

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Capital Construction Subcommittee

From: Amanda Beitel, Legislative Fiscal Office

Date: February 28, 2022

Subject: SB 5703 – Lottery and CFA Allocation
Work Session Recommendations

SB 5703 modifies the allocations from the Administrative Services Economic Development Fund, Veterans' Services Fund, Criminal Fine Account (CFA), and Oregon Marijuana Account to finance budget adjustments approved in the 2022 session. The forecast for current biennium lottery resources has increased \$90.8 million (5.3%) over the level forecasted during the 2021 session. Criminal fines and assessments and marijuana revenues projected for the 2021-23 biennium have increased less than 1% since the close-of-session forecast.

The -1 amendment replaces the bill and increases lottery allocations for multiple agencies by a total of \$61.8 million and one CFA allocation by \$1.2 million to support new and existing programs, as well as fund employee compensation adjustments. The allocation of marijuana revenues to the Drug Treatment and Services Fund is also increased by \$1.2 million to align with projected revenues. After allocation adjustments included in SB 5703, the Economic Development Fund is projected to have an ending balance of \$30 million.

Allocations from the Economic Development Fund, Veterans' Services Fund, Criminal Fine Account, Oregon Marijuana Account are provided in the attached tables.

Recommended Changes

LFO recommends adoption of the -1 amendment.

Final Subcommittee Action

LFO recommends that SB 5703, as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

LOTTERY FUNDS CASH FLOW SUMMARY

	2019-21 Legislatively Approved Budget	2021-23 Legislatively Adopted Budget ¹	2021-23 Legislatively Approved Budget ²	SB 5703 and Revenue Adjustments
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	\$ 70,924,069	\$ 72,369,513	\$ 72,369,513	\$ -
Lottery Funds Reversions under ORS 461.559	5,470,688	-	5,258,580	5,258,580
REVENUES				
Transfers from Lottery				
Net Proceeds	1,201,719,818	1,651,460,725	1,735,906,280	84,445,555
Administrative Actions	-	-	-	-
Other Revenues				
Interest Earnings	2,000,000	2,000,000	2,000,000	-
Other	-	-	-	-
Total Revenue	1,203,719,818	1,653,460,725	1,737,906,280	84,445,555
TOTAL RESOURCES	\$ 1,280,114,575	\$ 1,725,830,238	\$ 1,815,534,373	\$ 89,704,135
DISTRIBUTIONS / ALLOCATIONS				
Distribution to Education Stability Fund	(216,315,255)	(297,262,930)	(312,463,130)	(15,200,200)
Distribution to Parks and Natural Resources Fund	(180,257,973)	(247,719,109)	(260,385,942)	(12,666,833)
Distribution for Veterans' Services Fund	(18,025,797)	(24,771,911)	(26,038,594)	(1,266,683)
Distribution for Outdoor School Fund	(43,040,555)	(49,418,728)	(49,418,728)	-
Distribution of Video Revenues to Counties	(50,231,366)	(54,209,527)	(54,209,527)	-
Distribution for Sports Programs	(14,099,809)	(16,514,607)	(16,514,607)	-
Distribution for Gambling Addiction	(14,673,344)	(16,514,510)	(16,542,526)	(28,016)
Distribution for County Fairs	(3,828,000)	(3,828,000)	(3,828,000)	-
Distribution to PERS Employer Incentive Fund	(4,126,470)	(12,665,769)	(15,335,236)	(2,669,467)
Allocation to State School Fund	(330,467,530)	(589,526,746)	(650,508,965)	(60,982,219)
Debt Service Allocations	(259,868,206)	(278,511,961)	(273,885,133)	4,626,828
Other Agency Allocations	(72,810,757)	(104,886,440)	(106,403,985)	(1,517,545)
TOTAL DISTRIBUTIONS / ALLOCATIONS	\$ (1,207,745,062)	\$ (1,695,830,238)	\$ (1,785,534,373)	\$ (89,704,135)
ENDING BALANCE	\$ 72,369,513	\$ 30,000,000	\$ 30,000,000	\$ 0
EDUCATION STABILITY FUND				
(not including the Oregon Growth Account balances)				
RESOURCES				
Beginning Balance	\$ 619,668,197	\$ 414,351,706	\$ 414,351,706	\$ -
Revenues				
Transfer from the Economic Development Fund	194,683,729	267,536,637	281,216,817	13,680,180
Interest Earnings	20,012,469	5,606,574	11,447,738	5,841,164
Oregon Growth Account Earnings Distributions	22,820,336	-	11,705,102	11,705,102
Total Revenue	\$ 237,516,534	\$ 273,143,211	\$ 304,369,657	\$ 31,226,446
TOTAL RESOURCES	\$ 857,184,731	\$ 687,494,917	\$ 718,721,363	\$ 31,226,446
DISTRIBUTIONS				
Oregon Opportunity Grant Program	(42,161,510)	(5,606,574)	(23,152,840)	(17,546,266)
Debt Service Allocations to Department of Education	(671,295)	-	-	-
Education Stability Fund Withdrawal	(400,000,000)	-	-	-
Treasury Account Fees	(220)	-	-	-
TOTAL DISTRIBUTIONS	\$ (442,833,025)	\$ (5,606,574)	\$ (23,152,840)	\$ (17,546,266)
ENDING BALANCE	\$ 414,351,706	\$ 681,888,343	\$ 695,568,523	\$ 13,680,180

1. The 2021-23 Legislatively Adopted Budget is based on the May 2021 forecast of 2021-23 resources.

2. The 2021-23 Legislatively Approved Budget is based on the March 2022 forecast of 2021-23 resources.

3. 2021-23 beginning balance is equal to 2019-21 ending balance.

4. Oregon Growth Account distributions and transfers to the Oregon Education Fund and Oregon Opportunity Grant Program are included.

5. Only includes transfers to the main Education Stability Fund account, and not the 10% transferred to the Oregon Growth Account.

2021-23 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES

	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	2021-23 LAB Expenditure Limitation	Ending Lottery Balance
ECONOMIC DEVELOPMENT FUND					
DEBT SERVICE COMMITMENTS					
Higher Education Coordinating Commission Outstanding bonds	44,051,736	67,453	-	44,119,189	-
Business Development Department Outstanding and Proposed bonds	42,898,843	87,032	-	42,985,875	-
Housing and Community Services Department Outstanding and Proposed bonds	25,180,556	44,174	-	25,224,730	-
Department of Transportation Outstanding and Proposed bonds	120,987,582	156,837	-	121,144,419	-
Department of Administrative Services Outstanding and Proposed bonds	22,949,527	25,828	-	22,975,355	-
State Forestry Department Outstanding Bonds	2,560,320	3,890	-	2,564,210	-
Department of Energy Outstanding Bonds	3,017,225	5,345	-	3,022,570	-
State Parks and Recreation Department Outstanding and Proposed bonds	3,325,195	1,657	-	3,326,852	-
Water Resources Department Outstanding and Proposed bonds	8,414,965	1,084,545	-	9,499,510	-
Department of Veterans' Affairs Proposed bonds	499,184	-	-	499,184	-
OTHER ALLOCATIONS					
Higher Education Coordinating Commission Collegiate Athletics	16,514,607	-	-	16,514,607	-
Outdoor Schools	49,418,728	-	-	49,418,728	-
Oregon Health Authority Gambling Addiction Treatment	16,542,526	-	-	16,542,526	-
Department of Administrative Services Distribution to County Fairs	3,828,000	-	-	3,828,000	-
Public Employees Retirement System Employer Incentive Fund	15,335,236	4,126,470	-	19,461,706	-
Department of Education State School Fund	650,508,965	-	-	650,508,965	-
Office of the Governor Regional Solutions	4,661,117	-	-	4,661,117	-
Business Development Department Operations	11,300,053	-	-	11,300,053	-
Business, Innovation, and Trade	84,540,852	3,988,000	-	88,528,852	-
Infrastructure	4,482,133	283,034	-	4,765,167	-
Film and Video	1,419,830	-	-	1,419,830	-
TOTAL ECONOMIC DEVELOPMENT FUND	1,132,437,180	9,874,265	-	1,142,311,445	-
EDUCATION STABILITY FUND / OREGON EDUCATION FUND					
Higher Education Coordinating Commission Opportunity Grants	23,152,840	13,674,716	-	29,820,982	7,006,574
TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND	23,152,840	13,674,716	-	29,820,982	7,006,574

VETERANS' SERVICES FUND

	2019-21 Legislatively Approved	2021-23 Legislatively Adopted	2021-23 Legislatively Approved	SB 5703 and Revenue Adjustments
RESOURCES / REVENUES				
VSF Beginning Balance	\$ 5,040,932	\$ 1,982,016	\$ 1,982,016	\$ -
Lottery Funds Reversions under ORS 406.141	1,189,487		1,133,202	1,133,202
Lottery Revenue	18,025,797	24,771,911	26,038,594	1,266,683
Interest Earnings	100,000			
TOTAL RESOURCES	\$ 24,356,216	\$ 26,753,927	\$ 29,153,812	\$ 2,399,885
ALLOCATIONS				
Department of Veterans' Affairs				
Veterans' Services Program	\$ (10,797,300)	\$ (12,628,046)	\$ (12,863,062)	\$ (235,016)
County Veteran Service Officers	(6,808,184)	(7,474,669)	(7,474,669)	-
National Service Organizations	(453,486)	(497,880)	(497,880)	-
Veterans' Affordable Housing	(1,000,000)	-	-	-
Total ODVA Allocations	\$ (19,058,970)	\$ (20,600,595)	\$ (20,835,611)	\$ (235,016)
Bureau of Labor and Industries				
Veterans' Outreach	(260,230)	(261,416)	(270,809)	(9,393)
Criminal Justice Commission				
Veterans' Specialty Courts	(555,000)	(578,865)	(578,865)	-
Oregon Health Authority				
Veterans' Behavioral Health	(2,500,000)	(2,127,476)	(2,127,476)	-
Veterans Dental Program			(1,000,000)	(1,000,000)
TOTAL ALLOCATIONS	\$ (22,374,200)	\$ (23,568,352)	\$ (24,812,761)	\$ (1,244,409)
VSF ENDING BALANCE	\$ 1,982,016	\$ 3,185,575	\$ 4,341,051	\$ 1,155,476

1. The 2021-23 Legislatively Adopted Budget is based on the May 2021 forecast of 2021-23 lottery resources.

2. The 2021-23 Legislatively Approved Budget is based on the March 2022 forecast of 2021-23 lottery resources.

CRIMINAL FINE ACCOUNT ALLOCATIONS

	2019-21 Legislatively Adopted Budget	2021-23 Legislatively Adopted Budget	2021-23 Legislatively Approved Budget	Percent Change
Criminal Fine Account Revenues	\$ 100,288,233	\$ 119,176,729	\$ 119,826,729	0.5%
Criminal Fine Account Allocations:				
<i>Department of Public Safety Standards and Training</i>				
Operations	\$ 32,985,769	\$ 43,257,427	\$ 44,416,940	2.7%
Public Safety Memorial Fund	279,495	279,677	279,677	0.0%
Subtotal:	\$ 33,265,264	\$ 43,537,104	\$ 44,696,617	2.7%
<i>Department of Justice</i>				
Child Abuse Multidisciplinary Intervention (CAMI)	\$ 9,824,565	\$ 11,694,249	\$ 11,694,249	0.0%
Regional Assessment Centers	846,968	883,388	\$ 883,388	0.0%
Criminal Injuries Compensation Account (CICA)	8,755,862	9,846,982	\$ 9,846,982	0.0%
Child Abuse Medical Assessments	716,912	747,739	747,739	0.0%
Subtotal:	\$ 20,144,307	\$ 23,172,358	\$ 23,172,358	0.0%
<i>Department of Human Services</i>				
Domestic Violence Fund	\$ 2,224,675	\$ 2,320,336	\$ 2,320,336	0.0%
Sexual Assault Victims Fund	533,332	556,265	556,265	0.0%
Subtotal:	\$ 2,758,007	\$ 2,876,601	\$ 2,876,601	0.0%
<i>Oregon Health Authority</i>				
Emergency Medical Services & Trauma Services	\$ 331,824	\$ 331,824	\$ 331,824	0.0%
Alcohol & Drug Abuse Prevention	42,884	42,884	\$ 42,884	0.0%
Law Enforcement Medical Liability Account (LEMLA)	1,300,000	1,300,000	\$ 1,300,000	0.0%
Intoxicated Driver Program	4,323,000	4,323,000	4,323,000	0.0%
Subtotal:	\$ 5,997,708	\$ 5,997,708	\$ 5,997,708	0.0%
<i>Oregon Judicial Department</i>				
State court security and emergency preparedness	\$ 3,784,490	\$ 4,147,778	\$ 4,147,778	0.0%
County court facilities security	2,931,528	3,057,584	\$ 3,057,584	0.0%
State Court Technology Fund	3,887,500	3,887,500	3,887,500	0.0%
Subtotal:	\$ 10,603,518	\$ 11,092,862	\$ 11,092,862	0.0%
<i>Oregon State Police</i>				
Driving Under the Influence Enforcement	\$ 351,572	\$ 351,572	\$ 351,572	0.0%
<i>Department of Corrections</i>				
County correction programs and facilities, and alcohol and drug programs	\$ 4,585,442	\$ 4,846,812	\$ 4,846,812	0.0%
<i>Department of Revenue</i>				
Administrative Expenses	\$ 100,000	\$ 100,000	\$ 100,000	0.0%
Total Allocations:	\$ 77,805,818	\$ 91,975,017	\$ 93,134,530	1.3%
Transfer to the General Fund:	\$ 22,482,415	\$ 27,201,712	\$ 26,692,199	-1.9%

2021-23 Oregon Marijuana Account

	<u>2019-21 Legislatively Approved Budget</u>	<u>2021-23 Legislatively Adopted Budget</u>	<u>2021-23 Legislatively Approved Budget</u>	<u>SB 5703 Adjustments</u>
Cities	22,651,200	9,000,000	9,000,000	0
Counties	22,651,200	9,000,000	9,000,000	0
Subtotal Local	45,302,400	18,000,000	18,000,000	0
Drug Treatment and Recovery Services Fund	65,219,800	249,360,000	250,527,400	1,167,400
State School Fund	103,764,900	36,000,000	36,000,000	0
Mental Health Alcoholism & Drug Services Account	51,882,500	18,000,000	18,000,000	0
State Police Account	38,911,800	13,500,000	13,500,000	0
Drug and alcohol abuse prevention and treatment	12,970,600	4,500,000	4,500,000	0
Subtotal State	272,749,600	321,360,000	322,527,400	1,167,400
 Total	 318,052,000	 339,360,000	 340,527,400	 1,167,400