon Innovation Council Signature Research Centers - Funding was reduced by \$553,290 (or by 7.9% to each of the three Signature Research Centers: ONAMI, OTRADI, and VertueLab).
- Oregon Manufacturing Innovation Center - Funding was reduced by \$400,000 (or 4.6%).
- Export Promotion Grants - Funding was reduced by \$400,000 (or 14.3%). This eliminates additional export promotion (Oregon Trade Promotion Program) grants for the remainder of the 2019-21 biennium.
- Support for four Arts Division project grants - to the Cottage Theatre, High Desert Museum, Liberty Theatre, and the Nikkei Endowment - were each reduced by 15%, for a total reduction of \$318,750.
- Small Business Innovation Research (SBIR)/Small Business Technology Transfer Research (STTR) Support - Funding was reduced by \$260,000 (or 11.6%) for grants, matching grants, and sponsorships.
- Oregon Film and Video Office - Funding was reduced by \$106,250 (or 8.5%).
- Business, Innovation and Trade Division Operations - Funding was reduced by \$1,105,934 (or 9.3%). The agency will manage the reduction by holding three unfilled positions vacant for the remainder of the biennium; temporarily moving to fund 70% of personal services costs for Regional Development Officers with Other Funds; savings in the Business Retention Program; and eliminating Lottery Funds not allocated to any specific program in the budget.
- Operations Division - Funding was reduced by \$555,548 (or 6.3%), and one vacant Public Affairs Specialist 1 position was abolished. The agency will manage the reduction by abolishing the position and holding the currently vacant Director and Executive Assistant to the Director positions vacant until September 2020.

All General Fund and Lottery Funds reductions, except for \$309,703 of Lottery Funds reductions associated with the abolition of the Public Affairs Specialist 1 position, are one-time in nature.

The Committee also redirected the use of lottery revenue bond proceeds provided 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 Committee 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 Committee approved the re-designation of the use of \$100,000 of lottery revenue bond proceeds 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 Committee approved transferring these funds instead for upgrading a water line and an associated infrastructure project, as recommended by the North Coast Regional Solutions Advisory Committee.

The Committee increased General Fund appropriations by \$11,220,000 to support grants for two capital projects, including \$7,000,000 General Fund for distribution to the City of Sweet Home for rehabilitating the Sweet Home Wastewater Treatment Plant, and \$4,220,000 for distribution to the Confederated Tribes of the Warm Springs Reservation of Oregon for improvements to the Warm Springs Wastewater Treatment Plant, installation of water meters, and improvements to the water distribution system. The Legislature originally funded these projects with lottery bonds in the 2019 session, but based on projected lottery revenues, the lottery bond sale is not expected to be completed in spring 2021 as originally scheduled. The Other Funds expenditure limitation in the budget for lottery bond proceeds was reduced by \$15,052,365. The Emergency Board allocated a portion of the support for the Warm Springs project prior to the 2020 special session; the appropriation in this bill includes the remainder needed to fully fund that project.

A significant portion of the agency's General Fund and Lottery Funds expenditures are provided to pay debt service on outstanding General Obligation and lottery revenue bonds, respectively. General Fund for debt service was reduced by \$1,701,570, Lottery Funds for debt service was reduced by \$2,542,922, and Other Funds for debt service was increased by \$2,578,426, to reflect revisions to debt service costs resulting from the Treasury refinancing bonds at lower than anticipated interest rates, and by substituting available Other Funds balances for General Fund and Lottery Funds.

The Committee increased the agency's Federal Funds expenditure limitations to accommodate expenditures of federal monies distributed to the agency by provisions of the federal CARES Act. The increases include \$18,378,268 for supplemental funding for the Community Development Block Grant (CDBG) program, and an \$11.0 million increase for a grant from the Economic Development Administration (EDA).

- The CDBG funds will support administration of three grant programs that will distribute approximately \$7.4 million for Small Business/Microenterprise assistance, \$5.5 million for personal protective equipment (PPE) for small businesses, and \$5.5 million for emergency residential rental assistance.

- The EDA funds will primarily capitalize the Economic Development Loan Fund (EDLF) program, a program that makes loans available to small businesses and entrepreneurs working to establish a small business that have difficulty qualifying for loans from other lenders. In order to promote utilization of this program during the COVID-19 pandemic, the Committee temporarily increased the maximum EDLF loan amount and expanded program eligibility to larger businesses in HB 4304.

Employment Department

Federal Funds expenditure limitation was increased by \$1,140,563 to allow the Oregon Employment Department (OED) to enter into a contract with Rogue Workforce Partnership to provide Workforce Investment Opportunity Act case management and training services from June 1, 2020 through June 2021, in partnership with the Higher Education Coordinating Commission's Office of Workforce Investments. Six positions (3.25 FTE) are associated with this effort.

The Committee approved establishment of \$26.3 million Federal Funds expenditure limitation and 218 positions (112.68 FTE) specific to costs associated with the Pandemic Unemployment Assistance Program established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides for administrative costs and benefits to self-employed, independent contractors and gig workers who have not traditionally been eligible to receive unemployment benefits. Additionally, Federal Funds expenditure limitation was increased by \$61.0 million and 525 limited duration positions were approved (314.73 FTE) for administration of unemployment insurance benefits for other eligible claimants. Benefit payments associated with administrative expenditures are Nonlimited. Four positions (1.67 FTE) were established and Other Funds expenditure limitation of \$437,440 was approved for the Office of Administrative Hearings to address associated increases in caseload.

A total of \$6,180,000 General Fund was reduced from the services and supplies budget in the Oregon Paid Family Medical Leave Insurance Program (OPFMLI). Of the total, \$1.2 million is attributable to projected savings in procurement services, \$580,000 results from the actual versus budgeted costs of an actuarial study, and \$4.4 million is attributed to costs for the OPFMLI Program IT solution and associated quality assurance review. OED is currently investigating possible economies of scale for the OPFMLI and Modernization IT projects, and actual procurement costs cannot be determined at this time.

Housing and Community Services Department

The Committee approved \$270,022 Other Funds expenditure limitation to ensure that the Department meets additional requirements imposed by the federal Housing and Urban Development Department (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 (1.00 FTE) are also authorized to carry out the required reviews.

Other Funds expenditure limitation was increased by \$7.5 million to correspond to a General Fund appropriation made by the Emergency Board on March 9, 2020 for housing-related flood relief in Umatilla County. The expenditure limitation will allow the Department to spend appropriated funds for projects that have been approved but not completed by June 30, 2021.

The Department received additional funding in several grant programs through the Coronavirus Aid, Relief and Economic Security (CARES) Act. The Committee approved increases in Federal Funds expenditure limitation for the following federal grant programs:

- For the Community Services Block Grant, Federal Funds expenditure limitation was increased by \$7,972,444.
- For the Low Income Home Energy Assistance Program, Federal Funds expenditure limitation was increased by \$9,513,504.
- For the Emergency Solutions Grant Program, Federal Funds expenditure limitation was increased by \$56.2 million. The Emergency Solutions Grant Program assists low-income individuals and families to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. Section 41 of HB 4304 allows the Department to allocate these funds through competitive grants, direct allocations, or through existing Community Action Agency partnerships.

The Department has not begun substantial work, program design, or issued notice of funds availability for the Greater Oregon Housing Accelerator, for which \$5 million in one-time General Fund was included in the agency's 2019-21 budget. One position associated with the Greater Oregon Housing Accelerator program is eliminated from the agency's budget. Further, of the uncommitted \$5 million, the Department will use \$3.0 million for operating assistance for those affordable housing properties that have long term affordability covenants with HCSD and are impacted by lapses in rent due to the COVID-19 pandemic. The remaining \$2 million is to be distributed by the Department to the Hacienda Community Development Corporation for the Las Adelitas housing project.

The Committee approved \$2.0 million General Fund on a one-time basis to supplement the Individual Development Account (IDA) program. The Department will distribute these funds to the current contract administrator to augment proceeds from tax credit sales that are used for administration and matching funds for IDA program participants.

Approval of an additional \$50.0 million in Article XI-Q Bonds for the Local Innovation and Fast Track Housing Program (LIFT) requires Other Funds expenditure limitation of \$315,000 for cost of issuance for the bonds, and \$71,102 for two Loan Specialist 3 positions (0.26 FTE) and administrative supplies to administer the funds.

The \$12.0 million General Fund that was appropriated to the Department at the April 23, 2020 meeting of the Emergency Board was disappropriated, and \$12.0 million in Other Funds expenditure limitation was established to appropriately and consistently account for funding received and expended pursuant to provisions of the Coronavirus Relief Fund. The funds are associated with providing rental assistance and safe shelter alternatives for Oregonians who have been impacted by income loss, unemployment, or underemployment due to COVID-19, or who are especially vulnerable to infection or health problems associated with the virus because of inadequate shelter or housing.

Other Funds expenditure limitation was decreased by \$10,365,000 and one position was eliminated (0.40 FTE) to reflect the elimination of the TANF Housing Pilot Program in section 37 of HB 4304. This program was intended to transfer \$10.5 million of funding that supports the Temporary Assistance for Needy Families program from the Department of Human Services (DHS) to HCSD for rental assistance; pursuant to the budget rebalance, these funds are being retained by DHS for the TANF program. The reduction amount includes an offset related to administrative costs for program setup that have already been incurred by HCSD.

Oregon Department of Veterans' Affairs

The Committee approved a \$594,847 General Fund reduction to the Oregon Department of Veterans' Affairs (ODVA) Veterans' Services Program and a \$43,007 General Fund reduction to the Aging Veteran Services Program. General Fund reductions within the Veterans' Services Program include accrued vacancy savings (\$311,714), decreases in services and supplies expenditures (\$123,466), and personnel savings achieved by leaving two support positions vacant for the remainder of the biennium (\$159,667). Aging Veteran Services General Fund reductions include accrued vacancy savings (\$8,750) and decreases in services and supplies expenditures (\$34,257).

The Committee approved decreasing Lottery Funds expenditure limitation for the ODVA Veterans' Services Program by \$1,315,022. Lottery Funds reductions within the Veterans' Services Program include accrued vacancy savings (\$100,829) and decreases in services and supplies expenditures (\$132,000), as well as:

- Veterans' Services Grants funding that has not been awarded is reduced by \$500,000.
- Campus Veteran Resource Center Grants are reduced by \$100,000.
- Funding that is not committed or anticipated to be disbursed to Tribal Veteran Offices is reduced by \$100,000.
- County Veteran Service Officers pass-through funding is decreased by \$358,325 (or 5% of Lottery Funds support).
- National Service Organizations pass-through funding is decreased by \$23,868 (or 5% of Lottery Funds support).

A decrease of \$457,318 in Lottery Funds expenditure limitation was approved for the ODVA Aging Veteran Services Program. Lottery Funds reductions within Aging Veteran Services include accrued vacancy savings (\$12,318), decreases in services and supplies expenditures (\$45,000), and delaying implementation of the conservatorship system replacement project to the 2021-23 biennium (\$400,000). General Fund and Lottery Funds reductions to ODVA programs and services are approved on a one-time basis.

The Committee also approved a one-time \$213,860 increase in Lottery Funds expenditure limitation to allow 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 had 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 has been reverted to the Veterans' Services Fund.

Federal Funds expenditure limitation of \$1,706,284 was approved for CARES Act Provider Relief Fund payments from the U.S. Department of Health and Human Services for the Oregon Veterans' Homes to prevent, prepare for, and respond to the coronavirus. ODVA received a general distribution from the allocation for Medicare providers (\$843,784) and a targeted distribution from the allocation for Skilled Nursing Facilities (\$862,500) that will be used to reimburse health care related expenses and lost revenues attributable to the coronavirus.

EDUCATION

Department of Education

To generate General Fund savings from the agency's staffing and other operations, the following actions were approved by the Committee:

- The funding for \$300,000 in specific staffing and related costs is shifted from General Fund to Federal Funds utilizing CARES Act funds for costs related to the COVID 19 pandemic.
- For the remainder of the biennium, \$2.4 million in administrative staffing and other costs in Operations will be shifted effective May 1, 2020 from General Fund to Other Funds using the resources available under the approved federal indirect rate.
- Services and supplies line items are reduced by a total of \$708,020 General Fund across K-12, Early Learning and Youth Development operations affecting travel, employee training, office expenses, and Information Technology services.
- The overall cost of K-12 assessments and the Kindergarten Readiness Assessment is reduced by \$600,584 General Fund, in part due to the suspension of assessments due to the COVID 19 pandemic.
- Seven positions will be held vacant until the end of the biennium, saving \$823,522 General Fund. These positions include an Assistant Superintendent, two Executive Support Specialists, two Program Analysts, an Education Program Specialist, and a Project Manager.
- Vacancy savings will generate almost \$1.5 million General Fund across K-12, Early Learning, and Youth Development operations representing existing vacant positions and estimated savings from future delayed hiring.
- Selected spending on contracts will be reduced by 7.5%, saving an estimated \$1.5 million General Fund. This will affect contracts relating to research, assessment, technical assistance to districts, and evaluation of programs and functions.

The agency has received almost \$139.0 million in federal funding for distribution this biennium to schools, child care providers, and other entities due to the COVID 19 pandemic, mostly as part of the federal CARES Act. Federal Funds expenditure limitation was increased by \$875,207 in the Operations budget area in the event that the agency requires additional staffing resources to administer and process the distribution of this additional federal funding.

Vacancy savings of \$762,980 General Fund were approved for the Oregon School for the Deaf. These savings have already been realized and are generally due to issues with delayed hiring because of COVID 19. Funding of \$308,132 is also shifted for five positions from General Fund to various Other Funds sources for food service and other Oregon School for the Deaf campus workers. Both actions are one-time in nature.

A reduction of \$3.0 million General Fund was approved from the appropriation to the High School Graduation and College and Career Readiness Fund established by Ballot Measure 98. This amount represents what was not spent during the 2017-19 biennium and carried forward into the current biennium for both the Grant-in Aid program (\$2.5 million) and for staff and other costs in the Operations part of the budget (\$510,703). The total amount originally designated for the grants for 2019-21 is not reduced. Also approved was an agency identified \$3.3 million in available Other Fund resources to offset the need for General Fund for the Long-Term Care and Treatment program and the Hospital program. These Other Fund resources are generally from the distributions from the State School Fund for the current and previous biennia that were not spent.

General Fund reductions of almost \$9.9 million were approved to several K-12 grant-in-aid programs.

- Funding is reduced to the Career and Technical Education (CTE) Revitalization grant program (\$595,659) and the Physical Education grant program (\$120,107) to account for grant funds allocated for the first year of the biennium that were not spent. These are one-time reductions.
- Second year funding (\$173,316) was eliminated for two reading grant programs -- the Start Making a Reader Today and Reachout to Read programs. These are permanent reductions.
- Second year funding was also eliminated for the Regional Promise grants (\$1.6 million), Accelerated College Credit Instructor program (\$135,929), and For the Inspiration and Recognition of Science and Technology (FIRST) program (\$242,191). The overall budget plan assumed fully funding the High School Success (Ballot Measure 98) grants, and these programs' overall purposes overlap those of the High School Success grants. Individual districts can use the High School Success grant resources for these programs if they so choose. The reductions to these programs are assumed to be permanent.
- Second year funding for the Supporting Accelerated Learning Opportunities program (\$1.4 million) and the Chronic Absenteeism grants (\$3.2 million) is also eliminated. They share the same relation to the High School Success grant as described above, but the reductions to these two programs are one-time in nature.
- Funding for the Science, Technology, Engineering, and Math (STEM)/CTE Regional Network grants, STEM/CTE Career Pathway Fund, STEM/CTE Innovation grants, and the Student Leadership Centers is reduced by a total of \$1.6 million as a permanent reduction. This represents a reduction of 8.6% of the total biennial General Fund appropriation for these programs.
- The funding for vision screening is reduced by \$800,000, but over \$400,000 remains from the amount allocated for the first year of the biennium. This is a one-time reduction.

The Committee approved a reduction to the Farm-to-School General Fund appropriation of \$4.9 million. This action reduces the competitive procurement program by \$2.9 million, the amount currently allocated to that grant program, which would have made available resources for those school districts and other program sponsors who have spent their entire initial allocation through the non-competitive procurement program. Another \$962,124 is reduced from the non-competitive procurement program which represents the estimated amount of allocation to sponsors that are anticipated not to participate in the program. Finally, the agency is directed to reduce another \$1.0 million from the remaining overall Farm-to-School program based on where it determines the reduction will have the least impact on the program. A \$250,000 reduction is made in the Department of Agriculture's related producer infrastructure program.

Over \$3.2 million General Fund was reduced from three early learning programs. First, the Child Care Focus Networks were suspended for the biennium saving \$915,861 General Fund. This is a one-time reduction. Funding for Early Learning Hubs is permanently reduced by \$1.3 million General Fund (or 8.5%) of total biennial funding for the program. A one-time reduction of \$1.0 million is approved for the Healthy Families program representing a 4% reduction in total General Fund resources for the biennium.

Reductions totaling \$129,453 were approved for two Youth Development Division grant-in-aid programs. The funding for the second year of the biennium for the Community Schools program is eliminated, saving \$51,603 General Fund. Gang Prevention funding was reduced by \$77,850 General Fund (or 10%) of the biennial appropriation for the program. Both of these are permanent reductions.

The \$235,857 General Fund appropriation for the Task Force on Access to Quality Affordable Child Care in HB 2346 (2019) was reduced by \$20,048. This task force is to study and make recommendations on how to expand access to high-quality subsidized child care for families that currently are not eligible for subsidized child care but who still cannot afford or access care.

Several changes were made to the allocations of the Fund for Student Success. Changes are primarily driven by the latest revenue forecast for the Corporate Activities Tax (CAT), with the estimated CAT revenues being \$410 million less than the estimate used to develop the overall Student Success budget. The largest and most significant of these changes was the decrease in funding for the Student Investment Grants. These are grants that must be used for a range of services and programs including mental and physical health, increased learning time, increased student achievement, and reduced class size. Originally budgeted for \$472 million for the second year of the 2019-21 biennium, the amount available for these grants was reduced to \$150 million. For this upcoming school year, school districts are instructed to prioritize social and emotional health services to address the mental health needs of students affected by the pandemic and the challenges many students currently face. Other changes to the allocation of Student Success resources include:

- \$8.0 million reduction to the Student Success grants that were to be made available to a limited number of districts with significant student achievement challenges. The Oregon Department of Education was concerned they could not effectively use all of the \$12.0 million that had been originally allocated for this purpose.

- \$4.0 million reduction to the grants to the Educational Service Districts (ESDs) of the \$24.0 million allocated for technical assistance to school districts.

The agency slowed its planned Student Success-related hiring in part because of the slowing economy during early 2020. Contracts and development costs also were delayed or awarded in smaller amounts. As a result, savings of \$1.1 million General Fund from the K-12 set of programs and another \$260,467 General Fund from the early learning programs were realized. These amounts are reduced from the overall \$5.5 million General Fund appropriation in HB 5047 (2019). Further savings in Fund for Student Success resources are realized because of the slowed hiring, the reduction in the Student Investment grants, and other factors. In addition, eleven positions (7.06 FTE) are eliminated from the 61 positions originally authorized for the K-12 programs and administrative functions funded with Fund for Student Success resources. Overall, \$6.5 million is reduced from the programs and functions funded from the Statewide Education Initiatives Account and \$606,456 from the programs funded from the Early Learning Account of the Fund for Student Success.

The Committee approved \$6.9 million Other Funds expenditure limitation for four child care or early learning related projects funded from the Early Learning account of the Fund for Student Success. This is a one-time action for this biennium only. To provide the resources for these projects, a reduction of \$6.9 million was made from the \$12.5 million designated for professional development of early learning workers. The four projects are:

- Port of Morrow Early Learning Expansion for \$1.4 million for construction of additional educational space for Head Start.
- YMCA of Columbia-Willamette for \$2.5 million for the Beaverton Hoop YMCA for a Child Development Center.
- Rogue Valley Children’s Discovery Museum for \$2.0 million for the renovation of an existing build for early learning classrooms, interactive family engagement activities, and community early childhood program space.
- Wallowa Valley Center for Wellness for \$1.0 million for the early learning portion of a joint project with Winding Waters Medical Clinic to provide comprehensive primary and mental health services to Wallowa County.

The Committee also approved transferring \$370,767 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. The Student Success Act (HB 3427, 2019) originally 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 original plan proposed spending these resources for a variety of purposes including recruitment related efforts, scholarships, apprenticeships, and retention efforts. Since there is a reduction from the \$12.5 million originally allocated for this purpose in this bill, the Division will have to complete a revised plan. Two positions (0.84 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 \$370,767 Other Funds expenditure limitation for staff and other capacity, \$109,782

will be transferred to the Higher Education Coordinating Commission (HECC) for a position to develop and implement the scholarship components of the plan.

A transfer of \$276,729 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. The transferred funds will pay for two positions (0.84 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 to diversify the educator workforce and reduce the systemic barriers that have limited diversification in the past. In January, the Interim Joint Committee on Ways and Means 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 plan. Since there has not been an opportunity for the agency to report back, the Committee recommends \$10,150,414 be unscheduled, which provides resources through September to start to implement the plan. The agency can return to the Emergency Board in September to provide more detail on the plan and request the rescheduling of the remaining amount. The Committee also 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.

Additional Federal and Other Funds expenditure limitation was approved for Federal Funds received through the CARES Act and other sources. For the K-12 Grant-in-Aid budget area, a total of \$121.8 million Federal Funds expenditure limitation was added related to the Elementary and Secondary Emergency Relief Fund (ESSER) and the Governor's Emergency Education Relief Fund (GEER). Of the total, \$85.5 million of the ESSER funding will be distributed to school districts based on a formula tied to the number of Title 1 students. The remaining \$6.5 million in ESSER funds will be granted to districts and other entities that have been especially adversely affected by the COVID-19 pandemic. GEER funding is split into three major areas with \$19.9 million for grants to school districts and others for K-12, a transfer of \$10.0 million to HECC for post-secondary institutions, and \$2.5 million for early learning, split between child care facilities, relief nurseries, and a transfer to the Department of Human Services. Other early learning Federal Funds expenditure limitation is for CARES Act funding specifically designated for child care (\$8.6 million) and an increase in the amount of federal Child Care Development Fund resources received by the state (\$5.8 million). Also approved was \$1.6 million Other Funds expenditure limitation for Coronavirus Relief Fund resources transferred from the Department of Administrative Services.

State School Fund

The Committee approved a decrease of \$150,190,773 General Fund, a decrease of \$199,679,327 Lottery Funds, and an increase of \$100 Other Funds for the State School Fund. There is also a decrease in the amount of funding transferred from the Fund for Student Success of \$50,130,000. Combined with a transfer to the General Fund of \$400 million Lottery Funds from the Education Stability Fund, these actions maintain the \$9.0 billion State School Fund for 2019-21. The Education Stability Fund transfer is authorized HB 4303. These changes reflect the most recent revenue forecast and the final balance of available funding sources across the state budget.

Higher Education Coordinating Commission

A number of actions were approved to reduce General Fund spending for the Higher Education Coordinating Commission (HECC). Funding for four positions is shifted from General Fund to Other Funds -- two positions in Research and two positions in the Workforce unit. A decrease of \$142,659 General Fund is approved with a corresponding increase in Federal Funds expenditure limitation. Reductions in selected services and supplies categories are made for a savings of \$584,648 General Fund including communications contracts, computer support, and contracts relating to the National Career Readiness Credential testing. Also included in this reduction are savings in lease costs, as the space leased in Eugene for the Office of Student Assistance and Completion is reduced.

Five positions (3.09 FTE) are eliminated to generate \$645,962 of General Fund savings. The Operations Director (0.83 FTE) for the agency is eliminated, saving \$159,848 General Fund; the Deputy Executive Director will assume the responsibilities of this eliminated position. Two part-time positions are eliminated -- an Information Technology position (0.13 FTE) and a procurement position (0.50 FTE) established in 2019 but not filled. A full-time workforce position (0.75 FTE) is eliminated as well as a Training and Development position (0.88 FTE) which was established in 2019. Finally, a research position will be held vacant for the remainder of the 2019-21 biennium; this position will be necessary in the future for data analysis and data system maintenance.

The Committee 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. Additionally, \$109,782 Other Funds expenditure limitation and a Program Analyst 2 position (0.63 FTE) was approved to develop and implement a scholarship program for early learning educators. Funding for this position will be transferred from the Oregon Department of Education.

A total of \$10.0 million Other Funds is available to offset an equal amount of General Fund for the Oregon Opportunity Grant program (OOG). The additional revenues are the result of the sale of tax credits authorized for the OOG program. Over \$12.0 million of tax credits were sold earlier in the biennium but were not accounted for in the program's budget. Not all of the available funding is used to offset General Fund in order for a reserve to be available later in the biennium. The OOG program also depends on the interest earnings from the Education Stability Fund, but those earnings have not kept pace with the original estimate for 2019-21. This leaves the OOG program funded at the same level as the legislatively adopted budget, but with a different funding mix.

The Committee approved a \$3.6 million reduction to the Oregon Promise program which provides financial assistance primarily to community college students who have recently graduated from high school. The agency will need to restrict eligibility to the program to meet the overall program budget. The restriction will be based on a family's Earned Family Contribution (EFC) which is a measure used on the federal Free Application for Federal Student Aid (FAFSA) and is based partially on income. The EFC based limitation will be set depending on the number of applicants for the 2020-21 school year. The Committee approved a decrease of \$2.5 million General Fund in the National Guard Tuition

Assistance program. A total of \$3.7 million General Fund was appropriated for this program for 2019-21, but the agency estimates that only \$1.2 million will be required this biennium to meet the demand for this program.

Other Funds expenditure limitation of \$10.0 million was established for the Governor's Education Emergency Relief (GEER) fund. This fund was established as part of the federal CARES Act. Approximately \$32.5 million in GEER funds are first received by the Oregon Department of Education to be spent for early learning, K-12 education, and post-secondary education. This \$10.0 million Other Funds expenditure limitation is transferred to the Commission for distribution to Oregon's post-secondary institutions.

The Committee approved a \$238,042 (or 5%) decrease in General Fund support for the Oregon Health and Science University (OHSU) Office of Rural Health (ORH) and Area Health Education Centers (AHEC). A \$100,000 General Fund decrease to the one-time investment in the Oregon Child Integrated Dataset (OCID) was also approved. Based on the total projected costs to complete OCID activities in the 2019-21 biennium, the reduction is not anticipated to significantly impact the project outcomes.

The Committee approved a decrease in the Oregon State University (OSU) Statewide Public Service Programs of \$3,590,258 General Fund, which represents a 2.5% decrease in state support for the Agricultural Experiment Station (\$1,904,597), OSU Extension Service (\$1,400,060), and Forest Research Laboratory (\$285,601). Decreased funding is not anticipated to result in the elimination of any specific programs but will result in reduced program services and may include personnel reductions, elimination of support services, and reallocation of limited resources to maintain program effectiveness. Lottery Funds support for the Outdoor School Program was decreased by \$2,265,292 (or 5%), which results in total funding of \$43,040,555 for the Outdoor School program in the 2019-21 biennium.

General Fund for Public University State Programs is decreased by \$824,482, which represents a 5.0% reduction in support for the following programs:

- TallWood Design Institute - \$187,716
- Oregon Solutions - \$124,659
- PacWave Energy Test Site - \$80,000
- OSU Fermentation Science - \$68,452
- Signature Research Centers - \$57,462
- Labor Education Research Center - \$54,920
- Dispute Resolution (PSU Oregon Consensus) - \$48,598
- OSU Marine Research Vessel - \$34,226
- Oregon Renewable Energy Center - \$26,375
- Population Research Center - \$24,038
- OMIC Rapid Toolmaking Center of Excellence Research - \$22,500

- Institute of Natural Resources - \$22,039
- Clinical Legal Education - \$19,221
- Oregon Climate Change Research Institute - \$17,275
- Additive Manufacturing and Rapid Prototyping Education Lab - \$15,000
- OSU Channel Maintenance Study (HB 2437, 2019) - \$11,979
- Willamette Falls Locks Commission - \$10,022

Reductions in General Fund support for the OHSU Rural Health Programs, OSU Statewide Public Service Programs, and ongoing Public University State Programs are approved as permanent decreases in the level of state funding.

A one-time increase of \$500,000 General Fund to the Public University Statewide Programs budget was also approved for the University of Oregon (OU) 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 Committee approved increasing Other Funds expenditure limitation by \$2.4 million for the costs of issuing bonds authorized in SB 5721 (Article XI-G and XI-Q bonds) for public universities. This increase is offset by a \$365,000 Other Funds decrease in issuance costs for three community college capital projects (Article XI-G bonds) that are not expected to have raised matching funds required to be included in the spring 2021 bond sale. Capital construction limitation for new public university capital projects is provided in SB 5722 and project descriptions are included in SB 5721.

The Committee 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, 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 expenditure limitation was approved for this purpose. 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 initial 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.

HUMAN SERVICES

Commission for the Blind

The Committee approved one-time increases of \$52,929 General Fund, \$500,000 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.

Additionally, a one-time General Fund appropriation to migrate and update the agency's case management system was reduced by \$468,426 to help balance the statewide budget.

Oregon Health Authority

SB 5723 adjusts the Oregon Health Authority (OHA) budget as a result of the COVID-19 pandemic in two key ways. First, the bill reduces General Fund by \$103 million across various programs to help address the state budget shortfall due to the economic downturn. Second, the bill supports increased funding for growing Oregon Health Plan (OHP) caseloads based on preliminary estimates and recognizes a temporary increase in the Medicaid match rate, the duration of which is subject to change depending on the length of the federal public health emergency declaration.

The bill also supports actions required to address multiple budget challenges faced by the agency that are unrelated to the pandemic, and makes changes related to routine OHA budget rebalances. Most of these agency-specific budget issues were discussed at the January 2020 meeting of the Joint Interim Committee on Ways and Means and were proposed during the February 2020 legislative session, but not adopted due to the Legislature's adjournment prior to final passage of the omnibus budget reconciliation bill. SB 5723 does not include new OHA investments nor does it enhance programs beyond existing levels. To help mitigate potential future caseload changes or other budget challenges identified by OHA or the Department of Human Services (DHS), a \$100 million special purpose appropriation to the Emergency Board is established.

The following table provides a high-level summary of the OHA budget changes:

Oregon Health Authority	General Fund	Lottery Funds	Other Funds	Federal Funds	Total	Positions	FTE
OHP caseload growth - preliminary cost estimate	178,000,000	-	-	964,200,000	1,142,200,000	-	-
Temporary FMAP enhancement	(307,600,000)	-	-	307,600,000	-	-	-
State budget rebalance plan*	(103,030,944)	(14,472)	4,497,950	(94,747,171)	(193,294,637)	-21	-9.20
Agency-specific rebalance issues	2,903,874	826,000	166,536,182	(6,893,423)	163,372,633	54	26.71
Oregon State Hospital - current program costs	80,802,291	-	(31,029,554)	(7,586,868)	42,185,869	58	56.35
Backfill medical marijuana shortfall	1,495,538	-	(1,495,538)	-	-	-	-
March 9, 2020 Emergency Board fund shift	(4,000,000)	-	4,000,000	-	-	-	-
Direct federal revenue for pandemic response	-	-	-	113,576,594	113,576,594	-	-
Subtotal	(151,429,241)	811,528	142,509,040	1,276,149,132	1,268,040,459	91	73.86
Debt service adjustments	(3,697,749)		8,550		(3,689,199)	-	-
Total OHA Adjustments	(155,126,990)	811,528	142,517,590	1,276,149,132	1,264,351,260	91	73.86

**Includes reduction of \$5.7 million special purpose appropriation to the Emergency Board for interdisciplinary assessment teams.*

The most significant reductions in terms of General Fund savings are in the Health Systems Division, which houses the budgets for non-Medicaid behavioral health programs and the Oregon Health Plan (OHP). The non-Medicaid behavioral health program savings represent a larger share of the overall General Fund reduction when compared to the Medicaid program, despite having a much smaller budget. These reductions are primarily the result of fund shifts and of leveraging currently unobligated General Fund, and do not decrease mental health or substance use disorder service levels below those currently in place.

Reductions in the Oregon State Hospital budget result in the elimination of 21 positions across several non-direct care programs and are not expected to impact the mental health treatment and services provided to patients. Most of the remaining agency reductions are from a combination of one-time vacancy savings and limiting services and supplies spending. The agency's rebalance reductions are discussed in further detail within each program summary below.

In addition to the pandemic's significant impact on state tax revenue, demands for services are growing. The OHP caseload is increasing above currently budgeted levels based on two general factors. First, individuals who are newly unemployed or who otherwise now meet OHP's income eligibility criteria are entering the caseload. Second, in March 2020, the federal government approved temporary policies that prohibit states from disenrolling members, with limited exceptions, from their Medicaid programs due to changes in eligibility status as part of requirements to

qualify for a temporary 6.2 percentage increase in federal Medicaid match, or Federal Medical Assistance Percentage (FMAP). Based on available enrollment data since the beginning of the pandemic, the pause on OHP disenrollments is having a much greater impact on OHP caseload levels than is the number of individuals who are newly eligible for OHP.

At this time, forecasting the OHP caseload is incredibly difficult given the current unknown trajectory of the pandemic, the economy, and federal policies. The timeline of the temporary FMAP increase and corresponding limitation on disenrollments is critical to forecasting the caseload. The temporary 6.2% enhanced FMAP is available until the end of the calendar quarter in which the federal public health emergency declaration expires, which is currently the fourth quarter of 2020, unless the Secretary of the U.S. Department of Health and Human Services ends it earlier or extends it. The assumptions used to develop preliminary caseload cost estimates assume the temporary FMAP increase and corresponding disenrollment restrictions will remain in place through the end of the fourth quarter of 2020, as currently scheduled. However, if the emergency declaration is extended to beyond the fourth quarter, then the state will receive at least another quarter of FMAP savings and, very likely, continued material growth in caseload levels due to the disenrollment policy. Conversely, if the emergency declaration is cancelled prior to October 1, 2020, then states will only receive three quarters of the enhanced FMAP funding.

The FMAP and caseload budget adjustments included in the bill assume the emergency declaration will expire as currently scheduled on October 24, 2020, thereby guaranteeing the enhanced FMAP through December 31, 2020. Based on current estimates for this scenario, the increased FMAP will save more General Fund than the expected caseload increases will cost. According to the preliminary data, the average biennial OHP caseload is expected to be approximately 70,000 members higher than the caseload levels currently budgeted in OHA if the emergency declaration expires as currently scheduled. The bill includes \$178 million General Fund and \$964.2 million Federal Funds to support these costs. The impact of the enhanced FMAP more than covers the estimated General Fund increase in caseload costs through savings of \$307.6 million General Fund. The bill uses the net savings to fund shortfalls elsewhere in the budget and to help fund the special purpose appropriation available for potential DHS and OHA caseload and other cost changes.

The caseload adjustments funded in this bill could significantly change based on the associated risks, particularly with the timeline of the federal emergency declaration, duration of the pandemic, and economic changes. Adjusting the budget based on preliminary caseload estimates deviates from the standard budget process of using final spring/fall caseload forecasts published by the Office of Forecasting, Research and Analysis (OFRA). Yet because the final fall 2020 forecast is not currently available, the preliminary caseload estimates were used as a prudent step to ensure material changes in caseload levels are accounted for in the budget. OFRA will produce a final fall 2020 forecast at the end of August 2020, which may identify, at the very least, some adjustments to the preliminary estimates funded in this bill that will need to be addressed in a future agency budget rebalance.

The remaining changes address most, but not all, of the agency-specific rebalance and budget shortfall issues proposed during the February 2020 legislative session. The largest of these changes occur in the Oregon State Hospital and involve, among other things, backfilling a \$38.6 million shortfall in Other Funds and Federal Funds revenues, support for increasing direct care staffing costs, paying for OHA's opening of two residential treatment cottages, and repaying overclaimed Medicaid reimbursement on a one-time basis.

The budget does not include one-time funding in the Health Systems Division previously identified to repay the federal government \$50 million for overdrawn Medicaid match over a six-year period. The agency requested approval from the federal Centers for Medicare and Medicaid Services (CMS) regarding the potential to enter into a multi-year repayment plan to satisfy this obligation. CMS has communicated the potential for OHA to repay the overdrawn amounts over a three-year period, but further details have not yet been provided, such as the date in which the three-year repayment period would start. OHA is expected to continue working with CMS to mitigate the impact of this obligation in 2019-21 within existing agency resources. OHA has also identified new budget challenges not funded in this bill, which include decreasing hospital assessment revenue attributed to declines in health care utilization and increasing costs at the Oregon State Hospital. Each of these items represent important budget risks that may need to be addressed later in the biennium.

A more detailed description by program area follows.

Health Systems Division (HSD)

In the Health Systems Division (HSD), the budget includes a General Fund decrease of \$209.1 million, a total funds increase of \$1.0 billion, and an increase of 31 positions (13.25 FTE). The budget adjusts for three significant and interrelated cost and revenue changes related to OHP: growing caseload levels; the temporary FMAP increase; and 2020 coordinated care organization (CCO) rate adjustments. These changes are in addition to the much smaller federal match and caseload changes identified in the agency’s December 2019 rebalance proposal, which are also included in this bill. As mentioned above, preliminary estimates reflect an increase in the average biennial OHP caseload of approximately 70,000 members assuming the federal disenrollment policies remain in effect through the end of the fourth quarter of 2020. The estimated total cost of supporting this caseload increase is \$1.1 billion, which includes \$178 million General Fund.

OHP Cost Changes Based on Temporary Federal Policies (\$\$ in millions)	General Fund	Federal Funds	Total
Caseload Growth w/ Federal Disenrollment Policy	\$178.0	\$964.2	\$1,142.2
FMAP - 6.2% Enhancement	(\$307.6)	\$307.6	\$0.0
2020 CCO Rate Adjustment	(\$20.0)	(\$97.6)	(\$117.6)
Jan. 2021 - June 2021 impact from 2020 Rate Adjustment	(\$9.1)	(\$29.3)	(\$38.4)
Net Budget Rebalance Impact	(\$158.7)	\$1,144.9	\$986.2

Much of the estimated caseload increase is anticipated to impact the Affordable Care Act (ACA) caseload, which receives a higher FMAP compared to other caseload categories. Conversely, the temporary 6.2% FMAP increase applies to costs for non-ACA caseloads, which are not estimated to grow nearly as much as the ACA caseload; some of these caseloads also cost much more than the ACA caseload on a per member basis. This dynamic results in the estimated General Fund savings of \$307.6 million from the FMAP increase being much higher than the General Fund costs from the preliminary caseload estimates.

Related to the caseload growth driven by the temporary federal policy limiting Medicaid disenrollment is the retroactive adjustment of the 2020 CCO rates, which the state's Medicaid actuary finalized in July 2020. The rate adjustment is attributed to two actuarial factors resulting from the increasing number of OHP members remaining on the caseload. First, the increased caseload results in an overall improvement in OHP member health because members who would normally disenroll, but who now remain on the caseload due to the federal policy, are healthier and help reduce average costs per OHP member. The second adjustment involves the non-medical fixed cost component of the rates. As the caseload increases, this component has decreased while maintaining the same level of fixed cost support due to economies of scale. The savings from the actuarial adjustment total \$20 million General Fund and \$97.6 million Federal Funds. Additionally, because the 2021 CCO rates will now be developed from a lower starting point, specifically the lower 2020 rates, than currently budgeted, savings of \$9.1 million General Fund and \$29.3 million Federal Funds are recognized; these savings result from the budget process being predicated on capping medical cost growth at 3.4% per year, and do not reflect decreased payments to CCOs or providers. With the adjusted 2020 rates now lower, the average annual rate of growth for both years of the biennium is now lower than the budgeted inflation rate of 3.4%.

To help rebalance the state budget, the bill includes the following General Fund reductions that are not anticipated to have a material impact on existing program service levels:

- \$28.5 million already achieved from the following actions:
 - \$11.9 million from the standardization of mental health residential rates, which took effect July 1, 2020 and results in a net total funds increase of \$34.4 million based on leveraging additional federal Medicaid dollars;
 - One-time savings of \$0.5 million related to the effective date of a portion of the behavioral health provider rate increases implemented earlier in the biennium;
 - one-time savings of \$11.0 million from leveraging unallocated federal Mental Health Block Grant revenue; and
 - the 2017-19 carryover of \$5.1 million Other Funds available to offset General Fund costs.
- \$7.9 million in savings from using \$6.0 million in unobligated General Fund in non-Medicaid behavioral health programs and shifting \$1.9 million from the General Fund to available federal Mental Health Block Grant revenue.
- \$3.5 million in savings already realized due to the existing delay in implementation of new intensive in-home behavioral health services for children. This reduction assumes the CCO component of this program remains on track for implementation January 1, 2021.
- \$3.0 million in savings in funding for rental assistance payments and wraparound services due to the anticipated delay in the construction of new permanent supported housing units.

- \$5.7 million in savings from vacancies, limiting services and supplies expenditures, and leveraging unobligated funding in the Transformation Program.

In addition to these adjustments, the bill includes \$12.6 million General Fund to backfill declining tobacco tax revenue for OHP and community mental health services based on changes from the March 2019 state revenue forecast, which reflects OHA's legislatively adopted budget, to the June 2020 revenue forecast. The bill includes various other adjustments from OHA's December 2019 rebalance proposal. As part of the closeout of the 2017-19 biennium, \$20.9 million in unspent hospital assessment and OHSU Quality and Access Program revenue is available to support OHP costs in 2019-21. As indicated earlier, however, revenue from hospitals is a notable risk in this budget due to declines in health care utilization, and subsequent adjustments later in the biennium may be needed. 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.

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. 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.

In addition to these changes, the bill increases Lottery Funds expenditure limitation by \$576,000 to reflect carryover revenue from 2017-19 and includes various technical adjustments, which largely reflect transfers across programs and result in a net-zero impact on the General Fund.

Health Policy and Analytics (HPA)

The budget for the Health Policy and Analytics (HPA) program includes a General Fund decrease of \$5.1 million, total funds decrease of \$31.3 million, and a decrease of two positions (0.70 FTE). The net General Fund change includes one-time reductions totaling \$4.8 million through the following one-time budget rebalancing actions:

- \$3.1 million from various program vacancies, including one of the six authorized positions supporting the Health Care Cost Growth Benchmark Implementation Committee, shifting expenses to available non-General Fund resources, removing one-time costs, and limiting spending on various services and supplies categories. Savings in these areas have already been achieved and/or are expected to be achieved with minimal impact on program functions.
- \$0.6 million out of \$1.2 million appropriated in SB 770 (2019) for the Task Force on Universal Health Care. The reduction limits the amount of funding available for contractual expenditures and is generated from vacancy savings. Part of the vacancy savings has already been achieved due to delayed hiring beyond the funded start date of January 1, 2020 and assumes additional savings from holding the positions vacant through the remainder of the biennium.

- \$1.1 million represents reductions for Health Information Exchange and Transformation Center program activities based on program slowdowns due to the pandemic.

The budget also removes \$15 million in unused Federal Funds expenditure limitation and makes technical adjustments.

Public Health Division

Approved changes to the Public Health Division budget include a General Fund decrease of \$7.3 million, total funds increase of \$107.1 million, and an increase of 15 positions (8.94 FTE). The large total funds increase is the result of \$110.5 million in increased Federal Funds expenditure limitation to support funds directly distributed to the agency through established agreements or funding mechanisms not subject to the legislative federal grant application approval process. The largest of these federal distributions is a combined \$96.2 million in supplemental Epidemiology and Laboratory Capacity program funding, most of which the Public Health Division will use to support COVID-19 testing and contact tracing activities. The following table lists all of the federal distributions included in the overall limitation adjustment:



PRELIMINARY

The budget includes one-time General Fund reductions of \$4.3 million, which does not impact the Public Health Division’s response to the pandemic. A \$1.5 million General Fund reduction reflects savings from lower-than-budgeted utilization of services provided through the Reproductive Health Equity Act (RHEA) and Contraceptive Care programs. Because RHEA utilization was lower than expected prior to the pandemic, OHA had reserved a portion of utilization savings for program outreach; however, though the contract process stalled due to the pandemic, the agency is now on track to award contracts later in the summer of 2020. Another \$1.3 million General Fund savings is achieved

from a variety of vacancies, fund shifts, and limiting of services and supplies expenditures; these reductions do not have a material impact on existing programs or service levels.

The budget for the new Universal Nurse Home Visiting Program is reduced by \$0.6 million. A portion of this reduction is based on existing program implementation delays and the delay of some program development activities, such as certain aspects of program design and evaluation and the onboarding of new cohorts. While the early adopter communities continue moving forward with implementation, the agency has indicated the one-time budget reduction effectively aligns with slowdowns caused by the pandemic. Another \$0.4 million General Fund is saved by delaying until January 1, 2022 the start of new statutory provisions adopted in SB 669 (2019) requiring OHA to accelerate the inspection cycle for in-home care agencies from once every three years to once every two years. The change in operative date of the new inspection cycle is effectuated by HB 4304. In addition to the agency-specific reductions identified through the budget rebalancing process, the bill further reduces General Fund costs by using \$4.0 million in available federal Coronavirus Relief Funds in place of a like amount of General Fund allocated by the March 9, 2020 Emergency Board for COVID-19 response activities.

The bill includes several changes previously identified as part of the agency's December 2019 rebalance proposal. 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 declined faster than anticipated at that time. This adjustment results in the use of 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 \$0.8 million to fund seven positions (4.15 FTE) to support communicable and other disease prevention program activities, the state public health laboratory, and health preparedness program functions. An increase of \$1.9 million Federal Funds expenditure limitation and nine positions (5.67 FTE) will support work required by three 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.

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 \$200,000 decrease in Other Funds expenditure limitation to reflect declining tobacco tax revenue available for the Tobacco Use Reduction Account according to the June 2020 state revenue forecast.

The bill makes other technical adjustments to align expenditure limitations with available resources and support net-zero transfers across programs.

Oregon State Hospital (OSH)

Budget adjustments for the Oregon State Hospital (OSH) include a General Fund increase of \$79.2 million, a total funds increase of \$43.1 million, and an increase of 37 positions (47.85 FTE). The General Fund change includes reductions totaling \$5.6 million, of which \$3.7 million is from non-direct care vacancy savings. The remaining \$1.9 million results from the elimination of 21 positions across several non-direct programs, which include Utilization Management, Hospital Systems Analysis and Management, patient incentive functions, program executive oversight, LEAN and Risk Management, facility operations, and legal services. These reductions are made with the understanding that the safety of patients and staff and patient treatment services will not be negatively impacted.

Increased General Fund backfills a \$31.0 million shortfall in Other Funds revenue and \$7.6 million shortfall in Federal Funds revenue. The Other Funds revenue shortfall is related to CMS certification of additional hospital-licensed beds, which enables the hospital to bill insurance plans for qualifying patient care. Based on an estimated increase in insurance reimbursements, the 2017-19 budget assumed General Fund savings of approximately \$30 million, which did not materialize due to delays and setbacks with establishing the appropriate billing infrastructure and changes in patient reimbursement eligibility. The 2019-21 budget was developed under the pretense of revenue collections improving; however, OHA no longer expects reimbursement levels to achieve any General Fund savings, including the inflationary impact recognized during the budget development process. The Federal Funds revenue shortfall relates to decreased availability of Disproportionate Share Hospital payments and changes in federal match rates.

Also included is an increase of \$8.5 million General Fund and 33 positions (31.35 FTE) to address increased patient acuity and the transition of civil commitment patients to lower levels of care at the Junction City campus. These changes are based on patient transfers from the Salem Campus to make more bed space available for patients admitted under “aid and assist” court orders. The funding includes support for the agency’s opening of two eight-bed treatment cottages at the Junction City campus shortly after the beginning of the 2019-21 biennium and prior to the agency requesting General Fund.

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). In addition to this increase, \$23.6 million General Fund was approved to support increased staffing and overtime costs, most of which is related to enhanced patient supervision commensurate with patient acuity levels. Salary and overtime costs continue to be a significant budget challenge at the hospital given the limited availability of bed space for patients who need hospital levels of care, which contributes to higher acuity patients being placed in both the Salem and Junction City campuses. OHA has indicated staffing costs, inclusive of those supported in this bill, continue to trend higher than expected and pose a risk to the State Hospital budget.

Federal Funds expenditure limitation is increased by \$3.0 million to reflect the direct distribution of federal support authorized under the Coronavirus Aid, Relief, and Economic Security Act. OSH received this funding as part of the Provider Relief Fund, which helps hospitals and other health care providers offset costs or lost revenue attributed to COVID-19. Other adjustments include one-time General Fund of \$8.1 million to support the repayment of overclaimed federal Medicaid match and \$1.9 million General Fund for 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 processes resulting in the overdrawn Medicaid match have since been identified and corrected.

Public Employees' Benefit Board (PEBB)

The Committee approved an increase of \$61.9 million Other Funds expenditure limitation for the Public Employees Benefit Board (PEBB). Nearly all of this increase supports overall health benefit payments funded by member premiums based on changes in member enrollment and fluctuations between member plans, and does not represent higher than expected per-member benefit costs. A similar expenditure limitation increase was approved as part of a prior agency rebalance, but on a one-time basis. The budget also includes \$1.9 million Other Funds to support information technology security and system changes. Of this amount, \$1.0 million is for one-time expenses.

Oregon Educators Benefit Board (OEBB)

An increase of \$63.6 million Other Funds expenditure limitation is included in the Oregon Educators Benefit Board (OEBB) budget. Similar to PEBB, most of this increase supports overall benefit payments funded by member premiums based on changes in member enrollment and fluctuations between member plans. The amount of \$1.6 million also supports information technology security and system changes, nearly all of which is for one-time expenses.

Central Services

The Committee approved budget changes to Central Services, including a General Fund decrease of \$1.0 million, a total funds decrease of \$0.7 million, and an increase of eight positions (3.14 FTE). General Fund reductions reflect vacancy savings for positions in the Fiscal and Operations Division and External Relations. The vacancy savings are not expected to materially impact program operations or service levels.

An increase of \$0.7 million General Fund and nine positions (4.14 FTE) represent the separation of certain human resources (HR) functions from the joint OHA-DHS shared services funding model. Previously, each agency relied on its own staff for certain HR functions, but other HR functions were part of the two agencies' Shared Services model, with the positions housed in DHS. This action dissolves the HR Shared Services component based on agreement among both agencies that their HR needs can be better met with dedicated staff. As a result, nine positions and related funding are transferred from DHS to OHA. Similar offsetting adjustments are included in DHS, where these positions were previously budgeted as part of the shared service budget structure.

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

Changes to the SAEC/Shared Services program include a General Fund decrease of \$2.4 million, a total funds decrease of \$2.3 million, and an increase of two positions (1.38 FTE). A \$3.1 million General Fund reduction, and a small Lottery Funds decrease of \$14,472, represent vacancy and services and supplies savings from the OHA portion of various DHS-OHA Shared Services reductions, with the largest savings identified in the Office of Information Services. The agency identified these savings as being achievable without a significant impact on program services. A \$100,000 General Fund reduction is achieved by postponing the relocation of HR staff and expansion of office space in the Health Policy and Analytics Division.

A decrease of \$800,000 General Fund and \$900,000 total funds in SAEC removes funding that previously supported OHA's share of expenses for Human Resources services previously provided through the Shared Services model; this function is now supported in Central Services as discussed above. Small General Fund and Federal Funds adjustments are also made in SAEC as a result of the transfer of 29 OHP Member Services positions from DHS to OHA, which has offsetting adjustments in DHS and is discussed above as part of the budget adjustments in the Health Systems Division. Other changes include an increase in Lottery Funds expenditure limitation of \$250,000 to reflect carryover revenue from 2017-19 and technical adjustments to properly align costs across budget structures.

Department of Human Services

Budget adjustments in SB 5723 for the Department of Human Services (DHS) primarily consist of actions needed to rebalance the agency's budget and a very limited number of items approved in response to agency requests for funding to address budget needs or issues emerging since adjournment of the 2019 legislative session. While some adjustments help cover the cost of temporary steps taken by DHS to help agency clients and providers deal with impacts of the COVID-19 pandemic, many aspects of the pandemic's effect on caseloads and associated costs will not be quantified or actionable until the next quarterly caseload forecast in the fall of 2020.

In addition to expenditure increases, the budget approved by the Committee includes \$74.6 million in General Fund reductions, which equates to a 1.9% reduction in General Fund from the agency's 2019-21 legislatively approved budget level. However, the overall General Fund decrease is \$211.7 million or a 5.5% drop; this amount of General Fund is removed from the budget due to a temporary increase in federal Medicaid matching funds. In March 2020, a 6.2% increase in the Federal Medical Assistance Percentage (FMAP) was authorized as part of the Families First Coronavirus Response Act. The additional funds are available to states from January 1, 2020, through the quarter in which the public health emergency period ends; a recent extension pushes the emergency period into the last quarter of 2020. Based on this four-quarter projection, DHS estimates receiving an extra \$180 million Federal Funds; the approved budget plan uses these monies to free up (fund shift) the same amount of General Fund. This General Fund is then used to cover DHS budget issues, replace agency General Fund reductions that would otherwise be needed to balance the statewide budget, and support a new special purpose appropriation to help address agency caseload costs or other budget problems arising over the next few months.

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 tied to the fall 2019 forecast. The agency's rebalance calculation results in a cost of \$14.4 million General Fund; this net increase amount includes transferring some positions and funding to the Oregon Health Authority (OHA). Dollar and FTE amounts associated with these transfers have been updated since January due to changes in transfer timing.

Budget projections for non-General Fund resources or programs drive rebalance decreases of \$913,217 Other Funds expenditure limitation and \$26.3 million Federal Funds expenditure limitation. The rebalance also includes a series of position actions (technical adjustments, transfers,

position abolishment/establishment) that net out to a decrease of 38 positions (15.16 FTE). Although several months have passed since the rebalance was initially calculated, most components are still valid and warrant related budget adjustments. Some caseload-related assumptions, such as those in Self Sufficiency, are known to have been impacted by the pandemic, however, related data was not yet available to help inform the 2020 spring caseload forecast, so the next practicable opportunity for recasting and reporting on budget projections will be after the fall 2020 caseload forecast is finalized later this year. The Committee approved the agency’s rebalance request, as outlined in the following table:

DHS 2019-21 - January 2020 Rebalance Highlights			
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	(1.1)	(29)	(10.75)
Disband/reorganize HR Shared Services and transfer positions to OHA	(0.0)	(9)	(4.14)
Tech Adjustments, Transfers, Position Abolish/Establish	(0.1)	-	(0.27)
Subtotal Savings	(23.3)	(38)	(15.16)
Net General Fund Position	14.4	(38)	(15.16)

In January 2020, in addition to the rebalance request, the Department submitted ten proposals totaling \$131.1 million General Fund that included 492 new positions (440.15 FTE). Due to the state’s current fiscal position, only a small subset of the DHS requests could be approved by the Committee; these generally support implementation of already approved state or federal legislation, high priority position needs, and collective bargaining agreements for non-state workers. In addition to items outstanding from earlier this year, funding to cover costs of some temporary actions DHS has taken in response to the COVID-19 pandemic was also provided. Other changes included in the budget are increases in Federal Funds expenditure limitation tied to additional federal dollars from various funding streams allocated to the agency due to the pandemic. The chart below shows the budgetary adjustments by primary issues or components:

Department of Human Services

2019-21 Budget Adjustments Approved in SB 5723

	General Fund	Other Funds	Federal Funds	Federal Funds Nonlimited	Total Funds	Pos	FTE
2019-21 Legislatively Approved (Through August 5, 2020)	3,878,048,515	704,801,492	6,133,004,273	1,939,345,331	12,655,199,611	9,445	9,324.60
Rebalance	14,434,272	(913,118)	(26,310,600)	-	(12,789,446)	(38)	(15.16)
Strengthening, Preserving and Reunifying Families (SPRF)	13,788,757	-	4,000,000	-	17,788,757	-	-
Family First Preservation Act Transition Funds	-	-	2,072,633	-	2,072,633	-	-
IV-E Pass Through to Public Defense Services	-	-	9,000,000	-	9,000,000	-	-
Behavior Rehabilitation Services (BRS) rate increase	90,198	-	1,686,218	-	1,776,416	-	-
SB 155 Third party child abuse investigations	1,836,698	1,560,402	-	-	3,397,100	17	6.46
Non-state employee collective bargaining	3,131,713	-	6,117,523	-	9,249,236	-	-
Child Welfare Executive Order recommendations	3,142,910	35,872	1,741,155	-	4,919,937	33	26.84
New positions for risk mitigation	301,559	17,606	248,742	-	567,907	7	3.50
Address COVID-19 impacts (includes add'l Federal Funds)	7,604,105	(1,968,692)	29,744,844	550,000,000	585,380,257	-	-
Enhanced FMAP fund shift	(180,000,000)	-	180,000,000	-	-	-	-
Reductions	(74,629,289)	374,413	(36,580,255)	-	(110,835,131)	(32)	(16.00)
Debt Service savings	(1,363,570)	-	-	-	(1,363,570)	-	-
Total Adjustments	(211,662,647)	(893,517)	171,720,260	550,000,000	509,164,096	(13)	5.64
% Change From Legislatively Approved	-5.5%	-0.1%	2.8%	28.4%	4.0%	-0.1%	0.1%

While the approved changes address many DHS budget issues, budget risks do remain. In addition to evolving COVID-19 pandemic response challenges, 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.

To help track the following 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). A more detailed description of significant budget changes by program follows.

Self Sufficiency Programs

Within the Self Sufficiency Programs (SSP), the COVID-19 pandemic is creating high demand for Supplemental Nutrition Assistance Program (SNAP) benefits; corresponding federal emergency SNAP allotments and program actions drive an increase of \$550 million Federal Funds Nonlimited. Other budget adjustments approved by the Committee for SSP result in a net decrease of \$23.6 million General Fund, an increase of \$2.3 million Other Funds expenditure limitation, a net increase of \$1.9 million Federal Funds expenditure limitation, and a net decrease of 29 positions (10.75 FTE). Embedded in these amounts is a decrease of \$4.7 million total funds due to a rebalance action shifting positions from DHS to the Oregon Health Authority (OHA). In 2017-19, 476 positions were transferred from OHA to DHS as part of an interagency 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 (10.75 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.

As noted previously, the approved rebalance is based on the fall 2019 caseload forecast which already projected increases in both SNAP (8.5%) and the Temporary Assistance for Needy Families (TANF; 6.7%) caseloads. Due to the COVID-19 pandemic, demand for these programs has continued to grow even more, however, solid budget impact estimates are not expected to be developed until after the fall 2020 forecast. Part of the challenge is predicting how the COVID-19 economy will affect the SNAP and TANF programs, along with determining how pandemic unemployment insurance and other policy or federal rule changes will impact caseloads and/or client behavior. The “frozen” rebalance does include a caseload-related increase of just under \$2.0 million General Fund (\$9.4 million total funds); this is tied primarily to a 2019 summer hiring season that did not materialize, 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 (CCDF) resources from the Oregon Department of Education to DHS; these dollars support the Employment Related Day Care (ERDC) program. The program has also been affected by policy changes due to the pandemic and has implemented zero-copays, higher income limits, and provider payments to cover closures/absences to help keep families and providers in the program. Currently these costs are expected to be covered by ERDC General Fund freed up due to lower caseloads and some additional CCDF dollars, but that may change based on how schools reopen in the fall and other program needs evolve. Other rebalance changes affecting the SSP budget include corrections for an error in budget development; expenditure limitation adjustments for apprenticeship child care revenue and federal grant funds; and technical adjustments and transfers.

Approved budget adjustments include a total of \$3.7 million General Fund covering the cost of DHS short-term actions taken to help Oregonians maintain access to services during the pandemic. These include administrative costs associated with providing emergency or other special pandemic SNAP benefits and costs tied to TANF policy changes around resource limits and sanctions. The Committee also added \$3.2 million Federal Funds expenditure limitation to support The Emergency Food Assistance Program (TEFAP) which received additional federal funding under both the Families First Coronavirus Response Act and the CARES Act. This program provides commodity foods to states for distribution through local food banks or other selected agencies. Due to the pandemic, the Department also sent food banks \$8.0 million General Fund in direct assistance; these expenditures will be reimbursed by CRF funding under a recent Emergency Board action.

The Committee approved the following reductions, totaling \$22.4 million General Fund:

- Capture vacancy savings (\$3.0 million General Fund)
- Cover SNAP program administration costs with a federal performance bonus (\$3.9 million General Fund; shift to Federal Funds)
- Eliminate TANF Housing and Education and Training pilot projects that were authorized in HB 2032 (2019) (reduce General Fund by \$14.0 million and replace with TANF Federal Funds from pilots)
- Reduce JOBS program support services and contracts (\$1.5 million)

These are one-time reductions and should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session. The TANF pilots were temporary in nature and are already slated to be phased out in the 2021-23 current service level.

Child Welfare

The budget approved by the Committee for Child Welfare (CW) reflects the following net adjustments: a decrease of \$9.3 million General Fund, a decrease of \$13,723 Other Funds expenditure limitation, an increase of \$20.3 million Federal Funds expenditure limitation, and an increase of 15 positions (13.29 FTE).

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. Caseloads have continued to shift lower during the COVID-19 pandemic, but it is unknown whether or not this trend will be sustained or at what point and how the pandemic may fundamentally change the service array or system needs.

The program's rebalance also contains an increase of \$396,107 General Fund due to a pre-pandemic update in the Federal Medical Assistance Percentage (FMAP). The 6.2% temporary enhanced FMAP is driving a \$5.0 million fund shift from Federal Funds to General Fund outside of the rebalance adjustment; in addition to Medicaid eligible costs, FMAP rate increases are mirrored in other federal Child Welfare funding streams.

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 reflect an increase in federal Child Abuse Prevention and Treatment Act funds; the additional resources will help families and infants affected by substance use disorders.

For rebalance overall, caseload savings and technical adjustments reduce the CW budget by \$18.2 million General Fund, which masks \$16.1 million General Fund (\$24.8 million total funds) approved to address program needs. The largest investment approved by the Committee, at \$13.8 million General Fund, is made in the Strengthening, Preserving, and Reunifying Families (SPRF) program. Objectives of this program include keeping children safely in their homes 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 \$4.0 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 set the 2019-21 program budget at about 80% of the prior biennium's level.

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 funds remaining 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.

The approved SPRF funding level will require the agency to scale back the program over the second year of the biennium. In addition, due to the use of one-time federal resources to pay for the program this biennium, the budget for 2021-23 is expected to be set at no greater than 75% of the 2019-21 total funds budget; it may need to be budgeted even lower due to anticipated General Fund constraints. The Family First Transition Act funding used for SPRF was provided by the federal government to help states transition to Family First and help pay for former waiver-funded activities during the transition timeframe. DHS has an initial \$6.1 million Federal Funds in hand; along with the \$4.0 million approved for SPRF, the Committee added \$2.1 million Federal Funds expenditure limitation for CW to start addressing transition needs. Also related to Family First is a \$4.0 million General Fund special purpose appropriation to the Emergency Board approved in HB 5026 (2019) to help increase capacity for in-home and evidence-based services; the Committee eliminated that appropriation to help balance the statewide budget.

The next largest CW investment approved by the Committee is an increase of \$2.2 million General Fund (\$3.2 million total funds) and 19 positions (17.28 FTE) tied to recommendations related to Executive Order (EO) 19-03, which was issued by the Governor 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. Due to General Fund budget constraints, the Committee approved a scaled-down version of the request based on the number of currently filled positions for a total of 19 positions (17.28 FTE). A second swing shift for the Oregon Child Abuse Hotline, improving response times, will be added with 13 positions (13.00 FTE) and 6 positions (4.28 FTE) will shore up CW program leadership, ensure goal and strategy alignment, and support training efforts.

The Committee approved a rate increase 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.

The Committee's addition of \$90,198 General Fund and \$1.8 million Federal Funds expenditure limitation supports higher rates tied to the QRTP requirements; the rates took effect July 1, 2020. The full amount of General Fund required to implement the rate increase is \$2.6 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 requests to rebase rates on an updated Oregon Wage Index and 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. These proposed rate components were not contemplated during the 2019 session.

In recent months, due to COVID-19 pandemic costs, BRS providers also received a temporary supplemental payment that is expected to be covered by Coronavirus Relief Fund (CRF) dollars in a future budget reconciliation action. This payment was intended to help address budget challenges around increased supervision of youth not in school or losing employment, higher staffing costs to keep an adequate workforce on the job, and purchase of cleaning/protective products.

Another CRF expenditure on the horizon would cover just over \$900,000 in temporary flat fee payments made to CW contractors to retain service capacity while referrals dropped during the early months of the pandemic. The budget approved by the Committee also includes \$510,555 General Fund to help cover other emerging budget issues driven by COVID-19. An increase of \$988,823 Federal Funds expenditure limitation was also included to utilize federal CARES Act funding received for Family Violence and Prevention Services (\$440,184) and to help support child welfare services (\$548,639).

Another budget adjustment approved by the Committee is an increase of \$9.0 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 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 foster care legal proceedings, such as court hearings related to a child's removal from the home.

The Committee approved the following reductions, totaling \$2.7 million General Fund:

- Eliminate Foster Parent Night Out for the remainder of the biennium (\$168,780 General Fund)
- Use Other Funds ending balance for the domestic violence program (\$443,724 General Fund; shift to Other Funds so not a true cut)
- Reduce district level training and travel expenditures (\$2.1 million General Fund)

These are one-time reductions and should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session.

Vocational Rehabilitation

The budget approved by the Committee for Vocational Rehabilitation (VR) reflects a decrease of \$80,625 Other Funds expenditure limitation, and an increase of \$15.2 million Federal Funds expenditure limitation; no changes are made to General Fund, position counts, or FTE.

The fall 2019 forecast projects the 2019-21 VR caseload to be about 0.5%, or 51 clients, higher than the spring estimate. More recent program activity shows declining levels of client participation directly attributable to the pandemic. Similar to other DHS programs, VR temporarily restructured some program payments to offset revenue lost by providers due to seeing fewer clients; this action did not require any budget adjustments. The program's Committee-approved rebalance accounts for a recent award of \$15.0 million in federal allotment dollars by adding \$15.0 million in Federal Funds expenditure limitation. The rebalance also includes technical adjustments and transfers.

For reductions, the Committee approved a fund shift, reducing General Fund by \$2.4 million and increasing Federal Funds expenditure limitation by \$2.4 million. Depending on caseload and workload demands, the program may have some challenges in avoiding activation of the Order of Selection (priority wait list) and in meeting maintenance of effort requirements over the remainder of the biennium.

Aging and People with Disabilities

Committee budget adjustments for the Aging and People with Disabilities (APD) program reflect a decrease of \$99.6 million General Fund, a decrease of \$2.0 million Other Funds expenditure limitation, an increase of \$21.8 million Federal Funds expenditure limitation, and a net decrease of 24 positions (11.13 FTE). The large General Fund decrease is primarily due to using an additional \$87 million Federal Funds projected to be received this calendar year under the temporary 6.2% enhanced FMAP change to offset General Fund. As noted earlier, a special purpose appropriation is also being established to help address potential risks around FMAP estimates, costs, and caseload assumptions.

The January 2020 rebalance adjustments approved in the budget are based on a projection that overall long term care caseloads in 2019-21 would be 2% higher than originally anticipated; this is driving a rebalance need of \$12.5 million General Fund (\$39.6 million total funds). Costs are partially offset by \$5.2 million in reduced General Fund need; during budget development a subset of clients were double counted. In addition, while a full DHS budget status update based on the fall 2020 forecast will not be available until late fall, expenditure data from early in calendar year 2020 indicates savings in nursing facility caseloads over the first few months of the year; \$5.1 million General Fund in savings is included in the budget to offset a corresponding loss of \$5.3 million in nursing facility assessment (provider tax) revenue.

Early data indicate the COVID-19 pandemic appears to be slowing down entries into the long term care system as well as transfers between care settings. Some clients that might otherwise be served in a regular nursing facility or in-home have been cared for in dedicated COVID-19 beds, under a short term program paid for with CRF dollars. Restrictions on elective surgeries early in the pandemic have also likely affected care utilization. More information on consumer behavior and the pandemic's potentially more lasting effects on the long term care system may also be available prior to the next budget rebalance.

The approved rebalance plan also includes an additional \$3.4 million General Fund to resolve the federal funding gap created by an FMAP adjustment that took place prior to COVID-19. 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 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 Committee approved \$1.7 million General Fund and \$3.2 million Federal Funds expenditure limitation to help cover wage increases for home care workers and support an adjustment to offset wages forgone as these workers start to contribute 5% of their salaries 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. These funds augment an allocation from a \$20.0 million General Fund special purpose appropriation created for non-state employee compensation that was made by the Emergency Board on April 23, 2020.

The Committee approved a portion of the agency's January 2020 position request tied to risk mitigation, adding \$301,559 General Fund (\$567,907 total funds) and 7 positions (3.50 FTE). The positions will support the Provider Time Capture (PTC) project, which is an information technology project redesigned after it was initially started 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 13 positions (13.00 FTE) requested and are also authorized later in the biennium. The PTC project has 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.

Along with enhanced FMAP funding, APD has received federal funding due to the COVID-19 pandemic through both the Families First Coronavirus Response Act and the CARES Act, primarily additions to existing Older Americans Act (OAA) funding streams:

- Congregate meals - \$1,068,162;
- Home delivered meals - \$2,136,324;
- Family caregiver support - \$1,314,232;
- Nutrition services - \$6,408,972;
- Supportive services - \$2,670,405; and
- Ombudsman program - \$267,041.

For this last program, DHS requested only \$221,000 of Federal Funds expenditure limitation as it is pass-through funding for the Long Term Care Ombudsman, which plans to reserve a portion of the dollars for next biennium. In addition, APD received funding in the amount of \$750,000 from the Coronavirus Preparedness and Response Supplemental Appropriations Act for the Aging and Disability Resource Center network to help deliver services during the pandemic. The Committee approved a total of \$14.6 million Federal Funds expenditure limitation to support spending these additional resources; state matching funds are not required.

Another budget change related to crisis funding from the federal government swaps \$3.4 million General Fund for the same amount of CRF funding (a shift from General Fund to Other Funds). General Fund was allocated to DHS by the Emergency Board at its April 23, 2020 meeting to help protect clients in long term care settings by helping providers pay for COVID-19 proactive testing and specialized training for workers. The use of federal CRF dollars, instead of General Fund preserves state funding for other uses or needs not allowable for CRF; these funds are governed by criteria set out under the CARES Act and federal guidance. There are other APD initiatives, such as the dedicated COVID-19 beds and temporary rate increases or other payments to help providers deal with pandemic challenges that have already been, or are expected to be, approved for funding from the CRF. These federal dollars are budgeted as Other Funds as they are passed through to agencies from the Department of Administrative Services.

The Committee approved the following reductions, totaling \$20.0 million General Fund (\$50.8 million total funds):

- Capture projected program savings based on current budget estimates (\$12.0 million General Fund)
- Curtail anxiety and depression programs delivered by Area Agencies on Aging (AAA) and Centers for Independent Living for the remainder of the biennium (\$1.4 million General Fund)
- Reduce design budget by 5% (\$1.5 million General Fund)
- Reduce support for Older Americans Act program activities over the remainder of the biennium (\$1.1 million General Fund)
- Reduce 2019 agency field staff enhancement package by 50% (\$2.0 million General Fund/32 positions/16.00 FTE)
- Reduce 2019 AAA field staff enhancement package by 50% (\$2.1 million General Fund/approximately 39 positions)

These are one-time reductions; however, they should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session. In particular, while the APD and AAA field positions will have already been built into the 2021-23 current service level due to timing, considering them for permanent reductions may help alleviate potential layoffs elsewhere in the agency since the positions should be vacant.

PRELIMINARY

Intellectual and Developmental Disabilities

Budget adjustments made by the Committee for the Intellectual and Developmental Disabilities (IDD) program reflect a decrease of \$76.0 million General Fund and an increase of \$121.5 million Federal Funds expenditure limitation; no changes were made to positions. The large General Fund decrease is primarily due to using an additional \$88.0 million Federal Funds, projected to be received this calendar year under the temporary 6.2% enhanced FMAP change, to offset General Fund. As noted earlier, a special purpose appropriation is also being established to help address potential risks around FMAP estimates, costs, and caseload assumptions.

As a reminder, rebalance adjustments are based on a frozen fall 2019 caseload forecast for program services that was 2.5% higher than the previous estimate, 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 occurred 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 pre-pandemic FMAP, along with technical adjustments, transfers, and post-session clean up actions.

The spring 2020 caseload forecast generally continued to track with fall 2019 data, but that data does not capture any changes due to physical distancing requirements of the economic effects of a global pandemic. Associated changes in public policy, behavior, and economics due to the current crisis will be accounted for in subsequent forecasts. Similar to other programs, IDD has implemented temporary rate increases and other actions to help providers, workers, and clients during the pandemic. Providers of day and employment services have been especially hit hard by the pandemic as they were shut down to help avoid exposure to COVID-19. The Committee approved \$6.4 million General Fund (\$17.4 million total funds) to cover sustainability payments for these providers until at least mid-September; the federal government has also agreed to increase its match to 75% for a 3-month period. Some of the costs related to pandemic-driven actions have already been, or are expected to be, approved for funding from the CRF. These federal dollars are budgeted as Other Funds as they are passed through to agencies from the Department of Administrative Services.

The IDD budget is also affected by collective bargaining for non-state workers. The Committee approved \$1.1 million General Fund and \$2.2 million Federal Funds expenditure limitation to help cover wage increases for personal support care workers and an adjustment to offset wages forgone as these workers start to contribute 5% of their salaries 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 Committee added \$360,773 General Fund and \$705,585 Federal Funds expenditure limitation to help pay for a 7.15% rate increase effective July 1, 2020. These funds augment an allocation from a \$20.0 million General Fund special purpose appropriation created for non-state employee compensation that was made by the Emergency Board on April 23, 2020.

The Committee approved the following reductions, totaling \$14.9 million General Fund (\$8.6 million total funds):

- Use Federal Funds for systems operations and maintenance (\$2.5 million General Fund; shift to Federal Funds)

- Reduce unneeded biennial settlement fund balance (\$4.0 million General Fund)
- Eliminate funding for statewide case management system (\$2.3 million General Fund)
- Reduce number of new host homes from 140 to 30 (\$3.7 million General Fund)
- Eliminate housing emergency repairs for former Community Integration Program homes (\$421,573 General Fund)
- Phase out Family to Family Networks over the remainder of the biennium (\$417,372 General Fund)
- Eliminate temporary staffing services (\$102,000 General Fund)
- Limit relief care to seven days for remainder of biennium (\$1.5 million General Fund)

With the exception of Family to Family Networks, these reductions are anticipated to be one-time; however, they should all be reevaluated for ongoing or adjusted reductions during the 2021 legislative session. In particular, the first two items on the list are built into the 2021-23 current service level and are likely candidates for carrying forward. Note that \$250,000 General Fund of the originally proposed reduction amount for the Family to Family Networks was added back; this change is designed to provide resources to more carefully phase the program out over the last few months of the biennium, while fully eliminating it for the 2021-23 biennium.

Regarding family supports, the Committee set aside a potential program reduction and added \$59,962 General Fund to bring the budget up to \$600,000 for the last half of the biennium.

Central Services

For Central Services, the Committee approved a budget increase of \$1.4 million General Fund, an increase of \$114,024 Other Funds expenditure limitation, and an increase of \$534,905 Federal Funds expenditure limitation; positions were increased by 37 (20.60 FTE).

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 9 positions, or just under one-third of the HR positions based on cost allocation statistics, and DHS would retain 23 positions (11.04 FTE). The rebalance moves the 23 positions from Shared Services to the Central Services' HR unit; along with the positions comes \$1.7 million General Fund (\$2.2 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 2 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 Committee approved \$930,640 General Fund (\$1.8 million total funds) and 14 positions (9.56 FTE); this is only a subset of the positions recommended by A&M:

- 2 positions (1.26 FTE) to handle responsibilities related to litigation and support a team dedicated to receiving and responding to an average of 500 public records requests each month;
- 9 positions (5.64 FTE) in human resources to cover recruitment workload demands; lead and direct DHS Workday implementation; align classification, compensation, and safety work with legal requirements; address the wellbeing of employees through risk management; and support leadership decision-making related to the Americans with Disabilities Act; and
- 3 positions (2.63 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.

For reductions, the Committee approved a decrease of \$1.2 million General Fund (\$1.9 million total funds) to be achieved through reducing travel, office supplies, professional services, legal services utilization, training, holding positions vacant, and limiting overtime. These are one-time reductions; however, they should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session.

Shared Services

The budget approved by the Committee for Shared Services is a net decrease of \$1.3 million Other Funds expenditure limitation and a net decrease of 12 positions (6.37 FTE). The most significant rebalance-related adjustment is a reduction of \$3.2 million and 30 positions (13.80 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.

For the Office of Training, Investigations, and Safety (OTIS), the Committee approved adjustments related to SB 155 (2019). That bill made DHS 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. With approval of SB 1605 (2020 1st Special Session), which provided flexibility to close at screening certain types of these reports, the program can be implemented gradually and provides time for the agency to gain actual experience with these new investigations toward helping inform policy and resource needs. The Committee approved \$1.6 million Other Funds expenditure limitation and 17 positions (6.46 FTE) to scale up work on these investigations; there is a related General Fund increase in SAEC.

For reductions, General Fund savings associated with holding Shared Services positions vacant and limiting other expenditures are captured in the shared services funding line within the SAEC budget. These are one-time reductions; however, they should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session.

State Assessments and Enterprise-wide Costs

The Committee approved, for State Assessments and Enterprise-wide Costs (SAEC), a net decrease of \$832,493 General Fund, an increase of \$94,418 Other Funds expenditure limitation, and a net decrease of \$11.9 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 an increase embedded in these numbers: an increase of \$8.2 million General Fund (\$11.8 million total funds) is primarily tied to agency wide 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.

New positions approved by the Committee for OTIS (Shared Services) drive an increase of \$1.8 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 activities. A decrease of \$1,363,570 General Fund tied to debt service savings is also accounted for in the updated SAEC budget.

The Committee approved the following reductions, totaling \$12.3 million General Fund (\$27.7 million total funds):

- Lower utilization of usage-based DAS data center services (\$3.6 million General Fund)
- Reduce funding for computer life cycle replacement and repair (\$2.2 million General Fund)
- Reduce telecommunications budget (\$183,533 General Fund)
- Reduction tied to DHS Shared Services limiting expenditures and holding positions vacant (\$2.2 million General Fund)
- Reduction tied to OHA Shared Services limiting expenditures and holding positions vacant (\$2.6 million General Fund)

These are one-time reductions and should be reevaluated for ongoing or adjusted reductions during the 2021 legislative session.

Long-Term Care Ombudsman

In April, the Long Term Care Ombudsman (LTCO) received a federal award in the amount of \$267,041 from the Administration for Community Living (ACL) through the CARES Act. These funds, which do not require state matching dollars, are available for use through September 2021 for activities in response to COVID-19. Per ACL guidance, the money should be used to expand the virtual presence of Ombudsmen in facilities, as well as continue to promote the health, safety, and welfare of residents. The agency's spending plan includes outreach through a variety of channels (mail, television, internet), iPads to support face to face virtual communication, other technology needed to support remote work, personal protective equipment, and legal assistance to help address residents' rights issues. The Committee approved an increase of \$221,000 Other Funds expenditure limitation; the remainder of the award is reserved for use early in the 2021-23 biennium.

Approved budget reductions include one-time actions totaling \$440,818 General Fund; these consist mostly of limiting services and supplies expenditures and capturing underutilized unemployment assessment dollars. Decreases in group volunteer training and public guardianship contracts are also part of the plan: while the latter change may restrict capacity over normal caseload levels, it is not expected to have an enduring programmatic impact. Staffing levels for all programs within the Office of the Long Term Care Ombudsman are maintained, including three new deputy ombudsman positions that were approved in HB 3413 (2019).

Psychiatric Security Review Board

As part of the rebalancing of the state budget, the Psychiatric Security Review Board budget includes a General Fund reduction of \$100,000. The agency will achieve this reduction by limiting spending on services and supplies and through vacancy savings.

JUDICIAL BRANCH

Oregon Judicial Department

The Committee approved one-time General Fund reductions totaling \$11,100,000 to balance the state budget. This includes vacancy savings, operational savings resulting from court employee furlough days, and COVID-related restrictions, such as savings from reduced jury trials. Also included is a \$900,000 General Fund reduction in funding for law libraries.

Additionally, Other Funds expenditure limitation of \$2,450,000 was approved to address higher than budgeted expenses related to support of the specialty court system, the Public Defense Services Commission, and the Multnomah Legal Resources Center. This limitation increase also covers a CARES Act grant award of \$142,050 that the Judicial Department received from the Criminal Justice Commission to assist with coronavirus related expenses.

A reduction of \$104.6 million expenditure limitation was made to the Oregon Courthouse Capital Construction and Improvement Fund related to courthouse projects in Lane and Linn counties. These projects will not have the matching funds required to be included in a bond sale during the current biennium.

Public Defense Services Commission

Other Funds expenditure limitation of \$9.0 million was approved for the Public Defense Services 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.

The Committee approved a one-time increase of \$200,000 General Fund for training public defense attorneys participating in the Parent Child Representation (PCRP) program now operational in Clatsop, Deschutes, Douglas, Malheur, and Multnomah counties.

A shift of \$4.5 million General Fund to \$4.5 million Other Funds was approved, to reflect the availability of federal reimbursements for state costs in foster care dependency cases. This amount rolls up to a reduction of \$9.0 million General Fund in 2021-23.

One-time General Fund reductions totaling \$1,896,812 reflect administrative savings taken to balance the state budget.

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 \$266,778 General Fund for debt service costs, \$1,350,000 General Fund for non-bondable project costs, and \$910,000 Other Funds for the cost of issuing \$68,050,000 in 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.

A one-time reduction of \$3.1 million General Fund from the Legislative Administration Committee is included. The reduction is from savings from carryforward funds and is not anticipated to affect program, service, or staffing levels.

NATURAL RESOURCES

Department of Agriculture

The Committee approved an increase of \$1,139,000 Other Funds expenditure limitation and authorized the establishment of two permanent, full-time positions (0.84 FTE) to address increasing workload in 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.

A one-time reduction of \$2,522,474 General Fund reflects vacancy savings, fund shifts, and other administrative reductions across different program areas. In the Administration and Support Services Program, the General Fund reduction totals \$399,445 and includes vacancy savings and one-time fund shifts to Other Funds totaling \$299,445. As part of the fund shift to Other Funds, \$100,000 is being moved across program areas from Administration to Natural Resources to provide additional resources to the Hemp Program. The General Fund reduction to the Food Safety Policy Area totals \$866,785 and includes the elimination of one-time funding that was provided in 2019 for laboratory equipment replacement (\$600,000) and increased predator control funding (\$200,000), along with fund shifts to the shellfish program and animal health program. Additionally, there are reductions to the funding that was provided in HB 2574 (2019) related to shellfish mariculture outreach and

education (\$163,049) and funding provided in SB 883 (2019) for the regulation of animal shelters (\$166,414). The animal shelter program is anticipated to be funded through registration fee revenue beginning in the 2021-23 biennium.

The Department's Natural Resources Policy Area has \$622,570 in General Fund reductions, including vacancy savings in the Natural Resources Program (\$83,849) and the Confined Animal Feeding Operations program (\$116,897) and fund shifts to Other Funds for the Insect Pest Prevention and Management program (\$92,234) and a fund shift to Federal Funds for the Noxious Weed Control Program (\$50,000). There is also a reduction to the General Fund provided in HB 2437 (2019) related to removal-fill of \$21,339 to reflect vacancy savings. Finally, the one-time General Fund for the Oregon Invasive Species Council that was provided in 2019 has been eliminated (\$280,000).

The Market Access Policy Area has reductions of \$282,872 General Fund, which includes vacancy savings, reductions to trade missions, and a small fund shift to Other Funds in the Certifications program. Additionally, the funding for Farm-to-School technical grants that had been provided through the Department of Education in HB 2579 (2019) has been reduced from \$500,000 to \$250,000, and the administrative costs of \$50,000 associated with the program have been shifted from General Fund to Other Funds.

Department of Energy

The Committee 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 Committee approved an increase of \$1,075,258 Federal Funds 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.

The Committee approved a one-time reduction of \$60,000 General Fund from the administrative costs related to the Rooftop Solar Incentive program created in HB 2618 (2019). Additionally, the Department is expected to shift \$120,000 of anticipated rebates from the "non-income qualified" category to the "low- and moderate-income qualified" category. Originally the program had anticipated having \$750,000 available for both categories; however, with this shift, the "non-income qualified" category will be reduced to \$630,000 and the "low- and moderate-income qualified" category will be increased to \$870,000.

Department of Environmental Quality

A one-time reduction of \$4,315,384 General Fund reflects vacancy savings, fund shifts, and other administrative reductions across the Department. For the Air Quality Division, the one-time General Fund reduction totals \$2,090,834 and includes vacancy savings from the Air Contaminate Discharge Permit program (\$319,840), Air Quality program laboratory positions (\$477,340), the Clean Diesel program (\$34,656), and the Cleaner Air Oregon program (\$444,638). The Cleaner Air Oregon program also has a one-time fund shift of \$100,000 from General Fund to Other Funds. Additionally, there is a \$714,360 reduction to services and supplies costs across the Air Quality programs, including a \$483,113 reduction from the General Fund provided by the March 2020 Emergency Board for efforts to reduce greenhouse gas emissions.

In the Water Quality Division, the total one-time General Fund reduction is \$1,972,987 and includes vacancy savings from the laboratory (\$60,630) and across multiple water quality programs (\$1,320,194), as well as services and supplies reductions of \$424,078. Additionally, there is a one-time fund shift of \$168,085 from General Fund to Other Funds for existing positions to adjust work within the program. For the Land Quality division, the one-time General Fund reduction includes \$111,872 to services and supplies and a fund shift of \$56,204 to Other Funds for a Regional Solutions position. Finally, the Agency Management Division has an \$83,487 General Fund reduction as a result of vacancy savings from the Internal Auditor position provided in the 2019 budget.

Department of Fish and Wildlife

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

A one-time reduction of \$3,870,063 General Fund reflects vacancy savings, fund shifts, and other administrative reductions across the Department. In the Fish Division, the General Fund reduction totals \$1,569,626 and includes vacancy savings across multiple programs and a reduction in FTE from 0.75 to 0.50 of an administrative support position in the screens and passage program. The reductions in the Fish Division also include one-time fund shifts to Other Funds totaling \$35,721 and Federal Funds totaling \$213,744. Further, \$160,000 General Fund and the limited duration position (1.00 FTE) that was provided in HB 2574 (2019) for shellfish mariculture work has been eliminated. Finally, there is a reduction of \$150,669 from the Department's Emergency Hatchery Maintenance Funding.

For the Wildlife Division, the total General Fund reduction is \$577,021 and includes vacancy savings and a fund shift of three positions in the Wolf Program to Federal Funds, totaling \$204,350. Additional reductions include elimination of one-time General Fund for additional predator control funding that was provided in the 2019 budget (\$200,000) and \$17,207 in accrued vacancy savings from funding provided in HB 2437 (2019) related to removal-fill.

Finally, one-time General Fund reductions are taken from monies provided to the Department in 2019 for an anti-poaching campaign. This includes \$276,094 from accrued vacancy savings and also reduces services and supplies costs related to additional Oregon State Police wildlife enforcement. All five of the wildlife enforcement positions provided in 2019 as part of this package are retained and are currently filled. Additionally, \$1,296,653 from the anti-poaching campaign that was anticipated to be used for a broad media outreach campaign and to fund Department of Justice assistance to local District Attorney's with poaching prosecutions has been eliminated. The Public Affairs position within the program is retained.

Department of Forestry

A one-time increase of \$10,383,896 General Fund in the Department of Forestry (ODF), Fire Protection Division was approved for the payment of emergency firefighting costs associated with the 2019 forest fire season (\$9,629,300) and interest expense (\$754,596).

The Committee approved a one-time increase of \$700,000 General Fund for the Department to reimburse the Department of Administrative Services for the cost of contracted consulting services. The 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 receivables, 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.

Multiple General Fund reductions were approved in several divisions of the Department. Due to statutory requirements that limit the amount of funding from Other Fund sources such as landowner per-acre assessments and harvest tax proceeds to a percentage of General Fund expenditures, a reduction in General Fund in the operating divisions often results in a required, corresponding reduction in Other Funds. In some cases, the use of the General Fund is outside of the standard funding ratio and therefore does not have a corresponding Other Funds reduction.

Agency Administration General Fund reductions total \$358,925 for the Federal Forest Health program. There is not a required Other Funds reduction in this program. This amount reflects vacancy savings from the delay in hiring a program lead position and a reduction of seasonal workers (0.75 FTE), reductions in federal cost-share contract payments, reduced indirect technical assistance, reduced grant funding, and savings in administrative costs.

The Agency Administration Division is predominately funded through a pro-rata charge to the other operating divisions. Those revenues are spent as Other Funds by the Agency Administration Division regardless of the original source of funds. General Fund reductions to Agency Administration cost allocations in the Fire Protection and Private Forests Divisions result in a \$1,294,103 Other Funds reduction in the Agency Administration Division, including the Equipment Pool program. This reduction is shown through an increase in vacancy savings in the Division.

Approved budget reductions for the Fire Protection Division total \$4,788,536 General Fund and \$971,548 Other Funds. Specific reductions are:

- A \$1,122,250 decrease in General Fund support for Agency Administration costs allocated to the Fire Protection division. There is no private landowner funding support for Agency Administration costs and, therefore, no reduction in Other Funds corresponding to this reduction. This item does not directly impact the Fire Protection Division, but, as noted above, results in increased vacancy savings in the Agency Administration Division.
- A shift of \$175,000 General Fund and \$100,000 Other Funds to Federal Funds because additional federal grant funding capacity has been identified.
- Increased vacancy savings of \$192,422 General Fund and \$316,534 Other Funds (1.08 FTE).
- Temporary position reductions and other personal services adjustments of \$88,937 General Fund and \$201,385 Other funds (0.50 FTE).
- Temporary delays in equipment purchases, equipment maintenance, and facility improvements, \$699,420 General Fund and \$1,262,626 Other Funds.
- Contracted services and other services and supplies expenditure reductions of \$562,334 General Fund and \$973,698 Other Funds.

Approved reductions for the Private Forests division total \$1,385,040 General Fund, \$672,474 Other Funds, and \$57,844 Federal Funds. Specific reductions are:

- Vacancy savings and temporary position reductions totaling \$268,187 General Fund, \$122,474 Other Funds, and \$57,844 Federal Funds (2.10 FTE).
- Reduction in base budget expenditures for Sudden Oak Death treatments of \$70,000 General Fund.
- General expenditure reductions in program services and supplies of \$375,000 General Fund and \$350,000 Other Funds.
- A \$671,853 decrease in General Fund support for Agency Administration Division costs allocated to the Private Forests Division. This reduction includes the elimination of \$500,000 General Fund that was erroneously budgeted in the program. The remaining \$171,853 reduction is shown in the Agency Administration Division as vacancy savings.

The Committee approved a \$195,000 General Fund reduction to an appropriation made to the State Forests Division for the purchase of an approximately 160-acre timber tract adjacent to the Willamette National Forest Opal Creek Scenic Recreation Area and Santiam State Forest, for addition to the Santiam State Forest. It is unlikely that the purchase of the subject property will be completed this biennium and the reduction effectively eliminates the funding allocated for this purpose.

Department of Land Conservation and Development

The Committee approved a \$289,301 General Fund reduction in local planning grant funding. Additional reductions to the agency's Planning Program totaling \$965,643 General Fund were approved, and include:

- \$170,379 in increased vacancy savings resulting in a reduction of 1.04 FTE
- \$531,055 in staffing reductions that eliminate a limited-duration legislative coordinator position, reduce a database administrator position and a natural resource specialist to half-time, and eliminate a dedicated Measure 49 specialist and a communications specialist position (3 positions, 2.34 FTE)
- \$214,209 in reductions to services and supplies

Two bills were passed during the 2019 legislative session dealing with local housing needs. HB 2001 dealt with planning for, and the allowance to, develop "middle" housing on lands zoned for single family residential housing. HB 2003 addressed regional housing needs. Both of the bills provided funding for technical assistance grants to local planning units and also provided operational funding to the Department. A reduction of \$115,000 General Fund for the local technical grant funding provided in HB 2003 was approved. An additional \$1,115,000 General Fund reduction was approved that removed the uncommitted, excess funding for local technical grants provided by HB 2001. Also eliminated was uncommitted operational funding for the implementation of both bills totaling \$396,368 General Fund. This amount included a reduction in budgeted staff support of 0.16 FTE.

The committee approved a reduction of \$17,000 General Fund in uncommitted funding for implementation of the provisions of HB 2574 (2019) dealing with shellfish mariculture in Oregon.

A reduction in the budgetary placeholder funding for reimbursements due to Ballot Measure 56 notices to landowner by cities or counties of \$50,000 was approved by the Committee. These funds are typically included in the agency's budget as an acknowledgement of possible costs of notification reimbursements even if no costs are anticipated. The removal of these funds may require the agency to request funding from the Emergency Board should a change in law or property use require notices to be distributed.

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.

Department of Parks and Recreation

A Federal Funds expenditure limitation increase of \$665,000 for the Department of Parks and Recreation was approved by the Committee 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 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 to provide \$86,953 of Other Funds expenditure limitation from the Submerged Lands Enhancement Fund. The expenditure limitation from the fund allows the Department to spend remaining grant funds. Grant funds are required to 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, and fish and wildlife habitat. A corresponding reduction in the 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 Committee approved an increase in Federal Funds expenditure limitation of \$478,286 for the Department to spend federal grant awards from the U.S. Environmental Protection Agency. Grant funding supports ongoing wetlands program development, funding for multipurpose state assistance, and preliminary program development for the eventual assumption of permitting authority under section 404 of the Federal Clean Water Act.

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

An additional 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.

Technical adjustments that were approved by the Committee include 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 changed to a Training and Development Specialist 1 from a Natural Resource Specialist 1. There is no change to the amount budgeted for the position.

An increase in Federal Funds expenditure limitation of \$210,000 was approved for National Oceanic and Atmospheric Administration grants awarded for land acquisition and trail improvements at the South Slough National Estuarian Research Reserve. The funding will be used to purchase a property adjacent to the reserve and to replace trail system facilities.

Water Resources Department

An increase in the Federal Funds expenditure limitation for the Water Resources Department of \$260,484, and the authorization to establish a limited-duration position (0.88 FTE) was approved by the Committee to allow the expenditure of a grant award from the Federal Emergency Management Agency. 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.

The Committee approved \$125,000 General Fund for the Department 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 funding will support moving 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.

General Fund reductions of \$2,307,924 in multiple agency divisions were approved to help balance the state General Fund budget. Accrued and anticipated vacancy savings include:

- \$419,529 in the Director's Office, from delay in filling a position associated with a second groundwater basin study team, and a delay in hiring the remaining four positions in the Technical Services Division
- \$723,251 in the Field Services Division
- \$333,305 in the Water Rights Servicing Division and
- \$831,839 in the Technical Services Division, including a delay in hiring four positions associated with a second groundwater basin study team. Although the hiring of the positions is delayed, additional funding that was provided to the agency this biennium included federal cost-share funds and funding for additional monitoring and test wells. This funding combined with existing agency resources allows the agency to move forward with expanding basin studies in spite of the hiring delay.

In addition to the delay in hiring the groundwater positions, the associated position-related services and supplies was reduced by \$121,262 General Fund in the Technical Services Division.

Two grant programs in the Administrative Services Division had reductions approved by the committee. Feasibility study grants were reduced by \$422,467 General Fund, eliminating the remaining General Fund for the biennium. The reduction leaves approximately \$2.2 million in lottery bond proceeds available for feasibility study grant applicants. A small reduction of \$49,684 General Fund to the place-based planning grant

program leaves \$500,000 General Fund available for the grantees to finish their planning work and for the agency to complete a planning assessment.

Reductions in unobligated funding for observation wells (\$50,000 General Fund) and gaging stations (\$27,186 General Fund) was approved for the Technical Services Division. The committee also approved a decrease of \$106,914 General Fund in the Field Services Division for state cost-share subsidy of water measurement devices installed by water users.

A shift of funding from General Fund to Other Funds in the Field Services Division reduces General Fund expenditures by \$552,262 and allows for the expenditure of Other Funds balances from fee revenues in a corresponding amount.

PUBLIC SAFETY

Department of Corrections

General Fund reductions totaling \$6.4 million were approved to help balance the statewide budget. A one-time General Fund appropriation to upgrade the user interface for the agency's Corrections Information System was reduced by \$140,250. One-time General Fund reductions in the Central Administration and Administrative Services programs include a \$412,148 reduction to the Office of Government Efficiencies, a five percent reduction to Central Administration of \$1.9 million, and a 5% reduction to the Administrative (Central) Services Division of \$3.9 million.

BUDGET NOTE: Oregon's declining prison population requires an assessment of the state's prison footprint. The Department of Corrections (DOC) is directed to assess the state's prison system 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 capacity, costs, and efficient operations.

Based on this assessment, on relevant prison population factors, and incorporating best practices for corrections outcomes, the agency shall include in its report recommendations to the Legislature for re-shaping Oregon's prison footprint. The report shall include recommendations for prison closures, including the order in which institutions should close and the timeframes and resources necessary for closure. DOC shall report to the Legislature with its assessment and recommendations no later than January 1, 2021.

The Committee increased the agency's Other Funds expenditure limitation by \$338,045 for expenditure of a Coronavirus Emergency Supplemental Funding grant from the Criminal Justice Commission. The funds will be passed through to counties to supplement housing resources for probationers and indigent adults in custody releasing to supervision in instances where transitional housing beds are severely limited due to COVID-19.

Due to the COVID-19 pandemic, the Oregon Health Authority and local Public Health Agencies informed the Department of Corrections that adults in custody releasing from COVID-impacted prisons cannot use public transportation at release. Coronavirus Relief Funds received by the Department of Administrative Services were approved to be passed through to the Department to provide required transportation to adults releasing from prison. Other Funds expenditure limitation was increased by \$315,000 for use on such transportation expenses before the end of December 2020.

The Department identified a projected budget shortfall early in the 2019-21 biennium resulting primarily from rapidly rising health care costs in the state's prisons. Contributing to the projected budget overruns are the cost of pharmaceuticals, including treatments for Hepatitis C and for medically assisted treatment for addictions; the cost of off-site care; and ancillary costs for laboratory tests and for specialty care. To address this shortfall, the agency has undertaken administrative actions to reduce its expenses, including implementing a hiring freeze (excluding security and health care positions), delaying equipment lifecycle replacements, and laying off both management and represented positions. To address the portion of the shortfall not decreased by the above actions, the Committee approved \$29.5 million General Fund on a one-time basis.

Criminal Justice Commission

The Criminal Justice Commission was awarded supplemental Edward G. Byrne Memorial Justice Assistance Grant funding through the CARES Act in May. The Committee approved additional Federal Funds expenditure limitation of \$6,811,383 to allow the Commission to award Coronavirus Emergency Supplemental Funding (CESF) through an expedited grant process to seventeen counties, seven cities, and five state agencies. Details of the state agency awards are found in other sections of this report.

A one-time reduction of \$668,000 General Fund from the Criminal Justice Commission reflects vacancy and other administrative savings.

District Attorneys and their Deputies

The Committee approved a \$500,000 General Fund appropriation for grand jury recordation to the state agency District Attorneys and Their Deputies. 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)	\$310,000
Storage and archiving of grand jury recordings	Department of Justice	Department of Justice to provide segregated hosting, security, backup, maintenance, and customer support	\$125,000
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	\$50,000
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			\$500,000

The Oregon District Attorneys Association (ODAA) and the Judicial Department (OJD) are expected to enter into a memorandum of agreement 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.

Oregon Department of Justice

The Committee approved \$435,000 Other Funds expenditure limitation, on a one-time basis, for payment of the statewide transcription service and the storage and archiving of grand jury recordings.

In the Appellate Division, the Committee approved a \$28,590 General Fund reduction for outside review of draft ballot tiles, legislative referrals, and citizen initiatives voter summaries. Also approved was a reduction of \$328,554 Other Funds expenditure limitation for two vacant permanent full-time Assistant Attorney General positions (0.83 FTE) associated with a General Fund reduction for the Defense of Criminal Convictions.

The Committee approved a non-budgetary action associated with HB 4304 to shift the source of funding for the Civil Enforcement Division’s Environmental Crimes and Cultural Resources Unit (ECRU) from the Protection and Education Account (Other Funds) to the DOJ hourly billing model (Other Funds).

One-time budgetary savings were achieved by a reduction of \$263,135 General Fund from prosecutorial support services and a one-time General Fund reduction of \$196,619 in organized crime investigative assistance. Reductions in both programs reflect vacancy savings.

The Committee approved a one-time \$52,106 General Fund reduction for pass-through funding for legal representation for victims of crime. The remainder of the \$1,042,081 appropriation has already been distributed.

The Committee approved a one-time increase of \$20,981,016 Federal Funds expenditure limitation for Victims of Crime Act (VOCA) grants, which fund services for victims of domestic violence and sexual assault programs. VOCA funds are both competitively and non-competitively granted to nonprofit and prosecutor-based victim service providers and child abuse intervention centers. This formula grant does not require the Department to provide matching funds; however, the grant does require sub-grantees to provide 20 percent matching funds. Local matching funds are partially paid by state General Fund and a Criminal Fines Account allocation passed-through by DOJ to local providers.

The Committee also approved an increase of \$1,586,684 Federal Funds expenditure limitation for a number of previously approved federal grants, including Sexual Assault Victims' Emergency Medical Response, Violence Against Women Act, John R. Justice - Student Loan Repayment, Human Trafficking, and the Children's Justice Act.

The Committee 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, so this reduction can be taken without any adverse impact to ongoing crime victim assistance programs at the state or local level. Additionally, the Committee 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.

The Committee approved a one-time increase of \$450,188 Federal Funds expenditure limitation and the establishment of two limited duration positions (0.84 FTE) for a federal grant from the U.S. Department of Justice, Office for Victims of Crime, for Improving Outcomes for Child and Youth Victims of Human Trafficking. This grant was approved, retroactively, for submission by the Joint Interim Committee on Ways and Means in September 2019. The matching funds requirement of 25% for this competitive grant will be met by the punitive damage award funding that currently funds the Human Trafficking Intervention Coordinator.

The Committee approved fund shifting a \$2.0 million General Fund Emergency Board allocation for domestic and sexual violence to Other Funds in order to use Coronavirus Relief Funds received by the Department of Administrative Services and passed through to the Department of Justice.

In the General Counsel Division, the Committee approved an increase of \$328,935 Other Funds expenditure limitation and authorized the establishment of one permanent full-time Senior Assistant Attorney General position (0.42 FTE) and one permanent full-time Assistant Attorney General position (0.42 FTE) in the Business Transactions Section. These positions will serve as design and construction attorneys for transportation infrastructure projects authorized in HB 2017 (2017). The revenue to support these positions will come from hourly legal service billing to the Oregon Department of Transportation.

The Committee approved a \$440,668 Other Funds expenditure limitation reduction in the Trial Services Division for three vacant permanent full-time Assistant Attorney General positions (1.25 FTE) due to a General Fund reduction for the Defense of Criminal Convictions.

Also approved was a one-time \$2.3 million General Fund reduction to the Defense of Criminal Conviction caseloads. The attorneys of the Appellate and Trial Divisions charge the program for their work at the same rate as they charge other state agencies for legal work.

By closing one of several Portland office locations, budgetary savings of \$56,902 General Fund, \$27,214 Other Funds expenditure limitation, and \$163,285 Federal Funds expenditure limitation were achieved in the Division of Child Support.

The Committee approved a one-time increase of \$1,160,630 Other Funds expenditure limitation and \$2,252,986 Federal Funds expenditure limitation for the Child Support Enforcement Automated System (CSEAS) information technology project. The increase is related to three contract amendments for added functionality and application documentation and an information security control test at DOJ and at the Atmosera co-location data center hosting CSEAS. Other Funds expenditure limitation is supported by Article XI-Q bond proceeds from a previously approved bond sale. Federal Funds provide 66% of eligible program costs under Title IV-D of the federal Social Security Act. The Department of Administrative Services is requested to unschedule the supplemental funding pending completion of a Legislative Fiscal Office review of the status of the CSEAS project. Additionally, a one-time fund shift to reduce \$181,657 General Fund and \$352,628 Federal Funds expenditure limitation (for federal incentive funds) was approved, with a corresponding increase in Other Funds expenditure limitation.

The Committee approved the following technical adjustments:

- 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; 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.

The Committee 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:

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%
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%

Oregon Military Department

The Committee approved a reduction of \$100,000 General Fund from a one-time appropriation to the Oregon Military Department - Office of Emergency Management for a study of the Critical Energy Infrastructure Hub located in northwest Portland.

Additionally, \$500,000 was reduced from a one-time General Fund appropriation made to the Office of Emergency Management by the Emergency Board on March 9, 2020, and was replaced with Coronavirus Relief Funds received by the Department of Administrative Services and transferred to the Oregon Military Department. The original appropriation was made for a suite of all-hazards emergency preparedness and response activities, including response to COVID-19.

A one-time reduction of \$681,022 General Fund and the reduction of \$681,022 in matching Federal Funds will reduce travel, training, and information technology lifecycle replacements in the Office of Emergency Management through the end of the 2019-21 biennium.

Approved budget reductions in the Military Department's Operations program total \$682,747. These reductions include holding six positions vacant and shifting two positions from General Fund to Federal Funds for the remainder of the biennium, reducing services and supplies expenses throughout Oregon's Army National Guard installations, and transferring eligible expenses from General Fund to federal funding. These actions will result in the loss of \$964,664 in federal matching funds, and Federal Funds expenditure limitation is correspondingly reduced.

Board of Parole and Post-Prison Supervision

To help with balancing the state budget, the Committee approved one-time General Fund reductions totaling \$326,590. Reductions include limiting services and supplies expenditures, vacancy savings, and the elimination of two Administrative Specialist positions. The Board anticipates being able to redirect workloads and does not anticipate a reduction in services.

Oregon State Police

The Committee reduced General Fund expenditures by \$356,360 and Other Funds expenditure limitation by \$148,840 to correct a double-budgeted expense in the Department's 2019-21 legislatively adopted budget.

Federal Funds expenditure limitation was increased by \$1,104,843 in the Forensics Services program to allow expenditure of a federal DNA Capacity Enhancement and Backlog Reduction program grant from the U.S. Department of Justice. Funds will be used for equipment and personnel expenses in the agency's forensic services laboratories.

The Committee increased the agency's Other Funds expenditure limitation by \$107,676 for expenditure of a Coronavirus Emergency Supplemental Funding grant from the Criminal Justice Commission. The funds will be used to purchase personal protective equipment for patrol troopers statewide.

General Fund reductions totaling \$6.9 million were approved to help balance the statewide budget. One-time reductions taken in the Agency Support Division total \$3,645,607 and include cancelling vehicle purchases for the remainder of the biennium for a savings of \$1,807,000; deferring ammunition purchases for the remainder of the biennium for a savings of \$350,000; reducing Fleet Services' overtime and personnel budgets for a savings of \$398,462; holding a Project Manager 3 position vacant for the remainder of the biennium for a savings of \$133,031; and reducing support for State Radio System upgrades and equipment replacements for a savings of \$957,114. In the Forensics Division, delaying equipment replacements until the 2021-23 biennium saves \$2,400,000 General Fund on a one-time basis. Additional one-time reductions include General Fund support of \$790,090 for five trooper positions that respond to Firearm Instant Background Check denials and General Fund support of \$99,038 for one Gaming Enforcement trooper position. These reductions will delay life-cycle replacements of equipment by one year, and will shift investigations of firearm background check denials to local law enforcement agencies.

Coronavirus Relief Funds received by the Department of Administrative Services were approved to be passed through to the Oregon State Police to cover the Patrol Division's payroll expenses from March 2020 through December 2020. Other Funds expenditure limitation was increased by \$56 million and the Patrol Division's General Fund was reduced in the same amount on a one-time basis.

Department of Public Safety Standards and Training

The Committee increased the agency's Federal Funds expenditure limitation by \$429,087 for expenditure of an Assistance to Firefighters grant from the Federal Emergency Management Agency. The agency will spend the award on mobile firefighting equipment.

For expenditure of a Coronavirus Emergency Supplemental Funding grant from the Criminal Justice Commission, the Committee increased the agency's Other Funds expenditure limitation by \$22,728. The funds will be used to purchase personal protective equipment for the Public Safety Academy.

Oregon Youth Authority

General Fund reductions totaling \$11.5 million were approved to help balance the statewide budget. One-time reductions include \$7.3 million General Fund from the community residential treatment program, with an associated reduction of \$433,001 Other Funds and \$4,225,006 Federal Funds. Based on program utilization to date this biennium, this reduction is not expected to have a significant effect on the availability of residential treatment for youth in the community. An additional \$2.0 million General Fund reduction reflects a freeze on travel, hiring, and spending on discretionary services and supplies, and is not expected to affect programs and services on an ongoing basis. This General Fund reduction drives an associated Other Funds reduction of \$26,921 and an associated Federal Funds reduction of \$37,338. Seven positions will be held vacant for the remainder of the biennium, generating a General Fund savings of \$836,816 and a Federal Funds savings of \$60,744. One position is shifted from the General Fund to Other Funds, decreasing General Fund expense by \$91,375 and increasing Other Funds expense by the same amount.

The Committee approved two reductions to General Fund pass-through appropriations to Multnomah County. Funding for services to gang-affected youth is reduced by \$313,480 on a one-time basis. Funding for the East Multnomah Gang Enforcement Team is reduced by \$1,002,067. This reduction is intended to be ongoing.

In order to implement programmatic changes to behavioral rehabilitative services (BRS) mandated by SB 171 (2019) and the federal Family First Prevention Services Act (FFPSA), the Committee approved a General Fund increase of \$1,117,735.

The Committee increased the agency's Other Funds expenditure limitation by \$350,000 for expenditure of a Coronavirus Emergency Supplemental Funding grant from the Criminal Justice Commission. The funds will be used to compensate behavioral rehabilitative service providers for additional measures they have taken to mitigate the threat of the COVID-19 pandemic.

TRANSPORTATION

Department of Transportation

The Committee approved an increase of \$6,131,433 Other Funds expenditure limitation for the Driver and Motor Vehicle (DMV) program. Of this amount, \$5,731,433 will address the implementation costs of the federal REAL ID Act. The remaining \$400,000 is for outreach related to HB 2015 (2019), which eliminated the requirement to provide proof of legal residence to obtain a driver license or state identification card.

An additional increase of \$2,741,953 Other Funds expenditure limitation for the DMV program addresses costs related to the COVID-19 pandemic. This includes costs for overtime and temporary help to process backlogs resulting from field office closures, as well as costs for protective equipment, enhanced janitorial services, plastic shields at customer counters, and increased security.

The Committee approved the following direction to the Department 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.

An increase of \$42,700,000 Other Funds expenditure limitation was approved to allow the Department to spend federal CARES Act money in support of public transit systems statewide.

The Committee approved an increase of \$4,000,000 Federal Funds expenditure limitation for the Motor Carrier Transportation program to spend federal formula funds in support of the enforcement of state laws governing commercial trucks.

Lottery Funds expenditure limitation in the amount of \$500,000 was established for the transfer of Lottery Funds from ODVA to ODOT for administration of the Veterans Rural Transportation Grant

The Committee approved an Other Funds expenditure limitation reduction of \$5.1 million to reflect a change in the source of funding for the Coos Bay Rail Line Repairs and Bridge Replacement project. The project will be financed through the Connect Oregon Fund in lieu of issuing lottery bonds to provide match for a \$20.0 million BUILD Grant from the U.S. Department of Transportation that has been made to the Port of Coos Bay for the rail line improvements. The Oregon Transportation Commission, as part of its review of the project application for Connect Oregon funds, will ensure the project continues to be eligible for the federal BUILD grant.

PRELIMINARY