

SB 1536 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Sione Filimoehala, Department of Administrative Services

Reviewed By: John Terpening, Legislative Fiscal Office

Department of Energy

2021-23

Department of Human Services

2021-23

Oregon Health Authority

2021-23

PRELIMINARY

Budget Summary*

| | 2021-23 | 2022 | Committee Change from | |
|--|-------------------------------|--------------------------|-----------------------|----------|
| | Legislatively Approved Budget | Committee Recommendation | 2021-23 Leg. Approved | |
| | | | \$ Change | % Change |
| Oregon Department of Energy | | | | |
| General Fund | \$ - | \$ 27,500,000 | \$27,500,000 | 100.0% |
| Other Funds Limited | \$ - | \$ 12,110,588 | \$12,110,588 | 100.0% |
| Total | \$ - | \$ 39,610,588 | \$39,610,588 | 100.0% |
| Oregon Department of Human Services | | | | |
| General Fund | \$ - | \$ 2,000,000 | \$ 2,000,000 | 100.0% |
| Total | \$ - | \$ 2,000,000 | \$ 2,000,000 | 100.0% |
| Oregon Health Authority | | | | |
| General Fund | \$ - | \$ 5,000,000 | \$ 5,000,000 | 100.0% |
| Total | \$ - | \$ 5,000,000 | \$ 5,000,000 | 100.0% |

Position Summary

Oregon Department of Energy

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions | 0 | 6 | 6 |
| Full-time Equivalent (FTE) positions | 0.00 | 3.44 | 3.44 |

Oregon Department of Human Services

| | | | |
|--------------------------------------|------|--------|--------|
| Authorized Positions | 0 | 0 | 0 |
| Full-time Equivalent (FTE) positions | 0.00 | (0.37) | (0.37) |

Oregon Health Authority

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions | 0 | 2 | 2 |
| Full-time Equivalent (FTE) positions | 0.00 | 1.16 | 1.16 |

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Senate Bill 1536 appropriates \$27,500,000 in one-time General Fund to the Oregon Department of Energy (ODOE), \$25,000,000 of which is deposited into two newly created funds for grants. The bill also provides \$12,110,588 in Other Funds expenditure limitation expend the monies out of those two funds to administer and provide the grants. This includes the following:

- ODOE receives \$10,000,000 General Fund for deposit into the Heat Pump Deployment Program Fund and \$5,548,537 Other Funds expenditure limitation is provided for payment of expenses from the Heat Pump Deployment Fund.
- ODOE receives \$15,000,000 General Fund for deposit into the Residential Heat Pump Fund and \$6,562,051 Other Funds expenditure limitation is provided for payment of expenses from the Residential Heat Pump Fund.
- The remaining \$2,500,000 General Fund appropriated to ODOE includes \$2,000,000 for the Community Cooling Center grant program and \$500,000 to conduct a study on cooling.

Additionally, the bill makes a one-time \$2,000,000 General Fund appropriation to the Oregon Department of Human Services (ODHS) to provide grants to emergency shelters and organizations providing warming and cooling facilities.

Lastly, the bill appropriates \$5,000,000 in one-time General Fund to the Oregon Health Authority (OHA) to acquire and distribute air filters and air conditioners.

Summary of Capital Construction Subcommittee Action

Oregon Department of Energy

SB 1536 creates the Heat Pump Deployment Program in ODOE to award grants to an eligible entity in each region of the State, and each federally recognized Indian tribe in Oregon. ODOE may establish a maximum amount of grant funds to be disbursed for heat pumps and upgrades and establish incentives to encourage use of higher efficiency heat pumps, heating and cooling devices, and upgrades. The bill also outlines ODOE oversight of grant funds, repayment provisions, and annual reporting requirements for entities receiving funds; and includes entities that should be consulted in program rulemaking.

SB 1536 makes a one-time \$10,000,000 General Fund appropriation for deposit into the Heat Pump Deployment Fund. The measure then provides \$5,548,537 Other Funds expenditure limitation for special payments and administration costs associated with the grant program. To administer the program, the Department will hire three limited duration positions (1.25 FTE) for a Lead Program Analyst 3, an Operations and Policy Analyst 3, a Program Analyst 2. ODOE anticipates utilizing some existing staff resources to support the program as well.

The bill creates the Residential Heat Pump Fund, separate and distinct from the General Fund, with moneys continuously appropriated to ODOE for grants and rebates, and program administration. Every year, moneys for rebates and grants must have 25% of program funds reserved for affordable housing providers and 25% for loans for owners of units occupied by households whose income is less than 80% of the area median income. This program is repealed January 2, 2025, and the Department notes there will be work required to wrap up this program after the sunset date and it is unclear how the positions working on the program will be funded once these funds are fully expended.

The bill also appropriates \$15,000,000 in one-time General Fund for deposit into the Residential Heat Pump Fund and provides \$6,562,051 Other Funds expenditure limitation for special payments and administration costs associated with the grant program. The measure authorizes three positions (1.25 FTE) for a Lead Program Analyst 3, an Operations and Policy Analyst 3, a Program Analyst 2, and 0.50 FTE support for other existing positions.

SB 1536 makes a one-time \$2,000,000 General Fund appropriation for a Community Cooling Center grant program and directs ODOE to provide a grant to the nongovernmental entity that administers public purpose charge moneys to enable them to assist landlords in creating or operating private community cooling spaces on or near the premises during an extreme heat event.

SB 1536 directs ODOE to study cooling and electrical needs of publicly supported housing, manufactured dwelling parks, and RV parks. The bill provides an additional \$500,000 one-time General Fund appropriation to ODOE to study the cooling and electrical needs of publicly supported housing. ODOE may contract with one or more third parties to administer the program.

Additionally, the bill directs ODOE to submit a report to the legislature, no later than September 15th, 2023, regarding heat pump grants and community cooling spaces.

Oregon Department of Human Services

SB 1536 appropriates \$2,000,000 General Fund in one-time funding to ODHS to provide grants, in consultation and coordination with OHA for emergency shelters or organizations that provide warming or cooling facilities. The grant program will be administered by the Office of Resilience and Emergency Management (OREM). The measure creates one limited duration Operations and Policy Analyst 3 (0.63 FTE) position to administer the program and abolishes one vacant limited duration Administrative Specialist 2 position (1.00 FTE). The net impact of the position actions is a FTE reduction of 0.37 FTE and a reduction in Personal Services of \$11,912 General Fund. The combined impact to Services and Supplies is an increase of \$2,011,912 General Fund, primarily to reflect grant payments.

Oregon Health Authority

OHA is directed to create a program to acquire a supply of air conditioners and air filters and to distribute these devices to a variety of eligible distribution entities. These devices are to be provided on an emergency basis to individuals who are eligible to receive medical assistance,

reside in a house or RV with electricity, and can safely and legally install these devices in their residence. The measure makes a one-time General Fund appropriation of \$5,000,000 to OHA for this program.

OHA may contract with one or more third parties to administer this program. OHA or a third-party contractor are directed to determine the percentage of program funds needed to support costs of installation and installation materials; determine the percentage of program funds needed to cover the costs of administration, not to exceed 10%; to maintain technical assistance resources for the air conditioners and air filters; and to provide technical assistance to eligible distribution entities.

OHA assumes that of the funds appropriated under this measure, \$4.7 million would be used to purchase air conditioners and air filters and ship devices to eligible distribution entities. The number of people served by this program would vary greatly based on the costs of air conditioners and air filters purchased. According to OHA's cost estimates, lower cost air conditioners and air purifiers could be provided to close to 20,000 people, while purchasing devices at an average cost would serve closer to 7,500.

The remaining \$347,666 is projected administrative costs and technical assistance for distribution entities, including \$150,000 to contract for education and technical assistance to eligible distribution entities. Funding supports two new limited duration positions, an Information Systems Specialist 7 and an Information Systems Specialist 8 (each 0.58 FTE in the 2021-23 biennium) to develop a new data system to track distribution entity applications, distribution of air filters and conditioners, and fulfillment of orders. Costs of this system will be paid for with a mix of General Fund and Federal Funds, with additional Other Funds expenditure limitation required due to OHA's Shared Services payment methodology.

There may be additional administrative costs for OHA to provide air conditioners and air filters in the 2023-25 biennium if funding is provided for continuation of this program; it is not clear if technical assistance is supposed to continue beyond the 2021-23 biennium even if no funding is provided for additional air filter and air conditioners after the current biennium.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Energy, Department of Human Services, Oregon Health Authority
 Sione Filimoehala – 971-707-8779

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|--|----------------------|---------------|----------------------|-------------|---------------|-------------|----------------------|----------|-------------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| SUBCOMMITTEE ADJUSTMENTS | | | | | | | | | |
| Oregon Department of Energy | | | | | | | | | |
| SCR 100 - Energy Planning and Innovation | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 36,344 | \$ - | \$ - | \$ - | \$ 36,344 | 0 | 0.13 |
| Services and Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Special Payments | | | | | | | | | |
| SCR 200 - Energy Development Services | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 512,104 | \$ - | \$ - | \$ - | \$ 512,104 | 6 | 2.50 |
| Services and Supplies | \$ 500,000 | \$ - | \$ 425,241 | \$ - | \$ - | \$ - | \$ 925,241 | | |
| Special Payments - 6060 Intra-Agency GF Transfer | \$ 25,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,000,000 | | |
| Special Payments | \$ 2,000,000 | \$ - | \$ 11,000,000 | \$ - | \$ - | \$ - | \$ 13,000,000 | | |
| SCR 500 - Administration | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 136,899 | \$ - | \$ - | \$ - | \$ 136,899 | 0 | 0.81 |
| Services and Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Special Payments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | |
| Oregon Department of Human Services | | | | | | | | | |
| SCR 010-40 Central Services | | | | | | | | | |
| Personal Services | \$ (11,912) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (11,912) | 0 | (0.37) |
| Services and Supplies | \$ 2,011,912 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,011,912 | | |
| Oregon Health Authority | | | | | | | | | |
| SCR 030-01 - Health Systems Division | | | | | | | | | |
| Personal Services | \$ 347,666 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 347,666 | 2 | 1.16 |
| Services and Supplies | \$ 4,652,334 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,652,334 | | |
| SUBCOMMITTEE RECOMMENDATION * | \$ 34,500,000 | \$ - | \$ 12,110,588 | \$ - | \$ - | \$ - | \$ 46,610,588 | 8 | 4.23 |

% Change from 2021-23 Leg Approved Budget 100.0% 0.0% 100.0% 0.0% 0.0% 0.0% 100.0% 100.0% 100.0%

*Excludes Capital Construction Expenditures