

A G E N D A

EMERGENCY BOARD

Friday, February 25, 2000
Hearing Room F - 8:30 a.m.

Senator Adams, Presiding

Approval of December 10, 1999 minutes

Oregon Economic and Revenue Forecast – March 2000

Department of Administrative Services
- Tom Potiowsky, State Economist

1. **Department of Education** – Education Sub. – Representative Minnis
Recommendation: Allocate \$90,000 from the special purpose appropriation made to the Emergency Board for the Junior Achievement program.
2. **Judicial Department** – Education Sub. - [*withdrawn*]
3. **Judicial Department** – Education Sub. – Representative Schrader
Recommendation: Approve, retroactively, submission of a federal grant application to the U.S. Department of Justice for drug court programs.
4. **Judicial Department** – Education Sub. – Senator Outub
Recommendation: Allocate \$1,050,000 from the special purpose appropriation to the Emergency Board for family and drug courts, and approve the establishment of 39 limited duration positions (12.45 FTE), with instructions.
5. **Judicial Department** – Education Sub. – Senator Trow
Recommendation: Allocate \$800,000 from the special purpose appropriation to the Emergency Board and approve the establishment of 10 positions (6.91 FTE) and 2.01 limited duration FTE, to address critical workload and staffing needs, with instructions.
6. **Public Defender** – Education Sub. – Representative Lewis
Recommendation: Allocate \$101,800 from the Emergency Fund to the Public Defender for appeals where no further extension of time will be allowed.

7. **Department of Corrections** – Education Sub. – Senator Trow
Recommendation: Acknowledge receipt of a progress report on system-wide assaults and on efforts made to sustain reductions in overtime and increases in vacation day approvals at Eastern Oregon Correctional Institution, and direct the Department to provide a progress report on these issues to the Ways and Means Committee during the next legislative session.

8. **Department of Corrections** – Education Sub. – Representative Schrader
Recommendation: Approve an Other Funds Capital Construction expenditure limitation increase of \$2,699,999 for construction of a SB 1145 correctional facility in Klamath County; defer approval of the Lincoln County facility and direct the Department to develop and submit to the Emergency Board a site-specific Lincoln County proposal for an amount equal to or less than the current \$1,563,009 request.

9. **Department of State Police** – Education Sub. – Representative Minnis
Recommendation: Acknowledge receipt of the Department’s business plan to address unfunded 1999-01 obligations and direct the Department to provide a follow-up report to the Emergency Board if unforeseen circumstances prompt significant business plan changes that will adversely affect the Department’s ability to meet legislatively established minimum patrol staffing needs.

10. **Economic and Community Development Department** – Education Sub. – [*withdrawn*]

11. **Employment Department** – Human Services Sub. – Representative Ross
Recommendation: Approve an Other Funds Capital Construction expenditure limitation increase of \$375,000 and request the Department of Administrative Services to unschedule excess limitation within the agency’s Capital Construction budget and operating budget.

12. **Housing and Community Services Department** – Human Services Sub. – Senator Hannon
Recommendation: Approve an Other Funds expenditure limitation increase of \$85,722 and the establishment of one permanent full-time position (0.67 FTE) to implement the requirements of SB 543, enacted to make improvements in the land use planning process.

13. **Housing and Community Services Department** – Human Services Sub. – Senator Bryant
Recommendation: Approve an Other Funds expenditure limitation increase of \$800,000 and request the Department of Administrative Services unschedule the funds until a contract is awarded by Scottish Power/PacifiCorp and the actual amount to be received is confirmed.

14. **Housing and Community Services Department** – Human Services Sub. – Representative Winters
Recommendation: Allocate \$1,000,000 to the Housing Development Account from the special purpose appropriation made to the Emergency Board for migrant housing, and approve an Other Funds expenditure limitation increase of \$1,000,000 to accommodate expenditure of the funds.

15. **Housing and Community Services Department** – Human Services Sub. – Senator Hannon
Recommendation: Approve establishment of an Emergency Fund reservation of \$1,000,000 for the construction of an Oregon Food Bank office, storage and distribution facility with an expiration date of January 2001; defer the \$175,000 Emergency Fund request for equipment and resource development needs; and deny the \$175,000 Emergency Fund request of \$175,000 for personal services and other ongoing operational costs.

16. **Department of Agriculture** – General Government Sub. - [*withdrawn*]

17. **Department of Agriculture** – General Government Sub. – Senator Timms
Recommendation: Allocate \$39,236 from the Emergency Fund reservation established for the Department of Agriculture for a study of sheep bluetongue disease.

18. **Department of Environmental Quality** – General Government Sub. – Senator Metsger
Recommendation: Approve submission of a grant application to the U.S. Environmental Protection Agency and a Federal Funds expenditure limitation increase of \$133,514 for development of an enforcement performance outcome measure for general deterrence.

19. **Department of Fish and Wildlife** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of a report on the Commercial Fisheries Fund and instruct the Department to return to a subsequent meeting of the Emergency Board with an updated Marine Resources Program review and expenditure report.

20. **Department of Fish and Wildlife** – General Government Sub. – Senator Metsger
Recommendation: Acknowledge receipt of a report on the adoption of plans for the natural production of anadromous fish runs in certain river basins by the Fish and Wildlife Commission.

21. **Department of Geology and Mineral Industries** – General Government Sub. – Representative Montgomery
Recommendation: Allocate \$25,000 from the Emergency Fund for operational expenses of a Department of Geology and Mineral Industries coastal field office.

22. **Department of Geology and Mineral Industries** – General Government Sub. – Representative Hansen
Recommendation: Allocate \$65,185 from a special purpose appropriation to the Emergency Board for professional service contracts and publication expenses of the Department of Geology and Mineral Industries.

23. **Department of Land Conservation and Development** – General Government Sub. –

Senator Timms

Recommendation: Acknowledge receipt of a report on implementation of changes to the periodic review process required by SB 543.

24. **Marine Board** – Education Sub. – Representative Hansen
Recommendation: Approve an Other Funds expenditure limitation increase of \$356,924 for marine law enforcement, a Federal Funds expenditure limitation increase of \$538,459 for facilities construction, and request the Department of Administrative Services unschedule \$356,924 of Federal Funds expenditure limitation for the unrealized revenues in the marine law enforcement program.
25. **Marine Board** – Education Sub. – Senator Metsger
Recommendation: Approve an Other Funds expenditure limitation increase of \$695,363 to augment the Facility Grant Program, for mandatory boater education, and for implementation of an electronic commerce project; and approve the establishment of three permanent positions (1.00 FTE) for the mandatory boater education program.
26. **Parks and Recreation Department** – Human Services Sub. – Senator Bryant
Recommendation: Approve an Other Funds expenditure limitation increase of \$1,419,979 and a Federal Funds expenditure limitation increase of \$608,793 for small park projects; approve, retroactively, submission of federal grants and request the Department of Administrative Services unschedule \$550,000 Other Funds expenditure limitation pending actual receipt of revenues.
27. **Parks and Recreation Department** – Human Services Sub. – Senator Yih
Recommendation: Acknowledge receipt of a report on the Oregon Parks and Recreation Department's Local Grant Program.
28. **Parks and Recreation Department** – Human Services Sub. – Representative Westlund
Recommendation: Acknowledge receipt of reports on the Oregon Parks and Recreation Department's Facility Investment Program and the Parks and Prisons Program.
29. **Water Resources Department** – General Government Sub. – Representative Hansen
Recommendation: Allocate \$25,000 from the special purpose appropriation to the Emergency Board for the Deschutes Basin Water Management Planning process, with the understanding that the Department of Administrative Services will unschedule \$6,250 of the allocation until matching funds are received from local entities.
30. **Water Resources Department** – General Government Sub. – Senator Timms
Recommendation: Approve a Federal Funds expenditure limitation increase of \$300,000 for funds from the U.S. Bureau of Reclamation in the form of a grant for a ground water investigation in the Klamath Basin.

31. **Water Resources Department** – General Government Sub. – Representative Simmons
Recommendation: Allocate \$100,000 from a special purpose appropriation to the Emergency Board for groundwater studies conducted by the Water Resources Department.

32. **Department of Transportation** – General Government Sub. – Representative Montgomery
Recommendation: Acknowledge receipt of a report on the status of implementing HB 3292 relating to a Motor Carrier Drug Testing program, and direct the agency to return to the Emergency Board after the Legislative Fiscal and Legislative Counsel offices have had an opportunity to review the Attorney General’s Opinion.

33. **Department of Transportation** – General Government Sub. – Representative Hansen
Recommendation: Acknowledge receipt of a report on the status of making permanent a temporary traffic signal at the 207th and Sandy Boulevard intersection near Interstate 84.

34. **Construction Contractors Board** – Education Sub. – Senator Qutub
Recommendation: Acknowledge receipt of the Department of Administrative Services’ report on position classifications at the Construction Contractors Board, approve an Other Funds expenditure limitation increase of \$65,434, and the reclassification of 26 positions retroactive to July 1, 1999, to meet workload and job duty requirements of the Board.

35. **Department of Administrative Services** – General Government Sub. – Representative Simmons
Recommendation: Acknowledge receipt of the Department of Administrative Services’ report on changes to the compensation plan.

36. **Department of Administrative Services** – General Government Sub. – Representative Hansen
Recommendation: Allocate \$40,000,000 from the special appropriation made to the Emergency Board for employee compensation changes; and approve Other Funds expenditure limitations of \$57,180,107 and Federal Funds expenditure limitations of \$23,779,177 for employee compensation changes of various agencies.

37. **Department of Administrative Services** – General Government Sub. – Representative Montgomery
Recommendation: Approve an Other Funds expenditure limitation increase of \$243,803 and the establishment of four permanent positions (2.35 FTE) for increased workload of the Facilities Division.

38. **Department of Administrative Services** – General Government Sub. – Senator Timms
Recommendation: Approve an Other Funds expenditure limitation increase of \$301,936 and the establishment of six permanent positions (4.02 FTE), for increased workload of the Transportation, Purchasing and Print Services Division.

39. **Oregon Health Sciences University** – Education Sub. – Representative Minnis
Recommendation: Acknowledge receipt of a report on the risks of occupational exposure to hepatitis B and C in public safety workers, with the understanding that the Center for Research on Occupational and Environmental Toxicology (CROET) will use \$123,000 of its next workers' compensation distribution to conduct, with the collaboration of the Oregon Health Division, a one-time seroprevalence study comparing hepatitis infection rates in public safety workers to the general public, and will maximize efforts to fund this project from federal or private grants, or from other non-state funding means.
40. **Public Employees Retirement System** – General Government Sub. – Senator Metsger
Recommendation: Acknowledge receipt of the preliminary report on crediting 1999 interest earnings.
41. **Racing Commission** – General Government Sub. – Senator Timms
Recommendation: Approve an Other Funds expenditure limitation increase of \$250,000, with instructions.
42. **Department of Higher Education** – Education Sub. – Representative Lewis
Recommendation: Defer action on the request to allocate funds for the Oregon Wide Area Network (OWEN) until no later than October 31, 2000, pending potential elections by other telecommunications carriers to contribute to the Connecting Oregon Communities Fund established under SB 622, and reaffirm the legislative intent expressed in the budget note adopted with HB 5061, which directs that total direct state support of the OWEN budget shall total \$1.63 million in the current biennium.
43. **Department of Higher Education** – Education Sub. – Senator Trow
Recommendation: Approve establishment of an \$800,000 Other Funds (Article XI-F(1) Bonds) expenditure limitation for the construction of a hazardous waste facility at Oregon State University, and authorize the transfer of \$600,000 General Fund appropriation and \$600,000 Other Funds (Article XI-G Bonds) expenditure limitation from Academic modernization and repair, to the construction of this facility.
44. **Department of Higher Education** - Education Sub. – Representative Schrader
Recommendation: Approve an Other Funds [Other Revenues (including Federal Funds)] expenditure limitation for Autzen Stadium of \$58,074,000 and the establishment of a \$19,700,000 Other Funds (Article XI-F(1) Bonds) expenditure limitation, for the expansion and renovation of Autzen Stadium at the University of Oregon, with the understanding that the Department of Higher Education will report to the Emergency Board on the progress of the project and the need for Article XI-F(1) bond funds prior to the issuance of any bonds for the project.
45. **Department of Higher Education** – Education Sub. – Senator Qutub
Recommendation: Allocate \$1,500,000 from a reservation in the Emergency Fund for the development of a smart jitney system, with the understanding that the Department of Administrative Services will unschedule \$1,260,000 of the allocation pending the receipt of

sufficient outside funding to complete the development and test of a prototype smart jitney system.

46. **Commission on Children and Families – Human Services Sub. – Senator Hannon**
Recommendation: Approve an Other Funds expenditure limitation increase of \$1,654,706 to carry over funds for local programs for children and families; and approve a Federal Funds expenditure limitation increase of \$30,000 and the establishment of one limited duration position (0.67 FTE) for a youth development grant.

47. **Department of Human Resources-Adult & Family Services Division – Human Services Sub. Senator Yih**
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.

48. **Department of Human Resources-Adult & Family Services Division – Human Services Sub. Representative Ross**
Recommendation: Approve submission of a federal Department of Health and Human Services, Office of Child Support Enforcement grant application to improve coordination between the state courts and the Oregon Child Support program, and direct the agency to report to the April Emergency Board about the grant application.

49. **Department of Human Resources-Office of Alcohol & Drug Abuse Programs – Human Services Sub. – Senator Bryant**
Recommendation: Acknowledge receipt of a report on the utilization of the \$10 million appropriated during the 1999 legislative session for enhancement of alcohol and drug treatment and prevention programs.

50. **Department of Human Resources-Health Division – Human Services Sub. – Representative Westlund**
Recommendation: Approve submission of a \$150,000 federal grant application to the Department of Health and Human Services for the Planning Grant for State Newborn Screening Efforts and Infrastructure Development; and approve, retroactively, the submission of a \$425,000 grant application for the Universal Newborn Hearing Screening grant.

51. **Department of Human Resources-Health Division – Human Services Sub. – Representative Winters**
Recommendation: Acknowledge receipt of a report on the fee structure to support activities of the National Environmental Laboratory Accreditation Program and a change in the fee schedule of the Clandestine Drug Lab Program.

52. **Department of Human Resources-Mental Health & Developmental Disability Services Division – Human Services Sub. – Senator Hannon**

Recommendation: Approve a progress report on implementation of the Long Range Plan for developmental disability services.

53. **Department of Human Resources-Mental Health & Developmental Disability Services**

Division – Human Services Sub. – Representative Winters

Recommendation: Allocate \$1,900,000 from the Emergency Fund reservation established for a pilot program for atypical antipsychotic medications.

54. **Department of Human Resources-Senior and Disabled Services Division** –

Human Services Sub. – Senator Hannon

Recommendation: Acknowledge receipt of a report concerning the spousal pay program, and direct the Department of Human Resources to continue the spousal pay program, to aggressively seek program funding sources inside the agency's budget as well as through its federal waiver requests, and to prohibit spousal pay caseload growth until a full federal waiver has been approved.

55. **Department of Human Resources-Senior and Disabled Services Division** –

Human Services Sub. – Representative Westlund

Recommendation: Approve, retroactively, the submission of a federal Department of Justice grant to support elder abuse prevention programs.

56. **Department of Human Resources-Senior and Disabled Services Division** –

Human Services Sub. – Senator Hannon

Recommendation: Acknowledge receipt of a report concerning the ACCESS computer software project, direct the agency to identify future project phases in the agency's budget and to provide regular ACCESS quality assurance and budgetary reports to the Department of Administrative Services Information Resources Management Division, and direct the Information Resources Management Division to monitor the progress, budget, and expenditures of the ACCESS project and to provide summary reports to the Joint Legislative Committee on Information Management and Technology.

57. **Department of Human Resources-Vocational Rehabilitation Division** – Human Services Sub.
Senator Yih

Recommendation: Approve the submission of a federal Department of Education, Office of Special Education and Rehabilitative Services grant application to increase employment outcomes for individuals with psychiatric disabilities.

Non-Agenda Item

Department of Administrative Services - General Government Sub. – Senator Adams

Recommendation: Allocate \$265,000 from the Emergency Fund to the Department of Administrative Services for grants to the Grants Pass Irrigation District for costs related to fish passage improvements and fish passage studies at, and in the vicinity of, Savage Rapids Dam, with specific conditions; and the Department of Administrative Services be requested to unschedule the \$450,000 General Fund appropriated to the Department for a grant to the Grants Pass Irrigation District for costs related to the design, manufacture, installation, and maintenance of fish screens to improve fish passage at Savage Rapids Dam in HB 5002 (chapter 886, Oregon Laws 1999).

MINUTES OF THE EMERGENCY BOARD

February 25, 2000

State Capitol

Salem, Oregon

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

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

Minutes

Speaker Snodgrass moved that the Emergency Board approve the minutes of the December 10, 1999 meeting, as mailed, and upon hearing no objections it was so ordered.

Other Business

Chair Adams commented about the retirement of Jon Yunker, Director, Department of Administrative Services, saying he has been a key in policy and budgets in Oregon for a long period of time, and expressed his personal appreciation and high degree of respect for the attributes he brought to his position.

Speaker Snodgrass spoke in appreciation on behalf of all the House members and expressed her personal appreciation for Mr. Yunker's assistance during the past session. Senator Hannon added his comments in appreciation of Mr. Yunker's contribution to the state.

Oregon Economic and Revenue Forecast

Tom Potiowsky, State Economist, Office of Economic Analysis, Department of Administrative Services, presented a general overview of the March 2000 Economic and Revenue Forecast and further discussed the economic portion. Cora Parker, Economist, Office of Economic Analysis, presented the revenue portion of the Forecast. Questions were presented by members with Mr. Potiowsky and Ms. Parker responding. (Summary of Forecast attached)

1. Department of Education

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$90,000 from the special purpose appropriation made to the Emergency Board, by section 4(1)(c), chapter 888, Oregon Laws 1999, for the Junior Achievement program.

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

House Bill 5017 from the 1999 Legislative Session established a \$90,000 special purpose appropriation to the Emergency Board for the Junior Achievement program. The Department was directed in a budget note to report on use of the funds based upon a plan of expenditures submitted to the Department by the program contractor, Columbia Empire.

The Junior Achievement program complements existing school curriculum at the elementary, middle and high school levels. It is designed to help students become familiar with economic concepts and the world of work, understand the relationship between education and workplace success, and acquire knowledge and skills needed to become responsible citizens and productive workers. Junior Achievement supports school programs leading to student achievement of the Certificate of Initial Mastery and the Certificate of Advanced Mastery.

This funding will benefit 15 high schools and 243 elementary classes, primarily in rural Oregon, through classroom instruction and distance learning. The proposed budget allows for purchase of instructional materials, recruitment and training of volunteer instructors, and production and delivery of distance learning for high schools.

The Department presented its request to the House Interim Committee on Education and the Senate Interim Committee on Business, Education and Consumer Affairs in December 1999. Both committees recommend the Emergency Board approve the request.

The Subcommittee approved the Department's request.

Representative Minnis' motion carried with no objections voiced. [Senator Adams and Representatives Ross and Simmons excused]

2. Oregon Judicial Department [withdrawn]

3. Oregon Judicial Department

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, submission by the Judicial Department of an application for a Federal Funds grant of up to \$1,000,000 over a three-year period from the U. S. Department of Justice, Office of Justice Programs, Drug Court Programs Office, for drug court programs.

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

The activities funded through this grant will enhance the existing efforts of the Judicial Department to develop statewide drug court programs. The grant may provide up to \$1,000,000 over a three-year period for these programs. The funds may be used to support court and community activities, including the purchase of computer equipment and software to generate standardized data on state drug court activities, treatment programs and technical support, and staff travel and training. There is a 25% match requirement, which will be absorbed through in-kind services and existing resources.

The deadline for applying for this grant was February 18, 2000, just prior to the February 24th meeting of the Emergency Board, so retroactive approval of the request is needed. If the grant is approved, funding will become available in October 2000, and the Department will return to the September 2000 Emergency Board for the Federal Funds expenditure limitation.

Representative Schrader's motion carried with no objections voiced. [Senator Adams and Representatives Ross and Simmons excused]

4. Oregon Judicial Department

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.371 and 291.326 (1)(a), allocate \$1,050,000 from the special purpose appropriation made to the Emergency Board for the Judicial Department by section 5, chapter 323, Oregon Laws 1999, to supplement the appropriation made to the Judicial Department by section 1(1), chapter 323, Oregon Laws 1999, and approve the establishment of 39 limited duration positions (12.45 FTE), for statewide family and drug courts implementation, with instructions.

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

The 1999 Legislature, in SB 5517, appropriated \$1,050,000 to the Emergency Board for Family and Drug Court programs, with the following budget note:

“The Judicial Department is requested to develop a plan for the implementation of family courts and drug courts statewide. The Department will present the plan to the Emergency Board, and will identify the short-and long-term issues, costs, and needs for statewide implementation.”

The legislature was concerned that family courts and drug courts were being implemented in several courts without a comprehensive plan to address the purpose, benefits and costs of these courts. The Department was directed to develop a statewide implementation plan and report back to the Emergency Board on the plan.

The Judicial Department submitted a statewide implementation plan to the Joint Interim Judiciary Committee on January 26, 2000. The plan was a combined effort by judges, court administrators and others involved in the delivery of court and family services. The plan assumes that family and drug courts should be phased in statewide and identifies the staffing needed for implementation. This includes the requested \$1,050,000 Emergency Board allocation and 12.45 FTE in the 1999-01 biennium, and an estimated need for \$3.9 million and 35 FTE when fully staffed in 2001-03.

The Subcommittee identified two major policy assumptions to be considered in determining the permanent implementation of family and drug courts:

1. That family courts, although more time consuming for state and local partners and therefore more costly in the short run, will improve public safety by reducing family conflict and repeat offenses, which will ultimately reduce system costs; and
2. That drug courts, although more time consuming for state and local partners and more costly in part because of drug treatment costs, will improve public safety and reduce system costs by reducing the number of repeat offenses, and by diverting offenders from incarceration.

The Subcommittee also discussed the need for data on the impact of these courts on system costs, including prosecution, jail and prison costs. The Subcommittee was particularly concerned with evaluating prevention of criminal activities and a corresponding reduction in criminal caseload.

The Joint Interim Judiciary Committee unanimously adopted the implementation plan and the following recommendations, which were also adopted by the Emergency Board:

- The Judicial Department, in cooperation with the Department of Human Services and other partners, should develop measurable short-and-long-range outcomes for family courts and drug courts. The outcomes should include an evaluation of the effect of these courts on system costs, including prosecution and incarceration expense.
- The Judicial Department and the Department of Human Services should report to the Joint Legislative Audit Committee (JLAC) on these outcome measures and a proposed reporting process by December 2000. This will enable JLAC to recommend any changes needed to ensure that the legislature has adequate information.
- The Judicial Department should report to the Joint Interim Judiciary Committee on the preliminary outcome data from the existing family and drug courts in Deschutes, Jackson, Lane and Multnomah Counties and on the outcome measures approved by JLAC. This report should be made prior to the 2001 legislative session. This will enable the Committee to evaluate the underlying policy implications of these courts and make recommendations to the 2001 Legislature.

Senator Qutub's motion carried with no objections voiced. [Representatives Ross and Simmons excused]

5. Oregon Judicial Department

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.371 and 291.326 (1)(a), allocate \$800,000 from the special purpose appropriation made to the Emergency Board by section 6, chapter 323, Oregon Laws 1999, to supplement the appropriation made to the Judicial Department by section 1(1), chapter 323, Oregon Laws 1999, and approve the establishment of 10 permanent full-time positions (6.91 FTE) and three limited duration positions (2.01 FTE), for critical workload and staffing, with instructions.

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

The 1999 Judicial Department budget request included over \$90 million for workload and technology. The legislature was unable to determine the most critical needs, and established the special purpose appropriation. A budget note directed a statewide staffing review to determine critical needs. A related budget note requested the Chief Justice to review and re-prioritize planned expenditures in relation to the Justice 2020 Plan, and to provide a preliminary report to the Emergency Board on this effort in conjunction with the evaluation of critical workload and staffing needs. The budget note also required the Chief Justice to streamline the court system at all levels, prioritize projects that advance information technology and develop pretrial screening to reduce caseloads.

The staffing review was reported to the Joint Interim Judiciary Committee on January 26, 2000. The review indicated a critical need for staffing in small rural courts, and for workload from new prisons and jails, especially in rural areas. The Department identified the need to continue the pretrial release staff in Lane County who provide intensive pretrial supervision. The 1999 Legislature was concerned that there was no statewide pretrial release system and requested that the Department and an interim committee or the Criminal Justice Commission evaluate pretrial release services. The Department also reported on a planned evaluation using the expertise of the National Center for State

Courts, which performs workload assessments nationwide, on Oregon courts workload. This evaluation will be completed by the fall of 2000 and the findings will be incorporated into the report by the Chief Justice on the Justice 2020 Plan.

The Joint Interim Judiciary Committee unanimously adopted the staffing review and the following recommendations, which were also adopted by the Emergency Board:

- The Department and an interim committee should review pretrial release and provide the Joint Interim Judiciary Committee with recommendations.
- The Department should provide the Emergency Board with a comprehensive report on statewide staffing allocations in the 1999-2001 biennium, including positions allocated or increased by Emergency Board and by substantive legislation. The report can be combined with the Chief Justice's report, and should also identify any remaining gaps in staffing that will form the basis of the agency budget request.

Senator Trow's motion carried with no objections voiced. [Representatives Ross and Simmons excused]

6. Public Defender

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$101,800 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriation made for the Public Defender by section 1(1), chapter 297, Oregon Laws 1999, to expedite the completion of appeals in cases where no further extension of time will be allowed.

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

At the October 1999 meeting of the Emergency Board, the Public Defender was directed to obtain the services of a management consultant to assist the agency with improvements in agency management, including workload management. The agency was further directed to report to the April 2000 Emergency Board on progress. The Public Defender is complying with these directions and anticipates making a full report as directed in April.

Between now and April, over 34 appeals could exceed the timelines established by the Court of Appeals, and stopgap funding is needed to allow the Public Defender to contract for services to complete these appeals.

At the April 2000 meeting of the Emergency Board, the agency will present a long-range plan to more effectively manage its current and pending caseload, including recommendations on how to dispose of no further extension cases occurring after the April 2000 meeting. The Subcommittee heard a report that the Court of Appeals will reduce the deadline from 400 to 300 days, effective January 1, 2001. The Subcommittee directed the agency to incorporate the impact of this reduction in time on workload management requirements, and to include it in the April report.

The Subcommittee also discussed the direction from the Joint Committee on Ways and Means to the agency, the Department of Justice and the Judicial Department to identify ways to reduce

appeals without affecting the rights of defendants. These agencies were directed in a budget comment report to the Emergency Board on actions taken to reduce the number of appeals.

The following Committee discussion occurred:

Senator Yih questioned whether some of the cases on appeal were without merit.

Senator Bryant discussed the actions taken by the legislature to reduce the number of frivolous appeals, including the ability to charge court costs, but noted that defendants have the right to appeal and the court cannot prevent defendants from filing appeals. Senator Yih questioned why, if these provisions were in effect, there were still so many appeals.

Senator Bryant commented on the increase in incarcerated defendants and the length of sentences. Defendants have time to become "jailhouse lawyers", and to prepare appeals. These factors affect the number of appeals that are filed.

Representative Lewis noted that few convictions are overturned on appeal, which indicates most defendants are lawfully convicted. Representative Lewis noted the direction that was given to criminal justice agencies identify ways to reduce appeals without affecting the rights of defendants.

Representative Lewis' motion carried with no objections voiced. [Representatives Westlund and Minnis excused]

7. Department of Corrections

Senator Trow moved that the Emergency Board acknowledge receipt of a report on system-wide assaults and progress made in resolving overtime and vacation issues at Eastern Oregon Correctional Institution, and direct the Department to provide a progress report on these issues to the Ways and Means Committee during the next legislative session.

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

The 1999 Legislature directed the Department by a budget note to resolve overtime and vacation issues and to provide a progress report at the Emergency Board's first meeting. In October 1999, the Department provided a report, which confirmed that the Department had taken several actions to comply with the budget note and assess staffing needs. At that time, the Department also responded to concerns over the recent number of assaults on correctional staff. Although the Emergency Board was convinced that the Department was making progress in addressing overtime, vacation, and assault issues, it requested the Department to submit a follow-up report to the Emergency Board in February 2000. Specifically, the Department was requested to:

- Report on system-wide assaults of staff that occurred between October 1999 and January 2000;
- Provide historical assault data which identifies the location, frequency, and type of recent assaults and describe any management actions taken in response to each incident; and
- Provide data showing whether reduced overtime usage and increased vacation day approvals at EOCI have been sustainable.

The Department reports that there were 33 assault incidents over the last three months; the number of assaults on staff increased significantly between 1991 and 1998, but decreased by 26 percent between 1998 and 1999; and that recent events at EOCI adversely affected the Department's ability to sustain vacation day denial and mandatory overtime hour reductions. The Department attributes the increasing trend in assaults primarily to growth in overall prison population, the number of person-to-person offenders, and the number of relatively inexperienced staff. To address assault trends, the Department is developing a legislative concept to increase the penalty for inmate physical assaults against correctional staff and continues to examine ways to improve training, increase management skills, and use technology. Key elements of the report are summarized below:

System-Wide Assaults Between October 1999 and January 2000

There were 33 inmate-to-staff assault incidents in this three-month period. This is 25 percent less than what occurred during this same period in the previous year. Of the 33 incidents, ten were physical assaults; seven involved bodily fluids or substances; eight occurred during controlled moves (being removed from cells or being escorted to disciplinary segregation); and eight incidents were classified as attempted assaults. Person-to-person offenders committed 24 of the 33 assaults. In all 33 incidents, the inmates involved received administrative sanctions requiring the inmates to spend up to 180 days in disciplinary segregation. Only one assault incident involved non-security staff.

Historical Assault Data

Between 1991 and 1999, both inmate-to-staff and inmate-to-inmate assaults increased significantly. Inmate-to-staff assaults went from a low of 39 in 1991 to a high of 155 in 1998, nearly a 400 percent increase. Inmate-to-inmate assaults went from a low of 103 in 1992 to a high of 292 in 1999, nearly a 300 percent increase. Between 1991 and 1999, the average daily population of inmates went from 6,415 to 9,065, about a 40 percent increase. This confirms that the number of assaults increased much more rapidly than the population. One of the primary reasons assault behaviors have increased so rapidly is that the profile of the offenders in DOC custody has changed drastically. Since 1991, the inmate population has gone from approximately 60 percent (3,800) person-to-person offenders to 75 percent (6,800) person-to-person offenders. This represents nearly an 80 percent increase in person-to-person offenders.

The Department believes that there is a relationship between the number of new hires and the increasing frequency of assaults, since actual experience managing and interacting with inmates is critical to assault prevention. Review of the 991 new correctional officer hires that occurred between 1996 and 1999 indicates there is some relationship between new hires and assault frequency, but there are clear exceptions.

EOCI Overtime Usage and Vacation Day Approvals

The Department reports that it has not been able to sustain the levels of vacation denials and mandatory overtime in the last four months of 1999 compared with the first eight months. The average number of vacation days denied per month went from 38 to 47 and the average number of mandatory overtime hours went from 42 to 149. In contrast, the average number of voluntary overtime hours worked per month went down from 1,670 to 1,343 and the average number of vacation days approved per month went up from 67 to 152.

The increased mandatory overtime was primarily due to an October escape and December Y2K emergency standby requirements. The increased vacation denials were primarily due to promotions, transfers, resignations, and retirements. DOC records confirm that in the last four months of 1999,

there were 16 positions vacant for these reasons. As of January 2000, all vacant security positions have been filled; the hiring dates for eight security positions have been advanced to ensure that trained staff will be available for future vacancies; and DOC is in process of hiring seven staff to replenish a temporary employee pool. The Department does not believe additional permanent staff will be needed at EOCI this biennium. The Legislative Fiscal Office recommends the Emergency Board acknowledge receipt of the report.

The Subcommittee discussed how the Department plans to move experienced staff from existing institutions to newly opening prisons and encouraged the Department to carefully plan such future movements to control the risk of inmate assaults on inexperienced staff. Senator Trow asked if the Department believed that additional staff is needed at EOCI. The Department responded by stating that it plans to complete a staff deployment study that should provide the data needed to properly address future staffing needs at all institutions. Labor representatives testified that they continue to work with the Department on staffing and training issues; believe it is appropriate to wait until the staff deployment study is completed; and believe that some additional staff at EOCI is needed to address vacation, overtime and assault issues. Representative Schrader expressed his desire for the Department to provide an additional progress report on the staff and assault issues during the next legislative session.

The following Committee discussion occurred:

Senator Trow confirmed that the Department is evaluating EOCI staffing and expressed his desire that it be looked at carefully during the next legislative session.

Senator Trow's motion carried with no objections voiced. [Senator Metsger and Representatives Westlund, Minnis and Winters excused]

8. Department of Corrections

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 Department of Corrections section 9(1), chapter 909, Oregon Laws 1999, Klamath County, by \$2,699,999; for construction of a facility Klamath County; and defer approval of the Lincoln County facility and direct the Department to develop and submit to the Emergency Board a site-specific Lincoln County proposal for an amount equal to or less than the current \$1,563,009 request.

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

The Department of Corrections (DOC) has submitted a request to increase its Other Funds Capital Construction expenditure authority so it can secure financing for construction of local SB 1145 correctional facilities to serve Klamath, Lake, and Lincoln counties. The facility plans are supported by each county's board of commissioners, local public safety coordinating council, and sheriff. DOC and the SB 1145 Implementation Committee have also critically reviewed the proposals and recommend approval. The facilities are designed to economically and efficiently meet local sanction and treatment continuum needs.

Legislative authority to secure \$94.2 million in financing for construction of 21 correctional facilities in 33 counties was provided during a February 1996 Special Session. Klamath, Lake and Lincoln were the only counties that did not submit construction proposals at that time. ORS

423.525(2)(a) allowed these counties until June 30, 1999 to request funding for construction, acquisition, expansion, or remodeling of correctional facilities. All three counties submitted initial

funding proposals prior to the June 30, 1999 deadline. Klamath and Lake formed a consortium and submitted a combined proposal. Since the initial funding proposals could not be thoroughly reviewed by DOC or the Governor's SB 1145 Implementation Committee prior to the end of session, the 1999 Legislature established a \$1 Other Funds Capital Construction expenditure limitation for Klamath and Lincoln counties. This was done with the understanding that DOC would request expenditure limitation increases from the Emergency Board when the review was completed. A DOC technical review steering committee reviewed the proposals between August and November 1999 and recommended numerous changes. The Governor's SB 1145 Implementation Committee reviewed and endorsed the revised proposals on January 18, 2000 and recommended that DOC present the final proposals to the Emergency Board at its February 2000 meeting. DOC submitted the proposals at this time believing that both projects could be funded through a May 2000 sale of Certificates of Participation (COP). Following is summary information on the county proposals.

Klamath/Lake - \$2,699,999

The proposal is to build a two-story facility at the existing jail site at a state cost of \$2.7 million. The county plans to make a \$168,000 in-kind contribution toward site acquisition/development and project oversight. The proposed facility would help the county overcome a major shortcoming of the current jail facility, since it was not designed for any special programs. It is expected to improve the county's ability to offer work release opportunities, deliver counseling services, manage the jail's regular inmate population, and increase offender motivation to comply with jail rules to earn privileges in the new facility. The estimated construction cost per bed is \$69,230, and the estimated operational cost per bed day is \$51.56. These are both within the ranges of 21 previously approved local correctional facilities. The county's contribution to this project is to provide a suitably zoned and prepared building site.

Lincoln - \$1,563,008

The proposal is to build a \$1.6 million residential transition and instruction facility that would provide structured housing for up to 30 probationers, parolees at risk of incarceration, and inmates transitioning from prison or jail. The facility should free up jail beds for more dangerous offenders; reduce early jail releases; provide additional training and education opportunities; increase the likelihood of successful transition to the community; and increase offender accountability. The estimated construction cost per bed is \$52,100, and the estimated operational cost per bed day is \$16.50. These are both within the ranges of 21 previously approved local correctional facilities.

The county has not identified a site for this facility and has included \$550,000 (35 percent of the total project cost) in its funding request for site acquisition/site improvements. The minimum land dimensions for this facility are 215 feet by 155 feet. The county would like the site to be located near a bus line; easily accessible to employment; and not subject to many development constraints. At the time of analysis, only limited and recently developed information was provided to justify the need for such a significant set aside for site acquisition/improvements. Since a site has not been identified, it does not appear that Lincoln County will meet the requirements for inclusion in the May 2000 COP sale.

The Legislative Fiscal Office (LFO) recommended the Emergency Board approve the request with the following conditions: The county is directed to locate an acceptable facility-sized site and utilize a licensed appraiser to establish its fair market value; if the fair market value of the facility-sized site and the estimated site preparation costs at the selected site are less than \$550,000, the amount of the approved project is to be reduced accordingly; if the county chooses to pay more than the fair

market value of the facility-sized site, the amount above the fair market value is to be paid by the county; if the combined costs of the site acquisition and site improvements exceed \$550,000, the

amount above \$550,000 is also to be paid by the county; and if DAS utilizes excess interest earnings from prior COP sales to assist the county, the amount of COPs sold for this project is to be reduced accordingly.

This will allow the project to move forward, while placing reasonable limits on the amounts the state will be obligated to spend for site acquisition and site improvements; it will give DAS the flexibility to utilize excess interest earnings from prior COP sales to provide timely assistance to the county with site acquisition/site improvement costs; and it will give the county assurance that if it uses local funds to start facility construction, state funds derived from COPs could reasonably be expected to reimburse the county. If the above-listed conditions are not acceptable, LFO recommended that the Lincoln County portion of the request be deferred until a site-specific proposal can be developed and submitted to DOC and the Emergency Board for review.

In testimony to the Subcommittee, the DOC and DAS expressed their preference that the Emergency Board defer the Lincoln County portion of the request until a site-specific proposal can be developed and submitted. The Subcommittee discussed the impact of deferring the request and was advised by LFO that there was some risk that the project costs would increase above the current level of \$1,563,009. The Subcommittee unanimously recommended that the Klamath County request be approved; the Lincoln County request be deferred; and the Department be directed to develop and submit to the Emergency Board a site-specific Lincoln County proposal for an amount equal to or less than the current request.

Representative Schrader's motion carried with no objections voiced. [Senator Metsger and Representatives Westlund, Hansen, Minnis and Winters excused]

9. Department of State Police

Representative Minnis moved that the Emergency Board acknowledge receipt of a progress report on the Department's business plan to address unfunded 1999-01 obligations and direct the Department to provide a follow-up report to the Emergency Board if unforeseen circumstances prompt significant business plan changes that will adversely affect the Department's ability to meet legislatively established minimum patrol staffing levels.

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

The 1999 Legislature directed the Department by budget note to provide a progress report to the Emergency Board on its efforts to address unfunded 1999-01 obligations. Specifically, the budget note states:

“The Department of State Police is directed to provide a progress report to the Emergency Board around January 2000, which outlines its 1999-01 business plan and the steps being taken to address the \$1 million General Fund reduction as well as any other unfunded 1999-01 obligations.”

The progress report, which was based on expenditures through November 1999, outlines how the Department plans to mitigate approximately \$3.8 million in unbudgeted General Fund expenditures; \$0.2 million in unbudgeted Other Funds expenditures; and \$0.1 million in unbudgeted Lottery

Funds expenditures. It also confirms that the Department is reviewing its business plan monthly to review actual expenditures, identify problems, and revise expenditure plans.

The budget note was developed in response to the Department's 1997-99 General Fund budget shortfall, which required a \$2 million supplemental appropriation (SB 5545) late in the 1999 legislative session. To fund one-half of the supplemental 1997-99 appropriation, a \$1 million General Fund disappropriation was made from the Department's 1999-01 Legislatively Adopted Budget. The intent of the budget note was to ensure that the Department would make major changes in its business planning and budget execution in the 1999-01 biennium to ensure that another shortfall will not re-occur. The Department was also expected to meet legislatively established minimum patrol and fish and wildlife enforcement staffing levels; more aggressively monitor and control Services and Supplies and Capital Outlay expenditures; increase the balances withheld until the second year of the biennium; minimize the use of temporary appointments and double fills; and identify efficiencies in fleet procurement and management processes. Review of the business plan shows that the Department is taking steps in each of these areas.

The Department proposes to address the \$3.8 million in unbudgeted General Fund expenses as follows:

- \$2.0 million by reducing capital outlay (primarily vehicles, forensic equipment, and computers) and services and supplies expenditures;
- \$0.9 million by adjusting the start date for two recruit schools to match the hire dates for 100 newly authorized patrol officers and by delaying the start date for a third recruit school scheduled to fill sworn vacancies created by attrition;
- \$0.7 million by delayed filling of approximately 11 management vacancies, two fish and wildlife enforcement vacancies, one investigative position, and four non-sworn vacancies;
- \$0.2 million by potentially requesting the Emergency Board to allocate funds to cover conflagration fire costs and toxicological contract cost increases.

The business plan provides for continuation of legislatively approved programs with fewer resources. The plan is achievable unless there are unforeseen labor settlements, increased public safety demands, or significant equipment failures.

The Legislative Fiscal Office recommended the Emergency Board acknowledge receipt of the report and direct the Department to provide a follow-up report to the Emergency Board if unforeseen circumstances prompt significant business plan changes that will adversely affect the Department's ability to meet legislatively established minimum patrol staffing levels.

The Subcommittee discussed the impact of the planned expenditure reductions and the Department confirmed that the reductions would have some impacts, but it still planned to meet the legislatively established Patrol minimum staffing levels; it would not put officers in unsafe cars; and it would take care of its most important technology needs. Representative Lewis asked if the Department considered the sale of aviation assets to address a portion of the unfunded needs, since this option was specifically discussed during the 1999 regular session. The Department confirmed the aviation equipment was currently meeting important agency and local law enforcement needs and that it did not believe it was necessary to sell any at this time. The Department also confirmed that it would consider selling some of the aviation assets if it encountered major budget problems later in the biennium. Representative Lewis requested the Department to provide a chart outlining how the changes in the recruit school dates will affect the Department's ability to meet minimum staffing levels. The

Department indicated that it would provide the information in the near future. The Subcommittee unanimously adopted the LFO recommendation.

Representative Minnis' motion carried with no objections voiced. [Senators Qutub, Metsger and Representatives Lewis, Westlund and Schrader excused]

10. Economic and Community Development Department [withdrawn]

11. Employment Department

Representative Ross moved that the Emergency Board, acting under authority of ORS 291.326 (1)(b), increase the Other Funds Capital Construction expenditure limitation established by section 3(1), chapter 909, Oregon Laws 1999, Employment Department purchase Eugene Field Office, by \$375,000, with the understanding that the Department of Administrative Services will unschedule excess limitation in the agency's Other Funds Capital Construction and Other Funds and Federal Funds Operating budgets to accommodate the purchase of the agency's Eugene field office.

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

The Employment Department's 1999-01 legislatively adopted budget includes an expenditure limitation of \$2.5 million to purchase the building that houses the agency's Eugene field office. The purchase was expected to be made with \$1.1 million of Reed Act Other Funds and \$1.4 million of Certificates of Participation. Since the adoption of the budget, however, several circumstances relevant to the purchase have changed. The purchase price is expected to be higher, a different tenant will occupy the part of the building not housing the Employment Department, and initial renovation costs will be higher than originally anticipated. A cash flow analysis, incorporating these changes, still indicates that purchasing is a better option than continuing to lease the Eugene office.

Because of the cash flow changes and uncertainty about the exact purchase price, the agency will have excess Other and Federal Funds. The Department of Administrative Services has agreed to unschedule the excess funds. The excess operating budget Federal Funds and Other Funds may be rescheduled if the agency finds that it has unanticipated and higher than expected operating or maintenance costs at any of its facilities, and provides justification to the Department of Administrative Services and the Legislative Fiscal Office. The capital construction budget Other Funds may be rescheduled if an inspection of the Eugene building necessitates repairs.

Representative Ross' motion carried with no objections voiced. [Senator Metsger and Representatives Lewis, Westlund and Schrader excused]

12. Housing and Community Services Department

Senator Hannon 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 Housing and Community Services Department by section 2, chapter 742, Oregon Laws 1999, by \$85,722, and approve the establishment of one permanent full-time Planner 3 position (0.67 FTE), to assist the Department of Land Conservation and Development in implementing the land use planning process as required by 1999 legislation (SB 543).

The following is a summary of the request and the Subcommittee (Human Services) action:

SB 543, enacted by the 1999 Legislative Assembly, modifies the periodic review process of local government comprehensive plans and land use regulations.

The legislation allows the Department of Land Conservation and Development (DLCD) to request the Housing and Community Services Department (HCSD) to review the local government

inventory and analysis of housing and measures taken to address the housing need in the community. HCSD is required to respond to these requests made by DLCD. HCSD considers this legislation as an opportunity to become proactive in helping communities deal with housing issues. The agencies estimate ten communities per year will require assistance.

Funding for the Planner 3 position would be provided from HCSD's loan fees and proceeds from the sale of bonds. Expenditures include personal services for 16 months (0.67 FTE), travel and other services and supplies expenses.

The Subcommittee recommended approval.

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

13. Housing and Community Services Department

Senator Bryant moved that the Emergency Board, acting under authority of ORS 291.326 (1)(b), increase the Other Funds expenditure limitation established for the Housing and Community Services Department by section 2, chapter 742, Oregon Laws 1999, by \$800,000, to implement programs that provide benefits to low income customers, with the understanding that the Department of Administrative Services will unschedule the limitation until the contract is awarded and the actual amount to be received is confirmed.

The following is a summary of the request and the Subcommittee (Human Services) action:

During the merger of Scottish Power and PacifiCorp, commitments were made to provide funding for low-income energy assistance programs in PacifiCorp's service areas. The amount for the service areas in Oregon is a maximum of \$400,000 per year for at least three years. Scottish Power/PacifiCorp issued a Request for Proposal for programs that would provide lasting benefits to low-income Oregonians through improved energy conservation and improving the customers ability to pay current and past electric bills.

The Housing and Community Services Department (HCSD) currently provides similar services through a federal program. However, only a small number (approximately 500) of low-income Oregonians receive assistance through this program. The Scottish Power/PacifiCorp funds would be used to reach an estimated 350 additional households annually. HCSD would focus on those households most at risk for energy shutoff.

The Subcommittee recommended approval.

Senator Bryant's motion carried with no objections voiced. [Senators Qutub, Metsger and Representatives Westlund and Schrader excused]

14. Housing and Community Services Department

Representative Winters moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a) and (b), allocate \$1,000,000 from the special purpose appropriation made to the Emergency Board by section 1(2)(a)(C), chapter 910, Oregon Laws 1999, to the Housing and Community Services Department for migrant housing, to supplement the appropriation made to the Housing and Community Services Department by section 1, chapter 742, Oregon Laws 1999, and increase the Other Funds expenditure limitation established for the Housing and Community Services Department by section 2, chapter 742, Oregon Laws 1999, by \$1,000,000, to accommodate expenditure of the funds for migrant farmworker housing.

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 to help the Oregon Housing and Community Services Department (OHCS D) address a shortage of adequate housing for migrant farmworkers in this state. The Department has developed a proposal for use of these funds – after consulting with farmworker advocates, growers, lenders, housing developers and legislators. The funds would be used to construct and rehabilitate housing units for migrant farmworkers, and would be awarded through a request for proposal (RFP) process, or through the Department’s consolidated funding cycle.

The funds will be distributed in both loan and grant form. Loans will be provided for land acquisition, engineering studies, architectural plans, and other predevelopment activities. Otherwise, the funds will be awarded as grants against the construction costs of developing migrant housing. The maximum grant will be \$10,000 per housing unit. OHCS D will expect recipients to match state funds five-to-one for new construction projects and two-to-one for rehabilitation projects. OHCS D will emphasize the leveraging of other funds to increase the number of housing units that the state allocation will support. The funds will be awarded on a competitive basis.

Because all of the funds will not be spent this biennium, and because repaid loan receipts will be used to finance additional migrant housing projects, the allocation will be made to the Housing Development Account. The Department will then spend these funds as Other Funds. To accommodate these expenditures, the Other Funds limitation is increased by \$1 million.

Representative Winters’ motion carried with no objections voiced. [Senator Qutub and Representative Schrader excused]

15. Housing and Community Services Department

Senator Hannon moved that the Emergency Board, acting under authority of ORS 291.326 (1)(a), establish a reservation of \$1,000,000 in the Emergency Fund, established by section 1 (1), chapter 910, Oregon Laws 1999, through January 31, 2001, for the Housing and Community Services Department for the purpose of supporting a new food distribution facility for the Oregon Food Bank; defer action on the request to allocate \$175,000 from the Emergency Fund for equipment and resource

development needs of the Oregon Food Bank; and deny the request to allocate \$175,000 from the Emergency Fund for personal services and other ongoing operational expenses of the Oregon Food Bank.

The following is a summary of the request and the Subcommittee (Human Services) action:

In 1999, the Oregon Food Bank began a campaign to build expanded permanent facilities to serve the statewide network. One of the largest leased facilities that the Oregon Food Bank occupies has recently been sold. This sale is forcing the organization to relocate by the summer of 2001. The food bank has secured a loan from the City of Portland for \$1.9 million to purchase the land on which to build a 105,000 square foot facility. Fund raising efforts are currently underway to raise the estimated \$9.75 million required to complete the warehouse and office building.

According to the Oregon Food Bank, they must secure \$3 million in cash by September 2000 to pay for site improvements and design work in order to keep the project on the required timeline. The Oregon Food Bank has approached several organizations seeking funding for this project. The City of Portland, Multnomah County, the Meyer Memorial Trust and the Ford Family Foundation are among those organizations that have express interest in assisting the food bank in this fund raising effort. The emergency nature of this request is to provide a substantial grant to serve as a catalyst to this fund raising activity.

By establishing a reservation of \$1,000,000 in the Emergency Fund, the Legislature's commitment to the project would be demonstrated and serve as the needed catalyst for other organizations to contribute funds.

In addition to the \$1 million for the building, the Housing and Community Services Department (HCSD) requested \$350,000 for the Oregon Food Bank. Of these funds, \$175,000 is requested for distribution to regional food banks on an RFP basis to meet the most current equipment and resource development needs. No documentation was provided to detail specific capital expenditure items and no assurance was given that these funds would not be used for recurring operational expenses. The Subcommittee recommended that the Emergency Board defer this request until a specific equipment list was developed.

The Subcommittee also recommended the Emergency Board deny the request for \$175,000 from the Emergency Fund for ongoing operational costs including personal services and services and supplies. It was believed that these types of expenditures do not constitute an emergency and are best addressed through the Joint Ways and Means budget process. There was \$900,000 allocated to the Department of Human Resources for the Oregon Food Bank in November 1997 by the Emergency Board. This was intended to be a one-time investment in the infrastructure of the food bank. The purpose of the current request was to continue funding a portion of programs and positions that were initiated with the 1997 funds. This part of the request appeared to be contrary to the intent of the 1997 Emergency Board action.

The following Committee discussion occurred:

Representative Ross encouraged the Housing and Community Services Department and the Oregon Food Bank to work together in developing a specific list of needed equipment and return to the April 2000 Emergency Board for the \$175,000 that was deferred at this meeting.

Senator Qutub expressed concern about adequate freezer and cooler space in the new facilities. Senator Hannon responded that existing freezers and coolers would be moved to the new facility and that adequate capacity has been included in the planning.

Senator Trow indicated he had been appointed by the Senate President to the Hunger Relief Task Force and thanked the Subcommittee for handling this issue and being concerned about the problem of hunger.

Speaker Snodgrass informed the Committee of a Hearings Officer's ruling that prohibited a church in Portland from providing meals to the hungry at the church facilities. She urged the City of Portland and the Oregon Food Bank to work together to resolve this issue.

Representative Westlund indicated there had been a depth of discussion regarding the deferral of the \$175,000 for equipment and resource development needs and urged the Oregon Food Bank to develop a specific list and encouraged the Housing and Community Services Department to return soon to the Emergency Board for allocation of these funds.

Senator Hannon stated that this Emergency Board action is a commitment by the State of Oregon to this building project and that this action should serve as a message to foundations and other organizations that they need to rally behind the project and come forth with contributions.

Representative Winters said the state could be proud of the Oregon Food Bank and what they have done to feed the hungry in Oregon. She also encouraged them and the Housing and Community Services Department to return with a request for allocation of the \$175,000 for needed equipment.

Senator Hannon's motion carried with no objections voiced. [Representative Schrader excused]

16. Department of Agriculture [withdrawn]

17. Department of Agriculture

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$39,236 from the amount reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriation made to the Department of Agriculture by section 1(1)(a), chapter 913, Oregon Laws 1999, Agency operations, for a study of sheep bluetongue disease.

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

The 1999 Legislative Assembly established a reservation of \$75,000 within the general purpose Emergency Fund for a study of sheep bluetongue disease. Bluetongue is a severe viral disease that can have devastating economic effects on Oregon's sheep industry.

The Department of Agriculture has proposed a two-year study that would begin in the fall of 2000 and end in the fall of 2002. The study's objective is to obtain information on the specific bluetongue virus that occurs in Oregon. Since this information requires an active outbreak of the disease, the Department must be ready to immediately respond to any outbreak. The total cost of the study will be approximately \$58,000, but will be spread over the 1999-01 and 2001-03 biennia.

The recommended allocation of \$39,236 will fund the Department's study expenditures in the 1999-01 biennium including the costs of responding to a bluetongue outbreak. The Department will provide the next Legislative Assembly with an estimate of funding requirements for the 2001-03 biennium to complete the study.

The Subcommittee discussed whether similar programs to control the disease are in existence in surrounding states. The Subcommittee also discussed that, if the recommended allocation is

approved, the remaining \$35,764 of the \$75,000 Emergency Fund reservation would become available for any other purpose for which the Emergency Board may lawfully allocate funds.

Senator Timms's motion carried with no objections voiced. [Senator Derfler and Representative Schrader excused]

18. Department of Environmental Quality

Senator Metsger moved that the Emergency Board, acting under the authority of ORS 291.375 and 291.326 (1)(b), approve submission of an application by the Department of Environmental Quality for a U.S. Environmental Protection Agency grant, and increase the Federal Funds expenditure limitation established for the Department of Environmental Quality by section 4, chapter 889, Oregon Laws 1999, by \$133,514, for development of an enforcement performance outcome measure for general deterrence.

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

The Department of Environmental Quality (DEQ) has been delegated authority by the Environmental Protection Agency (EPA) to operate federal environmental programs in Oregon. In addition to the federal programs, DEQ also implements and enforces state environmental programs such as solid waste management, groundwater protection, and environmental cleanup. With legislative direction and approval, the Department has developed a compliance strategy consisting of a combination of regulatory enforcement tools, such as fines and penalties, and non-enforcement actions, such as technical assistance and education, to ensure compliance with environmental law. The U.S. Environmental Protection Agency tends to prefer more reliance on the traditional "command and control" approach for those programs it has delegated enforcement to DEQ.

The Department has an opportunity to obtain a federal grant from EPA to demonstrate the effectiveness of the Oregon approach to enforcement. The grant will be used to develop enforcement performance measures for EPA that can address questions regarding the effectiveness of general deterrence. The grant of \$133,514 requires a 25% state match of the total costs of the project. The state match of \$44,505 would be covered by routine activities of agency staff engaged in enforcement functions including administration, inspection, and public affairs and will not require any additional appropriation. The federal grant funds would be used to pay for actual work on the project, including professional services, travel costs, related supplies, and the hiring of either temporary staff or the temporary filling of a vacant Environmental Law Specialist position.

Senator Metsger's motion carried with no objections voiced. [Senators Yih, Derfler and Representatives Schrader, Winters and Snodgrass excused]

19. Department of Fish and Wildlife

Representative Hansen moved that the Emergency Board acknowledge receipt of a report on the Commercial Fisheries Fund, with instructions to the Department of Fish and Wildlife to return to a subsequent meeting of the Emergency Board with an updated Marine Resources Program revenue and expenditure report.

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

The Department of Fish and Wildlife was directed to report to the Emergency Board on the status of the Commercial Fisheries Fund due to concerns over the amount of revenue available during the 1999-01 biennium. The session revenue projections were subject to change resulting from reductions in harvest limits, declining license and permit fee revenues, and the inclusion of confiscated fish receipts.

The Department reported that the latest 1999-01 revenue projection for the Commercial Fisheries Fund is \$2.7 million, down \$100,000 from the legislatively approved budget estimate. The Department expanded its report to include a description of planned expenditures from all funding sources within the Marine Resource Program.

The Subcommittee recommended acknowledging receipt of the report. Since the new groundfish harvest limits have not yet fully affected the fishing industry, the Subcommittee also recommended that the Department update its report after actual landings data is recorded.

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

20. Department of Fish and Wildlife

Senator Metsger moved that the Emergency Board acknowledge receipt of a report on the adoption of plans for the natural production of anadromous fish runs in certain river basins by the Fish and Wildlife Commission.

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

House Bill 3609, passed during the 1999 legislative session, required the Department of Fish and Wildlife to adopt basin natural production plans through agreements with the Confederated Tribes of the Umatilla Indian Reservation, the Confederated Tribes of the Warm Springs Reservation of Oregon, and the Nez Perce Tribe. The agency was directed to report on the progress made in adopting these plans.

The Department reported that a Memorandum of Understanding (MOU) process has been undertaken in order to implement House Bill 3609. The MOU is the first step in developing the natural production plans and will be followed by joint state and tribal technical teams that will evaluate the plans. The preferred alternative plan will then be submitted for scientific peer review and, ultimately, for Fish and Wildlife Commission approval.

The Department also reported that the MOU process has not been finalized. The tribes remain unwilling to sign the agreement until misunderstandings regarding the content are clarified. In the meantime, no work on the actual development of natural production plans, as required by the legislation, has occurred. Discussions regarding alternative methods of marking hatchery fish will be conducted in conjunction with the development of natural production plans. Although the Department has collected information on fish marking methods, no discussions have yet occurred since no work on production plans has taken place.

The Subcommittee discussed the importance of making progress in the actual adoption of the natural production plans and encouraged the Department to proceed as quickly as possible in that direction. The Subcommittee also discussed the need to keep the appropriate legislative oversight committees informed of the progress in implementing HB 3609.

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

21. Department of Geology and Mineral Industries

Representative Montgomery moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$25,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to the Department of Geology and Mineral Industries, to supplement the appropriation made to the Department of Geology and Mineral Industries by section 1(1), chapter 266, Oregon Laws 1999, for operations, for operational expenses of the coastal field office.

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

The 1999 Legislative Assembly directed the Department of Geology and Mineral Industries to establish a coastal field office and implement portions of Senate Bill 12 related to rapidly moving landslides. The Department has attempted to accommodate both of these efforts within the legislature's appropriation of \$247,745, but has demonstrated a need for additional funding. The recommended allocation of \$25,000 will be used to provide necessary services and supplies, including information management equipment, to make the coastal field office operational.

The Subcommittee discussed the agency's financial needs in establishing the coastal office and recommended approval of an allocation of \$25,000 from the Emergency Fund. The Subcommittee also recommended that the agency be authorized to return to the Emergency Board for an additional allocation if the need can be demonstrated during the remainder of the year 2000.

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

22. Department of Geology and Mineral Industries

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$65,185 from the special purpose appropriation made to the Emergency Board by section 5(1), chapter 266, Oregon Laws 1999, for professional services and publicity and publications, to supplement the appropriation made to the Department of Geology and Mineral

Industries by section 1(1), chapter 266, Oregon Laws 1999, for professional services contracts and publication expenses.

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

The legislature reduced the Department's 1999-01 budget by \$130,370 General Fund from a combination of projected professional services and publication expenses. One-half of this amount was appropriated to the Emergency Board for allocation to the Department following a description of professional service and publication expenses.

The Department described its use of professional service contracts to supplement specialized field work activities such as geologic mapping, landslide inventory development, and earthquake risk assessments. The agency also produces a variety of publications such as hazard maps, tsunami maps, Oregon Geology, and other publications aimed at public safety and education.

The Subcommittee noted that the request was reviewed by the Joint Interim Committee on Water, Agriculture, and Natural Resources and discussed the substantive committee review process.

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

23. Department of Land Conservation and Development

Senator Timms moved that the Emergency Board acknowledge receipt of a report on implementation of changes to the periodic review process required by Senate Bill 543.

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

The 1999 Legislature passed Senate Bill 543, which mandated certain changes to the state's periodic review process. Periodic review represents a major evaluation of a local government's comprehensive plan. The process was included in the original land use planning legislation with revisions in 1991 requiring each city and county to engage in periodic review every four to ten years. In practice, the periodic review process became time consuming and expensive. With passage of Senate Bill 543, the legislature directed the periodic review process to be refocused on larger and faster growing communities more in need of financial and technical assistance to accommodate growth within their comprehensive plans. The measure also exempted certain small counties and cities from the process and tried to provide for a more timely periodic review process.

The Department of Land Conservation and Development reported that despite the exemption of small cities and counties from the periodic review requirement, two-thirds of the jurisdictions eligible for the exemption opted to continue with the period review process. Since these entities are no longer eligible for periodic review grants, they must apply for technical assistance grants if resources are needed to complete the review work. The Department's ability to concentrate resources on larger and faster growing communities has been challenged by these decisions to remain in the periodic review process.

The Subcommittee discussed the reasons why smaller cities and counties would want to remain in the periodic review process and the new timelines for periodic review under Senate Bill 543.

The following Committee discussion occurred:

Representative Lewis inquired why so many local jurisdictions decided to remain in the periodic review process despite their exemption from the law change. Senator Timms responded that the reason was partially due to the need for continued financial assistance from grants and partially due to the need to transition into the new process. Senator Timms indicated his belief that more small cities and counties would take advantage of the exemption as time went on.

Representative Lewis expressed her concern that the exemption was designed to allow the Department to focus more effort on the larger and more rapidly growing communities.

Representative Hansen commented that he felt another dynamic was affecting the decision to remain in the periodic review process. Many of the exempted local jurisdictions were already in the process and want to complete the periodic review due to their investment of resources. Even small jurisdictions may be experiencing growth and changing conditions that warrant comprehensive plan changes. These changes can be often best accommodated through the periodic review process. Representative Hansen agreed that over time more jurisdictions will opt to use the exemption.

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

24. State Marine Board

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds expenditure limitation established for the State Marine Board by section 1(2), chapter 286, Oregon Laws 1999, by \$356,924, for the Marine Law Enforcement program; and increase the Federal Funds expenditure limitation established for the State Marine Board by section 2(3), chapter 286, Oregon Laws 1999, Facilities construction and maintenance and land acquisition, by \$538,459, with the understanding that the Department of Administrative Services will unschedule \$356,924 Federal Funds expenditure limitation for the unrealized revenues in the marine law enforcement program.

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

The Facility Grant program provides grants for improvements that support public recreational boating activities, for acquiring land to provide public access, and for renovating existing public boating facilities. The Board requested an increase in the Facility Grant Program's Federal Fund limitation of \$538,459 to take advantage of an increase in the Clean Vessel Act grant award for federal fiscal year 1999.

The State Marine Board has received federal funds from the U.S. Coast Guard's Recreational Boating Safety (RBS) grant program. The Coast Guard has confirmed a reduced funding level that leaves the Board \$356,924 under their anticipated expenditure levels. The agency requested an increase in Other Fund expenditure limitation to make up the shortfall out of the agency's higher than expected ending balance.

The Subcommittee recommended approval of the request with the understanding that the Department of Administrative Services will unschedule \$356,924 Federal Funds in the Marine Law Enforcement program.

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

25. State Marine Board

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 State Marine Board by section 1(1), chapter 286, Oregon Laws 1999, by \$151,424, and approve the establishment of three permanent positions (1.00 FTE), for the mandatory boater education program; and increase the Other Funds expenditure limitation established for the State Marine Board by section 1(3), chapter 286, Oregon Laws 1999, Facilities construction and maintenance and land acquisition, by \$543,969, for the Facility Grant Program.

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

The Oregon Marine Board requested an increase in the Facility Grant Program's Other Funds limitation of \$543,969 to offset the budget reduction made by the legislature that accommodated an increase in marine law enforcement efforts. A higher than expected 1997-99 ending balance will provide the resource for this increase. The Facility Grant Program is a discretionary program that typically fluctuates with the availability of resources.

The 1999 Legislature adopted a law requiring the State Marine Board to develop a mandatory boater education and operator's permit program. The Board will phase in the mandatory boating education program over 10 years. The Board has established an advisory committee to assist in developing the administrative rules for the program. The Board seeks an Other Funds expenditure limitation increase of \$136,424 and the establishment of three permanent positions (1.00 FTE) to begin implementation of the program. The Board estimates it will receive \$125,000 revenue this biennium from permit fee revenues to offset the administrative cost of implementing the program.

Finally, the State Marine Board explored the viability of establishing a website that will enable on-line boater registration determining that the registration process is a good candidate for electronic commerce applications. The Board requested \$15,000 Other Funds expenditure limitation to begin development of the website in the Fall of 2000.

The Subcommittee recommended approval of the request.

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

26. Oregon Parks and Recreation Department

Senator Bryant moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (b), increase the Other Funds expenditure limitation established for the State Parks and Recreation Department by section 2, chapter 389, Oregon Laws 1999, by \$1,419,979; and increase the Federal Funds expenditure limitation established for the State Parks and Recreation Department by section 3, chapter 389, Oregon Laws 1999, by \$608,793, for parks system projects; approve, retroactively, submission of applications for federal grants and request the Department of Administrative Services to unschedule \$550,000 Other Funds expenditure limitation pending actual receipt of revenues.

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

The Oregon Parks and Recreation Department requested Other Funds and Federal Funds expenditure limitation increases to allow completion of additional small projects in the parks system resulting from receipt of unanticipated revenue sources. The Other Funds revenue sources totaling \$1.4 million, include donations; Small Trust Revenue; proceeds from the sale of used fleet equipment; interest earnings on the 1997-99 Lottery Bond proceeds; and the Deschutes Boater Pass and other miscellaneous revenues. All but \$550,000 of the Other Funds has been committed in writing from the grantors. The Federal Funds revenue sources are from federal grant commitments totaling \$1.35 million received from six federal agencies.

The Department actively sought alternative funding sources to leverage grants approved through the State Marine Board resulting in several small federal grants that the Department had not sought prior Emergency Board approval to apply for. The Department explained that staff securing the alternative funds were unaware of the requirement to seek Emergency Board approval to apply. The Department advises that in the future it will include these funding sources in a policy package with their Budget Request.

The Subcommittee recommended approval.

Senator Bryant's motion carried with no objections voiced. [Senators Adams, Derfler and Representatives Ross and Schrader excused]

27. Oregon Parks and Recreation Department

Senator Yih moved that the Emergency Board acknowledge receipt of a report from the Oregon Parks and Recreation Department concerning criteria for selection of local grants.

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

The Oregon Parks and Recreation Department was directed by budget note to report on the criteria and requirements that will guide the allocation of \$5 million local grant program budget.

The Department reported that an administrative rule became effective November 1999 and that it provides 10 percent of the available local grant program budget for small grants of \$25,000 or less and the remainder for large projects up to a maximum of \$250,000. Grants can be made for acquisition, development and rehabilitation. Matching requirements are 50% for cities/districts with a population over 5,000 and counties with a population of over 30,000 and 40% for cities/districts under those amounts.

Senator Yih's motion carried with no objections voiced. [Senator Adams, Derfler and Representatives Ross and Schrader excused]

28. Oregon Parks and Recreation Department

Representative Westlund moved that the Emergency Board acknowledge receipt of a report from the Oregon Parks and Recreation Department concerning the agencies Facilities Repair and Maintenance Program and the Parks and Prison Program.

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

The Oregon Parks and Recreation Department was directed by budget note to report quarterly the status of facility improvement and/or maintenance projects and the inmate labor program. The Department reported that all contract work for the 1997-99 Facility Investment Program is completed.

For the 1999-2001 biennium the Department reports implementing a three-point strategy that includes allocating 65% of the budgeted funds to reduce the backlog of maintenance projects, 15% for gaining efficiencies and 20% for enhancing the park system to prioritize facility improvements and/or maintenance projects. Eighteen parks and/or park properties and marine facilities at fifteen locations have been identified using the above criteria.

The Department reported that the partnership with the Department of Corrections has initiated production in four categories: Park Renovation – small products such as picnic tables, fire rings, signs, nursery stock and Computer Aided Design (CAD) work; Park Renovation Large Projects – prefabricated cabins, yurt flooring, decks and cabin/yurt furnishings; Alternative Camping Products such as boat docks, gates and day-use booths and Park Inmate Work Crews. The Department reported approximately 14% of available funds have been expended to date for the prison inmate work program.

The Subcommittee recommended acknowledging receipt of the report.

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

29. Water Resources Department

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$25,000 from the special purpose appropriation made to the Emergency Board by section 6(1)(2)(b), chapter 881, Oregon Laws 1999, for the Deschutes Water Management Planning process, to supplement the appropriation made to the Water Resources Department by section 1, chapter 881, Oregon Laws 1999, with the understanding that the Department of Administrative Services will unschedule \$6,250 of the allocation until matching funds are received from local entities.

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

As part of the Water Resources Department's 1999-01 budget, the legislature approved a cost share approach to fund completion of the Deschutes Basin Water Management Planning process. The state's share of \$25,000 was appropriated to the Emergency Board to be provided to the Department once matching funds in the amounts of \$50,000 Other Funds from local entities and \$75,000 Federal Funds from the U.S. Army Corps of Engineers were obtained. The Department reported that the planning process is underway and local interests have contributed nearly \$38,000 toward the match requirement. The allocation of a proportionate share of the state match will allow the process to continue without interruption.

The Subcommittee recommended allocation of the state's \$25,000 but with the amount not matched by local funds unscheduled until the match is obtained, estimated at \$6,250.

The following Committee discussion occurred:

Representative Westlund remarked that the funding will be used to help facilitate the ground water study of the Deschutes Basin and that the process is an example of how issues like this should be addressed through a collaborative effort.

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

30. Water Resources Department

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), increase the Federal Funds expenditure limitation established for the Water Resources Department by section 4, chapter 881, Oregon Laws 1999, by \$300,000, for U.S. Bureau of Reclamation funds for ground water studies in the Klamath Basin.

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

The Water Resources Department entered into a cooperative agreement with the U.S. Geological Survey on a ground water study of the Klamath Basin in 1998. The study is planned for completion in 2005. The USGS has agreed to provide one-half of the study's cost. The Department has identified \$300,000 in funding from the U.S. Bureau of Reclamation that will partially offset the state's share of the study's cost. The Department will combine the Bureau's grant with General Fund provided in the agency's 1999-01 legislatively adopted budget for ground water studies to continue the study through the end of the current biennium.

The Subcommittee discussed the value of ground water studies. Ground water studies are necessary to better understand the interactions between ground and surface water systems. The data obtained from such studies is critical for evaluation of future changes in basin water supply characteristics as water use and development occurs.

The Subcommittee's recommendation was to approve a Federal Funds expenditure limitation increase instead of the requested Other Funds limitation increase due to a late change in the nature of the funds to be obtained from the Bureau of Reclamation. The funds were initially thought to be available in the form of a cooperative agreement (Other Funds), but were subsequently found to be in

the form of a grant (Federal Funds). The grant represents a continuation of an existing Department effort, does not obligate the state to any future action, and does not require any additional state matching funds.

Senator Timms's motion carried with no objections voiced. [Senator Adams, Derfler and Representatives Ross and Schrader excused]

31. Water Resources Department

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$100,000 from the special purpose appropriation made to the Emergency Board by section 6(1)(2)(a), chapter 881, Oregon Laws 1999, for groundwater studies, to supplement the appropriation made to the Water Resources Department by section 1, chapter 881, Oregon Laws 1999, for groundwater studies conducted by the Water Resources Department.

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

The 1999 Legislature appropriated \$100,000 to the Emergency Board for allocation to the Water Resources Department after submitting a status report on the agency's current groundwater studies and plans for future groundwater studies. The Department reported that three major groundwater studies are currently in various stages of completion. These studies are in the Deschutes, Willamette, and Klamath Basins. Each study is a multiple year project funded by a combination of resources including General Fund, Federal Funds from the U.S. Geologic Survey and Bureau of Reclamation, and Other Funds from local cooperators. The Department's future groundwater plans include studies in the Rogue, Umpqua, and South Coast Basins, the Umatilla Basin, and the Grande Ronde Basin.

The Subcommittee discussed the issues affecting ground water in the Willamette Basin and the nature of federal government support for the state's ground water studies.

Representative Simmons's motion carried with no objections voiced. [Senators Timms, Derfler and Representatives Ross and Schrader excused]

32. Oregon Department of Transportation

Representative Montgomery moved that the Emergency Board acknowledge receipt of a report on the status of implementing HB 3292 relating to a Motor Carrier Drug Testing program, and direct the agency to return to the Emergency Board after the Legislative Fiscal and Legislative Counsel offices have had an opportunity to review the Attorney General's Opinion.

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

The legislature adopted HB 3292 requiring persons or companies registering commercial vehicles to certify to the Oregon Department of Transportation (ODOT) that they have established or are participating in a drug and alcohol testing program for drivers. It applies a certification requirement to

annual renewal of registration and requires Driver and Motor Vehicle Services to enter positive drug test results information on driver's employment driving record. The new provision provides an additional tool for employers to comply with federal drug and alcohol testing requirements, as well as provide the Department's Motor Carrier Program auditors a tool for insuring employers are thorough in their background checks of potential new hires.

ODOT reported that the Attorney General's office issued a formal opinion stating that use of highway funds to implement and administer the program is in violation of the Oregon Constitution. ODOT intends to refine the fiscal impact, explore funding options and implement the new law if an alternate funding source can be determined.

The Subcommittee recommended the Emergency Board acknowledge receipt of the report and direct the agency to return to the Emergency Board after the Legislative Fiscal and Legislative Counsel offices have had an opportunity to review the Attorney General's Opinion.

Representative Montgomery's motion carried with no objections voiced. [Senator Derlfer and Representative Schrader excused]

33. Oregon Department of Transportation

Representative Hansen moved that the Emergency Board acknowledge receipt of a report from the Oregon Department of Transportation concerning the status of making permanent the temporary traffic signal at the 207th and Sandy Boulevard intersection near the Interstate 84-Fairview Interchange.

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

The Oregon Department of Transportation was directed by budget note to report on the status of converting from temporary to permanent the traffic signal at 207th and Sandy Boulevard in Portland. The Department reported the analysis of the intersection concludes the traffic signal improvement meets the necessary minimum conditions to remain in place until a permanent signal can be installed. A permanent signal is anticipated to cost approximately \$200,000 and will be paid through land development fees and developer contributions as new growth occurs.

The Subcommittee recommended acknowledging receipt of the report.

Representative Hansen's motion carried with no objections voiced. [Senator Derfler and Representative Schrader excused]

34. Construction Contractors Board

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Construction Contractors Board by section 1, chapter 895, Oregon Laws 1999, by \$65,434, and approve the reclassification of 26 positions retroactive to July 1, 1999, to meet workload and job duty requirements of the Board.

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

The 1999 Legislature deferred action on the Construction Contractors Board (CCB) budget package to reclassify 23 positions. A budget note was adopted which requested Department of Administrative Services to conduct a comprehensive evaluation of the classification structure for the Construction Contractors Board. The evaluation includes a review of the management/staff ratio, internal salary relationships and the effect of the proposed reclassifications on internal salary relations, and describes the factors that lead to the need for an upward reclassification of over a third of Construction Contractors Board employees. The Department's report on the outcome of the evaluation is now submitted to the Emergency Board and the agency is requesting limitation for the reclassifications.

The Department of Administrative Services (DAS) review was conducted between August and December, 1999. It included 71 positions in 7 organizational sections and involved evaluation of related human resources management factors. Six of the 71 positions were in the Hearings Section and were transferred to the Employment Department on January 1, 2000 as required by Chapter 849, Oregon Laws 1999.

The Department of Administrative Services found that:

- 20 represented positions are inappropriately classified and should be corrected by position classification change to a class with a higher salary range
- 7 represented positions are inappropriately classified and should be corrected by position classification change to a class with the same salary range
- 1 management service position is inappropriately classified and should be corrected by position classification change to a class with a lower salary range
- 38 positions (executive service, management service and represented) are appropriately classified
- 1 position is currently a program manager with limited, part-time deputy responsibilities, which may have an adverse effect on the agency's external outreach and representation, internal policy issue resolution and preservation of relationship with the two boards served

The DAS report discussed the factors leading to the need for position reclassification, management/staff ratio, internal salary relationships, and effect of proposed reclassifications on internal salary relations. Several factors contributed to CCB's increased workload and the changes to statute and administrative rule. The agency initiated internal adjustments to address these needs. Higher levels of independence, technical judgment and decision-making were delegated to staff, resulting in inappropriate classifications for some positions.

Not all positions originally requested by CCB for upward reclassification are supported by the DAS report. Further, some positions not initially identified by CCB are found by DAS to be eligible for lateral reclassification. DAS also recommends that one represented position be reclassified upward one position grade higher than requested by CCB. The importance of retroactive reclassifications is that staff was consistently performing at different duty levels for some time prior to the 1999 legislative session. Failure to align classifications of represented positions with duties can lead to labor action.

One management service position is recommended to drop one salary range. At this time, this action only has the effect of creating a lower top step for the staff person currently holding the position. The DAS report also identifies a need for more focused managerial involvement by the

Deputy Administrator. The agency will need to consider its management model to address how it will meet its mission and goals more effectively.

The Subcommittee noted this was an extensive reclassification project and asked whether the state needs to consider a broad review of all classifications. DAS testified that older job classes were narrowly written and that if an agency deals with changes in position duties and responsibilities as they arise the impact is spread out over time. To better accommodate changes in duties (because of program changes or technology, for example) position descriptions are now being more broadly written. DAS has conducted reclassification studies on selected groups of positions, such as information systems, rather than agency-by-agency evaluations, since those positions cross multiple agencies.

Senator Qutub's motion carried with no objections voiced [Representatives Ross and Schrader excused]

35. Department of Administrative Services

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.371, acknowledge receipt of the compensation plan report.

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

ORS 291.371 requires the Department of Administrative Services 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 changes will be absorbed within existing agency budgets, including their portion of the \$40 million General Fund appropriated to the Emergency Board for compensation plan changes, and increases in their Other Funds and Federal Funds limitations. The allocation of the \$40 million General Fund and increases in Other Funds and Federal Funds limitations are included in a separate request to the Emergency Board.

The following changes were reported:

SECTION A – Interest arbitration award for wages and insurance for Association of Oregon Corrections Employees (AOCE) Department of Corrections security unit employees

1. Effective October 1, 1999, gives a general wage increase of two percent;
2. Effective December 1, 1999, establishes state contributions to health insurance for plan year 2000 on tiers. For plan year 2001, contributions will be based on the composite of PEBB prototype contribution tiers;
3. Effective January 1, 2001, gives a general salary increase of two percent; and
4. Effective June 1, 2001, adds \$38 to each step of the salary schedule.

1999-01 cost - \$2,626,255 GF, \$355,930 OF

SECTION B – One salary classification in the Department of Public Safety Standards and Training represented by AFSCME

Effective March 1, 2000, increases the salary range for Class 1340, Public Safety Training Specialist, from SR 26 to SR 28.

1999-01 cost - \$156,090 OF

SECTION C – Salary differential for employees at the Department of Forestry represented by OPEU

Effective July 1, 1999, establishes a five percent differential over base pay rate for employees in the Natural Resource Specialist 3 classification who possess a current Oregon Professional Surveyor's License and perform all professional land surveyor duties as reflected in the their position descriptions. The Department of Forestry must designate in writing that each employee performs those duties.

1999-01 cost - \$270 GF, \$854 OF, \$95 FF

SECTION D – Obsolete classifications

This section deletes 10 obsolete classifications from the general compensation plan.

1999-01 cost – none.

SECTION E – State's insurance contributions for Department of Justice employees represented by the Criminal Investigators' Association

Effective December 1, 1999, establishes state contributions to health insurance for plan year 2000 on tiers. For plan year 2001, contributions will be based on the composite of PEBB prototype contribution tiers.

1999-01 cost - \$1,439 GF, \$11,515 OF

SECTION F – Agreement for wages and insurance for strike prohibited employees of the Department of Corrections represented by AFSCME

1. Effective October 1, 1999, gives a general wage increase of two percent;
2. Effective December 1, 1999, establishes state contributions to health insurance for plan year 2000 on tiers. For plan year 2001, contributions will be based on the composite of PEBB prototype contribution tiers;
3. Effective January 1, 2001, gives a general salary increase of two percent; and
4. Effective June 1, 2001, adds \$38 to each step of the salary schedule.

1999-01 cost - \$5,143,404 GF, \$151,476 OF

SECTION G – Agreement for wages and insurance for non-security employees of the Department of Corrections, OWCC represented by AFSCME, pending ratification

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, contributions will be based on the composite of PEBB prototype contribution tiers;
3. Effective as soon as possible following ratification, provides a one-time cash payment of \$900 to employees employed as of the date of the tentative agreement, 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.

The Subcommittee acknowledged receipt of the report.

Representative Simmons' motion carried with no objections voiced. [Representatives Ross and Schrader excused]

36. Department of Administrative Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326 (1) (a) and (b), allocate \$40,000,000 from the special purpose appropriation made to the Emergency Board by section 1, chapter 192, Oregon Laws 1999, increase Other Funds expenditure limitations by \$56,293,008, increase Federal Funds expenditure limitations by \$23,779,177, and Nonlimited Other Funds by \$887,099, for state employee compensation changes of various agencies, as presented in the attached schedule.

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

The 1999-2001 Legislatively Adopted budget included \$40 million General Fund to finance employee compensation changes. The funds were appropriated to the Emergency Board to allow finalization of compensation changes and refinement of agency-by-agency distribution estimates. The Emergency Board was also expected to provide the Other Funds and Federal Funds expenditure authority for compensation changes financed from those sources.

Agreements have been reached with most representation groups and virtually all non-represented state employee compensation plan changes have been reported to the Emergency Board and are being implemented. In addition, the Department of Higher Education is negotiating collective bargaining agreements with its employees. The estimated General Fund cost of the changes exceeds the amount appropriated by approximately \$37 million. This means agencies will be absorbing approximately 48 percent of the General Fund cost within their adopted budgets. Other funded agencies may face similar problems if revenues are not sufficient to cover the increased compensation costs.

In October 1999, the Department of Administrative Services reported to the Emergency Board how agencies were planning to absorb the additional costs without negatively impacting delivery of services. The Department reported that all General Funded agencies will experience some reduction in flexibility, but that most agencies will manage the shortfall by holding vacancies open longer and by reducing expenditures on supplies and services. The Department will continue to work with agencies to help identify ways they can manage their funding shortfalls. If and when it is determined that additional General Fund support is required to maintain core services, agencies may be compelled to request support from the Emergency Board. Until that time, the current request for allocation of the \$40 million and the requested increases in Other Funds and Federal Funds expenditure limitations is sufficient.

The Subcommittee unanimously recommended approval of the request.

Representative Hansen's motion carried with no objections voiced. [Senator Metsger and Representatives Schrader and Simmons excused]

37. Department of Administrative Services

Representative Montgomery 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 \$243,803, and approve the establishment of four permanent positions (2.35 FTE), to deal with workload increases in the Facilities Division.

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

The Facilities Division is requesting four permanent positions, three full-time and one half-time. One of the full-time positions requested is an electrician to provide maintenance support for the 59 elevators it is responsible for on the Capital Mall. The Division contracts out most elevator maintenance and repairs. The position requested is to provide coordination and oversight of maintenance and repairs and to be an on-site resource for immediate response to elevator maintenance needs. This position would be responsible for assessing elevator maintenance needs and managing an elevator

maintenance program. It will provide expert oversight on the repairs and maintenance performed by contractors. The Division expects to extend the operating lives of the elevators through the assessment of needs, a structured maintenance program, and better oversight of contractor work.

The Division is requesting one full-time manager, one full-time information systems specialist, and one half-time clerical support position to better manage its information systems. The Division has increased its use of technology the past three years and has shifted duties and added responsibilities to existing positions to accommodate the growth in its use of technology. It is currently installing a computer aided facilities maintenance system that issues work orders, tracks asset life and preventive maintenance needs, and identifies the work tasks needed. The Division is also using an energy management system that controls the HVAC systems, its elevators are becoming more automated, and it is using a key card system for access to buildings. To minimize staff time processing paperwork, the Division now uses hand-held computers to schedule its work and record work performed. Information is downloaded to, and uploaded from the hand-held computers to its network of computers.

The Division has not increased its technical and administrative staff, and cannot provide adequate operational control and management of automation and databases. Currently, one fiscal staff is doing double duty trying to administer the increasingly complex computer systems, managing the various contracts for electronic systems, and trying to keep up with fiscal responsibilities. Needed administrative support is being provided by double-filling an existing position. The Subcommittee unanimously recommended approval of the request.

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

38. Department of Administrative Services

Senator Timms 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 \$301,936, and approve the establishment of six permanent positions (4.02 FTE), to deal with workload increases in the Transportation, Purchasing and Print Services Division.

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

Customer demand for Transportation, Purchasing, and Print Services Division publishing and distribution (printing and mail) services has caused its staff needs to grow 45 percent since 1995. The Division's workload is driven by demand for services such as printing of legislative bills and schedules, printing and distribution of checks (e.g. kicker checks, vendor payments, and checks for social services agencies such as AFS) and agencies bulk mailings. Counties also use the Division for printing and mailing property tax statements. The Division is now operating multiple shifts and plans to add weekend shifts to handle data center printing requirements. The increased volume has been addressed using additional operating staff that has resulted in a management to staff ratio of 1:25. Lack of management presence has resulted in personnel-related problems in evening shifts, an inability to effectively deal with production problems, and weakened program oversight, analysis, and decision making. Three management positions (2.01 FTE) are requested: two in printing production – one for the day shift and one for the night shift; and one in distribution (inter-agency mail and U.S. mail). The need for these positions was acknowledged by the Ways and Means Committee late in the 1999 legislative session and the Department was directed to bring the request to the Emergency Board.

In addition to the three management positions, the Department is requesting three additional positions to accommodate increased workload. One Laborer 1 position (0.67 FTE) is needed to process outgoing mail for agencies. The Division uses automated mail presorting and barcoding equipment that meets U.S. Postal Service requirements for a reduced first class postage rate of 24.3 cents per piece. The Division cannot now process all of the outgoing first class mail with this equipment because it doesn't have the staff to operate it the time needed. Over the past six months, approximately 2 million pieces of first class mail had to be processed at the 33 cents rate because of the shortage of staff in this area. This cost state agencies about \$170,000 in additional postage.

One additional Transporter position (0.67 FTE) is requested to accommodate the additional workload created when the Department of Transportation switched from using a private courier service to using the Division's inter-agency mail service to deliver mail to its Region 1 office. The Division is also requesting one Graphic Artist 1 position (0.67 FTE) as a "Preflight Specialist" for the Digital Print area. Digital printing and integrated functions mean that electronic versions of documents are edited and sent to processing. Integrated processing means that documents flow relatively seamlessly through printing, folding, cutting, collating, inserting and mailing. The role of the "Preflight Specialist" is to design documents so that the sizing and location of key elements (such as names and addresses) ensure that mailouts are eligible for the lowest cost postage. This person also designs the materials to run on the lowest cost print medium. Digital printing workload has increased over 300 percent over the last three biennia and the additional position is necessary to keep pace with the demand.

The Subcommittee unanimously recommended approval of the request.

Senator Timms' motion carried with no objections voiced. [Senators Bryant, Metsger and Representatives Schrader and Simmons excused]

39. Oregon Health Sciences University

Representative Minnis moved that the Emergency Board acknowledge receipt of a report on the risks of occupational exposure to hepatitis B and C in public safety workers; with the understanding that the Center for Research on Occupational and Environmental Toxicology (CROET) will use \$123,000 of its next workers' compensation distribution to conduct, with the collaboration of the Oregon Health Division, a one-time seroprevalence study comparing hepatitis infection rates in public

safety workers to the general public, and that CROET will maximize efforts to fund this project from federal or private grants, or from other non-state funding means.

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

Last session, the Legislature passed HB 3629 to obtain more information on the risks to public safety workers of contracting hepatitis B and C infection through occupational exposures. The bill required the Center for Research on Occupational and Environmental Toxicology (CROET) of the Oregon Health Sciences University to review the scientific literature on this subject, and to suggest methods to evaluate the occupational risks that Oregon public safety workers have of developing these diseases. In response, CROET delivered a report titled: *A Systematic Review of the Literature Regarding the Risk of Occupational Transmission of Hepatitis B and C in Public Safety Workers*.

Hepatitis B and C are serious viral infections causing inflammation of the liver. In many cases these diseases progress to cause liver failure or liver cancer. Both diseases are transmitted through contact with infected blood or body fluids. Public safety workers face risks of contact with infected

fluids in the course of their work. The CROET report indicates that existing studies do not confirm an increased occupational risk of contracting hepatitis C, but that at least some public safety workers do face increased occupational risks of contracting hepatitis B. The data, however, are incomplete. Further study would be beneficial to determine what the actual occupational risks are.

The report proposes three research projects to help in this area, including: sampling both public safety workers and the general public to compare infection rates, conducting a cohort study, and establishing a surveillance program to document the outcomes of known occupational exposures. The Subcommittee recommended that CROET pursue the first of these three projects: the seroprevalence study. CROET can conduct this study, estimated to cost \$123,000, within the level of workers' compensation funds it is currently receiving. No additional state funds would be required. The Oregon Health Division has agreed to collaborate on the project.

Representative Minnis' motion carried with no objections voiced. [Senator Bryant and Representatives Schrader, Simmons and Snodgrass excused]

40. Public Employees Retirement System

Senator Metsger moved that the Emergency Board, acting under the authority of ORS 238.670(5), acknowledge receipt of the Public Employees Retirement System's preliminary report on crediting 1999 interest earnings.

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

ORS 238.670 (5) directs the Public Employees Retirement Board (PERB) to submit a preliminary proposal to the legislative review agency (Emergency Board) at least 30 days prior to crediting earnings to various accounts and reserves. The Board anticipates a final decision on 1999 income crediting will be made at its March 27, 2000 meeting.

At its February 8, 2000 meeting, the PERB approved preliminary distributions of 19.86 percent to Tier Two Member Regular Accounts and related reserves, 18.50 percent to Tier One Member Regular Accounts and related reserves; and an amount to the Gain-Loss Reserve that would increase

the fund balance to 73.5 percent of the new target of a 30 month reserve. It also approved preliminary distribution of 28.7 percent to Variable Annuity Accounts.

This earnings distribution methodology differs markedly from past distributions because of a change in target balance for the Gain-Loss Reserve and two rule changes affecting earnings distributions to employers' accounts. The change in the target for the Gain-Loss Reserve was made to help mitigate the impact of a prolonged stock market downturn and provide fiscal stability for the fund. The rule changes were made to provide more equitable earnings distribution between member and employer accounts.

Change in target balance for Gain-Loss Reserve

In 1997, the Board's goal for the Gain-Loss Reserve was an amount sufficient to cover the crediting of 8 percent to Tier One Member Accounts and related reserves during one and one-half consecutive years (18 months) of zero earnings. Concerns about the sustainability of current market rates and an analysis of potential erosion of the Gain-Loss Reserve caused the PERB to evaluate the need for a larger Gain-Loss Reserve.

The PERB has now determined to set the goal for the Gain-Loss Reserve at an amount sufficient to cover the crediting of 8 percent during two-and-a-half years (30 months) of zero earnings. Maintenance of 100 percent of the new goal requires a Gain-Loss Reserve balance of \$6.15 billion. Maintenance of the Gain-Loss Reserve of 18 months would have required a balance of \$4.03 billion. The PERB chose to increase the Gain-Loss Reserve to 73.5 percent (or 22.05 months) of the 30 months target using 1999 earnings and to fully fund the reserve using future earnings. This distribution brings the balance in the Gain-Loss Reserve to \$4.7 billion and allows a distribution to Tier One Member Accounts of 18.5 percent.

Rule changes affecting crediting of earnings to employers' accounts

Two significant rule changes resulted in increased amounts distributed to employers' accounts. One rule change allows the mid-year crediting of earnings to employers' accounts at the time mid-year earnings are credited to employees' accounts. Prior to that rule change, when employees left the system or retired prior to year-end, their accounts were credited with pro-rata earnings to that date. No similar earnings were credited to employers' accounts. This caused an imbalance in employers' accounts when members retired under the money-match computation. This rule change resulted in a more equitable mid-year crediting of earnings to employers' accounts. It also reduced the amount of earnings available for distribution at year-end.

The second rule change caused employers' accounts to be credited with earnings equal to the earnings credited to employees' Variable Annuity Accounts. It also allows for proportional distribution of earnings to employers' accounts based on the relationship of Tier One and Tier Two members' accounts. Preliminary earnings on the Variable Annuity Accounts are estimated at 28.7 percent for 1999. Historically, returns on the more speculative Variable Annuity Accounts have exceeded earnings on the balanced investment portfolio of the retirement system as a whole. Employers' accounts were only credited with earnings of the entire portfolio. This crediting of higher earnings to employees' accounts over the earnings credited to employers' accounts caused employers' account balances to fall behind when employees retired under the money-match retirement benefit. This rule change resulted in increased distribution to employers' accounts this year and reduced the amount available for distribution to employees' accounts and related reserves.

The Subcommittee encouraged the PERB to continue to work with the legislature to help stabilize employer contribution rates and unanimously agreed to recommend acknowledging receipt of the report.

Senator Metsger's motion carried with no objections voiced. [Senator Bryant, Representatives Schrader and Simmons excused]

41. Racing Commission

Senator Timms 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 Racing Commission by section 1, chapter 151, Oregon Laws 1999, by \$250,000, to implement the requirements of HB 3425, and request the Department of Administrative Services to unschedule \$150,000 pending actual receipt of the revenue and joint approval by the Legislative Fiscal Office and the Department of Administrative Services.

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

HB 3425 (1999) required the Racing Commission to license and regulate Simulcast Wagering Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs. Up to one percent of gross wagering revenue may be collected, with two thirds used to support the Oregon racing industry. The remainder is deposited in the General Fund. At the time the bill passed, no Hub was located in Oregon and no limitation was provided for the estimated revenue.

There is currently one Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizer Hub in Oregon. The Racing Commission has been collecting revenue from that Hub since September 1999. The revenue collection from the Hub has averaged between \$500 and \$600 per day (\$181,000 to \$217,200 per year). Biennium collections to date are \$10,557. However, the Commission expects these collections to significantly increase within the next few months, with the potential addition of another Hub and expansion of the wagering available on the existing Hub. The Subcommittee discussed revenue expectations and recommended that the Department of Administrative Services (DAS) unschedule \$150,000 pending actual receipt of the revenues and joint approval by the Legislative Fiscal Office and DAS.

The Commission is in the process of finalizing rules to distribute revenues to County Fairs, to support racing activities at the Fairs, and to the Oregon State Fair, if racing is held at the fairgrounds. The limitation is needed at this time to enable the Commission to distribute the revenues to the Fairs to support planned race meets.

Senator Timms' motion carried with no objections voiced. [Senator Bryant and Representatives Schrader and Simmons excused]

42. Department of Higher Education

Representative Lewis moved that the Emergency Board defer action on the request to allocate funds for the Oregon Wide Area Network (OWEN) until no later than October 31, 2000, pending potential elections by other telecommunications carriers to contribute to the Connecting Oregon Communities Fund established under SB 622, and reaffirm the legislative intent expressed in the

budget note adopted with HB 5061, which directs that direct state support of the OWEN budget shall total \$1.63 million in the current biennium.

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

The Oregon Wide Area Network (OWEN) is a communications network partnership that supports electronic communications for Department of Higher Education (OUS), other state agencies, and public schools. OWEN provides these users with Internet connections and supports high-speed, high-capacity communications for academic research. OWEN achieves lower connectivity costs for its members by aggregating the demand of its many users.

Last session, the legislature approved \$1.63 million in direct state support for the OWEN budget. The need for General Fund support was unknown, however, because SB 622 was to provide a new source of state funding for OWEN. The legislature, therefore, appropriated the \$1.63 million to the Emergency Board rather than directly to OUS. OUS was instructed to request the reserved funds, after the level SB 622 revenues became known, to the extent that these funds were still needed to bring total direct state support up to the \$1.63 million level.

Since then, US West has elected to be regulated under the provisions of SB 622, and will make payments of approximately \$582,000 in support of OWEN this biennium. The subcommittee found, however, that there is a reasonable chance that at least one other telecommunications carrier may also choose to be regulated under SB 622. If this happens, significant additional revenue might accrue to OWEN, which could eliminate the need for any direct General Fund support of the program.

Given these circumstances, the subcommittee held that it was premature to allocate the reserved funds at this time, and recommended that the Emergency Board defer action on the request until a future time when it is better known whether there will be any additional funds for OWEN from SB 622. The Department had requested the allocation of funds now. The Department was directed to resubmit a request by October 31 of this year, if Emergency Board funds are still needed to provide \$1.63 million in direct state support for OWEN. The Emergency Board reaffirmed the \$1.63 million funding level approved during the session, so that the Department can budget accordingly.

Representative Lewis' motion carried with no objections voiced. [Senator Bryant and Representatives Schrader and Simmons excused]

43. Department of Higher Education

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326(1) (c) and (d), establish a Capital Construction General Fund budget category for the Department of Higher Education for the construction of a hazardous waste facility at Oregon State University, and authorize the transfer of \$600,000 from the appropriation made to the Department of Higher Education by section 1(1), chapter 890, Oregon Laws 1999, for academic modernization and repair of facilities, to the newly established budget category; establish a \$800,000 Capital Construction Other Funds (Article XI-F(1) Bonds) expenditure limitation for the construction of a hazardous waste facility at Oregon State University; establish a Capital Construction Other Funds (Article XI-G Bonds) expenditure limitation for the Department of Higher Education, for the construction of a hazardous waste facility at Oregon State University; and authorize the transfer of \$600,000 from the Capital Construction Other Funds (Article XI-G Bonds) expenditure limitation established for the Department

of Higher Education by section 3(1)(a), chapter 890, Oregon Laws 1999, academic modernization and repair, to the expenditure limitation established for the hazardous waste facility at Oregon State University.

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

The Department requests authorization to construct a new hazardous waste facility on the campus of Oregon State University (OSU). OSU currently has a hazardous waste facility, but it is situated in the Oak Creek flood plain, and it is inadequate. The existing facility, which does not comply with local safety codes or state regulations, has flooded three times in the last three years. The Oregon Department of Environmental Quality fined the campus twice for failing to keep floodwaters from entering the building.

OSU considered alternative approaches to the waste disposal problem, including shipping the wastes to an off-campus storage facility and building a diversion dam to protect the existing facility. These alternatives did not prove feasible. Therefore, OSU proposes to build a new facility outside of the flood plain. The new facility would be an 8,500 gross-square-foot building, located near the research facilities that generate most of the hazardous waste. It would handle hazardous chemicals,

volatile solvents, and radioactive materials. It would also allow the University to store all hazardous wastes at a single site. Currently, these materials are stored at various sites around campus.

The facility would cost \$2 million to construct. The Department would finance construction through a combination of \$800,000 of Article XI-F(1) bonds and the transfer of \$1.2 million of funds previously approved for academic modernization and repair. No additional staffing is needed to service the facility, and none would be specifically assigned to it.

The Subcommittee recommended approval and asked the Department to address the potential environmental hazards associated with the existing facility as quickly as possible. The Subcommittee noted that hazardous waste production is a byproduct of the University's research and teaching functions, and that the University should continue to explore options to keep such waste production at a minimum.

The following Committee discussion occurred:

Senator Yih questioned the planned location of the facility, stating that it may not be ideal because of its proximity to 35th Street, a heavily traveled artery, and the fact that it was in a part of the campus that could increase construction costs.

Senator Trow indicated that the project should proceed and that the location is acceptable.

Representative Lewis noted that the disposal of hazardous wastes is a severe problem and that the use of radioactive materials is important in some educational programs. She argued for support of the request to allow the University to address this problem.

Senator Yih noted that the Department of Higher Education was exempt from the requirement that other state agencies have to submit proposed construction projects to the state's central facility unit for review, and that perhaps this requirement should be extended to the Department before any additional facilities are built.

Senator Trow's motion carried with Senator Yih voting 'no'. [Representatives Schrader and Simmons excused]

44. Department of Higher Education

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b) and (c), increase the Capital Construction Other Funds [Other Revenues (Including Federal Funds)] expenditure limitation established for the Department of Higher Education by section 3(2)(g), chapter 890, Oregon Laws 1999, for University of Oregon Autzen Stadium, by \$58,074,000, and establish a \$19,700,000 Capital Construction Other Funds [Article XI-F(1) Bonds] Autzen Stadium expenditure limitation, for the expansion and renovation of Autzen Stadium at the University of Oregon, with the understanding that the Department of Higher Education will report to the Emergency Board on the progress of the project and the need for Article XI-F(1) bond funds prior to the issuance of any bonds for the project.

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

The University of Oregon is requesting authority to proceed with an \$80 million expansion and renovation of Autzen Stadium – the home field of the university's intercollegiate football program. The project would add approximately 12,000 seats and 32 new luxury skysuites. Autzen Stadium has been operating at or near capacity for the last six years, and the university believes that increased attendance can fill these additional seats. The project also includes: improvements to existing facilities, a new press box, a partial roof over club seating areas, and site and infrastructure improvements. The renovation would begin this spring to allow a portion to be completed prior to the start of the 2000 football season, and the project would be completed in three phases ending in 2003.

The project would be financed primarily by gifts. The University has received \$53 million in gift pledges. These pledges are from donors with a history of major contributions to the University. The University hopes to raise an additional \$15 million from major gifts and naming rights over a ten-year period. Article XI-F(1) bonds would be used to finance a cash flow gap that results from the difference in timing of construction costs and gift receipts. The University would pledge Athletics Department revenue (specifically Autzen Stadium revenue) to finance the debt service on these bonds.

The Article XI-F(1) bond request is based on fairly conservative projections of the ability of the University to reach its gift goals and to realize increased revenue from the rental of the additional seats and new skysuites. These projections would have the University meet 60% of its gift and stadium revenue goals for the first three years, and would not have attendance at capacity until 2008. Under these projections, the stadium expansion would generate a net positive cash flow of almost \$35 million over the ten-year life of the bonds. After the bonds are paid off, the University would realize an additional \$11 million in revenue per biennium that would be used to support athletic programs and to eliminate University General Fund support of the Athletics Department program.

The Education Subcommittee recommended a total of \$77,774,000 of additional expenditure limitation for the project. This increase, along with the \$2,226,000 already approved for Autzen Stadium turf replacement, allows a total of \$80 million to be spent on the project. The Subcommittee also recommended that the Department report back to the Emergency Board on the project prior to the issuance of the Article XI-F(1) bonds. The reason for this is that the ultimate need for bonds could be

lower than now planned, and the Emergency Board could then request the unscheduling of any unneeded bond limitation.

Representative Ross' motion carried with no objections voiced. [Representatives Schrader and Minnis excused]

Non-Agenda Item

Senator Hannon moved that the Emergency Board suspend the rules to allow consideration of a non-agenda item and upon hearing no objections, it was so ordered. [Representatives Westlund, Schrader and Simmons excused]

Department of Administrative Services

Senator Hannon moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$265,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriation made to the Department of Administrative Services by section 1, chapter 886, Oregon Laws 1999, for grants to the Grants Pass Irrigation District for costs related to fish passage improvements and fish passage studies at, and in the vicinity of, Savage Rapids Dam, with the following conditions:

1. The improvements and studies will be conducted and supervised by the Grants Pass Irrigation District during the District's year 2000 and 2001 irrigation seasons;
2. The improvements and studies will be conducted by an entity approved by the National Marine Fisheries Service in consultation with the Oregon Department of Fish and Wildlife;
3. The improvements and studies will be conducted and supervised according to study designs approved in advance by the National Marine Fisheries Service in consultation with the Oregon Department of Fish and Wildlife; and
4. Copies of all raw data, reports, findings, or other documents generated by the studies will be provided by the Grants Pass Irrigation District to the National Marine Fisheries Service in a timely fashion as they are produced;

that \$40,000 of the amount allocated to the Department of Administrative Services for costs related to fish passage improvements and fish passage studies at, and in the vicinity of, Savage Rapids Dam be provided as a grant to the Grants Pass Irrigation District for costs incurred and related to the installation of brush screens installed in 1999 at the direction and consent of the National Marine Fisheries Service, upon provision of documentation concerning these costs to the Department; and that the Department of Administrative Services be requested to unschedule the \$450,000 General Fund appropriated to the Department of Administrative Services for a grant to the Grants Pass Irrigation District for costs related to the design, manufacture, installation, and maintenance of fish screens to improve fish passage at Savage Rapids Dam in House Bill 5002 (chapter 886, Oregon Laws 1999).

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

The request was presented by Senator Brady Adams, District 25, on behalf of the Grants Pass Irrigation District. In September 1998, the Emergency Board allocated \$450,000 from the Emergency Fund to the Water Resources Department to be used for grants through the Governor's Watershed Enhancement Board to the Grants Pass Irrigation District for costs related to the construction of fish screens at Savage Rapids Dam. The funds were not used during the remainder of the 1997-99 biennium and were disappropriated by the legislature during the 1999 session in Senate Bill 5549.

In House Bill 5002, the 1999 Legislature made the funds again available to the Grants Pass Irrigation District by appropriating \$450,000 General Fund to the Department of Administrative Services for grants to the District under the same conditions originally imposed by the Emergency Board in 1998. The funding would be available for costs related to the construction of fish screens at Savage Rapids Dam during the 1999-01 biennium.

After the funds were provided for fish screen construction at Savage Rapids Dam during the 1999-01 biennium, the situation concerning the status of the dam changed. Patrons of the irrigation district voted to conditionally remove the dam. Even under expedited processes, dam removal is not likely for six to eight years. In the meantime, issues concerning fish mortality and fish passage at the dam will need to be addressed. The National Marine Fisheries Service (NMFS) has required that studies be done at the dam in order for water withdrawal to occur during times when there is

potentiality of a take of an endangered or threatened species. These current studies requested by NMFS involve a study of juvenile salmonid injury and mortality that may arise from passage through the bypass system at the north diversion facility; and a study of north and south adult fish ladder hydraulics and adult fish passage through both ladders. These studies are to be completed during the year 2000 irrigation season with results provided to NMFS.

The request of the Emergency Board was to provide \$265,000 for fish passage improvements and fish passage studies at and around Savage Rapids Dam. Up to \$40,000 of the allocated amount is to be for repayment of expenses incurred by the Grants Pass Irrigation District during the installation of brush screens in 1999 at the direction and consent of NMFS. The remaining amount of the allocation, approximately \$225,000, would be available for studies providing the specific conditions included in the request are met.

The Subcommittee discussed these conditions and confirmed that the previously appropriated \$450,000 for fish screen construction costs would be unscheduled by the Department of Administrative Services and would become part of the General Fund ending balance for the 1999-01 biennium. The Subcommittee also clarified that the funds provided for fish passage improvements and studies in lieu of the earlier appropriation would only be available for eligible work completed by June 30, 2001. Any subsequent appropriation of funds for any work completed on or after July 1, 2001, would need to be addressed by the next Legislative Assembly.

The following Committee discussion occurred:

Senator Adams presented the Subcommittee recommendation. Senator Adams then commented that circumstances have changed the situation at Savage Rapids Dam from when the legislature appropriated the original \$450,000 for fish screens. These changes have indicated that the installation of fish screens, given the decision to remove the dam, would not be a prudent investment. The unscheduling of the previously appropriated funding would ensure these funds would become part of the next biennium's beginning balance.

Senator Trow asked if there was any known opposition to the request. Senator Adams responded that he was not aware of any opposition. Senator Adams added that the Governor's Office has expressed an intention to be politely quiet in regards to the request. Senator Adams did not want to characterize that the Governor's Office was supportive of the allocation. No other opposition had been received regarding the use of the funds for the described purposes.

Senator Yih confirmed that the \$450,000 to be uncheduled would become part of the 1999-01 ending balance, which would subsequently become part of the beginning General Fund balance for the 2001-03 biennium. Senator Adams concurred and explained that the action would reduce the amount of cost that the legislature might have ended up spending for the Savage Rapids Dam.

Senator Hannon moved to approve the item as read by the presiding officer.

Representative Snodgrass asked Senator Adams if he promised the request would be the last request for assistance to the Grants Pass Irrigation District. Senator Adams responded that he was careful about making promises, but that as far as he was aware, there was nothing before him that would indicate to him that he would ever have to bring forward another request from the District.

Senator Hannon's motion carried with no objections voiced. [Representatives Westlund, Schrader and Simmons excused]

45. Department of Higher Education

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(a), allocate \$1,500,000 from the amount reserved in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for smart jitney system development, to supplement the appropriation made to the Department of Higher Education by section 1, chapter 899, Oregon Laws 1999, for support of education and general services, for the development of a smart jitney system, with the understanding that the Department of Administrative Services will unchedule \$1,260,000 of the allocation pending the receipt of sufficient outside funding to complete the development and test of a prototype smart jitney system.

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

The 1999 Legislative Assembly approved a \$1.5 million reservation within the general-purpose appropriation made to the Emergency Board to finance the development of a smart jitney system. This reservation was made for the Office of Energy. The Attorney General subsequently determined, however, that the Office of Energy does not have statutory authority to enter into the type of public/private partnership that is proposed to develop the smart jitney system. The Department of Higher Education assumed the lead agency role in the smart jitney proposal because of its authority to enter into these types of partnerships, and because of its experience working with the private sector and its faculty expertise in transportation issues.

“Smart jitney” refers to a dispatching system that uses computer technology and wireless communications systems to match riders and authorized private vehicles into single-trip carpools. Smart jitneys would expand transportation options at a low cost to users and the public sector – options especially important for the poor, the disabled, and the aged – and should reduce highway congestion by reducing the need for single-occupant vehicle traffic.

Smart jitney systems will be especially tailored to trips that are not well served by mass transportation systems, including trips within and between suburban zones of metropolitan areas, and trips in smaller communities with limited or no public transportation. Where public transit systems exist, smart jitneys would work in conjunction with those systems.

The state funds would be used to leverage approximately \$7.5 million of other funds, to develop a system that would be used in Oregon and made available for sale to parties worldwide. To raise this money, OUS would join with private-sector partners to establish a partnership named CO-WIN (for Community-Wireless Information Networks). CO-WIN would jointly develop and market the smart jitney system. The Department would spend \$240,000 of state funds to complete the systems design. During this first phase, OUS would join with the private-sector partners to establish CO-WIN, negotiate equity positions with potential partners, finalize a business plan, and apply for federal matching funds.

The Subcommittee recommended allocating the reserved funds to the Department of Higher Education, with the understanding that the Department of Administrative Services will unschedule most of the funds until CO-WIN successfully raises the matching monies needed to develop and test a prototype smart jitney system. \$240,000 would be immediately scheduled to fund completion of the systems design phase, but additional state funds would not be provided until the needed matching funds were raised. CO-WIN will need to raise approximately \$1.85 million in matching funds, including in-kind contributions, to complete these phases of the project. Included in this projection is an estimated \$555,000 in federal grant funds.

The following Committee discussion occurred:

Senator Qutub stated that she had been in support of this project for many years, and she thanked the Department of Higher Education and the private-sector parties for working hard to bring this proposal forward. She noted that this project would place Oregon at the forefront in developing new solutions to the nation's transportation problems.

Senator Qutub's motion carried with no objections voiced. [Senator Adams, Representatives Schrader and Simmons excused]

46. State Commission on Children and Families

Senator Hannon 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 State Commission on Children and Families by section 2, chapter 905, Oregon Laws 1999, by \$1,654,706 to carry over funds for local programs for children and families; and increase the Federal Funds expenditure limitation established for the State Commission on Children and Families by section 3, chapter 905, Oregon Laws 1999, by \$30,000, and approve the establishment of one limited duration position (0.67 FTE), for a youth development grant.

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

Under the State Commission's rules, local commissions and other contractors could spend 1997-99 funds through December 31, 1999. The amount of these carryovers was not known when the current biennium's budget was put together. The Commission reported it needed a net \$1,654,706 Other Funds expenditure limitation increase to cover the changed timing of these expenditures.

The Commission has received an extra \$30,000 award for its positive youth development grant. This one-year award will be used for a Girl Power Initiative. The initial grant amount was included in the Commission's budget. However, the Commission requested the additional \$30,000 Federal Funds expenditure limitation to cover the new grant award.

The Commission also asked for one full-time, limited duration position to coordinate the positive youth development grant activities. Funding for the position, but not the position authority, was included in the Commission's budget.

The Subcommittee recommended approval of the additional Other Funds and Federal Funds expenditure limitations, and approval of the limited-duration position at 0.67 FTE to reflect a March 1 start date.

Senator Hannon's motion carried with no objections voiced. [Senator Adams and Representatives Schrader, Simmons and Hansen excused]

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

Senator Yih moved that the Emergency Board, acting under 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, for abstinence-only sex education, with the understanding that the Department of Administrative Services will reschedule \$201,334 of federal funds to implement alternative abstinence education programs.

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 Board to fund teen pregnancy prevention programs other than the STARS abstinence education program. A budget note directed the Department to “develop a menu of alternative abstinence education programs, which meet the criteria for Title V funding.” The initial appropriation was made for the Health Division; however, the Adult and Family Services Division (AFS) was subsequently given responsibility for the program. The AFS formed an advisory committee and issued a request for information to identify viable programs. Twenty-one responses were received and nine of those were selected for a detailed evaluation. AFS expects to issue a request for proposals shortly and select two or three programs.

AFS made this request to the Emergency Board last December. Because the division was seeking the allocation of a special appropriation, however, the Emergency Board deferred action pending a recommendation from the Joint Interim Committee on Health and Human Services. That committee considered the request on February 23, 2000 and recommended the Emergency Board approve the request.

The following Committee discussion occurred:

Senator Trow mentioned that as a member of the Joint Interim Committee on Health and Human Services, he was surprised and concerned that no one seemed to know the content of the nine programs as well as he felt they needed to. He opined that if the request could be delayed, everyone would know more about the programs that were being selected. He mentioned that the AFS committee reviewing the alternative abstinence education programs had only one member from the Department of Education. He concluded, saying he felt approval at this point was precipitous and that he would be voting “no”.

Senator Qutub stated that when this issue had been discussed during the session, she learned that the STARS program had been selected over other abstinence education programs even though some communities wanted the other programs. Proponents were told, she said, not to bother submitting funding requests for other non-STARS programs. She offered that moving ahead with this request was not precipitous and the AFS committee knew a great deal about the nine alternative programs—more than was known about the STARS program. Having funding for alternative programs, she said, gave communities an opportunity to choose the programs they preferred. She expressed her hope that AFS would market the alternative programs. She mentioned she was privy to the scrutiny the programs had undergone and that there was no need to micro-manage the process.

Representative Ross asked Senator Yih to confirm her understanding that research and evaluation pertaining to the program’s effectiveness would be used to select the programs. Senator Yih responded affirmatively and added that AFS had discussed eight criteria that would be used to

select the final programs including program effectiveness, cost effectiveness, and facilitator training. She stated that she was satisfied with the criteria and believed that good effective programs would be selected.

Representative Ross stated that contrary to Senator Trow’s position, she felt the process was not moving fast enough. She said that if the research shows the programs are effective, then they ought to be implemented and that community choice is helpful in selecting programs that would assist young persons in avoiding dangerous sexual situations. She stated her satisfaction with the review, but said she was less satisfied with the speed of implementing the alternative programs.

Senator Trow said his dissatisfaction was because of the uncertainty about the content of the programs. He added that the process for selecting the programs was being approved rather than the content of the programs.

Senator Yih’s motion carried with Senator Trow voting ‘no’. [Senators Timms, Adams and Representatives Schrader and Simmons excused]

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

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve the submission of a federal Department of Health and Human Services, Office of Child Support Enforcement grant application to improve coordination between the state courts and the Oregon Child Support program, and direct the agency to report on the grant application at the April Emergency Board meeting.

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

The agency presented a brief update on a grant application to improve coordination between the state courts and the child support program. The Adult and Family Services Division expects that the requested grant amount will be up to \$300,000 to support child support liaisons who will work to coordinate the efforts of the courts and the child support program. The duration of the grant is expected to be about 17 months. No state matching funds are required.

Representative Ross' motion carried with no objections voiced. [Senators Adams, Timms and Representatives Schrader and Simmons excused]

49. Department of Human Resources - Office of the Director

Senator Bryant moved that the Emergency Board acknowledge receipt of a report from the Department of Human Resources, Office of Alcohol and Drug Abuse Programs, on the utilization of \$10 million appropriated for enhancement of alcohol and drug treatment and prevention programs.

The following is a summary of the request and the Subcommittee (Human Services) action:

The Department of Human Resources, Office of Alcohol and Drug Abuse Programs (OADAP) was directed by the Emergency Board during the December 1999 meeting to report on the utilization of the \$10 million appropriated during the 1999 Legislative Session for enhancement of alcohol and

drug treatment and prevention programs. Of the \$10 million, \$8 million is General Fund and \$2 million is Federal Funds. The Federal Funds portion must be used for Temporary Assistance to Needy Families (TANF) eligible clients.

OADAP is using these funds as follows:

- \$6.25 million to provide enhanced treatment for high-risk youth and their families.
- Of these funds, \$2.5 million will be used as match for Federal Funds for clinical services.
- \$2.0 million to develop safe and drug free housing.
- \$1.0 million to expand and improve family-based prevention services including distribution to communities for parent education programs.
- \$750,000 for increased training and improved accountability.

The Subcommittee recommended acknowledging receipt of the report.

Senator Bryant's motion carried with no objections voiced. [Senators Adams, Timms and Representatives Schrader and Simmons excused]

50. Department of Human Resources - Health Division

Representative Westlund moved that the Emergency Board, acting under the authority of ORS 291.375, approve submission by the Health Division of a \$150,000 federal grant application to the Department of Health and Human Services for the Planning Grant for State Newborn Screening Efforts and Infrastructure Development, and approve, retroactively, the submission by the Health Division of a \$425,000 grant application to the Department of Health and Human Services for the Universal Newborn Hearing Screening grant.

The following is a summary of the request and the Subcommittee (Human Services) action:

Recent advances in genetics present opportunities for promoting health and preventing diseases. Oregon lacks a comprehensive, coordinated plan to address issues related to newborn screening for genetic disorders. This grant would allow the Health Division to facilitate the early identification of individuals with genetic conditions and integrate them into systems of service and care.

The grant is for \$75,000 per year for two years and requires no matching funds. The application is due February 29, 2000 with notification of award anticipated in June 2000.

HB 3246, passed by the 1999 Legislature, requires hospitals and birth centers with more than 200 live births per year to screen newborns for hearing loss. Hospitals with less than 200 births per year are required to provide information about the importance of having their babies' hearing tested. This information is to be furnished to the hospitals by the Health Division. The Health Division is also required to gather data from the hospitals, issue an annual report, and provide a status report to the Seventy-first Legislative Assembly.

This second grant would provide funding for the Health Division to develop educational materials and obtain data software and screening equipment to support implementation of HB 3246.

This is a four-year grant with a total of \$425,000 and requires no matching funds. The Health Division learned of the grant opportunity in December 1999, and the grant had an application deadline of January 15, 2000.

The Subcommittee recommended approval of the request.

Representative Westlund's motion carried with no objections voiced. [Senators Adams, Timms, Bryant, Metsger and Representatives Schrader and Simmons excused]

51. Department of Human Resources - Health Division

Representative Winters moved that the Emergency Board acknowledge receipt of a report from the Department of Human Resources, Health Division, on the fee structure to support activities of the National Environmental Laboratory Accreditation Program and a change in the fee schedule of the Clandestine Drug Lab Program.

The following is a summary of the request and the Subcommittee (Human Services) action:

The U.S. Environmental Protection Agency has established a framework for accreditation of environmental laboratories through the National Environmental Laboratory Accreditation Program (NELAP). The NELAP establishes uniform standards that are recognized nationally. Accreditation provides assurance of the quality of lab work.

Passage of HB 2177 by the 1999 Legislative Assembly directed the Health Division, working with the Department of Environmental Quality and the State Department of Agriculture, to establish

and implement an environmental laboratory accreditation program that incorporates the uniform standards of the NELAP.

The legislation requires the Health Division to provide administrative support by adopting rules and collecting program fees that cover the cost of administration. Before implementing the fees, the Division was to seek approval of the fee structure from the Department of Administrative Services and to report to the appropriate legislative committee.

A change in the fee schedule for the Clandestine Drug Lab Program was also included in this report. Adverse health effects on individuals who inhabit former illegal drug lab sites and concerns for property owner liability resulted in the creation of the cleanup program. Originally funded with General Fund, the legislature switched the program to fee based in 1993. The fee schedule included a new work plan review fee for vehicles, boats and trailers that are used occasionally as illegal drug manufacturing sites. No other fees in this program were changed.

The Subcommittee recommended acknowledging receipt of the report.

Representative Winters' motion carried with no objections voiced. [Senators Adams, Timms, Bryant and Representatives Schrader and Simmons excused]

52. Department of Human Resources – Mental Health and Developmental Disability Services Division

Senator Hannon moved that the Emergency Board approve a progress report on implementation of the Long Range Plan for developmental disability services.

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

The Long Range Plan closes the Fairview Training Center and provides more community resources for developmentally disabled persons. A budget note requires the agency to submit periodic progress reports on the plan for Emergency Board approval.

The agency reported that the last two residents at the Fairview Training Center were moving to community homes on February 24, 2000. This is four months ahead of the initial placement schedule. A total of 284 residents have moved to the community under the Long Range Plan. Since 1996, 69 housing construction and renovation projects have been completed; some people were placed in foster care or apartment settings. Quality assurance protocols are in place. Those moved from Fairview get special attention, such as case management and professional staff to monitor complex needs.

Back-up and crisis response services are fully phased-in in all areas of the state. All but one county, Jefferson, is working on a regional basis to manage these services. Self-directed services will be provided to over 2,000 people on the wait list this biennium. However, these services are often less than people requested, and may be time-limited.

Direct care wage increases since 1996 have just kept pace when compared to the minimum wage and to market wages for similar occupations. The Subcommittee discussed the wage increases

scheduled under the Long Range Plan, the continuing problem of high staff turnover in homes operated by non-profit providers, and the differential between wages in state-run homes and the non-profit homes. The Department of Human Resources talked about the \$1.8 million special purpose appropriation for provider wages established by the 1999 Legislature, and expressed its intent to bring that issue to the Emergency Board at its April 2000 meeting. The Department indicated that the provider wage issue goes beyond the Long Range Plan to all of the Department's community providers.

The agency reported that the Department of Administrative Services is working on the Fairview land sale and redevelopment. Senate Bill 405 (1999) requires money from the sale of the property to go into community housing and services for developmentally disabled persons. Until the property is sold, security and maintenance will cost about \$1.5 million a year.

Overall, General Fund costs to date are higher than savings that have been achieved. This was expected in the initial plan. Although the savings will now increase with Fairview's closure, costs have been higher than expected for staffing the community homes. The agency will continue to monitor and report on the overall costs and savings.

The Subcommittee recommended approval of the request, with Senator Yih voting no.

The following Committee discussion occurred:

Senator Hannon commented on the inadequacy of the direct caregivers' wages, and that the state needs to make a commitment to adequately fund its community caregivers. Senator Yih stated

that the plan's promised 1999-01 wage increases were not included in the agency's budget. She expressed concern that the Department of Human Services has not yet requested a \$1.8 million special purpose appropriation made by the Legislature to increase provider wages this biennium. Committee members also discussed the wage differential between direct care staff in state-run homes and those of non-profit providers.

Staff reported that the total wage increases funded to date actually exceed the increases that were expected under the plan, although there were more increases in 1997-99 and fewer increases in 1999-01 than the plan had originally outlined. However, the increases have not resolved the recruitment and retention problems in the community homes. Staff also indicated the \$1.8 million provider wage appropriation had anticipated a July 1, 2000 effective date, so the Department could allocate the increases in the expected time frame if the Emergency Board approved a distribution at its April meeting.

Speaker Snodgrass stated that these provider and wage issues should have close follow up by the interim substantive committees, because the state needs good staff in these community homes to assure quality care.

Senator Hannon's motion carried with Senator Yih voting 'no'. [Senators Adams, Bryant and Representatives Schrader and Simmons excused]

53. Department of Human Resources – Mental Health and Developmental Disability Services Division

Representative Winters moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$1,900,000 from the amount reserved in the Emergency Fund by the Emergency Board at its December 1999 meeting, to supplement the appropriation made to the Department of Human Resources Mental Health and Developmental Disability Services Division, Mental Health Services, by section 1(2)(b)(B), chapter 916, Oregon Laws 1999, for a pilot program for atypical antipsychotic medications.

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

The 1999 Legislature directed this pilot program as part of Senate Bill 941. The pilot program is to increase access to atypical antipsychotic drugs for mentally ill persons who do not qualify for Medicaid mental health services. The newer drugs are expected to help treat psychotic illnesses with fewer side effects than older medications. They should also reduce long-term costs for medical, social and public safety services.

The agency first reported its plan to the Emergency Board in December 1999. The Emergency Board deferred action on the request at that time, pending a review and recommendation by the Joint Interim Committee on Health and Human Services. The Subcommittee received information that that committee had reviewed the agency's plan at its February 23 meeting and supported the allocation request.

The agency expects to select one or two pilot counties through a competitive process. The pilots will provide medications, case management, and support services for 300 to 600 persons. Up to \$1,650,000 will be available for the medications. The agency reported that its selection process will

consider the amount of existing resources applicants can commit to case management and support services, and a plan for continued support for clients after the pilot funding ends.

A budget note directs Oregon Health Sciences University (OHSU) to analyze program expenditures, do a cost-benefit analysis and determine potential treatment savings. Up to \$250,000 of the allocation will pay for this work. The results of the pilot will be reported to the 2001 Legislature.

The Subcommittee recommended approval of the request.

Representative Winter's motion carried with no objections voiced. [Senators Adams, Bryant and Representatives Schrader and Simmons]

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

Senator Hannon moved that the Emergency Board acknowledge receipt of a report concerning the spousal pay program, and direct the Department of Human Resources to continue the spousal pay program, to aggressively seek program funding sources inside the agency's budget as well as through its federal waiver requests, and to prohibit spousal pay caseload growth until a full federal waiver has been approved.

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

Last December, the Emergency Board directed the Senior and Disabled Services Division (SDSD) to modify its proposed rule that would limit the number of persons receiving spousal care.

The rule modification would allow clients to continue to receive spousal care if moving them to an alternative care setting would be significantly detrimental to that client's health. The agency was instructed to return to the February Emergency Board with a report on how this rule modification would affect the spousal pay caseload. SDSD reports that about half of the existing caseload - about 100 persons - would continue to receive care under the rule modification. The other half would receive alternative care in a Medicaid reimbursable setting.

The Subcommittee deliberated at great length over this issue and recommended that the Emergency Board direct the Department to continue the program. The Subcommittee did not recommend an Emergency Fund reservation, but recommended that the Emergency Board express its intention to adequately fund the program through a combination of agency funds - if available - and Emergency Board funding. The Subcommittee recommended the Emergency Board wait to provide funding until the Department returns in April with its next budget rebalance plan.

Two federal waiver requests also have significance. The Subcommittee expects SDSD to aggressively pursue the Independent Choices demonstration waiver request, submitted in June 1998, and a spousal pay waiver request, submitted at the end of last month. The Independent Choices waiver would allow about 64 current spousal pay clients to receive Medicaid reimbursable spousal care services. A spousal pay waiver would allow the entire program to be reimbursed by Medicaid.

The following Committee discussion occurred:

Senator Hannon stated that the spousal pay issue was one of the most difficult in his 22 years as an Emergency Board member. He expressed his appreciation to Senators Metzger, Ferrioli, and Qutub, Representatives Lewis and Ross and Speaker Snodgrass. He said that the press had, with respect to the spousal pay issue, characterized the legislature and agency as uncaring. He noted that there was enough blame for everyone to share and noted that the Independent Choices waiver should not take two years to be approved. He mentioned that the Governor had the opportunity to add program funding during the final budget negotiations at the end of the legislative session.

Senator Hannon thanked Roger Auerbach and Dan Kaplan, administrator and deputy administrator of the Senior and Disabled Services Division, respectively. He recommended that SDSD's rule should not go into effect and eliminate persons from the spousal pay program. He stated that there should be a commitment to fully fund the program with a combination of agency funds identified in the April 2000 DHR rebalance plan as well as Emergency Board funds. However, he stated, the Subcommittee was not recommending an Emergency Board reservation at this time. He encouraged everyone to move ahead and ensure spousal pay clients had no further disruption to their lives.

Senator Trow expressed his appreciation of Senator Hannon's statement and the efforts of members to find a solution. He noted that he was bothered, however, by the under-funding of the human resources budget and the directive to find funds within the agency to take care of issues by cutting other programs. He observed that like tax relief, the human resources budget is also a priority. He noted that the legislature had made a good effort, but did not have enough money to put in the human resources budget. He stated that he would be voting in favor of Senator Hannon's motion, but observed that the under-funding problem would continue.

Senator Timms discussed how the legislature had found additional funds through rigorous oversight of the DHR budget. He stated that DHR programs might or might not have been under-

funded. In any case, he asserted, the budget made government more accountable. He urged other members not to forget that.

Senator Metzger stated that the spousal pay issue was a difficult one. He said that he was disturbed by remarks made during the Subcommittee meeting that he thought were unfair to the Department of Human Resources. These remarks inferred (probably unintentionally) that the agency was responsible for the problem. He noted that the decision to reduce spousal pay program funding was a legislative decision. He stated that he had read the Joint Ways and Means Committee transcripts of the hearing when the spousal pay issues were being considered. He noted that Gary Weeks, the director of DHR, stated that “we are struggling with this recommendation.” “I have to make this recommendation work, and frankly it does not work out to me.” Senator Metzger argued that it was unfair to say the agency was dragging its feet on the waiver request. He stated that the program would be solved collectively and that his preference was to make an Emergency Fund reservation to ensure continued funding for the program. He expressed his gratitude that everyone had recognized the problem and arrived at a solution.

Senator Qutub observed that the DHR budget had increased 17%--something for which she was thankful. She noted that the Joint Ways and Means Committee had a lot of tough choices to make with respect to the DHR budget. She stated that it was never the intention of the committee for spousal pay clients not to receive care. She said she was glad SDSO would not implement the rule. She said that everyone needed to bear some of the responsibility. She noted her frustration with the bureaucracy in Washington D.C. and argued that it was important to contact the Health Care Financing Administration as well as the Oregon congressional delegation. She stated that this issue had been heart wrenching for her and that the decision to fully fund the program came as a great relief. She stated she regretted any disruption to the lives of the spousal pay clients that may have occurred.

Representative Lewis discussed the legislative decision to reduce the program. She stated that a state-funded program (spousal pay) had been identified and that 49 other states did not have such a program. She said that it was her belief, at the time, that the Independent Choices waiver was about to be approved. She stated that Gary Weeks had known of the legislative decision to reduce spousal pay last May and yet the Health Care Financing Administration stated it was still waiting for agency data to complete its waiver review last November. She asserted that the congressional delegation still needed to be contacted and that when she talked to U.S. Senator Wyden, he knew nothing about the Independent Choices waiver request. She argued that the legislature had not passed an irresponsible DHR budget and noted that the Governor had had budget choices when the final reconciliation bill was being negotiated. She stated that it was a reasonable expectation to seek more cost-effectiveness in the spousal pay program by seeking federal matching funds.

Representative Ross called attention to the heroism of the spouses who are caring for their partners. She said that the issue had provided an opportunity to see a particular human services program directly and understand the burdens the spouses carried. She noted that these spouses deserved the Emergency Board's gratitude.

Senator Metzger reiterated that no one should point fingers at the Department of Human Resources.

Senator Hannon offered an apology to Messrs. Kaplan and Auerbach if they had been offended by any of his remarks made during the subcommittee meeting the day before. He stated, however, that he believed his concerns about not invoking the congressional delegation to assist with the waiver process were expressed as well-intended, constructive criticism.

Speaker Snodgrass stated that DHR had received a 19% budget increase for the 1999-01 biennium. She said that had the agency come to her seeking assistance with the waiver, she would have provided it. She noted that the letters urging the Health Care Financing Administration to approve the waiver were written and had been sent. She said it was time to put pressure on the Health Care Financing Administration. The Governor, she noted, should do what he could along with President Adams, Senators Wyden and Smith. Oregon, she observed, has a good waiver track record and she saw no reason why these waivers couldn't be moved forward if everyone worked together.

Senator Hannon's motion carried with no objections voiced. [Senators Adams, Yih, Bryant and Representatives Schrader and Simmons excused]

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

Representative Westlund 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 Justice grant application, to support elder abuse prevention programs.

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

Oregon's social service and law enforcement agencies receive over 10,000 community (non-facility) complaints of elder abuse each year. Experts estimate that significant under-reporting of abuse exists—possibly by a factor of ten. Although law enforcement officials have been trained properly to respond to child and spousal abuse, many have not received training to discern elder abuse

and to deal with it effectively. In response, the Senior and Disabled Services Division (SDSD) has applied for a \$125,000 federal Department of Justice grant to offer comprehensive training to every law enforcement jurisdiction in Oregon. There is no state matching fund requirement.

To implement the training program, SDSD will team up with the Oregon Department on Public Safety Standards and Training. Together, these two agencies will produce a short video on elder abuse and ways a law enforcement officer may identify it. Along with the video, the two agencies will provide a "protocol card" to each officer. SDSD expects that law enforcement officials will be the primary trainees. However, other affiliated professionals such as state prosecutors and investigators, fire and emergency medical technicians could also benefit from the training.

Representative Westlund's motion carried with no objections voiced. [Senators Adams, Yih, Bryant and Representatives Schrader and Simmons]

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

Senator Hannon moved that the Emergency Board acknowledge receipt of a report on the ACCESS computer software project, direct the agency to identify future project phases in the agency's budget and to provide regular ACCESS quality assurance and budgetary reports to the Department of Administrative Services Information Resources Management Division, and direct the Information Resources Management Division to monitor the progress, budget, and expenditures of the ACCESS project and to provide summary reports to the Joint Legislative Committee on Information Management and Technology.

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

The Emergency Board at its December 1999 meeting directed the Senior and Disabled Services Division (SDSD) to provide a report on its ACCESS computer software project to the Joint Legislative Committee on Information Management and Technology (JLCIMT) and the next meeting of the Emergency Board. The ACCESS project began in 1995 and its purpose is to streamline the processes used by SDSD field staff to provide eligibility determination and client assessment and care planning services. The project appears to be progressing well.

The Legislative Fiscal Office (LFO) had two concerns about the ACCESS project. First, there were discrepancies between the DAS Information Resources Management Division's report to the JLCIMT on project expenditures and the amounts provided to LFO by SDSD. Second, the project was never directly reviewed and approved by either the Legislative Assembly or the Governor. The project, however, represents a significant policy decision concerning the delivery of field services, is an investment of \$3.3 million of General Fund and \$19.8 million of Federal Funds over a four year period, and has implications for potential efficiency savings. These concerns have given rise to the Subcommittee's recommendations to the Emergency Board.

LFO, in conjunction with the Department of Administrative Services, will assess whether future phases of the ACCESS project should be presented as part of the agency's base budget or as a distinct budget package. Whichever choice is made, however, the Legislative Assembly will be apprised of the expected future ACCESS project costs.

Senator Hannon's motion carried with no objections voiced. [Senators Adams, Yih, Bryant and Representatives Schrader and Simmons excused]

57. Department of Human Resources – Vocational Rehabilitation Division

Senator Hannon moved that the Emergency Board, acting under the authority of ORS 291.375, approve submission by the Vocational Rehabilitation Division of a federal grant application from the federal Department of Education, Office of Special Education and Rehabilitative Services, to increase employment outcomes for individuals with psychiatric disabilities.

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

In Oregon and across the country, the estimated rate of competitive employment for persons with severe and persistent mental illness is less than 15 percent. The Vocational Rehabilitation Division (VRD) is attempting to improve employment outcomes for persons with mental illness and wants to augment its efforts with a grant from the U.S. Department of Education.

The Division is proposing in its grant application to use an enhanced version of a nationally recognized supported employment model known as Individual Placement and Support. This model is based on the principle that work is therapeutic for persons with psychiatric disabilities and has shown to significantly increase employment outcomes. VRD is working with the Mental Health and Developmental Disability Services Division of the Department of Human Resources, Portland State University, and three mental health vocational service providers in Portland to develop the grant proposal.

The Division expects that the project will assist an additional 326 persons with mental illness maintain employment for at least 90 days after they are on the job. The request is for \$275,000 a year for each of five years. There is no state matching fund requirement.

Senator Hannon's motion carried with no objections voiced. [Senators Adams, Yih, Bryant and Representatives Schrader and Simmons excused]

The meeting was adjourned at 1:05 p.m.

EMERGENCY BOARD

Senator Brady Adams, Chair

Senator Eugene Timms, Secretary

ATTEST:

Michael J. Stinson,
Legislative Fiscal Officer