

Legislative Fiscal Office

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Joint Committee on Ways and Means

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Tom MacDonald, Deputy Legislative Fiscal Officer (Budget)
Paul Siebert, Deputy Legislative Fiscal Officer (Audit/IT)

To: Capital Construction Subcommittee

From: Tom MacDonald, Legislative Fiscal Office

Date: March 6, 2024

Subject: SB 5701 - Budget Reconciliation
Work Session Recommendations

SB 5701 relates to state financial administration and is the omnibus budget reconciliation measure for the 2024 session. The measure modifies state agencies' 2023-25 legislatively adopted budgets and adjusts General Fund appropriations to the Emergency Board. A section-by-section summary of the measure and a list of all existing and proposed Emergency Board balances are available on the Oregon Legislative Information System (OLIS) as part of the March 6, 2024, meeting materials. The -2 amendment replaces the introduced measure to implement the 2023-25 budget adjustments.

Overall, the measure results in net increases of \$409.3 million General Fund, \$42.6 million Lottery Funds, \$1.5 billion Other Funds, and \$646.5 million Federal Funds, for a total funds increase of \$2.6 billion in the 2023-25 biennium. The following summarizes some of the major changes to state agency budgets included in the measure:

- \$452.7 million General Fund increase across state agency budgets to fund pension obligation bond and negotiated state employee compensation adjustments, including one-time payments and two cost-of-living adjustments (COLAs); a related \$450 million special purpose appropriation to the Emergency Board is disappropriated to support these costs.
 - An additional \$13 million General Fund is included to advance the start date of the second COLA from February 1 to January 1, 2025.
- \$86 million General Fund appropriated to the Department of Early Learning and Care for the Employment Related Day Care program caseload; a related special purpose appropriation to the Emergency Board is increased from \$8 million to \$72 million.
- \$76.2 million net General Fund increase to rebalance the Department of Human Services and Oregon Health Authority budgets for changes in forecasted caseloads, revenue, and existing program expenditures.
- \$42.6 million one-time General Fund for 2023 and 2024 fire season costs, including \$34.6 million for 2023 fire season costs for the Departments of Forestry and State Fire Marshal;

and \$8 million for the Department of the State Fire Marshal to support repositioning, readiness response, and cash flow constraints for the 2024 fire season.

- \$39 million one-time General Fund for the Department of Transportation to support winter and other highway maintenance needs across the state (\$19 million) and health and safety issues along agency rights of way in the Portland metro area (\$20 million).
- \$21.9 million General Fund for the Department of Human Services to establish 79 positions (79.00 FTE) that are not currently budgeted and were administratively established by the agency.
- \$15 million General Fund for distribution to Multnomah County for the construction of a behavioral health drop-off center; this funding adds to a related \$10 million General Fund appropriation in HB 5204 (2024).
- \$12 million General Fund for the Department of Human Services to implement the Summer Electronic Benefit Transfer program.
- \$10 million General Fund for distribution to higher education institutions for semiconductor workforce development.
- \$5.9 million one-time General Fund for distribution to seven specified cultural venues and an additional \$5.9 million one-time General Fund for distribution to 13 targeted arts and cultural institutions for capital projects.

Inclusive of the overall budget adjustments, the measure also results in a net decrease of \$550.4 million in General Fund appropriations to the Emergency Board through adjustments to 16 existing special purpose appropriations and the establishment of three new special purpose appropriations. The new special purpose appropriations include \$35 million for the construction of a veterans' home in Roseburg, Oregon; \$10 million for child welfare temporary lodging prevention services; and \$5 million for a disaster preparedness stockpile. With these and other actions taken during the 2024 session, the balance of special purpose appropriations to the Emergency Board totals \$234.7 million General Fund. The existing \$50 million general purpose emergency fund remains unchanged.

Budget Notes

Eleven budget notes are proposed for inclusion in the SB 5701 budget report. The budget notes are included in a separate document available on OLIS.

Accept:

MOTION: I move adoption of the proposed Budget Notes. (VOTE)

OR

Change:

MOTION: I move the adoption of the proposed Budget Notes, with modifications. (VOTE)

Recommended Changes

The Legislative Fiscal Office (LFO) recommends adoption of the -2 amendment.

MOTION: I move adoption of the -2 amendment to SB 5701. (VOTE)

Final Subcommittee Action

LFO recommends that SB 5701, as amended by the -2 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5701, as amended, to the Ways and Means Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____