

A G E N D A

EMERGENCY BOARD

Friday, December 10, 1999
Hearing Room F - 8:30 a.m.

Representative Snodgrass, Presiding

Approval of October 8, 1999 minutes

Oregon Economic and Revenue Forecast – December 1999

Department of Administrative Services

- Tom Potiowsky, State Economist
- Sarah Gates, Economist

1. **Department of Justice/Department of State Police** – Education Sub. – Representative Minnis
Recommendation: Approve a Federal Funds expenditure limitation increase of \$757,617 and the establishment of two limited duration positions (1.5 FTE) for the Department of State Police; and approve an Other Funds expenditure limitation increase of \$319,279 and the establishment of four limited duration positions (3.0 FTE) for the Department of Justice, to begin operation of a federally funded High Intensity Drug Trafficking Area Program criminal intelligence unit, with the understanding that the Department of Administrative Services will unschedule the funds pending receipt of the grants.
2. **Secretary of State** – General Government Sub. – Senator Metsger
Recommendation: Allocate \$106,550 from the special purpose appropriation to the Emergency Board for Archives Division position reclassifications, and approve an Other Funds expenditure limitation increase of \$45,498 and the establishment of one permanent position (0.75 FTE) for the Archives Division for production of the Blue Book and administrative rules.
3. **Secretary of State** – General Government Sub. – Senator Metsger
Recommendation: Approve an Other Funds expenditure limitation increase of \$923,142 for the Corporations Division to complete computer systems projects.
4. **Legislative Revenue Office** – Education Sub. – Senator Qutub
Recommendation: Allocate \$150,000 from the special purpose appropriation to the Emergency Board for development of a tax incidence model.
5. **Public Defender** – Education Sub. - Senator Qutub
Recommendation: Approve the submission of a \$150,000 grant application from the U.S. Bureau of Justice Assistance to fund training programs for trial attorneys.

6. **Department of Education** - Education Sub. – Senator Qutub
Recommendation: Allocate \$175,000 from an Emergency Fund reservation established for the costs of HB 3633, which creates an Education Leadership Team and requires an Educational Leadership Summit.

7. **Department of Education** – Education Sub. – Representative Schrader
Recommendation: Approve the submission of an application to the U.S. Department of Education for a \$1,000,000 State Improvement Grant under the federal Individuals with Disabilities Education Act.

8. **Department of Education** – Education Sub. – Representative Minnis
Recommendation: Allocate \$50,000 from an Emergency Fund reservation and allocate an additional \$15,000 from the Emergency Fund for implementation of SB 100, which establishes criteria for the creation of charter schools.

9. **Department of Education** – Education Sub. – Senator Trow
Recommendation: Allocate \$237,125 from an Emergency Fund reservation and approve the establishment of two permanent positions (1.50 FTE) for the implementation of HB 3307, which requires the inclusion of physical education in the Certificate of Initial Mastery.

10. **Department of Education** – Education Sub. – Representative Lewis
Recommendation: Allocate \$125,000 from the Emergency Fund reservation established for the Student Leadership Development Center.

11. **Department of Human Resources-Adult and Family Services Division** – Human Services Sub. Representative Ross
Recommendation: Allocate \$151,000 from the special purpose appropriation to the Emergency Board and request the Department of Administrative Services to reschedule \$201,334 of Federal Funds to implement non-STARS abstinence education programs, and direct the Adult and Family Services Division to report on the non-STARS programs before the Joint Interim Committee on Health and Human Services.

12. **Department of Human Resources-Office of the Director** - Human Services Sub. – Representative Winters
Recommendation: Approve the establishment of one full-time permanent position (0.75 FTE) in the Office of Alcohol and Drug Abuse Programs to administer the Gambling Addiction Treatment Program.

13. **Department of Human Resources-Office of the Director** – Human Services Sub. – Representative Westlund

Recommendation: Approve appropriation and expenditure limitation adjustments, including a Federal Funds expenditure limitation increase of \$488,240 for the Office of Alcohol and Drug Abuse Programs, to close out the 1997-99 biennium for the Department of Human Resources.

14. **Department of Human Resources-Office of the Director – Human Services Sub.–**
Senator Bryant
Recommendation: Establish a reservation of \$1,500,000 in the Emergency Fund for the Department of Human Resources for the Oregon Health Plan; and approve a rebalance plan for the Department which includes: transferring General Fund appropriations, Other and Federal Funds expenditure limitations and positions among divisions; increasing Other Funds expenditure limitations totaling \$45,025,123 and Federal Funds expenditure limitations totaling \$66,699,570; establishing a net of 81 permanent positions (76.12 FTE) and six limited duration positions (4.50 FTE); and requesting that the Department of Administrative Services unschedule a total of \$5,027,080 General Fund, with instructions to the Department of Human Resources to report back to the Emergency Board on various topics.

15. **Department of Human Resources-Health Division – Human Services Sub. –** Senator Yih
Recommendation: Approve a Federal Funds expenditure limitation increase of \$672,022 and the establishment of one part-time limited-duration position (0.37 FTE) for the Health Division, for grants related to arthritis, chronic liver disease, and HIV/AIDS.

16. **Department of Human Resources-Mental Health & Developmental Disability Services -**
Human Services Sub. – Representative Ross
Recommendation: Defer action on the request to allocate \$1,900,000 from the special purpose appropriation to the Emergency Board for atypical antipsychotic medications until the February 2000 meeting of the Emergency Board, pending a review and recommendation by the Joint Interim Committee on Health and Human Services; and establish a reservation of \$1,900,000 in the Emergency Fund through June 30, 2000 for this purpose.

17. **Department of Human Resources-Senior and Disabled Services – Human Services Sub. –**
Representative Winters
Recommendation: Approve, retroactively, the submission of a federal Department of Health and Human Services' Administration on Aging grant application to provide Internet access to educate persons with disabilities and seniors about changes in Medicare.

18. **Department of Human Resources-Senior and Disabled Services – Human Services Sub. –**
Representative Ross
Recommendation: Approve a proposed change in the reimbursement system for those who provide long-term care for their disabled spouses, with a modification.

19. **Department of Human Resources-Senior and Disabled Services – Human Services Sub.–**

Representative Ross

Recommendation: Request the Department of Administrative Services to reschedule \$1,800,000 General Fund, approve a Federal Funds expenditure limitation increase of \$2,100,000, and acknowledge receipt of a report responding to an outline of a Joint Legislative Audit Committee report on Area Agencies on Aging.

20. **Department of Corrections** –Education Sub. – Representative Schrader
Recommendation: Acknowledge receipt of a report from an interim work group of natural resources agencies, the Military Department, and the Department of Corrections on the development of a 1999-01 work plan to appropriately utilize inmate labor, services, and products; and direct the Department to provide a progress report on its success in obtaining funding and timeline commitments from the work group agencies to the January 2000 Interim Joint Judiciary Committee.
21. **Department of Corrections** – Education Sub. – Representative Lewis
Recommendation: Acknowledge receipt of a report on how the Department is managing hepatitis C in the inmate population.
22. **Department of Corrections** – Education Sub. – Representative Minnis
Recommendation: Approve the submission of two federal grant applications in the amount of \$150,000 each to develop innovative strategies to address emerging or chronic criminal justice issues.
23. **Criminal Justice Commission** – Education Sub. – Representative Schrader
Recommendation: Acknowledge receipt of a work plan for developing a state criminal justice policy and comprehensive long-range plan, and direct the Commission to provide a report on the progress made in completing the work plan to the Interim Joint Judiciary Committee prior to the Commission's appearance before the November 2000 Emergency Board.
24. **District Attorneys and Their Deputies/Department of Justice** – Education Sub.– Senator Trow
Recommendation: Allocate \$287,268 from the Emergency Fund to increase salaries for District Attorneys.
25. **Military Department** – Education Sub. – Senator Trow
Recommendation: Establish a Federal Funds expenditure limitation of \$550,500 in the 1999-01 capital construction budget for design of the Baker City Readiness Center, and direct the agency to pursue 100 percent federal funding of the project.
26. **Military Department** - Education Sub. – Representative Schrader
Recommendation: Approve an 1995-97 Other Funds Capital Construction expenditure limitation increase of \$177,545 for litigation claims from the Pendleton Limited Army Aviation Support Facility Capital Construction project.

27. **Department of State Police** – Education Sub. – Representative Lewis
Recommendation: Allocate \$300,000 from the Emergency Fund and approve the establishment of five permanent fish and wildlife enforcement positions (1.25 FTE) to be stationed in Central and Eastern Oregon.

28. **Economic and Community Development Department** – Human Services Sub. – Senator Bryant
Recommendation: Allocate \$94,275 from the Emergency Fund to the Oregon Progress Board for evaluation activities mandated in SB 555 (1999), with instructions.
29. **Economic and Community Development Department** – Human Services Sub. – Senator Yih
Recommendation: Acknowledge receipt of a report on selecting a contractor to facilitate trade between Oregon businesses and China.

30. **Housing and Community Services Department** – Human Services Sub. – Representative Westlund
Recommendation: Defer action on the request to allocate \$1 million from the special purpose appropriation made to the Emergency Board for migrant housing, pending a review and recommendation by the Joint Committee on Water, Agriculture, and Natural Resources.

31. **Department of Veterans' Affairs** – Human Services Sub. – Senator Bryant
Recommendation: Allocate \$147,633 from the Emergency Fund to contribute toward the construction of the National World War II Memorial in Washington, D.C.

32. **Department of Agriculture** [*withdrawn*]

33. **Office of Energy** – General Government Sub. – Representative Simmons
Recommendation: Allocate \$475,000 from the special purpose appropriation to the Emergency Board for the Office of Energy for OMSI's debt service, and acknowledge receipt of a report on OMSI's progress in meeting its financial goals.

34. **Department of Fish and Wildlife** – General Government Sub. – Representative Simmons
Recommendation: Approve an Other Funds expenditure limitation increase of \$594,000 to provide technical assistance to forest landowners and watershed groups implementing salmon habitat restoration projects.

35. **Department of Fish and Wildlife** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of a report on surplus property held by the Department of Fish and Wildlife.

36. **Department of Fish and Wildlife** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of a report on the Department of Fish and Wildlife's controlled hunt application process.

37. **Department of Fish and Wildlife** – General Government Sub. – Senator Timms
Recommendation: Approve a Lottery Funds expenditure limitation increase of \$2,000,000 and the establishment of 10 limited duration positions (6.88 FTE) for fish screening and passage projects; direct the Department to return to the Emergency Board in September 2000 with a report on the program’s status and a request for additional limitation and position authority; and direct the Oregon Watershed Enhancement Board to transfer the lottery revenue to the Department of Fish and Wildlife in three equal installments following the next three quarterly lottery distributions of Measure 66 Lottery Funds to OWEB.
38. **Forestry Department** – General Government Sub. – Representative Simmons
Recommendation: Allocate \$300,000 from the Emergency Fund to help support completion of the Umpqua Land Exchange Project forest planning model and data sets.
39. **Department of Land Conservation and Development** – General Government Sub. – Representative Hansen
Recommendation: Allocate \$250,000 from a special purpose appropriation to the Emergency Board for grants to small cities and “distressed” communities for planning work to improve their readiness for growth and development, with instructions to the Department to provide a report describing the grant program to the next meeting of the Joint Water, Agriculture, and Natural Resources Committee and a report to a subsequent meeting of the Emergency Board on the allocation of the \$250,000 to small cities and “distressed” communities.
40. **Department of Land Conservation and Development** – General Government Sub. – Senator Timms
Recommendation: Allocate \$200,000 from a special purpose appropriation to the Emergency Board for the development of a computerized database capable of producing county maps showing the diversity of the state’s rural lands, with instructions to the Department to provide a report at a subsequent meeting of the Emergency Board on the final costs of developing the rural lands database and updating statewide zoning information, including plans for using any unneeded funds in the Regional Problem Solving program.
41. **Parks and Recreation Department** – General Government Sub. – Representative Simmons
Recommendation: Approve an Other Funds expenditure limitation of \$1,384,085 for new and expanded park property operations and maintenance, and acknowledge receipt of a report on expected revenue, expenditures and quarterly cash flow by fund type and a plan to manage the unfunded liabilities.
42. **Parks and Recreation Department** – General Government Sub. – Representative Simmons
Recommendation: Acknowledge receipt of a report on the agency’s Facilities Investment Program and the Parks and Prisons Program.
43. **Oregon Watershed Enhancement Board** – General Government Sub. – Representative Simmons

Recommendation: Approve a Federal Funds expenditure limitation increase of \$520,000; retroactively approve a grant application to the U.S. Environmental Protection Agency in the amount of \$200,000, with the understanding that the Oregon Watershed Enhancement Board will return to the Emergency Board for additional expenditure limitation if the grant is awarded; and direct the agency to submit federal grant applications for prior legislative review as required by statute.

44. **Oregon Watershed Enhancement Board** – General Government Sub. – Senator Timms
Recommendation: Approve establishment of an Other Funds expenditure limitation of \$903,303 for payment of expenses related to revenues collected or received by the Oregon Watershed Enhancement Board, for watershed improvement activities.

45. **Oregon Watershed Enhancement Board** – General Government Sub. – Senator Timms
Recommendation: Acknowledge receipt of a quarterly report on Oregon Watershed Enhancement Board activities and expenditures.

46. **Department of Transportation** [*withdrawn*]

47. **Department of Transportation** [*withdrawn*]

48. **Department of Transportation** – General Government Sub. – Representative Hansen
Recommendation: Approve an Other Funds expenditure limitation increase of \$15,000 for the Driver and Motor Vehicles Program for the Provisional Licensing program requirements; approve an Other Funds expenditure limitation increase of \$41,994 and a Federal Funds expenditure limitation increase of \$41,994 and the establishment of a permanent full-time position (.67 FTE) for the Transportation Safety Division, Driver Safety Education Program, with the understanding that the Department of Administrative Services will abolish .50 FTE in the Department of Education.

49. **Department of Transportation** – General Government Sub. – Senator Timms
Recommendation: Approve a 1996-97 Other Funds Capital Construction expenditure limitation increase for airport improvements at the Aurora State Airport of \$550,000; approve establishment of a Lottery Funds Capital Improvement expenditure limitation totaling \$105,502 for the Paisley State Airport and Burns Municipal Airport; and approve an Other Funds expenditure limitation increase of \$1,028,000 for Aeronautics Program pavement maintenance projects.

50. **Department of Consumer and Business Services** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of a report on Workers' Compensation Premium Assessments.

51. **Department of Administrative Services** – General Government Sub. – Representative Hansen
Recommendation: Approve the sale of 460 acres of land to the City of Boardman.

52. **Department of Administrative Services** – General Government Sub. – Representative Hansen
Recommendation: Approve proposed uniform rental rates for the 2001-03 biennium.
53. **Department of Administrative Services/Military Department** – General Government Sub. – Representative Hansen
Approve an Other Funds Capital Construction expenditure limitation increase of \$1,008,254 for the Department of Administrative Services; and approve an Other Funds Capital Construction expenditure limitation increase of \$597,264 and a Federal Funds Capital Construction expenditure limitation increase of \$1,505,000 for the Military Department, for construction of a combined Emergency Coordination Center and Salem Armed Forces Reserve Center, with instructions.
54. **Department of Administrative Services** – General Government Sub. – Representative Simmons
Recommendation: Approve an Other Funds expenditure limitation increase of \$20,000 for the Governor's Natural Resources Office.
55. **Department of Administrative Services** – General Government Sub. – Representative Hansen
Recommendation: Allocate \$160,774 from the special purpose appropriation to the Emergency Board to fund a Willamette Restoration Coordinator position in the Governor's Natural Resource Office, and approve the establishment of the position (0.75 FTE).
56. **Department of Administrative Services** – General Government Sub. – Representative Simmons
Recommendation: Approve an Other Funds expenditure limitation increase of \$790,405 and the establishment of 10 permanent positions (7.13 FTE), for increased workloads.
57. **Department of Administrative Services** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of the report on changes to the compensation plan including the December 9, 1999 revision.
58. **Oregon Liquor Control Commission** – General Government Sub. – Representative Simmons
Recommendation: Approve an Other Funds expenditure limitation increase of \$336,927 to carry over payments for incomplete contractor work related to the agency's Merchandising Business System Upgrade.

MINUTES OF THE EMERGENCY BOARD

December 10, 1999

State Capitol

Salem, Oregon

Members Present: Representative Snodgrass, Presiding Chair
 Senator Adams, Co-Chair
 Representatives Lewis, Westlund, Schrader, Simmons, Hansen,
 Minnis, Winters
 Senators Timms, Yih, Trow, Bryant, Qutub, Metsger

Members Excused: Representative Montgomery
 Senators Hannon, Derfler

The meeting was called to order by Representative Snodgrass, Presiding Chair, at 8:40 a.m. in Hearing Room F of the State Capitol.

Minutes

Representative Westlund moved that the Emergency Board approve the minutes of the October 8, 1999 meeting, as mailed, and upon hearing no objections it was so ordered.

Oregon Economic and Revenue Forecast

Mr. Tom Potiowsky, State Economist and Ms. Sarah Gates, Economist, with the Department of Administrative Services Office of Economic Analysis, presented a summary of the December 1999 Oregon Economic and Revenue Forecast, and responded to questions of members. (See attached)

1. Department of Justice/Department of State Police

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b) and 291.371, increase the Other Funds expenditure limitation established for the Department of Justice by section 2, chapter 268, Oregon Laws 1999, by \$319,279, and approve the establishment of four limited duration positions (3.0 FTE), and increase the Federal Funds expenditure limitation established for the Department of State Police by section 3(1), chapter 231, Oregon Laws 1999, State police activities and operations, by \$757,617, and approve the establishment of two limited duration positions (1.5 FTE), for operations and staffing of a federally funded High Intensity Drug Trafficking Area Program criminal intelligence unit, with the understanding that the Department of Administrative Services will unschedule the funds pending receipt of the grants.

The following is a summary of the request and the Subcommittee [Education] action:

The Department of Justice and the State Police are requesting that the Emergency Board increase expenditure limitations and establish positions so that both agencies can begin operation of a federally funded High Intensity Drug Trafficking Area Program.

In June 1999, the federal Office of National Drug Control Policy selected three Oregon counties -- Marion, Deschutes, and Jackson -- to participate in the High Intensity Drug Trafficking Area (HIDTA) program and provided funds for intelligence and enforcement initiatives. The 1999 Legislative Assembly approved a \$600,000 Federal Funds expenditure limitation to start the program, which covered the federal fiscal year ending September 30, 1999. Oregon expects to receive at least \$600,000 and possibly \$1.2 million for federal fiscal year 2000 (October 1, 1999-September 30, 2000).

The HIDTA was created by the Anti Drug Abuse Act of 1988 and is a designated geographical region that has critical drug trafficking problems that impact the designated area as well as other areas of the state and country. To receive a HIDTA designation, the region must prepare a threat assessment that identifies the nature and scope of the drug problems within the region, design strategies to combat the threats, and develop initiatives to implement the strategies. The program combines the joint efforts of local, state, and federal law enforcement agencies operating in equal partnerships to combat drug trafficking. To provide overall fiscal, administrative, and operational oversight and control, Oregon has established an Executive Committee. Membership on the Executive Committee is comprised of generally equal numbers of federal and state or local law enforcement representatives. The Executive Committee selected the Executive Director to coordinate daily activities of the HIDTA.

The Department of Justice (DOJ) will provide space for the HIDTA Intelligence Center, and the Department of State Police (OSP) will be the fiscal agency. Space in the same building as DOJ's (statewide) criminal intelligence unit (CIU) is being remodeled to accommodate the sophisticated computers and network equipment to connect the HIDTA Intelligence Center to the Western States Information Network and other regional systems and to install necessary security measures. In addition to its connections to networks in other states, the HIDTA Intelligence Center will benefit from intelligence work statewide to project the benefits of the drug enforcement efforts to more than the three designated Oregon counties.

The DOJ is requesting position authority for three research analysts and one information specialist (3.0 FTE) to begin January 1, 2000, at a cost of \$319,279. OSP is requesting position authority for the HIDTA director and one support staff. OSP will receive the Federal Funds and will reimburse DOJ for its salary costs. Therefore, OSP needs Federal Funds expenditure authority of \$757,617 and DOJ needs Other Funds expenditure authority for \$319,279.

The Subcommittee recommended approval of the request with the understanding that the Department of Administrative Services un-schedule the funds until the award amount is known.

Representative Minnis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Yih and Derfler excused]

2. Secretary of State

Senator Metsger moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (a), (b), and 291.371, allocate \$106,550 from the special purpose appropriation made to the Emergency Board for the Secretary of State by section 2(1), chapter 287, Oregon Laws 1999, to supplement the appropriation made to the Secretary of State by section 1, chapter 287, Oregon Laws 1999, for the reclassification of certain Archives Division positions, and increase the Other Funds expenditure limitation established for the Secretary of State by section 3, chapter 287, Oregon Laws 1999, by \$45,498, and approve the establishment of one permanent position (.75 FTE) in the Archives Division, for production of the Blue Book and administrative rules.

The following is a summary of the request and the Subcommittee [General Government] action:

The 1999 Legislature appropriated \$152,048 to the Emergency Board to fund the cost of position reclassifications in the Archives Division once the reclassifications had been reviewed and approved by the Department of Administrative Services (DAS). The budget report requires the Secretary of State to transfer \$152,048 from a miscellaneous receipts account to the General Fund to offset the cost of the reclassifications this biennium. He has also complied with budgetary requirements over the reclassification of positions in the Archives Division.

Additionally, the Secretary of State abolished one position in its Corporation Division with the intent of transferring it to the Archives Division. He is seeking legislative approval for the position in Archives Division. The cost of the reallocations and reclassifications and the one additional position has been computed by the Secretary of State to slightly exceed the \$152,048. However, the \$152,048 was intended for position reclassifications only, not an additional position in the Archives Division. The additional position is for the Blue Book and Administrative Rules – both of which generate Other Funds for the Division. The cost of the position for the biennium is \$45,498. The Subcommittee believed the position is warranted, but it should be funded by Other Funds. The \$152,048 should be reduced by \$45,498 to \$106,550. The required transfer to the General Fund from the Archives Miscellaneous Receipts Account should also be reduced to \$106,550 to be consistent with legislative intent.

Senator Metsger's motion carried with no objections voiced. [Representatives Montgomery, Simmons and Senators Timms, Hannon, Yih and Derfler excused]

3. Secretary of State

Senator Metsger moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds expenditure limitation established for the Secretary of State by section 3, chapter 287, Oregon Laws 1999, by \$923,142, for the completion of computer systems projects in the Corporations Division of the Secretary of State.

The following is a summary of the request and the Subcommittee [General Government] action:

The 1997 Legislature provided expenditure limitation to the Secretary of State Corporations Division for improvements to its Business Entity Registration Information (BERI) system and its Uniform Commercial Code and Notary, Deposit Interface System (UCC/DIS). The Division has not

been able to complete the improvements, as resources have been needed for Y2K remediation efforts. The cost of the delay caused by remediation efforts has been exacerbated by the increased costs of

consultants. Consultant fees are now double original estimates. The Corporations Division, working with the Information Systems Division, estimates the cost to finish both projects at \$923,142. Business registration and other filing fees will be used to pay for completion of the projects.

Senator Metsger's motion carried with no objections voiced. [Representative Montgomery and Senators Timms, Hannon and Derfler excused]

4. Legislative Revenue Office

Senator Qutub moved that the Emergency Board, acting under authority of ORS 291.326 (1)(a), allocate \$150,000 from the special purpose appropriation made to the Emergency Board for the Legislative Revenue Officer by section 1(2)(a)(F), chapter 910, Oregon Laws 1999, to supplement the appropriation made to the Legislative Revenue Officer by section 30, chapter 910, Oregon Laws 1999, for development of a tax incidence model.

The following is a summary of the request and the Subcommittee [Education] action:

The 1999 Legislative Assembly, in Senate Bill 5511, appropriated \$300,000 to the Emergency Board for allocation to the Legislative Revenue Office (LRO) for development of a tax incidence model. LRO is requesting half of the appropriation at this time and anticipates returning in April 2000 to request part or all of the balance.

The tax incidence model project has two objectives:

1. Provide taxpayers and policy makers with information on the overall distribution and ultimate burden of Oregon taxes.
2. Develop capacity to identify and quantify behavioral responses to significant changes in Oregon tax law.

A Tax Incidence Oversight Committee, as well as the House and Senate interim revenue committees, will monitor the project.

The Subcommittee recommended approval of the request.

Senator Qutub's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon and Derfler excused]

5. Public Defender

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.375, approve submission of an application by the Public Defender for a federal grant of \$150,000 from the U.S. Bureau of Justice Assistance to fund training programs for trial attorneys, to reduce appeals workload.

The following is a summary of the request and Subcommittee [Education] action:

The State Public Defender's Office requested approval to submit an application for grant of up to \$150,000 from the U.S. Bureau of Justice Assistance. The discretionary grant funds are being offered to states to develop strategies that strengthen the adjudication process. The grant would be used to train criminal defense attorneys on the proper handling of certain legal issues and procedures at trial. This training is anticipated to reduce the number of appeals and the complexity of some appeals.

The Judicial Branch, which includes the Public Defender, and the Department of Justice were requested by budget note in SB 5520 (1999) "...to work with the interim judiciary committees to identify ways, either administratively or statutorily, to reduce the number and cost of appeals and other proceedings available to defendants, without violating any defendant's constitutional rights." This grant would enable the Public Defender to comply with this direction by providing training to trial attorneys that would reduce appeals workload. In addition, it is anticipated the reduction in appeals resulting from grant activities would enable the Office to begin to address its appellate backlog, which currently exceeds 200 cases. This is a one-time grant that will not require matching funds or future funding requirements. If the grant is received, the Office will return to the Emergency Board for a Federal Funds expenditure limitation.

Senator Qutub's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon and Derfler excused]

6. Department of Education

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$175,000 from the \$200,000 reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Department of Education, to supplement the appropriation made to the Department of Education by section 1(1), chapter 887, Oregon Laws 1999, Operations, for the costs of implementing House Bill 3633, which creates an Education Leadership Team and requires an Educational Leadership Summit.

The following is a summary of the request and the Subcommittee [Education] action:

House Bill 3633 from the 1999 Legislative Session creates a 21-member Education Leadership Team comprising legislative leadership, education agency heads, statewide elected officials, and public representatives, including parents, students and educators. The bill also requires the Superintendent of Public Instruction to propose an Educational Leadership Summit to be held in February 2000 to study summaries of the latest research-based education improvement practices, develop work group positions on issues prioritized by the Team, and prepare recommendations for the Team. The Team's recommendations for accountability for Oregon's educational system are to be shared with the appropriate governmental entities prior to June 1, 2000.

Senate Bill 5511 from the 1999 Session established a \$200,000 reservation to cover the costs of implementing the legislation. The Emergency Board, at its 1999 October 1999 meeting, approved a \$25,000 allocation from the reservation to cover estimated costs until December 1999. It then requested the Department of Education to return in December 1999 to allow time for the Legislative Fiscal Office and the Department of Administrative Services' Budget and Management Division to review the budget for the project and make recommendations to the Emergency Board on the remaining reservation of \$175,000.

The estimated cost of implementing the legislation is \$291,284. In-kind contributions from the Department, Legislative Administration, and other K-12 stakeholders will cover \$91,284. The budget for the General Fund reservation includes \$106,000 for contracted personnel to staff the Education Leadership Team; \$29,120 for Team meetings; \$35,000 for holding the Educational Leadership

Summit; \$19,880 for research and development work in support of the Team and the Summit; and \$10,000 for mailings, brochures, and support materials for the Team.

The Subcommittee approved the Department's request for the remaining reservation, with the understanding that the Department of Administrative Services will unschedule \$25,000 until certain actual costs for travel and contracted services are submitted to the Department of Administrative Services for review.

Senator Qutub's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon and Derfler excused]

7. Department of Education

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.375, approve submission of an application by the Department of Education for a \$1,000,000 State Improvement Grant under the federal Individuals With Disabilities Education Act for improving educational results for students with disabilities.

The following is a summary of the request and the Subcommittee [Education] action:

The Department requested authority to apply to the U.S. Department of Education (U. S. DOE) for a State Improvement Grant under the federal Individuals with Disabilities Education Act. Funding of \$1,000,000 will cover the first year of a five-year project totaling approximately \$5,000,000. The project involves establishing a partnership with local education agencies, institutions of higher education and other agencies to improve educational results for students with disabilities. Activities include developing a system of teacher training and support to increase the number of qualified and retained special education personnel; disseminating grants for staff training in addressing challenging behaviors; and developing a model program of comprehensive wrap-around services in the school setting. Goals of the project include having students successfully complete their educational programs in accordance with state performance standards and attain appropriate social and behavioral skills.

There are no General Fund or other matching requirements nor is there any obligation to continue funding after the grant period expires. The Department previously received authority to apply for this grant in 1998 but the U.S. DOE did not award funds to the Department at that time.

The Subcommittee approved the request.

Representative Schrader's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon and Derfler excused]

8. Department of Education

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$50,000 reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Department of Education by the Emergency Board at its October 8, 1999 meeting, and allocate an additional \$15,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Department of Education, to supplement the appropriation made to the Department of Education by section 1(1), chapter 887, Oregon Laws 1999, Operations, for implementation of Senate Bill 100, which establishes criteria for the creation of Oregon's charter schools program.

The following is a summary of the request and the Subcommittee [Education] action:

Senate Bill 100 from the 1999 session directs the State Board of Education to develop and implement a public charter schools program.

In October 1999, the Emergency Board approved two positions (1.60 FTE) and \$200,000 Federal Funds expenditure limitation to administer a federal charter schools grant program and implement the provisions of Senate Bill 100, with the assumption that these latter activities are allowable under the federal grant. The Legislative Fiscal Office estimated that this combined effort would exceed the available federal funds. Therefore, the Emergency Board allocated \$50,000 General Fund to supplement the federal funding.

At that time, the Emergency Board also established a \$50,000 reservation in the Emergency Fund and directed the Department to return in December 1999 with the following:

- a written opinion from the U. S. Department of Education on allowable uses of the federal grant funds;
- the federal grant application;
- an updated budget for the federal grant program and Senate Bill 100 activities; and
- a list of charter school activities, if any, needing General Fund support.

The Department presented a budget for the total effort for charter school development and implementation, with the consensus of the Legislative Fiscal Office and the Department of Administrative Services' Budget and Management Division, which agreed with Department of Education staff that budgeting separately for the federal grant program and Senate Bill 100 is difficult because of the unavoidable intermingling of activities. In addition, preliminary information from the U.S. Department of Education indicates all planned Senate Bill 100 activities are allowable under the federal grant. Therefore, the Department did not identify any specific activities requiring General Fund support only.

The budget for activities required to provide a high quality program and to carry out the legislative intent to promote charter schools is \$315,000, resulting in the Department's request for an additional \$65,000 General Fund.

The Subcommittee approved the Department's request.

Representative Minnis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

9. Department of Education

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a) and 291.371, allocate \$237,125 from an amount reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Department of Education, to supplement the appropriation made to the Department of Education by section 1(1), chapter 887, Oregon Laws 1999, Operations, and approve the establishment of two permanent positions (1.50 FTE), for implementation of House Bill 3307, which requires the inclusion of physical education in the Certificate of Initial Mastery.

The following is a summary of the request and the Subcommittee [Education] action:

House Bill 3307 from the 1999 Legislative Session requires the Department of Education to develop statewide academic content standards in physical education by the 2001-02 school year. It requires school districts to develop and administer assessments for physical education by the 2003-04 school year. The curriculum is to provide students with the knowledge, skills and positive attitude that lead to an active, healthy lifestyle. Prior to October 1, 2000, the State Boards of Education and Higher Education and the Teacher Standards and Practices Commission are directed to study and report to the interim legislative committees on education as to 1) the quality of preparation available in Oregon for teachers who will teach physical education in kindergarten through grade 12; and 2) the extent to which teachers who teach physical education are adequately prepared to fulfill their assignments.

The Department requested allocation of \$241,000 from a reservation in the Emergency Fund for implementation of the legislation. The Department plans to hire a full-time Education Program Specialist and an Office Specialist 2 and convene a physical education advisory panel for the development and implementation of content standards. After adoption of the standards by the State Board of Education, these staff will assist school districts in developing student assessments.

The Subcommittee heard that the request was discussed at meetings of the House Education Committee and the Senate Business, Education, and Consumer Affairs Committee on December 6 and 7, 1999, respectively. Whereas the Senate Business, Education, and Consumer Affairs Committee recommended approval of the request, the House Education Committee forwarded the request to the Emergency Board without recommendation and with concern over making the positions permanent rather than limited duration.

The Subcommittee approved two permanent positions (1.50 FTE) and allocation of \$237,125 for implementation of House Bill 3307. The approved amount reflects a reduction in certain costs since the Department will not hire staff until January 1, 2000.

The following Committee discussion occurred:

Senator Qutub stated that, while she voted 'no' in the Education Subcommittee because of the question on the status of the positions, she was voting 'yes' in Committee because she had been provided additional information justifying the need for permanent positions.

Representative Minnis stated her support of the Legislative Fiscal Office's recommendation and the Subcommittee's action regarding the permanent status of the positions.

Senator Trow's motion carried with Senator Yih voting 'no.' [Representative Montgomery and Senators Hannon and Derfler excused]

10. Department of Education

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$125,000 from the amount reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Department of Education, to supplement the appropriation made to the Department of Education by section 1(8), chapter 888, Oregon Laws 1999, Student Leadership Centers, for the Student Leadership Center.

The following is a summary of the request and the Subcommittee [Education] action:

Senate Bill 5511 from the 1999 Legislative Session established a \$125,000 reservation in the Emergency Fund for the Student Leadership Development Center. This organization provides state leadership and technical assistance to Oregon's seven Professional Technical Student Leadership Organizations (PTSO's). Staff of the Center is composed of a state director for each of the following PTSO's: Associated Oregon Forestry Clubs; DECA - an association of marketing students; Future Business Leaders of America; FFA - an association of agriculture science students; Future Family & Community Leaders; Health Occupations Students of America; and Vocational Industrial Clubs of America. PTSO's provide a connection between classroom instruction and work-based learning and opportunities for students to develop leadership skills, citizenship, and academic and career skills.

The Center works with the Department and the PTSO's to integrate PTSO's into Oregon education reform efforts, including the Certificate of Advanced Mastery. The Department requested the \$125,000 reservation for the Center to further this effort through school outreach and communications, staff and program development, and technology enhancements. Approximately \$99,000 will be used to hire additional personnel and \$26,000 will pay for contracted services.

The Subcommittee approved the request.

Representative Lewis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

11. Department of Human Resources–Adult and Family Services Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$151,000 from the special purpose appropriation made to the Emergency Board by section (4)(1)(a), chapter 916, Oregon Laws 1999, and request the Department of Administrative Services to reschedule \$201,334 of Federal Funds, to implement non-STARS (Students Today Aren't Ready for Sex) abstinence education programs, and direct the agency to report on the non-STARS programs before the Joint Interim Committee on Health and Human Services.

The following is a summary of the request and the Subcommittee [Human Resources] action:

The 1999 Legislative Assembly made a \$151,000 special appropriation to the Emergency Fund to fund teen pregnancy prevention programs other than the STARS abstinence education program.

This General Fund was removed from the Department of Human Resources Health Division's Governor's recommended budget.

A budget note directed the Health Division to develop a menu of alternative abstinence education programs. After developing this menu of programs, the Division was to report to the Emergency Board with a plan to market these programs to local school districts. The December 1999 DHR rebalance plan transfers the STARS program budget to the Adult and Family Services Division (AFS). In response to the budget note, AFS formed an advisory committee to select non-STARS programs and to develop a marketing strategy that was presented to the Subcommittee. Although the Subcommittee was aware of the protocol that requires special appropriation requests to be reviewed by substantive committees, it felt that the funds could be allocated. To delay allocation could mean that the non-STARS programs would not be implemented during the current school year. Therefore, the Subcommittee recommended approval of the request. In addition, it recommended that AFS report on non-STARS programs before the Joint Interim Legislative Committee on Health and Human Services.

The following Committee discussion occurred:

Senator Qutub proposed a substitute motion that would defer the allocation of the special Emergency Fund appropriation of \$151,000 and rescheduling of the \$201,334 Federal Funds to implement the non-STARS abstinence education programs to the February 2000 Emergency Board meeting to allow a review and recommendation by the Joint Committee on Health and Human Services.

In support of her substitute motion, Senator Qutub commended AFS for its work to identify nine alternative abstinence education programs. She noted that the RFP process would narrow that list to two or three vendors. She stated that the special appropriation was going to be released in February and that the non-STARS programs would move forward. Senator Qutub explained that deferring the request until February would allow the legislature to continue observing the process, but that she did not believe it would delay the implementation of non-STARS programs.

Representative Lewis asked whether Senator Qutub's motion was essentially the Legislative Fiscal Office's original recommendation. Staff responded that the motion did not require the Joint Committee on Health and Human Services' to make a recommendation to the Emergency Board, but instead, simply allowed the Committee to review the request and make a recommendation.

Representative Ross asked whether the motion would allow AFS to proceed with the RFP process and not wait until after the February Emergency Board. Senator Qutub responded that AFS should go ahead with the process of issuing the RFP and that she fully expected the February Emergency Board to allow release of the special appropriation.

Representative Ross noted that Senator Qutub's motion would also address the desire of the leadership to have substantive committees review requests for the release of special emergency fund appropriations.

Senator Trow asked why the Subcommittee had recommended that the special appropriation be allocated. Representative Ross responded that the Subcommittee did not want to delay the implementation of the non-STARS programs.

Senator Qutub reiterated her wish that AFS move forward with the process. She noted that several school districts were ready and that they wanted the programs to be implemented.

Senator Qutub's substitute motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

12. Department of Human Resources–Office of the Director

Representative Winters moved that the Emergency Board, acting under authority of ORS 291.371, approve the establishment of one full-time permanent position (0.75 FTE) in the Department of Human Resources Office of Alcohol and Drug Abuse Programs to administer the Gambling Addiction Treatment Program.

The following is a summary of the request and the Subcommittee [Human Services] action:

The 1999 Legislative Assembly transferred responsibility for the Program from the Department of Administrative Services to the Department of Human Resources (DHR). DHR has concluded that the Office of Alcohol and Drug Abuse Programs is the most appropriate entity to administer the program. Currently, the program continues to be operated through contracts with county mental health programs. These contracts run through June 20, 2000. In the meantime, DHR has established an advisory committee to assist the agency in the development of a redesigned, more outcomes-based, program. This position is to coordinate transfer of the program and work with the advisory committee and others on design of the new program. Specifically, the position will develop and implement performance standards; fiscal reporting systems; a funding distribution plan; and a service delivery system. The position would also review and amend administrative rules where needed.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Senator Yih explained that she would vote against the recommendation because she believes that the position should be filled three months prior to the end of the current contract rather six months, as is the recommendation. Representative Schrader indicated that he does not believe there is a need for the position. Representative Ross and Legislative Fiscal Office staff clarified that the program to be developed by the Department of Human Resources will be different from the one that has existed in the past and that it will require staff to take care of the transition and program development.

Representative Winters' motion carried with Representative Schrader and Senator Yih voting 'no'. [Representative Montgomery and Senators Hannon and Derfler excused]

13. Department of Human Resources–Office of the Director

Representative Westlund moved that the Emergency Board, acting under authority of ORS 291.326 (1) (b) and (d), authorize for the Department of Human Resources, transfers of General Fund appropriations and an increase in the Federal Funds expenditure limitation of the Office of Alcohol and Drug Abuse Programs, per the attached schedule, to close out the 1997-99 biennium for the Department of Human Resources.

The following is a summary of the request and the Subcommittee [Human Services] action:

The Department is making minor changes in appropriations and expenditure limitations. There is no net increase or decrease in the department-wide General Fund appropriation, and there are no changes in Other Funds expenditure limitations. The Federal Funds expenditure limitation for the Office of Alcohol and Drug Abuse Programs is increased \$488,240 for the net amount needed for several, previously approved federal projects.

The Subcommittee recommended approval.

Representative Westlund's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

14. Department of Human Resources-Office of the Director

Senator Bryant moved that the Emergency Board, acting under authority of ORS 291.326 (1) (b) and (d) and 219.371, establish for the Department of Human Resources a reservation of \$1,500,000 in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Oregon Health Plan; authorize transfers of General Fund appropriations and transfers and increases in Other and Federal Funds expenditure limitations, per the attached schedule; approve the establishment of a net of 81 permanent positions (76.12 FTE) and six limited duration positions (4.50 FTE); and request that the Department of Administrative Services unschedule General Fund totaling \$5,027,080; with instructions to the Department of Human Resources to report back to the Emergency Board on various topics.

The following is a summary of the request and the Subcommittee [Human Services] action:

The Department of Human Resources (DHR) identified \$88.1 million in General Fund problems, which it originally proposed offsetting with savings of \$64.9 million, technical adjustments of \$3.6 million, and management actions designed to generate another \$19.7 million in savings. The plan addressed numerous budget issues, most related to changes in caseloads and costs. Significant among the issues was the \$32.8 million General Fund caseload driven shortfall in the budget of the Oregon Health Plan (OHP). Originally, the Department planned to resolve the problem by a combination of savings from other divisions within DHR and management actions within the Health Plan budget. Among the management actions was a plan to cut back on discretionary outreach activities and not initiate new activities funded by a grant from the Robert Wood Johnson Foundation. Subsequently, the Governor and the agency decided not to reduce the outreach effort and instead to request the establishment of a \$6.5 million Emergency Fund reservation to address outreach-related caseload costs.

The Subcommittee recommended approval of most of the revised rebalance plan. As an alternative to providing the full \$6.5 million reservation, the Subcommittee recommended that the Board unschedule \$5 million General Fund from sources described below. The Subcommittee recommended the following adjustments to the revised plan:

1. Establish a \$1.5 million reservation in the Emergency Fund for the Oregon Health Plan, with release of the funds contingent upon a report from the Governor to the Emergency Board concerning:
 - caseload growth related to discretionary outreach activities;
 - the outcome of the request for federal approval to eliminate 10 lines of services from the list of covered services; and
 - options, other than eliminating lines of service, for controlling future Oregon Health Plan costs.

2. Increase the Other Funds expenditure limitation for the Office of Medical Assistance Programs (OMAP) by \$1,396,468 to reflect added expenditures from the Motor Vehicle Accident Fund.

3. Change six positions (4.50 FTE) in the rebalance plan for the Health Division from permanent to limited duration.

4. Request that the Department of Administrative Services (DAS) unschedule a total of \$5,027,080 General Fund in the following amounts:
 - \$780,602 in the Adult and Family Services Division (AFS), reflecting increased use of Temporary Assistance to Needy Families carryover and reduced General Fund needed for Food Stamp administrative costs.
 - \$1,662,414 in the Senior and Disabled Services Division (SDSD). Half of the amount comes from savings identified by the Legislative Fiscal Office. The balance reflects higher Supplemental Security Income recovery revenue.
 - \$1,396,468 in the Office of Medical Assistance Programs, reflecting increased use of the Motor Vehicle Accident Fund (MVAFF) to offset General Fund expenditures in the Oregon Health Plan. Projections for the MVAFF show that sufficient revenues are available for the added transfer without jeopardizing expenditures already provided for in the approved budget.
 - \$402,608 in the Office of Alcohol and Drug Abuse Programs. This is the amount added in the rebalance as a result of errors in developing the budget request. OADAP received a significant budget increase during the last legislative session and may well be able to absorb the amount within existing resources.
 - \$784,988 from enhancements in the rebalance plan as follows:
 - ❑ \$143,023 in the State Office for Services to Children and Families from a daycare demonstration project for employed foster parents;
 - ❑ \$35,637 in the Vocational Rehabilitation Division from fund shifts related to receiving additional federal revenue;
 - ❑ \$92,910 in the Mental Health and Developmental Disability Services Division for installing LAN connections at OSH cottages and the eastern Oregon training and psychiatric centers;
 - ❑ \$43,418 in the Senior and Disabled Services Division (SDSD) from funds to implement HB 2079; and
 - ❑ \$470,000 in SDSD from capping the General Assistance caseload.

The agency received the following directives:

- OMAP is to return to the Emergency Board with options for dealing with any Oregon Health Plan shortfall that may result if the Health Care Financing Administration does not approve elimination of lines of covered services, in lieu of moving directly to cut services to certain groups of OHP clients.
- The Department of Human Resources (DHR) Office of Information Services, SDSD, and the DAS Information Resources Management Division are directed to report to the Joint Legislative Committee on Information Management and Technology and the Emergency Board on the ACCESS computer software project.
- The Mental Health and Developmental Disability Services Division is to present a revised cost analysis for the Developmental Disability Long Range Plan as part of its next semi-annual report on the progress of the plan.

- The Office of Alcohol and Drug Abuse Programs is to return to the Emergency Board in February 2000 with a report on how it is utilizing the \$10 million it received during the 1999 Legislative Session for enhancement of alcohol and drug treatment and prevention programs.
- The State Office for Services to Children and Families is to report in the next rebalance plan on the daycare demonstration project for employed foster parents in Marion County.
- The Senior and Disabled Services Division is to report in the next rebalance plan on the effects of capping the General Assistance program at the legislatively adopted level.

The following Committee discussion occurred:

Representative Ross noted how hard the Subcommittee had worked and said she concurred that it is a good idea to begin now, rather than later in the interim or next legislative session, to look for options for OHP cost savings. She expressed concern that some of the funds to be unscheduled would otherwise go to other programs, such as General Assistance caseloads and the day care demonstration program for employed foster parents in Marion County.

Senator Adams thanked the Legislative Fiscal Office (LFO) staff for their hard work and expressed concern about the ability of actions in the rebalance plan to solve OHP problems. He noted that it is time for asking hard questions about the OHP with being tagged as against it. He suggested that there should be a statewide task force working on how to bring costs under control and make the plan viable in the future.

Senator Qutub reminded the Board that Senator Bryant had developed a group of stakeholders during the 1997-99 interim and that she had continued the process during the last session. The group's suggestions were incorporated into HB 2700, which passed both the House and Senate, but was vetoed by the Governor.

Senator Trow commented that he also appreciated the Subcommittee's hard work, but that he would have preferred to take the funds from the Emergency Fund rather than enhancements in the rebalance. He expressed concern that taking funds from the agency will harm other programs.

Representative Westlund provided some historical background leading to the current budget problem and noted the difficult challenge it will be to find a long-term resolution to the recurring funding problems of the OHP.

Senator Yih said she also appreciated the hard work of staff, but would vote against the rebalance plan because she felt the agency does not do a good job controlling costs. Specifically, she noted the cost of mental health acute care and staffing levels associated with community treatment for the developmentally disabled.

In response to Senator Trow's concerns about inadequate funding of the OHP, Senator Bryant noted that the OHP budget increased 21 percent this last session. He noted his potential conflict of interest, since he is a board member of a health care organization that contracts with the OHP.

Representative Lewis commented on the difficult funding choices faced during the last legislative session and expressed concern about the state's ability to adequately fund the OHP in the future, especially in light of the needs of K-12 education and other programs. Representative Schrader responded that the policy question that must be addressed is to determine which health services are considered a right versus those that are considered a privilege.

Speaker Snodgrass thanked LFO staff for their work in coming up with an alternative solution to providing the full \$6.5 million requested, but noted that the issue will not go away, but will resurface in future rebalances and during the next legislative session.

Senator Trow again explained that his vote against the Subcommittee's recommendation is because he believes the funds should have come from the Emergency Fund rather than the agency's existing budget.

Senator Bryant's motion carried with Senators Yih and Trow voting 'no'. [Representative Montgomery and Senators Hannon and Derfler excused]

15. Department of Human Resources–Health Division

Senator Yih moved that the Emergency Board, acting under authority of ORS 291.326 (1) (b) and 291.371, increase the Federal Funds expenditure limitation established for the Department of Human Resources Health Division by section 3 (2)(b)(A), chapter 916, Oregon Laws 1999, Health Services, by \$672,022, and approve the establishment of one, part-time, limited duration position (0.37 FTE) for grants related to arthritis, chronic liver disease, and HIV/AIDS.

The following is a summary of the request and the Subcommittee [Human Services] action:

During the 1999 Legislative Session, the Health Division received permission from the Joint Ways and Means Committee to apply for the three grants. The grants been awarded, and the division is now seeking the necessary expenditure and position authority to proceed with the projects. The grants are all from the federal Centers for Disease Control and Prevention. No state matching funds are required.

One grant is for \$77,710 to assist the state in developing the capacity to identify and reduce the effects of arthritis. Part of the funds will be used to hire a part-time, limited duration Program Technician to assist with the project.

A grant of \$357,770 would be used to conduct chronic liver disease research, with a special focus on the role of the hepatitis C virus infection as a cause for chronic liver disease. This grant is expected to be funded indefinitely, so data can be collected over a long period of time.

The third grant, which the Division expects to be funded for a minimum of three years, provides \$236,542 to increase the number of minority organizations with the skills and capacity to access and effectively use HIV/AIDS prevention and treatment resources in communities with high concentrations of persons of color.

The Subcommittee recommended approval of the agency's request, but with a limited duration, rather than permanent, position.

Senator Yih's motion carried with no objections voiced. [Representatives Montgomery, Ross, Winters and Senators Hannon, Derfler, Qutub and Adams excused]

16. Department of Human Resources–Mental Health & Developmental Disability Services

Representative Westlund moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), establish a reservation of \$1,900,000 in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for the Mental Health and Developmental Disability Services Division, for a pilot program using atypical antipsychotic medications through June 30, 2000; and defer action on the request to allocate \$1,900,000 from the special purpose appropriation to the Emergency Board for atypical antipsychotic medications until the February 2000 meeting of the Emergency Board, pending a review and recommendation by the Joint Interim Committee on Health and Human Services.

The following is a summary of the request and the Subcommittee [Human Services] action:

The 1999 legislature directed this agency to develop a pilot program to use newer antipsychotic drugs with mentally ill persons who are not eligible for Medicaid. The agency has asked for the \$1.9 million allocation to begin the work. The agency reported that it expects to use a Request for Proposal process to select one or two counties as pilot sites. The pilots will provide medications, case management, and support services for 300 to 600 persons with psychotic mental illnesses. Oregon Health Sciences University will study and evaluate the program outcomes, including costs and long-term cost avoidance or savings.

The Joint Interim Committee on Health and Human Services is to review the proposed program before the February 2000 meeting of the Emergency Board. The Subcommittee supported a \$1.9 million Emergency Fund reservation to continue to earmark the funds for this program after the special purpose appropriation expires January 1, 2000.

The following Committee discussion occurred:

Representative Ross stated that the agency had assured the Subcommittee that a review by the interim committee would not delay progress on the pilot program.

Representative Westlund's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler, Qutub and Adams excused]

17. Department of Human Resources–Senior and Disabled Services Division

Representative Winters moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, submission by the Senior and Disabled Services Division of a federal Department of Health and Human Services' Administration on Aging grant application to provide Internet access to educate persons with disabilities and seniors about changes in Medicare.

The following is a summary of the request and the Subcommittee [Human Resources] action:

The federal Balanced Budget Act of 1997 instituted some significant changes in the Medicare program. Among the reforms was the introduction of several new plans that Medicare beneficiaries could choose instead of the traditional program. Along with the Medicare changes, the Budget Act encouraged efforts to educate Medicare recipients about the changes. The grant that the Senior and Disabled Services Division is seeking is a non-competitive \$25,085 award that does not require state matching funds. The funds will be used to purchase laptop computers for seven rural Area Agency on Aging offices and to provide staff training.

Representative Winters' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

18. Department of Human Resources–Senior and Disabled Services Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 410.555, approve a proposed change in the Medicaid long-term care reimbursement system by the Department of Human Resources' Senior and Disabled Services Division for those who provide care for their disabled spouses, with a modification to the proposed administrative rule language pertaining to alternative care options.

The following is a summary of the request and the Subcommittee [Human Resources] action:

The Senior and Disabled Services Division (SDSD) is required by statute to seek approval from the Emergency Board before implementing changes to the reimbursement system for long-term care services. The 1999 Legislative Assembly reduced the budget for the agency's spousal pay program. The program's proposed budget before the reduction assumed an average caseload of about 232 persons during the 1999-01 biennium. To implement the budget change, SDSD is proposing administrative rule changes that considerably tighten eligibility for the program and reduce the caseload beginning in April 2000 to 20 persons. The remaining spousal pay clients would receive other forms of long-term care in programs eligible for Medicaid reimbursement such as the client employed live-in program.

SDSD is currently seeking a Medicaid waiver—the Independent Choices demonstration project that would allow 64 of the current clients to continue receiving care provided by their spouses. That waiver application process is nearly complete. In addition, the agency will apply for a Medicaid waiver that would allow Medicaid reimbursement for the spousal pay program. That waiver process, however, is expected to take at least one year.

Subcommittee members expressed concern that placing some of the current spousal pay clients in other long-term care programs could be detrimental to the clients' health. This concern prompted a recommendation to modify the proposed administrative rule language pertaining to alternative care options. Under SDSD's proposed rule, in order for payments to spouses to be made, "local offices must submit verification and justification that alternative options were considered and found infeasible." The Subcommittee recommended adding to this requirement the following: "or would be significantly detrimental to the client's health." The Subcommittee also believed considering the employability of the client should also be considered.

The Subcommittee further recommended that SDSD be directed to report to the Emergency Board in February 2000 about the possible caseload (above the proposed 20) and cost that could be generated by including this modification to the proposed administrative rule. In addition, the Subcommittee recommended that the Emergency Board encourage SDSD to seek a spousal pay

Medicaid waiver, to complete the application process for the Independent Choices waiver, and to report again to the Emergency Board no later than June 2000 concerning the status of the spousal pay clients and waiver requests.

The following Committee discussion occurred:

Representative Ross explained that the 1999 Legislative Assembly had significantly reduced the spousal pay program because the federal government would not provide Medicaid reimbursement for the program. The agency had been directed, however, to implement rules that would allow for a few exceptions to be made. The agency returned with rules that would limit the caseload to about 20

persons. She expressed her wish and that of the Subcommittee's that the agency should change its proposed rule to include an exception when placing a spousal pay client in an alternative care setting would be significantly detrimental to that client's health. She explained that the Subcommittee wanted DHR to report to the February Emergency Board concerning the impact of this modification upon caseload and program cost.

Senator Bryant pointed out that the Subcommittee was being careful not to reverse the Legislative Assembly's or Governor's action in approving the DHR budget which reduced the spousal pay program. He explained that the Subcommittee wants the agency to continue to put pressure upon the Health Care Financing Administration (HCFA) to change its policy restricting Medicaid reimbursement for the spousal pay program and to allow the Independent Choices pilot in five Oregon counties and for 64 current spousal pay clients. He stated that DHR reported that there would be no problem placing a number of the current spousal pay clients in alternative settings that were Medicaid reimbursable. He explained that Representative Ross' motion might or might not increase costs, but that DHR would report in February. Senator Bryant stated that HCFA needed to understand the impact of its decisions. He mentioned that with respect to considering employability as a criterion for eligibility for spousal pay, that the Subcommittee knew of only one case that might be of concern. He reiterated that the Subcommittee did not try and undo the Legislative Assembly's action.

Representative Lewis noted that the LFO analysis mentioned that HCFA was waiting for data from SDSD to approve the Independent Choices Medicaid waiver. She asked Senator Bryant and other Subcommittee members if they felt DHR was dragging its feet in providing the necessary data to HCFA.

Senator Bryant responded that he did not think so. He noted that the Governor in his discussion with HCFA about the Oregon Health Plan could also support SDSD's efforts to acquire spousal pay waivers.

Representative Lewis asked if Representative Ross' motion would continue to constrain the Department to consider exceptions only when there would be serious health problems in placing a client in alternative care. She asked if the motion would result in the Department returning to the Emergency Board claiming that the rule modification would allow 180 clients to qualify for the spousal pay program.

Senator Bryant and Representative Ross both responded that the modification would not have that result.

Representative Ross' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

19. Department of Human Resources–Senior and Disabled Services Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), request that the Department of Administrative Services reschedule \$1,800,000 of General Fund for the Department of Human Resources, Senior and Disabled Services Division, increase the Federal Funds expenditure limitation established for the Department of Human Resources, Senior and Disabled Services Division, by section 3(3)(a), chapter 916, Oregon Laws 1999, Long Term Care and Developmental Disability Services, by \$2,100,000, for AAA funding issues, and acknowledge receipt of a report responding to an outline of a Joint Legislative Audit Committee report on Area Agencies on Aging.

The following is a summary of the request and the Subcommittee [Human Resources] action:

The Department of Human Resources' Senior and Disabled Services Division (SDSD) 1999-02 legislatively adopted budget contains a budget note recommending that the Joint Legislative Audit Committee (JLAC) review Area Agency on Aging (AAA) funding issues. The agency's budget also contains \$2.0 million General Fund specifically for AAA's that was, at the request of the Legislative Assembly, unscheduled by the Department of Administrative Services (DAS) pending completion of the JLAC review and a report by SDSD to the Emergency Board concerning the review.

The JLAC met on November 17th and reviewed the findings and possible recommendations contained in a report outline prepared by the Legislative Fiscal Office. The JLAC recommended that the Emergency Board request DAS to reschedule \$1.8 million of the General Fund. The remaining \$200,000 could be rescheduled by DAS pending a reduction of the AAA Food Stamp error rate to a level acceptable to the U.S. Department of Agriculture and an appearance before next May's JLAC meeting and the June 2000 Emergency Board meeting. SDSD's report and Emergency Board request is consistent with the JLAC recommendations.

The following Committee discussion occurred:

In support of her motion, Representative Ross added that many legislators had concerns about the equitable funding of AAA's. At the same time, she added, the JLAC had concerns about food stamp error rates in some of the AAA's. She acknowledged that there had been improvement on the error rates, but that monthly fluctuations continued. By holding back \$200,000 the JLAC was creating an incentive for the AAA's to continue reducing error rates.

Representative Ross' motion carried with no objections voiced. [Representatives Lewis, Montgomery and Senators Hannon and Derfler excused]

20. Department of Corrections

Representative Schrader moved that the Emergency Board acknowledge receipt of a report from an interim work group of natural resource agencies, the Military Department, and the Department of Corrections on the development of a 1999-01 work plan to appropriately utilize inmate labor, services, and products; and direct the Department of Corrections to provide a progress report on its success in obtaining funding and timeline commitments from the work group agencies to the January 2000 Interim Joint Judiciary Committee.

The following is a summary of the request and the Subcommittee [Education] action:

The 1999 Legislature directed the Department by a budget note to work with the Military Department and an interim work group of natural resources agencies to develop a work plan to appropriately utilize inmate labor, services, and products. Specifically, the budget note directed the Department to work collaboratively and creatively with the Military Department and an interim work group of natural resources agencies (included but not limited to the departments of Agriculture, Environmental Quality, Forestry, Fish and Wildlife, Parks and Recreation, and Water Resources) to develop a 1999-01 work plan to appropriately utilize inmate labor, services, and products. The Department was directed to assist the Military Department and natural resource agencies in the

development of work plan that was to be provided to the Emergency Board by no later than November 1999. The Department was also directed to report on progress made in completing the work plan to Ways and Means during the next regular session.

The report confirms that the Department has taken several actions to comply with the budget note and develop a work plan. The intent of this note was to provide support for DOC's efforts to increase compliance with Ballot Measure 17 and to prompt the timely development of agency budget commitments involving the use of inmate labor and services. DOC has met with agency heads; formed an interim work group; and provided presentations on inmate services and products. In response, agencies have prepared descriptions of various projects and products that could be purchased from inmate work programs. As of the date the report was submitted, no funding and timeline commitments have been made.

The seven identified agencies are tentatively planning to spend approximately \$7.3 million during 1999-01 or about \$0.6 million more than spent in 1997-99. Four of the seven identified agencies have plans that will increase the amount spent in 1999-01 over that which was spent in 1997-99; two agencies plan to maintain the same level of spending; and one agency expects to spend less. The Department of Forestry plans to contribute about half of the funds (\$3.7 million) primarily to continue using inmate work crews for forest management projects. The next largest contributor of funds (\$3.0 million) is expected to be the Parks and Recreation Department (OPRD). However, the OPRD rebalance plan submitted to the Emergency Board indicates there will be a \$70,000 reduction in its planned DOC expenditures. The work plan also shows that the Water Resources Department and the Oregon Watershed Enhancement Board are planning to contribute approximately \$0.43 million for work crews, mapping, and furniture purchases. The three remaining state agencies (Agriculture, Environmental Quality, and Military) are planning to contribute the remaining \$0.13 million. The Department of Fish and Wildlife is still evaluating possible uses of inmates within available revenues and has yet to estimate its 1999-01 planned expenditures.

Although the work plan is focused on the efforts being made by the Military Department and natural resource agencies, it is important to note that the Department of Transportation (ODOT) is also beginning to explore additional opportunities to purchase inmate products and services. ODOT was specifically directed by a budget note to work closely with DOC to develop a plan to achieve cost savings and operational efficiencies by combining sign shop activities. A joint report on their efforts is to be provided to Ways and Means during the next regular session.

While the report shows each agency's estimated program expenditures, most agencies have not established timelines for ordering products or completing projects. As a result, DOC is left to operate under the general assumption that agencies will make funding commitments within the remaining 19 months of this biennium and is not able to provide a very detailed work plan at this time. Agencies

should be strongly encouraged to continue to meet regularly with DOC to establish such timelines within the next couple months. Without such commitments, it will be difficult for the Department of Corrections to reasonably predict when agency Other Fund revenue will be provided; coordinate the purchase of required materials; dedicate the necessary staff and inmate resources; and establish production schedules which will ensure timely product and service delivery.

The Subcommittee recommended the Emergency Board acknowledge receipt of the report and direct DOC to provide a progress report on its success in obtaining funding and timeline commitments from the work group agencies to the January 2000 Interim Joint Judiciary Committee. Representative Schrader also requested that the Department's Inmate Work Program reports include estimates of the amount of savings achieved by the use of inmates.

Representative Schrader's motion carried with no objections voiced. [Representatives Lewis, Montgomery and Senators Hannon and Derfler excused]

21. Department of Corrections

Representative Lewis moved that the Emergency Board acknowledge receipt of a report on how the Department of Corrections is managing hepatitis C in the inmate population.

The following is a summary of the request and the Subcommittee [Education] action:

The 1999 Legislature directed the Department by a budget note to submit a report on how it is managing hepatitis C in the inmate population. Specifically, the Department was directed to submit to the appropriate policy and fiscal committees of the Senate and House of Representatives by December 15, 1999, a report on how the Department is managing hepatitis C in the inmate population. In developing this plan, the Department was directed to work with recognized experts in the field as well as address national hepatitis C guidelines and protocols. The report was to also identify how the Department addresses offender education about the disease, how and when offenders are tested, how the disease is managed when an inmate is determined to have hepatitis C, and an estimate of the number of offenders in Oregon prisons with hepatitis C. The report was to, where appropriate, also include recommendations to the Legislature on ways to improve hepatitis C disease management and how that management will be funded.

The Department reports that it has taken several actions to comply with the budget note and manage the hepatitis C population. The Department believes it has developed a reasonable and cost effective method of management that is consistent with state and national protocols. It is designed to educate, change behavior, reduce risks, and protect the public. The Department does not believe any legislative changes affecting disease management or funding are necessary at this time.

Hepatitis C is a disease spread by blood-to-blood contact and the vast majority of the transmissions occur by willing voluntary behavior. The primary methods of transmission are through sharing of IV drug needles, tattoo needles, and razors. The Department currently estimates that approximately 3,000 (30 percent) prison inmates currently have hepatitis C. Of the 3,000, 80 percent (2,400) are not expected to experience any life changing impacts and 95 percent (2,850) are expected to live a normal life span. Statistics indicate that about 20 percent (600) may experience some negative impact on their quality or length of life.

In response to the budget note, the Department reviewed state and national public health guidelines and protocols, requested and received input from various experts, and met with drug

company representatives. Based on these actions, consensus was reached on a workable Department of Corrections treatment protocol. The protocol focuses on mandatory education; screening to identify those at risk; counseling for those at risk or with positive tests; action steps to reduce risk behaviors; and testing and treatment when requested. When the treatment is administered, the medication is administered over a six to twelve month period at a cost of approximately \$30,000. The Department reports that very few inmates have chosen to be treated once educated about the disease and the potential side effects of the medication. The Department plans to fund the costs of education, evaluation, counseling, and treatment within the amounts budgeted for health services programs. This could change if a current Health Division prevalence study shows there are significantly more inmates with the disease.

The Subcommittee discussed the report, the methods of disease treatment, and the importance of reducing the spread of the disease among inmates and the general public. The Subcommittee received public testimony comparing Washington's levels of testing and treatment to Oregon's. The data provided showed that significantly more inmates are being tested and treated in Washington. The public testimony was concluded with a request that the Department of Corrections place more emphasis on treatment of those with the disease. The Subcommittee directed the Department to continue to find out more about the prevalence of the disease; to work to address the concerns expressed to the Subcommittee through public testimony; and to provide a follow-up report to the Joint Health and Human Services Committee. The Subcommittee recommended the Emergency Board acknowledge receipt of the report.

Representative Lewis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

22. Department of Corrections

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.375, approve the submission of two federal grant applications by the Department of Corrections in the amount of \$150,000 each for federal grants from the Open Solicitation Discretionary Grant Program being administered by the U.S. Department of Justice, Bureau of Justice Assistance, to develop innovative strategies to address emerging or chronic criminal justice issues.

The following is a summary of the request and the Subcommittee [Education] action:

In November 1999, the Department of Corrections (DOC) received notice of an opportunity to apply for federal funds through the Open Solicitation Discretionary Grant Program administered by the U.S. Department of Justice, Bureau of Justice Assistance. There is no matching requirement and the deadline for submitting proposals is December 13, 1999. The grant program encourages state, local and tribal government units to identify emerging or chronic criminal justice issues within their jurisdictions and to provide innovative strategies for addressing those issues. The Department of Corrections is interested in submitting applications addressing four of the nine criminal justice interest areas that have been identified by the Bureau of Justice. The maximum amount that can be awarded for each interest area is \$150,000 and the funds are to be used over an 18-month period. The Department's four interest areas and a brief description of the proposed strategy are outlined below:

- **Alcohol and Crime** - Address the link between use of alcohol and the commission of crimes.
- **Mental Health** - Address the increasing number of offenders with mental health issues within the criminal justice system.

- **Front-end Decision making** - Improve placement, treatment, training, and release planning decisions made during and immediately following the intake process.
- **Offender Supervision and Reentry** - Propose new methods of supervising offenders that are reentering communities following incarceration.

The Department is still in the process of developing detailed descriptions of the problems that exist in each of these areas; developing proposed actions to address the problems; identifying other agencies or community-based groups it may work with; determining how it will measure each strategy's effectiveness; and estimating the cost benefits of each strategy. If the Department is successful in obtaining grant funds, these detailed descriptions will be submitted to the Emergency Board along with a request to increase the Department's Federal Funds expenditure limitation.

The Department of Corrections modified its request during the Subcommittee meeting based on updated information. The Department indicated that it was only planning to submit two grant applications, not in the four areas originally identified. If approved, the applications will address (1) alcohol and mental health issues; and (2) offender supervision and reentry. This modification reduced the request for authority to apply for \$600,000 in grant funds to \$300,000. The Subcommittee recommended that the Emergency Board approve the modified request.

The following Committee discussion occurred:

Chair Snodgrass expressed her appreciation for the Department's request for approval prior to actual submission of the grant applications.

Representative Minnis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

23. Criminal Justice Commission

Representative Schrader moved that the Emergency Board acknowledge receipt of a work plan by the Criminal Justice Commission for developing a state criminal justice policy and comprehensive long-range plan report, and direct the Commission to provide a report on the progress made in completing the work plan to the Interim Joint Judiciary Committee prior to the Commission's appearance before the November 2000 Emergency Board.

The following is a summary of the request and the Subcommittee [Education] action:

The 1999 Legislature directed the Department by a budget note to develop a state criminal justice policy and comprehensive long-range plan. Specifically, the budget note directed the Commission to provide to the Emergency Board by the end of January 2000 a work plan for developing a state criminal justice policy and comprehensive long-range plan as directed by ORS 137.656(2). The Commission was also directed to report to the Emergency Board by December 2000 on progress made in completing the work plan. Consistent with ORS 137.661, the Commission was also directed to seek assistance from the appropriate state agencies, including the Department of Corrections, Oregon Youth Authority, Department of State Police, Public Defender, Department of Justice, and Judicial Branch to prepare, submit, and complete the work plan.

The report confirms that the Commission and other criminal justice agencies have taken several actions to comply with the budget note and develop a work plan. The Commission will be challenged to meet the timeframes outlined in the work plan, since it has few existing staff resources to dedicate to

the project. The Commission is heavily reliant on timely and complete responses from both other state agencies and non-governmental organizations and an iterative process is necessary so involved parties have opportunities to review and respond to each other's work products. Thus far, the Commission has received strong support from the Governor's Office and other state agencies. Completion of the work plan should help the Commission and other participants in the criminal justice system identify roles; priorities; pending policy issues; recommended changes; barriers to change; and develop a vision for how the system should operate in the future. This information will also highlight areas the Commission will want to analyze further and should be extremely helpful to the budget and policy committees that will be faced with making numerous decisions during the next legislative session.

The Subcommittee recommended the Emergency Board acknowledge receipt of the report and direct the Commission to provide a report on the progress made in completing the work plan to the Interim Joint Judiciary Committee prior to the Commission's appearance before the November 2000 Emergency Board.

The following Committee discussion occurred:

Representative Schrader confirmed that Commission completion of the comprehensive planning was a big issue during the 1999 regular session. He also stated his belief that the policy and planning report should help everyone with criminal justice system coordination efforts.

Representative Schrader's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon and Derfler excused]

24. Department of Justice

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$287,268 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Department of Justice, to supplement the appropriation made to the Department of Justice by section 1, chapter 260, Oregon Laws 1999, for paying the expenses of the district attorneys, to increase salaries for District Attorneys.

The following is a summary of the request and the Subcommittee [Education] action:

The District Attorneys (DA's), through the Department of Justice, are requesting an Emergency Fund allocation to fund an increase for DA's salaries. They have proposed this increase in two parts. The first part of \$107,731 is to cover the difference between the cost of 2 percent salary increases October 1, 1999, and January 1, 2001, and the insurance benefit increase and the distribution the DA's will receive from funds appropriated for general salary increases. The second part, totaling \$251,291, is to fund two salary increases of 4.125 percent each on January 1, 2000, and January 1, 2001. These increases yield 6.125 percent annual salary increases for all district attorneys. During the 1997-99 biennium, DAs received annual increases of 7.5 percent.

A budget note directed the DA's, in conjunction with the Department of Administrative Services, to review the compensation schedule and groupings of counties to determine if it is appropriate to update or modify the salary schedule and salary groups. The DA's reviewed salaries but plan to further study the county groupings and report to the next legislature. In reviewing data from a comparison of Oregon DA salaries with those from four neighboring states, it is clear that, excluding

Oregon's three part-time prosecutors, the lower end of Oregon's compensation is considerably higher than every state of comparable size and only about \$2,000 less than California's lowest compensation. At the high end, only Idaho pays a lower salary than Oregon. The high salary paid by the other states – California, Washington, and Nevada – all exceed \$100,000.

If the Emergency Board approves this request, district attorneys in 28 of the 36 counties would receive \$68,500 or \$77,500 after all the increases are phased in; the district attorneys in the five largest counties would receive \$92,000.

One requirement for the requested increase is that it would reduce the compensation disparity between District Attorneys and their professional counterparts, primarily Circuit Court judges, and reportedly reduce DA turnover. Although district attorneys from a number of counties have become judges, it is not clear that increasing the salaries to the level of judges would reduce the reported turnover. Some prosecutors would likely opt to move up to judgeships regardless of the salary. Moreover, Circuit Court judges make \$85,300 annually, and they received no salary adjustments for this biennium. To accept the requested increase would push the top DA salaries considerably higher than Circuit Court judges to over \$92,000 annually. This would create an environment in which judges would argue that their salaries should be at least as high and perhaps higher than DA's, adding more pressure on limited General Fund resources.

An alternative suggestion was to approve one 1.125 percent salary adjustment effective January 1, 2000 instead of the two requested 4.125 percent adjustments. This modest increase would still push the top salaries to \$86,100, which is still above the salaries of Circuit Court judges. Cost of this increase would be \$50,703 for this biennium and would produce roll up costs of approximately \$76,000 in the 2001-03 biennium.

The Legislative Fiscal Office recommended that the Emergency Board allocate \$158,434 to cover the funding shortfall of the general salary increase and the additional salary adjustment of 1.125 percent effective January 1, 2000. When the DA's present their conclusions later about compensation groupings, the legislature could, at that time, take into consideration those conclusions, any additional adjustments in salaries or groupings, and the demand for resources by other sectors of the Judicial system.

The Subcommittee reviewed the request, the LFO recommendation, and an alternative provided by the District Attorneys. The Subcommittee discussed the need to maintain competent District Attorneys; the past history of District Attorney salary increases; and the need to provide a salary increase at this time to reduce the loss of expertise that results when these positions are vacated.

The Subcommittee recommended approval of the alternative plan, which would provide a four percent salary increase on January 1, 2000 in addition to the 2 percent cost of living increases that have already been approved for all state personnel. This recommendation requires a total Emergency Fund allocation of \$287,268, which is \$71,754 less than originally requested.

The following Committee discussion occurred:

Representative Schrader explained that he was not in support of the four percent increase in the interest of cost containment and fairness, especially since the increase would place the pay of five District Attorneys above that of circuit court judges. Senator Timms stated he would not support the request based on the statements by Representative Schrader. Representative Lewis indicated that she shared many of Representative Schrader's concerns, however, she was willing to support the four

percent increase. She further stated that District Attorneys should now consider themselves at parity and should not be coming back to the next legislature for additional increases.

Representative Ross indicated that she would not support the increase since there were Deputy District Attorneys and child support staff that are in greater need to receiving pay increases. Senator Bryant confirmed that five District Attorneys would be paid about \$2,500 more per year than circuit court judges and his belief that the increase in pay was justified based on a salary survey completed by the Department of Administrative Services. Senator Bryant stated that the remaining three salary tiers were substantially less than judges and the increase will be helpful in keeping experienced District Attorneys.

Senator Trow's motion carried on roll call vote with Representatives Ross, Schrader and Senators Timms and Yih voting 'no'. [Representative Montgomery and Senators Hannon and Derfler excused]

25. Oregon Military Department

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(c), establish a Federal Funds capital construction expenditure limitation for the Oregon Military Department of \$550,500, for design of the Baker City Readiness Center, and direct the agency to pursue 100 percent federal funding of the project.

The following is a summary of the request and Subcommittee [Education] action:

The National Guard Bureau has been directed by Congress to fund the federal portion of design costs in Federal Fiscal Year 2000 and construction in Federal Fiscal Year 2001. The current Baker City Readiness Center facility is 46 years old; inadequate for current use; in serious disrepair; and is included in the Department's six-year plan for replacement. The new Baker City Readiness Center will be built as a multipurpose use facility including a Federal Law Enforcement Regional Training facility and a Baker City Community Center. The Baker City Readiness Center facility is the Department's fourth priority. The agency's major capital construction fund does not have sufficient funds to undertake additional projects.

The Department requested 100 percent federal funding for design costs; however, it has been federal policy to fund these readiness centers at 75 percent with the state providing 25 percent. The agency is uncertain of the level of federal funding that the National Guard Bureau will approve. Project design must begin immediately to avoid losing the congressionally mandated federal funding. Once design of the facility is completed, the Department will return to the Emergency Board and request funding to construct the facility.

The Subcommittee recommended approval of the \$550,500 in Federal Funds limitation. Congress is accelerating the design of Baker City Readiness Center and has directed the National Guard Bureau to provide federal funding for the project. The subcommittee believes that the project should be 100 percent federally funded because it is not the state's highest priority and it is Congress that is proposing the project.

The following Committee discussion occurred:

Senator Timms noted that while the Baker City Readiness Center is the state's fourth priority, this action by Congress could bring the project in ahead of the Ontario Readiness Center priority. Senator Trow sympathized on the fact that Congress is advancing this project ahead of other Oregon priorities and asked what the status of the Ontario Readiness Center is. Colonel Michael Caldwell, representing the Military Department, advised the Emergency Board that the design is 50% to 60% complete and, in that respect, is already ahead of the Baker City Readiness Center. Colonel Caldwell further explained that projects are typically designed first then put on a list to be funded. The Baker City Readiness Center is an anomaly in that Congress is directing the National Guard Bureau to fund the design and fund construction following completion of the design, potentially putting Baker City ahead of the other priorities of the state.

Senator Trow's motion carried with Senator Timms voting 'no'. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

26. Oregon Military Department

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds capital construction expenditure limitation established for the Military Department by section 2(3)(k), chapter 673, Oregon Laws 1993, as amended by section 8(3)(i), chapter 409, Oregon Laws 1995, LAASF, Pendleton, as modified by the Emergency Board, by \$177,545, for litigation claims from the Pendleton Limited Army Aviation Support Facility Capital Construction project.

The following is a summary of the request and Subcommittee [Education] action:

The Oregon Military Department is requesting an increase in Other Funds expenditure limitation to settle a court ordered judgement and pay legal costs associated with litigation resulting from a claim by the contractor for the Pendleton Limited Army Aviation Support Facility. In 1993, the legislature approved construction of the Limited Army Aviation Support Facility. The Military Department delayed final payment due to workmanship issues and the contractor's inability to complete the project within the time specified. The judgement was settled in May 1999, awarding the contractor only the amount owed plus accrued interest. The agency now owes \$102,545 plus the \$75,000 legal fees. There are sufficient funds for this expenditure in the agency's major capital construction account. The Legislative Fiscal Office recommended approval of the request.

The Subcommittee recommended approval.

Representative Schrader's motion carried with no objections voiced. [Representatives Montgomery, Hansen and Senators Hannon, Derfler and Metsger excused]

27. Department of State Police

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a) and 291.371, allocate \$300,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Department of State Police, to supplement the appropriation made to the Department of State Police by section 1(2), chapter 231, Oregon Laws 1999, for Fish and

Wildlife activities and operations, and approve the establishment of five permanent positions (1.25 FTE), to restore fish and wildlife enforcement presence in Central and Eastern Oregon.

The following is a summary of the request and the Subcommittee [Education] action:

The Department requested the Emergency Board to allocate \$300,000 from the Emergency Fund and approve the establishment of five permanent fish and wildlife enforcement positions (1.25 FTE) to be stationed in Central and Eastern Oregon.

The 1999-01 Governor's recommended budget included a request to add five sworn fish and wildlife enforcement positions (5.0 FTE) in Central and Eastern Oregon. The request was to re-establish positions that were moved in 1997 from Bend, Burns, Fossil, Prineville, and Klamath Falls to

address enforcement demands created in Western Oregon when the Salmon/Clean Streams Initiative passed. Although the positions were moved, the 1997 budget did not contain adequate Fish and Wildlife funds to maintain the positions at their previous locations and assignments. The Governor's recommended budget assumed these five positions would be funded for 24 months during 1999-01 with \$808,995 in Ballot Measure 66 Lottery Funds. However, the legislature prioritized the use of available Ballot Measure 66 Lottery Funds to protect 23 sworn enforcement positions that would have been lost due to Department of Fish and Wildlife revenue reductions and to cover base budget capital outlay needs. As a result, General Fund support for the five new officers remained uncertain until the closing moments of the final day of the 1999 regular session. To avoid delaying the end of the 1999 Regular Session, legislative leadership expressed its desire to allocate \$300,000 from the Emergency Board to phase in the five new positions in the last six months of this biennium. During the October 1999 meeting of the Emergency Board, legislative leadership confirmed its commitment to address the rural enforcement needs when the Department was directed to bring forward a request to fund the five positions at the December 1999 Emergency Board meeting.

The moved positions represented thirty-three percent to one hundred percent of the Fish and Wildlife enforcement presence in the five locations.

The \$300,000 in General Fund support will cover all 1999-01 costs associated with the hiring, training, and equipment needs for five new fish and wildlife enforcement troopers. The 2001-03 roll-up costs for these positions are projected to be approximately \$509,000.

The Subcommittee recommended approval of the request since it will restore the Department's fish and wildlife enforcement presence in Central and Eastern Oregon to previously approved levels.

The following Committee discussion occurred:

Representative Lewis indicated that the five recommended positions were in the Governor's recommended budget and would have been funded during the 1999 regular session but there were significant problems with the Oregon Fish and Wildlife Department revenue levels.

Representative Lewis' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

28. Economic and Community Development Department

Senator Bryant moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$94,275 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Economic and Community Development Department, to supplement the appropriation made to the Economic and Community Development Department by section 1(2), chapter 780, Oregon Laws 1999, Oregon Progress Board, to assist local commissions to develop interim indicators and outcome measures in local coordinated comprehensive plans as required by SB 555 (1999).

The following is a summary of the request and Subcommittee [Human Services] action:

SB 555 provides that the State Commission on Children and Families (SCCF) will, "In conjunction with the Oregon Progress Board and in consultation with other agencies, identify

outcomes and interim indicators relating to children and families consistent with the Oregon benchmarks and shall monitor the progress of local coordinated comprehensive plans in meeting identified outcomes." The bill also directs the Oregon Progress Board to "...conduct a review of the outcomes achieved by local coordinated comprehensive plans ... for the purpose of identifying success in achieving targets specified in the local plans".

The 1999 Legislature provided some funding to SCCF and local commissions to develop outcomes and interim indicators as part of the expanded comprehensive planning process. However, funding was not allocated for the Board's new activities. The Board will use the requested funds for contract services, to assist local commissions to develop evaluation criteria as part of this planning process. The Board will provide training on benchmarks, interim indicators and evaluation procedures; review the targets; and help local commissions revise plans that lack appropriate outcome measures. The Board's involvement in the plan development phase is expected to improve the overall quality of the performance indicators and outcome measures identified by the local commissions. This will help ensure that good performance data will be available to the legislature to evaluate the local programs.

The Legislative Fiscal Office (LFO) recommended that the Board report on its work to the August 2000 meeting of the Joint Legislative Audit Committee (JLAC). This will coincide with a report by LFO on the status of the SB 555 performance audit, which is to include a program review and planning process evaluation. The Progress Board report will enable JLAC to review the activities of the Board and ensure that the performance indicators and outcome measures recommended by the Board are consistent with the findings and needs identified by the JLAC through the LFO audit work. The Department of Administrative Services should be requested to unschedule \$40,000 pending that report and the recommendation of JLAC.

The following Committee discussion occurred:

Senator Bryant noted that the Progress Board has also been requested to monitor the relationship and cooperation between state agencies and to provide legislators with that information.

Representative Schrader discussed the disconnect between the benchmarks and actual agency budgets and that this is a step towards tying benchmark performance to budgets. Senator Bryant concurred that this is a step in that process.

Representative Schrader noted that he is pleased by this. Outcome measurements are needed for evaluating the effectiveness of programs, and for monitoring performance. He also noted that this process had been used in establishing the Engineering School budget.

Senator Qutub inquired about the budget for the Progress Board, which is \$660,000 General Fund. She stated that the requirement that the Progress Board assist in establishing targets and monitoring outcomes is very good. However, the Progress Board should be able to do this within existing resources and should not require the additional Emergency Board allocation.

Representative Lewis stated that the Progress Board is not connected to establishing existing budget priorities and outcomes, and should use funds in its existing budget for these activities.

Senator Bryant's motion carried with Representative Lewis and Senators Timms and Qutub voting 'no'. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

29. Economic and Community Development Department

Senator Yih moved that the Emergency Board acknowledge receipt of a report from the Economic and Community Development Department on selecting a contractor to facilitate trade between Oregon businesses and China.

The following is a summary of the request and Subcommittee [Human Services] action:

SB 1129 (1999) directed the Department to "...report to the Emergency Board closest to November 1, 1999 on its progress in selecting a contractor to assist Oregon Businesses in facilitating trade with China". The intent of this requirement was to ensure that the Department was making timely progress in selecting a consultant and implementing the trade facilitation process.

The Department reports that it convened an 11-member selection panel, issued a Request for Proposals with advice from the panel, and recommended a candidate firm to the Director of the Department. The Department reports that Jebson & Co. Ltd. has been selected as the consultant, and that the consultant will be available by January 1, 2000, as required in SB 1129, to begin facilitating trade activities with China for Oregon businesses. A meeting will be held in Portland on December 14, 1999 to introduce the consultant to the business community.

Senator Yih's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

30. Housing and Community Services Department

Representative Westlund moved that the Emergency Board defer action on the request to allocate \$1 million from the special purpose appropriation made to the Emergency Board for migrant housing, pending a review and recommendation by the Joint Committee on Water, Agriculture, and Natural Resources.

The following is a summary of the request and the Subcommittee [Human Services] action:

Last session, the legislature appropriated \$1 million to the Emergency Board for migrant housing. The Housing and Community Services Department is requesting the Emergency Board to allocate those funds at this time.

The Department has met with a number of interested parties, and developed guidelines for the use of the funds. The interested parties included farmworker advocates, grower representatives, lenders, housing developers, and legislators. Under the proposed guidelines, the funds would be used to construct new or to rehabilitate existing housing for migrant workers, and would be distributed as loans and grants under a competitive process. Successful applicants would be expected to provide a five-to-one match for new construction and a two-to-one match for rehabilitation projects.

The Subcommittee recommended that the Emergency Board defer action on this item and refer it to the Joint Legislative Committee on Water, Agriculture, and Natural Resources. That committee can review the proposal at its January meeting, and report its findings back to the Emergency Board. The referral is consistent with the policy this interim to have requests for special purpose appropriations reviewed by the appropriate substantive committees prior to Emergency Board action.

The Department will be able to bring this request back to the Emergency Board for reconsideration in February 2000.

Representative Westlund's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Yih, Derfler and Metsger excused]

31. Department of Veterans' Affairs

Senator Bryant moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a) and (1)(c), allocate \$147,633 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Department of Veterans' Affairs, for National Memorials, to contribute toward the construction of the National World War II Memorial in Washington, D.C.

The following is a summary of the request and the Subcommittee [Human Services] action:

The Oregon Department of Veterans' Affairs is requesting funds for a state contribution toward the construction of the National World War II Memorial. The amount of the request is equal to \$1 for each Oregonian who served in the armed forces or National Guard during the Second World War. There is currently no national memorial to honor World War II veterans. Efforts to construct this memorial have been underway for several years. The federal government authorized the memorial in May 1993 at a projected cost of \$100 million. The memorial will be sited at a prominent location on the National Mall. Under federal law, construction must begin by May 2000. States that have contributed to the memorial by that time will be recognized and listed in a memorial publication.

The American Battle Monuments Commission (ABMC) – an independent federal agency that operates and maintains U.S. military cemeteries and memorial structures – is responsible for the design and construction of the memorial. The Department of Veterans' Affairs will transfer the allocated funds to the ABMC. With this contribution, Oregon will join twenty-one other states that have already contributed toward the construction of the memorial.

The following Committee discussion occurred:

Representative Simmons stated that is appropriate for Oregon to be one of the states supporting the memorial, and that this support recognizes the sacrifices made by World War II veterans.

Representative Winters noted that World War II marked a great change of events in the history of the country, causing changes in the social climate and in the role of women and minorities in society. She reported that the memorial will include reflections of these events.

Representative Snodgrass concurred with Representative Simmons and said that she was pleased for the opportunity to support the memorial. She thanked veterans for bringing the issue to the legislature's attention.

Senator Bryant's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

32. Department of Agriculture [item withdrawn]

33. Office of Energy

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$475,000 from the special purpose appropriation made to the Emergency Board by section 1(2)(a)(A), chapter 910, Oregon Laws 1999, for allocation to the Office of Energy for the Oregon Museum of Science and Industry, for the first one-third of the appropriation to OMSI.

The following is a summary of the request and the Subcommittee [General Government] action:

The Office of Energy loaned the Oregon Museum of Science and Industry (OMSI) \$15.5 million in 1992 to help finance the construction costs and energy innovations of its new museum. Due to a variety of circumstances, OMSI was unable to make regular payments on the loan between December 1995 and November 1997. The 1997 Legislature appropriated \$1.5 million to the Emergency Board to assist OMSI with payment of the debt owed to the state. The 1999 Legislature, in SB 5511, appropriated \$1.425 million to the Emergency Board for the Office of Energy, for OMSI's debt. A budget note required semi-annual reports to the Emergency Board on progress by OMSI in meeting its financial liabilities and the goals of its business plan. This request is for allocation of the first one-third of the Emergency Board appropriation.

The Office of Energy is monitoring OMSI's progress in meeting performance benchmarks. During the 1997-99 biennium, OMSI met the requirement established in the initial Emergency Board allocation. Progress included obtaining a three-year financial commitment from the City of Portland and a one-year commitment from Metro. OMSI also submitted an operating budget and five-year business plan, completed the sale of its Washington Park facility, and renegotiated its \$4.8 million bank loan, resulting in the retirement of that debt. OMSI received a \$3.3 million matching grant from the Swigert Fund that is administered by Oregon Community Foundation, and \$700,000 in grants from Vernier Software and the Bill and Melinda Gates Foundation. OMSI also received donations and contributions for the \$400,000 cost to repair its Blueback submarine. The Office of Energy refunded the 1992 bonds to obtain a lower interest rate, which reduced OMSI's annual debt service by \$175,000. OMSI is making quarterly payments of \$112,500 to the Office of Energy under a forbearance agreement signed in August 1998. All of these activities have resulted in a significant improvement in the balance sheet for OMSI.

The Office of Energy provided the Subcommittee with a current financial report at the December 1999 meeting. While OMSI has made significant progress in retiring its debt, it will continue to have a very tight operating budget in the future, with significant variations depending on the success of its exhibits and the donations and contributions received. However, the improvement in the balance sheet and the potential for ongoing public support from grants and contributions have improved OMSI's long-term potential for meeting its financial obligations.

The following Committee discussion occurred:

Representative Snodgrass reported that Pat LaCrosse, the Director of OMSI, is retiring. She noted that he should be commended on meeting all of the requirements set by the 1997 Legislature, and she hopes that future legislatures will monitor the progress of his successor in meeting requirements set by the 1999 Legislature.

Senator Timms' motion carried with no objections voiced. [Representatives Montgomery, Ross, Minnis, Winters and Senators Hannon, Derfler, Metsger and Adams excused]

34. Department of Fish and Wildlife

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), increase the Other Funds expenditure limitation established for the Department of Fish and Wildlife by section 2(3), chapter 891, Oregon Laws 1999, Habitat Division, by \$594,000 for the provision of technical assistance to forest landowners and watershed groups implementing salmon habitat restoration projects.

The following is a summary of the request and Subcommittee [General Government] action:

In September 1999, the Emergency Board increased the Department of Fish and Wildlife's Other Funds expenditure limitation by \$275,085 and authorized the establishment of ten limited duration positions to allow continuation of program activities related to the provision of technical assistance to forest landowners and watershed groups. The Board deferred action on approving an additional \$910,635 Other Funds expenditure limitation requested by the Department while questions regarding the sources of these funds were resolved.

The current request represented limitation increases for \$594,000 of grant funding provided by the Oregon Watershed Enhancement Board (OWEB) from Measure 66 Lottery Funds to the Oregon Wildlife Heritage Foundation (OWHF) and \$316,635 in the form of a grant submitted to the National Fish and Wildlife Foundation by the OWHF.

The Emergency Board's concerns with respect to the grant from the Oregon Watershed Enhancement Board to the Oregon Wildlife Heritage Foundation for the Department's habitat biologist positions have been addressed. OWEB amended its grant agreement and the Department has established a tracking procedure to ensure that staff time will be charged to individual restoration projects. The Subcommittee recommended approval of an Other Funds expenditure increase of \$594,000 for the amount of this grant. The remaining \$316,635 in the Department's request is still pending in the form of a grant application to the National Fish and Wildlife Foundation. The Subcommittee recommended that action be deferred on increasing the expenditure limitation for this revenue until the grant agreements are finalized.

Representative Simmons's motion carried with no objections voiced. [Representatives Montgomery, Ross and Senators Hannon, Derfler, Metsger and Adams excused]

35. Department of Fish and Wildlife

Representative Hansen moved that the Emergency Board acknowledge receipt of a report on surplus property held by the Department of Fish and Wildlife.

The following is a summary of the request and Subcommittee [General Government] action:

The Department was directed in a budget note to review its property holdings and to report on efforts to sell surplus properties. The review has been completed and the agency is now in the process of identifying the market value of approximately 25 parcels identified as being potentially surplus. The Department owns a total of 794 parcels comprising 169,725 acres that are used for a variety of purposes such as wildlife areas, hatcheries, rearing ponds, offices, warehouses, research facilities, and public boat and angling access. Many of these properties were acquired through state funds, various

federal programs, and private donations. Properties acquired with federal funds or private donations generally include certain restrictions on either the sale or use of proceeds from the sale of the property.

The Department will proceed under existing statutory requirements for disposal of real property, which include obtaining an independent appraisal of any properties designated for sale. The Department would also use a public involvement process prior to the disposal or sale of any property.

The Subcommittee recommended acknowledging receipt of the surplus property report with instructions to the agency to consult with the legislature prior to utilizing revenues received from the sale of any surplus property during the current biennium and to include a plan for the disposal of the properties expected to be sold in the 2001-03 biennium as part of the agency's biennial budget request.

The following Committee discussion occurred:

Representative Simmons expressed his disappointment that only 25 properties were determined to be potentially surplus by the Department and suggested that the property holdings of the Department should be looked into further in the future.

Representative Hansen's motion carried with no objections voiced. [Representatives Montgomery, Ross, Schrader and Senators Hannon, Derfler, Metsger and Adams excused]

36. Department of Fish and Wildlife

Representative Hansen moved that the Emergency Board acknowledge receipt of a report on the Department of Fish and Wildlife's controlled hunt application process.

The following is a summary of the request and Subcommittee [General Government] action:

The Department of Fish and Wildlife was directed in a budget note to conduct a comprehensive review of the controlled hunt application process to ensure fair and equitable access to hunting tags. A

Controlled Hunt Task Force was established and issued recommendations in September for changing the process. The Fish and Wildlife Commission adopted the recommendations in October.

The recommendations include a number of changes to simplify the application process and to restrict employee participation in certain hunts. These changes include the elimination of the “next-in-line” calling process for unredeemed tags and adjusting tag allocations on a hunt by hunt basis rather than by applying a flat percentage rate to all units, the provision of information on any cancelled hunts to the public by April 15, the sale of remaining tags in units with under-subscribed tags on a first-come-first-served basis up to 11 pm on the day before the hunt is scheduled to open, the public announcement of any unanticipated hunts on April 15 and not allow Department employees to apply for these hunts to prevent any advantage due to earlier knowledge of the hunt, the elimination of damage pool hunts through increased use of emergency hunts and Landowner Preference tags, and the prohibition of Department employees from participation in emergency hunts.

Some of the recommendations were implemented immediately and others will be phased-in beginning next year. The Subcommittee discussed the importance of the Department restoring public trust and changing perceptions that information on controlled hunts is misused by agency personnel.

The following Committee discussion occurred:

Representative Simmons commented that the Department is struggling with credibility issues and that the agency’s response to employee use of controlled hunt information was weak and inadequate despite the Multnomah County District Attorney findings that no criminal behavior had occurred. Representative Simmons further remarked that he feels that the report is a step in the right direction and that the legislature should continue working closely with the Department to change the perception problems.

Representative Hansen’s motion carried with no objections voiced. [Representatives Westlund, Montgomery, Schrader and Senators Hannon, Derfler, Metsger and Adams excused]

37. Department of Fish and Wildlife

Senator Timms moved that the Emergency Board, acting under authority of ORS 291.326 (1)(b) and 291.371, increase the Lottery Funds expenditure limitation established for the Department of Fish and Wildlife by section 3, chapter 891, Oregon Laws 1999, by \$2,000,000 and approve the establishment of 10 limited duration positions (6.88 FTE) for fish screening and passage projects; direct the Department to return to the Emergency Board in September 2000 with a report on the program’s status and a request for the remaining limitation and positions; and direct the Oregon Watershed Enhancement Board to transfer the lottery revenue to the Department of Fish and Wildlife in three equal installments following the next three quarterly lottery distributions of Measure 66 Lottery Funds to OWEB.

The following is a summary of the request and Subcommittee [General Government] action:

Budget notes included in the 1999-2001 budgets of the Oregon Watershed Enhancement Board (OWEB) and the Department of Fish and Wildlife (ODFW) directed OWEB to set aside a minimum of \$4 million from Measure 66 Lottery Funds allocated to the Watershed Improvement Grant Fund for fish screening and passage programs administered by ODFW. The Department was further directed to

request the necessary Lottery Funds expenditure limitation from the Emergency Board and to describe options for staffing the engineering and installation of fish screens under the program.

The additional funding represents a major enhancement of the fish screening program. During the 1997-99 biennium, the Department's fish screening program consisted of approximately seven positions and a total budget of \$1 million. Funding was provided by a combination of General Fund and a fishing license surcharge. The Subcommittee recommends proceeding with the expanded fish screening effort but with a phased-in approach reflecting the quarterly distribution of lottery revenues. The Subcommittee discussed the effectiveness of screens in saving fish, the number of screens still needing to be installed, and the types of service to be provided to the under and over 30 cfs water diversions. The recommended positions are two Facilities Engineers 3's, three Trades/ Maintenance Coordinators, one Construction Inspector, two Engineering Technician 2's, one Fish and Wildlife Technician 3, and an Office Specialist 2. These positions are necessary to initiate the expanded screening program. When the Department reports in September on the program's development, more information will be available on federal activities to support Pacific Northwest fish screening efforts.

The Department was also advised to accurately track the expenditure of lottery funds transferred from OWEB. The funds originate from Measure 66 Lottery Funds deposited into the Watershed Improvement Grant Fund for "capital expenditures." As defined by the legislature in House Bill 3225,

"capital expenditures" for purposes of Measure 66 funding are certain direct expenses related to individual projects designed to restore, enhance, or protect fish and wildlife habitat, watershed functions, native salmonid populations, or water quality. The Department must be able to account for the staff time and materials used by individual projects. Any activities engaged in by these positions not directly related to a lottery funded project must be charged to some other funding source.

Senator Timms's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon, Derfler, Metsger and Adams excused]

38. Department of Forestry

Representative Simmons moved that the Emergency Board, acting under authority of ORS 291.326 (1)(a), allocate \$300,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Department of Forestry, to supplement the appropriation made to the Department of Forestry by section 1(1), chapter 892, Oregon Laws 1999, Agency administration, for completion of the Umpqua Land Exchange forest planning model and data sets.

The following is a summary of the request and Subcommittee [General Government] action:

The Umpqua Land Exchange Project was started as a cooperative effort to address questions of whether land exchanges could be used to improve resource conservation efforts while maintaining resource use. The project has been in development since 1995 with a team of Corvallis-based scientists preparing and testing a landscape-based model that can be used to evaluate alternative land ownership. The Department of Forestry believes the model is flexible enough for use in the agency's efforts to prepare forest plans and evaluate forest practices.

The project was originally designed to determine whether a different land ownership pattern than currently exists in the Coast Range of Douglas County could lead to improved wildlife habitat conditions while maintaining the ability to harvest timber. The project was based on perceptions that

the existing checkerboard pattern of land ownership is not conducive to effective ecosystem management.

The Subcommittee discussed the importance of using objective, scientific models when addressing environmental issues and the ability of this particular model to be used for more than just land exchange proposals. Completion of the project requires \$1.5 million. With the Emergency Fund allocation of \$300,000, the project sponsors will have commitments for \$1.3 million of the amount needed to complete the project. In exchange for the state's contribution, the Department will enter into a Memorandum of Agreement with the World Forestry Center to receive the model and data for use in agency programs.

The following Committee discussion occurred:

Senator Trow asked how the model will be used once completed and provided to the Department of Forestry. Representative Simmons explained that the model could be used to address more than just land exchange issues relating to the checkerboard land ownership situation in certain areas of the state. The model could be applied to other resource issues including how to consolidate lands with high environmental values. Representative Simmons added that the total cost of the project was approximately \$4.5 million and the model was an objective tool.

Senator Trow asked if any additional appropriations would be needed. Representative Simmons responded that the payment by the Emergency Board would complete the project.

Representative Schrader asked if the model could be used for the development of TMDLs (Total Maximum Daily Load) and other work currently being done in watersheds. Representative Simmons responded that the issue of use for TMDLs was not specifically addressed by the Subcommittee but that the model has potential to be used for a variety of additional functions.

Representative Simmons's motion carried with no objections voiced. [Representatives Westlund, Montgomery and Senators Hannon, Derfler, Metsger and Adams excused]

39. Department of Land Conservation and Development

Representative Hansen moved that the Emergency Board, acting under authority of ORS 291.326 (1)(a), allocate \$250,000 from the special purpose appropriation made to the Emergency Board by section 4(2)(a), chapter 896, Oregon Laws 1999, for the Department of Land Conservation and Development, to supplement the appropriation made to the Department of Land Conservation and Development by section 1(2), chapter 896, Oregon Laws 1999, Grant Programs, for grants to small cities and "distressed" communities for planning work to improve their readiness for growth and development, with instructions to the Department to provide a report describing the grant program to the next meeting of the Joint Water, Agriculture, and Natural Resources Committee and a report to a subsequent meeting of the Emergency Board on the allocation of the \$250,000 to small cities and "distressed" communities.

The following is a summary of the request and Subcommittee [General Government] action:

The Department of Land Conservation and Development's local government grants program was reduced by \$250,000 for the 1999-01 biennium. The amount was appropriated to the Emergency Board with a budget note directing the Department to request the \$250,000 when submitting a report

describing plans to improve the readiness of small cities and “distressed” communities with efforts to develop and complete inventories of buildable and commercial lands for economic development needs.

The Subcommittee discussed the Department’s plans to use the allocation to establish a separate grant fund for communities needing revisions of comprehensive plans and ordinances to improve their readiness for economic development. The funding will be split with \$175,000 reserved for “distressed communities” as defined by the Economic and Community Development Department and with \$75,000 set aside for a special non-competitive grants program for small cities and counties that have difficulty in competing with larger communities for available grant dollars. These small city and county grants will also emphasize readiness and economic development planning.

The Subcommittee approved the allocation with instructions to the Department to report to the Joint Water, Agriculture, and Natural Resources Committee describing the program and to report back to the Emergency Board once the grant funds have been awarded, including a description of the types of projects funded with the allocation.

Representative Hansen’s motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Derfler and Metsger excused]

40. Department of Land Conservation and Development

Senator Timms moved that the Emergency Board, acting under authority of ORS 291.326 (1)(a), allocate \$200,000 from the special purpose appropriation made to the Emergency Board by section 4(2)(b), chapter 896, Oregon Laws 1999, for the Department of Land Conservation and Development, to supplement the appropriation made to the Department of Land Conservation and Development by section 1(2), chapter 896, Oregon Laws 1999, Grant Programs, for work associated with the development of a computerized database capable of producing county maps showing the diversity of the state’s rural lands, with instructions to the Department to provide a report to a subsequent meeting of the Emergency Board on the final cost estimates of developing the rural lands database and updating statewide zoning information, including plans for using any unneeded funds in the Regional Problem Solving program.

The following is a summary of the request and Subcommittee [General Government] action:

The Department of Land Conservation and Development’s Regional Problem Solving grant program from was reduced from \$525,000 to \$325,000 for the 1999-2001 biennium. The \$200,000 reduction was appropriated to the Emergency Board for allocation to the Department upon presentation of a work and financing plan to implement the rural lands data generation and mapping requirements included in House Bill 2406. Any portion of the special purpose appropriation not needed for the mapping project would be available for the Department’s Regional Problem Solving grant program.

The Department presented its plan to assemble the computerized rural lands database which consists of four primary tasks including design of the database and development of a pilot with four counties, the selection of a contractor to create the database, and the actual establishment of the database. The first two tasks are being done in conjunction with the InfoGraphics Laboratory at the University of Oregon.

The Subcommittee discussed the Department’s plan to complete the mapping work and was presented with an example of the maps that will be available. The Department’s request was also

reviewed and supported by the Joint Water, Agriculture, and Natural Resources Committee in November. The Subcommittee recommended approval of the \$200,000 allocation. Since the final costs of the program are not yet known, the Subcommittee also recommended that the Department return to the Emergency Board with a report describing the final costs and how any remaining funds will be used in regional problem solving.

The following Committee discussion occurred:

Representative Lewis commented that this effort was long overdue and that the state, for some time, has been grappling with what has been termed the “secondary lands” issue and how to determine which lands are prime lands for agricultural use. Representative Lewis added that the rural lands mapping work will be useful for future legislatures in their decision making on such land use issues.

Senator Timms’s motion carried with no objections voiced. [Representatives Montgomery, Minnis and Senators Hannon, Derfler, Metsger and Adams excused]

41. Oregon Parks and Recreation Department

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), increase the Other Funds expenditure limitation established for the Oregon Parks and Recreation Department by section 2, chapter 389, Oregon Laws 1999, by \$1,384,085, for new and expanded park property operations and maintenance and acknowledge receipt of a report on expected revenue, expenditures and quarterly cash flow by fund type and a plan to manage the unfunded liabilities.

The following is a summary of the request and the Subcommittee [General Government] action:

The October 1999 Emergency Board directed the Oregon Parks and Recreation Department to present a full report on cash allocations at the December 1999 meeting. The Department reports a beginning balance increase of \$1.5 million over the projected amount resulting from additional revenue generated by park use during the 1997-99 biennium. While the agency identified \$2.9 million in additional revenue, the recreational vehicle registration fees are now projected to come in \$728,057 lower than the budgeted amount. The Department is investigating the reasons behind the drop in revenue from recreational vehicle registration fees.

The Department identified two categories of unfunded liabilities that were not addressed in the 1999-2001 Legislatively Adopted Budget. The first liability is for the employee salary and benefit package at \$2.3 million for the biennium. To absorb these costs, the agency is planning to reduce its Parks and Prisons program by \$2.3 million expenditures.

The second liability results from eight property additions acquired near the end of the 1997-99 biennium that were not included in the agency’s budget. The department proposes absorbing the costs within its projected ending balance and requests an increase in expenditure limitation to operate and maintain the 1999-01 new property responsibilities at the \$1,384,085 estimated expenditure level.

The Subcommittee recommended acknowledging receipt of the report and approval of the increase in Other Funds expenditure limitation.

Representative Simmons motion carried with no objections voiced. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler, Metsger and Adams excused]

42. Oregon Parks and Recreation Department

Representative Simmons moved that the Emergency Board acknowledge receipt of the report from the Oregon Parks and Recreation Department on the agency's Facilities Investment and Parks and Prison Program.

The following is a summary of the request and the Subcommittee [General Government] action:

The Oregon Parks and Recreation Department was directed by budget note to report quarterly on the status of facility and maintenance improvements projects and the inmate labor program.

The Department reported the status of the 1997-99 Facility Investment Program is within \$340,000 of completion. Improvements were made twelve state parks and a number of miscellaneous emergency projects throughout the park system. Final payments are expected to be made by the end of the calendar year. The Department reported a three-point strategy for the 1999-2001 program emphasizing projects that reduce backlogs of critical repairs, investing to gain efficiencies and investing to create future financial stability to prioritize facility improvements and/or maintenance projects. The Department's 1999-2001 project list was developed using these criteria and includes emergency projects and the dispersion of large projects over several years.

The legislature authorized over \$6 million for the 1999-2001 biennium to continue partnerships with the Department of Corrections, County Corrections/Oregon Youth Authority Crews and Youth Crews to provide maintenance and renovation projects and for construction of products. The Department is planning to reduce its Parks and Prisons program by \$2.3 million to absorb the unfunded liability for employee salary and benefits for the biennium. The reduced program will allow the Department to contract with the Department of Corrections for \$2.94 on inmate work crews and prison products. The reduction will be taken primarily in non-Department of Corrections expenditures.

The Subcommittee recommended acknowledging receipt of the report.

Representative Simmons' motion carried with no objections voiced. [Representatives Westlund, Montgomery, Minnis and Senators Hannon, Bryant, Derfler, Metsger and Adams excused]

43. Oregon Watershed Enhancement Board

Representative Simmons moved that the Emergency Board, acting under authority of ORS 291.326 (1)(b) and 291.375, increase the Federal Funds expenditure limitation established for the Oregon Watershed Enhancement Board by section 13, chapter 906, Oregon Laws 1999, by \$520,000 for federal grants related to Oregon Plan activities, retroactively approve submission of a grant application to the U.S. Environmental Protection Agency in the amount of \$200,000, with the understanding that the Oregon Watershed Enhancement Board return to the Emergency Board for

additional expenditure limitation if the grant is awarded, and direct the agency to submit federal grant applications for prior legislative review as required under ORS 291.375.

The following is a summary of the request and Subcommittee [General Government] action:

The Oregon Watershed Enhancement Board's (OWEB) adopted budget for the 1999-01 biennium included \$1.5 million Federal Funds expenditure limitation. The agency requested an additional \$520,000 of federal funds limitation due to greater than expected grant awards from the U.S. Fish and Wildlife Service and unanticipated carry forward from federal grants awarded last biennium but unable to be spent by the end of the biennium. The Subcommittee recommended approval of the \$520,000 Federal Funds expenditure limitation increase.

The agency also sought retroactive approval and expenditure limitation for a \$200,000 grant from the U.S. Environmental Protection Agency. The Subcommittee discussed the reasons for the failure to obtain prior approval for submittal of the grant application. The EPA grant program is designed to support state and local partnerships that are focused on providing natural resource stewardship. The Subcommittee recommended that retroactive approval for the application be provided, but that the agency be directed to return to the Emergency Board for the necessary expenditure limitation if the grant is awarded.

Finally, the Subcommittee recommended that OWEB's request for authorization to seek up to \$1 million in additional grants from unspecified federal government agencies without prior legislative approval be denied. The Subcommittee discussed the reasons for legislative review and recommended that the agency be directed to comply with the statutory requirements with respect to federal grant applications.

Representative Simmons's motion carried with no objections voiced. [Representatives Lewis, Westlund, Montgomery and Senators Hannon, Bryant, Derfler, Metsger and Adams excused]

44. Oregon Watershed Enhancement Board

Senator Timms moved that the Emergency Board, acting under authority of ORS 291.326 (1)(c), establish an Other Funds expenditure limitation of \$903,303 for the Oregon Watershed Enhancement Board for payment of expenses from fees, moneys or other revenues, including miscellaneous receipts, excluding lottery funds and federal funds, collected or received in the Watershed Improvement Grant Fund, for implementing activities related to the Oregon Plan and watershed improvement.

The following is a summary of the request and Subcommittee [General Government] action:

The Oregon Watershed Enhancement Board (OWEB) was created by the 1999 Legislative Assembly in House Bill 3225 as the single agency responsible for administration of the constitutionally dedicated lottery funds from Ballot Measure 66 (1998) for the restoration and protection of native salmonid populations, watersheds, fish and wildlife habitats, and water quality.

During the development of the OWEB budget, expenditure limitation for two sources of Other Funds revenues was inadvertently omitted from the 1999-01 budget. The agency anticipates receiving \$603,303 in revenues to be transferred from the Department of Transportation from sales of salmon license plates. The 1997 Legislative Assembly authorized the creation of the salmon license plates with sale proceeds to be split between watersheds and parks. OWEB also expects to receive approximately \$300,000 from miscellaneous non-governmental sources, such as publication sales and donations. Revenue from salmon plates will be used for projects that remedy road related watershed problems. The miscellaneous revenues will be used to support watershed improvement activities and projects.

The following Committee discussion occurred:

Senator Qutub asked how much revenue the salmon plates generated for watershed purposes. Legislative Fiscal Office staff responded that in the 1997-99 biennium, approximately \$250,000 was received as the watershed improvement share, but that the plates did not go on sale until February 1998. The \$603,303 figure is the projection made by the Department of Transportation for the full 1999-2001 biennium.

Senator Timms's motion carried with no objections voiced. [Representatives Lewis, Westlund, Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

45. Oregon Watershed Enhancement Board

Senator Timms moved that the Emergency Board acknowledge receipt of a quarterly report on Oregon Watershed Enhancement Board activities and expenditures.

The following is a summary of the request and Subcommittee [General Government] action:

Budget notes directed OWEB to provide quarterly reports to the Joint Stream Restoration and Species Recovery Committee and the Emergency Board on program activities, revenue and expenditures by fund, and project grant awards. The intent of the reporting requirement was to maintain legislative oversight and review of activities related to implementation of the Oregon Plan and other watershed and wildlife habitat improvement efforts.

The first quarterly report from OWEB includes a detailed listing of all active OWEB grants and their current status. The listing is provided by funding source and includes amounts awarded and paid out to date. The report also details the amount of Measure 66 lottery funds received since the beginning of the biennium and how those revenues have been distributed. Through the first two quarters of the biennium, lottery revenues transferred to OWEB totaled \$10.7 million, only \$59,000 below end of session projections.

Senator Timms's motion carried with no objections voiced. [Representative Lewis, Westlund, Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

46. Department of Transportation [item withdrawn]

47. Department of Transportation [item withdrawn]

48. Oregon Department of Transportation

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b) and 291.371, increase the Other Funds expenditure limitation established for the Department of Transportation by section 2(11), chapter 907, Oregon Laws 1999, Driver and Motor Vehicle Services, by \$15,000, for the Provisional Licensing program requirements; increase the Other Funds expenditure limitation established for the Department of Transportation by section 2(17), chapter 907, Oregon Laws 1999, Transportation safety, by \$41,994, and increase the Federal Funds expenditure limitation established for the Department of Transportation by section 3(6), chapter 907, Oregon Laws 1999, Transportation safety, by \$41,994, for the Transportation Safety Division, Driver Safety Education Program, and approve the establishment of a permanent full-time Program Technician I position (.67 FTE) with the understanding that the Department of Administrative Services will abolish .50 FTE in the Department of Education.

The following is a summary of the request and Subcommittee [General Government] action:

The Oregon Department of Transportation (ODOT) requested an Other Funds expenditure limitation increase to support estimated workload increases resulting from adoption of House Bill 2440 that restricts issuance and use of driver's licenses for youth under 18 years of age and transfers the Driver Safety Education Program to ODOT.

Driver and Motor Vehicle Services (DMV) reported the new restrictions will result in an increased workload equivalent to one new Transportation Service Representative 1 position, (0.67 FTE). The division estimated the workload to include new instruction permits, confirm driver's education form, phone calls related to new requirements, increased time to make drive test applications and rejected transactions. The estimated time provided by the Department to complete these functions amounts to approximately 41 percent of a full-time position. Reports by the agency indicate that field offices are either at or below the target wait-time level. The Subcommittee recommended Driver and Motor Vehicles manage the workload within existing staff and approval of the one time \$15,000 related to programming costs.

The new law also transfers administration of the Student Driver Training Fund from the Department of Education to the Department of Transportation. The Student Driver's Training fund receives money from a \$2 fee paid when persons pay for their drivers' licenses. Currently the Department of Education has one permanent part-time position (.50 FTE) to provide communication to public schools about driver education, compile statistical reports, interpret statutes and rules, assist in budget preparation and school reimbursement, and support the website and registration process for public sector attendees. The Department of Transportation requested that one permanent Program Technician 1 position (SR 23) be established in the Transportation Safety Division to implement existing and new requirements of the program. The Subcommittee recommended the position be approved with the understanding the Department of Administration Services will abolish the .50 FTE position authority in the Department of Education.

Representative Hansen's motion carried with no objections voiced. [Representatives Montgomery, Simmons, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

49. Oregon Department of Transportation

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds capital construction expenditure limitation established for the Department of Transportation by section 2 (3) (a), chapter 409, Oregon Laws 1995, by \$550,000, for the construction of airport improvements at the Aurora State Airport; establish a Lottery Funds expenditure limitation of \$105,502 for the Department of Transportation, Aeronautics Division, for airport improvements at the Paisley State Airport and the Burns Municipal Airport; and increase the Other Funds expenditure limitation established for the Department of Transportation by section 2 (14), chapter 907, Oregon Laws 1999, Aeronautics, by \$1,028,000, for the airport pavement maintenance program.

The following is a summary of the request and Subcommittee [General Government] action:

The Oregon Department of Transportation (ODOT) Aeronautics Division requested expenditure limitation increases for four projects: Aurora State Airport, Burns Airport, Paisley State Airport, and the airport pavement maintenance program projects.

The Federal Aviation Administration (FAA) advised ODOT Aeronautics Division that the funding level for improvements at the Aurora State Airport would be increased to ensure improvements meet increased design standards requirements of the FAA. The current expenditure limitation for the Aurora Airport improvement is \$700,000. ODOT Aeronautics requested an increase of \$550,000. The matching funds of \$55,000 are available within current Aeronautics revenue.

The legislature approved an increase in jet fuel and aviation gas taxes. Revenue produced from these increases is expected to fund an airport pavement preservation program for public use airports statewide. Revenue estimates for the 1999-2001 biennium were projected at \$1.9 million. The Department has identified pavement maintenance work at 36 airports for an estimated total cost of \$1,027,574 from the fuel fund for the 1999-2001 biennium. The Subcommittee recommended the expenditure limitation be approved at \$1,028,000 because that is the expenditure level planned by the Department within the amount of the revenue that is estimated to be actually available for the pavement maintenance program.

The 1995 Legislative Assembly approved \$50,000 in Lottery Funds for engineering and design for paving at the airport. An additional Lottery Funds allocation of \$60,000 was made in 1997 for a total state contribution of \$110,000. The total cost for the project is estimated to be \$220,000. Because the 1997 allocation was made as a capital improvement the agency no longer has the expenditure authority to access those Lottery Funds.

The Burns Municipal Airport has a 4,000 foot runway that is being reconstructed. The total estimated cost for the project is \$1.6 million, 90 percent federally funded. The 1997 Legislative Assembly allocated \$100,000 Lottery Funds for improvements to the Burns Municipal Airport. The request is made to allow the remaining funds to be used to reimburse the city of Burns for engineering and design expenses incurred on the project after the end of the biennium.

The Subcommittee recommended approval of the request with the exception of establishing the new Lottery Fund limitations as Capital Improvement rather than Capital Construction, and reducing the Other Funds expenditure limitation increase for the Aeronautics Program pavement maintenance projects to \$1,028,000.

Senator Timms' motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Bryant, Derfler and Metsger excused]

50. Department of Consumer and Business Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 656.612(6), acknowledge receipt of a report from the Department of Consumer and Business Services on Workers' Compensation Premium Assessments.

The following is a summary of the request and Subcommittee [General Government] action:

Workers' Compensation Premium Assessments are collected from insurers, self-insured employers, and self-insured employer groups. The assessments are used to fund the workers' compensation-related programs of the Department. These programs include the Workers' Compensation Division, Workers' Compensation Board, and Oregon OSHA. These programs provide workers' compensation benefits, dispute resolution services, and employer workplace safety and health training and enforcement.

SB 592 (1999) required workers' compensation premium assessments to be established through the state rule-making process. The bill also required that "Assessments ... will be reported to the Joint Legislative Committee on Ways and Means or, during the interim between sessions of the Legislative Assembly, to the Emergency Board." The Department is reporting on the actions taken in regard to

this bill. Specifically, the Department reports that Workers' Compensation Premium Assessment rates for calendar year 2000 remain unchanged from calendar 1999, at 7.3 percent for insurer and self-insured employers and 7.5 percent for self-insured employer groups.

The following Committee discussion occurred:

Representative Lewis noted that she is pleased that these reports are being made to the legislature, to keep them informed of the cost of workers' compensation assessments.

Representative Hansen's motion carried with no objections voiced. [Representatives Montgomery, Ross and Senators Hannon, Bryant, Derfler and Metsger excused]

51. Department of Administrative Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 273.386, approve the Department of Administrative Services' sale of 460 acres of the Space Age Industrial Park to the City of Boardman.

The following is a summary of the request and the Subcommittee [General Government] action:

The Department of Administrative Services requested approval to sell 460 acres of the Space Age Industrial Park to the City of Boardman for the appraised value of \$92,000, or \$200 per acre.

This land, located approximately 167 miles east of Portland, is part of the Space Age Industrial Park acquired in 1963 and presently leased to Boeing Agri-Industrial. Boeing has agreed to release the

property to the City of Boardman, and the City wants to purchase the land so it can expand its wastewater treatment facilities.

The Department has followed the procedures for disposing of surplus property by offering it first to state agencies. Proceeds from the sale will be deposited in the Capital Projects Fund. Section 273.386, ORS allows the sale of Space Age Industrial Park land subject to approval by the Emergency Board when the Legislative Assembly is not in session.

Representative Hansen's motion carried with no objections voiced. [Representatives Montgomery, Ross and Senators Hannon, Bryant, Derfler and Metsger excused]

52. Department of Administrative Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 276.390, approve the Department of Administrative Services proposed uniform rental rates for the 2001-03 biennium.

The following is a summary of the request and the Subcommittee [General Government] action:

ORS 276.390 requires the Department of Administrative Services to submit proposed uniform rental rates for the upcoming biennium to the Emergency Board for approval. The rates are charged to state agencies that occupy facilities under the control of the Department of Administrative Services.

The Department is proposing a 16 cent per-square-foot increase in office space rental to \$1.14. Also proposed is a 5 cent per-square-foot increase for storage space, bringing the new rate to \$0.38 per square foot. The primary reasons driving the increase are reduced stabilization (subsidy) funding, increased cost of contracted goods and services, and higher debt service costs because of new

construction, including the North Mall Office Complex, Medford and Bend office buildings, and an addition to the Portland State Office Building. The Department is proposing also a 10 cent per-square-foot surcharge, for a total rate of \$1.24 per-square-foot, for office space in new buildings to pay the debt service on the construction.

The Subcommittee understood that the rent stabilization fund, established by the 1989 Legislature, has subsidized rental rates and will be depleted in the 2001-03 biennium. It also concurred with the policy of charging a rate differential to pay debt service on new buildings and acknowledged that increased rental rates will be reflected in agency budgets in the 2001-03 budget requests but noted that the rates continue to be below open market.

Representative Hansen's motion carried with no objections voiced. [Representatives Montgomery, Ross and Senators Timms, Hannon, Bryant, Derfler and Metsger excused]

53. Department of Administrative Services / Military Department

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds capital construction expenditure limitation, established for the Department of Administrative Services by section 1(7)(n), chapter 624, Oregon Laws 1997, Emergency Coordination facility, by \$1,008,254; increase the Other Funds capital construction

expenditure limitation established for the Military Department by section 1(2)(a), chapter 624, Oregon Laws 1997, 400-person Armed Forces Reserve Center-Salem, by \$597,264; and increase the Federal Funds capital construction expenditure limitation established for the Military Department by section 2(1)(a), chapter 624, Oregon Laws 1997, 400-person Armed Forces Reserve Center-Salem, by \$1,505,000, for construction of a combined Emergency Coordination Center and Salem Armed Forces Reserve Center, with instructions.

The following is a summary of the request and the Subcommittee [General Government] action:

The Oregon Military Department and the Department of Administrative Services (DAS) are requesting increases in expenditure limitation to complete the design and construction of the Emergency Coordination Center and the Salem Armed Forces Reserve Center (AFRC). This project, which is a joint facility to house the AFRC and four State Police (OSP) programs, was approved by the 1997 Legislative Assembly. The original plan included approximately 121,000 square feet with 95,800 square feet of the total for the AFRC. The State Police would use 22,096 square feet for its Office of Emergency Management, Law Enforcement Data System, Western Regional Dispatch Center (WRDC), and Emergency Coordination Center. In addition, the structure included 2,873 square feet for unheated storage space and a Department of Corrections weapons vault. The project will be built on land owned by the Department of Corrections, which will provide a long-term lease, at Hawthorne and State Streets. When this project was approved in 1997, the legislature reasoned that co-locating an Emergency Coordination Facility with the Armed Forces Reserve Center (AFRC) would improve the state's emergency response capabilities through coordinated operations, better internal and external communications, and shared support services.

Since approval, the project has been on hold while the Military Department waited for federal funding, which it received in October 1999. Also, since the initial approval, inflation and revised program needs have increased some costs in the state-owned portion of the structure. Approximately 3,000 square feet will be added for State Police programs primarily for additional Emergency Coordination Center space for computer work stations and Oregon Emergency Response System agency representatives, 911 equipment, communication center space for amateur radio personnel, and additional storage space. Also, additional space is needed for the WRDC to accommodate more dispatch equipment and staff.

The Department of Transportation (ODOT) will locate its dispatch staff and some of its Intelligent Transportation System (ITS) operations in this facility. In the initial plans submitted for approval of federal funding, ODOT's dispatch center shared space with OSP's Western Regional Dispatch functions. Because of increased staffing in both OSP and ODOT, the original plan will not accommodate ODOT and OSP. Therefore, separate space of approximately 2,400 square feet is proposed for the ODOT dispatch and ITS operations. Inflation and the increased space added \$1,008,254 Other Funds to the estimated cost of constructing the state-owned portion of the building, as follows:

Increased space for Oregon Emergency Management (3,000 sq. ft.)	\$471,000 OF
Increased space for ODOT's ITS and dispatch functions (2,400 sq. ft.)	\$376,800 OF
Inflation and building code changes	\$160,454 OF

The Oregon Military Department identified additional costs of \$597,264 Other Funds that are not funded by the National Guard Bureau. These include the cost of soil stabilization, drill hall flooring, bleacher seats in the assembly hall, parking lot signage, and security equipment. Finally, because the federal funds available for this project exceed the originally approved limitation, the

Oregon Military Department needs increased Federal Funds expenditure limitation of \$1,505,000 to cover inflation increases and furnishings for the AFRC.

Certificates of participation will provide the funding for both the Military Department's and DAS' additional construction costs. The agencies will not pay any debt service in 1999-2001. Debt service in the future will be funded by rent charged to the OSP and ODOT at approximately \$2.04 per square foot. Debt service for the Military Department's portion of the COP's, approximately \$90,000 per year, will be paid with General Fund.

The Subcommittee recommended approval of the request with the following three instructions: (1) DAS should work with OSP to reconfigure the space plans to incorporate the ODOT operational space in the building's basic design and enable ODOT staff to easily access existing joint use spaces (break rooms and restrooms); (2) DAS should continue to search for ways to reduce space requirements and ensure adequate access between operations, while maintaining the facility's ability to adapt to expected changes in OSP's operational plans; and (3) OSP should continue to search for ways to increase operational efficiency and sharing of staff in the three independent operations that will be jointly located once this facility is built. At a minimum, OSP should be able to make OERS a 24-hour operation since it will be co-located with other 24-hour operations.

The following Committee discussion occurred:

Senator Trow asked if approval of the request would require General Fund expenditures and Legislative Fiscal Staff responded by stating that General Fund expenditures would be incurred by the Department of State Police in the 2001-03 biennia and beyond to pay DAS rental charges. DAS then would use the rental revenue to pay debt service on the portion of the building it owns, which will be funded by Certificates of Participation. Senator Yih asked whether the Facilities Oversight Committee had reviewed the facility plan and Legislative Fiscal staff indicated it would confirm whether that review had been done. DAS Facilities confirmed to Legislative Fiscal staff that the facility design was developed and approved by the legislature prior to creation of the Facilities Oversight Committee, but the Committee did look at the plan and was positively impressed. This information was provided to Senator Yih and Representative Hansen at the conclusion of the Full Committee meeting.

Representative Hansen's motion carried with no objections voiced. [Representative Montgomery and Senators Hannon, Bryant, Derfler and Metsger excused]

54. Department of Administrative Services

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds expenditure limitation established for the Department of Administrative Services by section 2(1), chapter 886, Oregon Laws 1999, Operating Expenses, by \$20,000, for the Governor's Natural Resources Office.

The following is a summary of the request and the Subcommittee [General Government] action:

The Governor's Natural Resource Office (GNRO) nominated the Oregon Plan for Salmon and Watersheds for an award of \$100,000 in competition sponsored by the Harvard University, the Council for Excellence in Government, and the Ford Foundation. The Oregon Plan was a finalist, and all finalists received \$20,000.

The GNRO plans to use the award for education and outreach to inform Oregonians about the Oregon Plan, and to provide some funds to local entities for salmon festivals. The GNRO discussed this request with the Joint Committee on Stream Restoration and Salmon Recovery on November 8th, and the Committee recommended approval of the request.

Representative Simmons' motion carried with no objections voiced. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

55. Department of Administrative Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a) and (c), and 291.371, allocate \$160,744 from the special purpose appropriation made to the Emergency Board by section 3(1), chapter 886, Oregon Laws 1999, for the Department of Administrative Services for costs related to a Governor's natural resource office position with the Willamette restoration initiative, to supplement the appropriation made to the Department of Administrative Services by section 1, chapter 886, Oregon Laws 1999, and approve the establishment of one permanent position (.75 FTE) in the Governor's Natural Resources Office, for the coordinator of the Willamette Restoration Initiative.

The following is a summary of the request and the Subcommittee [General Government] action:

The 1999 Legislature appropriated \$184,824 to the Emergency Board for a coordinator position in the Governor's Natural Resources Office (GNRO) for the Willamette Restoration Initiative (WRI).

The legislature acknowledged the need for such a position but had concerns about the WRI and its authority, how it fit with the Oregon Plan, and the source and accountability for funds supporting the Initiative.

The GNRO requested approval of the establishment of the coordinator position (0.79 FTE) and allocation of \$169,356 to fund it. The Joint Committee on Stream Restoration and Species Recovery has reviewed this request and the Executive Order that established the WRI. The Committee recommended approval of the position and its funding conditioned upon the Governor amending the Order to address the Committee's concerns. The Governor approved the amendments on November 29.

The Subcommittee recommended approval of the position, but because of a delay in its expected start date, recommended approval of allocating \$160,744 and 0.75 FTE.

Representative Hansen's motion carried with Senator Yih voting 'no'. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

56. Department of Administrative Services

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b) and 291.371, increase the Other Funds expenditure limitation established for the Department of Administrative Services by section 2 (1), chapter 886, Oregon Laws 1999, Operating Expenses, by \$790,405, and approve the establishment of ten permanent positions (7.13 FTE) to deal with workload increases.

The following is a summary of the request and the Subcommittee [General Government] action:

The Transportation, Purchasing, and Print Services Division workload growth has caused its workforce to increase by 45 percent since 1995 and it is now operating multiple shifts. It is requesting 6 positions (4.50 FTE) to provide adequate management oversight and maintain service levels. The Department is requesting two principal executive/ managers and a production supervisor (2.25 FTE) to provide the management oversight. Three other positions (2.25 FTE) are requested to handle increased state agencies' US Mail, to provide mail distribution to ODOT's Portland office, and to handle diagnostics and troubleshooting for its digital print services. Presorting of daily first class mail has increased from 15,000 pieces in 1995 to over 125,000 pieces and the transporter position is needed because federal law now prohibits ODOT from using a contracted courier service for US mail as it had in the past. Demand for the Division's digital print services has grown exponentially over the past several years.

The Facilities Division needs four additional staff, three full-time and one half-time (2.63 FTE) as follows: one full-time electrician to troubleshoot problems and manage the maintenance contracts of its aging elevators on the Capital Mall; and two full-time and one half-time positions to support its increased reliance on technology. Key card access to buildings; an automated HVAC control system; and increasing computerization of elevators are some of the Division's shifts to technology.

The Department reported these increased workload issues to Ways and Means very late in its budget hearings and the Committee suggested that the Department bring these issues before the Emergency Board. State agencies pay for these services out of current budgets. The Department needs the position authority and expenditure limitation to be able to provide the services. The Subcommittee

found that the ten positions actually translate to 7.13 FTE instead of the 7.70 FTE in the request and recommended approval of the increased expenditure limitation and the ten positions (7.13 FTE).

The following Committee discussion occurred:

Representative Simmons mentioned the Department is looking towards using electronic media to reduce the amount of mail processed. Senator Qutub and others said they could not support approving additional staff for the Department at this time. Representative Hansen mentioned that even though the Department contracts out elevator maintenance, having staff available to respond immediately to problems and to oversee contractors is desirable.

Representative Simmons' motion failed on roll call vote with Representatives Lewis, Westlund, Schrader, Simmons, Winters and Senators Yih and Qutub voting 'no'. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

57. Department of Administrative Services

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.371, acknowledge receipt of a Department of Administrative Services report on compensation plan changes.

The following is a summary of the request and the Subcommittee [General Government] action:

ORS 291.371 requires the Department of Administrative Services (DAS) to submit proposed changes in the compensation plan to the legislative review agency (Emergency Board) prior to making any changes. The statute does not require the approval of the legislative review agency. Funding for

the compensation plan changes in Sections C and D are included in separate requests submitted to the Emergency Board. The additional costs of Sections A and B will be absorbed within existing agency budgets, their portion of the \$40 million General Fund appropriated to the Emergency Board for compensation plan changes, and increases in Other Funds and Federal Funds limitations. The Department submitted a revision to Section C that is reflected here. The following changes are reported:

**SECTION A – American Federation of State, County and Municipal Employees (AFSCME)
Corrections Non-Security Strike-permitted employees**

1. Effective upon ratification increases the night shift differential for nurses from \$1.35 per hour to \$1.75 per hour;
2. Effective December 1, 1999 establishes state contributions to health insurance for plan year 2000 on tiers. For plan year 2001, PEBB will determine tier rates;
3. Effective January 1, 2000 provides a none-time cash payment of \$1,100, pro-rated for part-time employees;
4. Effective November 1, 2000 gives a general salary increase of three percent; and
5. Effective June 1, 2001 gives a general increase of 2.3 percent.

1999-01 cost - \$3,520,222 GF, \$225,143 OF

SECTION B – Certain pharmacists effective November 1, 1999

Increases the salary range for Class 6260 Pharmacist represented by OPEU from SR 28 to SR 30.

Increases the salary range in the Management Service compensation schedule for Class 6264 Pharmacy Mgr 1 and Class 6265 Pharmacy Mgr 2 from SR 30 and SR 31 to SR 32 and SR 33, respectively.

1999-01 cost - \$57,076 GF; \$51,358 OF; \$23,848 FF

SECTION C – Classified Unrepresented State Archives employees

Establishes new classifications of Records Officer 1 and 2 and Archivist 1 and 2 in the Secretary of State Archives Division.

1999-01 cost - \$44,010 GF

Funding for the reclassification of Archives Division staff was provided through a special appropriation to the Emergency Fund. The cost of these new classifications is included in the appropriation. The Secretary of State has requested allocation of that appropriation in a separate request submitted to the Emergency Board.

SECTION D – District Attorneys

Salaries of District Attorneys (DAs) will be increased by 4.125 percent effective January 1, 2000 and again by 4.125 percent on January 1, 2001.

These salary adjustments are in addition to the Management Service general salary increases of two percent on October 1, 1999 and two percent on January 1, 2001. The salary increases reported here are the result of a budget note that directed the DAs, in conjunction with the Department of Administrative Services, to review the compensation schedule and groupings of counties to determine if it is appropriate to update or modify the salary schedule and salary groupings. The DAs reviewed salaries but plan to further study the county groupings and report to the next

Legislature. The two 4.125 percent salary increases are subject to Emergency Board approval of a separate request submitted to the Emergency Board by the District Attorneys and Their Deputies. It was noted that another Subcommittee of the Emergency Board is recommending one 4.0 percent increase effective January 1, 2000 instead of the two 4.125 percent increases included in the report.

1999-01 cost - \$251,291 GF

SECTION E – Obsolete classifications

This section deletes 12 obsolete classifications from the general compensation plan.

1999-01 cost – none.

Senator Timms’ motion carried with no objections voiced. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

58. Oregon Liquor Control Commission

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), increase the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(1), chapter 644, Oregon Laws 1999, Administrative expenses, by \$336,927, to carry over payments for incomplete contractor work related to the agency’s Merchandising Business System Upgrade.

The following is a summary of the request and the Subcommittee [General Government] action:

The Oregon Liquor Control Commission (OLCC) contracted with Management Resources, Inc. to provide software and installation to upgrade the Merchandising Business System. The System will be used to forecast statewide distilled spirits needs, order and warehouse the spirits, and distribute them to liquor stores statewide. The new system is also the basis for the state modernizing its liquor business to maintain technological viability as the national liquor industry modernizes.

The Commission planned to complete implementation of the system upgrade before the end of the 1997-99 biennium. System testing revealed problems with functionality and performance that prevented OLCC from implementing the new system. As a result, the Commission withheld payment for work that was not approved and is negotiating the nature of the non-conformities with their contractor to resolve the issues. Payment will be made when the system is functioning as specified in the contract. The requested increase in Other Funds expenditure limitation reflects the balance of the original amount approved by the legislature for the project. The Subcommittee recommended approval.

Representative Simmons’ motion carried with no objections voiced. [Representatives Montgomery, Minnis and Senators Hannon, Bryant, Derfler and Metsger excused]

Other Business

Representative Lewis read a resolution, which had been signed by each member of the Emergency Board, expressing the Board’s deep appreciation for the services of Senior Legislative

Analyst, Georgene Bailey, who retired December 1, 1999. The resolution acknowledged Ms. Bailey's years of public service in the state as well as her services as an analyst in the Legislative Fiscal Office.

The meeting was adjourned at 12:45 p.m.

EMERGENCY BOARD

Representative Lynn Snodgrass, Chair

Senator Eugene Timms, Secretary

ATTEST:

Michael J. Stinson,
Legislative Fiscal Officer