

# ADMINISTRATION

<b>Department of Administrative Services (DAS) – Agency Totals .....</b>	<b>433</b>
DAS – Office of the Director.....	433
DAS – Budget and Management Division .....	434
DAS – State Controllers Division .....	435
DAS – Information Resources Management Division.....	436
DAS – Human Resources Services Division .....	437
DAS – Public Employees Benefit Board .....	438
DAS – Transportation, Purchasing, and Printing Services Division.....	439
DAS – Facilities Division .....	440
DAS – Risk Management Division.....	441
DAS – Capital Improvements .....	442
DAS – Capital Construction.....	442
DAS – Community Development Office.....	443
DAS – Governor’s Natural Resource Office.....	443
DAS – Office of Education and Workforce Policy.....	444
DAS – Office for Oregon Health Plan Policy and Research.....	444
DAS – Arrest and Return.....	445
DAS – Miscellaneous Distributions.....	445
DAS – Pioneer Cemetery .....	445
DAS – Special Payments.....	446
<b>Commission on Asian Affairs – Agency Totals .....</b>	<b>447</b>
<b>Commission on Black Affairs – Agency Totals.....</b>	<b>449</b>
<b>Capitol Planning Commission – Agency Totals .....</b>	<b>451</b>
<b>Employment Relations Board (ERB) – Agency Totals .....</b>	<b>452</b>
ERB – State Government Labor Relations.....	452
ERB – Local Government Labor Relations .....	452
<b>Government Standards and Practices Commission – Agency Totals.....</b>	<b>454</b>
<b>Office of the Governor – Agency Totals.....</b>	<b>456</b>
<b>Commission on Hispanic Affairs – Agency Totals .....</b>	<b>457</b>
<b>Oregon State Library (OSL) – Agency Totals .....</b>	<b>459</b>
OSL – Administration.....	459
OSL – Library Development Services.....	460
OSL – Talking Book and Braille Services .....	461
OSL – Government Research and Electronic Services.....	462
<b>Oregon Liquor Control Commission (OLCC) – Agency Totals.....</b>	<b>463</b>
OLCC – Merchandising.....	463
OLCC – Regulatory .....	465
OLCC – Support Services.....	466
OLCC – Agents Compensation.....	466
OLCC – Capital Improvements .....	467
<b>Public Employees Retirement System – Agency Totals.....</b>	<b>469</b>
<b>Oregon Racing Commission – Agency Totals .....</b>	<b>471</b>

<b>Department of Revenue (DOR) – Agency Totals .....</b>	<b>473</b>
DOR – Executive Section .....	474
DOR – Administrative Services Section .....	475
DOR – Information Processing Division .....	475
DOR – Property Tax Division .....	476
DOR – Personal Tax and Compliance Division.....	477
DOR – Business Division.....	478
DOR – Multistate Tax Commission.....	478
DOR – Elderly Rental Assistance .....	479
DOR – Senior Citizens’ and Disabled Citizens’ Property Tax Deferral.....	479
<b>Secretary of State (SOS) – Agency Totals.....</b>	<b>481</b>
SOS – Executive Office.....	481
SOS – Archives Division.....	482
SOS – Audits Division.....	483
SOS – Business Services Division .....	484
SOS – Corporations Division .....	484
SOS – Elections Division.....	485
SOS – Information Systems Division .....	486
SOS – Personnel Resources Division.....	486
<b>Treasurer of State – Agency Totals.....</b>	<b>488</b>
<b>Commission for Women – Agency Totals.....</b>	<b>489</b>

## Department of Administrative Services (DAS) – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	4,468,677	6,204,763	5,803,251	6,803,544
Other Funds	157,200,580	167,344,822	159,056,245	249,066,183
Federal Funds	0	1,002,611	0	250,653
Nonlimited	202,850,308	219,625,468	234,933,554	247,266,817
Nonlimited Debt Service	58,636,921	27,813,949	27,595,536	33,727,098
<b>Total</b>	<b>423,156,486</b>	<b>421,991,613</b>	<b>427,388,586</b>	<b>537,114,295</b>
Positions (FTE)	799.36	851.65	822.56	955.48

The Department of Administrative Services (DAS) is the central administrative agency that supports other agencies of state government and coordinates statewide services. The Department has numerous divisions responsible for a variety of disparate functions. It operates centrally located motor pools, operates and maintains facilities, and provides printing, information technology consultation, and computer services. The Department also distributes federal, lottery, and state funds to cities, counties, and other state agencies. It also collects and distributes mass transit assessments.

### Revenue Sources and Relationships

The Department's operating revenue comes primarily from fees charged for services provided to state agencies and from the statewide assessment. The Department establishes rates for these direct services and charges agencies based on how much of the service they use. It also provides indirect services to state agencies, such as the services provided by the Director's Office, Budget and Management Division, and Human Resource Services Division. Because a unit rate and usage volume cannot be determined directly, DAS recovers the cost of these services through a "statewide assessment," which is included in all state agencies' budgets as a line item expense titled "State Government Service Charges." Although services that are supported by the assessment cannot be directly measured and identified to each agency receiving the service, the Department makes an effort to allocate the assessment equitably.

### Governor's Budget

The Governor's recommended budget is presented here by the Department's various programs and offices.

### DAS – Office of the Director

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	320,093	294,379	316,417	247,009
Other Funds	1,973,739	4,292,106	11,329,745	14,214,092
<b>Total</b>	<b>2,293,832</b>	<b>4,586,485</b>	<b>11,646,162</b>	<b>14,461,101</b>
Positions (FTE)	13.58	24.50	71.08	89.08

### Program Description

The Director is responsible for managing and coordinating the policies, programs, and services of the various divisions within the Department. Also, as head of state government's central administrative agency, the Director is responsible for coordinating policy among the various state agencies and setting guidelines for developing and executing the Governor's budget.

The Office of the Director has changed dramatically since passage of its 1999-01 budget. The Department has been reorganized with an eye toward strengthening internal management of the Department while enabling the Department to set standards for, and monitor activities of state agencies. The Department's Internal Service Division was eliminated and its personnel and personnel from the various divisions were transferred into new operating units of the Office of the Director. Also, five positions (4.08 FTE) were transferred to the Office with the intent that the positions would be eliminated. The expenditure limitation associated with the positions is used to fund position reclassifications deemed necessary for purposes of the reorganization. Four of these positions (3.08 FTE) have not formally been eliminated and remain in the budget request although they are not allocated to any of the units of the Office.

The budget request of the Office of the Director now has the following units:

- **Agency Administration** (7 FTE) includes the Director, Deputy Director, Director for Operations, and support staff.
- **Office of Economic Analysis** (5.50 FTE) produces the Oregon Economic and Revenue Forecast, Criminal Justice Population Forecast, and the Highway Cost Allocation Study.
- **Internal Audits** (3 FTE) is responsible for conducting internal audits.
- **Personnel/Training Office** (9 FTE) is responsible for departmental human resource issues.
- **Office of Business Administration** (40.50 FTE) is responsible for departmental budgeting, payroll, purchasing, and accounting.
- **Office of Information Technology** (19 FTE) is responsible for departmental computer support and information technology management.
- **Government Affairs and External Relations** (2 FTE) is responsible for legislative coordination and communication.

### Revenue Sources and Relationships

The General Fund supports the Prison Population Forecast. The Department of Transportation provides funds for the Highway Cost Allocation Study (\$452,000). A portion of the Office is supported through assessment of state agencies (\$3.5 million). The remainder of the Office's revenue comes from service charges to the department's various divisions (\$13.2 million).

### Budget Environment and Performance Measurements

The Office of the Director is purely an administrative office within an administrative agency. Its budget is based upon the amount of support needed within the department and within state government. The Office of the Director wants to ensure that the Department of Administrative Services is a management model for all state agencies. Performance measurement will require evaluation of the Department's management of its resources and its ability to improve agency management throughout state government.

### Governor's Budget

The Governor's Budget reflects the Department's reorganization efforts and provides one substantial enhancement to the Office of the Director. The enhancement provides 18 additional staff (18 FTE) and reclassifies one position to strengthen the internal management structure of the Department. Increased limitation of \$2,667,206 would ultimately come from fees and assessments to other state agencies.

### DAS – Budget and Management Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	4,859,155	6,813,334	4,658,804	8,781,535
Nonlimited Debt Service	0	206,785	410,150	1,789,634
<b>Total</b>	<b>4,859,155</b>	<b>7,020,119</b>	<b>5,068,954</b>	<b>10,571,169</b>
Positions (FTE)	30.42	35.50	24.50	34.50

### Program Description

The Budget and Management Division is responsible for reviewing agency budget requests and developing and tracking the Governor's budget through the legislative process. The Division still relies on the outdated Automated Budget Information System (ABIS) for technical support. However, during this 1999-01 budget process, the Division pilot tested and began development of a new budget system that is expected to be operational for the 2003-05 budget process. Funding of this Oregon Budget Information Tracking System (ORBITS) project is provided through certificates of participation (COPs).

### Revenue Sources and Relationships

The Budget and Management Division is funded through assessments of state agencies (\$6.6 million). An additional \$3.1 million will be provided from COPs. The balance of the Division's planned expenditures will be funded with carryforward cash balance from COPs issued for the ORBITS project.

### Budget Environment and Performance Measurements

The Division's budget relies entirely on the ability of agencies to pay their assessments. Department management must ensure that the Division does its job properly, using only resources necessary to accomplish the work. Agencies understandably chafe at paying for a Division whose main responsibility is to review agency operations, analyze budget and Emergency Board requests, and make recommendations on those

requests. Division performance is best measured by its ability to carry out its responsibilities in an objective and professional manner. That assessment is best left to the Governor, Director of the Department of Administrative Services, and to a lesser extent, the Legislature.

### Governor's Budget

The Governor's recommended budget reflects the transfer of one position (1 FTE) to the Office of the Director as part of the Department's reorganization. The resulting budget for continuing operations is for current service level. Included as an enhancement is continuation of the ORBITS project with 10 FTE at a cost of \$4 million and debt service on COPs (\$1.5 million).

### DAS – State Controllers Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	15,138,610	10,782,779	7,656,943	7,862,925
Nonlimited	270,789	9,844,621	11,581,700	11,581,700
Nonlimited Debt Service	4,960,952	5,323,497	5,319,175	5,319,175
<b>Total</b>	<b>20,370,351</b>	<b>25,950,897</b>	<b>24,557,818</b>	<b>24,763,800</b>
Positions (FTE)	101.67	73.84	48.00	49.00

### Program Description

The primary role of the State Controller's Division is to provide technical accounting management and financial reporting services to state agencies, including policies and controls, through a financial system that allows statewide accounting, financial reporting, and payroll activities. The Division has completed the implementation of the Statewide Financial Management System (SFMS) for all state agencies. SFMS was started in the 1991-93 biennium, and the final agencies went on this new system during the 1997-99 biennium. The Division provides training, advice, and support to accounting and purchasing system users of the new SFMS.

### Revenue Sources and Relationships

The Division receives its revenue from assessments of state agencies (\$18.8 million) and from direct charges for processing warrants and payroll checks/stubs (\$4.8 million). Assessments are based on analyses of services provided. The assessment and rates are increased for 2001-03, primarily because of the full biennium effect of salary adjustments provided during the 1999-01 biennium, increased computer processing and treasury costs, and the need to maintain an adequate cash reserve. The 1999-01 rates had been held down, in part, by using the Division's carryforward cash balance.

### Budget Environment and Performance Measurements

As an administrative support service, the Division measures its performance by its ability to accomplish its work in a cost effective manner with a high degree of accuracy. The Division believes that its ability to process state payroll, manage the state's financial management system, support desktop access to financial data through its data warehouse, and deliver financial reporting services evidences that it is meeting desired performance standards.

### Governor's Budget

The 1999-01 estimated costs include 28.95 FTE that were transferred in as part of the Department's reorganization. The Governor's recommended budget reflects additional transfers of 24.50 FTE out of the Controller's Division to the Office of the Director. The net result is a current service level budget with one enhancement. It reclassifies four positions as the result of a classification review by the Human Resource Services Division and adds one position (1 FTE) to improve support of the statewide collection of delinquent and liquidated accounts. The enhancement adds \$205,982 additional expenditure limitation for the Division. Funding is provided through the statewide assessment.

## DAS – Information Resources Management Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	29,165,649	39,247,029	36,235,326	51,584,965
Nonlimited	53,350,579	61,594,993	69,982,290	79,779,518
Nonlimited Debt Service	2,434,899	811,555	404,875	1,337,752
<b>Total</b>	<b>84,951,127</b>	<b>101,653,577</b>	<b>106,622,491</b>	<b>132,702,235</b>
Positions (FTE)	131.29	162.87	142.00	176.00

### Program Description

The Division, which encompasses computer and information services, telecommunications, and video teleconferencing, is responsible for central review and coordination of the acquisition by state agencies of all major telecommunication and information technology systems including hardware and software.

The Division has five separate sections:

- **Corporate Services and Administration** provides administrative support.
- **Strategic Planning and Review** reviews state agency information technology plans, projects, hardware and software acquisition, and consultant contracts.
- **Application Service Providers** provide systems integration for electronic commerce, the General Government Data Center, data archiving, geographic information systems, database management and other related services. It will house the Oregon Center for Electronic Commerce and Government.
- **Enterprise Network Services** provides voice, video, and data services. It is responsible for the State of Oregon Enterprise Network.
- **Statewide Technical Education Program Services** provides state employees with technical education and training.

### Revenue Sources and Relationships

The Division receives a small portion of its revenues from assessments of state agencies. Agencies are assessed for the Division's role in information technology planning and review (\$2.3 million) and maintenance of a centralized Geographic Information System (GIS) within the Application Service Providers section (\$1.4 million). Another \$3.4 million will be supplied from issuance of certificates of participation. The balance of the Division's estimated \$126 million in revenues come largely from various systems usage fees. The Division has an extensive rate schedule for the myriad of services it provides to state agencies. Demand for services is heavily driven by the state's policy movement toward increased use of telecommunications in government.

### Budget Environment and Performance Measurements

As state government becomes more dependent on technology for the delivery of services within and without, the role of the Division takes on additional meaning as the central information technology repository. The coming foray into conducting state government business over the Internet requires information systems security and protocols that ensure confidentiality and privacy, while ensuring that financial transactions and activity are properly safeguarded.

### Governor's Budget

The Governor's recommended budget for the Division reflects a number of staffing changes resulting from departmental reorganization. Specifically, two (2 FTE) positions were transferred to Transportation, Purchasing, and Printing Services Division, three positions (3 FTE) transferred to the Office of Business Administration, and six positions (6 FTE) transferred to the Office of Information Technology. Also, four positions (3.08 FTE) were transferred to the Director's Office to be eliminated to provide funding for other position reclassifications necessitated by the reorganization. One additional FTE was transferred to the Office of the Director to provide a Government Affairs staff person for the Director. All related expenditure limitation was also transferred. The decrease in Other Funds from current service level is due principally to the personnel transfers noted and the phase-out of Y2k costs. The increase in Nonlimited costs is due to increased usage of voice/video/data transmission for state government and increased utilization of the Division's resources to provide applications services.

The Governor's recommended budget also includes some significant investments in information technology:

Description	FTE	Amount
Add 14 positions to implement the Oregon Center for Electronic Commerce and Government	14.00	\$8,267,788
Add 1 Information Technology security officer (formerly limited-duration position)	1.00	\$ 149,813
Add 5 positions in the General Government Data Center to enable it to host numerous large systems on UNIX, Oracle, and Windows NT platforms	5.00	\$ 716,908
Add 12 positions in Systems Development and Consulting to provide development services and support for new, mission-critical projects	12.00	\$6,026,902
Add 2 positions (1 formerly a limited-duration position) and reclassify another to keep up with Corporate Services workload and manage the Directory Assistance unit	2.00	\$ 188,228

Funding for all of the enhancements has not yet been identified. Some can be funded from existing service charge rates and assessments. How the Oregon Center for Electronic Commerce and Government will be financed has not been decided, nor has a solution been proposed to the Legislature. A portion of the Systems Development and Consulting would be funded using \$3.4 million of certificates of participation (COPs). The COPs would be repaid through development and consulting fees.

### DAS – Human Resources Services Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	7,890,801	9,078,210	9,419,406	10,276,266
Nonlimited	433,349	666,000	694,639	694,639
<b>Total</b>	<b>8,629,521</b>	<b>9,744,210</b>	<b>10,114,045</b>	<b>10,970,905</b>
Positions (FTE)	49.25	53.50	51.00	57.00

#### Program Description

This Division provides central personnel-related services to help agencies obtain and retain a skilled workforce. Through administrative rules and policies and collective bargaining agreements, the Division defines and manages the state's human resources system based upon equal employment opportunity and a merit-based compensation system. The Division maintains the state's classification and compensation systems. It also maintains the centralized position and personnel database (PPDB), which captures position and employee information for all employees other than higher education academic staff. In addition it provides training to new board and commission members and training and consultation to state agency management on human resources issues.

#### Revenue Sources and Relationships

The Division's principal revenue source is from an assessment (\$11.1 million) of Executive Branch state government agencies excluding the Department of Higher Education. Legislative and Judicial Branch agencies and the Lottery Commission pay a reduced assessment to use the centralized employee data base. A much smaller amount of revenue is provided from specialized training sessions and executive recruitment services (\$980,000).

#### Budget Environment and Performance Measurements

The Division's budget is largely affected by its ability to assess other state agencies. To that extent, it must justify its budget to its Department head and more particularly the Legislature. Complaints about the amount of the assessment compared to services provided can cause a more thorough review of Division activities and performance outcomes. The Division intends to meet this challenge by ensuring that it delivers good service at a reasonable cost. Because of the unique nature of government personnel laws, rules, and regulations, it is somewhat difficult to make comparisons or develop performance measures. The Division has developed a plan to ensure that it improves its communications on human resource issues throughout state government.

## Governor's Budget

The Governor's recommended budget reflects the transfer of one staff (1 FTE) and the accompanying expenditure limitation to the newly established Office of Information Technology. It also includes three program enhancements detailed here.

Description	FTE	Amount
Add 1 position to work with agencies to help students become part of Oregon's workforce	1.00	\$169,404
Add 5 positions to create a new Program Audit and Review Section to ensure delegated human resource functions are carried out correctly by agencies	5.00	\$594,685
Reclassify 4 positions to more accurately reflect job functions	-	\$ 92,771

Funding for the increased expenditure limitation would come from assessments of state agencies.

## DAS – Public Employees Benefit Board

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	2,067,386	2,378,372	2,195,922	2,270,651
Nonlimited	49,566,217	46,500,000	49,377,206	49,377,206
<b>Total</b>	<b>51,633,603</b>	<b>48,878,372</b>	<b>51,573,128</b>	<b>51,647,857</b>
Positions (FTE)	8.52	13.68	13.68	13.68

### Program Description

The Public Employees Benefit Board started operations January 1, 1998, when the State Employee Benefits Board and the Bargaining Unit Benefits Board were abolished. The Board contracts for and administers health and dental insurance for state employees and their dependents, representing over 100,000 Oregonians. The Board also selects and administers life and disability insurance coverage for eligible state employees. A major part of the Board's responsibility is developing benefit packages to meet the needs of customers of the two previous boards and preparing benefits information and answering inquiries from employees and their dependents about coverage.

### Revenue Sources and Relationships

The Board operations, like its two predecessor boards, is funded through an administrative charge (assessment) added to the employees' health insurance premiums. By law, the assessment cannot exceed 2% of monthly premiums. Currently the charge, or assessment, is 0.6% of monthly premiums. Additionally, the Board receives a portion of employee "opt-out" contributions which are placed in a stabilization fund that is used to help stabilize contribution rates and provide wellness and education activities. The Board also is reimbursed the cost of annual open enrollment activities from insurance companies. In 1999, the Board received \$19.5 million when Standard Life Insurance Company changed from a mutual life insurance company to a stock life insurance company. The \$19.5 is earning interest and the Board has sought a court ruling on how the funds may be used.

### Budget Environment and Performance Measurements

Demand for the Board's services is fairly well defined and constant. Additional employee benefit packages that may be mandated by statute or arrived at through collective bargaining agreements can impact workload. The Nonlimited portion of the Board's budget is for open enrollment period expenses and health insurance premiums, paid to insurance carriers. In addition, the Board has a stabilization reserve which it can use to reduce the cost of employee insurance premiums, providing wellness and education activities, and to cover health plan liabilities that may arise from contractual risk-sharing agreements. Other Board operating activities are subject to expenditure limitation.

### Governor's Budget

The Governor's recommended budget is essentially a current service level budget enhanced slightly to reclassify one Benefit Manager position and to pay increased rent in a non-state-owned building. It also provides additional funds for Attorney General costs based on expected need. The expenditure limitation is slightly less than 1999-01 estimated because of one-time costs that won't be incurred in 2001-03. The increase in Nonlimited budget is due to increased open enrollment costs and use of its stabilization reserve. The budget does not provide for any use of the \$19.5 million from the Standard Life demutualization. Following the court proceedings, if appropriate, the Board will seek expenditure authority to comply with court directive.

## DAS – Transportation, Purchasing, and Printing Services Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	35,364,988	38,941,687	41,729,234	44,135,400
Nonlimited	30,877,983	37,302,193	38,260,165	39,716,409
Nonlimited Debt Service	2,328,677	2,176,288	0	0
<b>Total</b>	<b>68,571,648</b>	<b>78,420,168</b>	<b>79,989,399</b>	<b>83,851,809</b>
Positions (FTE)	219.44	235.01	236.98	265.21

### Program Description

The Transportation, Purchasing and Printing Services Division is organized into the six units with the indicated number of positions (FTE) at current service level: Administration (7 FTE); Purchasing Operations (24 FTE); State Fleet (55 FTE); State Surplus Property (12 FTE); Federal Surplus Property (10 FTE); and Publishing and Distribution (129 FTE).

The Division was formed by the merger of three separate divisions--Purchasing Division, Transportation and Distribution Division, and Printing Services Division--that existed within the former Department of General Services. The primary role of this Division is to provide cost effective central services to state agencies and local governments in the following areas: purchasing, motor pool/fleet services, printing, surplus property, and mail processing and distribution.

### Revenue Sources and Relationships

Operations of the Division are entirely self-supporting. Division Administration is funded through revenue transfers from the five other operating units.

Purchasing Operations are supported through service charges (price list) of \$2.7 million based on volume of transactions and number of agency positions. An additional \$4.1 million is provided through other direct fees for services and purchasing training fees. During the 2001-03 biennium and beyond, Purchasing anticipates reducing the price list service charges by placing more emphasis on direct fee for service activities such as administrative fees on contracts, per hour charges for consulting and procurement services, and expanded offering of training opportunities.

The State Fleet (or Motor Pool) Operations are supported entirely upon fees for services, principally fleet rental charges. In addition, the unit charges agencies that own their own vehicles for fueling, service, and repair fees. State Fleet Operations revenues are budgeted at \$35.2 million for the biennium.

State and Federal Surplus Property Operations together generate revenue from service fees. For state surplus items the fees (\$2 million) are based on the value of the items sold for state agencies disposing of the surplus property. For federal surplus property the service fees (\$2.2 million) are assessed of agencies acquiring the property through the Division based on the value of the federal surplus property acquired.

Publishing and Distribution anticipates revenues of \$44.4 million. Of this amount, \$1.4 million is through price list charges to state agencies for state inter-office mail services. It also expects revenues of \$24.5 million for mail processing services, and \$18.5 million from its printing services.

### Budget Environment and Performance Measurements

Demand for services drives the budget of this division. Significant growth has occurred in its fleet operations, mail services, surplus property, and printing and distribution functions. State agencies have been transferring their operations to the Division and have, in turn, paid the Division for those services as needed. The Division measures its performance by its ability to deliver services to state and local agencies in a cost effective manner. It believes agencies' willingness to transfer these activities and the increased volume evidences that it is meeting that performance measure.

### Governor's Budget

The Governor's recommended budget reflects structural changes in the Division's budget due to a significant reorganization within the Department. Two positions (2 FTE) have been removed from the Division's budget and transferred to the newly created Office of Business Administration (1 FTE) and Office of Information Technology (1 FTE). Also, two data center printing positions (2 FTE) were transferred from the Information

Resources Management Division to Publishing and Distribution. The expenditure limitations associated with the various positions have also been transferred. The budget contains a number of program enhancements to keep up with projected workload. They are described here.

Description	FTE	Amount
Add 8 positions and reclassify one position for Purchasing audit, oversight and workload	8.00	\$814,359
Transfer production mail operations of Employment Department and copy center operations of Department of Justice (2 positions each transferred to the Division)	3.38	\$315,986
Permanently establish two mini-motor pools in Portland, expand Springfield (now in Eugene) motor pool staffing when construction is complete, and address increased motor pool business in Salem by adding 6 new positions and converting 7 existing part-time positions to full-time	9.85	\$680,927
Add 3 positions in Publishing and Distribution to deal with increased demand for mailing services	3.00	\$187,003
Reclassify 12 positions in Publishing and Distribution to more accurately reflect job functions	-	\$ 99,686
Add 3 positions to deal with increased workload in Publishing and Distribution – 2 positions for administration and management support and 1 position for warehousing	3.00	\$214,276
Add 1 position to support Division management and reclassify 9 positions in Management and Executive Service as a result of a 1999 study on existing management positions in state government	1.00	\$ 93,929

Funding for the increased expenditure limitation would come from established service charges and fees of the various units of the Division.

## DAS – Facilities Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	21,489,530	25,306,863	25,811,822	29,009,466
Nonlimited	5,912,197	6,367,575	7,086,215	7,666,006
Nonlimited Debt Service	48,912,393	19,295,824	21,461,336	25,280,537
<b>Total</b>	<b>76,314,120</b>	<b>50,970,262</b>	<b>54,359,373</b>	<b>61,956,009</b>
Positions (FTE)	185.82	189.04	183.07	209.09

### Program Description

The Facilities Division provides services related to facilities management, lease negotiation and supervision, project management, space planning and parking management, building operations and maintenance, and landscape maintenance for agencies occupying state-owned space. Major acquisition, construction, capital improvement, and maintenance projects are planned and managed by this Division.

### Revenue Sources and Relationships

The Division is funded from a variety of sources but its major sources are the uniform rent assessed on all tenant agencies and parking fees. The uniform rent rate for office space in 2001-03 is \$1.11 per square foot, an increase of \$0.13 per square foot over the 1999-01 rate. Uniform rent includes a depreciation component that is deposited in a Capital Projects Account, the balances of which are used for major rehabilitation of building space, as conditions require. Newly constructed office space will pay rent at \$0.10 per square foot more than other uniform rent buildings in order to provide funds to pay debt service. The Division also receives \$1.5 million from assessments of state agencies on the Capitol Mall for landscaping, debt service, and general facilities coordination. Other revenue is generated from service agreements to perform maintenance and janitorial services for office buildings owned by other state agencies, managing specialized non-office facilities, and a number of other facilities related services. The Division also will exhaust the balance in the Rent Stabilization Fund – a fund established by the Legislature to help defray facilities costs. As a result, in future biennia, uniform rents will not be subsidized by the Rent Stabilization Fund.

## Budget Environment and Performance Measurements

The Division owns or manages about 2.8 million square feet of mostly office space. The Division attempts to keep office facilities adequately maintained to prolong their useful lives and keep rental rates at a reasonable level. Demand for new or improved facilities has a direct impact on Division activities. The Division does not have established performance measures but strives to plan and manage major construction and improvements to achieve effective, legal, well-planned results done on time, within budget, and without surprises.

### Governor's Budget

The Governor's recommended budget reflects structural changes in the Division's budget due to a significant reorganization within the Department. Four positions (4 FTE) have been removed from the Division's budget and transferred to the newly created Office of Business Administration (2 FTE) and Office of Information Technology (2 FTE). The expenditure limitation associated with the four positions has also been transferred. The budget contains a number of program enhancements to keep up with projected workload. They are described here.

Description	FTE	Amount
Add 6 positions to provide specialized facilities support services for existing facilities	6.00	\$ 669,378
Add 11 positions to provide maintenance support for new facilities	11.00	\$ 979,937
Add 13 positions to provide custodial and other services at specified new facilities	8.59	\$1,149,062
Increase funding for use of state fleet vehicles	-	\$ 115,546
Reclassify 14 positions and increase 1 position from part time to full time to appropriately match classifications to work performed and to address work load	0.43	\$ 283,811

Funding for the increased expenditure limitation would come from existing uniform rent and rent charged when new facilities are completed.

## DAS – Risk Management Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	0	25,000	25,625	10,000
Other Funds	10,828,945	16,146,346	14,623,517	14,623,517
Nonlimited	46,281,998	43,600,000	44,264,000	44,264,000
<b>Total</b>	<b>57,110,943</b>	<b>59,771,346</b>	<b>58,913,142</b>	<b>58,897,517</b>
Positions (FTE)	22.34	24.00	22.00	22.00

### Program Description

The Risk Management Division purchases insurance for the state and is responsible for the management of the state's Self-Insurance Fund in order to maintain adequate balances for known and projected losses and to purchase excess coverage for the state. The Division investigates and resolves claims against the state and its employees. Risk Management also devises strategies that encourage agencies to minimize loss-related costs.

### Revenue Sources and Relationships

The revenue source for the Division's operating expenditures is the Insurance Fund. State agencies pay into the Insurance Fund through an assessment (\$23.9 million) based on a share of forecast statewide claims costs. Statewide needs are developed from independent actuarial forecasts for workers' compensation, property, and liability costs and estimated legal costs. Assessments are lower this biennium because the Division plans to use carryover fund balance in the Insurance Fund to support 2001-03 needs. Other Funds are also provided from investment income earned on the Insurance Fund. More than 70% of the Division's budget, established to purchase insurance and pay claims from the Insurance Fund, is Nonlimited. The General Fund provided in 1999-01 was to provide liability insurance for retired dentists who provide volunteer dental care to the needy.

## Budget Environment and Performance Measurements

The amount and types of property owned, the number of employees and their work, and the types of programs agencies have all contribute to the need for risk management services and products, principally insurance. How well agencies manage their risk elements directly impacts their risk management costs. The Division also tries to avoid litigation costs by attempting to resolve claims against state officers, employees, and agents accurately and fairly.

## Governor's Budget

The Governor's recommended budget reflects changes resulting from reorganization of the Department. Two positions and related expenditure limitation have been transferred to the Office of the Director. One position to the Office of Information Technology, the other to the Director's Office to be used to permanently fund position reclassifications. That position will be eliminated. The budget is a current service level budget only. The General Fund reduction is based on revised estimates of the number of retired dentists that will provide volunteer dental care to the needy. The Governor's recommended budget also includes a transfer of \$26.5 million from the Insurance Fund to the General Fund.

## DAS – Capital Improvements

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	3,392,597	4,198,932	3,925,512	3,925,512
Positions (FTE)	0.00	0.00	0.00	0.00

### Program Description

The Capital Improvement Program, developed to complement the Major Construction/Acquisition Program, provides for remodeling and renovation projects that cost less than \$500,000.

### Revenue Sources and Relationships

The capital improvement activities are funded out of the Capital Projects Account, the Department's depreciation reserve fund, and are in addition to construction expenditures financed from the sale of certificates of participation.

### Governor's Budget

The Governor's recommended budget contained 14 projects totaling \$3.9 million Other Funds. Examples and the estimated cost of some of the 2001-03 projects include the following:

- \$300,000 for unanticipated emergency repairs
- \$299,000 to replace the roof and make other repairs to the executive residence
- \$500,000 for tenant improvements and space occupancy for unanticipated office moves
- \$441,000 to clean and seal the exterior of the Portland State Office Building
- \$124,000 for Pendleton State Office Building roof improvements

## DAS – Capital Construction

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	22,425,514	6,969,642	0	58,270,780
Nonlimited	215,200	500,000	0	500,000
<b>Total</b>	<b>22,640,714</b>	<b>7,469,642</b>	<b>0</b>	<b>58,770,780</b>
Positions (FTE)	0.00	0.00	0.00	0.00

### Program Description

The Capital Construction/Acquisition Program includes major remodeling, renovation, and new construction or acquisition projects over \$500,000. In passing SB 28, the Legislative Assembly approved significant changes in the state's approach to major construction and deferred maintenance. The legislation establishes an advisory committee to provide guidance on agencies' efforts to properly maintain and protect their investments in capital assets, and it mandates state agencies to prepare four-year capital construction budgets.

### Revenue Sources and Relationships

Other Funds for capital construction are \$10.3 million to come from the depreciation component of uniform rent and service agreements, and \$48 million from the issuance of certificates of participation (COPs). The \$500,000 Nonlimited Other Funds is for COP issuance costs.

### Governor's Budget

The Governor's recommended budget provides funds for two significant construction projects: a new Justice Center Building (\$38 million), and a new Capitol Mall parking structure (\$10 million). It also provides:

- \$9.5 million for six extensive renovation and building improvement projects;

- \$400,000 for initial planning of a central computer facility and renovation of the current Justice Building renovations after the new Justice Center Building is completed;
- \$125,000 limitation for general planning purposes; and
- \$1 limitation each for leased facilities acquisition and systems furniture acquisition.

### DAS – Community Development Office

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	367,299	481,062	488,743	739,893
Other Funds	0	1,078,578	0	1,719,161
<b>Total</b>	<b>367,299</b>	<b>1,559,640</b>	<b>488,743</b>	<b>2,459,054</b>
Positions (FTE)	4.50	6.67	0.00	8.00

#### Program Description

During the 1997-99 biennium, the Legislative Assembly approved \$400,000 seed money for the Community Development Office (CDO). Its function is to facilitate integrated and coordinated services among state agencies that deal with community development issues. The Departments of Transportation, Economic Development, Housing and Community Services, Land Conservation and Development, and Environmental Quality loaned the CDO senior staff persons who functioned as policy advisors in their areas of expertise. The mission of the Community Development Office is to collaboratively bring together state agency programs, local government officials, and representatives from citizen and business resources.

#### Revenue Sources and Relationships

The Other Funds are expected to come from Federal Funds originally received by the Department of Transportation and transferred as Other Funds to the Community Development Office.

#### Governor's Budget

The Governor's recommended budget provides permanent funding for five regional coordinators and two support staff with Other Funds. It also takes a 10% General Fund reduction from Services and Supplies, but adds \$300,000 General Fund to pay for a statewide sustainability coordinator to provide sustainability training to state agency personnel.

### DAS – Governor's Natural Resource Office

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	1,289,075	2,336,862	2,483,947	2,161,394
Other Funds	236,677	295,153	288,358	288,895
<b>Total</b>	<b>1,525,752</b>	<b>2,632,015</b>	<b>2,772,305</b>	<b>2,450,289</b>
Positions (FTE)	8.92	12.17	11.50	11.00

#### Program Description

The Governor's Natural Resource Office addresses important natural resource issues that have a major affect on the state. The primary role of the office is to formulate policy choices regarding forests, salmon, watershed, land use, transportation, and growth management.

#### Governor's Budget

The Governor's recommended budget is for current service level of activity reduced by \$322,000 General Fund. The General Fund reduction will be achieved by phasing out two positions at the end of calendar 2002 (0.50 FTE), reduced contracted dispute resolution services, and less funding for Geographic Information System products for the Oregon Plan for Salmon and Watersheds.

## DAS – Office of Education and Workforce Policy

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	879,078	1,123,281	1,121,578	1,007,213
Other Funds	9,896	15,000	0	75,792
<b>Total</b>	<b>888,974</b>	<b>1,138,281</b>	<b>1,121,578</b>	<b>1,083,005</b>
Positions (FTE)	5.63	5.88	5.00	5.00

### Program Description

The Governor's Office of Education and Workforce Policy was established in July 1997. This office continues some of the functions of the Office of Educational Policy and Planning and Workforce Quality Council, which were eliminated in 1997. The office assists the Governor in developing and implementing education and workforce policy. It is housed in DAS, like the Governor's Natural Resource Office and the Office for Oregon Health Plan Policy and Research.

### Revenue Sources and Relationships

The Other Funds is a carryover balance that will be exhausted this biennium.

### Governor's Budget

The Governor's recommended budget is essentially a current service level budget with some General Fund reductions for services and supplies.

## DAS – Office for Oregon Health Plan Policy and Research

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	872,497	1,329,179	1,366,941	1,624,655
Other Funds	2,357,093	1,800,791	1,181,656	1,462,949
Federal Funds	0	1,002,611	0	250,653
<b>Total</b>	<b>3,229,590</b>	<b>4,132,581</b>	<b>2,548,597</b>	<b>3,338,257</b>
Positions (FTE)	17.98	14.99	13.75	14.92

### Program Description

The 1993 Legislative Assembly established the Office of the Oregon Health Plan Administrator to oversee implementation of the Oregon Health Plan. In 1995, the Legislative Assembly combined it with the Office of Health Policy and its responsibility for the collection of data on hospital discharges, revenues, and changes in rates with the Office of the Oregon Health Plan Administrator to assist with health planning. Administration of the Oregon Health Council, the Oregon Health Services Commission, and the Oregon Health Resources Commission were also transferred to this Office. Primary responsibilities of these commissions are policy advice on health care issues, establishment and maintenance of the prioritized list of health services, and the introduction, diffusion, and utilization of medical technology, respectively. In 1997, the name of the Office was changed to the Office for Oregon Health Plan Policy and Research. The Office is the only agency with statewide Oregon Health Plan coordinating responsibilities.

### Revenue Sources and Relationships

In addition to its General Fund support, the Office has contracts with Department of Human Services agencies that provide Other Funds revenue. The Federal Funds are from a one-year federal grant to conduct research on universal health coverage. The grant ends September 30, 2001. The Office also pursues other grant funding to support its research activities.

### Governor's Budget

The Governor's recommended budget continues the program acknowledging some funding changes and providing some additional General Fund support to replace revenue lost because of an Attorney General's opinion. The budget recognizes the end of a three year private grant program and related reduction in four positions (1.48 FTE) September 30, 2001. The budget continues the final three months of a federal grant received October 1, 2000 (\$251,000) and the related limited-duration staff (1.17 FTE). The budget also contains an additional \$16,000 General Fund to pay for increased computer support provided by the Oregon Department of Education. Additionally, \$82,000 General Fund is provided to continue the collection and analysis of record-level data on hospital inpatient stays. This activity previously was supported by selling the data to users.

However, an Attorney General's opinion determined that the data is public record and as a result, only a nominal amount can be charged. The budget also includes \$161,000 General Fund to continue the practice of transferring the amount to the Department of Human Services which, in turn, uses it to obtain an equal federal match. The resulting \$321,000 will come back to the Office as Other Funds to continue program efforts. In the 1999-01 biennium, \$196,000 was provided for this purpose.

### DAS – Arrest and Return

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	0	0	0	763,380
Other Funds	0	0	0	564,277
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,327,657</b>
Positions (FTE)	0.00	0.00	0.00	1.00

#### Program Description

The Arrest and Return program funds sending one officer to return A & B felons nationwide. Through the 1999-01 biennium, this program was housed in the Oregon State Police Budget, although it is overseen by the Governor's Office. One position (1 FTE) and \$763,380 General Fund and \$30,475 Other Funds expenditure limitation are being transferred from the Oregon State Police budget to locate this program in the Governor's Office.

#### Governor's Budget

The Governor's recommended budget consists of the transferred funds and FTE and adds \$533,802 Other Funds expenditure limitation for sufficient travel funds to dispatch two officers on most extraditions when the U.S. Marshal's Service is not available and for additional program costs. The additional Other Funds would come from a distribution from the Criminal Fines and Assessment Account.

### DAS – Miscellaneous Distributions

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Nonlimited	11,968,173	13,250,086	13,687,339	13,687,339
Positions (FTE)	0.00	0.00	0.00	0.00

#### Program Description

This program accounts for the Mass Transit Assessment collected from state agencies based on their number of employees. The assessment is then distributed to mass transit districts established under ORS 267.010 to 267.390 and transportation districts established under ORS 267.510 to 267.650. The distribution is to reimburse the districts for the benefits they provide to the state government.

#### Governor's Budget

The Governor's recommended budget is a current service level budget.

### DAS – Pioneer Cemetery

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	5,140	0	0	0
Positions (FTE)	0.00	0.00	0.00	0.00

#### Program Description

A pioneer cemetery, as defined by statute, is any burial place that contains the remains of one or more persons who died before January 1, 1940. In 1995, the Legislature created the Pioneer Cemetery Commission responsible for coordination of restoration, renovation, and maintenance of Oregon's pioneer cemeteries. In 1999, the Legislature transferred this program to the Parks and Recreation Department.

## DAS – Special Payments

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	430,124	615,000	0	250,000
Nonlimited	3,973,823	0	0	0
<b>Total</b>	<b>4,403,947</b>	<b>615,000</b>	<b>0</b>	<b>250,000</b>
Positions (FTE)	0.00	0.00	0.00	0.00

### Program Description

This is a catch-all category that reports payments for services not directly related to the mission of the Department of Administrative Services.

### Governor's Budget

The Governor's recommended budget proposes two special payments. One for \$100,000 to be sent to the Oregon Economic and Community Development Department for use by the Cultural Task Force, and one for \$150,000 to be sent to the World Affairs Council.

## Commission on Asian Affairs – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	25,759	131,384	142,950	142,950
Other Funds	63,374	17,806	20,586	30,586
<b>Total</b>	<b>89,133</b>	<b>149,190</b>	<b>163,536</b>	<b>173,536</b>
Positions (FTE)	1.00	1.00	1.00	1.00

### Program Description

The Commission on Asian Affairs was established by the Legislature in 1995 to promote trade and tourism between Oregon and Pacific Rim countries, to identify and examine the needs of Asian Americans, and to encourage the economic development of the Asian American community. In 1999, the Legislature narrowed the Commission's mission to promoting equality for Asian Americans in Oregon, and to assessing the issues and needs confronting Asian Americans. The duties relating to promoting trade and tourism were repealed. With these changes, the Commission on Asian Affairs' mission now parallels those of the other advocacy commissions.

### Revenue Sources and Relationships

An Other Funds expenditure limitation is provided to encourage grants, donations and other non-state support to fund Commission activities. The Commission is authorized to receive donations and grants, and to conduct revenue-generating activities to finance its expenses. These revenues were the sole source of Commission support in 1995-97. The Commission was created to be self-supporting. It was, however, far less successful raising funds than was hoped, and in 1997 the Legislature added General Fund support.

In the 1997-99 biennium, the Commission received \$76,813 of state support as Other Funds. These funds were part of a General Fund appropriation to the Human Resources Services Division of the Department of Administrative Services for diversity issues. The Division transferred the funds appropriated to it roughly equally among the four advocacy commissions. For budget purposes, the Commission received these state funds as Other Funds, since they were passed through another agency's budget. This source of Other Funds was discontinued in 1999.

The Commission only raised \$3,360 from donations during the entire 1997-99 biennium. Last year, however, the Commission raised close to \$11,000 to sponsor Asian Pacific American Heritage Month activities.

### Budget Environment and Performance Measures

In 1997, the Legislature appropriated \$25,759 of General Fund to the Commission – the same amount it provided to all four advocacy commissions. The General Fund support was to be used as seed money to enable the Commission to develop and implement a viable fundraising plan. To allow the Commission the opportunity to operate at the higher level supported in the Governor's recommended budget, the Legislature increased the Other Funds limitation to over \$132,000. The Legislature also appropriated approximately \$300,000 of General Fund to the Department of Administrative Services for diversity issues. This money was transferred to the four advocacy commissions, and the Commission received approximately \$77,000. The Commission's portion of these funds, along with its direct General Fund appropriation, provided it with \$101,814 of state support in the 1997-99 biennium.

The Commission's fundraising efforts have lately been more successful. Much of this fundraising is in association with Asian American Heritage Month activities. In 1999, the Legislature recognized Asian American Heritage Month and required the Commission, in conjunction with the Oregon Heritage Commission, to coordinate statewide celebrations of this event. No state funding was provided, but the Commission was able to raise approximately \$11,000 for a one-day outdoor festival in downtown Portland. This level of annual fundraising is expected to continue through the next biennium.

The agency has not adopted any performance measures but has linked to several of the Oregon Progress Board's Oregon Benchmarks. These include secondary links to benchmarks relating to: creation of new companies, international air connections, high school dropout rates, voter participation, community connection, and poverty.

## **Governor's Budget**

The Governor's budget provides General Fund support at the current service level, and increases the Other Funds expenditure limitation by \$10,000 above the current service level to support expenses relating to sponsorship of Asian American Heritage Month activities. The agency had requested General Fund to support and expand these activities. Instead, the budget provides an expanded Other Funds expenditure limitation to accommodate, if successful, additional fundraising for this program.

Because the executive director position was vacant during portions of the 1997-99 biennium, the agency did not spend all of the state support funds it received that biennium. Generally, unexpended state support dollars remain in the General Fund and are available to support state expenditures in the subsequent biennium. In 1997-99, however, the agency received most of its state support as Other Funds. Other Funds do not automatically revert (even when they are merely a transfer of General Fund from another state agency), and the Commission retained approximately \$16,800 of the state support Other Funds that it received in 1997-99. The Governor's budget transfers these funds back to the General Fund in the 2001-03 biennium.

## Commission on Black Affairs – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	25,777	128,860	139,339	139,339
Other Funds	76,121	28,859	20,054	20,054
<b>Total</b>	<b>101,898</b>	<b>157,719</b>	<b>159,393</b>	<b>159,393</b>
Positions (FTE)	1.00	1.00	1.00	1.00

### Program Description

The Commission on Black Affairs was established by executive order in 1980 and by statute in 1983 to work for the “implementation and establishment of economic, social, legal and political equality for Blacks in Oregon.” The Commission is comprised of 11 members, two of whom are legislators. Duties of the Commission are to:

- monitor existing programs and legislation designed to meet the needs of the African American population;
- identify and research problem areas and issues affecting the African American community and recommend actions to the Governor and Legislative Assembly;
- serve as a liaison between the African American community and government entities; and
- encourage African American representation on state boards and commissions.

### Revenue Sources and Relationships

An Other Funds expenditure limitation is provided to encourage grants, donations and other non-state support to fund Commission activities. The 1999 Legislative Assembly approved a \$20,000 Other Funds expenditure limitation to accommodate and encourage fund raising activities. The Emergency Board increased the limitation to \$40,000 to allow the Commission to receive grant funds to sponsor an exhibit on African Americans in the military. The Commission received approximately \$32,000 to sponsor this exhibit.

In the 1997-99 biennium, the Commission received approximately \$75,000 of state support as Other Funds. These funds were part of a General Fund appropriation to the Human Resources Services Division of the Department of Administrative Services for diversity issues. The Division transferred the funds appropriated to it roughly equally among the four advocacy commissions. For budget purposes, the Commission received these state funds as Other Funds, since they were passed through another agency's budget. This source of Other Funds was discontinued in 1999.

### Budget Environment and Performance Measures

Until 1997, the agency's expenses were almost exclusively supported by the General Fund. The Commission had not been successful in raising Other Funds. In 1997, the Legislature changed the focus of the Commission's funding from General Fund support to reliance on donations. The Legislature reduced General Fund support to \$25,777 – the same amount it provided to all four advocacy commissions. The General Fund support was to be used as seed money to enable the Commission to develop and implement a viable fundraising plan. To allow the Commission the opportunity to continue its operations, the Other Funds limitation was increased by \$110,000. The Legislature also appropriated approximately \$300,000 of General Fund to the Department of Administrative Services for diversity issues. This money was transferred to the four advocacy commissions, and the Commission received approximately \$75,000. This transfer, along with the General Fund support, provided total state support that was 23% less than the prior biennium level.

The 1999-01 budget increased direct General Fund support to \$128,860 and eliminated the General Fund transfer through the Human Resources Services Division. The budget also reduced the agency's state government service charges by \$12,488, freeing up this amount of General Fund appropriation for other agency expenses. General Fund again covers all of the personal services cost of the executive director position and general office expenses. The Other Funds in the budget financed the costs associated with an exhibit on African Americans in the military. This was a one-time source of funds that is not expected to recur in the 2001-03 biennium.

The Commission has approved links to three of the Oregon Progress Board's 1999 Oregon Benchmarks. The two primary links relate to public safety: a) Overall reported crimes per 1,000 Oregonians, and b) Total juvenile arrests per 1,000 juvenile Oregonians per year. The Commission works towards influencing these benchmarks through collaborations with the Oregonians Against Gun Violence/Cease Fire Public Education Campaign, with the Mayor's Initiative on Juvenile Gun Violence, with Uhuru SaSa: Black Inmates – Salem State Correctional Institution, and with Mothers Against Gang Violence. The Commission adopted a secondary link to one

benchmark: Percentage of Oregon households with personal computers at home that send and receive data and information over telecommunications. The agency collaborates with King Facility, North Portland to solicit used computers and volunteer instructors to train youth and enhance computer literacy. The Oregon Progress Board did not continue these three benchmarks for the 2001-03 biennium, though its revised benchmarks include two that are similar to the ones that the Commission had approved primary links to.

### **Governor's Budget**

The Governor's recommended budget funds the Commission at the current service level. The budget, therefore, removes the \$20,000 of Other Funds expenditure limitation that was approved on a one-time basis in 1999-01 to sponsor the exhibit on African Americans in the military. An Other Funds expenditure limitation of approximately \$20,000 is retained in the 2001-03 budget. This, however, is retained solely as an incentive for the Commission to raise funds from donations and grants, as no specific Other Funds revenue source has been identified for the 2001-03 biennium.

## Capitol Planning Commission – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	215,004	252,514	249,697	266,543
Positions (FTE)	1.63	1.63	1.63	1.63

### Program Description

The Capitol Planning Commission was created to establish and implement a long-range development plan for state-owned properties in Marion and Polk Counties. The Commission reviews state agency capital development and facility proposals and coordinates planning to determine compatibility with area plans, local planning guidelines, and local interests. The Commission has developed a long-term, master plan for the Capitol Mall area. The Commission consists of nine members; three are appointed by the Governor, and six are "ex officio" members. An executive director (0.8 FTE) and a staff support position (0.83 FTE) provide administrative support for the Commission.

### Revenue Sources and Relationships

Funding is provided through an assessment against state agencies based on the amount of space owned or occupied by the agency in the geographic area under the Commission's jurisdiction (Marion and Polk Counties). The assessment is collected by the Department of Administrative Services as part of the state government service charge.

### Budget Environment and Performance Measures

The Commission's funding is predicated on its continuing role as being involved in development planning in the Marion and Polk Counties. The Commission believes that its activities support community development, environment, and quality of life in the area.

### Governor's Budget

The Commission's budget contains one enhancement over current service level. The \$17,000 enhancement is to connect the Commission to the Capitol Wide Area Network and to develop and maintain a web site.

**Employment Relations Board (ERB) – Agency Totals**

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	1,147,317	1,277,152	1,344,745	1,344,745
Other Funds	1,151,504	1,298,067	1,636,358	1,639,913
<b>Total</b>	<b>2,298,821</b>	<b>2,575,219</b>	<b>2,981,103</b>	<b>2,984,658</b>
Positions (FTE)	18.00	17.73	17.73	16.00

The Employment Relations Board is a three-member quasi-judicial board charged with resolving labor disputes in state agencies, local government agencies, and private employers not subject to the National Labor Relations Board jurisdiction.

**ERB – State Government Labor Relations**

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	921,861	1,060,393	1,228,031	1,231,586
Positions (FTE)	7.12	7.12	7.12	7.12

**Program Description**

This program provides labor relation adjudication and dispute resolution in the state service (state agencies and employees), determines bargaining units, and conducts representation elections.

**Revenue Sources and Relationships**

The State Government Labor Relations program is 100% financed from a monthly assessment on covered positions in state agencies. The 2001-03 projected revenues of \$1,043,000 are based on an assessment rate of \$1.35 per employee per month and 32,200 covered state employees. Approximately one-third of state agency assessments is paid from General Fund sources.

**Budget Environment and Performance Measures**

A budget note in the Budget Report on the Employment Relations Board appropriation bill required the Board to conduct a study of its workload in order to help determine an appropriate funding level for the State Government Labor

Relations program. The study showed that, based on hours spent, the approximate state workload was 27 and 33% of total workload in 1999 and 2000, respectively. The current assessment provides 35% of budgeted funds for the biennium.

The Board measures its performance on its ability to settle cases within established timeframes and its ability to settle cases before they reach impasse. In two of the last three fiscal years the Board has not been able to meet its timelines and attributes this to a shortage of staff. It has been able to meet its target of settling cases before they reach impasse.

**Governor's Budget**

The Governor's budget anticipates using approximately \$200,000 of carryforward balance in addition to the assessments. It is a current service level budget increased slightly for office rent increases and instate travel costs. The increase over the prior biennium is due to increased personnel costs of \$153,000 mostly attributable to a full biennium of salary adjustments provided in 1999-01.

**ERB – Local Government Labor Relations**

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	1,147,317	1,277,152	1,344,745	1,344,745
Other Funds	229,643	237,674	408,327	408,327
<b>Total</b>	<b>1,376,960</b>	<b>1,514,826</b>	<b>1,753,072</b>	<b>1,753,072</b>
Positions (FTE)	10.88	10.61	10.61	8.88

**Program Description**

This program provides resolution of labor relations disputes for local government and covered private employers and labor organizations through use of mediation and adjudication, determines bargaining units, and conducts representation elections.

**Revenue Sources and Relationships**

There are four primary sources of revenue in this program in addition to the General Fund: contract mediation fees (\$1,000); grievance and Unfair Labor Practice (ULP) fees (\$500); interest based bargaining training fees (up to \$2,500); and filing fees for ULP complaints (\$250) and answers (\$100). The Board anticipates collecting fees of \$211,000 for mediation services and collecting another \$63,000 from filing fees and the sale of transcripts and tapes.

**Budget Environment and Performance Measures**

For 1991-93 through 1997-99, cumulative reductions in General Fund appropriations total 47 percent. As a result, this program has become increasingly dependent on fees for its services. Yet demand for services has fallen and, since 1995-97, the agency has made reductions in staff in response to insufficient revenues. These staff reductions affect the ability of the agency to respond to requests for services. The agency also believes the imposition of fees has had an adverse impact on small local governments' and employers' ability to use the agency's services, further reducing revenues.

The Board measures its performance for the Local Government program much the same as it does for State Government with similar results.

**Governor's Budget**

The Governor's budget is strictly a current service level budget. The budget eliminates two positions (1.73 FTE) that had been vacant most of the 1999-01 biennium. The savings from these reductions have been used to maintain current service level for increased rent and instate travel costs and using professional services for technology support.

## Government Standards and Practices Commission – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	567,391	698,573	679,453	677,453
Other Funds	3,201	7,228	8,374	10,374
<b>Total</b>	<b>570,592</b>	<b>705,801</b>	<b>687,827</b>	<b>687,827</b>
Positions (FTE)	4.00	4.00	4.00	4.00

### Program Description

The Government Standards and Practices Commission, formerly called the Oregon Government Ethics Commission, was established as the result of a referendum in the 1974 General Election. The Commission's mission is to impartially administer the regulatory provisions of government standards and practices, lobby regulation, and public meeting laws. The Commission is required by law to meet specific timelines for the conduct of investigations. The Commission also educates public officials and lobbyists on the provisions of the Government Standards and Practices Law, the Public Meetings Law, and lobbying regulations. Clientele groups of the Commission include all public officials who serve the state or any of its political subdivisions, registered lobbyists and their employers, and any citizen who requests a review of the conduct of a public official or lobbyist.

### Revenue Sources and Relationships

The Commission is funded almost entirely by General Fund. The Other Funds portion, a little over 1%, is from reimbursements for the cost of printing and distributing Commission documents. This revenue will total approximately \$10,000 in the 2001-03 biennium. The Commission also collects revenues from fines and forfeitures. These are not included in the agency budget, however, as these revenues are transferred to the General Fund and are not available for Commission operations. The Commission estimates it will collect \$45,000 in fines and forfeitures in 2001-03.

### Budget Environment and Performance Measures

The total number of complaints filed with the Commission remains relatively constant, with complaint activity spiking slightly upward in election years. Over the last two years there has been a decrease in the number of ethics complaints and an increase in the number of executive session (public meetings law) complaints. The board attributes this to citizens having a stronger interest in and better knowledge of the Public Meetings Law. Statute requires the Commission not only to act on complaints but also to educate public officials and registered lobbyists on their responsibilities under the Government Standards and Practices Law and the Public Meetings Law. The Commission's executive director travels statewide offering training to a broad range of public officials. In the 1999-2001 biennium the agency focused especially hard on this area, believing education of public officials will drive down the number of complaints received by the Commission.

A major variable in the Commission's budget is the level of Attorney General charges. These can vary greatly depending upon whether the Commission faces any contested cases. Generally, the budget makes no allowance for exceptional contested case costs. The Commission plans to go to the January 2001 Emergency Board to ask for approximately \$25,000 General Fund for additional Attorney General charges. The agency will have at least one case in court this biennium and expects to send two cases to the Central Hearings Panel for resolution.

Most of the Commission's performance measures are driven by statutory requirements; the Commission meets or exceeds these requirements. The Commission evaluates its performance in the following four areas:

- Length of time to complete case preliminary reviews. The current average is 72 days from the date a complaint is received. The statute allows up to 90 days.
- Length of time to complete case investigations. The current average is 90 days following finding of cause to investigate. The statute allows up to 120 days.
- Length of time to provide written responses to requests for staff opinions. The current average is 21 days after receiving a written request. There is no statutory requirement.
- Number of training sessions presented. The agency strives for 50 training sessions per calendar year; in 1999, 85 training sessions were presented. There is no number of sessions required by statute.

**Governor's Budget**

The Governor's budget is a current service level budget and reflects a decrease of \$17,974 (2.55%) from 1999-01 estimated expenditures. The decrease is due to the phase-out of one-time technology investments. As in previous biennia, the budget does not include funding for exceptional contested case costs. Accordingly, the Commission will need an Emergency Fund allocation if these costs materialize.

## Office of the Governor – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	4,960,559	5,415,723	5,681,669	5,681,669
Other Funds	966,686	799,529	838,433	838,433
<b>Total</b>	<b>5,927,245</b>	<b>6,215,252</b>	<b>6,520,102</b>	<b>6,520,102</b>
Positions (FTE)	31.00	29.00	29.00	29.00

### Program Description

The Office of the Governor provides overall direction to state agencies within the Executive Branch to ensure compliance with statutes and efficient and effective management. The Office includes a State Affirmative Action Officer, a Citizen's Representative Office, a Minority and Women Business Advocate, and provides clerical support for appointing members to boards and commissions.

### Revenue Sources and Relationships

The Office of the Governor is supported mainly by the General Fund. Other Funds consist of revenue transfers from the Departments of Administrative Services and Consumer and Business Services to finance the Affirmative Action and Minority and Women Owned Business programs. The Affirmative Action Program is funded from a Personnel Division assessment estimated at \$419,000 for the biennium. The Minority Business Enterprises program is funded from assessments on agencies that have capital construction funded in their budgets and also receives funds from the sale of subscriptions for directories of certified firms. Revenues from these sources are estimated at \$412,000.

### Budget Environment and Performance Measures

The budget is driven by the number of staff and programs operated out of the Governor's Office. In the 1999-01 biennium, two Telecommunications Policy positions were transferred from the Governor's Office to the Department of Administrative Services. The Other Funds support for these positions also was transferred to the Department. No new programs have been placed in the Governor's Office in recent biennia, however, as the elected administrator of state government, the Governor does have access to resources throughout state government.

### Governor's Budget

The Governor's recommended budget funds the current service level. Increases over the 1999-01 biennium are due to inflation and a full biennium of salary adjustments provided during the 1999-01 biennium.

## Commission on Hispanic Affairs – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	25,739	128,216	159,160	159,160
Other Funds	96,876	118,228	27,541	162,751
<b>Total</b>	<b>122,615</b>	<b>246,444</b>	<b>186,701</b>	<b>321,911</b>
Positions (FTE)	1.00	1.50	1.00	1.00

### Program Description

The Commission on Hispanic Affairs was established by executive order in 1980 and by statute in 1983 to work for the “implementation and establishment of economic, social, legal and political equality for Hispanics in Oregon.” The Commission is comprised of 11 members, two of whom are legislators. Commission responsibilities are to:

- monitor existing programs and legislation designed to meet the needs of the Hispanic population;
- identify and research problem areas and issues affecting the Hispanic community and recommend actions to the Governor and Legislative Assembly;
- serve as a liaison between the Hispanic community and government entities; and
- encourage Hispanic representation on state boards and commissions.

### Revenue Sources and Relationships

The Commission generates Other Funds revenue through donations and grants, and by offering Spanish language classes to state employees. These funds help the Commission carry out its mandated functions.

In the 1997-99 biennium, the Commission also received approximately \$77,000 of state support as Other Funds. These funds were part of a General Fund appropriation to the Human Resources Services Division of the Department of Administrative Services for diversity issues. The Division transferred the funds appropriated to it roughly equally among the four advocacy commissions. For budget purposes, the Commission received these state funds as Other Funds, since they were passed through another agency’s budget. This source of Other Funds was discontinued in 1999.

### Budget Environment and Performance Measures

Until 1997, the agency’s expenses were almost exclusively supported by the General Fund. The Commission had not been successful in raising Other Funds. In 1997, the Legislature changed the focus of the Commission’s funding from General Fund support to reliance on donations. The Legislature reduced General Fund support of the Commission’s budget to \$25,770 – the same amount it provided to all four advocacy commissions. To allow the Commission the opportunity to operate at levels supported in the Governor’s recommended budget, the Other Funds limitation was increased by \$110,000 to offset the General Fund reduction. The General Fund support was to be used as seed money to enable the Commission to develop and implement a viable fundraising plan. The Legislature also appropriated approximately \$300,000 of General Fund to the Department of Administrative Services for diversity issues. This money was transferred to the four advocacy commissions. The Commission’s portion of these funds, along with its direct General Fund appropriation, provided it with a total of \$103,000 of state support, a drop of 17% from the prior biennium level. In the 1997-99 biennium, the Commission began a program to teach Spanish language classes to state employees. The agency generated approximately \$13,000 from fees for these classes, and used the funds to support the classes and to supplement the agency budget.

The 1999-01 budget increased direct General Fund support to \$128,216 and eliminated the General Fund transfer through the Human Resources Services Division. The budget also reduced the agency’s state government service charges by \$11,620, freeing up this amount of General Fund appropriation for other agency expenses. General Fund again covers all of the personal services cost of the Executive Director position and general office expenses. The Commission greatly expanded its Spanish language course program in the 1999-01 biennium, and expects to raise close to \$120,000 from course fees. The program is a moneymaker for the Commission. The fees from it are being used to finance the Spanish language courses, and also to establish a new English as a Second Language (ESL) program and Spanish pre-school classes. The fee revenue will also cover the costs relating to the Commission’s participation in the Latino Youth Summit. The Emergency Board increased the agency’s Other Funds expenditure limitation in September 2000 to accommodate the fee revenue being

generated by the Spanish language course program, but because of the timing of this action, this increase was not technically included in the current service level calculation of the agency's budget.

In 1999, the Legislature also approved a Commission plan to operate an education program on Oregon's search and seizure laws. This program was to be grant funded (Other Funds), and included authorization for one additional position (0.5 FTE). The plan was approved for one biennium only and not continued in the agency's current service level. In any event, it turned out that the Commission did not receive any funds for this program, and instead implemented a more limited education program within its existing funds and staffing.

The agency has not adopted any performance measures but has linked to several of the Oregon Progress Board's Oregon Benchmarks. These include primary links to seven benchmarks and secondary links to 14. The primary link benchmarks include the percentage of state employment outside the Portland Metro/Willamette Valley region, the percentage of people able to speak a language in addition to English, high school equivalency and literacy benchmarks, voter turnout, and the percentage of children entering school ready-to-learn. The Commission works to address these benchmarks through its Spanish language course program, its ESL program, and its work with the Oregon Latino Voter Registration and Education Project.

The secondary link benchmarks include a number relating to economic performance, including income distribution, poverty, unemployment, and health insurance coverage. Other secondary benchmarks relate to youth and include high school completion, CIM and CAM attainment, teen pregnancy rates, and juvenile arrest rates. The Commission addresses the economic benchmarks through ESL courses and individual assistance on resumes and interviewing. It addresses the youth-related benchmarks with its Latino Youth Summit program. This program offers an annual summit where approximately 300 high school students work to develop action plans for their local communities. The program targets at-risk youth and aims to promote the participants' skills and self-confidence.

#### **Governor's Budget**

The Governor's budget includes General Fund support at the current service level, and increases the Other Funds expenditure limitation above the current service level to accommodate the agency's anticipated biennial receipts from its Spanish language course program. These course receipts, which rose from \$13,000 in the 1997-99 biennium to an estimated \$120,000 in the 1999-01 biennium, are expected to increase further to \$160,000 in 2001-03. Approximately two-thirds of the funds are used to pay the costs of the Spanish classes. The remainder will finance ESL courses, Spanish language pre-school classes, and the annual Latino Youth Summit. The budget also allows \$4,210 of the Other Funds to be used to finance the standard bilingual pay differential for the Executive Director position.

The General Fund support, although at the current service level, is a 24% increase over the prior biennium's appropriation. The reasons for this large increase include that the agency awarded the Executive Director more than the usual merit increases during the 1999-01 biennium, and that the Commission's state government service charges are budgeted to increase 69% over the prior biennium level.

## Oregon State Library (OSL) – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	2,738,955	3,125,068	3,229,575	3,194,359
Other Funds	4,226,259	4,787,100	5,108,984	5,108,984
Federal Funds	3,210,183	3,566,960	3,632,847	3,632,847
<b>Total</b>	<b>10,175,397</b>	<b>11,479,128</b>	<b>11,971,406</b>	<b>11,936,190</b>
Positions (FTE)	44.26	44.38	44.38	44.38

The State Library engages in three broad functions: 1) to provide research services to state government; 2) to supply reading materials to blind and print-disabled Oregonians; and 3) to assist in improving the overall quality of library services throughout the state by consulting with local libraries, distributing federal Library Services Technology Act (LSTA) funds, and administering the Ready-to-Read Grant program for local libraries.

### Revenue Sources and Relationships

Other Funds revenues are generated from an assessment on state agencies (93%), donations (5%), and miscellaneous receipts (2%). The assessment to an agency is based two-thirds on the agency's FTE count and one-third on actual agency library usage. (The Oregon University System, in accordance with state statute, is not assessed.) Other Funds provide only partial funding for all sections, except the Government Research and Electronic Services program, where it provides 100% of revenue. General Fund partially supports all sections except Government Research and Electronic Services. Federal Funds are used solely for Library Development Services.

### Budget Environment and Performance Measures

Property tax limitation Measures 47 (1996) and 50 (1997) had a dramatic impact on Oregon public libraries. Beginning in early 1997, staff were laid off in many communities, service hours were cut, and book purchases were seriously curtailed. Many of these libraries have recovered since then, mostly through the passage of local option levies, although some libraries are still struggling. A significant number of Oregonians, about 20%, remain unserved or underserved by public libraries.

The Library has established several performance measures. Key measures are discussed under each program's section.

### Governor's Budget

The Governor's recommended budget for the State Library is approximately \$11.9 million Total Funds, a 3.4% increase over 1999-01 estimated expenditures. The budget provides for the continuation of the current level of services, with a small reduction in Attorney General and other costs.

## OSL – Administration

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	389,017	393,297	404,003	404,003
Other Funds	420,025	542,113	553,644	553,644
<b>Total</b>	<b>809,042</b>	<b>935,410</b>	<b>957,647</b>	<b>957,647</b>
Positions (FTE)	5.63	5.63	5.63	5.63

### Program Description

This program oversees the overall administration of the agency. Responsibilities include providing leadership, policy development and strategic planning, working with constituent groups, managing financial and personnel functions, and setting and assessing performance measures.

### Budget Environment and Performance Measures

The Library relies heavily on volunteer hours to achieve its mission. Since managing volunteer coordination is one of the functions of Administration, the Library uses the number of hours worked by volunteers as a performance measure for this program. The agency's efforts are affected by factors outside of its control, such as fluctuating availability and willingness of volunteers. There has been some decline in the number of volunteer

hours: from 32,450 in 1997-99 to a projected 31,300 for 1999-01. The Library has set a goal of 30,000 hours for 2001-03.

### Governor's Budget

The Governor's recommended budget continues this program at the current service level with a small reduction in Attorney General costs. The recommended budget is a 5.8% decrease from 1999-01 estimated expenditures.

### OSL – Library Development Services

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	1,388,775	1,666,599	1,711,221	1,676,005
Other Funds	17,081	26,255	50,756	50,756
Federal Funds	3,210,183	3,566,960	3,632,847	3,632,847
<b>Total</b>	<b>4,616,039</b>	<b>5,259,814</b>	<b>5,394,824</b>	<b>5,359,608</b>
Positions (FTE)	4.69	4.75	4.75	4.75

### Program Description

This program is responsible for assisting local libraries and improving the overall quality of library services in the state. Library Development Services assists approximately 1,600 public, academic, and school libraries. The program performs the following services:

- promotion of the establishment and consolidation of libraries;
- assistance to libraries with literacy, job-skill preparation services and children's readiness-to-learn activities;
- distribution of federal grants to local libraries;
- collection and distribution of statistics concerning Oregon libraries; and
- administration of the State's Ready-to-Read Grant program, which provides local library services to Oregon's children birth through age fourteen.

### Revenue Sources and Relationships

Federal Funds provide grants to local libraries to improve services. In the past, the majority of Federal Funds were obtained from the Library Services and Construction Act (LSCA) and Titles I, II, and III administered by the U.S. Department of Education. This funding was replaced with Library Services Technology Act (LSTA) funds from the newly formed Institute of Museum and Library Services. Under the LSTA's maintenance of effort requirements, states must maintain the average of expenditures in the past three years in state-funded programs relevant to the priorities of LSTA. Any reduction in state funding results in an identical percentage reduction in funding under the LSTA. Oregon is projected to receive a total of \$3.6 million under the LSTA in 1999-01. Funding for 2001-03 is anticipated to be approximately the same.

The Ready-to-Read program is supported totally by General Fund. The 1999 Legislature authorized a 33% increase in program funding, from \$0.75 to \$1.00 per child. This provided a 1999-01 budget of \$1.4 million for formula grants to over 100 local libraries.

### Budget Environment and Performance Measures

Within the first twelve months of the 1999-01 biennium, the Library administered 109 state and 108 federal grants for improvements in library services. Approximately 163,000 Oregonians do not have access to public library services and another 469,000 Oregonians' library services fall below the minimum standards set by the State Library. These standards include, but are not limited to: a legally established library with basic services available free of charge to citizens within its tax-supported service area; operating hours of at least 20 per week; a full-time, paid professional librarian for populations over 10,000; and provision of children's programming. To help assess the Library's efforts in assisting and improving local libraries, the agency has established as a performance measure the percentage of Oregon's population served by a public library meeting minimum service criteria. The actual percentage for 1997-99 was 83 percent. It is projected to be 88% for 1999-01, with a goal of 90% for 2001-03.

The Ready-to-Read grant program has assisted over 100 libraries in reaching out to children through circulation and program services. Grants are made on the basis of population statistics for children ages 0 to 14 (80%) and square miles of areas served (20%). The percentage increase in local public library services to children is a performance measure for this program, although the State Library recognizes the grants are only a portion of the

funding libraries use to provide these services. In 1997-99, the actual increase was 13%, with a projection of 10% for 1999-01 and, based upon projections for this biennium, a goal of 10% for 2001-03.

### Governor's Budget

The Governor's recommended budget continues the current service level for this program with a reduction (-\$35,000) in the Ready-to-Read Grant program for revised population estimates as of September 2000 for children ages 0 to 14. The recommended budget is a 2% increase over 1999-01 estimated expenditures.

### OSL – Talking Book and Braille Services

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	961,163	1,065,172	1,114,351	1,114,351
Other Funds	101,840	107,315	173,442	173,442
<b>Total</b>	<b>1,063,003</b>	<b>1,172,487</b>	<b>1,287,793</b>	<b>1,287,793</b>
Positions (FTE)	9.94	10.75	10.75	10.75

### Program Description

Talking Book and Braille Services (TBABS) provides a wide variety of reading materials in audio-recorded or Braille formats to serve Oregonians with limited vision or other disabilities that prevent them from using conventional books and other printed materials. TBABS is a partnership between the Library of Congress and the State Library. The books, tapes, recorders and postage are provided at no cost to Oregon through the federal program. The State Library's responsibility is to provide storage, processing, inventory and maintenance of books, tapes and recorders.

### Revenue Sources and Relationships

In 1999-01 General Fund covers 88% of the TBABS budget and the remaining 12% is funded through Other Funds, which represent donations generated through a fund-raising program. Actual donations for 1997-99 were \$168,000. The State Library projects \$195,000 in donations for 1999-01, with a goal of \$250,000 for 2001-03.

### Budget Environment and Performance Measures

An estimated 46,000 people in Oregon have impaired vision or other disabilities that limit their ability to use standard printed materials. An estimated 8,000 (17.4%) of these use the TBABS program. Approximately 6,600 individuals are registered as users and over 500 registered institutions serve another 1,400 individuals. About 1,471 books and audio books are mailed daily to customers, with an equivalent number of items received each day. Incoming books/tapes must be inspected, rewound (2 to 3 tapes per book) and inventoried before being reshipped. The total number of individual volumes and tapes handled per day is over 6,000. Full-time staff (10.75 FTE) and volunteers process and distribute materials, with volunteers accounting for approximately one-third of total hours worked. The Library also works with local public libraries to assist them in meeting the needs of the target population. The number of TBABS users is expected to grow by approximately 2.9% in the 2001-03 biennium.

Currently, the Library contracts with the Department of Corrections to have inmates at Eastern Oregon Correctional Institution clean and repair the TBABS machines on a limited basis. It estimates that in 1999-01 about 1,560 machines will be serviced under this contract, which expires in December 2000. Funding constraints have limited the Library's ability to expand this service. Volunteers and staff also service the machines.

Performance measures for this program include:

- Number of individuals registered to receive TBABS – 6,599 Oregonians were registered in 1997-99, 6,800 are projected for 1999-01, and the 2001-03 target is 7,000; and
- Percentage of TBABS customers rating the service as "very good" or "excellent" – 93% of users gave this rating in 1997-99, 95% is projected for 1999-01, and the goal for 2001-03 is 95% as well.

### Governor's Budget

The Governor's recommended budget is a 10.1% increase over 1999-01 estimated expenditures but a slight decrease from the current service level due to a reduction in Attorney General costs. The Governor's budget does not include additional General Fund requested by the agency to cover the increasing costs of the TBABS program, including rental space costs, machine repairs, and funding for an FTE approved, but not funded, by the 1999 Legislative Assembly. (The agency was directed by the 1999 Legislature to use Other Funds for this

position, which the agency did through vacancy and other savings.) As a result, the assessment on state agencies will continue to subsidize the program.

## OSL – Government Research and Electronic Services

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	3,687,313	4,105,100	4,352,287	4,331,142
Positions (FTE)	24.00	23.25	23.25	23.25

### Program Description

Government Research and Electronic Services (GRES), previously known as Library Information Services, provides research assistance and electronic and printed resource services to state government. In addition, the general public obtains special information concerning patents, trademarks, state government publications, Oregon history, and genealogy.

GRES develops and maintains the Oregon Public Access Catalog and WORKsmart, the Library's statewide on-line information service; provides technical support and maintenance for the State Library's other automated systems; catalogs, inventories, circulates, and retrieves all library materials; and coordinates a database of periodical holdings of Oregon libraries.

### Revenue Sources and Relationships

GRES is now fully financed by an assessment on all state agencies, with the exception of the Oregon University System, for their library use.

### Budget Environment and Performance Measures

During the first twelve months of 1999-01, this program distributed approximately 19,957 state government publications to designated document depository libraries throughout Oregon. Due to legislation passed in 1993 requiring fewer copies of state publications to be deposited with the Library and due to increased interest in the Internet, there has been about a 50% decrease in acquiring and distributing hard copies of state documents since the 1993-95 biennium.

Over the same time period, there has been an increased demand for information through the Library's phone-in program (CALLsmart), in-person and e-mail requests, and its Intranet service (WORKsmart). For CALLsmart and in-person and e-mail requests, reference transactions for state employees have increased from 17,106 in 1993-95 to 31,184 in 1997-99. During the first twelve months of the current biennium, Library staff answered 11,573 requests for information. The Library expects significant growth in the second half of this biennium, in part due to the closing of an internal library at the Oregon Department of Transportation.

WORKsmart allows libraries, state agencies and other governmental entities to access state documents, federal documents and other items that were previously available only in hard copy. There are approximately 3,500 state employees who are registered users of WORKsmart. From September 1998 to October 2000, state agencies' transactions numbered in excess of 300,000, an increase of over 500% from the previous two-year period. This percentage increase reflects the start-up of the program as well as improved methods for gathering information on use of the program. Currently the agency is working to develop the second generation of WORKsmart, called SMARTOR.gov.

Performance measures for this program include:

- Number of information requests transacted for state employees – 31,184 transactions were executed for 1997-99, with 30,000 projected for 1999-01, and a goal of 35,000 for 2001-03;
- Percentage of state agency customers rating the program's service as "very good" or "excellent" – 72% of users gave this rating in 1997-99, with a projection of 75% for 1999-01 and a goal of 75% for 2001-03; and
- Percentage of state employees registered to use WORKsmart – 10% of state employees were registered in 1997-99, with a projection of 15% in 1999-01 and a goal of 18% for 2001-03.

### Governor's Budget

The Governor's recommended budget continues the current level of service with a reduction in Attorney General costs. The recommended budget is a 5.5% increase over 1999-01 estimated expenditures.

## Oregon Liquor Control Commission (OLCC) – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	64,717,455	71,868,001	75,287,258	77,179,828
Nonlimited	0	69,516	3,084,912	2,192,147
<b>Total</b>	<b>64,717,455</b>	<b>71,937,517</b>	<b>78,372,170</b>	<b>79,371,975</b>
Positions (FTE)	214.35	215.02	215.02	217.02

The Oregon Liquor Control Commission (OLCC) regulates all individuals and businesses that manufacture, sell, import, export or serve alcoholic beverages; educates and trains liquor licensees, the public and other groups; investigates and takes compliance action when necessary against those who violate liquor laws. The five-member Commission is appointed by the Governor and confirmed by the Senate.

### Revenue Sources and Relationships

The Commission is entirely supported by Other Funds revenues generated from liquor sales (89%), privilege taxes on malt beverages and wines (Beer and Wine Tax) (9%), license fees and fines, server education fees, and miscellaneous income (2%). As required by law, 50% of the privilege tax revenues (\$12.5 million for 2001-03) is first allocated for payments to the Mental Health Alcoholism and Drug Services Account, an additional \$365,000 is transferred to the Wine Advisory Board. The remaining privilege tax revenues, along with all other revenues (primarily from liquor sales) is first used to finance Commission operations (including liquor purchases). The excess balance (\$150 million in the 1999-01 biennium) is apportioned to the state General Fund (56%), and to city (34%) and county (10%) general funds. The 2001-03 budget projects gross sales of \$519 million, with \$112 million transferred to the General Fund.

OLCC projects that per capita consumption of distilled spirits and case sales volume will remain stable during the biennium. The combination of population growth, greater customer demand for premium, higher-priced products and rising wholesale liquor prices will cause an 8.5% increase in total dollar liquor sales. Per capita consumption is projected to level out for malt beverages at about 22.4 gallons per person and for wine at about 2.7 gallons per person. This will be accompanied by an annual 1.5% increase in population through 2003. Actual privilege tax collections in 1999-01 are estimated to be \$26 million.

Even though Other Funds revenues support OLCC operations, the agency's expenditures directly affect the General Fund. Each dollar spent by the Commission represents 56 cents in liquor revenues that will not go into the state's General Fund, and 44 cents that will not go to local governments. For this reason, an appropriate balance is sought between keeping operating costs as low as possible and making expenditures that are necessary to enhance the generation of revenue while maintaining a controlled distribution environment.

### Governor's Budget

The Governor's recommended budget of \$79,371,975 is \$7.4 million or 10% higher than the 1999-01 estimated budget level and \$999,805 or 1% higher than the 2001-03 current service level. The base budget is reduced \$3.5 million for vacancy savings and phasing out one-time technology project expenditures and increased \$6.5 million for inflation. The 2001-03 recommended budget includes reduction packages totaling \$274,256 from the current service level. Program enhancements totaling \$1.9 million are recommended for the Regulatory Program's administrative support services and information technology support in the Support Services and Agents Compensation programs.

### OLCC – Merchandising

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	7,298,925	6,303,995	5,619,533	5,570,277
Nonlimited		44,015	2,087,000	2,087,000
<b>Total</b>	<b>7,298,925</b>	<b>6,348,010</b>	<b>7,706,533</b>	<b>7,657,277</b>
Positions (FTE)	48.42	48.42	48.42	48.42

## Program Description

Responsibilities of the Merchandising Program all relate to liquor sales and distribution. As a “control state,” Oregon has granted the Commission sole authority to sell distilled spirits by the bottle. By marking up the wholesale price 106%, the Commission generates funds to finance its expenses and to produce revenue for state and local government general funds. There are two main divisions of the Program:

- **Purchasing & Distribution Division** (39.42 FTE) responsibilities include analyzing trends in customer buying and new product availability; purchasing and securely warehousing the liquor; arranging for the shipment of products to the state’s retail liquor stores; and settling claims for damaged or defective goods. The Division ensures adequate liquor inventories and a varied selection to satisfy consumer demand.
- **Store Operations Division** (9 FTE) oversees operation of the statewide retail liquor store system, which consists of 237 retail outlets run by contract agents. Funding for agents’ compensation is in a separate program, although it is related to the Merchandising Program.

## Budget Environment and Performance Measures

The focus of the Commission has been on achieving internal operating efficiencies through improvements in technology, contracting out where cost effective and inventory cost savings.

During the 1999-01 biennium, OLCC established criteria for determining the number and location of liquor stores. OLCC added four new stores in the Portland metropolitan and Bend regions. The Commission expects to maintain the number of stores at 238 during the 2001-03 biennium, given current estimates of state population growth.

In 1993 the Legislature authorized the Commission to initiate a bailment warehouse system in which suppliers stock their merchandise in the OLCC warehouse but OLCC does not buy it until it is ready to be shipped to the retail outlet. This change resulted in a one-time revenue increase of approximately \$4.5 million. Building on that one-time revenue enhancement, OLCC initiated an inventory reduction program in retail outlet stores to achieve cost savings of approximately \$2.9 million during the 1999-01 biennium. Increases in liquor costs due to inflation, opening new stores, and increased consumption created a need for added inventory, and reduced OLCC’s ability to achieve the full cost savings estimated. The Commission intends to continue inventory reduction as a cost saving measure.

Performance measures for this program area were established in 1998 and include:

- Maintaining a 39% return on the state’s investment determined by the Commission’s distribution to the General Fund, cities and counties, demonstrating agency efficiency and effectiveness. Currently, the agency is achieving a 39.27% return on investment. OLCC’s projected 2001-03 budget assumes a 40% return on investment.
- Percentage of annual liquor agent performance evaluations that achieve a satisfactory or better rating, demonstrating agency effectiveness in managing retail functions. Currently, the agency goal is 99% with an achievement of 98 percent. OLCC’s projected 2001-03 budget assumes maintaining the current service level.
- Maintaining a 98% rate of liquor orders in stock when orders are placed demonstrating effectiveness of meeting customer demands. Currently, the agency is achieving 98.5 percent. OLCC’s projected 2001-03 budget assumes maintaining the current service level.
- The total number of cases received and shipped per FTE, demonstrating effectiveness in customer service and revenue generation. Currently, the agency goal is 93,000 cases per FTE and achievement is 95,084 per FTE. OLCC’s projected 2001-03 budget assumes maintaining the current service level.

## Governor’s Budget

The Governor’s recommended budget of \$7,657,277 is \$1.3 million or 21% higher than the 1999-01 estimated budget level and \$49,256 or 1% less than the 2001-03 current service level, essentially maintaining the current service level for the program. The recommended budget includes base adjustments to the Nonlimited budget for credit card fees. The 1999 appropriation bill omitted the necessary language to establish Nonlimited authority to cover credit card fees as the Legislature intended. Credit card fee transactions were recorded in a contra revenue account for the 1999-01 biennium. The 2001-03 current service level establishes a Nonlimited budget for credit card fees estimated to be \$2 million.

## OLCC – Regulatory

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	11,119,635	14,310,659	12,920,508	13,035,184
Nonlimited			105,147	105,147
<b>Total</b>	<b>11,119,635</b>	<b>14,310,659</b>	<b>13,025,655</b>	<b>13,140,331</b>
Positions (FTE)	97.33	102.00	102.00	104.00

### Program Description

The Regulatory Program is responsible for regulating the manufacture, distribution and sale of alcoholic beverages. The program issues liquor licenses and ensures compliance with liquor laws and OLCC regulations. The Program consists of two divisions:

- **Regulatory Field Services Division** (78 FTE) staff conduct license investigations, respond to complaints, investigate liquor law violations, and work with local groups to resolve problems. There are 11 offices statewide.
- **Regulatory Policy and Process Division** (24.5 FTE) staff maintain records; issue and renew licenses; coordinate staff involvement in contested case hearings, develop, review, and amend administrative rules, provide technical support and training to Field Services staff, and administer the alcohol server education and minor decoy programs. The statewide Compliance Unit, which handles complex and high-risk license and enforcement cases, is included in the Regulatory Policy and Process Division.

### Budget Environment and Performance Measures

The top priorities for the Regulatory Program are preventing sales to minors and visibly intoxicated persons, preventing disorderly establishments, and minimizing problems caused by alcohol businesses and their patrons near the businesses. Alcohol continues to be a major contributor in the four leading causes of death among teens and is linked to other crimes. OLCC participates in an interagency initiative led by the Office of Alcohol and Drug Abuse Programs to address the local community risk factors contributing to underage drinking, tobacco and drug abuse. The agency intends to pursue an increase in regulatory staff to support efforts to enforce underage drinking laws and to reduce the over serving of alcohol.

Legislation passed by the 1999 Legislature consolidated 13 license types into three. The agency plans to finalize centralization of licensing to allow field staff more time to work on compliance issues. While the agency has been able to respond to complaints and process licenses within 60 days, preventative field visits, education and assistance of OLCC licensees is being sidelined.

Performance measures for this program include:

- Percentage of licensed premises selling alcohol to minors, demonstrating agency effectiveness in achieving compliance. Currently, the agency goal is to have a second attempted purchase rate that is 50% lower than the first attempt rate with an ultimate goal of 15 percent. The current rate is 31 percent. OLCC's projected 2001-03 budget assumes achieving 15% with additional positions.
- Percentage of staff time devoted to the licensing process compared to compliance issues demonstrating agency efficiency and effectiveness. Currently, the agency goal is 70% of instructors to meet the 4 hour 30 minute minimum instruction time with an achievement of 81 percent. OLCC's projected 2001-03 budget assumes maintaining the current service level.
- Percent of server education instructors evaluated annually demonstrating efficiency and effectiveness. Currently, the agency goal is 70% of instructors to meet content standards as measured by covering 102 curriculum items with an achievement rate of 75% who miss no more than one of the 102 items. OLCC's projected 2001-03 budget assumes maintaining the current service level.
- Average number of contacts with licensees per inspector to educate and assist licensees in understanding and complying with liquor laws. Currently, the agency goal is 25 per month with an achievement rate of approximately twenty-three. OLCC's projected 2001-03 budget assumes maintaining the current service level.

### Governor's Budget

The Governor's recommended budget of \$13,140,331 is \$1.1 million or 8% less than the 1999-01 estimated budget level and \$114,676 or 1% higher than the 2001-03 current service level. Base budget reductions included a higher than normal adjustment of \$284,030 for vacancy savings to increase contributions to the General Fund

and \$1.2 million to phase out a one time information services expenditure. The recommended budget includes a reduction of \$40,000 in services and supplies from the current service level and a proposal to establish three positions (2.00 FTE) at a cost of \$154,676 for administrative and clerical support for regulatory specialists primarily in the one- and two-person field offices. The positions are needed to free up regulatory specialists to conduct compliance work in the field and allow field offices to remain open during consistent hours of the day.

### OLCC – Support Services

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	10,529,501	12,040,769	12,390,457	12,516,607
Nonlimited		25,501	892,765	
<b>Total</b>	<b>10,529,501</b>	<b>12,066,270</b>	<b>13,283,222</b>	<b>12,516,607</b>
Positions (FTE)	68.60	64.60	64.60	64.60

### Program Description

The Support Services Program consists of three subdivisions:

- **Administration** (14.6 FTE) is responsible for overall administration of the agency; ensures that Commission and legislative policies are carried out; processes and refers cases to the Central Hearings Unit; develops administrative rules; and issues orders in all alcohol server education cases.
- **Administrative Services** (29.5 FTE) includes human resources management, information systems support, motor pool fleet management, non-liquor purchasing, hearings on contested cases, mail delivery, and other routine support services.
- **Fiscal Services** (24.5 FTE) develops and implements systems that provide fiscal accountability for Commission operations, produces and maintains fiscal records, and develops and monitors execution of the agency's budget.

### Budget Environment and Performance Measures

During the 1999-2001 biennium, the Support Service Program area was restructured to accommodate transferring the administrative hearing functions to the Central Hearings Panel in the Employment Department. The Commission intends to pursue additional technology upgrades for its operating and network access systems to remain responsive to the business needs of the agency.

Performance measures for this program include:

- Percent of permanent staff receiving 20 hours or more of training. Currently the agency goal is 50% with an achievement rate of 56 percent. OLCC's proposed 2001-03 budget assumes maintaining the current service level.
- Number of time-loss claims in the agency compared to the lowest rate of the last three years. The agency's lowest rate in three years is two accepted claims, compared to three claims filed in 99-01. OLCC's proposed 2001-03 budget assumes maintaining the current service level.

### Governor's Budget

The Governor's recommended budget of \$12,516,607 is \$450,337 or 4% higher than the 1999-01 estimated budget level and \$766,615 or 6% less than the 2001-03 current service level. Base budget reductions included a higher than normal adjustment of \$264,874 for vacancy savings to increase contributions to the General Fund and \$260,406 to phase out an information services expenditure limitation that was funded with certificates of participation. The recommended budget also includes a reduction option to reduce services and supplies by \$185,000. Funding for information technology on-going hardware and software and maintenance is recommended at a cost of \$311,150. The Commission proposes that this level of funding be included in future budgets as a base level for ongoing technology system maintenance.

### OLCC – Agents Compensation

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	35,471,298	38,541,532	44,356,760	45,856,760
<b>Total</b>	<b>35,471,298</b>	<b>38,541,532</b>	<b>44,356,760</b>	<b>45,856,760</b>

## Program Description

This program includes an expenditure limitation from liquor revenues to pay contract agents who operate the state's 236 retail liquor outlets. Agents are paid monthly using a formula based primarily on store sales and on whether the store is exclusive (i.e., sells only liquor and related items) or non-exclusive (store is run in conjunction with another business, such as a drug or grocery store). Out of the compensation, agents pay liquor store rent, insurance, telephone, utilities, business taxes, employee salaries and benefits, and other operating costs. From the remainder, they pay their own salaries, benefits and personal taxes.

## Budget Environment and Performance Measures

The rate of monthly compensation for agents was originally determined annually. In 1979 the Commission started calculating compensation monthly as a percentage of actual monthly sales. Biennial adjustments were made to this basic formula until 1980. The exclusive store formula is reviewed and adjusted every six months. The goal is to provide basic support while encouraging sound retail practices and rewarding sales performance. During the 1997 session the formula, which had been in effect since 1993, was revised to provide the following compensation:

- **Non-exclusive stores:** 13% of the first \$10,000 of monthly sales, plus 6.69% of all monthly consumer sales (up from 5.66% in 1993-95); and 5.22% of all monthly dispenser sales (up from 4.42% in 1993-95), plus up to \$118 monthly for deferred compensation if matched by the agent.
- **Exclusive stores:** Based on six sales classifications – 13% of the first \$10,000 of monthly sales for annual sales up to \$210,000, and five compensation bases ranging from \$1,560 to \$2,600 per month for sales between \$210,000 to more than \$1.65 million per year, plus 6.69% of all monthly consumer sales (up from 5.66% in 1993-95); and 5.22% of all monthly dispenser sales (up from 4.42% in 1993-95), plus up to \$150 monthly for deferred compensation to the extent matched by the agent.

The expenditure limitation established by the 1999 Legislature resulted in an average compensation rate of 8.54% of forecasted liquor sales for the biennium. Agents' compensation increases when consumption increases or as prices increase. OLCC typically requests an increase in the expenditure limitation from the Emergency Board during the biennium if actual sales exceed forecasted amounts. The Commission expects population growth and rising prices to increase total dollar liquor sales by 6% in the 2001-03 biennium. Agents' compensation would also increase by the same percentage. Some agents continue to incur costs (primarily store leasing and personnel) that are purported to rise at a faster rate, putting pressure on these agents' operations. Lack of data on the Oregon agents' actual costs and related items makes it difficult to develop a precise basis for conducting a market study to determine whether the Oregon liquor agents' compensation is fair in comparison to "market". The agency intends to pursue shifting the agents' compensation from an expenditure limitation to a non-limited budget to avoid emergency board requests for increasing compensation when revenues exceed the forecasted amounts during the biennium.

No performance measures have been identified specifically for this program.

## Governor's Budget

The Governor's recommended budget of \$45,856,760 is \$7.3 million or 19% higher than the 1999-01 estimated budget level, and \$1.5 million or 3% higher than the 2001-03 current service level. The current service level reflects a 6.9% increase in agents' compensation at the existing 8.5% compensation rate generated by increased sales volume. The recommended budget provides \$1.5 million to reimburse liquor store agents for installing point-of-sale systems they can use to transmit monthly inventory and order information to the OLCC main office.

## OLCC – Capital Improvements

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	298,096	671,046	0	201,000
<b>Total</b>	<b>298,096</b>	<b>671,046</b>	<b>0</b>	<b>201,000</b>

## Program Description

The Capital Improvement Program reflects Commission costs of major deferred maintenance and improvements to Commission facilities. The Commission owns an office and warehouse complex in Milwaukie, which serves as the distribution center for all bottled distilled liquor and houses most agency personnel.

### **Budget Environment and Performance Measures**

In the past, the Commission and the Legislature have focused on implementing capital improvements that facilitate the generation of additional revenue or avoid the potential for lost revenue due to facilities or equipment breakdown. These improvements have included a major replacement of the warehouse conveyor system, warehouse heating system and parking lot upgrades.

No performance measures have been identified for this program.

### **Governor's Budget**

The Governor's recommended budget of \$201,000 is \$401,046 less than the 1999-01 estimated budget. This level of funding will allow the agency to:

- replace radiator valves and traps (\$75,000);
- replace climate control in computer room (\$21,000);
- replace roof top heating/cooling units on the warehouse (\$65,000); and
- repair office building brickwork (\$40,000).

The Commission proposes this level of funding be included in future budgets as a base level for ongoing facility maintenance repair and replacements.

## Public Employees Retirement System – Agency Totals

	1997-99 Actual	1999-01 Estimated *	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	33,499,864	47,091,055	46,618,510	49,464,101
Nonlimited	3,010,023,256	3,187,519,305	3,625,013,878	3,625,013,878
<b>Total</b>	<b>3,043,523,120</b>	<b>3,234,610,360</b>	<b>3,671,632,388</b>	<b>3,674,477,979</b>
Positions (FTE)	191.70	217.08	217.08	228.08

\* Includes \$4.9 million and 1.50 FTE authorized by the Emergency Board to continue a business practices reengineering and systems development project and additional support for the state's deferred compensation program.

### Program Description

The Public Employees Retirement System administers the retirement system for all state and public school district employees; and most city, county and special district employees in Oregon. The System also administers deferred compensation programs for state employees and employees of local governmental units. It is responsible for all fiduciary activities performed on behalf of system members. This includes receipt of contributions into the retirement trust and deferred compensation trust funds, retirement counseling, retirement benefit determination, and benefit payment. It is not responsible for investment of retirement system or deferred compensation plan assets. The Oregon Investment Council manages the investment of retirement system assets. Deferred compensation plan assets are managed by private fund managers.

### Revenue Sources and Relationships

The System's Other Funds revenues come mainly from employer and employee contributions to the retirement system (\$1.97 Billion) and retirement trust fund interest earnings (\$11.36 Billion). It also assesses a charge of 0.15 of one percent of deferred compensation trust fund assets and other administrative fees assessed employers for health fund and social security administration activities. These other revenues amount to about \$3.3 million.

### Budget Environment and Performance Measures

The demographics of Oregon public employees suggest that retirement counseling and benefit determination will continue to increase over the next decade. During the past two biennia, the number of retirements processed increased far beyond original estimates, due in large measure to earnings credits to employee accounts. PERS now provides pension services to approximately 195,000 non-retired members and 79,000 retirees and beneficiaries compared to approximately 185,000 and 75,000, respectively, in the prior biennium. Since the last biennium, the number of participants in the Deferred Compensation program (Oregon Savings Growth Plan) has grown from 16,000 to 17,000.

Additional regulatory requirements and statutory changes affecting pensions have also made the administration of pension plans more complex. Changes to statutory benefits have caused PERS pension plan participants to be grouped as Tier One and Tier Two members. The increasing pension cost to employers has triggered discussion of yet another statutory change that would create another tier of participants. Additionally, Board actions on distribution of investment earnings and the set aside of reserves have caused a number of employers to file lawsuits (which have been consolidated into one lawsuit) against the Board and the System. A consortium of unions have entered the lawsuit on behalf of their members.

The increasingly complex administration of pension benefits, and the expectation of servicing an ever growing number of retirees and deferred compensation participants has caused PERS to undertake a substantial business practices reengineering and systems development project. Called the Oregon Pension Administration System (OPAS), the project was expected to be complete in 2005 at a cost estimated between \$31-\$38 million. Concerns have been expressed about total project costs and System administration acknowledges it will likely cost more than originally estimated, and expects to have better cost estimates to present during its budget hearings. The project should enable PERS to deal with the increased demand for services without an equivalent increase in staff resources.

The System measures its performance by monitoring the delivery of services against stated benchmarks. It monitors such things as the number of pension checks issued within 45 days of members' retirement, the number of counseling sessions provided, and the number and timeliness of pension benefit estimates provided. It also conducts periodic customer satisfaction surveys to help identify areas of needed improvement. Its most recent customer survey indicated that customers are well satisfied with services received. Complaints or

suggestions for improvement were 2 – 4% of responses for 8 of 10 service areas surveyed and 5 – 6% for the other two. Recent statistics show that 85% of new retirees receive their check within 45 days, and 12% receive theirs within 46-90 days. The 85% is an improvement over prior years.

### Governor’s Budget

The Governor’s recommended budget for Other Funds expenditure limitation for operations is \$7.2 and \$2.8 million over the 1999-01 estimate and 2001-03 current service level, respectively. The \$437.5 million increase in Other Funds Nonlimited is due to increased pension benefit payouts. The Nonlimited portion of the budget is driven almost entirely by the number of retirees and beneficiaries the System serves.

The operations portion of the budget includes \$1.8 million for full biennium cost of salary adjustments provided in 1999-01, and normal personnel cost increases from step adjustments and merit increases. It also includes five limited-duration staff (4.5 FTE) and an additional \$2.7 million to continue work on the OPAS project. Inflation, overtime, additional AG costs, and other services and price list adjustments account for another \$1.8 million of the increase. The budget continues the additional permanent position (1 FTE) approved by the Emergency Board for the Oregon Savings Growth Plan (\$0.2 million). Additionally, the budget includes 10 additional FTE and \$1.5 million for a number of program enhancements as follows:

<b>Description</b>	<b>Positions</b>	<b>FTE</b>	<b>Amount</b>
Reclassify nine staff and one permanent additional staff to meet demand of Oregon Savings Growth Plan	1	1.0	\$162,000
Reclassify four other staff positions			\$ 50,000
Reclassify one position and add two permanent additional staff for Government Relations Services	2	1.5	\$172,000
Purchase microfilm machines and add one limited-duration position in Document Management Services	1	1.0	\$167,000
Add one permanent position to handle increased workload in Death Services	1	1.0	\$ 86,000
Additional permanent staff in Policy Analysis and Internal Audit	5	5.0	\$639,000
One Limited-duration position to assist in workload and communications about beneficiary changes due to divorce decrees	1	.5	\$ 53,000
Temporary staff and programming changes for pooling of local government accounts (legislation allowing pooling must be passed – see LC 657)			\$119,000
Temporary staff and programming changes for change in mandatory minimum payout (legislation changing minimum must be passed – see LC659)			\$ 80,000
<b>Totals</b>	<b>11</b>	<b>10.0</b>	<b>\$1,528,000</b>

## Oregon Racing Commission – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Other Funds	4,204,874	3,458,269	3,544,904	4,111,571
Positions (FTE)	18.30	18.97	17.68	17.68

### Program Description

The Oregon Racing Commission regulates all aspects of the pari-mutuel industry in Oregon. The Commission oversees racing at the Portland Meadows Racetrack, the Multnomah Greyhound Park, the Oregon State Fairgrounds, and at several county fair race sites. The Commission also regulates the off-site simulcast of races. The program ensures the integrity of the sport, and the safety of the contestants, public and animals. The Commission's goals include fairness to all parties, and a positive impact on the economy. Regulatory activities of the Commission include licensing, inspections, and investigations of irregularities.

### Revenue Sources and Relationships

Revenues are derived from three sources: 1) the state share of wagering receipts; 2) unclaimed winnings; and 3) license fees and licensee fines. The state's share is 1% of the total bets at horse racing tracks, and 1.6 % of the total bets at dog racing tracks. Total revenues have been declining over the past ten years. Revenues declined from \$8.6 million in the 1991-93

biennium to \$4.2 million in 1999-01. Revenues received in excess of the Commission's expenses are transferred to the General Fund. The amount that was transferred to the General Fund also declined from \$3.2 million in 1991 to \$53,979 in 1999. In addition, the Legislature in 1995-97 and 1997-99 supplemented revenue with Lottery (\$300,000 in 1995) and General Fund (\$493,800 in 1997) for purses at county fair race meets.

<b>ORC Revenues</b>	<b>1997-99 Actual</b>	<b>1999-01 Estimated</b>	<b>2001-03 Gov.'s Rec.</b>
Beginning Balance	766,771	706,306	709,290
General Fund	493,800	0	0
Licenses and Fees - Hub	70,000	376,220	294,000
Licenses and Fees - Tracks	186,800	171,870	171,870
Unclaimed Winnings/Other	742,311	720,757	733,600
State Pari-Mutuel Tax - Hub	0	161,936	1,000,000
State Pari-Mutuel Tax - Tracks	2,748,431	2,084,449	2,565,504
Transfer to General Fund	(96,933)	(53,979)	(833,333)
<b>Total</b>	<b>4,911,180</b>	<b>4,167,559</b>	<b>4,640,931</b>

The 1997 Legislature authorized the establishment of Multi-jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs in Oregon and provided that up to 1% of gross wagering receipts, which is the pari-mutuel tax, could be collected. One-third would be transferred to the General Fund. The Racing Commission retains the remaining two-thirds, to be used for "the benefit of the Oregon pari-mutuel racing industry." The Commission, by rule, established a collection of .25 % of the pari-mutuel Hub tax, and estimates \$333,333 in General Fund revenue of from that source. The Commission is also authorized to collect a license fee of \$200 per operating day from the Hubs.

The 2001-03 increase in Racing Commission revenue is attributable to estimated Hub revenue. However, this estimate may be optimistic. 1999-01 revenues reflect the phase-in of Hub activity, and may understate potential revenue. Nonetheless the Racing Commission is projecting that this revenue will increase by 58%, from \$538,156 in combined license and pari-mutuel tax revenue in 1999-2001 to \$1,294,000 in 2001-03. Since two-thirds of Hub pari-mutuel tax is dedicated to support the racing industry, an optimistic projection could unrealistically raise expectations regarding the level of industry support that may be available.

### Budget Environment and Performance Measures

The Oregon racing industry continues to struggle, and the Commission forecasts a static level of simulcast and live pari-mutuel wagering into the 2001-03 biennium. The industry is experiencing problems nationwide, and in Oregon these problems are exacerbated by increased competition from expanding Oregon lottery games and tribal casinos. The uncertain status of horseracing at Portland Meadows exacerbates this problem, and there is currently no permanent resolution of ongoing facility and environmental issues.

Off-track and out-of-state simulcasting constitutes an increasingly larger proportion of betting receipts, and all new revenue increases are occurring as a result of off-site wagering on the dog-and-horse-racing Hubs. The Commission and the pari-mutuel industry have struggled with the issue of allocating simulcasting rights since 1991 and have been unable to find a satisfactory policy for all interests.

The status of horseracing at the Oregon State Fairgrounds is also uncertain. The Oregon State Fair is in financial difficulty, and cannot facilitate a commercial race meet without simulcast revenue. Live race meets are not self-supporting, and prior commercial race meets have actually resulted in a net revenue loss to the Fair. The 1999-2000 Task Force on the Oregon State Fair adopted a recommendation to discontinue horseracing at the Fairgrounds unless the races generate revenue. Because current Commission rules distribute simulcast revenue to Portland Meadows and Multnomah Kennel Club commercial racetracks, it is unlikely that the Fair will receive simulcast revenue, and as a result, racing at the Fairgrounds cannot generate sufficient revenue. However, without State Fairgrounds and county fair meets, the industry lacks a year-round race schedule, which is essential for the continuation of live horserace meets.

To reduce financial pressures on the tracks, the Legislature reduced the state's take from pari-mutuel wagers. In 1993, the share for horse racing was reduced from 3% to 1%, and the share for greyhound racing was reduced from 6% to 3 percent. In the 1996 Special Session, the Legislature reduced the share for greyhound racing from 3% to 1.6 percent. In 1997, the Emergency Board allocated \$493,800 General Fund and approved an \$1.1 million Other Funds expenditure limitation increase to supplement race meet purses, to make race track safety repairs, and to establish simulcast feeds to off-track betting sites.

The Racing Commission does not maintain performance measures. However, the Commission keeps a variety of weekly, annual, and race-track-specific statistics on race meets, including the number of race days, injuries, and suspensions for drugs and other issues. This data relates to the workload of the agency, and the agency also calculates effectiveness from ratios generated by this data.

#### **Governor's Budget**

The Governor's Budget funds the Commission at the current service level and adds \$566,667 in expenditure limitation for potential Hub revenue. This is an increase of \$150,000 above the limitation requested by the Commission. In addition, the Governor's Budget assumes an additional \$500,000 in General Fund revenue will be transferred by the Commission, raising the total General Fund revenue to \$833,333. Current revenue projections from the Hubs indicate a total General Fund transfer in 1999-01 of less than \$60,000. Based on the revenue collection history to date, it is unlikely that this revenue level will be achieved. Therefore, in order to make the additional General Fund transfer, the Commission's ending fund balance will be reduced to \$529,360, which is just over three months of operating funds.

**Department of Revenue (DOR) – Agency Totals**

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level *	2001-03 Governor's Recommended
General Fund	94,510,554	111,265,185	113,145,488	118,133,103
Other Funds	14,031,053	17,578,310	16,556,512	19,378,417
Nonlimited	152,176	186,544	186,544	186,544
<b>Total</b>	<b>108,693,783</b>	<b>129,030,039</b>	<b>129,888,544</b>	<b>137,698,064</b>
Positions (FTE)	896.18	929.09	896.37	949.37

\* The current service level budget differs from the Governor's current service level budget, which does not include in its calculation a \$4.5 million reduction and elimination of 50 positions. The Governor's budget reflects the reduction as a policy option package.

The Department of Revenue administers the State's income tax and property tax programs. In addition, the Department collects revenue from a variety of sources and transfers it to various state and local agencies. These revenue sources include taxes on: a) cigarettes and other tobacco products; b) amusement devices; c) payroll (for local mass-transit); c) timber, oil, and gas severance; and d) the harvesting of forest products. The Department also collects and distributes hazardous substance fees, court fines and assessments, and taxpayer check-off donations; serves as the collection agency for fines, forfeitures, and assessments owed to state agencies; and administers property tax relief programs for senior citizens and persons with disabilities. Altogether, the tax programs the Department administers generate 95% of General Fund revenue and 90% of local government revenue.

**Revenue Sources and Relationships**

The Department is mainly supported by the General Fund. Other Funds revenue is derived from charges to various Other Funds tax, fee, assessment, and other programs to cover the Department's administrative costs. Charges are based on time studies that determine the cost to each division of administering these programs. Other Funds also are received from the Assessor Funding Program. This program provides revenue to both the Department and to county governments from interest paid on delinquent property taxes and from a document-recording fee. A portion of each recording fee (\$1) is dedicated to the development of a statewide mapping system (ORMAP) to improve the administration of the property tax system. These funds are distributed to counties for projects to meet that goal.

The following table displays sources and amounts of estimated Other Funds revenues for 1999-01:

<b>SOURCE</b>	<b>1999-01 ESTIMATED</b>
Employer-Employee Taxes (primarily Tri-Met and Lane Districts)	\$ 5,238,146
State Agency Collections	\$ 4,052,255
Timber Privilege Taxes	\$ 3,450,000
Assessor Funding Program	\$ 3,246,578
ORMAP	\$ 1,125,000
Senior and Disabled Citizens' Property Tax Deferral	\$ 942,651
Other Business Fees (including hazardous substance fees, petroleum load fees, and dry cleaning fees)	\$ 542,016
Fines and Assessments	\$ 578,181
Other Tobacco Products Tax (products other than cigarettes)	\$ 249,051
Other Taxes (emergency communications; gas and oil production)	\$ 190,823
Miscellaneous (includes Department's kicker cost reimbursement of \$885,000)	\$ 1,164,676
<b>TOTAL REVENUES</b>	<b>\$ 20,779,377</b>

## Budget Environment and Performance Measures

The Department projects modest population and economic growth for the 2001-03 biennium. Over the past several biennia, the Department has been successful in addressing funding constraints and increased workloads by developing and enhancing automated systems, implementing an aggressive employee training program, reorganizing, and revising operating procedures.

The Department has established two performance measures related to the income tax programs, the activities of which are carried out in several program units such as the Personal Tax and Compliance Division, the Business Division, the Information Processing Division, and the Administrative Services Section. The first measure reflects efficiency by tracking the cost per document filed. This includes costs for processing and examining returns, collection activities, dispute resolution, and taxpayer education and assistance. The Department's goal is \$5.65. For 1997-99, the actual cost was \$5.77. For 1999-01, the projected cost is \$5.96. The Department attributes this increase to staff added in 1999-01 to increase revenue collections. However, the overall trend since 1992 has been downward.

The second measure reflects effectiveness by monitoring the percentage of voluntary taxpayer compliance in reporting adjusted gross income (AGI). The Department's goal is 95 percent. The Department projects 84.2% of AGI will be reported for 2000. To calculate total AGI, the Department uses Bureau of Economic Analysis (BEA) personal income data. Since the BEA estimates account for all Oregonians, this will include residents with income below the minimum filing level. Thus this measure tends to overstate underreported income.

Currently, 89% of Oregon's income taxes are paid voluntarily; the Department collects another 2% through audit and collection; and the remaining 9% are not paid and represent the "Tax Gap."

### Governor's Budget

The Governor's budget is a 6.7% increase over 1999-01 estimated expenditures (6.2% General Fund and 10.1% Other Funds) and a 6% increase over the current service level budget (4.4% General Fund and 16.9% Other Funds). It eliminates 50 positions (35.45 FTE), mainly clerical, and \$4.5 million total funds from the budget, in part as a result of efficiencies such as new technology. This reduction is not expected to affect the Department's level of services in the short-term (i.e., in the 2001-03 biennium). However, the long-term impact, especially from reductions in other services and supplies, may be a reduced level of services.

The budget adds a taxpayer compliance package at a cost of \$3.9 million (\$3,895,826 General Fund and \$46,987 Other Funds) and 39 positions (37 FTE), primarily tax auditors and revenue agents, to improve tax collections through assistance, education and enforcement activities. The package is expected to generate approximately \$18.5 million General Fund for the State (but no additional funds for local governments).

### DOR – Executive Section

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	2,483,058	1,770,685	1,813,827	1,813,827
Other Funds	37,360	88,597	54,177	54,177
<b>Total</b>	<b>2,520,418</b>	<b>1,859,282</b>	<b>1,868,004</b>	<b>1,868,004</b>
Positions (FTE)	7.65	7.65	6.00	6.00

### Program Description

The Executive Section is responsible for overall administration of the agency and for coordinating the agency's legislative, rulemaking, and internal audit functions.

### Governor's Budget

The Governor's budget is a slight increase (0.5%) over 1999-01 estimated expenditures and maintains the current level of services. Increases for inflation and personnel costs are provided but are offset largely by a reduction of \$215,208 (\$168,384 General Fund and \$46,824 Other Funds) due to elimination of two positions (1.65 FTE). Certain duties of these positions will be reassigned within the Department.

## DOR – Administrative Services Section

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	3,684,912	3,493,748	3,499,151	3,499,151
Other Funds	1,057,631	1,102,454	375,809	375,809
<b>Total</b>	<b>4,742,543</b>	<b>4,596,202</b>	<b>3,874,960</b>	<b>3,874,960</b>
Positions (FTE)	42.06	33.51	31.01	31.01

### Program Description

The Administrative Services Section provides personnel, budget, communications, research, and publication services for the agency and accounts for the receipt and distribution of all tax revenues. Responsibilities also include conducting research for revenue projections.

### Budget Environment and Performance Measures

The 1995 Legislature transferred the handling of tax appeals from the Department to a newly created Tax Magistrate Division in the Oregon Tax Court for appeals filed on or after September 1, 1997. As a result, the Appeals Section within this program area was phased out in the 1997-99 biennium. Higher Attorney General charges that were anticipated as cases were transferred to the more formal Magistrate Division setting have not materialized due to the lower-than-expected number of appeals.

Performance measures for this section are discussed in the department-wide “Budget Environment and Performance Measures” section.

### Governor’s Budget

The Governor’s budget, which maintains the current service level, is a 15.7% decrease from 1999-01 estimated expenditures. This is due primarily to a reduction in Other Funds for phasing out the Department’s 1999-01 costs for issuing kicker refund checks. Increases for inflation and personnel costs are offset largely by a reduction of \$228,371 (\$222,874 General Fund and \$5,497 Other Funds) due to elimination of three word processing positions (2.50 FTE) and related services and supplies.

## DOR – Information Processing Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	29,247,301	32,000,579	34,726,830	35,177,653
Other Funds	3,837,057	3,923,692	3,700,712	3,708,834
<b>Total</b>	<b>33,084,358</b>	<b>35,924,271</b>	<b>38,427,542</b>	<b>38,886,487</b>
Positions (FTE)	289.98	302.26	287.34	290.84

### Program Description

The Information Processing Division provides computer processing systems and support services to the agency’s other divisions, processes incoming tax returns, scans returns for errors, processes and banks tax payments, enters and transfers taxpayer data to computer storage, maintains information files, and provides help to taxpayers by telephone (Tax Help Section) and through information publications. This division also provides the Department’s purchasing, facilities management, and accounting and other fiscal support.

### Budget Environment and Performance Measures

Historically, the Division’s activities have been carried out in a high-volume, production-type environment. As the Department adds new systems and becomes more dependent on automation, well-trained and experienced information systems staff are needed to maintain computer systems. According to the agency, the rapid increase in computer-related salaries in the private sector has made it difficult to attract and retain skilled information systems staff.

Performance measures for this section are discussed in the department-wide “Budget Environment and Performance Measures” section.

### Governor’s Budget

The Governor’s budget is an 8.2% increase over 1999-01 estimated expenditures and a 1.2% increase over the current service level budget. The current service level budget includes a reduction of \$1.6 million (\$1,532,219

General Fund and \$28,821 Other Funds) due primarily to elimination of 33 positions (15.87 FTE), resulting from process improvements implemented during 1999-01 and earlier. The budget adds \$355,924 General Fund and 5 positions (3.5 FTE) as part of the taxpayer compliance package. It also adds \$94,899 General Fund and \$8,122 Other Funds for increased costs in federal bulk mailing rates.

## DOR – Property Tax Division

	1997-99 Actual	1999-01 Estimated *	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	13,411,543	19,750,969	19,796,681	19,796,681
Other Funds	3,986,400	6,329,743	5,221,908	7,988,704
<b>Total</b>	<b>17,397,943</b>	<b>26,080,712</b>	<b>25,018,589</b>	<b>27,785,385</b>
Positions (FTE)	144.29	140.46	137.71	144.71

\* Estimated Other Funds expenditures for 1999-01 include \$1.125 million added by a November 2000 Emergency Board action.

### Program Description

The Property Tax Division oversees the property tax system and ensures that counties comply with all property tax laws and rules. To these ends, the Division develops procedures, advises and trains county staff, and conducts reviews of county actions. Responsibilities also include conducting appraisals on all industrial manufacturing plants valued at \$1 million or more (currently valued at a total of \$15.9 billion); appraising all utility, transmission, communication, and transportation properties (currently valued at \$12.5 billion); and administering several timber tax programs.

The Division also oversees ORMAP, a project to develop the statewide base mapping system mandated by House Bill 2139 (1999) for improvement in the administration of the property tax system.

### Budget Environment and Performance Measures

In 1989, the Legislature created the Assessor Funding Program to supplement funding of property tax assessment and taxation functions. The Department uses its portion of the funding for appraising industrial properties valued between \$1 million and \$5 million, for training county personnel, and for conducting performance reviews of county programs.

House Bill 2139 from the 1999 legislative session extended the Assessor Funding Program. The bill modified the sources of funds for this program slightly: it retained the interest rate charged on delinquent property tax accounts, with a portion (generally 25%) of the interest collected transferred to the program, but reduced a document recording fee from \$20 to \$11 while expanding the base of documents subject to the fee. The legislation provides that the Department receives up to 10% of the moneys in the County Assessment and Taxation Fund to pay for its appraisal of industrial properties and oversight of the property tax system. From 1990 to 2000, the Assessor Funding Program has distributed \$133 million to counties to help meet their assessment and taxation administrative costs and \$15 million to the Department for administrative expenses. Finally, House Bill 2139 dedicates \$1 of each document recording fee to the statewide mapping system. This fee is expected to generate approximately \$2 million biennially.

The Department views the Assessor Funding Program as an important tool in implementing Measure 50, which requires that property values be on the assessment rolls at real market value. The focus for the 2001-03 biennium is on continuing assistance to counties in adapting to the Measure 50 system. The system is more complex than originally thought. For example, Measure 50 requires counties to carry multiple values on the tax roll and, in some cases, as many as seven different values have to be tracked for one property.

The Department has established as a performance measure of *efficiency* for this program the annual cost (combined state and local) per property tax account. This includes costs for appraisals, appeals, tax collection, processing and compliance activities. The Department recognizes this measure can be affected by factors outside of its control. The Department's goal is \$39.20 per account. The actual cost per account for 1997-99 was \$41.11. The projection for 1999-01 is \$42.83. Overall, state costs have dropped while county costs have increased about \$3.00 per document, primarily due to the complexities of implementing Measure 50. The Department is in the process of evaluating ways to measure the *effectiveness* of the property tax system.

## Governor's Budget

The Governor's budget is a 6.5% increase over 1999-01 estimated expenditures and an 11.1% increase over the current service level budget. The nominal increase in General Fund support reflects a reduction of \$790,314 due to elimination of three positions (5 FTE), resulting from changes in the timber and harvest tax program as well as a transfer of expenditures more appropriately budgeted in another of the Department's divisions.

The Governor's budget adds Other Funds expenditure limitation as follows:

- \$514,796 and seven positions (7 FTE) to provide support to counties and other local governments for administration of the statewide property tax system and other locally administered tax programs as well as to the Division's Industrial and Utility Valuation Section for valuing large industrial and centrally assessed utilities;
- \$2 million to disburse mapping fees generated through House Bill 2139 for local projects that support the development of the statewide digital base map system; and
- \$252,000 for increased costs to record liens in the Senior Citizens' and Disabled Citizens' Property Tax Deferral program, which is administered by the Property Tax Division.

## DOR – Personal Tax and Compliance Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	25,936,499	32,312,823	32,593,554	35,010,345
Other Funds	947,888	1,412,680	1,542,315	1,579,726
<b>Total</b>	<b>26,884,387</b>	<b>33,725,503</b>	<b>34,135,869</b>	<b>36,590,071</b>
Positions (FTE)	270.62	293.26	286.41	309.91

### Program Description

The Personal Tax and Compliance Division administers the personal income tax program. Responsibilities include auditing and encouraging voluntary compliance for the personal income tax, collecting delinquent personal income taxes, and collecting local option taxes. In addition, the Division administers the Elderly Rental Assistance Program.

### Budget Environment and Performance Measures

The Division's workload has been increasing over time as the state population grows and more personal income tax returns are filed. Approximately 6.1% more returns were filed for 1999 than for 1996. Of this increase, traditional paper returns have decreased by 5.4% and electronic filings have increased by 191 percent. The Division has added and improved automated systems to help handle the growth as well as the change in filing methods. Workloads are also increasing as more taxpayer data becomes available from federal and other sources. The number of delinquent accounts is expected to increase (from 213,100 as of July 2000). The Department expects to address collection issues through re-engineering of existing systems and processes and through nine positions added by the 1999 Legislative Assembly to enhance revenue collections. The Department plans to report to the 2001 Legislative Assembly on its success in meeting the goals for revenue generation from these additional positions.

Performance measures for this section are discussed in the department-wide "Budget Environment and Performance Measures" section.

## Governor's Budget

The Governor's budget is an 8.5% increase over 1999-01 estimated expenditures and a 7.2% increase over the current service level budget. The relatively small increase from 1999-01 estimated expenditures to the current service level budget reflects a reduction of \$1,073,486 General Fund through elimination of six positions (6 FTE) due to process improvements, as well as a transfer of expenditures more appropriately budgeted in another of the Department's divisions. As part of the taxpayer compliance package, the budget adds 24 positions (23.5 FTE), primarily tax auditors and revenue agents, at a cost of \$2.5 million (\$2,416,791 General Fund and \$37,411 Other Funds).

## DOR – Business Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	9,542,401	12,186,380	11,715,444	13,835,445
Other Funds	4,164,717	4,721,144	5,661,591	5,671,167
<b>Total</b>	<b>13,707,118</b>	<b>16,907,524</b>	<b>17,377,035</b>	<b>19,506,612</b>
Positions (FTE)	141.58	151.95	147.90	166.90

### Program Description

The Business Division administers several tax programs, including corporate income and excise taxes, the employer withholding tax, the transit payroll and self-employment taxes, the fiduciary and inheritance taxes, and other agency accounts and special programs. Responsibilities include auditing tax returns and collecting delinquent taxes and other delinquent accounts. The Division also provides debt collection services for state and local agencies and for state and municipal courts in all 36 counties.

### Budget Environment and Performance Measures

Currently, the Division is collecting on 214,500 accounts owed to 194 state agencies. The number of delinquent accounts is expected to increase. The Division is using more automation to help handle workload growth. Additionally, the 1999 Legislative Assembly added seven positions to enhance revenue collections. The Department will report to the 2001 Legislative Assembly on its success in meeting the goals for revenue generation from these additional positions.

This division also collects revenues from cigarette tax stamps. In 1997-99, revenues of \$357 million were generated. During 1999-01, revenues are expected to be approximately \$290 million. The Department reports that, although the Oregon Health Division reports a reduction in the number of smokers in Oregon, the drop in the number of cigarette tax stamp sales appears to be in part due to noncompliance issues.

Performance measures for this section are discussed in the department-wide “Budget Environment and Performance Measures” section.

### Governor’s Budget

The Governor’s budget is a 15.4% increase over 1999-01 estimated expenditures and a 12.3% increase over the current service level budget. The current service level budget reflects a reduction of \$617,095 (-\$933,117 General Fund offset by a fund shift of \$315,212 to Other Funds) due to the elimination of three positions (4.43 FTE). The budget adds \$1.1 million (\$1,123,111 General Fund and \$9,576 Other Funds) and 10 positions (10 FTE), primarily tax auditors and revenue agents, for the taxpayer compliance package.

The budget also adds \$996,890 General Fund and nine positions (9 FTE) to increase compliance with the cigarette tax stamp program. This package is expected to generate \$7.1 million in additional revenues per biennium, distributed as follows: General Fund, \$2.35 million; Oregon Health Plan, \$3.85 million; Oregon Health Division, \$300,000; cities and counties, \$400,000; and Oregon Department of Transportation’s Elderly and Disabled Transport Program, \$200,000.

## DOR – Multistate Tax Commission

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
Nonlimited	152,176	186,544	186,544	186,544
Positions (FTE)	0.00	0.00	0.00	0.00

### Program Description

Through the Department of Revenue, Oregon is a member of the Multistate Tax Commission, which is composed of 40 states that have joined together to promote uniformity in state taxation of corporate income. Dues to the Commission are proportional to the amount of tax revenue each state collects. The budget reflects the nonlimited expenditure for these dues.

### Budget Environment and Performance Measures

The Commission expects to maintain its current level of services to members. The Department does not have performance measures for this program.

## Governor's Budget

The Governor's budget continues the current service level.

### DOR – Elderly Rental Assistance

	1997-99 Actual	1999-01 Estimated *	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	10,204,840	9,750,000	9,000,000	9,000,000
Positions (FTE)	0.00	0.00	0.00	0.00

\* Estimated expenditures for 1999-01 include \$750,000 added by a September 2000 Emergency Board action.

#### Program Description

The Elderly Rental Assistance program provides direct tax relief to elderly, low-income renters. Benefits are based on income levels and the amount of rent, fuel, and utilities paid. The benefits are available to renters age 58 or over with household income under \$10,000, household assets (if under age 65) that do not exceed \$25,000, and gross rent in excess of 20% of household income. Through this program, payments also are made to local governments in lieu of property taxes on certain tax-exempt housing for the elderly.

#### Budget Environment and Performance Measures

The program has experienced a steady decline in payments to renters over the last several biennia. In part this is because, as the Oregon economy has improved, fewer individuals meet the program's eligibility criteria (which are not indexed to inflation). The agency expects this decline may level off in the 2001-03 biennium. In addition, payments in lieu of property taxes on certain tax-exempt housing for the elderly are expected to increase.

The Department does not have performance measure for this program.

#### Governor's Budget

The Governor's budget is a 7.7% decrease (-\$750,000 General Fund) from 1999-01 estimated expenditures. The current service level budget does not reflect current Department projections for this program's funding needs, which are in excess of \$10 million. Funding at the level in the Governor's budget will mean the Department will need to reduce assistance payments to renters on a pro rata basis.

### DOR – Senior Citizens' and Disabled Citizens' Property Tax Deferral

	1997-9 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	0	1	1	1
Positions (FTE)	0.00	0.00	0.00	0.00

#### Program Description

The Senior Citizens' Property Tax Deferral portion of this program allows homeowners age 62 and over who meet program income limits to defer payment of property taxes and special assessments until the owner dies, sells the property, or stops using it as a principal residence. The state pays the tax and obtains a lien on the property for the tax and for accrued interest at the rate of 6% per year. The deferred taxes and interest are collected when the property is disqualified. Moneys received as properties are disqualified and their deferred taxes are paid finance the taxes the State pays under the program.

The 1999 Legislature expanded this program through House Bill 2901, granting eligibility to disabled persons with household incomes of less than \$27,500. This expansion becomes effective July 1, 2001.

#### Budget Environment and Performance Measures

The Senior Citizens' component of the program has expanded from 834 accounts in 1978 to 10,500 in 1999, with over \$100 million deferred.

The General Fund makes up any shortfall in the program. Currently it is self-supporting and no shortfall is anticipated this biennium. The projected ending balance at June 30, 2001 is \$28 million.

House Bill 2901 will have an impact on the program's reserves. Because the criteria for eligibility do not include age, recovery of the taxes paid by the State will take longer, thus putting demand on reserves and possibly creating a need for General Fund support of the program. During the 1999 legislative session, the Department estimated that implementation of House Bill 2901 would decrease reserves by approximately \$10 million by the end of the 2001-03 biennium. It also predicted a need for General Fund support of the program in 2003-05. This estimate has not changed. The Department is anticipating about 2,000 applications under House Bill 2901 in the first year.

The Department incurs costs for recording the lien documents for this program. These expenditures are included in the budget of the Property Tax Division.

The Department has not established performance measures for this program.

**Governor's Budget**

A one-dollar General Fund appropriation is provided for the program to highlight the State's responsibility for payments should they become necessary.

## Secretary of State (SOS) – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended *
General Fund	10,844,271	11,858,258	11,300,240	11,029,034
Other Funds	21,235,273	23,608,379	24,555,753	28,005,813
Federal Funds	0	0	1	1
Nonlimited	86,417	103,788	166,678	166,678
<b>Total</b>	<b>32,165,961</b>	<b>35,570,425</b>	<b>36,022,672</b>	<b>39,201,526</b>
Positions (FTE)	198.42	201.42	199.67	212.67

\* Historically, the Governor's recommended budget has accommodated the entire agency request for agencies exempt from the Governor's budget review (Legislative and Judicial Branches, Treasurer of State, and Secretary of State). The 2001-03 Governor's recommended budget, while making no specific recommendations, funds only 97.6% of the General Fund current service level for the Secretary of State. The net effect is a \$2.3 million reduction to the Secretary of State's General Fund budget request.

The Office of the Secretary of State is one of three established at statehood. The Secretary is auditor of public accounts, chief elections officer and manager of the state's records, a role that includes preserving official acts of the Legislative Assembly and the executive branch. The Secretary of State serves with the Governor and Treasurer of State on the State Land Board, managing state-owned lands for the benefit of the Common School Fund. With the Governor and the Treasurer of State, the Secretary of State also serves on the Prison Industries Board, which oversees prison work programs.

### Revenue Sources and Relationships

Other Funds revenues are dedicated to the programs that generate them. Service charges from other state agencies fund the Audits Division, and Corporation filing fees fund the Corporation Division. The Archives Division receives Other Funds revenue from the sale of administrative rules and the Oregon Blue Book. It also charges other state agencies for storage of their records. Internal service divisions' Other Funds are revenue transfers from those divisions they support.

### Budget Environment and Performance Measures

The Secretary of State is a separately elected, constitutional office. However, the Office has adopted the 1999-01 budget development guidelines established by the Department of Administrative Services. The operations (and budgets) of two of its divisions are affected by forces outside of their control. These are the Elections Division and the Corporation Division. The Elections Division's budget is almost all General Fund and is affected by ballot measures, special elections, election litigation, and the voters' pamphlet's volume and complexity. The Corporation Division is affected by services demanded by the public. The Division is responsible for processing filings of business entities, trademarks, Uniform Commercial Code (UCC) financing statements, and responding to requests for information on existing businesses, UCC filings, notaries and notary commissions, and requests for information to start a business. Operations of the other divisions and offices are less affected by outside forces and their budgets are somewhat more controllable as a result.

## SOS – Executive Office

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	1,031,123	1,106,890	1,157,211	1,157,211
Positions (FTE)	6.00	6.00	6.00	6.00

### Program Description

The Executive Office includes the Secretary and the Secretary's immediate staff. The office provides policy direction and daily management of the agency. The executive staff are responsible for strategic planning, policy development, and legislative and press relations. In addition, the office staffs the State Land Board.

### Governor's Budget

The Secretary of State's budget request for the Executive Office is only to fund its current service level. The \$51,000 increase over 1999-01 estimated expenditures is for increased personnel costs (\$37,000) and inflationary adjustments for services and supplies (\$14,000). If the Governor's recommended General Fund reduction of

2.4% is applied to the Executive Office, it would reduce the amount requested by \$27,773 and result in a budget of \$1,129,438.

## SOS – Archives Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	2,737,486	3,183,425	3,579,679	3,584,985
Other Funds	852,623	841,905	1,235,936	1,536,977
Federal Funds	0	0	1	1
Nonlimited	36,963	38,488	99,288	99,288
<b>Total</b>	<b>3,627,072</b>	<b>4,063,818</b>	<b>4,914,904</b>	<b>5,221,251</b>
Positions (FTE)	21.17	21.92	22.17	23.17

### Program Description

The Archives Division stores public records, protects and provides public access to Oregon's documentary heritage. The Division also gives records management advice and assistance to state and local agencies and publishes the state's administrative rules. Services are provided by its Reference, Records Management, State Records Center, and Publications units.

### Revenue Sources and Relationships

The Other Funds revenue is from the sale of annual Oregon Administrative Rules Compilation (\$300 each); the monthly Oregon Bulletin (\$75/year) which provides monthly updates to the Compilation; and the Oregon Blue Book (\$14 each). The Division also assesses other state agencies for records they have stored at the State Records Center. The Division estimates these revenues will amount to \$1.5 million for the 2001-03 biennium. Miscellaneous receipts for document copies are expected to generate an additional \$85,000. There is also a small trust fund from the estate of Ernest E. Baker for supplemental reference materials. The Federal Funds request is a placeholder for possible receipt of funds from the National Historical Publications and Records Commission.

### Budget Environment and Performance Measures

Reference activities are driven by demand for services. Automation has enabled customers to do much of their own research. Staff responsibilities have shifted to help customers exchange information and structure requests for services to insure prompt, accurate responses. Records Management and State Records Center activities are driven by government demand for records retention and disposal services. The Publications Unit publishes the Oregon Blue Book biannually, and publishes updates to Oregon administrative rules as they are adopted by various agencies.

As a service agency, the Archives Division measures its performance by its ability to respond to requests, assist state agencies with records management through timely delivery of records management advice and services, timely destruction of records whose retention has expired, and meeting publication schedules for the growing number of administrative rules.

### Governor's Budget

The Division's budget request is for its current service level with two additional Policy Option Packages. The increase over 1999-01 estimated expenditures is due, in part, to personnel cost increases from legislatively approved position reclassifications and full biennium effect of 1999-01 salary adjustments. Additionally, 1999-01 estimated expenditures are reported as \$360,000 less than budgeted because good cost estimates of some planned program expenditures were not available when the budget was submitted. The request includes one additional position and \$301,000 Other Funds expenditure limitation for expansion of the State Records Center and an additional \$5,300 General Fund to reclassify one Archivist position to deal with issues surrounding electronic records. If the Governor's recommended General Fund current service level reduction of 2.4% is applied to the Division's request, it would reduce the amount requested by \$91,218 and produce a budget of \$3,493,767.

## SOS – Audits Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	0	0	0	214,879
Other Funds	9,646,127	11,213,257	12,374,696	12,384,067
<b>Total</b>	<b>9,646,127</b>	<b>11,213,257</b>	<b>12,374,696</b>	<b>12,598,946</b>
Positions (FTE)	79.00	78.00	78.00	80.00

### Program Description

The Audits Division was created to carry out the Secretary's constitutional duties as auditor of public accounts. The Division performs, or contracts for, financial and compliance audits and performance audits of state agencies.

### Revenue Sources and Relationships

The law requires the Division to recover its costs for the audits from the agencies. Most state agencies pay for audits through a biennial assessment based on an analysis of audit risk and resources needed to audit that risk. Certain state agencies whose operations are predominately funded with dedicated trust funds (e.g. Department of Transportation and Public Employees Retirement System) are billed directly for audit costs. It expects these assessments and billings to approximate \$15.8 million for the biennium. The Division estimates that it will receive \$258,500 in filing fees from about 1,700 municipal corporations for the audit reports statutorily filed with the Division. Endowment care cemeteries and persons who market prearranged funeral plans are required to pay various fees for registrations and filings with the Division. These fees and interest earned on the Funeral Consumer Protection Trust Fund are expected to generate \$153,500.

### Budget Environment and Performance Measurement

As the constitutional auditor of public accounts, the Secretary of State does not have to compete with private sector auditors and is able to recover all of its costs through assessments and billings. Agencies may not challenge their assessments or billings, nor can they choose not to be audited by the Secretary of State. The Audits Division budget is affected only by legislative action on its budget request.

The Division measures its performance principally by the value of its audit reports. The Division reports that it has begun systems to quantify benefits from audits and assess its audit reports. Implementation of audit recommendations for cost savings, efficiency gains, improved services, and other benefits contained in its audit reports will be tracked over time to assess their effectiveness. Audit report usefulness and readability will be evaluated by surveying report users and agencies.

### Governor's Budget

The Division's budget request includes two additional positions, \$215,000 General Fund, and additional \$9,000 Other Funds expenditure limitation to help municipalities implement a new comprehensive financial reporting requirement. The Division's requested increase of \$1.4 million over the 1999-01 estimate is the result of the two requested positions (\$224,000), personal service cost increases resulting from a full biennium of phased-in 1999-01 cost-of-living pay adjustments and merit pay increases (\$432,000), inflation cost increases for services and supplies (\$129,000), and estimated cost savings of \$600,000 in the 1999-01 biennium. The Governor's recommended budget adjustment provides no General Fund for the two additional positions.

In addition to the \$12.4 million Other Funds expenditure limitation, \$2,382,000 of Audits revenue is transferred to and expended by other divisions to support the Audits Division. Included in the transfer is \$652,000 for enhancements to Information Systems Division support; \$300,000 to complete a risk assessment system approved by the 1999 Legislative Assembly; and \$352,000 for two additional Information Systems Division staff for Audits Division work and for position reclassifications in the Information Systems Division. Also, \$33,000 will be transferred to the Business Services Division to help fund a new procurement manager position in that division.

## SOS – Business Services Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	398,806	535,800	571,758	602,424
Other Funds	1,309,786	1,604,035	1,707,857	1,818,049
<b>Total</b>	<b>1,708,592</b>	<b>2,139,835</b>	<b>2,279,615</b>	<b>2,420,473</b>
Positions (FTE)	14.00	16.00	16.00	17.00

### Program Description

The Business Services Division provides central accounting and other administrative support services for the other divisions of the Office of the Secretary of State. The Division previously provided data processing and personnel support services which are now provided by the Information Systems Division and Personnel Resources Division, respectively.

### Revenue Sources and Relationships

The Other Funds consist of revenue transfers from the Other Funds expenditure limitations of agency divisions served by the Business Services Division. The transfers are based on estimates of the number of accounting entries, full-time equivalent positions, and time spent by Division staff on each of the divisions.

### Budget Environment and Performance Measurements

The Business Services Division's budget reflects the activities of the other divisions. As a service agency, it measures its performance by its ability to provide services and support to the other divisions. It evaluates its performance through the use of customer surveys and meetings with divisions. Its objective is to best provide customer service by addressing priority issues, and being able to address changes in workflow and customer needs.

### Governor's Budget

The Division's budget request includes one additional position to manage procurement. The Business Services Division Director and Contracts Officer currently share procurement management responsibility. The additional \$141,000 needed to fund the position would come from \$31,000 General Fund and \$110,000 Other Funds (\$33,000 from Audits Division, \$75,000 from Corporations Division, and \$2,000 from the State Records Center). The other increases in the Division's budget request (\$139,000) are for inflationary cost increases and normal personnel cost increases to maintain its current level of services. If the Governor's recommended General Fund reduction were applied to the Division's budget request, it would result in a \$44,398 decrease of the General Fund request to \$558,026.

## SOS – Corporations Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
Other Funds	5,850,036	6,232,044	6,264,453	6,264,453
Positions (FTE)	43.50	44.50	42.50	42.50

### Program Description

The Corporation Division is responsible for three major programs: 1) Business Registry - the filing of business names; 2) Uniform Commercial Code - the filing of secured transactions; and 3) Notary Public - commissioning and regulating Notaries.

### Revenue Sources and Relationships

The Other Funds revenue comes from business filings, secured transactions and notary public fees. The 1999 Legislative Assembly, through HB 2212, reduced and simplified business registration fees to be more in line with the actual costs of operating the Division. The new fees become effective July 1, 2001 and, as a result, the Division will no longer transfer approximately \$10.6 million per biennium to the General Fund. The Division estimates total revenues of about \$14.8 million for the 2001-03 biennium.

### Budget Environment and Performance Measurements

Business activity drives both the revenues and costs of the Division. The Division processes an average of 42,700 documents per month for its three major programs. Automation and electronic access to documents has allowed the Division to continue to process these documents and make them available to the public without

increased staff. Increased use of the Internet to access documents has reduced the Division's collections for search services and document copies.

The Division measures its performance by its ability to respond to consumer demand. It maintains statistics on telephone inquiry responses, monitors document-processing turnaround time, conducts consumer surveys, and meets with stakeholders. It is using technology to improve registration processes and expects to be able to provide registration services over the Internet during the 2001-03 biennium.

### Governor's Budget

The Division's budget request is a nominal increase to fund current service level only. What is not included in the Division's budget request is \$5.4 million of revenues transferred to other internal support divisions. Of this amount, \$2.4 million is for the Information Systems Division for one additional computer programmer, funding of position reclassifications, and information system improvements over and above current service level requirements. An additional \$75,000 is for a Procurement Manager position requested by the Business Services Division. The remaining revenue transfers of almost \$3 million are to the Information Systems, Business Services, and Personnel Resources Divisions to fund current service level activities.

Since the Division is funded solely with Other Funds, the Governor's recommended General Fund reduction has no impact on the Division's budget request.

### SOS – Elections Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	6,040,221	6,109,426	5,014,984	6,137,915
Nonlimited	49,454	65,300	67,390	67,390
<b>Total</b>	<b>6,089,675</b>	<b>6,174,726</b>	<b>5,082,374</b>	<b>6,205,305</b>
Positions (FTE)	15.00	15.00	15.00	19.00

### Program Description

The Elections Division administers the state's elections laws, investigates election law violations and enforces applicable laws; receives for filing all documents related to state elections; publishes statewide voters' pamphlets; and administers the filing and verification of initiative, referendum, and recall petitions.

### Revenue Sources and Relationships

The Other Funds revenue includes charges for copies of documents and special forms; providing telecommunication capabilities; and charges to County Clerks for election materials and supplies. The Division estimates these revenues at \$60,000 for the biennium. Voters' pamphlet and elections filing fees are not revenues to the Division because they are deposited into the General Fund.

### Budget Environment and Performance Measures

The Division must deal with ballot measures, elections, election litigation and the voters' pamphlet in an open and responsive manner. The number of ballot measures qualifying for the general election and the comments in support of or against the various measures directly affect the size and cost of the voters' pamphlet. Other external factors that affect this Division's costs include legal challenges to ballot measures and election results. Expenditures for 1997-99 and 1999-01 include \$960,000 for a two-volume voters' pamphlet and \$1.4 million for a special election, respectively. Additional cost for the November 2000 General Election two-volume voters' pamphlet is not reflected because of timing of the budget request submission.

Because the Division's activities are mandated by law, the Division evaluates its performance by the success of the election process. It has met all statutory requirements while providing additional access to information over the Internet.

### Governor's Budget

The Division's budget request is substantially more than current service level because the current service level does not include any costs for special elections or two-volume voters' pamphlets. The increase of the request over current service level is because the request includes four additional positions (\$423,000) and anticipates another two-volume voters' pamphlet (\$700,000). The additional positions are requested to deal with increased workload resulting from initiatives, public requests for information, campaign finance filings, and providing training programs for local elections officials, political candidates, and treasurers. Not included in the Division's

request is \$637,000 additional General Fund which is included in the Information Systems Division budget request for a programmer position for Elections Division support, position reclassifications, and enhancements to Elections Division technology.

If the Governor's recommended General Fund reduction were applied to the Elections Division request, the net effect would be a General Fund reduction of \$1,243,291, and a budget of \$4,894,624.

### SOS – Information Systems Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	569,502	840,193	887,081	1,547,196
Other Funds	3,296,706	3,459,996	2,652,400	5,681,856
<b>Total</b>	<b>3,866,208</b>	<b>4,300,189</b>	<b>3,539,481</b>	<b>7,229,052</b>
Positions (FTE)	16.00	17.00	17.00	22.00

#### Program Description

The Information Systems Division provides centralized information technology services to the various divisions and offices of the Secretary of State. It is responsible for database administration, Internet development and application development and maintenance.

#### Revenue Sources and Relationships

The Other Funds revenue comes from revenue transfers from other divisions within the agency. These transfers are based on estimates of FTE, Netware users, network connections, desktops, laptops, workstations, peripheral devices and database services that it supports.

#### Budget Environment and Performance Measurements

The Information Systems Division's budget reflects the activities of the other divisions. As a service agency, it measures its performance by its ability to provide services and support to the other divisions.

#### Governor's Budget

The Division's budget request is substantially higher than 1999-01 estimated expenditures and current service level because of requests for five additional staff, reclassification of five positions, and information systems improvements principally for the Audits, Corporations, and Elections Divisions. The five additional staff (two to support Audits Division, one each to support Corporations and Elections Divisions, and one whose duties would be spread among all divisions) and reclassification of another five positions would cost \$682,000. The information systems improvements requested include \$75,000 for hardware and \$2.9 million for computer software and supplies. These costs are apportioned to Audits Division (\$652,000 Other Funds), Corporations Division (\$2.4 million Other Funds), and Elections Division (\$687,000 General Fund).

If the Governor's recommended reduction in General Support were followed, the net result would be a General Fund reduction of \$679,405, and a budget of \$867,791.

### SOS – Personnel Resources Division

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Agency Request
General Fund	67,133	82,524	89,527	89,527
Other Funds	279,995	257,142	320,411	320,411
<b>Total</b>	<b>347,128</b>	<b>339,666</b>	<b>409,938</b>	<b>409,938</b>
Positions (FTE)	3.75	3.00	3.00	3.00

#### Program Description

The Personnel Resources Division provides human resource services for the other divisions and offices of the Secretary of State. Operations of the Division were previously budgeted and accounted for in the Business Services Division.

#### Revenue Sources and Relationships

The Other Funds revenue comes from revenue transfers from other divisions within the agency. The transfers are based on the distribution of positions throughout the Office of the Secretary of State.

**Budget Environment and Performance Measurements**

The Personnel Resources Division's budget reflects the activities of the other divisions. As a service agency, it measures its performance by its ability to provide services and support to the other divisions. To measure its performance, it meets regularly with other division management, provides periodic reporting on recruitment efforts, and other agency human resources matters.

**Governor's Budget**

The Division's budget request is a current service level request only. During the 1999-01 biennium, the Secretary of State transferred financing of a 0.5 full-time-equivalent position each from the Audits and Corporations Divisions to the Personnel Resources Division to fund one position. This contributed to slight reductions in current service level at those divisions and an increase in current service level cost for the Personnel Resources Division. Of the \$70,000 increase in current service level cost, \$49,000 is attributed to the additional position in the Division. The balance of the current service level increase is due to inflation and increased personal services costs.

If the Governor's 2.4% General Fund reduction were applied, it would result in a General Fund budget of \$87,378, or \$2,149 less than requested.

## Treasurer of State – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	0	130,000	0	271,314
Other Funds	15,884,090	16,970,780	18,112,313	18,112,313
Nonlimited	3,428,236	4,400,000	4,500,000	4,500,000
<b>Total</b>	<b>19,312,326</b>	<b>21,500,780</b>	<b>22,612,313</b>	<b>22,883,627</b>
Positions (FTE)	76.33	77.00	77.00	78.00

### Program Description

The Treasurer of State acts as the “banker” for all state agencies by maintaining their accounts and by investing their funds (Trust Funds, constitutional bond funds and any funds not necessary to meet current expenditure demands). The Treasurer coordinates and approves state bond sales; acts as collateral pool manager for the state’s largest banks; and pays on bonds submitted by bondholders. The Treasurer also invests excess funds for local governments.

The Treasurer of State is organized into five operating sections: **Investment** invests the state held funds; **Oregon Short Term Fund** invests state and local funds held in the short term fund; **Finance** provides banking services for all state agencies; **Debt Management** coordinates and approves issuance of state agency bonds; and **Collateral Pool** assures that public funds held in financial institutions are properly collateralized and acts as pool manager for the four largest Oregon banks. The Treasurer is also responsible for administration of the Oregon Qualified Tuition Savings Program. Administration of the program began in the 1999-01 biennium with \$130,000 General Fund provided by the Emergency Board.

### Revenue Sources and Relationships

Other Funds consist of revenue from a charge on investments managed (up to .425 of one percent), estimated to be \$12.4 million; charges to banks that use the Treasurer as a collateral pool manager, estimated at \$430,000; charges to state agencies for bond and coupon redemption on outstanding general obligation bonds and to state agencies and municipalities for bond issuance costs, estimated at \$2.4 million; and charges to state agencies for banking services and to state agencies and municipalities for bond issuance costs, estimated at \$3.3 million. The Treasurer also estimates Nonlimited revenues of \$2.2 million which are the result of direct pass-throughs of certain banking charges incurred for its customers. The Treasurer also incurs approximately \$2.3 million of Nonlimited expenditures for investment charges paid from investment earnings.

The \$271,000 General Fund requested for 2001-03 is to continue the administration of the Oregon Qualified Tuition Savings Program. The initial \$130,000 General Fund for 199-01 and the \$271,000 are to be repaid from an administrative fee that will be assessed on program assets. The program is expected to begin receiving deposits in calendar year 2001. The Treasurer anticipates program administration will not need any additional General Fund support in the 2003-05 biennium and, that the General Fund support provided will be repaid by the end of calendar 2005.

### Budget Environment and Performance Measures

The budget is driven by the number and complexity of financial transactions, the complexity and diversity of investments, the number and kinds of bond transactions, and the number of programs operated out of the Treasurer’s Office. The Oregon Public Employees Retirement Fund (OPERF), State Accident Insurance Fund (SAIF), Oregon Short Term Fund, and Common School Fund account for most of the Treasurer’s investment activity. Growth of these funds has increased Treasurer investment costs and revenues. The Treasurer relies heavily on automation to service this growth without a corresponding growth in personnel. The Treasurer measures its performance against banking and investment industry standards.

### Governor’s Budget

The Treasurer of State’s Other Funds budget request is only for current service level needs. The budget increase is due to inflationary increases in the cost of goods and services (\$412,000) and increased personal service costs due to scheduled merit increases and the full biennium effect of cost of living increases provided during 1999-01 (\$1,168,000). The \$271,000 General Fund request is to continue support of the administration of the Oregon Qualified Tuition Savings Program.

## Commission for Women – Agency Totals

	1997-99 Actual	1999-01 Estimated	2001-03 Current Service Level	2001-03 Governor's Recommended
General Fund	25,746	127,456	125,971	125,971
Other Funds	151,773	88,038	54,432	92,973
Federal Funds	0	5,000	0	0
<b>Total</b>	<b>177,519</b>	<b>220,494</b>	<b>180,403</b>	<b>218,944</b>
Positions (FTE)	1.00	1.00	1.00	1.00

### Program Description

The Commission for Women was established by the Oregon Legislature in 1983 to work toward economic, social, legal, and political equality for women in Oregon. The Commission does this by identifying, analyzing, monitoring, and evaluating legal and other issues confronting women, by sponsoring forums on women's issues, and by engaging in legislative advocacy.

### Revenue Sources and Relationships

The Commission generates Other Funds revenue through grants, contracts, and publication sales, and from its annual Women of Achievement dinner. These funds help the Commission conduct educational forums and special studies, produce publications, and otherwise carry out its mandated functions. During the 1999-01 biennium, the agency will receive Other Funds of approximately \$40,000 from grants to sponsor seminars on menopause and related health issues, approximately \$30,000 from hosting the annual Women of Achievement Dinner (\$24,000 will cover the costs associated with the dinner and the remaining \$6,000 will be available for other agency expenses), and approximately \$10,000 from a grant to publish its newsletter. The agency will also receive a few hundred dollars from the sale of its *Women and the Law* book.

In the 1997-99 biennium, the Commission also received \$76,814 of state support as Other Funds. These funds were part of a General Fund appropriation to the Human Resources Services Division of the Department of Administrative Services for diversity issues. The Division transferred the funds appropriated to it roughly equally among the four advocacy commissions. For budget purposes, the Commission received these state funds as Other Funds, since they were passed through another agency's budget. This source of Other Funds was discontinued in 1999.

### Budget Environment and Performance Measures

Until 1997, the agency's expenses were primarily supported by the General Fund. The Commission also raised some Other Funds, mainly from its Women of Achievement dinner. The Other Funds were used to finance the dinner and to supplement the agency budget. In 1997, the Legislature changed the focus of the Commission's funding from General Fund support to reliance on donations. The Legislature reduced General Fund support to \$25,777 – the same amount it provided to all four advocacy commissions. The General Fund support was to be used as seed money to enable the Commission to develop and implement a viable fundraising plan. To allow the Commission the opportunity to continue its operations, the Other Funds limitation was increased by \$110,000. The Legislature also appropriated approximately \$300,000 of General Fund to the Department of Administrative Services for diversity issues. This money was transferred to the four advocacy commissions and the Commission received approximately \$77,000. This transfer, along with the General Fund support, provided total state support that was 18% less than the prior biennium level.

The 1999-01 budget increased direct General Fund support to \$127,456 and eliminated the General Fund transfer through the Human Resources Services Division. The budget also reduced the agency's state government service charges by \$12,813, freeing up this amount of General Fund appropriation for other agency expenses. General Fund again covers all of the personal services cost of the executive director position and general office expenses. The Other Funds in the budget finance the costs associated with the Women of Achievement dinners, the Eli Lilly and Company menopause health care forums, and office enhancements.

This Commission has traditionally been the most successful among the advocacy commissions in raising Other Funds (although recently it has yielded this position to the Commission on Hispanic Affairs). The Other Funds are used both to supplement the Commission's operating expenses and to finance the costs of the fund-raising activities themselves. For some time, the Commission has raised funds with its Women of Achievement dinner. Through 1997, the dinner raised approximately \$10,000 each year for the Commission, net of the expenses

associated with conducting it. Recently, however, the dinner is netting approximately \$5,000 annually. In the 1997-99 biennium, the Commission began receiving a new source of Other Funds – a grant from Eli Lilly and Company to offer a series of forums on women’s health care issues. The Commission received approximately \$40,000 from these grants in both the 1997-99 and 1999-01 biennia. The Commission anticipates receiving an additional \$26,000 from this source in the 2001-03 biennium. The Commission is also expecting \$5,000 in Federal Funds during the 1999-01 biennium to develop an agency website and online Women’s Resource Guide. The Federal Funds are a one-time resource, and are not continued in the agency’s 2001-03 current service level.

The agency has not adopted any formal benchmarks or linked to any of the Oregon Progress Board’s benchmarks. The agency identifies certain output measures but does not keep historic data on these measures. Some output measures that the agency identifies includes: fielding an average of four phone calls per day from constituents seeking information on domestic violence, employment, divorce, and child support questions; holding seven health care forums (over two biennia) that have reached approximately 1,500 women; and holding several public focus meetings throughout the state.

### **Governor’s Budget**

The Governor’s budget includes General Fund support at the current service level, and increases the Other Funds expenditure limitation above the current service level both to establish a series of seminars on Women and Finance, and to permit full-funding of the Executive Director position. Because the position was vacant at a certain point in the 1999-01 biennium, the current service level does not include sufficient General Fund support to finance the executive director’s expected merit increases in the 2001-03 biennium. Although the agency had sought additional General Fund for this purpose, the Governor’s budget uses approximately \$14,000 of the agency’s Other Funds instead. If Other Funds revenues equal the projection in the budget, the agency will have to reduce its Other Fund ending balance to finance this support of the Executive Director’s compensation.