

Department of Corrections (DOC) – Agency Totals

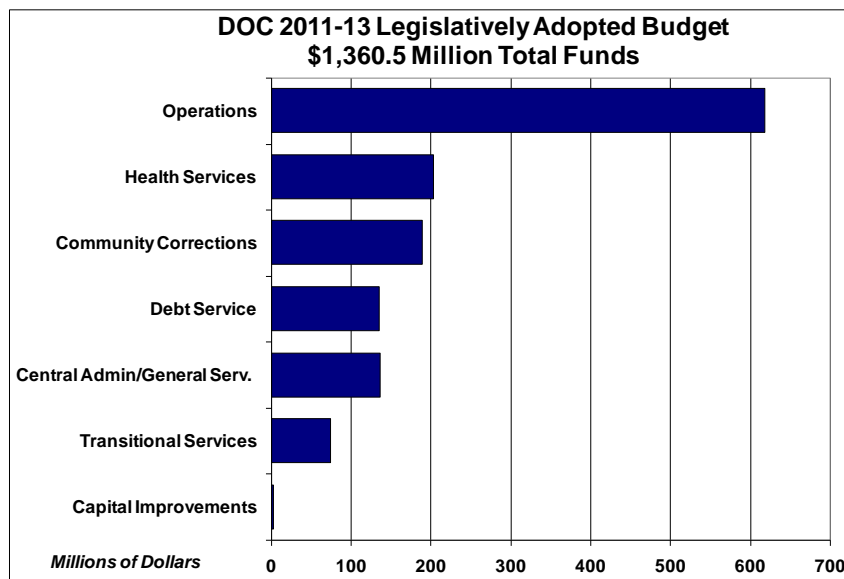
	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	1,258,729,939	1,208,328,818	1,403,994,352	1,324,785,417
Other Funds	82,826,944	88,119,943	31,237,396	27,563,757
Federal Funds	17,625,085	115,458,346	6,171,725	6,908,809
Other Funds (NL)*	0	214,025,379	0	0
Federal Funds (NL)	0	598,089	1,262,826	1,262,826
Total Funds	\$1,359,181,968	\$1,626,530,575	\$1,442,666,299	\$1,360,520,809
Positions	4,782	4,734	4,482	4,511
FTE	4,662.08	4,618.20	4,536.57	4,420.74

* The Other Funds Nonlimited amounts are the result of refinancing of debt.

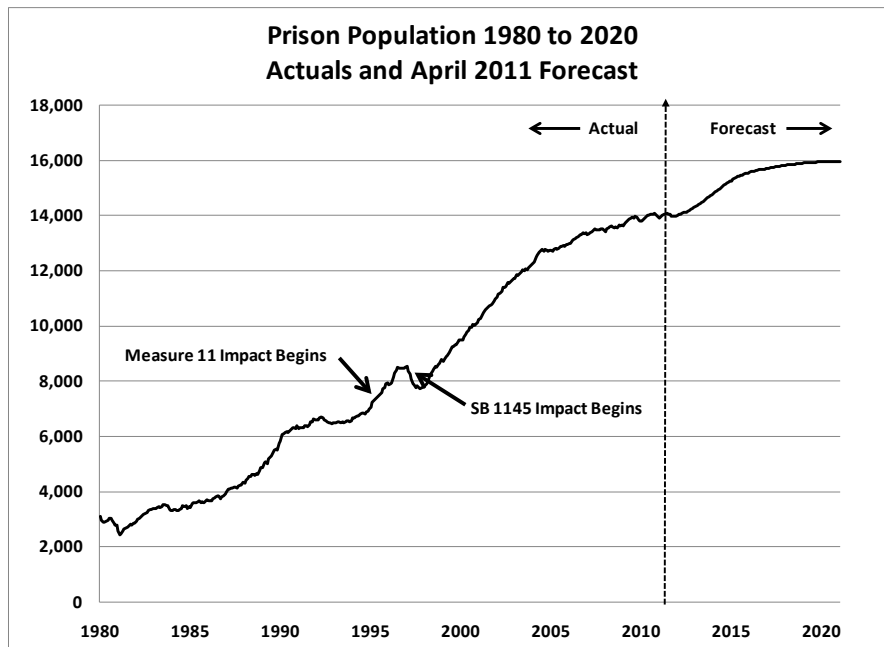
Agency Overview

The Department of Corrections (DOC) has two primary functions – the operation of prisons and the state responsibility for the community corrections system. The Department operates 14 institutions for the incarceration of adult and certain juvenile felons sentenced to prison for more than twelve months by the courts. The budget is based on the April 2011 forecast with adjustments for changes in sentencing, implementation of Ballot Measures 57 and 73, and other changes that affect the prison population made by the 2011 Legislature. The community corrections system is based on SB 1145 (1995) which transferred management of offenders sentenced or sanctioned for incarceration 12 months or less, and all felony offenders under community supervision, to the counties. Funds are provided to counties for the costs of supervising these offenders.

The 2011-13 legislatively adopted budget is \$1,360.5 million total funds; with 45.4% for the operation, housing, and security of inmates; 15% for health and mental health services; 5.5% for transitional services like substance abuse treatment and education; 13.9% for community corrections programs; 9.9% for debt service; and 10% for general support services and administration.



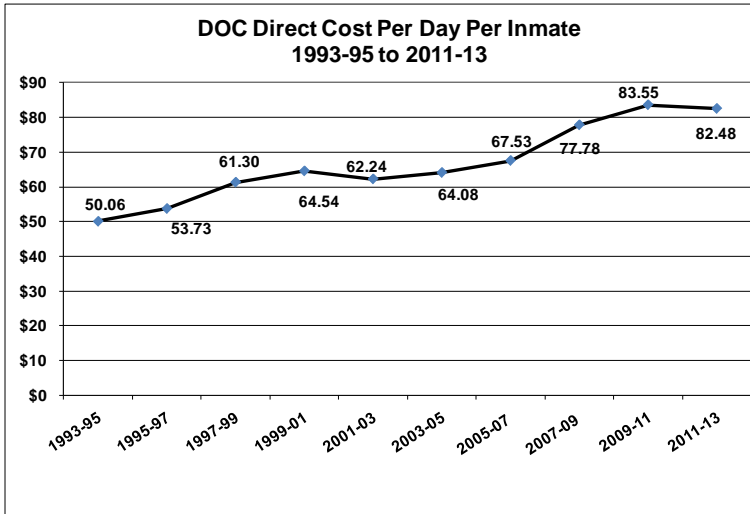
The most significant cost driver for the DOC budget is the number of incarcerated offenders in the prison system. The graph on the next page shows the growth in the actual and projected prison population, increasing from roughly 3,000 in 1980 and 7,000 in 1995 to almost 16,000 by July 2018. This expected increase of more than 160% since 1990 has resulted in a large construction program to expand the number of beds in the system and a growing number of staff to manage the inmate population. The Department of Administrative Services' Office of Economic Analysis prepares the Prison Population Forecast every six months as well as an offender forecast for the Community Corrections program. Between legislative sessions, DOC rebalances within its budget if forecasts estimate additional changes in the prison population.



The passage of Ballot Measure 11 (BM 11) created the need to increase the building program. The increases in the number of inmates due to BM 11 were not so much due to the growth in the number of offenders entering the system but to the length of time BM 11 offenders spend in prison. SB 1145 also affected the prison system by transferring the responsibility for those sentenced to 12 months or less to counties. This law made a one-time reduction in the growth of the prison population after a short adjustment period when counties used the state prisons for incarceration until new jail capacity was completed. Other factors contributing to the prison population growth include changes by the 1999 and later Legislatures that increased the sentences for repeat property offenders. Finally, Ballot Measure 57 (BM 57) passed in November 2008 changing the sentencing of certain property and drug related crimes. The 2009 Legislature altered the implementation dates for BM 57 but long-term it should have a similar impact as how it was passed by the voters. It is estimated that approximately 450 inmates will be added to the prison population by July 2013 as a result of BM 57 and growing to a total additional population of almost 1,000 by 2015. Other sentencing changes are projected to have an impact on the prison population. For example, the earned time provisions passed in 2009, and altered during 2010, are projected to reduce the prison population by over 300 early in 2011-13; but the impact is estimated to decrease to less than 25 monthly by the end of 2017. It should be noted that the future numbers are projections based on a number of factors that will likely change as time passes and therefore the estimates will also change.

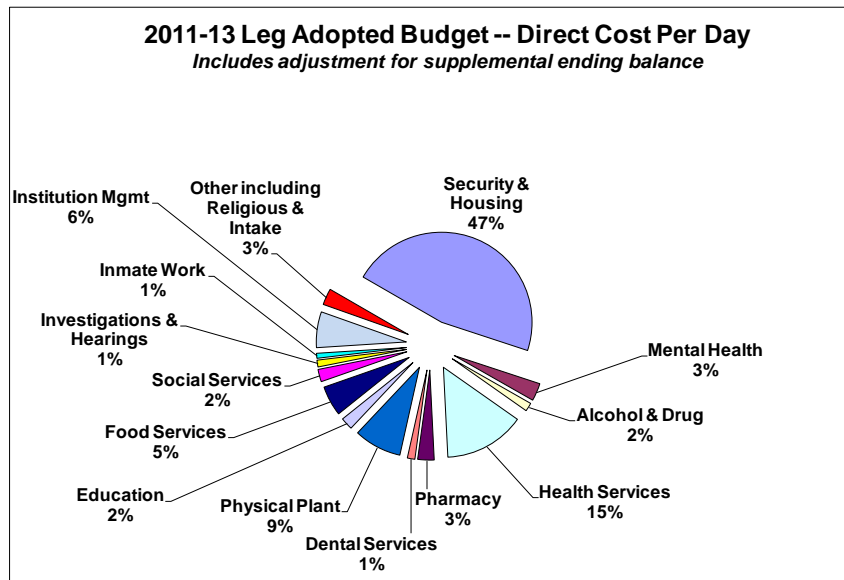
The ability of state policy makers to control prison population growth is constrained by ballot measures passed by Oregon voters including Measure 11 (1994), which established mandatory minimum sentences for specific major crimes; Measure 4 (1988), which eliminated probation for repeat offenders of specific crimes and eliminated the use of earned time; and Measure 74 (1999), which was part of the crime victims' package and requires that an offender must return to the sentencing court to reduce a sentence. The table below demonstrates the impact of these measures, the number of inmates in each group, and the requirements for changing the sentencing.

Ballot Measures and Time Frames	Number in Prison as of 6/11	Steps to Change Release Date
Non Measures 11 and 4 inmates whose crimes were committed prior to 12/99	469	Simple majority of Legislature
Measures 11 and 4 inmates whose crimes were committed prior to 12/99	951	Two thirds majority of Legislature
Measure 74 offenders whose crimes were committed after 12/99. Includes Measure 11 and 4 inmates after 12/99	11,783	Requires court resentencing or constitutional change



One measure that many states and other jurisdictions use is a “cost per day” calculation which is based on the costs of incarcerating the prison population divided by the number of inmates. Costs such as community corrections grants, capital construction, and start-up costs are not part of this calculation. In the past DOC has calculated an average “direct” cost per day which measures about 80% of the total costs of incarcerating an offender at a DOC facility and includes costs associated with security, health care, food, and other items which generally vary as the total number of inmates change. For the 2011-13 legislatively adopted budget, the direct cost per day is \$82.48 and

includes the downward adjustment for the supplemental ending balance. Staff costs are the primary factor for this figure so staff intensive functions like security and housing make up large shares of the total. Its various components are detailed in the figure below.



What this figure does not include is the debt service for the agency’s facilities (\$11.01 per day) and the department-wide costs of administering the agency including the overall management, state government service charges, financial and personnel staff, information systems costs, and a variety of other costs not directly tied to the number of inmates (\$11.84 per day). These cost-per-day figures are “snapshot” costs and will change depending on the number of inmates and changes in the budget during the biennium. The above measures are averages across the entire DOC system. The cost per day varies significantly from institution to institution due to a number of factors including age of facility, seniority of staff, size of the population, characteristics of the population, programming at each facility, and the security level. For the 2011-13 legislatively adopted budget, the individual direct cost-per-day varies from less than \$64 at South Fork Forest Camp and Mill Creek to a high of over \$103 at Shutter Creek.

DOC has held off opening the Deer Ridge medium facility since its estimated direct cost per day is significantly higher than alternatives currently available (emergency or temporary beds). The initial beds at a newly opened facility are generally higher as the fixed costs are spread among fewer inmates until the full capacity is reached. This is why using the marginal cost of the next bed is important. During the 2011 legislative session, DOC and the Legislative Fiscal Office started to use an estimate of a marginal cost when pricing bills instead of the direct average cost which had been previously used. These marginal costs started at roughly \$22 per bed day for the lowest cost emergency bed and increased from that amount as emergency beds were committed and the next

least cost beds were identified. The major variant for this marginal cost was whether the opening of a set of emergency beds involved hiring new staff or not.

Ballot Measure 17 (1994) requires all inmates, with limited exceptions, to participate in work or work development training for a minimum of 40 hours per week. Oregon Correctional Enterprises (OCE) was created as a semi-independent agency for work-related programs and its budget is outside legislative and executive branch budget control. It contracts with outside businesses and others to provide inmate labor for various industries and services. Costs are included in the contracts, but often some costs still remain part of an institution's budget (e.g., security staff).

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for the Department of Corrections (DOC) of \$1,360.5 million total funds is 16.4%, or \$266 million, less than the 2009-11 legislatively approved budget of \$1,626.5 million. After factoring out one-time debt refinancing spending and capital construction, the agency's total funds budget is \$6.4 million, or less than one half of 1%, greater than the 2009-11 legislatively approved budget. The 2011-13 General Fund budget of \$1,324.8 million is \$116.5 million, or 9.6%, greater than the 2009-11 budget. This growth is primarily driven by the need to backfill over \$103 million in one-time federal funds used in 2009-11. After factoring out this impact, the General Fund change would have been minimal for the period. Compared to the 2011-13 budget proposed by the Governor, the total funds budget is \$82.2 million less, or 5.7%; and the General Fund budget is \$79.2 million less, or 5.6%. Major changes for the 2011-13 DOC budget include:

- Many of the 2009-11 allotment reductions are continued, including the closure of a 176 bed minimum security facility in Salem, elimination of General Fund work crews, reduced staff training resources, and central office staff eliminations saving approximately \$25 million General Fund.
- A net reduction of over 220 positions was taken based on program reductions, including the allocation reductions listed above, and after a review of vacant positions and identification of efficiencies. The Governor's budget double counted the delay in opening the Deer Ridge facility so 198 positions (72.61 FTE) had to be added back to the level proposed in the Governor's budget.
- The Governor's budget proposed approximately \$16 million in reductions for non-mandatory alcohol and drug treatment, work based education, and cognitive programs, but the Legislature decided to restore \$11 million of these reductions.
- The budget for Community Corrections is almost \$21 million less than the amount in the 2009-11 legislatively approved budget; but it is primarily driven by a \$39 million change in the forecast reflecting a smaller estimated population and a change in the mix of the offender population. The Legislature did continue two sentencing changes from 2009-11 biennium which provided savings of almost \$11 million, including a 60-day limit on the time offenders sentenced to felony probation may be sanctioned.
- The legislatively adopted budget did not accept all of the sentencing changes as proposed by the Governor including changes to certain Measure 11 crimes and the implementation of a system of earned time similar to the federal government. In addition, the 2011-13 DOC budget assumes the "re-start" of the increased sentences under Ballot Measure 57 effective January 1, 2012, which adds approximately \$2.5 million to the budget.
- Ballot Measure 73 penalties were altered by the Legislature so that the presumed sentence is served in a local jail instead of prison. The net savings of this action is roughly \$4 million with savings (growing in future biennia) in prison operations offset by a \$12.6 million General Fund addition to the Community Corrections budget for the reimbursement of county jail costs.
- There remains a \$28 million General fund undesignated reduction that the agency will have to incorporate in its spending plans.

Included in the 2011-13 legislatively adopted budget were common reductions taken across almost all agencies. For DOC these "standard" reductions totaled over \$116 million General Fund. Over \$48.1 million of this represents the amount reduced for the supplemental ending balance including \$5 million for debt service. All or part of this amount may be added back later in the biennium depending on economic conditions. During the development of the Governor's budget, and later accepted by the Legislature in the final 2011-13 budget, were reductions of \$47 million General Fund accounting for a 5.5% reduction to personal services assuming changes for employee compensation. If final negotiated decisions on employee compensation do not yield the 5.5% assumed savings, the agency will need to identify additional savings. Also proposed by the Governor and accepted by the Legislature was a \$14.9 million reduction through the elimination of the standard increase for inflation. In addition, another \$7.2 million was cut from services and supplies categories.

DOC – Operations

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	604,436,503	518,508,512	635,710,926	609,299,298
Other Funds	10,225,666	15,680,755	11,057,285	8,997,797
Federal Funds	10,054,075	103,784,840	0	5,904
Total Funds	\$624,716,244	\$637,974,107	\$646,768,211	\$618,302,999
Positions	3,597	3,443	3,197	3,283
FTE	3,517.87	3,383.15	3,272.26	3,244.90

Program Description

The Operations Division is responsible for the security and operation of the 14 existing adult correctional institutions. Functions of this Division include institution operations, security, food service, inmate work, inmate intake, and inmate transportation.

Revenue Sources and Relationships

The Other Funds revenues originate from a variety of sources including: services provided by inmate work crews, meal tickets, witness fees, and canteen sales, (\$7.1 million); sale of items produced by inmate work and training programs (\$1.5 million); and Inmate Welfare Fund revenues received from inmates or inmate-related sources such as coin operated telephones, canteen profits, vending machines, and copiers (\$1.8 million).

The 2007-09 budget included a total of \$16.5 million in Federal Funds from the federal State Criminal Alien Assistance Program (SCAAP) to offset General Fund needs for incarceration of illegal aliens – \$10.1 million in Operations and \$6.4 million in Health Services. This amount only funds a portion of the total costs of incarcerating illegal aliens. For 2009-11 and 2011-13, the SCAAP funds were used in the Health Services budget. The large increase in federal funding for 2009-11 is due to the \$103.8 million of one-time federal stimulus funding used in this budget which requires General Fund backfill for 2011-13.

Budget Environment

The budget for Operations is driven by the prison population forecast; sentencing laws; custody level requirements; local arrest, prosecution, and sentencing practices; and Ballot Measure 17 (1994) inmate work related requirements. This unit's budget is primarily used in one of the facilities list below and is based on the number of beds active, and the personnel, fuel, food, maintenance, and other costs for the facilities.

Department of Corrections Facilities Active Beds During 2011-13					
Existing Facilities	Location	Primary Security Level	Permanent Capacity	Active Emergency Beds	
Coffee Creek Correctional Facility	Wilsonville	Women's/Intake	1,683	57	
Columbia River Correctional Institution	Portland	Men's Minimum	553	40	
Eastern Oregon Correctional Institution	Pendleton	Men's Medium	1,659	108	
Mill Creek Correctional Facility	Salem	Men's Minimum	240	50	
Powder River Correctional Facility	Baker	Men's Minimum	286	28	
Oregon State Correctional Institution	Salem	Men's Medium	894		
Oregon State Penitentiary	Salem	Men's	2,209	98	
Santiam Correctional Institution	Salem	Men's Minimum	440		
Shutter Creek Correctional Institution	North Bend	Men's Minimum	316		
Snake River Correctional Institution	Ontario	Men's Medium	3,064	210	
South Fork Forest Camp	Tillamook	Men's Minimum	204		
Two Rivers Correctional Institution	Umatilla	Men's Medium	1,802	120	
Warner Creek	Lakeview	Men's Minimum	406		
Deer Ridge Correctional Institution	Madras	Men's	657	116	
Minimum Facility at Oregon State Penitentiary	Salem	Likely Women's			

Notes: Deer Ridge has a planned total capacity of 1,880 but only the minimum facility is planned to be occupied for 2011-13. There is also additional unused capacity at the currently closed minimum facility at the Oregon State Penitentiary (176 beds), Shutter Creek (50 bed expansion unit), and additional emergency beds at various facilities (120 beds).

The Department completed one new mixed minimum and medium security level complex – Deer Ridge in Madras – in September 2007; but has only opened the minimum facility at this time. The agency has delayed opening the medium facility because of the start-up costs and more expensive operating costs, relying on the use of temporary or emergency beds to meet the inmate growth. As of now, the medium facility is not scheduled to open until early in the 2013-15 biennium. The next facility scheduled to come on line is one in Junction City, but at this time construction has not begun other than planning/design work along with limited infrastructure and site work.

DOC has depended on the use of what the agency calls temporary or emergency beds to meet its capacity needs for many years. These beds are generally additional beds in dormitory-like settings in minimum security facilities or additional beds in what had been single bed cells. In a few cases, a new unit has been added in space that had been originally designed for another purpose. DOC states that it has generally reached the limit for double occupancy cells in its system. There still remain the special unit beds where double occupancy cells are not always feasible and some single cells exist for those with special needs. All facilities, except the Oregon State Penitentiary, will have almost all available cells at double occupancy. Structural load issues prevent the double occupancy use of the remaining single occupancy cells at the Oregon State Penitentiary. Under the current population management plan, which the agency uses to determine what units and when they should open, it is anticipated that 827 emergency beds will be used during 2011-13. Short-term work camp beds may also be added as forest related work becomes available. The terms emergency and temporary are somewhat subjective since many beds that have been or are classified as temporary have been used for years.

DOC has in the past rented beds from counties that have space in their jails. The agency looks to these county beds as an option and has used them in some cases as transitional beds for offenders that are near the end of their sentences. There always is the chance that counties may need these available beds as their need or financial capacity to house the offenders for which they have responsibility increases. Another alternative is to rent beds out of state; but has been limited to publically owned and operated beds, not those at privately owned and operated prisons.

Not only is the prison population growing, the demographics are changing with more of the population with serious health and mental health issues. The current facilities in the agency's system are not necessarily designed to serve these populations effectively. Many states have designed units with these "special needs" population in mind and have specifically designed geriatric units for the older population and other long-term care units. In its initial planning, DOC considered this type of facility for the Junction City site.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this division of \$618.3 million total funds is 3.1%, or \$19.7 million, less than the 2009-11 legislatively approved budget. The 2011-13 General Fund budget of \$609.3 million is \$90.8 million, or 17.5%, more than the \$518.5 million 2009-11 budget. This large General Fund increase is due to the need to backfill over \$103 million in one-time federal funds available in 2009-11. Without this backfill, there would have been a \$22 million reduction in General Fund resources between the two budgets. The Governor's 2011-13 total funds budget is almost \$30 million greater than that approved by the Legislature while the Governor's General Fund budget is \$26.4 million larger. This reduction in the budget for this division is attributable to a number of items including:

- A number of cuts taken as part of the allocation reductions during 2009-11 are "rolled-up" for an entire biennium for a total reduction of \$23.5 million General Fund and 118 positions. These reductions included the closure of the 176 bed minimum security facility at the State Penitentiary in Salem, suspension of all non-mandatory staff training, elimination of all General Fund work crews, reduced number of safety managers, and the implementation of charging of inmate accounts for processing.
- This budget also assumes the increased use of temporary beds as mentioned above which allows for further delay of the opening of the medium security facility at Deer Ridge (Madras) saving \$4.9 million General Fund and eliminating the need for 158 positions.
- Ballot Measure 57 is scheduled to "restart" January 1, 2012 which will again increase the inmate population later in the 2011-13 biennium leading to the need to add \$1.4 million and 10 positions (1.40 FTE) to this division's budget. This budget also assumes a \$500,000 General Fund savings by accelerating the transitional release program the agency all ready has authority to operate and a small impact (\$47,274 General Fund) from the passage of HB 2940 which increases sentences for certain strangulation related crimes.

- A total of \$2.1 million of General Fund savings are expected from the elimination of management positions including four designated positions (chief of security, superintendent of Powder River, and operations managers at Columbia River and Santiam) as well as the equivalent of five other mid-level managers across the agency. In addition, another 21 positions are eliminated after a review of vacant positions, most of which are related to work crews which have not been used for an extended period of time.
- There is also a \$20 million undesignated General Fund reduction in this division which will have to be absorbed by the agency. This is in addition to the \$22.1 million supplemental ending balance reduction and \$4.3 million in cuts to the services and supplies budget.

DOC – Health Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	158,640,113	177,202,394	216,601,286	197,383,375
Other Funds	394,874	520,070	520,070	520,070
Federal Funds	6,405,825	10,827,748	6,001,048	6,001,048
Total Funds	\$165,440,812	\$188,550,212	\$223,122,404	\$203,904,493
Positions	550	603	582	559
FTE	517.83	556.06	569.73	524.72

Program Description

The Health Services program is part of the Operations Division, but because of its size, has been designated as a separate budget unit. It includes the health services staff that provides services at all of the DOC prisons. The level of service varies significantly with a much more extensive set of services at larger facilities like the Oregon State Penitentiary and Snake River. While most of the health services are provided by DOC employees and contractors inside the prison walls, many services are provided at community hospitals and providers. The agency estimates that over 95% of the services are provided at a DOC facility; but the costs of the outside services represent roughly 37% of the total health services spending, a growing share of costs. This budget unit also includes the mental or behavioral health program which provides a range of services addressing problems dealing with mental illness, developmentally disabled, and co-occurring disorders (mental illness and substance abuse).

Health Services Budget Total Funds				
Budget Area	2005-07 Actual	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Legislatively Adopted
Physical Health Services	\$ 84,369,498	\$ 117,675,179	\$134,205,742	\$ 147,115,428
Pharmacy Services	21,499,234	23,510,047	26,066,577	26,700,757
Mental Health	<u>19,444,602</u>	<u>24,255,586</u>	<u>28,277,893</u>	<u>30,088,308</u>
Total	\$ 125,313,334	\$ 165,440,812	\$188,550,212	\$ 203,904,493

Revenue Sources and Relationships

This budget unit is mainly supported by the General Fund. The Other Funds revenue is generated from charges to inmates for medical services and from the sale of medical prostheses manufactured by inmates. The Federal Funds are from the federal State Criminal Alien Assistance Program (SCAAP) to offset General Fund needs for incarceration of illegal aliens. This amount only funds a portion of the total costs of incarcerating illegal aliens.

Budget Environment

The federal constitution requires that sufficient health, mental health, and pharmacy services be provided under the 8th amendment (Cruel and Unusual Punishment Clause). Failure to do so in other states has led to significant increases in state budgets under federal court orders. For example, the California prison system's health care system is under the supervision of the federal courts and is now facing significant cost increases as new requirements are placed on the system by the court. Health and Pharmacy costs continue to rise (see table above) since they are under the same pressure that other health care programs are experiencing. DOC has implemented a number of initiatives to minimize costs including establishing a pharmaceutical formulary, bulk

purchase of pharmaceuticals through a multi-state group purchasing organization, on-site direct contracts with physicians and clinics to reduce transport and security costs, and instituting consolidated or grouped trips to offsite facilities to reduce transport costs. In addition, DOC has contracted with a Third Party Administrator to provide a discounted provider network, case management for offsite care, and comprehensive medical billing support.

A recent mental health report prepared by DOC stated that up to 51% of the inmates have some form of mental or emotional problems. Not all inmates receive treatment and their needs vary significantly, but as of July 1, 2011, roughly 7,100 inmates were assessed as either benefiting from or needing some level of treatment. Of those, 4,584 received some kind of mental health service; about 3,300 were severely and persistently mentally ill; and over 240 were developmentally disabled. The percentage of inmates who are severely mentally ill has increased from 12% of the total prison population in 2000 to 19% in 2005, and to 24% in 2011. Many times an inmate who causes a disturbance or is disciplined has a mental health issue. There are often insufficient facilities and services available so that inmates may end up in the Disciplinary Segregation Unit instead of the more appropriate special mental health unit. Long-term plans include studying the feasibility of identifying or building a facility specifically for those inmates who require higher levels of mental health services. Because of a shortage of mental health professionals on the eastern side of the state, DOC has transferred many of the offenders with serious mental health issues to facilities in the Willamette Valley.

Long-term, DOC faces a growing challenge in health care. The inmate population is aging and the health care costs grow significantly as an inmate ages. In addition, the average inmate's "health age" is significantly higher than his or her chronologic age. In other words, the health needs of a 50 year old inmate are much greater than for a 50 year old average citizen who is not incarcerated. As the number and proportion of older inmates grows within the DOC population, health care costs are expected to outpace the growth of other DOC expenditures. For the 2009-11 biennium, high-cost inmates accounted for 6% of the unique inmate outside visits and 43% of the outside visit costs.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for Health Services of \$197.4 million General Fund is \$20.2 million, or 11.4%, more than the 2009-11 legislatively approved budget. The total funds budget grows by \$15.3 million, or 8.1%, over the same period. Federal funds play a smaller role in the 2011-13 budget as the amount of SCAAP funding declines. Compared to the Governor's budget, the 2011-13 legislatively adopted General Fund budget is 8.9% less (8.6% less for total funds). Major budget changes or issues include:

- Health care costs for DOC continue to show the same trends as overall health costs do. The agency will be challenged to keep pace with anticipated cost increases since \$8 million General Fund was eliminated from the budget. The original budget development included \$2.1 million in standard inflation and another \$9.5 million in other inflation adjustments. The final legislatively adopted budget removed much of this amount by eliminating all of the standard inflation adjustment as well as taking another \$5.6 million as part of the 6.5% reduction to services and supplies budget taken across almost all agency budgets.
- Over \$10.4 million General Fund and 72 positions (66.50 FTE) were eliminated from the Governor's proposed budget. After review of vacant positions as well as what the anticipated prison population would demand in health care staff, these positions (health care professionals, managers, dental staff, pharmacy staff, and mental health staff) were identified for elimination. Unfortunately, 40 positions were added back to offset the double counting of the reduction for the delay of the Deer Ridge facility included in the Governor's budget.
- Since the Legislature did not agree with the Governor's continued delay in many of the Ballot Measure 57 increased sentences, \$421,092 General Fund and 9 positions (2.46 FTE) were added to the amount proposed by the Governor.

The budget report for DOC's primary budget bill included a budget note instructing the agency to provide information to the Oregon Prescription Drug Program (OPDP) relating to purchases of drugs so the Program can compare costs of these purchases against what they might have been able to purchase them under OPDP. A report of this comparison is due to the Legislature by December 1, 2011.

DOC – Community Corrections

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	217,194,825	208,341,498	191,249,588	187,383,027
Other Funds	2,669,996	2,494,845	2,123,773	2,123,773
Total Funds	\$219,864,821	\$210,836,343	\$193,373,361	\$189,506,800
Positions	47	53	53	53
FTE	47.33	53.33	53.33	53.33

Program Description

The community corrections program provides funding to counties for administrating the community corrections program. DOC has taken over this responsibility for two counties – Douglas and Linn. Under SB 1145 (1995), the community corrections program was restructured to establish state/local partnerships, and shift resources and control for community corrections to the counties. The Grant-in-Aid is based on the number and risk levels of offenders to be managed. Three groups are funded through this program:

- **Felony Probation** – those individuals sentenced for a felony to probationary supervision instead of incarceration in a local or state correctional facility.
- **Parole and Post-Prison Supervision** – those individuals that were incarcerated in a state correctional facility, but have been released, and are now supervised in the community corrections system. Individuals who committed their crime prior to November 1989 are placed on parole; post-prison supervision applies to individuals that were sentenced under the sentencing guidelines.
- **Local control** – three classes of offenders: (1) those that are convicted for a felony and sentenced to incarceration of 12 months or less; (2) revoked from felony community supervision and sentenced to 12 months or less incarceration; or (3) sanctioned to less than 30 days for violating the terms of community supervision.

Also included in this budget unit is the funding for reimbursing counties for the jail costs associated with the pre-trial and post-trial incarceration costs for Ballot Measure 73 offenders. For the 2011-13 legislatively adopted budget this amount is estimated to be \$12.6 million. In addition, revenue from court fees and fines will be distributed to counties through this budget starting January 2012, but there is no initial Other Funds expenditure limitation included in the 2011-13 legislatively adopted budget.

The program is administered by the staff of the Transitional Services Division. The positions included in this program unit provide community corrections supervision for two counties (Douglas and Linn) where DOC has assumed responsibility for community corrections.

Revenue Sources and Relationships

This budget unit is mainly supported by the General Fund. The Other Funds revenue is from supervision fees and other revenues collected by the Linn and Douglas county programs. For 2011-13, 46% of the amount distributed to counties will be distributed based on the need for felony probation, 30% for post-prison supervision and parole supervision, and the remaining 24% for the local control population. This is based on the band rate structure, but counties may spend it differently based on local decisions.

Counties also contribute varying amounts to the community corrections system. Based on information collected from the 2009-11 community corrections plans, 17 counties provided little or no local general fund/special levy contributions during 2009-11. Other counties such as Multnomah and Marion contributed over \$40 per capita in county general funds. All counties charge offenders fees for supervision or services which provided an estimated \$26 million to the system for 2009-11. Statewide, local contributions (including the fee revenues) were estimated to have represented roughly 40% of the total funding in 2009-11 for the community corrections system, while the state grants represented 60% of the spending.

Budget Environment

The Community Corrections Grants budget is primarily driven by the local offender population forecast issued by the Department of Administrative Services' Office of Economic Analysis, which forecasts the number of offenders on probation, parole, post-prison supervision, and local control (see table below). The number of community corrections cases continues to grow but there has been a decrease in the number of local control

(felony offenders sentenced to one year or less) which has been a major reason for the decrease in the amount of funding flowing to counties under this program. For example, forecasts two years ago anticipated local control populations of over 1,000 but the estimates have since declined.

Community Corrections Forecast				
April 2011 Forecast				
<i>Does not include Level 3 Sanctions</i>				
	<u>Felony Probation</u>	<u>Parole & Post Prison Supervision</u>	<u>Local Control</u>	<u>Total</u>
Oct 2010	17,385	13,450	633	31,468
July 2011	17,981	13,844	700	32,525
July 2012	18,456	14,119	898	33,473
July 2013	18,491	14,687	899	34,077
July 2014	18,363	15,158	899	34,420
July 2015	18,433	15,550	900	34,883

In the past, funding for Community Corrections Grants generally increased from one biennium to another based on inflation and the projected number of offenders supervised or incarcerated at the county level. The rates were based on cost studies completed in the early 1990s. During the 2005-07 interim, the community corrections directors, sheriffs, counties, and DOC undertook a project to “rebase” the rates based on cost studies for both jail operations (local control population) and supervision operations (all other). These funds were to be allocated to individual counties through a capitation model, based on the number and risk levels of offenders in each county. The 2007-09 legislatively approved budget was based on the cost study for supervision and a cost for incarcerating a DOC inmate for the jail portion of the model. The new “rebased” system was implemented on July 1, 2008 and was reflected in the 2009-11 budget. The 2009 Legislature passed a bill requiring the review of costs of supervision in 2012 and every six years after 2012. It is likely that the cost base for this program could increase as a result of this review.

State law provides for counties to “opt out” from the community corrections system and return responsibilities to DOC. This may happen only when funding for community corrections does not keep pace with caseload growth, and/or the amount provided does not include an inflation increase equal to or more than the increase included in the legislatively adopted budget for the rest of the DOC budget. Counties must give notice to DOC at least 180 days prior to opting out. Two counties (Douglas and Linn) formally opted out and transferred responsibility for their community corrections programs to DOC during 2003-05.

Funding in other state agency budgets has a direct impact on the community corrections system. For example, counties depend on local alcohol and drug programs to provide treatment to the community corrections population. Over 75% of this population have alcohol and/or drug issues, with 58% experiencing serious issues. Reductions in previous biennia to these treatment programs did reduce the available resources for the community corrections caseload. Funding for Drug Courts is uncertain at this time and that could affect the availability of treatment and services for this and related populations.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for Community Corrections programs of \$187.4 million General Fund is \$21 million, or 10%, less than the 2009-11 legislatively approved budget. This reduction is primarily due to a \$38.9 million adjustment (before the impact of other adjustments described below) in the community corrections population forecast due to fewer offenders and a change in the mix of offenders to a lower cost and risk population. This budget assumes the continuation of two sentencing changes, including: (1) 60 day limit on jail time sanctions for felons sentenced to probation (\$9.8 million General Fund savings); and (2) consistent policies for inactive post prison supervision between the Parole Board and local supervision (\$1.1 million General Fund savings). Other factors included in the budget which lead to the decrease in General Fund include \$5.2 million taken out for the standard inflation cut proposed by the Governor and \$6.8 million removed for the supplemental ending balance which may or may not be restored during the biennium.

The budget also includes a \$12.6 million General Fund increase for reimbursement payments to counties for pre-trial and post-trial incarceration costs for Ballot Measure 73 offenders. This reflects the policy change made by the Legislature which assumes that most Measure 73 offenders will serve their mandatory sentences in local jails and not a DOC prison facility. This provides long-term savings but requires the state to pay counties for the jail time. The reimbursement is based on a rate of approximately \$93 per day. It is assumed that this \$12.6 million in funds is a separate pool of funds and not included as part of the overall Community Corrections program established by SB 1145 (1995).

DOC –Transitional Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	40,495,288	58,102,050	75,623,829	64,924,325
Other Funds	11,367,671	9,082,931	9,038,775	9,038,762
Federal Funds	318,614	845,758	170,677	899,788
Total Funds	\$52,181,573	\$68,030,739	\$84,833,281	\$74,862,875
Positions	158	169	171	163
FTE	152.62	166.14	167.79	155.41

Program Description

The primary goal of the Transitional Services Division is to reduce the risk of future criminal conduct by offenders under the supervision of DOC and counties. Through programs including workforce development (e.g., education and cognitive/life skills) and substance abuse treatment, DOC works toward preparing the incarcerated offender for a transition back into the community when released and to reduce recidivism. This Division is also responsible for administering the Community Corrections program (grants and local DOC staff are in the Community Corrections program unit), the interstate compact, jail inspections, religious services, sentence computation, inmate classification, victim services, and offender records. Beginning in 2009-11 the budget for this Division included funds for grants to counties to provide an alternative to incarceration for Measure 57 related offenders. The table below shows the resources allocated to the various programs.

Transitional Services Budget Total Funds				
Budget Area	2005-07 Actual	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Legislatively Adopted
Workforce Development	\$ 17,919,387	\$ 18,913,695	\$ 19,354,531	\$ 20,469,805
Alcohol & Drug Treatment in DOC Facilities	6,569,326	11,752,588	12,574,943	13,682,213
Community Alcohol & Drug Grants (Measure 57)	-	-	9,279,475	10,101,280
Religious Services	5,726,643	6,039,787	6,277,565	7,067,877
Offender Info & Sentence Comp.	8,054,719	8,879,572	9,327,206	10,313,993
Other Division Costs	5,648,093	6,595,931	11,217,019	13,227,707
Total	\$ 43,918,168	\$ 52,181,573	\$ 68,030,739	\$ 74,862,875

Revenue Sources and Relationships

Transitional Services are expected to receive \$8.6 million in Other Funds for 2011-13 from a variety of sources including:

- revenue from services provided or products produced by inmates in educational programs such as automotive and computer repair (\$0.7 million);
- inmate welfare funds for the alcohol and drug programs and the education program is derived from coin operated telephones, canteen profits, vending machines, meal ticket sales, and inmate room and board reimbursements (\$6.6 million);
- grant resources transferred in for alcohol and drug programs (\$222,697); and
- resources transferred in for education programs from the Department of Education and the Department of Community Colleges and Workforce Development (\$388,949).

Budget Environment

The Transitional Services budget is driven by the number of inmates, constitutionally and statutorily required programs and services, and other offender treatment or vocational training needs. Increased prison populations and the phasing in of new facilities have placed higher demands on the various programs (education, social skills, cognitive skills, sex offender assessment, alcohol and drug treatment, religious services), thus requiring more staff and General Fund support. In the past, these are often some of the first programs cut during budget shortfalls, a trend continued by the Governor as proposed in his 2011-13 budget.

The programs included in this Division are designed to meet specific inmate needs, often directly related to their criminality (e.g., alcohol/drug abuse leading to the need to commit theft to pay for drugs). Nationally, over 75% of inmates have alcohol and drug problems, 47% have no high school diploma or GED, over 20% function below the literacy level, and 53% have never worked in a legitimate job. The DOC population generally matches the profile for these issues nationwide.

Many of the services provided in Transitional Services must be provided at some level based on federal and/or state constitutional requirements. The amount of funding required to meet these federal or state requirements is not a clear cut amount. Education, training, and alcohol/drug services are also used to meet the requirements of the 1994 Ballot Measure 17 (Article I, section 41 of the Oregon Constitution). Regardless of their constitutionally-required provisions, these programs are designed to assist offenders, when released, to have the skills to overcome significant barriers so they are able to function in the general community.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for Transitional Services of \$74.9 million total funds represents a \$6.8 million, or 10.1%, increase over the 2009-11 legislatively approved budget. The 2011-13 General Fund budget of \$64.9 million represents a \$6.8 million, or 11.7%, increase for the same period. The Governor's budget was \$10.7 million General Fund larger than the budget approved by the Legislature. Major features of this budget include:

- With the closure of the 176 bed minimum facility at the State Penitentiary, \$1.2 million General Fund in treatment and programming resources are eliminated. Even though these inmates were transferred to other facilities in the DOC system, treatment and programming resources did not follow them.
- While the Governor's budget eliminated all of the mandatory education, treatment, and other programming funds, the Legislature limited the reduction leaving roughly \$11 million in the budget.
- The level of funding for Measure 57 related alcohol and treatment related grants to local communities remains at the 2009-11 level of \$10 million General Fund, a \$5 million reduction from the Governor's budget.
- To strengthen the chances of a released offender successfully integrating back into their community the legislatively adopted budget includes \$1 million General Fund for grants to local programs for re-entry grants. There is a related budget note included in the budget report instructing DOC to design and implement a re-entry services pilot project.
- Twelve positions and \$1.6 million General Fund are eliminated after a review of vacant positions and examination of efficiency options. These positions include correctional counselors and support staff.

DOC – General Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	41,512,215	42,015,424	52,192,042	49,042,840
Other Funds	12,425,343	7,488,400	7,208,046	6,467,477
Federal Funds	0	0	0	1,960
Total Funds	\$53,937,558	\$49,503,824	\$59,400,088	\$55,512,277
Positions	246	265	273	260
FTE	243.34	259.85	269.68	255.60

Program Description

The General Services Division includes the following units:

- *Fiscal Services* provides central accounting, inmate trust accounting, and contract-related services for the entire agency. While most of its staff is located in Salem, staff is also located in eastern Oregon to oversee business operations at those facilities.
- *Information Systems and Services* provides agency-wide functions including operations and user support, applications development, systems maintenance, technical support, and research/evaluation. It is responsible for operating a number of systems, including the offender database and tracking system used to manage the state's prisons and community corrections; the Corrections Information System; fiscal systems; and automated office systems.
- *Distribution services* provide the various goods and services necessary to operate facilities across the state including food and canteen supplies. It has a central warehouse in Salem and transports supplies to facilities around the state. It is also responsible for the statewide inventory system for the agency.
- *Facilities services* is responsible for the repair and maintenance program for all of the DOC owned facilities. It also manages leased facilities, wireless communications, and energy conservation.

Revenue Sources and Relationships

Fiscal Services and Facility Services rely on Other Funds derived from the sale of certificates of participation (COPs) for activities related to construction. The Distribution Services unit receives over \$3.2 million Other Funds from charging for services.

Budget Environment

Information Technology (IT) Services has responsibility for keeping existing automated systems running efficiently for over 6,100 users in prisons and other DOC sites across the state, and in the 36 county or state operated parole/probation programs. For larger counties, DOC maintains the connection to the statewide system while in smaller counties DOC provides a greater level of service, including desktop support. In the past four years, there have been reductions resulting in a reduction in the level of service to both DOC and county programs. In addition to maintaining DOC applications, infrastructure, and desktops, IT Services is providing automated solutions in support of initiatives including Electronic Health Records, Correctional Case Management, and Security Threat Management.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$55.5 million total funds and \$49 million General Fund represents an increase of 12.1% and 16.7%, respectively, from the 2009-11 legislatively approved budget. Much of the increase is driven by employee compensation increases, but 17 positions (\$1.2 million General Fund) were eliminated through review of vacant positions and service related reductions. These positions included managers, supply specialists, accounting technicians, distribution center workers, and information technology related positions. One reason for the General Fund increase was the need to "true up" the funding of a number of accounting and other positions. In the past these had been financed with proceeds from certificates of participation (COPs) which are no longer available. A total of \$1.3 million General Fund was required to backfill the revenue no longer available.

DOC – Central Administration, Human Resources and Public Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	67,432,528	72,255,647	88,018,403	80,237,252
Other Funds	1,822,762	3,667,137	1,289,447	415,878
Federal Funds	846,571	0	0	109
Other Funds (NL)	0	1,293,845	0	0
Total Funds	\$70,101,861	\$77,216,629	\$89,307,850	\$80,653,239
Positions	170	201	206	193
FTE	169.59	199.67	203.78	186.78

Program Description

This section includes three organizational units within the Department of Corrections:

- *Central administration* includes the Office of the Director, the Internal Audits Office, and the Planning and Budget Office. In addition, this unit includes the Population Management Office created in 2006 which is

responsible for the development and implementation of population management strategies. These include the day-to-day management of assigning inmates in the existing system, and the long-term planning to insure the right type of beds is built in the future. Recent reorganizational actions moved the Inspector General’s function, including the hearings and investigation units, from Public Services Division to this unit. This section also includes the budgets for all of the central state government service charges for entire agency.

- The *Public Services Division* includes the functions relating to rules coordination, research and evaluation, and public information. Recently, new prison construction and community development was transferred from Central Administration to this unit.
- *Human Resources* staff provides agency wide services including labor management, recruitment, employee development, training, employee safety, and risk management.

Revenue Sources and Relationships

These units almost entirely rely on the General Fund. Central Administration relies on funding from the proceeds of the sale of COPs for funding construction-related activities mainly in the Population Management Office. Proceeds also fund the issuance costs of the COPs. A small amount of rent revenue is received by the Population Management Office from property easements and rental income.

Budget Environment

As the inmate population grows, there is an increase in the need for investigations, searches, work site monitoring, drug testing, internal audits, and hearings. Opportunities for contraband in institutions also increase since more non-DOC staff will have contact with inmates through work crews, prison industries, public/private partnerships, and contract services.

For the 2009-11 biennium, DOC hired approximately 1,630 employees (new hires), continuing a trend since 1995 as DOC has opened or expanded facilities, or added emergency beds. Recruitment strategies are in place to assist with the increased workload of recruiting and performing background checks. Recruitment resources are being directed toward those types of positions that are hard to fill, including Correctional Officers and various medical positions.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$80.7 million total funds and \$80.2 million General Fund represent increases from the 2009-11 legislatively approved budget of 4.3% and 11%, respectively. Some of this increase is due to increases in various state government service charges which represents almost one half of this budget, much of it tied to workers comp and other “insurance” related coverage. Eleven positions (\$1.6 million General Fund) are eliminated after the review of vacant positions.

DOC – Debt Service

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	126,575,804	129,747,698	141,962,853	133,972,115
Other Funds	3,549,487	2,910,092	0	0
Other Funds (NL)*	0	212,731,534	0	0
Federal Funds (NL)	0	598,089	1,262,826	1,262,826
Total Funds	\$130,125,291	\$345,987,413	\$143,225,679	\$135,234,941

* The Other Funds Nonlimited amounts are the result of refinancing of debt

Program Description

Debt service is the obligation to repay the principle and interest costs of certificates of participation (COPs) issued to finance the costs of construction and improvement of correctional facilities. Beginning with the construction of the Snake River Correctional Facility in Ontario in the early 1990s, DOC has used COPs to finance the major expansion of the prison system. The proceeds from COPs are also used for the construction of local jail capacity related to the SB 1145 population, purchase of property, design costs, siting costs, major improvements or upgrades of existing facilities, and the staff costs associated with the construction and improvement of facilities.

Revenue Sources and Relationships

There was \$2.9 million Other Funds in the 2009-11 budget which represented unused balances in various capital financing accounts that were used to offset General Fund debt service. The Nonlimited Other Funds represented refinancing of existing COPs while the Nonlimited Federal Funds represent the use of "Build America" bonds where the federal government provides a subsidy for eligible projects.

Budget Environment

The amount of debt service is generally tied to the number of inmates and the decisions on how to "house" them. The use of temporary and rental beds have delayed the construction of further facilities to some degree, but future construction, if approved, will lead to increases in debt service costs in future biennia.

A portion of the debt service (approximately \$14 million) is for the local facilities (SB 1145) financed in part by the state to incarcerate/treat offenders. Through 2006, 1,669 beds had been built with state funding or transferred from DOC use to local use. This capacity is equal to or close to the amount required to incarcerate 100% of the local control population in the 1990s; which is currently estimated at approximately 700, but projected to increase to about 900 by the end of the 2011-13 biennium. Overall, there is presently excess local jail capacity primarily due to local funding constraints.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for debt service of \$134 million General Fund is \$4.2 million, or 3.3%, greater than the 2009-11 General Fund legislatively approved budget. This understates the actual General Fund need for debt service payments since the budget was reduced by just under \$5 million for the purposes of the supplemental ending balance. This amount will have to be restored or other sources within the DOC budget will have to be identified since debt service payments must be made to meet the state's obligations. This 2011-13 budget does take advantage of the federally subsidized Build America bonds to offset the need for General Fund payments. The legislatively adopted budget includes the \$3 million General Fund downward adjustment from the Governor's budget to reflect updated debt service needs.

DOC – Capital Improvements

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	2,442,663	2,155,594	2,635,425	2,543,185
Other Funds	0	700,000	0	0
Total Funds	\$2,442,663	\$2,855,594	\$2,635,425	\$2,543,185

Program Description

These funds are used for deferred maintenance and asset protection projects. These projects must be less than \$1 million or they are categorized as capital construction.

Revenue Sources and Relationships

In the past, General Fund resources have funded a limited amount of capital improvements. The \$700,000 Other Funds in 2009-11 represents two projects which received funds through either the Oregon Department of Energy for a project at Eastern Oregon Correctional Facility or a sewer repair project at Deer Ridge.

Budget Environment

The Department owns approximately 279 buildings with over 5.2 million square feet of building space across the state. Much of this space is in newer facilities constructed over the past 15 years, but some of the buildings are up to 125 years old. A 1996 consultant's review indicated the facilities at that time had \$63 million in known maintenance needs, of which a large portion remains to be addressed. DOC received \$19.3 million to address priority issues in 2007-09, and \$6.7 million in "Go Oregon" Stimulus funding to address critical projects. Even with this funding, at least an estimated \$35 million in known maintenance needs still remain unfunded. The agency is also aware of more than \$20 million in projects that have yet to be fully evaluated for the amount of work that must be performed. The ten year plan for the list of known projects requires \$11.1 million per biennium, significantly more than what has been budgeted in the past.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$2.5 million General Fund is 18% greater than the General Fund amount for the 2009-11 legislatively approved budget. The only adjustments made to this budget is the removal of the standard inflation adjustment, which is reflected in the Governor's 2011-13 budget, and a \$92,240 reduction for the supplemental ending balance which is not part of the Governor's budget.

DOC – Capital Construction

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	40,371,145	45,575,713	0	0
Total Funds	\$40,371,145	\$45,575,713	0	0
Positions	14	0	0	0
FTE	13.50	0	0	0

Program Description

This budget unit includes expenditure authority for acquisition or construction of any structure or group of structures; all land acquisitions; assessments; and improvements or additions to an existing structure, which are to be completed within a six-year period with an aggregate cost of \$1 million or more. The expenditure limitation for each project is in effect for six years. Most or almost all of capital construction funding for DOC in the past has been financed with certificates of participation or COPs, and the resources to pay the biennial costs of paying off those COPs are found in the debt service budget unit described above.

Budget Environment

The \$40.4 million in 2007-09 budget represents \$23 million for larger deferred maintenance projects, \$10.6 million for the initial planning and development funding for the proposed Junction City site, and \$6.7 million for "Go Oregon" projects approved by the 2009 Legislature. The \$45.6 million included in the 2009-11 budget is for additional deferred maintenance projects and infrastructure and site work at the Junction City property. The Junction City related funding is limited to that work that must be done to move the state hospital project, which is co-located at the site, forward including sewer and water infrastructure, wetland mitigation, road access, other utilities, storm drainage, access road, and removal of some existing structures. Sewer and water related work will continue with the assumption that a prison will be built on the site sometime in the future.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget does not include any further capital construction authorization. Work continues at the site using limitation authorized in 2009-11. There is also limited amount of capital construction authorization for the state hospital in the Oregon Health Authority budget, but a review on the when the hospital will be completed is underway and the issue will be revisited during the February 2012 session.

Criminal Justice Commission – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	6,287,416	4,954,312	4,954,312	4,761,327
Other Funds	67,003	196,866	123,616	299,950
Federal Funds	178,872	12,513,937	12,512,260	12,512,069
Total Funds	\$6,533,291	\$17,665,115	\$17,590,188	\$17,573,346
Positions	7	10	11	10
FTE	6.08	9.50	10.50	9.00

Note: The Federal Funds increase between 2007-09 and 2009-11 is due to the transfer of a federal grant program from the Department of State Police and federal stimulus funding.

Agency Overview

The Criminal Justice Commission (CJC) and its staff focus their activities on developing and analyzing state criminal justice policies. Specifically, CJC staff:

- supports the Commission in its functions relating to the state criminal justice policy and administering the sentencing guidelines;
- administers a drug court grant program begun in 2006;
- provides data and other information on criminal justice issues to legislators, state and federal agencies, and the public including the activities of the Statistical Analysis Center;
- administers criminal justice grant programs transferred from the State Police in 2008;
- provides technical assistance to local public safety coordinating councils;
- staffs the Asset Forfeiture Oversight Advisory Committee; and
- coordinates calculation of the fiscal impact of crime-related legislation/ballot measures among state and local public safety agencies.

Revenue Sources and Relationships

The Commission's Other Funds revenue is derived from forfeiture proceeds, which fund the activities of the Asset Forfeiture Oversight Advisory Committee. The Federal Funds in the budget represent federal grant funds through the Justice Assistance Grants/Bryne Grants, much of which is one-time federal stimulus funds which will not be available after 2011-13.

Budget Environment

The primary role of the Commission is to develop and provide information and analysis to assist in coordinating criminal justice policy in the state. The Commission has upgraded the skills of its staff so it can provide a higher level of research about the public safety system. This focus enabled the Commission staff to complete studies such as an analysis of the costs/savings resulting from current incarceration policy, and the ability to compare that analysis to the crime reduction the state can expect from programs designed to reduce or prevent crime.

The 2005 Legislature passed legislation creating a program to expand the capacity of drug courts, and instructed the Commission to take the lead in developing the program and evaluating drug courts. Currently, the number of grants totals 14: 12 expansion grants and 2 new drug court programs. The grants were awarded to a variety of models including adult, juvenile, and family drug courts. Currently total drug court funding comes from a mixture of on-going program funds in OJD, grants from the Commission, substance abuse funding from the Department of Human Services via the counties, and from local sources. Reductions to the Judicial Department may affect the resources available for drug courts.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for the Commission of \$17.6 million total funds represents a 0.5% decrease from the 2009-11 legislatively approved budget. General Fund resources total \$4.8 million, a 3.9% decrease from 2009-11. The net change from the Governor's budget is minor. The budget assumes almost a \$500,000 cut in drug court grants which represents the 24 month roll-up of cuts made during the allotment reductions in 2009-11. The Governor proposed taking another \$279,676 General Fund from the drug court

grant program which would have left this grant funding over \$360,000 less than what was available for 2009-11. The Legislature did add back \$400,000 General Fund to the grant program so overall 2011-13 resources are slightly over the 2009-11 level before the \$177,370 taken for the supplemental ending balance. There may be additional drug court funding available from unspent federal stimulus funding from 2009-11.

The legislatively adopted budget for 2011-13 assumes the reduction of funding for an Operations and Policy Analyst position of \$127,600 General Fund (-0.50 FTE) which will affect the Commission's work with local governments and other functions of the agency. The Governor proposed moving the position responsible for forecasting prison and other populations for the Department of Corrections and Oregon Youth Authority from the Department of Administration Services (DAS) to the Commission. During the 2011 session, the Executive Branch pulled this request so that responsibility continues to lie with DAS's Office of Economic Analysis. It is assumed that CJC staff will continue to work with DAS and other agencies in these forecasts.

District Attorneys and Their Deputies – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	10,481,366	10,415,578	9,852,919	9,979,285
Total Funds	\$10,481,366	10,415,578	9,852,919	9,979,285
Positions	36	36	36	36
FTE	36.00	36.00	36.00	36.00

Agency Overview

District Attorneys and their deputies prosecute state criminal offenses committed by juveniles and adults. In addition to criminal prosecution, district attorney legal duties include enforcement of child support obligations in non-welfare cases, prosecuting civil forfeitures, presenting evidence at mental health hearings, ruling on public records requests, representing interests in child dependency cases, assisting juvenile courts, and advising and representing county officers. District attorneys and their deputies are also active in local public safety coordinating councils, child abuse prevention teams, and community outreach activities. There are, or recently have been, three basic functions where state funds have been used for this agency:

- **District Attorneys (DAs)** are state employees who are locally elected. There are two pay groups for DAs based on the population of each county. The number of pay groups has decreased; there were four groups before 2005-07. At the end of calendar year 2010 the annual salaries paid by the state were either \$104,832 or \$88,356. Counties have the option to pay an additional salary supplement and provide other benefits (e.g., automobile and additional insurance).
- The state has provided limited support in the past for *deputy district attorneys*. There are approximately 370 deputy DAs in the state, ranging from no deputies in some smaller counties to approximately 75 in Multnomah County. The 2011-13 legislatively adopted budget does not include any funding for deputy district attorneys and other prosecution related costs and there has not been state resources for this purpose since 2007-09.
- The budget also includes funding for *administrative costs* for mandated central services costs. The vast majority of these expenses are related to coverage for tort liability and other insurance related purposes. In the past, a position (General Fund) has been included as part of the DOJ budget to provide support to the District Attorneys Association. The Association and DOJ are currently determining the future structure of this support relationship. The Department of Justice (DOJ) provides, at no charge, administrative and financial services on behalf of DAs.

In the past, the state has assisted counties for a portion of the statutorily mandated *witness fee costs* for trials and grand jury hearings in criminal cases. There has been no state funding for this purpose since 1999-2001.

Budget by Program Area

	DA Compensation	Deputy Supplements	Administration	Total
2005-07 Actual	\$ 8,130,215	0	\$ 1,031,386	\$ 9,161,601
2007-09 Actual	\$9,053,268	\$ 444,392	\$ 983,706	\$10,481,366
2009-11 Legislatively Approved	\$9,143,857	0	\$ 1,271,721	\$10,415,578
2011-13 Current Service Level	\$9,626,900	0	\$763,301	10,390,201
2011-13 Legislatively Adopted	\$9,264,864	0	\$714,439	\$9,979,285

Revenue Sources and Relationships

This is entirely a General Fund budget at the state level. The state's portion of the total budgets for District Attorney Offices across the state is small. A county DA office survey compiled in 2000 (which appears to be the most recent) showed that state funds covered between 2% (Multnomah) and 70% (Wheeler) of county prosecution budgets.

Budget Environment

The state's share of funding for prosecution expenses of DA offices has fallen significantly over the past 25 years based on data collected as part of the Association of Oregon Counties (AOC), District Attorneys Association, and Department of Justice (DOJ) report to the 2001 Legislature. In 1975, the state portion represented 19% of the

total prosecution expenses (state and county) of \$6.4 million for all DA offices. By 1993, the state share had dropped to 14% of the total expenses of \$34 million statewide, and by 2000 the state share was 9% of the \$57 million total statewide expenses. While there has been no update of this information, there is no reason to believe that the state's share has increased since 2000.

In 2010 a majority of counties (23 out of 36) provided their DA an annual monetary supplement ranging from \$8,000 to \$50,348 to the salary paid by the state often based on recommendations of a local compensation committee. Some counties also have provided additional benefits such as cars, contributions to deferred compensation, payment of Bar Association dues, and additional insurance. In many cases, the DAs provide additional services for the county including civil duties and legal advisor for some county functions. When factoring in the county share of salaries, DAs' annual salaries at the end of 2010 ranged from \$88,356 to over \$155,000. In comparison for the same period, the annual salary for circuit court judges was \$114,468; for the Chief Justice it was \$128,556; for the Attorney General it was \$77,196; and the top range of the Senior Assistant Attorney General classification at DOJ was \$123,720.

There are a number of measures of workload for DAs and their offices including number of arrests for person, property, and behavior crimes; or the number of filings where a felony was the most serious charge. Many of these measures have fallen in the recent past as has the overall crime rate. While these are indicators of DA workload, they do not capture all of the potential workload. A significant part of the DA workload is not linked to arrests. In the past, DAs estimate that as much as one-third of the regular statewide workload corresponded to pre-arrest case reviews, where DAs and deputies are asked to assess the sufficiency of evidence collected and provide advice on the need for additional investigation, search warrants, or involvement of task force experts. The amount of time spent on cases, the quantity of cases prosecuted, and methods used vary from county to county depending on available resources and local judicial practices. When reported crimes and arrests are higher or when there are few resources, DA offices must take a variety of actions to meet the increased demand, including: (1) prioritize cases; (2) rely more on plea bargaining negotiations and alternative dispositions (deferred sentencing and reduction of certain felonies and misdemeanors to violations) to reduce the number of trials; and (3) limit the amount of time spent in preparation and prosecution of each case.

The District Attorney offices receive additional state funding through the Department of Justice (DOJ) for the DA responsibilities in the areas of child welfare representation and juvenile dependency. The DAs play a major role in this area, often representing similar interests as the state. Starting in 2007-09 these payments were distributed based on a county's proportion of the total number of children under age 18 and the proportion of the total number of children under the age of 18 who are living in poverty. At least 24 counties (end of 2010) had agreed to meet criteria set by DOJ in providing consistent services while some counties decided not to enter in the intergovernmental agreement and not receive any of the funds. The 2011-13 budget for the Department of Human Services includes \$2 million total funds to be paid to counties for this purpose. Many DA offices also provide child support enforcement responsibilities and their counties receive federal matching funds through the Department of Justice for this purpose.

Legislatively Adopted Budget

The legislatively adopted budget for 2011-13 of \$10 million General Fund is 4.2% less than the 2009-11 legislatively approved budget and 1.3% greater than the budget recommended by the Governor for 2011-13. The General Fund reduction from 2009-11 is primarily due to two factors – a \$545,658 decrease in the charge for liability coverage through the Department of Administrative Services' Risk Management and a reduction of \$362,054 for the 3.5% supplemental ending balance hold back included in the 2011-13 legislatively adopted budget. The major difference between the legislatively adopted budget and the Governor's budget (other than the supplemental ending balance adjustment) is the decision by the Legislature not to reduce the funding for compensation for District Attorneys by 5.5% as is the case for most other Executive Branch employees.

Department of Justice (DOJ) – Agency Totals

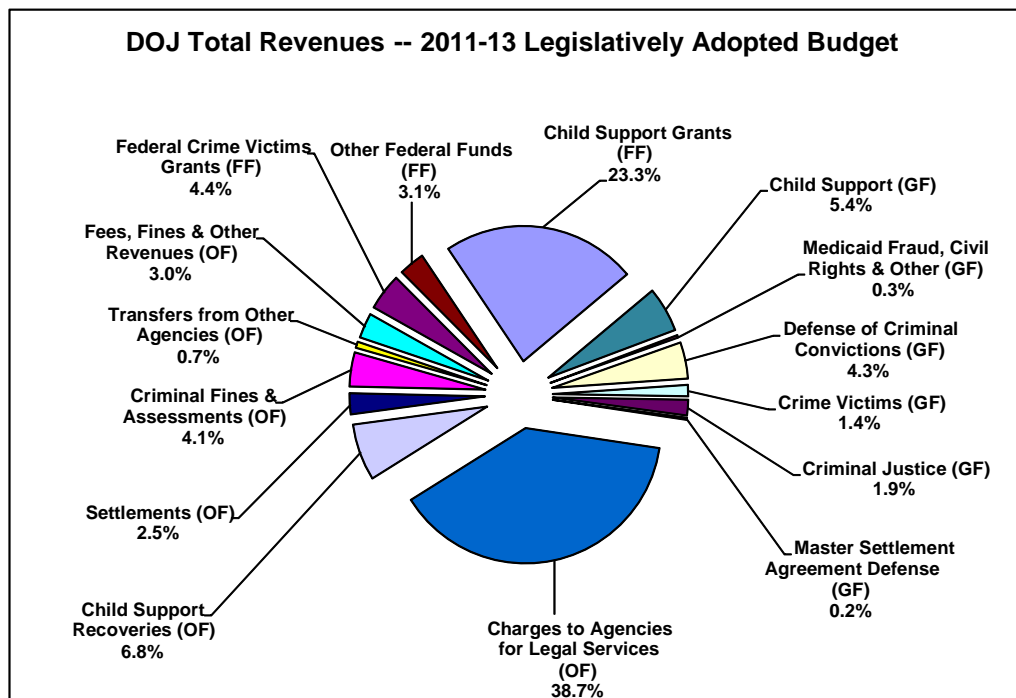
	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	49,089,856	51,826,586	57,936,559	53,992,283
Other Funds	212,129,591	220,351,243	220,424,143	225,622,550
Federal Funds	96,755,005	113,790,396	114,083,393	107,968,730
Other Funds (NL)	6,174,218	11,565,355	10,622,670	10,622,670
Federal Funds (NL)	15,083,540	15,857,750	15,285,103	15,285,103
Total Funds	\$379,232,210	\$413,391,330	\$418,351,868	\$413,491,336
Positions	1,331	1,348	1,322	1,290
FTE	1,303.85	1,328.28	1,312.55	1,270.80

Agency Overview

The Department of Justice (DOJ) is responsible for general legal counsel and supervision of all civil actions and legal proceedings in which the state is a party or has an interest. State statute places responsibility with DOJ for all the state's legal business that requires an attorney or legal counsel. DOJ is also responsible for a number of programs, including child support, district attorney assistance, crime victims' compensation, charitable activity enforcement, organized crime-related law enforcement, and consumer protection and education services.

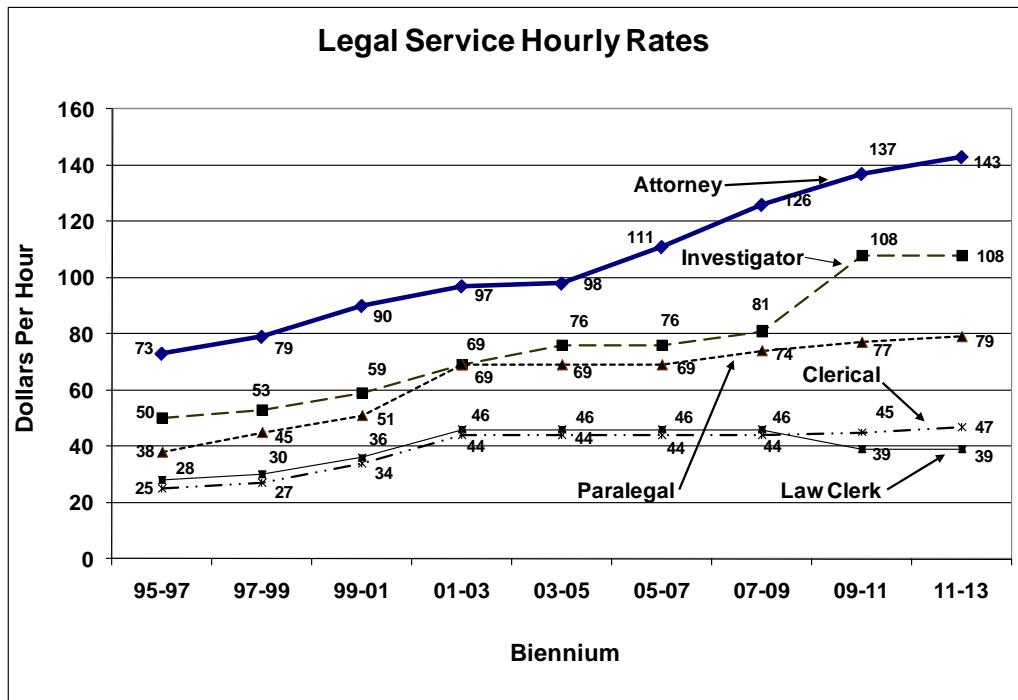
Revenue Sources and Relationships

The Department of Justice relies on a variety of funding sources. For the 2011-13 biennium, the General Fund accounts for 13.1% of the legislatively adopted budget and is used primarily for the Child Support Program, Defense of Criminal Convictions, crime victims' programs, legal work for which no state agency can be billed directly (e.g., ballot measure related), and the law enforcement activities of the Criminal Justice Division. Expenditures funded with Other Funds sources of revenue make up 57.1% of the budget (including Nonlimited) and include charges to agencies for legal services, settlements, license and other fees, charges, and fines. Federal Funds (including Nonlimited) make up 29.8% of the budget and include the federal share of the Child Support and Medicaid Fraud programs, and crime victims' grants.



The chart above shows revenues by source which may be slightly different than expenditures by fund type. Almost 40% of the revenue is derived from the hourly charges to state agencies for legal advice, litigation, and other legal services. DOJ's legal services are billed not only to state agencies, but also internally. For example,

the Trial and Appellate Divisions bill the Defense of Criminal Convictions Fund to cover costs of defending challenges to criminal convictions which are not billable to other state agencies. Although the agency has the statutory authority to determine the various hourly rates, they have historically been reviewed through the legislative budget process. The rate also covers indirect costs of providing administrative services tied to services funded by charges to state agencies. Employee compensation is the major factor which drives the changes in the rate. The hourly rates for attorneys (which represents over 85% of the revenue) and other staff are shown in the graph below. The 2011-13 legislatively adopted budget assumes an attorney rate of \$143 per hour, a 4.4% increase from the 2009-11 rate of \$137 per hour. The ability to reduce these rates is limited since they are based on compensation rates already established and, in many cases, bargained. Based on final decisions on bargaining with employees, the rate may have to be reviewed early in the 2011-13 biennium.



Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this agency of \$54 million General Fund and \$413.5 million total funds represents increases from the 2009-11 legislatively approved budget of 4.2% and 0.02%, respectively. Decreases from the 2011-13 Governor’s budget are 6.8%, or over \$3.9 million for General Fund; and 1.2% for total funds. Over \$1.9 million of this General Fund decrease represents the amount reduced for the supplemental ending balance. All or part of this amount may be added back later in the biennium depending on economic conditions. Another \$2.1 million General Fund in reductions is for the 6.5% decrease in services and supplies funding taken for most state agencies. During the development of the Governor’s budget, and then accepted by the Legislature in the final 2011-13 budget, were reductions of \$2.9 million General Fund (\$6.1 million total funds) representing the elimination of basic inflation and other changes to services and supplies and another \$1.1 million General Fund (\$13.2 million total funds) accounting for a 5.5% reduction to personal services. Final decisions on employee compensation will depend in large part on negotiations with employee bargaining organizations; and if the settlements do not yield the 5.5% assumed savings, the agency will need to identify additional savings. Major changes for the 2011-13 budget include:

- There is limited funding in the legislatively adopted budget (\$965,000 General Fund) to continue the defense of the state’s position in legal actions challenging the Master Settlement Agreement (MSA) with tobacco companies. There is also a \$2 million General Fund special purpose appropriation made to the Emergency Board to be used for this defense or for the Defense of Criminal Convictions program. The State receives over \$150 million per biennium as a result of the MSA.
- The \$17.4 million General Fund in resources for the Defense of Criminal Convictions (DCC) is \$2.2 million less than the amount spent in 2009-11, with \$600,000 of this reduction representing the amount reduced for the supplemental ending balance. Funding for this program has grown significantly in recent biennia, increasing from \$12 million General Fund in 2005-07 to over \$19 million in 2009-11.

- Crime Victims’ programs funded through the Criminal Fines Account (CFA) revenue stream and General Fund resources are reduced by almost \$3 million total funds, or just over 12%, from the 2011-13 current service level.
- General Fund resources have been added back into the 2011-13 budget to replace the one-time federal stimulus funding of almost \$4 million used in 2009-11.

DOJ – Administration

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	0	0	1,500,000	289,500
Other Funds	24,599,331	24,021,100	24,137,428	24,051,123
Total Funds	\$24,599,331	\$24,021,100	\$25,637,428	\$24,340,623
Positions	117	115	109	109
FTE	114.81	113.50	107.69	108.19

Program Description

Administration includes the Office of the Attorney General and Administrative Services. The Office of the Attorney General, which includes the executive management of the Department, sets direction and policy for the Department. Administrative Services provides centralized operational support services for the entire Department and includes fiscal services, information services, facility operations, and human resources.

Revenue Sources and Relationships

The primary revenue source for Administration is derived from a cost allocation plan that charges the other divisions and programs in the Department for services such as fiscal, personnel, facilities management, and information systems. The distribution of these costs is based on the amount of time or service each section of Administration provides to other divisions or programs. These are Other Funds expenditures for Administration, but are derived from General Fund, Other Fund, or Federal Fund sources in each division.

Budget Environment

The Department, as a whole, has experienced considerable growth increasing the demands for: (1) fiscal services staff to manage legal billings and to collect amounts due the agency in a timely manner; (2) information services staff to provide full technology support to over 1,300 employees; (3) operations staff providing facilities, purchasing, moving, and mail services at 24 locations around the state; and (4) human resource staff that provide recruitment, classification, performance management, and training services. Significant growth over the last five biennia has increased the need for business and other services provided by Administrative Services.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this unit of \$24.3 million total funds is 1.2% greater than the 2009-11 approved budget and 5.1% less than the 2011-13 Governor’s budget. Besides the general services and supplies and employee compensation adjustments common to all state agency budgets, this budget reflects the loss of 10 positions including an accountant, human resource analysts, information systems staff, and support staff. The authorized FTE was also reduced on two other positions. The Governor had included \$1.5 million General Fund for two addiction prevention pilot programs which was a new initiative suggested by the Governor’s Alcohol and Drug Commission. The Legislature did not approve these pilot programs. Funding of \$289,500 was included for a grant to Project Clean Slate, which is a program to assist offenders in the Portland area to improve the skills necessary for employment.

DOJ – Appellate Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	15,867,826	17,474,054	18,486,257	16,796,727
Total Funds	\$15,867,826	\$17,474,054	\$18,486,257	\$16,796,727
Positions	67	63	63	59
FTE	65.64	62.19	61.95	57.49

Program Description

The Appellate Division represents the state in all cases that are appealed to state and federal appellate courts in which the state is a party or has a significant interest. Attorneys in this Division spend the majority of their time preparing briefs and arguing appeals in criminal, civil, and administrative cases in which the parties disagree with the trial court or agency results. In most of these cases, attorneys appear before the Oregon Court of Appeals, the Oregon Supreme Court, and the federal Ninth Circuit Court of Appeals. Attorneys occasionally appear in other federal appellate courts and the U.S. Supreme Court. Attorneys in this Division also must prepare and defend ballot titles, a significant workload issue in recent years.

Revenue Sources and Relationships

Although the Division's budget is totally supported with Other Funds, the principal source of funds to pay the billings is the General Fund appropriation for Defense of Criminal Convictions (see later section). Revenue for civil or administrative appeals is Other Funds generated from the hourly fees billed to state agencies.

Budget Environment

Since the Department is usually responding to appeals filed by others, it has little or no control over its workload. The Division handles roughly 4,000 cases (approximately 1,000 civil and 3,000 criminal) per biennium and is involved in about 80% of the Oregon Court of Appeals cases and about half of the Oregon Supreme Court cases. The number of direct criminal appeals and post-conviction appeals has decreased during the 2009-11 biennium reversing the trend seen in prior biennia. These numbers are driven by the number of convictions obtained by district attorneys and by the funding and staffing for the Public Defense Services Commission (PDSC). The PDSC projects an increase in the number of cases. If that projection is accurate, there should be a corresponding increase in the Division's cases with an approximately one year lag. The Division anticipates no significant change in the number of civil cases.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$16.8 million Other Funds is \$0.7 million, or 3.9%, less than the 2009-11 legislatively approved budget; and \$1.7 million, or 9.1%, less than the 2011-13 budget proposed by the Governor. The decrease is primarily due to the lower workload attributed to the falling funding for Defense of Criminal Convictions (DCC) leading to the loss of seven positions. One position is added due to the passage of SB 42, which modifies the dispositional authority when a person is found guilty of a crime except for insanity.

DOJ – Civil Enforcement Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	2,026,521	2,937,931	956,768	1,888,518
Other Funds	42,436,350	49,410,659	51,114,803	54,882,643
Federal Funds	2,292,657	2,344,833	2,317,429	2,883,383
Other Funds (NL)		2,500,000	2,560,000	2,560,000
Total Funds	\$46,755,528	\$57,193,423	\$56,949,000	\$62,214,544
Positions	173	185	184	190
FTE	166.93	183.48	183.49	189.25

Program Description

The Civil Enforcement Division represents the state in civil cases and also enforces certain criminal laws. This Division includes five sections:

- The *Child Advocacy* section represents the Division of Child Support (DCS) in judicial proceedings to establish paternity and enforce child support orders. This section also represents the Department of Human Services (DHS) in juvenile dependency and termination of parental rights cases and mental health commitments.
- The *Civil Recovery* section prosecutes plaintiff's civil litigation on behalf of any agency with a tort, contract, statutory, or other claim to recover money or property. It also represents agencies in bankruptcy proceedings and in post-judgment collections.
- The *Medicaid Fraud Unit* investigates and prosecutes fraudulent billings by Medicaid-funded providers; instances of patient abuse or neglect committed by Long-Term Care Facilities or their employees; and fraud in the administration of the Medicaid program. Federal Medicaid law requires each state have a fraud unit separate from its Medicaid designated agency (DHS).
- The *Financial Fraud/Consumer Protection* section educates consumers to better protect themselves against marketplace fraud and abuse. It also prosecutes violations of these and antitrust laws, seeking restitution, attorney fees, and penalties for injured consumers and state agencies to deter future wrongdoing.
- The *Charitable Activities* section supervises and regulates the activities of charitable, professional fundraisers, and, to some degree, other nonprofit organizations; and enforces laws related to charitable trusts, charitable solicitations, and nonprofit gaming.

This Division also enforces the tobacco Non Participating Manufacturer (NPM) law, a statute relating to the Master Settlement Agreement (MSA) entered into by tobacco companies and the states. Enforcement of the NPM law is necessary to protect the over \$150 million received in MSA payments in each biennium.

Revenue Sources and Relationships

Revenue to support the Child Advocacy and Civil Recovery sections comes from billings to state agencies. Federal Funds provide 75% of the resources for the Medicaid Fraud Control Unit, while the state must contribute a 25% match to receive the federal funds. The federal government allows DOJ to use Medicaid recoveries for the state match in some cases as long as the Medicaid program and other victims are first made whole. Financial Fraud/Consumer Protection section services are funded by Other Funds, including funds in the Department of Justice Protection and Education Revolving Account paid by companies and organizations that sign assurances of voluntary compliance for violations of consumer protection laws. Before 2003-05, General Fund resources represented roughly one third of the funding for this program, but now it relies on recoveries from enforcement actions. Fees charged to charitable and non-profit organizations for registration, filing financial reports, and gaming activities provides funding for the Charitable Activities section.

Budget Environment

Oregon's Medicaid Fraud unit is relatively small when compared to other states with comparable Medicaid budgets. The increasing number of senior citizens in long-term care facilities, the growing size of the Medicaid budget, the greater number of Medicaid providers, a federal expansion of the section's jurisdiction, and the increasing sophistication seen in health care fraud schemes has substantially increased the unit's workload.

The Financial Fraud/Consumer Protection section anticipates a continued flow of consumer complaints, including that of Internet fraud. Consumer hotline calls totaled over 142,000 for the two year period ending June 2011, a 60% increase from the previous two years. The written and electronically submitted complaints totaled over 26,000 for the same period. Restitution to consumers between July 2009 and June 2011 totaled over \$27 million.

The number of registered charitable organizations has increased from about 3,000 in the early 1990s to 16,785 as of June 2011. This unit must monitor performance and proposed actions of charitable organizations. Prior to modifying or terminating a charitable trust, the trust's proposed actions must be reviewed by this unit. Over the past three years, the unit has average 120 investigations into charitable organizations. Nonprofit gaming organizations, numbering 717 (June 2011), are also monitored including screening applicants for licenses and insuring compliance with rules.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$62.2 million total funds is 8.8% more than the 2009-11 legislatively approved budget; and 9.2% more than the 2011-13 budget proposed by the Governor. The General Fund budget is \$1.9 million, or 35.7%, less than the 2009-11 budget primarily due to fewer resources directly appropriated to the Division for the defense of the Master Settlement Agreement (MSA). The 2011-13 General Fund legislatively adopted budget is almost double the Governor's budget because he did not include any resources for the MSA defense. There is \$965,000 General Fund for this purpose in the legislative budget and the agency has access to another \$2 million appropriated to the Emergency Board for this purpose and the Defense of Criminal Convictions program. Other changes to this budget include:

- The Civil Rights and Medicaid Fraud programs are reduced by a total of \$290,581 General Fund but the lost General Fund for the Medicaid Fraud program is replaced by Other Funds limitation.
- Four new positions are established for the Medicaid Fraud program funded by recoveries and corresponding federal matching funds totaling over \$750,000 generated by the investigations performed by the program's staff.

DOJ – Criminal Justice Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	7,314,834	7,716,086	7,288,331	7,460,744
Other Funds	10,373,702	11,570,319	8,938,458	10,266,522
Federal Funds	9,191,380	12,294,898	9,312,884	9,600,055
Other Funds (NL)	850,957	1,826,136	649,710	649,710
Total Funds	\$27,730,873	\$33,407,439	\$26,189,383	\$27,977,031
Positions	84	86	54	69
FTE	75.99	77.48	52.46	58.51

Program Description

The Division is organized into two sections:

- The *District Attorney Assistance* section assists the 36 District Attorney (DA) offices in criminal cases and matters relating to prosecution and law enforcement in their respective counties by providing trial and investigative assistance, technical-legal and prosecutorial advice and services, and legal education and training in criminal law and procedures. In isolated cases, DOJ staff may step in and act as the county District Attorney.
- The primary purpose of the *Organized Crime* section is to detect and combat organized criminal activities in the state and to investigate allegations of corruption or malfeasance by public officials in Oregon. This section has many functions including: oversight of the Oregon Internet Crimes Against Children (ICAC); participant in the Cooperative Disabilities Investigation Unit (CDIU); participant in the federal, state, and local High Intensity Drug Trafficking Areas (HIDTA) initiative; operates the Criminal Intelligence Unit (CIU), which provides analytical services to Oregon law enforcement and also maintains the Oregon State Intelligence Network (OSIN), the primary intelligence sharing network for Oregon law enforcement; hosts the Western States Information Network (WSIN) for Oregon which shares intelligence information among five western states; and manages the Oregon TITAN Fusion Center which provides intelligence services to law enforcement to combat terrorism in Oregon.

Revenue Sources and Relationships

The District Attorneys' Assistance section is funded primarily by the General Fund. The Criminal Intelligence section is funded with a mixture of funding including General Fund. The section receives federal funding for the federally designated High Intensity Drug Trafficking Area program (\$6.3 million Federal Funds), federal asset forfeiture (\$108,530 Federal Funds), and Marijuana Eradication (\$936,855 Federal Funds). Most of these federal funds are passed along to local law enforcement agencies. The Division relies on federal grants to fund much of the Internet Crimes Against Children (ICAC) program. The Division also receives funds from a contract with the California Department of Justice, which administers the federal grant supporting the Western States Information Network (\$1.6 million Other Funds). A grant from the Department of Transportation (\$296,882 Other Funds) supports the DUII program, and funds from the Department of Human Services provide

for the operation of the Cooperative Disability Investigations Unit (\$980,292 Other Funds). Federal grant funds passing through the Oregon Military Department support the Fusion Center (\$988,582 Other Funds).

Budget Environment

In 2009, the Division had 233 open prosecutorial and/or investigative matters (not including tobacco and DPSST-related cases), and this number grew to 446 in 2010. The Division closed 227 cases in 2009 and 329 cases in 2010. The number of closed murder/homicide cases has increased from 8 in 2008 to 19 in 2010. Similarly, the number of closed RICO cases grew from 13 in 2009 to 50 in 2010 and closed sex crimes increased from 4 in 2008 to 13 in 2010.

The Internet Crimes Against Children unit also saw an increasing workload. Some of those increases can be seen in cyber tips from the National Center for Missing and Exploited Children and requests for assistance from various law enforcement agencies. Tips have risen from 212 in 2008 to 291 in 2009 to 473 in 2010. Forensic exams have risen from 311 in 2008 to 388 in 2009 to 636 in 2010. Future workload may change as the federal funding available in 2011-13 decreases.

The Criminal Intelligence Unit provided essential investigatory support to Oregon law enforcement, opening 358 Intelligence/Investigatory cases in 2009 (200) and 2010 (158). Cases opened covered a range of criminal activity from amber alerts, drugs, hate crimes, murders, cold case homicides, and terrorism; 110 pen registers were conducted, generating over 1.2 million telephone toll records. The unit is on track to exceed 2009 and 2010 numbers, already at 65 case requests in the first quarter of 2011. The program has taken responsibility for the operation of DA offices in a number of counties in past biennia as vacancies occurred.

Legislatively Adopted Budget

The 2009-11 legislatively adopted budget for this Division of \$28 million total funds is \$5.4 million less (16.3%) than the 2009-11 legislatively approved budget. This is primarily due to the decrease in the one-time federal funding available in 2009-11. The General Fund budget of \$7.5 million is \$225,000, or 3.3%, less than the 2009-11 budget. The difference between the Governor's proposed General Fund budget and the budget passed by the Legislature is in part due to additional General Fund resources for the Internet Crimes Against Children program. Federal grant resources which filled in some program gaps in 2009-11 are not available for 2011-13. Changes in the 2011-13 budget include:

- Twelve positions are eliminated (\$749,798 General Fund, \$1.6 million total funds) including research analysts, paralegal, attorneys, and managers. It is expected that these reductions will limit the number of investigations and other actions by the divisions in areas including financial fraud, organized crime prosecutions, public corruption, and referrals from other law enforcement agencies in the state.
- A total of 15 positions (5.06 FTE) are added to account for continuing grants relating to Internet child porn enforcement, Fusion Center resources, and funding left over from the one-time federal stimulus grants received during 2009-11. While 15 positions are added, they are for relatively short periods of time until resources are exhausted.
- The Legislature did backfill some of the one-time Internet Crimes Against Children federal grant resources by adding \$814,423 General Fund and three positions (2.75 FTE).
- The statewide DUII attorney position is continued with ODOT funding to provide advice and training to local law enforcement (\$296,882 Other Funds).

Overall, there is a net decrease of 17 positions (18.97 FTE) between 2009-11 and 2011-13.

DOJ – Crime Victims' Services Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	4,700,154	4,608,293	4,485,042	5,443,617
Other Funds	24,036,593	23,842,217	19,640,938	22,490,033
Federal Funds	16,096,665	18,988,057	15,986,513	17,557,532
Other Funds (NL)	1,483,647	3,155,252	3,230,978	3,230,978
Total Funds	\$46,317,059	\$50,593,819	\$43,343,471	\$48,722,160
Positions	33	36	35	37
FTE	29.87	33.98	33.56	35.65

Program Description

The Crime Victims' Services Division is responsible for administering the following programs on behalf of innocent crime victims:

- The *Crime Victims' Compensation program* was created to provide assistance to innocent victims who sustain injuries resulting from criminal activity.
- The *Federal Victims of Crime Act* provides funds to states and local organizations for victims' assistance.
- The *Prosecutor-based Victim/Witness Assistance* program is a grant program to certified prosecutors' offices across the state who maintain local crime victims' assistance programs.
- The state *Crime Victim Grant program* makes grants to local public and private agencies that provide services to victims of violent crimes.
- The *Child Abuse Multidisciplinary Intervention (CAMI) grant program* provides state funds to 36 county teams for a multidisciplinary approach to assessment, investigation, and prosecution of child abuse cases.
- The *Regional Child Abuse Services grant program* provides funding to five regional service providers to support and provide technical assistance to CAMI teams and others.
- The *Child Abuse Medical Assessment program* pays for child abuse medical assessments in certain cases.
- The *Domestic and Sexual Violence Services Fund* was created to advocate, provide safety, promote cooperation among agencies, and stabilize the infrastructure for these victims of assault.
- The *Sexual Assault Victims' Emergency Medical Response Fund* provides assistance to victims of sexual assault to ensure they have access to an immediate medical exam and forensic evidence collection.
- The *Address Confidentiality Program* provides a substitute address for forwarding mail for victims of domestic violence, sexual assault, and stalking.
- The *Federal Violence Against Women Act formula grant program* provides funding for prosecution, advocacy, law enforcement, and court activities dedicated to stopping violence against women.

Revenue Sources and Relationships

The Crime Victims' Compensation program, Regional Child Assessment Centers grants, Child Abuse Medical Assessments and the CAMI program are supported all or in part by the Criminal Fines Account or CFA (\$16.3 million Other Funds). Crime victims programs also receive funding from punitive damages and restitution (\$3.1 million Other Funds), and federal grant funds (\$17.6 million Federal Funds). These federal grants are derived from penalty assessments levied against offenders in federal courts. The General Fund provides resources for the Address Confidentiality Program and the Domestic and Sexual Violence Program.

Budget Environment

The number of applications received by the Crime Victims' Compensation program continues to increase, averaging 370 per month in 2001-03, 478 in 2005-07 and 529 in 2007-09. For 2009-11, the monthly claim average was 535, a 44% increase over 2001-03.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$48.7 million total funds is \$1.9 million less (-3.7%) than the 2009-11 legislatively adopted budget, but \$5.4 million (12.4%) greater than the Governor's proposed budget. The 2011-13 legislatively adopted General Fund budget of \$5.4 million is 18.1% greater than the 2009-11 level and almost \$1 million greater than the Governor's budget.

Funding through the Criminal Fines and Assessment (CFAA) revenue stream is reduced by \$1.9 million or by over 10%. Compared to the current service level for 2011-13, the decrease is 12.6%, affecting four of the primary crime victims' programs including the Child Abuse Multidisciplinary (CAMI) program and the Criminal Injuries Compensation Account. The Governor's budget had reduced these programs as well as the Oregon Domestic and Sexual Violence Abuse program (ODSVA) by over 25%, but the Legislature had been able to restore roughly half of the cut. Additional General Fund resources (\$600,000) were added back to the CAMI and ODSVA programs to limit their cuts from the current service level to 10%.

DOJ – General Counsel Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	44,395,167	43,501,457	44,526,499	44,563,379
Total Funds	\$44,395,167	\$43,501,457	\$44,526,499	\$44,563,379
Positions	163	158	145	146
FTE	160.29	157.95	144.95	145.39

Program Description

The General Counsel Division provides a broad range of legal services to state officials, agencies, boards, and commissions. Staff provides oral and written legal advice, drafts or reviews contracts and other documents, represents agencies in administrative hearings, and furnishes legal opinions. The Division also handles some litigation and appellate work involving client agencies. State agencies generate varied and diverse legal issues. To deal with this broad range of subject matter, the Division is organized into the following eight sections: Business Activities, Government Services, Human Services and Education, Labor and Employment, Natural Resources, Regulated Utility and Business, Tax and Finance, and Business Transactions. State agencies generally must use the legal services of DOJ, and not contract with outside counsel or hire attorneys on staff for legal services without DOJ approval.

Revenue Sources and Relationships

Funds to support the General Counsel Division come from billings to state agencies.

Budget Environment

This Division's workload shows increases in some areas and decreases in others, but overall workload has stabilized over the past several biennia following a period of substantial growth. Actual demand for General Counsel services depends on the needs of state agencies. DOJ asserts the legal work performed by this Division is becoming more complex. Areas where workload has increased include advice relating to health issues including developments in use of information technology, transition to the new Oregon Health Authority, and configuring services to the new Health Insurance Exchange. Other areas of growth include the Portland Harbor Superfund clean-up litigation and advising state agencies around budget reductions and resulting service levels. Areas of decreased workload include Ballot Measure 37 and 49 claims and legal advice for the Oregon University System as it takes on more responsibility for providing its own legal services.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$44.6 million total funds is \$1.1 million, or 2.4%, more than the 2009-11 legislatively approved budget and slightly greater than the Governor's proposed budget. The primary reasons for the increase over 2009-11 is the net rise in employee compensation even after the elimination of 12 positions. The budget includes a \$2.1 million (9 positions) decrease assuming state agencies will reduce their demand for legal services. One position (\$101,273 Other Funds) is added for the anticipated workload increase due to the passage of SB 420 which modifies the dispositional authority for persons found guilty of a crime except for insanity.

DOJ – Trial Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	22,564,471	24,816,549	25,805,112	26,349,208
Total Funds	\$22,564,471	\$24,816,549	\$25,805,112	\$26,349,208
Positions	98	106	99	102
FTE	96.34	104.92	98.28	101.15

Program Description

The Trial Division defends the state and its agencies, departments, boards, commissions, officers, employees, and agents in all state and federal trial courts. The Division is organized into five sections; (1) Commercial,

Condemnation and Environmental Litigation (CC&E), (2) Criminal and Collateral Remedies (CCR), (3) Torts, (4) Employment Litigation, and (5) the Special Litigation Unit (SLU). The cases range from defending a state employee involved in an auto accident while on state business to defending the Legislature from constitutional challenges to its authority to pass certain laws. The Division also handles all trial court cases involving inmate litigation. These cases may include appeals from their state court convictions or alleged violations of inmates' constitutional rights.

Revenue Sources and Relationships

Most of the revenue to support this Division is from billings to state agency clients. However, some types of appeal cases heard in trial courts are filed by or on behalf of incarcerated persons and are charged against the General Fund appropriation for the Defense of Criminal Convictions (DCC).

Budget Environment

In 2009, the Criminal and Collateral Remedies unit opened 760 state post-conviction and habeas corpus cases. For 2010, the unit opened 725 cases and had 922 cases pending continuing a trend of increasing cases that started a number of years ago. This workload could increase as more prisoners are filing legal actions dealing with issues such as conditions of confinement, as well as efforts to overturn prior convictions and avoid lengthy mandatory sentences for repeat offenses. Additionally, the case complexity has increased over the last several years due to increased active participation by the petitioners and counsel. This unit also handles mandamus cases and hearings before the Psychiatric Security Review Board.

Special litigation issues continue to increase in number and complexity. Many issues place the state at risk of losing a substantial amount of money. One such example involved the unit's successful defense of a challenge to Measures 66 and 67. In other cases, the unit's role is often to defend legislative policy decisions and their implementation by state agencies. In recent years, the unit's work resulted in upholding Oregon's Death with Dignity Act in state and federal trial court, successfully defending Oregon's domestic-partnerships legislation, continuing to represent the state's interest in ongoing federal court litigation over the proper management of Oregon's salmon under the Endangered Species Act and Indian treaties, and successfully defending the Secretary of State's determination that the judicial redistricting initiative did not qualify for the ballot.

Ballot initiatives prompt challenges to the language of the measures, appropriateness for the ballot, the validity of the supporting signatures, the counting of the votes, and the sufficiency of measures, if passed. Significant human service-related cases have added workload to the unit. Civil rights, the American with Disabilities Act (ADA), and entitlement to service are all issues the Division must face.

The Torts and Employment Litigation Section has experienced an increase in financial exposure of cases based on amendments to the Oregon Tort Claims Act. Additionally, there has been an increase in exposure from the claims of former state wards because of a rise in sex abuse and neglect cases and a growing reluctance of courts to apply statute of limitations defenses. The Section also handles inmate civil rights claims, including civil rights actions claiming that Department of Corrections' personnel violated inmates' civil rights. There has been a natural increase in these claims with the rise in inmate prison population and the opening of new prisons. Medical malpractice claims by inmates have increased over the past few years.

After a significant increase in employment litigation (74% increase from December 2000 through May 2008), the number of cases are beginning to taper off. There has been a substantial increase in the need for discovery support in employment litigation as a result of electronic discovery and the threat of judicial sanctions when agencies do not adequately comply with their discovery obligations.

The number of condemnation and inverse condemnation cases in the CC&E Litigation Section has decreased slightly over the last biennium, when compared to the previous biennium with 27 cases in 2010. The number of cases relating to Measures 37 and 49 has substantially decreased due to the 9th Circuit's refusal to extend constitutional protection to persons holding Measure 37 waivers. Approximately fifteen cases are currently abated pending Oregon Appellate Court decisions on other issues related to Measures 37 and 49. Those decisions, if unfavorable to the state, will cause an increase in cases to CC&E.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$26.3 million Other Funds is \$1.5 million greater (6.2%) than the 2009-11 legislatively approved budget and \$544,000 (2.1%) greater than the Governor's proposed budget. The budget was adjusted to reflect the agency-wide reduction in the funding for Defense of Criminal Convictions (DCC) by of \$3.8 million, but, because of the shift in workload from the Appellate Division to this Division, the overall change in the DCC budget for Trial is relatively small (\$396,853 and 3 positions). The only other change in the budget, other than the adjustments common to all state agencies, is a \$568,930 increase in Other Funds resources (3 positions) to handle the increased workload due to the passage of SB 420 (not included in the Governor's budget). This bill provides for the Oregon Health Authority to handle some of the cases previously handled by the Psychiatric Security Review Board. The full effect on the workload is not known because the Oregon Health Authority has yet to institute rules and procedures for handling the partially transferred cases. This unit, however, will have to attend more hearings than at present because of SB 420.

DOJ – Child Support Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	15,599,323	16,977,835	25,290,464	21,548,273
Other Funds	27,856,151	25,714,888	27,774,648	26,222,915
Federal Funds	69,174,303	80,162,608	86,466,567	77,927,760
Other Funds (NL)	3,839,614	4,083,967	4,181,982	4,181,982
Federal Funds (NL)	15,083,540	15,857,750	15,285,103	15,285,103
Total Funds	\$131,552,931	\$142,797,048	\$158,998,764	\$145,166,033
Positions	596	596	633	578
FTE	593.98	593.78	630.17	575.17

Program Description

This Division locates parents, establishes paternity, enforces and modifies child support obligations, and receives and distributes support payments from absent parents. The Child Support program provides these services automatically for families that are requesting, are receiving, or have received, public assistance from the Department of Human Services; if the child is in the care of DHS's child welfare program or the Oregon Youth Authority (OYA); or if the case has been referred by another state. The program also provides these services to other families if they request the service. In addition, the Douglas, Gilliam, Hood River, Lake, Curry, Linn, Sherman, Deschutes, Jefferson, and Wheeler County District Attorneys have chosen not to provide their own programs and contract with DOJ to handle all their child support cases.

Revenue Sources and Relationships

Federal Funds generally support 64.2% of the program costs (includes Nonlimited expenditures); General Fund covers 14.8%; and local funds and recoverables pay the remaining 19%. The Deficit Reduction Act of 2005 (DRA) discontinued the Child Support Program's ability to federally match incentive award funds. This effectively changed the funding mix necessary to keep the program at the same level as in the past, thereby increasing the amount of General Fund required. The DRA also affects the programs operated by the District Attorneys (DA) in a similar manner. For 2009-11, federal stimulus funding of almost \$4 million was available to offset the need for General Fund, but those federal resources will not be available for 2011-13.

Budget Environment

The program serves roughly 225,262 families per year which is slightly less than 2009-11. In the past, the DA programs have provided services to approximately 18% of these families. The other 82% represents closed public assistance cases and private cases. Approximately 15% of the DOJ caseload is receiving, or has recently received, a DHS or OYA payment or service. Collections continue to grow, in part, due to economic factors like inflation. The total collections to the Division's cost ratio is as follows; for every dollar spent, \$5.93 was collected in 2003-05, \$6.01 in 2008, \$5.47 for 2009, and \$5.14 so far in 2011. Compared to surrounding states, Oregon's performance in child support is relatively good. In federal fiscal year 2007, the amount of support collected per FTE in Oregon exceeded the amount collected in California and Washington. The average number of cases handled during 2009-11 per FTE in Oregon is 306, with California averaging 172 and Washington at 273.

Oregon uses recoveries to assist in funding the state’s share of the program costs. Over time, the amount of recoveries has fallen relative to the costs of the program. This is due to changes in federal policies such as the federal distribution rules. Federal law sets out performance measures for states to meet. If any state fails to meet these standards, the federal government has the authority to penalize that state by reducing the Temporary Assistance to Needy Families (TANF) grant, which is a major funding source for assistance payments and child welfare programs in the Department of Human Services. If any state fails to meet the requirements of its state plan for child support (e.g., information systems requirements), the federal government may reduce its share of support for operating the program.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this Division of \$145.2 million total funds is \$2.4 million, or 1.7%, less than the 2009-11 legislatively approved budget. The General Fund budget of \$21.5 million is \$4.5 million, or 26.4%, more than the 2009-11 budget. This larger General Fund increase is primarily due to the use of almost \$4 million one-time federal stimulus funding used in 2009-11, but not available in 2011-13. Without this backfill, the General Fund budget would have increased by just over \$600,000, or 3.6%.

The Governor’s budget had included a \$1.9 million increase in General Fund (\$8.7 million total funds) and 37 positions, but the agency indicated to the Legislature that it did not require those resources to keep program levels at or near the level for 2009-11. The agency did raise concerns about the need for resources to improve its information systems, but the resources were needed elsewhere in the public safety agencies. Other than the changes to the Division’s budget common to all state agencies, the only other major change was the elimination of 18 positions that had been or would be vacant. The agency determined that it could manage the Division’s vacancies more effectively in the future. This saved \$443,981 General Fund (\$2.1 million total funds) and included 13 support positions, two managers, two case managers, and a training position.

DOJ – Defense of Criminal Convictions

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	19,449,024	19,586,441	18,415,954	17,361,631
Total Funds	\$19,449,024	\$19,586,441	\$18,415,954	\$17,361,631

Program Description

Defense of Criminal Convictions (DCC) is a budgetary unit used to track the cost of defending the state in cases in which sentenced offenders challenge their convictions or sentences. Three types of cases are funded from these funds: (1) direct criminal appeals where the offender’s challenge is on alleged legal or factual errors of the trial; (2) post-conviction challenges where the offender challenges the effectiveness of their counsel; or (3) federal *habeas corpus* where the offender challenges violations of the constitutional rights in the federal courts. Personnel and resources connected to this work are part of the Trial and Appellate Divisions who bill this budget unit for the work on the individual cases. Work on ballot measure titles is also billed to this fund as well as other areas where no agency or Division can be billed (see SB 420 discussion below).

Revenue Sources and Relationships

Criminal and capital appeals work is primarily financed by the General Fund.

Budget Environment

Funding for this program has increased significantly in recent biennia. In 2005-07, the budget for this program was just less than \$12 million General Fund while at one time the projected need for 2009-11 had been estimated at over \$28 million. The agency has been successful in managing the growth in the program including: (1) instructing DOJ attorneys to concentrate their work on the core or important issues of each case to limit the time spent on individual cases; (2) using boiler-plate or “abbreviated briefing” for cases with similar legal issues; (3) requiring managers to better monitor the performance of DOJ attorneys; (4) coordinating with PDSC staff and Oregon Court of Appeals to identify lead cases to present legal arguments, and apply the Court’s findings to similar cases; and (5) delaying hearings on cases to the limit allowed by the courts.

A number of factors drive the workload and costs of the Trial and Appellate Divisions in working these DCC cases. These include:

- The number of contested criminal convictions is primarily due to the number of offenders in the correctional system. The full impact of recently passed ballot measures (57 and 73) have not affected the agency's workload yet and the full impact is unknown. These sentencing changes are more likely to affect the direct appeals cases more than the post conviction cases. These sentences are comparably shorter than a Measure 11 crime and offenders serving longer sentences are more likely to pursue all available avenues of appeal including post-conviction and federal *habeas corpus* challenges.
- Resources available to other parts of the criminal justice system have an impact on the demand for these funds. If the amount of resources available for the Public Defense Services Commission programs change, this can affect the number of appeals at the state level. The courts limit the amount of time that cases can be delayed. Timelines set by the Court of Appeals in the past few years had been met by DOJ and PDSC; and the court was considering tightening the timelines again, but has not at this point. This may be due to the court's own funding levels and workload.
- If there are delays in the state appeals process, some offenders may appeal directly through the federal *habeas corpus* process where DOJ also defends the state's interest. Since public defender resources are much greater at the federal level, and cases are further developed, individual case costs for DOJ are much greater.
- The complexity of individual cases is a major factor since it drives up the time spent on each case. The Department receives few death penalty appeals during each biennium, these cases are very complex and time consuming. During 2009-11 five new death penalty cases began the appeal process. In addition, the first death penalty cases to reach the federal courts will continue to be actively litigated and further cases are expected to move from the state courts to the federal courts. Because these cases represent the first opportunity for the federal courts to review the Oregon's death penalty system, they are expected to be very costly to defend and take a lengthy period of time to complete. Another factor increasing the costs of the federal review of these cases is that the federal public defenders are much better funded than their state colleagues.
- The attorneys of the Appellate and Trial Divisions charge the DCC program for their work on these cases at the same rate as they charge other state agencies for legal work. Growth in this program in recent years has increased in part due to the increasing legal rate increasing from \$98 in 2003-05 to the \$143 rate planned for in 2011-13. This 46% increase over an eight year period is primarily due to employee compensation growth, the major factor in determining the legal rate.
- Whenever the U.S. Supreme Court issues significant rulings in the area of criminal law, there may be hundreds of state criminal convictions effected. Those significant rulings may require new appeals or new trials.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for the DCC program of \$17.4 million General Fund is \$2.2 million, or 11.4%, less than the 2009-11 legislatively approved budget. Caseloads have not necessarily dropped for this program, but both the Governor and then the Legislature made reductions to the program. These reductions include the services and supplies reductions taken across all state agencies. This type of reduction hits this program especially hard since all of its spending is in services and supplies, and the Trial and Appellate Divisions bill this budget unit for staff and other costs. Recognizing this and the fact that this funds a constitutionally mandated activity, the Legislature included a \$2 million special appropriation to the Emergency Board for this program and the defense of the Master Settlement Agreement. It should be noted that the caseload and workload numbers for this program are estimates and can change based on a number of factors including average time spent on cases, the actual number of cases opened, the legal rate charged for the work on the cases, the impact of state and federal court decisions, and the actual number of staff attorney hours available to the program.

The Legislature did add just over \$800,000 General Fund for this program for the new workload related to SB 420. This bill modifies the court's dispositional authority when a person is found guilty except for insanity of a crime. The Trial and Appellate Divisions will bill this budget unit for work done relating to this bill.

Military Department (OMD) – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	24,068,731	22,901,757	24,624,329	24,068,435
Other Funds	126,912,134	125,248,508	107,548,338	125,448,360
Other Funds (NL)	0	1,172,024	0	0
Federal Funds	274,234,096	275,814,160	286,549,849	288,377,938
Federal Funds (NL)	0	1	0	0
Total Funds	\$425,214,961	\$425,136,450	\$418,722,516	\$437,894,733
Positions	517	540	508	493
FTE	473.95	487.60	461.96	448.30

Agency Overview

The Oregon Military Department (OMD) is responsible for administration of the Oregon Army National Guard, the Oregon Air National Guard, the Oregon State Defense Force, and, beginning with the 2007 biennium, the Office of Emergency Management.

The National Guard is a federal-state partnership with a dual mission: (a) provide combat-ready units and equipment in support of national defense, and (b) provide units and equipment to protect life and property during natural disasters and civil unrest, as well as to provide backup support to law enforcement. The National Guard serves on a day-to-day basis under the command of the Governor, but is available to the federal government upon order of the President of the United States. The Department is overseen by an Adjutant General, appointed by the Governor to a four-year term of office. The Adjutant General also serves as the homeland security advisor to the Governor and chief of staff of the Governor's Military Council.

Although chartered as a state agency, the Department is functionally and administratively bifurcated into a state and a federal "agency," both of which are overseen by the Adjutant General. The federal government directly funds federal employees, guard member salaries and wages, and all equipment and equipment maintenance. For the state, its responsibility primarily centers on providing facilities and facility maintenance for the Oregon Guard. The federal government, however, also is a major source of funds for new construction and some facility operating funds.

Due to a variety of factors, the most significant being that the Department's primary source of funding is from the federal government, the state's National Guard is a partnership of unequal partners. The Department's ability to successfully do either a state or a federal mission, or both missions concurrently, is highly dependant upon the actions of the President of the United States, the actions of federal agencies such as the National Guard Bureau and/or the U.S. Department of Homeland Security, and U.S. Congressional appropriations to the National Guard Bureau.

Beginning with the War on Terror, and since the 2005 biennium, the Department has provided assistance to National Guard Veterans and their families. This is another example of federal-state partnership funding with Oregon providing supplemental funding for programs the state considers important to Oregon guardspersons, but for which federal funding is either limited or not available. These include the state's reintegration program emergency financial assistance for guardspersons and their families.

A responsibility unrelated to the Department's primary mission is youth education. For example, the Youth Challenge Program provides at-risk high school dropouts an opportunity to complete educational credit with a goal of reintegrating into high school to earn a diploma or prepare for the General Education Development (GED) examination. Other youth educational opportunities also exist at Oregon's two airbases.

The 2007 Legislature (HB 2370) further expanded the Department's statutory mission to include the responsibility of state emergency management. This measure moved the state's Office of Emergency Management (OEM), and a portion of the Criminal Justice Services Division (CJSD) related to homeland security, from the Department of State Police (OSP) to the Military Department. The legislative intent of

combining the state's emergency management and National Guard responsibilities under one agency is to better prepare the state for a catastrophic event. This structure is similar to a number of other states, including Washington.

In 2007, the Legislature established the Seismic Rehabilitation Grant Program, whose purpose is to reduce the exposure to Oregonians from earthquakes by providing public education and emergency services facilities with funds to retrofit existing facilities to meet seismic standards.

Revenue Sources and Relationships

Revenue for the Department comes from a combination of General Fund, Other Funds, and Federal Funds. Beginning in the 1977-79 biennium, the Department's primary source of funding has shifted dramatically from General Fund to Federal Funds, and to a lesser extent, Other Funds.

The federal government provides two types of funding for the Department:

- State budgeted Federal Funds (\$288.4 million). These funds are used to finance each of the Department's six major program areas and are based on federal/state cooperative agreements and federal grants. Also included are Federal Funds for major construction projects.
- Federally budgeted and expended Federal Funds (approximately \$755 million for 2,255 FTE per biennium). Outside of the state budget, the Department receives direct federal support. These are funds the U.S. Congress allocates to the National Guard Bureau to support the Oregon National Guard and are used to fund federal employees, guard member salaries and wages, and equipment.

If combined, the federal and state expenditures for the Department total approximately \$1 billion over the course of a biennium.

The level of federal support in the state budget varies by program, type of facility, and type of construction project. For example, troop training costs are entirely supported by Federal Funds as are base security, fire fighters, and Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE). Approximately 75% of the costs associated with logistical sites are federally funded. Between 75% and 85% of utility, maintenance, and supply expenditures of the Air National Guard are federally funded. Twenty-five percent of the Oregon Youth Challenge Program costs come from the federal government. Federal Funds converted to Other Funds support almost entirely the Other Funds expenditures related to the Department's administrative costs. OEM and the CJSJ receive Federal Funds for emergency management and disaster recovery, homeland security, and Chemical Stockpile Emergency Preparedness Program grant funds. Lastly, the budget includes \$4 million of Other Funds for bond proceeds for the Capital Construction program.

General Fund support is used to pay for wages and salaries of state employees, debt service, OEM, and as state matching funds for various federal/state agreements.

Other Funds revenue received by the Department totals \$125.5 million. The preponderance of the revenue (approximately \$81.9 million) is related to 9-1-1 emergency telecommunications surcharge revenues under OEM. Historically, however, the source of Other Funds for the Department has been facility rental fees and some miscellaneous sales revenue. Rental revenues earned from federally supported facilities are required by the federal government to be used in support of the facility that earned it. The Department's facility rental revenue is approximately \$3.2 million before a \$112,363 debt service transfer. Rental revenue is somewhat uncertain given current economic conditions. Miscellaneous sales revenues are derived from vending machine profit, coin operated telephones, and recycling programs. Other Funds revenue includes approximately \$155,076 in Oregon individual tax check-off deduction revenue that began with the 2006 tax year and is associated with the Emergency Financial Assistance Program. Lastly, Oregon Youth Challenge Program receives Average Daily Membership (ADM) revenue from the Bend-LaPine School District totaling approximately \$2 million.

Budget Environment

The Department has many competing priorities. In the larger picture, the critical issues are: (a) addressing the state's emergency preparedness and response issues; (b) addressing the state's homeland security issues; (c) managing the number and duration of federal and state deployments; and (d) continuing the integration of the Office of Emergency Management function into the Department.

The Department also must address: (a) the variety of needs of guardspersons and their families, both during deployment and post-deployment; (b) ongoing recruiting, training, and retention of guardsperson; and (c) the maintenance and construction of new and existing installations.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$437.9 million is \$19.2 million, or 4.6%, more than the Governor’s recommended budget and is \$12.8 million, or 3%, more than the 2009-11 legislatively approved budget and includes 493 positions (448.30 FTE). The General Fund portion of the budget totals \$24.1 million and is \$555,894, or 2.3%, less than the Governor’s recommended budget and is \$1.2 million, or 5.1%, more than the 2009-11 legislatively approved budget. The Other Funds totals \$125.5 million and is \$17.9 million, or 16.6%, more than the Governor’s recommended budget and is \$199,852, or 0.2%, more than the 2009-11 legislatively approved budget. Federal Funds totals \$288.4 million and is \$1.8 million, or 0.6%, more than the Governor’s recommended budget and is \$12.6 million, or 4.6%, more than the 2009-11 legislatively approved budget.

The Department’s budget is comprised of \$68.3 million personal services (15.6%), \$96 million services and supplies/capital outlay (21.9%), \$263.7 million special payments (60.2%), and \$9.8 million debt service (2.3%).

The budget reflects a reduction of \$1.1 million General Fund, \$679,699 Other Funds, and \$4.3 million Federal Funds for standard reductions that include: a 5.5% reduction to personal service; a 6.5% reduction to services and supplies; the elimination of the standard inflation increase; and an adjustment to state government service charges and assessments charged to most agencies.

The allotment reductions taken during the 2009-11 biennium were carried forward into the 2011-13 biennium, but were adjusted for 24 months of savings. This reduction totaled \$1.1 million General Fund, \$679,699 Other Funds, and \$4.3 million Federal Funds (45 positions, 45.00 FTE).

The Legislature, using a combination of the Department’s General Fund Debt Service savings, vacant position savings, fund shifts, and reductions to services and supplies, provided \$2.1 million General Fund, \$990,991 Other Funds, and \$871,611 Federal Funds (26 positions, 26.00 FTE) to restore various reductions, including a portion of the allotment reduction carry forward into the 2011-13 biennium.

The budget includes a supplemental statewide ending balance holdback adjustment of \$861,852 General Fund. This reduction may be restored during the 2012 legislative session for the second year of the biennium depending on statewide economic conditions.

The Legislature asked the Department to respond to five budget notes. The first budget note directs the Department to report on its federally budgeted activities that occur outside the state budget. The second budget note directs the Department to submit a long-range strategic plan that includes both state and federally budgeted resources. The third budget note directs the Department to report on its Christmas Valley project. The fourth budget note directs the Department to comply with Legislative and Emergency Board direction to submit a 9-1-1 consolidation study. The final budget note pertains to a site adjustment for an Emergency Operations Center in Columbia County.

OMD – Administration

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	5,393,842	4,634,685	3,827,784	3,814,012
Other Funds	2,199,974	2,757,232	1,968,012	2,019,192
Total Funds	\$7,593,816	\$7,391,917	\$5,795,796	\$5,833,204
Positions	28	28	21	23
FTE	27.00	26.79	20.00	21.68

Program Description

The Administration program consists of the office of the Adjutant General, Command Group, Financial Administration, Personnel, and Public Affairs. These functions support, administratively, the command of over

8,500 soldiers and airmen, approximately 2,600 state and federal employees, and the oversight for over \$2.9 billion in facilities and equipment.

Beginning with the 2005 biennium, the program became responsible for assisting National Guard members and their families through the following programs:

- *Reintegration and Veterans' Assistance Program* – This program provides post-mobilization assistance to National Guard members and their families after soldiers and airmen return from federal deployments.
- *Emergency Financial Assistance Program* – This program provides hardship grants and loans to members and immediate family of members of the Oregon National Guard on active duty. According to the Department, the majority of grants from the fund have been to support families during guard member deployments.

Revenue Sources and Relationships

The program is funded with a combination of General Fund and Federal as Other Funds.

Budget Environment

The budget environment for the Administration Program is one of increasing managerial and financial complexity as the Department's responsibilities, at both the state and federal level, continue to expand.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$5.8 million is \$37,408, or 0.6%, more than the Governor's recommended budget and is \$1.6 million, or 21.1%, less than the 2009-11 legislatively approved budget and includes 23 positions (21.68 FTE). The General Fund portion of the budget totals \$3.8 million and is \$13,772, or 0.4%, less than the Governor's recommended budget and is \$820,673, or 17.7%, less than the 2009-11 legislatively approved budget. Other Funds totals \$2 million and is \$51,180, or 2.6%, more than the Governor's recommended budget and is \$738,040, or 26.8%, less than the 2009-11 legislatively approved budget.

The program's budget is comprised of \$4.6 million (79.2%) personal services, \$1.1 million (18%) services and supplies, and \$162,961 special payments (2.8%).

The allotment reductions taken during the 2009-11 biennium were carried forward into the 2011-13 biennium, but were adjusted for 24 months of savings. This reduction totaled \$966,138 General Fund and \$107,194 Other Funds (7 positions, 7.00 FTE). Of these amounts, \$273,571 General Fund and \$60,314 Other Funds (2 positions, 2.00 FTE) was restored using a combination of General Fund debt service savings, vacant position savings, fund shifts, and reductions to services and supplies.

The budget reflects a reduction of \$330,217 General Fund and \$100,940 Other Funds for standard reductions that include: a 5.5% reduction to personal service; a 6.5% reduction to services and supplies; the elimination of the standard inflation increase, and reductions to state government service charges and assessments.

The legislatively adopted budget provides \$135,947 General Fund for Oregon Public Employees Retirement System retroactive pension contributions for employees returning from active military duty.

The budget includes a supplemental statewide ending balance holdback adjustment of \$133,972 General Fund. This reduction may be restored later in the biennium depending on statewide economic conditions.

OMD – Operations

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	11,559,967	10,604,528	7,616,747	8,248,766
Other Funds	3,323,583	3,869,511	4,603,788	4,523,983
Federal Funds	92,805,036	96,127,794	100,899,267	96,387,205
Total Funds	\$107,688,586	\$110,601,833	\$113,119,802	\$109,159,954
Positions	397	420	393	374
FTE	356.80	369.21	347.96	330.30

Program Description

The Operations program is responsible for the operation and management of the Army and Air National Guard programs on a daily basis. The Operations program consists of three major areas of responsibility, Army National Guard, Air National Guard, and other. These three programs oversee the National Guard's 15 subprograms.

There are three Army National Guard subprograms:

- ***Army National Guard Facilities Operations and Maintenance*** – This program combines all Army National Guard facilities operations and maintenance activities into one program including real property operations and maintenance, logistical facilities, armories, training facilities, security, and automated target systems. The program provides basic operation, maintenance, repair, and alteration support for Oregon Army National Guard facilities. The program is funded primarily by Federal Funds with a state matching requirement of 0% to 50%, depending on the nature of the program.
- ***Army National Guard Construction Operation*** – This program manages construction of Oregon Army National Guard facilities. Construction management includes project oversight, contract administration, and quality assurance to ensure that construction work is completed according to plans, specifications, and terms of the contract. The program is funded with General Fund and Federal Funds.
- ***Army National Guard Environmental Program*** – This program is responsible for overseeing compliance with federal and state environmental regulations for Oregon Army National Guard facilities. The program is 98% federally funded and 2% General Fund.

There are seven Air National Guard subprograms:

- ***Air National Guard Administration Program*** – This program provides command and administrative support for all Oregon Air National Guard programs. Administrative staff is 100% federally funded, while services and supplies are funded by the General Fund.
- ***Air National Guard Civil Engineering Program*** – This program provides facility operations and maintenance, repair, and alteration support for the Portland Air Base, Kingsley Field, and Camp Rilea Air National Guard facilities. The program is funded primarily by Federal Funds, with a state match of 15% to 25%.
- ***Air National Guard Security Program*** – This program provides security police protection at the Portland Air Base and Kingsley Field. Security personnel are instrumental in protecting aircraft and facilities against theft, sabotage, vandalism, and trespassing. This program is 100% federally funded.
- ***Air National Guard Fire Protection Program*** – This program provides fire protection at the Portland Air Base and Kingsley Field. Personnel are trained to contain aircraft fires, perform air crew extraction, and provide structural fire fighting protection. It is the only source for crash/rescue and fire fighting at the Klamath Falls Airport. Some of the structural resources have been used on Conflagration Act fires as recently as the 2006 fire season. This program is 100% federally funded.
- ***Air National Guard Environmental Program*** – This program monitors and ensures environmental compliance at the Portland Air Base, Kingsley Field, and Camp Rilea Air National Guard facilities. The program is funded through a federal-state cooperative agreement and requires state matching funds of 15% to 20%, depending on the program location.
- ***Kingsley Field Billeting Program*** – This program provides lodging to Oregon National Guard members, F-15 fighter pilot students, and flight medicine students receiving training at Kingsley Field. The program is 100% federally funded.
- ***Air National Guard Family Support Services*** – This program provides family readiness and support assistance to the Air National Guard members and their families in Klamath Falls and Portland. Services focus on family and personal readiness, economic viability, and overall satisfaction with life in the Air National Guard by members and their families. The program is 100% federally funded.

The other five subprograms include:

- ***Equipment Refurbishment Program*** – This program provides repair for excess unserviceable electronics, power generation, and support equipment that is then redistributed to fill critical equipment shortages in the National Guard. The program is operated at Camp Withycombe in Clackamas, Oregon and is 100% federally funded.
- ***Counterdrug Program*** – This program supports local, state, and federal law enforcement efforts to stop the flow of illegal drugs into the state and manufacture of illegal drugs in Oregon. In addition, the program supports the drug abuse prevention education and training efforts of community-based organizations. The

program utilizes Oregon National Guard members, equipment, and specialized technology to provide technical, operational, training, and reconnaissance/observation that augments drug abuse prevention programs within Oregon. The program is 100% federally funded.

- **Electronic Security System Program** – This program provides electronic security systems for all facilities designed for storage of small arms or ammunition. Electronic security system equipment and replacement components are procured directly through the federal supply system with 100% Federal Funds.
- **Telecommunications Program** – This program provides procurement, operation, and maintenance of the Oregon Army National Guard telecommunications system and is 100% federally funded.
- **Distance Learning Program** – This program provides soldiers and their communities access to video teleconferencing, video programming, computer based training, web-based training, interactive audio and video, and electronic mail and network systems. There are seven classroom sites at OMD facilities throughout Oregon. The program is 100% federally funded.

Revenue Sources and Relationships

The program is funded with a combination of General Fund, Other Funds, and Federal Funds. The source of the Other Funds is primarily facility rental fees (approximately \$3 million).

Budget Environment

The Oregon National Guard currently has 596 buildings totaling 3.9 million square feet spread across the state in 27 counties. The largest of these facilities are fifteen training/logistical sites, two air bases, and 40 armories. The age of a majority of the Army National Guard facilities, especially armories, makes them inefficient and expensive to operate and maintain. The average age of all Army National Guard facilities is 38 years. The Department reports that 23% of its facilities “meets” the National Guard Bureau/Department of Army standards and are in the best condition, 18% are classified in “adequate” condition, 51% are categorized as being “below the standard” condition, and the remaining 8% are classified as being in “unacceptable” condition. The worsening condition of facilities results in a decline of lease and rental revenue that is a primary revenue source available for operation and maintenance of the armories. It also has a direct and negative impact on recruiting, training, and retaining soldiers, not to mention the retention of such units by the state.

The Operations Program is the largest General Fund program in the Department followed closely by the Debt Service Program. The General Fund in this program is primarily directed to facilities operations and maintenance, including positions supporting this function.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$109.2 million is \$4 million, or 3.5%, less than the Governor’s recommended budget and is \$1.4 million, or 1.3%, less than the 2009-11 legislatively approved budget and includes 374 positions (330.30 FTE). The General Fund portion of the budget totals \$8.3 million and is \$632,019, or 8.3%, more than the Governor’s recommended budget and is \$2.4 million, or 22.2%, less than the 2009-11 legislatively approved budget. Other Funds totals \$4.5 million and is \$79,805, or 1.7%, less than the Governor’s recommended budget and is \$654,472, or 16.9%, more than the 2009-11 legislatively approved budget. Federal Funds totals \$96.4 million and is \$4.5 million, or 4.5%, less than the Governor’s recommended budget and is \$259,411, or 0.3%, more than the 2009-11 legislatively approved budget.

The program’s budget is comprised of \$48.8 million (44.8%) personal services, \$60.1 million (55%) services and supplies/capital outlay, and \$242,328 special payments (0.2%).

The allotment reductions taken during the 2009-11 biennium were carried forward into the 2011-13 biennium, but were adjusted for 24 months of savings. This reduction totaled \$4.9 million General Fund and \$738,874 Federal as Other Funds (38 positions, 38.00 FTE). Of these amounts, \$1.9 million General Fund and \$799,331 Federal Funds (23 positions, 23.00 FTE) was restored using a combination of General Fund debt service savings, vacant position savings, fund shifts, and reductions to services and supplies.

The budget reflects a reduction of \$579,862 General Fund, \$210,162 Other Funds, and \$3.6 million Federal Funds for standard reductions that include: a 5.5% reduction to personal service; a 6.5% reduction to services and supplies; the elimination of the standard inflation increase, and reductions to state government service charges and assessments.

The legislatively adopted budget incorporates the following changes:

- Property improvements required by the City of LaGrande on leased property (\$53,492 General Fund).
- Maintenance support for newly constructed Readiness Centers/ Armed Forces Reserve Centers (\$364,786 General Fund and \$446,640 Federal Funds).
- Continuation of the Wildland Fire Management Program (\$2 million Federal Funds, 9.50 FTE).
- Loan repayment for the Christmas Valley solar site (\$42,911 Other Funds).
- Services and supplies for facility operation and maintenance, equipment refurbishment, and Kinglsey Field fire protection (\$13.6 million Federal Funds).
- Established new positions and converted some existing limited duration positions to permanent full-time, to support a variety of functions including water treatment, facility rental, and airbase firefighting (\$164,798 Other Funds and \$1.4 million Federal Funds, 10.63 FTE).

The budget includes a supplemental statewide ending balance holdback adjustment of \$89,024 General Fund. This reduction may be restored later in the biennium depending on statewide economic conditions.

OMD – Office of Emergency Management

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	2,599,037	2,076,376	2,543,612	2,077,804
Other Funds	94,723,244	111,933,843	98,447,177	112,206,831
Federal Funds	91,291,494	148,855,726	173,815,644	167,177,442
Total Funds	\$188,613,775	\$262,865,945	274,806,433	281,462,077
Positions	46	46	48	50
FTE	44.15	45.60	48.00	50.32

Program Description

The Legislature moved the state's Office of Emergency Management (OEM), and a portion of the Criminal Justice Services Division related to homeland security, from OSP to the Military Department beginning with the 2007-09 biennium (HB 2370). With this action OEM and homeland security functions became a program within the Military Department.

OEM takes the lead in responding to emergencies across the state and coordinating a statewide emergency services system. This system incorporates the separate local and state emergency service elements into a comprehensive capability to prepare for, respond to, and recover from disaster conditions. Activities include preparedness planning as well as the development and implementation of mitigation strategies. The program has nine major areas of responsibility:

- **Oregon Emergency Response System (OERS)** – Maintain OERS 24 hours/seven days a week and act as a single point for reporting and coordinating emergencies that might require state and/or federal assistance.
- **Statewide 9-1-1 System** – Administer the 9-1-1 system which provides funding to local systems and takes the lead in developing and implementing new technology.
- **Grant Administration** – Administer grants used to respond to emergencies, hazard mitigation planning, and project implementation throughout the state.
- **Chemical Stockpile Emergency Preparedness Program (CSEPP)** – Administer CSEPP in Eastern Oregon. CSEPP is the offsite program that prepares communities to ensure that local and state plans are in place to respond to issues surrounding the demilitarization of chemicals at the Umatilla Army Depot.
- **Search and Rescue Program** – Work with sheriffs in relation to the ground, marine, and air search rescue program.
- **Domestic Preparedness** – Provide the central point of planning, training, and exercising for the state's domestic preparedness efforts and offer guidance to local governments that receive grant funds through the program.
- **Terrorism** – This subprogram serves as the administrative “agency” for federal homeland security grants. It would be responsible for seeking and obtaining homeland security grants, and then distributing grant proceeds to sub-grantees as well as monitoring grant outcomes.
- **Seismic Rehabilitation** – In response to public concerns about seismic safety after the 1989 Loma Prieta earthquake in California, the Oregon Legislature, and Oregon voters, passed a series of measures centered

on reducing the exposure to Oregonians from earthquakes. Some of these measures included: the establishment of a Seismic Safety Policy Advisory Commission (1991); voter approval amending the state's constitution to authorize the use of general obligation bonds for the purposes of seismic rehabilitation of public education facilities (Article XI-M bonds) and emergency services facilities (Article XI-N bonds) (2002); the creation of a seismic rehabilitation grant program within the Office of Emergency Management (2005); and the funding of a statewide seismic needs assessment of education and public safety facilities by the Department of Geology and Mineral Industries (2005). In 2007, the Legislature passed SB 1. This measure provided OEM with four permanent positions to staff and administer the Seismic Rehabilitation Grant Program (SRGP).

- **Oregon Local Disaster Assistance Loan Account** –This Account was established during the 2008 special session to provide loans to local governments and school districts to match moneys from federal programs for federally declared disasters that are subject to state matching funds provisions. A Local Disaster Assistance Review Board was also established to review and approve any loans from the Account. The Account is not capitalized nor has the Department made any loans from the Account since they requested it be established.

Revenue Sources and Relationships

The major funding source is Federal Funds received for state homeland security, Federal Funds for CESPP, Federal Emergency Management Agency (FEMA) disaster recovery, FEMA CESPP pass-through grants, and Non-Disaster Emergency Management Performance grants. These funding sources are used for general OEM operations, development and administration of the emergency response infrastructure, training, and grants passed through to local governments for their emergency management programs. Some of the funds require a 50% state or local match. OEM also receives funding for the planning, training, and coordination in the state's Domestic Preparedness/Weapons of Mass Destruction program. This funding has decreased recently, as Congress appropriates funding for homeland security-related training activities to cities rather than states.

Funding for responding to Presidentially-declared disasters and pre-disaster mitigation is available from the Federal Emergency Management Agency (FEMA) and requires a 25% state or local match. There is also funding dedicated for the CSEPP program (no match required) to pay for OEM and local grants. Umatilla and Morrow counties receive funding through the state for CSEPP-related activities.

Oregon's 9-1-1 toll-free emergency number to access safety services is a state and local partnership. The state's portion is funded through an Emergency Communications Tax of \$0.75. This is a per month tax for any phone line capable of accessing 9-1-1 services, with the exception that federal, state, and local governments are tax exempt. The 9-1-1 program's statutory sunset was extended to January 1, 2014 (HB 2369).

Telecommunication providers collect the Emergency Communications Tax from their customers and remit the tax revenue to the Department of Revenue (DOR) on a quarterly basis. DOR transfers the revenue to the Emergency Communications Account, net of up to 1% of the revenue amount it retains for administration.

The Emergency Communications Account is to be distributed quarterly according to statute for the following primary purposes: (1) up to 4% of the balance may be used by the Military Department's Office of Emergency Management for program administration costs; (2) 35% is transferred into the Enhanced 9-1-1 subaccount; and (3) the remaining balance is distributed to cities and counties.

Local governments use the revenue to partially fund the expense of approximately 49 Public Safety Answering Points (PSAPs) across city and county governments in Oregon. Revenue in the Enhanced 9-1-1 subaccount is primarily used by the Department to make direct payments to vendors for PSAP circuit charges and software upgrades. The subaccount may reimburse cities and counties on an actual cost reimbursement basis for some costs.

Budget Environment

The expectation of OEM is to coordinate, facilitate, organize, resource, and manage, pre-event and post-event disaster activities for the state. This is a tall order for a program that has less staff than that of the Department's Oregon Youth Challenge Program, but with a budget that is 32 times larger.

All of Oregon's population is served by Enhanced 9-1-1 services that are provided from 49 Primary PSAPs.

The Department continues to support the Chemical Stockpile Emergency Preparedness Program (CSEPP), which is responsible for the incineration of chemicals at the Umatilla Army Depot. To date, over \$108 million has been provided to Oregon in support of building an “adequate” emergency preparedness program in Morrow and Umatilla counties. Chemical incineration, which began in August of 2004, is expected to last until the fall of 2011, after which the incinerator will be decommissioned.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$281.5 million is \$6.7 million, or 2.4%, more than the Governor’s recommended budget and is \$18.6 million, or 7.1%, more than the 2009-11 legislatively approved budget and includes 50 positions (50.32 FTE). The General Fund portion of the budget totals \$2.1 million and is \$465,808, or 18.3%, less than the Governor’s recommended budget and essentially unchanged from the 2009-11 legislatively approved budget. Other Funds totals \$112.2 million and is \$13.8 million, or 14%, more than the Governor’s recommended budget and is \$272,988, or 0.2%, more than the 2009-11 legislatively approved budget. Federal Funds totals \$167.2 million and is \$6.6 million, or 3.8%, less than the Governor’s recommended budget and is \$18.3 million, or 12.3%, more than the 2009-11 legislatively approved budget.

The program’s budget is comprised of \$8.8 million (3.1%) personal services, \$9.4 million (3.3%) services and supplies/capital outlay, and \$263.3 million special payments (93.6%).

The budget reflects a reduction of \$163,208 General Fund, \$225,053 Other Funds, and \$431,728 Federal Funds for standard reductions that include: a 5.5% reduction to personal service; a 6.5% reduction to services and supplies; the elimination of the standard inflation increase, and reductions to state government service charges and assessments.

The legislatively adopted budget incorporates the following changes:

- Seismic Rehabilitation Bonds (\$7.5 million Other Funds) – Articles XI-M (Education) bonding authority for the Seismic Rehabilitation Program, which would be distributed to School Districts; debt service support for these bonds is a separate policy package detailed under the Debt Service Program.
- Seismic Rehabilitation Bonds proceeds carried forward from the 2009-11 biennium (\$20.5 million).
- A new Private Community Liaison position to facility with disaster planning (\$72,280; 1.00 FTE).
- Crisis management information sharing and data system operations center with staff (\$927,578; 1.00 FTE).
- Temporary Presidentially declared disaster recovery support (\$301,589 Federal Funds; 1.00 FTE).
- Search and Rescue position funding (\$57,731 Other Funds; 0.40 FTE).
- Fund shift from Federal to Other Funds for an Information Specialist position in the Chemical Stockpile Emergency Preparedness Program, which is being phased-out.
- Restoration using 9-1-1 revenue of an Information Specialist position that was reduced in the Administration Program (\$208,833 Other Funds; 1.00 FTE).

The budget includes a supplemental statewide ending balance holdback adjustment of \$89,024 General Fund. This reduction may be restored later in the biennium depending on statewide economic conditions.

OMD – Community Support

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	1,644,943	0	223,687	200,805
Other Funds	2,452,024	2,413,243	1,736,998	1,736,981
Federal Funds	6,497,032	7,425,389	7,313,114	7,311,467
Total Funds	\$10,593,999	\$9,838,632	\$9,273,799	\$9,249,253
Positions	46	46	46	46
FTE	46.00	46.00	46.00	46.00

Program Description

The Community Support program coordinates support for local education programs and emergencies which require the assistance of the National Guard. The program contains:

- **Oregon Youth Challenge Program (OYCP)** – Since 1994, the Oregon National Guard has operated the OYCP through a federal/state agreement with the National Guard Bureau. OYCP is Oregon’s only statewide alternative high school and only public military school for at-risk students. It offers at-risk high school dropouts an opportunity to complete educational credit with a goal of reintegrating into high school to earn a diploma or prepare for the General Education Development (GED) examination. The program consists of a 22-week residential training program followed by a 12-month nonresident program. The school is an accredited program. OYCP graduates approximately 234 students per year.
- **Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE)** – STARBASE is designed to increase at-risk third through eighth grade students’ awareness of the importance of math and science. The curriculum demonstrates math and science applications in aerospace operations. National Guard members demonstrate applicability of math and science to flight operations, weather reporting and forecasting, electronics maintenance, and fire fighting facilities.
- **Emergency Operations** – In times of state emergency, the Governor can call upon the National Guard to provide personnel and equipment to assist agencies with the state’s response to such emergencies. For example, the Governor has ordered the National Guard to assist the Oregon Department of Forestry and the State Fire Marshal’s Office with their wildland fire suppression efforts. The Department’s own Office of Emergency Management is the coordinating entity for state resources. The National Guard typically provides four types of assets with associated support personnel: (a) helicopters; (b) ground transportation including fuel trucks; (c) field support equipment such as generators; and (d) firefighting apparatus from Kingsley Field and the Portland Airbase fire stations for Conflagration Act fires. Soldiers and airmen called into active duty are paid a State Active Duty (SAD) rate, which is a uniform daily rate of pay based upon a soldier or airman’s rank. National Guard equipment, as assets of the U.S. Department of Defense, are invoiced separately to the federal government. The Department’s legislatively adopted budget does not contain Other Funds expenditure limitation for what it categorizes as Emergency Operation expenses since such expenses are unpredictable. Therefore, the Department has historically requested an increase in expenditure limitation from the Legislature or the Emergency Board for amounts it is unable to absorb within its normal operating budget and it has requested General Fund reimbursement of expenditures.

Revenue Sources and Relationships

The program is funded with a combination of General Fund, Other Funds, and Federal Funds.

On October 28, 2009, the National Defense Authorization Act for Fiscal Year 2010 (House Resolution 2647) was signed into law. Section 593 of the Act modified the matching fund requirement for the nation’s National Guard Youth Challenge Programs by increasing the federal match rate to 75% and reducing the state match rate to 25%. The effective date of this change was October 1, 2009. The federal law change means that the OYCP is able to meet federal matching funds requirements exclusively with existing Other Funds, which is Average Daily Membership (ADM) revenue through the Bend-LaPine School District.

The STARBASE program is 100% federally funded through the National Guard Bureau. There is not an anticipated Federal Funds increase for the program beyond a 3.1% inflation adjustment. The revenue for Emergency Operations comes from the state agencies that the National Guard is supporting or the General Fund.

Budget Environment

The budget environment centers around supporting at-risk youth and the Department’s response to an emergency declaration by the Governor.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$9.3 million is \$24,546, or 0.3%, less than the Governor’s recommended budget and is \$589,379, or 6%, less than the 2009-11 legislatively approved budget and includes 46 positions (46.00 FTE). The General Fund portion of the budget totals \$200,805 and is \$22,882, or 10.2%, less than the Governor’s recommended budget and is 100% more than the 2009-11 legislatively approved budget. Other Funds totals \$1.7 million and is essentially unchanged from the Governor’s recommended budget and is \$676,262, or 28%, less than the 2009-11 legislatively approved budget. Federal Funds totals \$7.3 million and is also essentially unchanged from the Governor’s recommended budget and is \$113,922, or 1.5%, less than the 2009-11 legislatively approved budget.

The program's budget is comprised of \$6.1 million (65.5%) personal services and \$3.2 million (34.5%) services and supplies.

The budget reflects an increased Federal Funds match rate for the OYCP from 60% to 75%.

The budget reflects a reduction of \$44,612 General Fund, \$143,544 Other Funds, and \$279,771 Federal Funds for standard reductions that include: a 5.5% reduction to personal service; a 6.5% reduction to services and supplies; the elimination of the standard inflation increase, and reductions to state government service charges and assessments.

The budget includes a supplemental statewide ending balance holdback adjustment of \$7,829 General Fund. This reduction may be restored later in the biennium depending on statewide economic conditions.

OMD – Debt Service

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	1,457,991	5,586,168	10,412,499	9,727,048
Other Funds	964,617	766,885	112,363	270,100
Other Funds (NL)	0	1,172,024	0	0
Federal Funds (NL)	0	1	0	0
Total Funds	\$2,422,608	\$7,525,078	\$10,524,862	\$9,997,148

Program Description

The Debt Service Program provides the funding to make payments on principal, interest, and financing costs associated with the issuance of Article XI-Q bonds and previously issued certificates of participation, which are tax exempt government securities. Prior to the 2007-09 biennia, the Department's debt service was budgeted under the Operations Program.

Budget Environment

The Department relies, although not entirely, on the issuance of bonds to match National Guard Bureau Federal Funds when constructing, altering, or repairing National Guard installations. The percentage of state matching funds required varies by the type of installation. Bonds provide financing for federally non-allowable project costs, which for example include the cost of real property. Bonds also fund certain armory additions/alterations that are a 100% state responsibility.

The Department's Capital Construction Account, the revenue source of which comes from the sale of real surplus property, generally has an insufficient balance to meet matching fund requirements on major construction projects.

The Debt Service Program is the largest General Fund program in the Department. In other words, the Department spends more General Fund on debt service than on its Operations, Emergency Management, the Youth Challenge, or the Administration Programs.

Revenue Sources and Relationships

The Department's debt service is funded with a combination of General Fund and Other Funds. For the 2011-13 biennium, only the Department's 2004-A COP issued for the Baker City Readiness Center is paid from Other Funds (\$112,363). The source of Other Funds is statewide facility rental income.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$10 million is \$527,714, or 5%, less than the Governor's recommended budget and is \$2.5 million, or 32.9%, more than the 2009-11 legislatively approved budget.

The program's budget is reduced by \$2 million of debt service savings, which was used to partially restore General Fund reductions in Administration and Operating program budgets.

The legislatively adopted budget incorporates the following changes:

- Seismic Rehabilitation (\$618,000 General Fund and \$114,000 Other Funds for cost of issuance).
- The Dalles Readiness Center (\$43,737 Other Funds for cost of issuance; General Fund will not begin until the 2013-15 biennium as the bond(s) will be issued late in the 2011-13 biennium).

The budget includes a supplemental statewide ending balance holdback adjustment of \$364,437 General Fund. This reduction may be restored later in the biennium depending on statewide economic conditions.

OMD – Capital Improvement

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	1,412,951	0	0	0
Federal Funds	608,676	607,250	4,521,824	4,521,824
Total Funds	\$2,021,627	\$607,250	\$4,521,824	\$4,521,824

Program Description

This program provides for capital improvements to existing facilities. Capital improvement projects are those with a total cost of \$1 million or less. As discussed below, Major Construction projects total more than \$1 million. The Department's Operations Program budget also includes funding for deferred maintenance/capital improvement. Maintenance/custodial positions in the Operations Program play a key role in facility maintenance.

Revenue Sources and Relationships

The revenues associated with the Department's capital improvement projects are primarily Federal Funds, but may include General Fund. As noted, however, the Operations Program also has expenditures for capital improvement, which are General, Other, and Federal Funds. The last General Fund appropriation for the program occurred during the 2007-09 biennium when the Legislature, recognizing the importance of reducing the Department's deferred maintenance backlog, provided a \$1.4 million General Fund appropriation. The program has also received during the 2009-11 biennium Federal Funds under the American Recovery and Reinvestment Act (ARRA).

Budget Environment

Capital improvement expenditures are used to address the Department's backlog of deferred maintenance, which is estimated at over \$110 million and is increasing at an estimated 5% per year. Capital improvement expenditures delay, where possible, installation replacement. This is critically important for certain installations, especially armories, whose replacement schedule is dependant upon the National Guard Bureau's Long-Range Construction Plan and Congressional funding of that plan.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$4.5 million is unchanged from the Governor's recommended budget and is \$3.9 million, or 644.6%, more than the 2009-11 legislatively approved budget. The increase is explained by the transfer of \$3.9 million from the Operations to the Capital Improvement program.

OMD – Major Construction

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	23,248,692	3,507,794	680,000	4,691,273
Federal Funds	83,031,858	22,798,001	0	12,980,000
Total Funds	\$106,280,550	\$26,305,795	\$680,000	\$17,671,273

Program Description

This program provides for new construction, remodeling, or improvements to facilities to carry out the agency's mission. Oregon faces the loss of National Guard units to other states if the readiness of facilities is not

adequately maintained. Since 1986, the Department has undertaken 41 major construction projects totaling over \$215 million with a state/federal funding ratio of 8:1. Federal planning and design funds for other projects add an additional \$15 million.

The Department's construction projects are overseen and coordinated by agency construction staff budgeted under the Operations Program.

Revenue Sources and Relationships

Federal Funds comprise the majority of construction funding. In general, Other Funds, and at times General Fund, are required matching funds for projects. Such state funds pay for certain costs ineligible for federal match (e.g., real property, local permitting, etc.). The sources of Other Funds are either bonds and/or the Department's Capital Construction Account, which is discussed below.

Depending on the type of facility constructed, the federal government pays between 67% and 100% of the approved construction cost. By emphasizing construction of Armed Forces Reserve Centers (AFRC) wherever possible, the Department can access Federal Funds for approximately 97% of the design and construction costs, requiring 3% state matching funds. Site improvements and multi-purpose accommodations outside the federal guidelines are 100% state obligations. Where possible, the Department partners with other federal, state, or county agencies to co-locate functions. This reduces the Department's design and construction cost obligations, and reduces the long-term operations and maintenance burden of each agency. The Department is also cognizant of the need to build facilities with multi-purpose features that enhance a facility's rental income.

The Military Department Construction Account (CCA) is a statutory, interest-bearing account in which is deposited any proceeds from the sale of Military Department real property. The Department requires legislative approval to dispose of surplus property. Moneys in the CCA can only be used for Capital Construction expenditures on legislatively approved projects, which include: (a) paying for construction costs that are outside federal guidelines and that are a state obligation; (b) state matching requirements on federal Capital Construction funding; and (c) miscellaneous land acquisitions.

Revenue flowing into the CCA is variable, but somewhat predictable. Eventually, the Department anticipates revenues may come from the sale of various armories and properties. Other revenue sources appear to be project management fees charged to the federal government and certificate of participation revenue transferred into the account. Some of the Department's real property originally donated by counties is on a reverter clause, which requires that the land revert back to the county if the Department determines it is no longer needed for military purposes.

Budget Environment

Of all the Department's programs, the Capital Construction program is the one most likely to be affected by shifting federal priorities. The Legislature is frequently requested to add projects or adjust limitation requirements for existing projects. Such changes may require additional state matching funds. The fluidity of the Department's capital projects as compared to other state agencies capital projects underscores the uniqueness of this state agency and the influence federal funding has over its budget. It also underscores the need for the Legislature to understand both the Department's short- and long-term Capital Construction priorities.

The agency plans to pursue all available Federal Funds for new facility design and construction and is looking to continue to partner with other state agencies to share services and reduce operational expenses. The agency has approximately 20 projects identified in the National Guard Bureau Long-Range Construction Plan, with estimated project costs estimated of over \$700 million. Of that amount, the state would be required to pay approximately \$105 million, or 15%, of costs. Federal Funds for capital construction continue to be highly competitive among states.

There are many challenges facing the Capital Construction Program given the status of some of the Department's installations. The first is completing construction on current legislatively approved projects, some of which will require additional state and federal funding to complete, if such funding is available. The second challenge is acquiring state funding for any new projects. In order to make informed decisions, the Legislature

needs from the Department a single, comprehensive, prioritized facility management/Capital Construction plan.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$17.7 million is \$17 million, or 2,498%, more than the Governor's recommended budget and is \$8.6 million, or 32.8%, less than the 2009-11 legislatively approved budget. Other Funds totals \$4.7 million and is \$4 million, 589.9%, more than the Governor's recommended budget and is \$1.2 million, or 33.7%, more than the 2009-11 legislatively approved budget. Federal Funds totals \$13 million and is a 100% increase from the Governor's recommended budget and is \$9.8 million, or 43%, less than the 2009-11 legislatively approved budget. While the period-to-period change can be significant, the legislatively approved expenditure limitation for any Capital Construction project has a six-year duration.

Funding for the following two projects is included in the budget:

- **The Dalles Readiness Center:** \$4,011,273 Other Funds (Article XI-Q Bonds) and \$12,980,000 Federal Funds (National Guard Bureau) is approved for the continuing design and construction of a new readiness center. The facility is being planned to allow partnership opportunities with Columbia Gorge Community College.
- **Christmas Valley site acquisition:** \$680,000 Other Funds (Developer Fees) is approved to acquire 2,296 acres as a training area for the development of a utility-scale solar project and a training site.

The Legislature approved the extension of the project expiration dates and expenditure limitations for the following previously authorized projects: The Dalles Readiness Center – design is extended to June 30, 2015; Christmas Valley – solar array panels, Camp Rilea – waste water treatment plant, Camp Withycombe – infrastructure upgrades, Boardman Multipurpose Training Range (formerly the “Boardman Bombing Range”), and the Washington County Readiness Center (formerly the “Hillsboro Readiness Center”) are extended to June 30, 2013.

The Legislature also approved the sale proposal of the following armories: 1) Oregon City Armory, 2) Lake Oswego Armory, and 3) Tigard Armory and Field Maintenance Shop.

Board of Parole and Post-Prison Supervision – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	3,896,669	3,742,600	3,877,663	3,641,093
Other Funds	1,424	21,048	10,289	10,289
Total Funds	\$3,898,093	\$3,763,648	\$3,887,952	\$3,651,382
Positions	15	15	14	14
FTE	15.00	15.00	14.00	14.00

Agency Overview

The three member Board of Parole and Post-Prison Supervision (BPPPS) is responsible for setting parole release dates for offenders who committed crimes prior to November 1, 1989; approving release plans and establishing conditions of community supervision for all offenders; setting release dates for dangerous offenders; conducting administrative reviews of offender appeals; administering parole revocation hearings; issuing arrest warrants and order sanctions for parole/post-prison violators; and notifying victims of hearings and releases.

Revenue Sources and Relationships

The Board is supported almost entirely by General Fund. Other Funds revenue is generated from the sale of documents and hearing tapes to the public and to offenders, as well as court ordered costs payable to the Board.

Budget Environment

The Board's role has changed as the number of offenders eligible for parole decreases and the number of offenders under post prison supervision increases. The number of offenders for whom the Board sets a parole dates has decreased from 5,300 in 1988 to about 1,700 in 2010. In contrast, the number of offenders being supervised in the community has increased 34% over the last decade; from 10,374 in 2000 to 13,899 in 2010. The result of this shift is the Board now holds fewer formal release date hearings, but has a significantly greater administrative workload involving release plans, revocations, warrants, and discharges.

Growth in the number of offenders under parole and post-prison supervision is expected to continue. Based on the forecast prepared by the Office of Economic Analysis (April 2011), this number is expected to grow by about 6% over the biennium, reaching 14,687 by July 2013.

Other factors affecting the Board's role and workload include: implementation of and changes in sentencing guidelines; increases in inmate and offender populations; increases in, and results of, inmate and offender judicial appeals; increases in victim participation in post-sentencing matters; and biennial statutory changes.

A recent court decision requires the Board to hold new hearings for approximately 30 prisoners; each hearing's sole purpose will be to set a prison term under the matrix system. No additional General Fund to cover the costs of these hearings was included in the budget, so it is likely the Board may need to request additional funding during the interim once expenses are incurred and budget impacts identified.

The Board frequently faces fiscal challenges related to Attorney General legal services and medical/psychiatric examination expenses. These costs continue to increase and are difficult to forecast or control. Legal expenses are particularly volatile as they are mostly a result of challenges to the Board's decisions by those individuals under the Board's supervision.

Legislatively Adopted Budget

The Board's 2011-13 legislatively adopted budget consists of \$3,641,093 General Fund, \$10,289 Other Funds, and 14 full-time positions. The total funds budget is a 3% reduction from the 2009-11 legislatively approved level and a 6.1% reduction from the Governor's recommended level. Along with eliminating inflation and reducing services and supplies by 6.5%, the adopted budget abolishes a position that assists with researching and preparing administrative review responses. The budget does not provide adequate resources to help the Board catch up on its backlog of administrative reviews. Currently the Board is about one year behind and receives approximately 30 review requests each month.

The budget also includes a 3.5% supplemental ending balance hold back of \$135,718 General Fund. This amount is subject to restoration to the agency in February 2012 depending on the state's overall fiscal situation.

Department of State Police (OSP) – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	215,083,395	216,671,712	139,002,319	216,465,576
Lottery Funds	6,669,667	7,223,958	6,680,937	6,653,450
Other Funds	153,784,453	94,772,462	185,797,572	93,439,786
Federal Funds	18,649,062	9,951,117	6,747,819	9,122,153
Total Funds	\$394,186,577	\$328,619,249	\$338,228,647	\$325,680,965
Positions	1,346	1,301	1,272	1,220
FTE	1,228.92	1,289.15	1,255.38	1,216.63

* The 2007-09 and 2009-11 information **does include** expenditures associated with the Oregon Wireless Interoperability Network or OWIN which was transferred to the Oregon Department of Transportation (ODOT) in the Spring of 2010. The discussion of OWIN is included in the narrative for ODOT. The figures above for 2007-09 include \$1.9 million and \$89.1 million total funds (most of it for capital construction) for OWIN. The 2009-11 figures include \$3.5 million General Fund and \$5.1 million total funds for OWIN which represents the OWIN spending prior to the transfer of the program to ODOT.

Agency Overview

Functions of the Department of State Police (OSP) include patrol, criminal investigation, fish and wildlife law enforcement, forensic lab services, State Medical Examiner, criminal justice information, enforcement of tribal gaming laws and the Lottery, and the State Fire Marshal.

Legislatively Adopted Budget

The Department of State Police's 2011-13 legislatively adopted budget of \$325.7 million total funds represents a \$2.9 million (0.9%) decrease from the 2009-11 legislatively approved budget and the General Fund budget of \$216.5 million is just \$200,000 less than the 2009-07 legislatively approved budget. Compared to the 2011-13 budget proposed by the Governor, the total funds budget is \$12.5 million (3.7%) less. The General Fund budget is over \$77 million more than the Governor's budget, but this is driven primarily by the Governor's proposed funding of the Patrol Division with gas tax revenues which the Legislature did not adopt. The 2011-13 budget continues many of the 2009-11 allotment reductions including the decision not to fill the 49 new trooper positions that were never filled. Other major features of this budget include:

- The legislatively adopted budget reversed the proposal by the Governor to fund the Patrol Division with resources from the Highway Fund. This proposal would have required a voter approved change to the Constitution, and the Legislature added back \$85 million General Fund to fund all of the Patrol Division other than the 49 eliminated trooper positions.
- Another funding proposal made by the Governor was rejected by the Legislature which would have substantially increased the fees for background checks, firearms checks, and other information requests made of the Identification Services unit. Instead the Legislature added \$3 million General Fund to this unit's budget and used limited ending balance resources instead of raising fees.
- The Criminal Division is reduced by four sworn trooper positions – one in drug enforcement and three assigned to the counter-terrorism unit.
- The legislatively adopted budget assumes the closure of the forensics lab in Ontario, which still leaves five labs including Pendleton and Bend.
- Revenue shortfalls led to the loss of 15 trooper positions in the Patrol Division assigned to truck safety and four positions in the Fire Marshal's "Community Right to Know" program.

The 2011-13 OSP budget was also adjusted downward for statewide changes taken in most agencies which are shared across all of the OSP divisions. Over \$7.8 million General Fund (\$241,486 Lottery Funds) represents the amount reduced for the supplemental ending balance. All or part of this amount may be added back later in the biennium depending on economic conditions. During the development of the Governor's budget and later accepted by the Legislature in the final 2011-13 budget were reductions of \$10.5 million General Fund and Lottery Funds accounting for a 5.5% reduction to personal services assuming changes for employee compensation. If final negotiated decisions on employee compensation do not yield the 5.5% assumed savings, the agencies will need to identify additional savings. Also proposed by the Governor and accepted by the Legislature was a \$1.7 million General and Lottery Funds (\$2.7 million total funds) reduction through the

elimination of the standard increase for inflation. In addition, another \$1.9 million General and Lottery Funds was cut from services and supplies categories by the Legislature.

OSP – Patrol Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	100,470,381	109,398,201	28,531,794	108,709,788
Other Funds	13,085,541	14,136,372	103,706,056	10,735,027
Federal Funds	77,137	840,694	329,448	829,448
Total Funds	\$113,633,059	\$124,375,267	\$132,567,298	\$120,274,263
Positions	525	525	511	461
FTE	434.16	519.88	496.75	459.50

Program Description

The Patrol Services Division provides uniformed police presence and law enforcement services throughout the state with primary responsibility for traffic safety and response to emergency calls on Oregon's state highways and interstates. Services include enforcement of the Motor Vehicle Code, Motor Carrier Regulations, Criminal Code, and assistance to local public safety agencies and the public. Past Legislatures have approved transfers to this Division of the field command and support staff which better reflects the reporting structure within the agency as well as Capitol Mall Security, Oregon State University, and the Dignitary Protection units.

Revenue Sources and Relationships

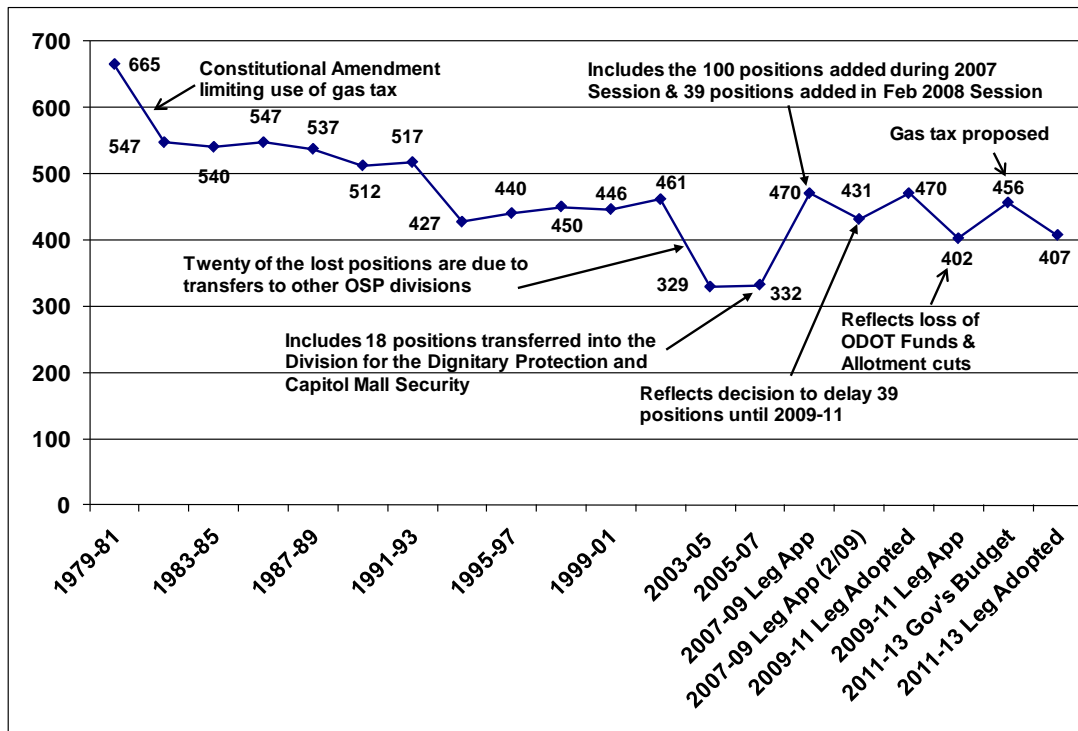
Other Funds revenues are received from the Department of Transportation for a variety of purposes (totaling \$2.8 million) including traffic safety patrols in highway construction zones, snow-park enforcement, and DMV vehicle identification (VIN) inspections. Additional Other Funds sources include Oregon State University for campus security (\$2.7 million), and the Parks and Recreation Department, including the State Fair (\$520,000). Also included in the Other Funds for this Division is the Capitol Mall Security unit (\$3.8 million) which is funded by the Legislative Administration Committee and the Department of Administrative Services. Federal funding for this Division includes funding from the Army Corp of Engineers and the Forest Service.

Budget Environment

Since 1980, Oregon has experienced increases in population, licensed drivers, registered vehicles, and vehicle miles driven. However, the State Police presence on roadways as measured by the number of sworn troopers in the Patrol Division has decreased from 665 in 1980 to 322 by 2005-07, or over 50% (see chart on the next page). By the end of 2007-09, the number was expected to grow to 470, but the hiring of the final 39 troopers was delayed until early in the 2009-11 biennium. In the 2011-13 legislatively adopted budget the number is at 407 reflecting both the continuation of the reductions taken during the 2009-11 allotment cuts and the decision not to fund troopers with the gas tax as proposed by the Governor for 2011-13. The number of troopers available on the road is actually less than these figures since this number includes the troopers assigned to Dignitary Protection (5 positions), Oregon State University security (10 positions), and Capitol Mall Security (12 positions); and does not account for vacancies and temporary assignments as well as officers (e.g., captains) who have a limited presence on the road. Prior to 2001-03, the reduction in the number of troopers was due, in part, to the need to shift staff to address increases in criminal activity (violent crime, juvenile crime, drug activity, crimes against children) and increased competition for limited General Fund resources. In 2001-03, the decrease was due to state budget shortfalls and the need to fill other crucial holes in the State Police budget.

Troopers are generally assigned for patrol only on major interstates and state highways (e.g., I-5). A major accident or storm can leave even these areas with no coverage. The additional 139 troopers added in 2007-09 and 2009-11 were to provide limited 24-hour coverage for many areas of the state. Full 24/7 coverage is difficult to define and is somewhat subjective. In addition, there may be situations in more sparsely populated areas of the state where it is more cost effective to have a trooper on call rather than "on duty." The Department views the importance of the number of troopers on the highway not only for driving safety issues to enforce traffic and DUII laws, but also as a deterrent and enforcement for other crimes such as drug-related crimes. Significant quantities of methamphetamine and other drugs have been found during traffic stops.

Patrol Division Sworn Full-Time Positions



These positions include all sworn employees in the Patrol Division including officers and Troopers as well as those assigned to the OSU office, Dignitary Protection Unit, and Capitol Mall Security in later years.

In a 2010 survey of other states, OSP found that Oregon had moved up in coverage as measured by “troopers per 100,000 of population.” Oregon had ranked last in the number of “line” troopers per capita working full-time patrolling highways (does not include supervisors or troopers assigned for other duties like dignitary protection) in a 2006 survey when it had 6.98 troopers per 100,000 of population. That ranking has increased to 8.0 troopers per 100,000 in Oregon (down from over 9.0 in 2008) with the remaining states ranging from 6.5 (Wisconsin) to over 39.0 (Delaware). The rate for surrounding states included Washington (9.9), Idaho (11.3), Nevada (15.8) and California (20.8). One must be careful in using these comparisons since the number of local police and sheriff deputies vary significantly across the states; and this is not necessarily a measure of total law enforcement officers per capita, but of state troopers.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for the Patrol Division of \$120.3 million total funds and \$108.7 million General Fund is \$4.1 million (3.3%) and \$689,000 (0.6%), respectively, less than the 2009-11 legislatively approved budget. The change from the 2011-13 Governor’s total funds budget is a decrease of \$12.3 million or 9.3%. Since the Governor proposed funding the Patrol Division for the last 18 months of the biennium with revenues from the gas tax, the General Fund change between the Governor’s and the legislatively adopted budget is over \$80 million. The Legislature did not agree with the Governor’s proposal which would have required a voter approved change in the Constitution. Instead, the Legislature added back \$85 million General Fund to fund the Division. Other changes in the budget passed by the Legislature for the Patrol Division beyond those common to all divisions include:

- The 49 trooper positions that were not filled in 2009-11 due to the allotment cuts were permanently eliminated in the legislatively adopted budget. The Governor proposed funding these 49 positions effective January 2012, but they would have been funded with gas tax revenues.
- The budget reflects the loss of 15 trooper positions (\$3.2 million Other Funds) due to loss of Motor Carrier Safety Assistance Program (MCSAP) funding from the Oregon Department of Transportation. These federal funds provided resources dedicated for commercial truck inspections.
- Two additional canine units were added with the expectation that existing troopers would serve as the dogs’ handlers.
- The Federal Funds expenditure limitation was increased by \$500,000 to reflect the carry-over of federal funding from 2009-11 for the installation of mobile data terminals for roughly 100 patrol vehicles.

- One position (non-sworn) and additional vacancy savings were taken resulting in savings of \$276,066 General Fund.

OSP – Criminal Investigation

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	26,355,718	26,912,606	29,354,242	27,993,616
Other Funds	4,581,550	4,341,653	4,542,689	5,055,371
Federal Funds	386,066	1,535,728	854,859	854,859
Total Funds	\$31,323,334	\$32,789,987	\$34,751,790	\$33,903,846
Positions	145	129	125	125
FTE	142.72	129.00	125.00	125.00

Program Description

The Criminal Investigation Division provides investigative services including assisting communities and local law enforcement through special investigations related to homicides, drug investigations, officer involved incidents, public official misconduct investigations, and child abuse investigations. Many of the crimes investigated by OSP are intrastate and multi-jurisdictional. Specialized areas or units include arson/explosives, drug investigations, intelligence, missing children clearinghouse, sex offender registration, sexually exploited children, polygraph examinations, computer crimes, homicide incident tracking system (HITS), and crimes in state institutions. During 2009-11, detectives participated in 20 child abuse multi-disciplinary teams; 28 interagency major crime teams; 16 interagency drug task forces, and 12 interagency fire investigation teams. With the reductions in the 2011-13 budget, the participation in these groups could decrease.

Revenue Sources and Relationships

The Division is expected to receive \$6.2 million in Other Funds or Federal Funds revenue. Major sources of this revenue include: sex offender registration fees (\$435,000 Other Funds); arson/bomb investigation funding (\$3.2 million Other Funds) from the State Fire Marshal in Fire Insurance Premium Tax revenue; and drug enforcement funding of \$840,000 Federal Funds from the federal government.

Budget Environment

The major workload driver for this Division beyond the crime rate is the capacity and specialized expertise of local law enforcement agencies and their willingness to use OSP resources. State Police detectives are important resources across the state, but the larger local law enforcement agencies have many more resources available than smaller agencies. For Eastern Oregon, the Coast, and other more rural areas of the state, OSP sometimes is the primary resource available to assist local jurisdictions with investigation of major crimes.

The number of investigators or detectives in the Division has been fluctuating during the past decade. The 2005-07 budget added eight further sworn positions specifically dedicated to addressing methamphetamine related crime. These positions were focused on chemical diversion, methamphetamine labs, and mid-to-upper level methamphetamine-related investigations. The 2007-09 budget added four positions for major crime and drug investigations allowing the agency to increase its presence in drug-related investigations in Central Oregon and the Coast. The ability to conduct an increased number of investigations as well as larger and more sophisticated investigations is enhanced by OSP participation on these drug teams. The 2007-09 budget also included three new detectives to focus on fraud and identity theft crimes. The Department asserts that the workload and the complexity of investigations have generally increased in all areas of the division, including drug enforcement, major/violent crimes, sex abuse crimes, polygraph and public official corruption cases. The demand on detective resources to conduct investigations at state correctional and mental health institutions continues to grow with more than 27% of the caseload for the Division represented by this type of case. During the 2009-11 biennium, nine detective positions were eliminated with three in fraud and identity theft. Four more positions were eliminated in the 2011-13 budget.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$33.9 million total funds is \$1.1 million (3.4%) less than the 2009-11 legislatively approved budget while the General Fund budget of \$28 million is \$1.1 million (4.1%) less than the

2009-11 budget. The 2011-13 legislatively adopted budget is also less than the budget proposed by the Governor – 2.5% less for total funds and 4.7% less for General Fund. The major reduction in the Division’s budget other than those common across all divisions for the supplemental ending balance and employee compensation is the elimination of four detective positions. One eliminated position is in the drug enforcement unit while the other three positions are from the counter-terrorism unit. These three positions represent the majority of the five total positions that made up this unit, and their elimination will likely result in fewer investigations. It is expected that the liaison relationship with Federal Bureau of Investigation will continue with the remaining staff. The Other Funds limitation was increased by just over \$500,000 for a grant to the bomb unit through the Office of Emergency Management.

OSP – Forensic Services and Medical Examiners

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	31,694,971	34,203,996	37,624,562	35,034,128
Other Funds	442,812	538,461	550,055	549,860
Federal Funds	1,955,779	2,390,571	1,908,289	1,908,289
Total Funds	\$34,093,562	\$37,133,028	\$40,082,906	\$37,492,277
Positions	136	135	135	132
FTE	132.45	135.00	135.00	132.00

Program Description

The *Forensics Services Division* provides scientific, technical, and investigative support to all criminal justice agencies across the state through forensic analysis. Forensic labs are currently located in Bend, Central Point, Ontario, Pendleton, Clackamas, and Springfield. Funding for one of the eastern Oregon labs was reduced for 2011-13, so the agency plans to consolidate the two eastern labs into one location. A DNA Unit is also located in the Clackamas lab. This system is the only “full service” crime lab in the state, and at least 90% of the work is done for law enforcement agencies other than OSP including local police, sheriffs, and district attorneys. The Implied Consent Unit is responsible for approval, certification, and servicing of portable breath testing instruments; and in conjunction with the Department of Public Safety Standards and training (DPSST), trains and certifies all law enforcement officers in the use of breath testing instruments. This unit also provides expert testimony regarding the use of these devices.

The *Medical Examiner’s Office* is located in Clackamas and provides technical assistance and supervision to the 36 counties, directs investigations, provides direct professional services (autopsies, court testimony, case review, and consultation), and certifies the cause and manner of all investigated deaths. The State Medical Examiner appoints all 36 county examiners. The Office maintains records and provides training on death investigations to medical school physicians and students, law students, police officers, and emergency medical technicians.

2011-13 Legislatively Adopted Budget

Program Area	General Fund	Other Funds	Federal Funds	Total	Positions	FTE
Forensic Services	\$30,961,180	\$299,058	\$1,908,289	\$33,168,527	123	123.00
Medical Examiner’s Office	\$4,072,948	\$250,802	\$0	\$4,323,750	9	9.00

Revenue Sources and Relationships

The forensics labs do not charge for services and have been funded with General Fund resources. The Other Funds revenues are from miscellaneous sales of equipment, photographic requests, witness fees, and donations from citizens to support the Convicted Offender Program (DNA testing). Federal Funds are grants from the National Institute of Justice, generally for the purchase of equipment, supplies, and DNA test kits. Other Funds revenue for the Medical Examiner includes payments for building support in the three metro area counties and autopsy reports.

Budget Environment

The State Police crime lab system is the only comprehensive lab in the state and the entire public safety system depends on it for timely scientific analysis of evidence. Forensics backlogs or turnaround times have increased

from about 23 days in October of 2001 to a peak of over 50 days in July 2005. Since that time, various measures have been taken to alleviate this situation, including: prioritization and triage guidelines placed in effect for the labs; new legislation allowing field test kit results for drugs in preliminary hearings when the charge is possession of controlled substance; and additional staff resources added during 2007-09. As a result, turnaround times fell to 39 days. The turnaround time has increased again, and the agency is taking steps to reverse this recent increasing trend.

Because of past case acceptance restrictions and delays in case completion, an estimated 30% of potential casework is not even received by the Division and therefore not part of the backlog numbers. The requests for DNA testing continue to grow, in part due to the continuing increase in DNA requests for property crimes.

Several environmental factors contribute to the growth in requests for forensic services including the growing population; advancements in forensic science; increased public awareness of the value of forensic analysis; judicial expectations that forensic evidence be provided; and improved training of police officers in the identification, collection, and preservation of forensic evidence.

The Forensics Division currently operates labs in six locations but plans to consolidate the two eastern Oregon locations into one location. It is not entirely clear if operating all of these labs is economical. With the ability to ship samples across the state overnight or within a day or two, the smaller labs may not meet a strict cost-benefit analysis. Often political and regional considerations drive the decisions on keeping a lab open.

The workload for the Medical Examiner’s Office continues to increase due to continuing growth in Oregon’s population. Medical Examiner cases remain a consistent 12% of all deaths that occur. The 2007-09 budget transferred toxicology testing from Oregon Health and Science University (OHSU) to the Forensics Division to save funding, and to increase the capabilities of the Forensic Division to do toxicology testing.

Legislatively Adopted Budget

The combined 2011-13 legislatively adopted budget for these two units of \$37.5 million total funds is \$359,000 (1%) greater than the 2009-11 legislatively approved budget, while the General Fund budget of \$35 million is \$830,000 (2.4%) greater for the same period. The 2011-13 legislatively adopted budget is \$2.4 million total funds less than the proposed 2011-13 Governor’s budget, and the General Fund budget is \$2.4 million less for the same period. The only significant reduction for these two divisions, beyond those common to all divisions, is the loss of three forensics positions which will likely result in the closure of the Ontario lab. The agency plans to consolidate the two eastern Oregon labs into one location in the near future. Total savings from both the positions and the lab closure is \$623,934 General Fund. The elimination of the reimbursement payments to counties by the State Medical Examiner first made as part of the 2009-11 allotment cuts are continued. A budget note was approved which instructs OSP to submit a report to the Legislative Fiscal Office which compares the cost, workload and productivity of Oregon’s medical examiner office with its counterparts in contiguous states.

OSP – Fish and Wildlife

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	5,661,682	2,284,067	2,561,574	2,419,963
Lottery Funds	6,669,667	7,223,958	6,680,937	6,653,450
Other Funds	17,336,501	21,036,539	22,221,786	22,313,951
Federal Funds	1,202,679	2,236,341	2,355,836	2,355,099
Total Funds	\$30,870,529	\$32,780,905	\$33,820,133	\$33,742,463
Positions	122	120	119	120
FTE	122.00	119.52	118.50	120.00

Program Description

The primary mission of Fish and Wildlife Division is to assure compliance with laws that protect and enhance the long-term health and equitable utilization of fish and wildlife resources. The officers assigned to this Division also routinely enforce traffic, criminal, boating, livestock, and environmental laws. OSP staff work closely with the Department of Fish and Wildlife (ODFW), the Water Resources Department, and the Marine

Board in the enforcement of their rules. This Division also plays a crucial role in enforcing the requirements under the Oregon Plan in protecting fish habitat and stream bed enhancement. Lottery Funds (Measure 76/66) are specifically dedicated for this purpose.

Revenue Sources and Relationships

This Division receives its primary funding from the Oregon Department of Fish and Wildlife (\$21.3 million Other Funds) based on fish and game license fees. Historically, over 28% of these revenues have been provided to the State Police for enforcement, but its share fell to less than 19% for 2007-09. Other major funding includes:

- Ballot Measure 76/66 Lottery Funds for enforcement of the Oregon Plan (\$6.3 million Lottery Funds)
- Marine Board resources (\$1.7 million Other Funds) for enforcement of boating laws
- Parks and Recreation Department funds for activities on the Deschutes River and for ATV enforcement (\$600,000 Other Funds)
- Department of Environmental Quality payments (\$224,000 Other Funds) for environmental investigations;
- revenue from a fee for shellfish-related enforcement (\$530,000 Other Funds)
- National Oceanic Atmospheric Administration Joint Enforcement Agreements (\$2.2 million Federal Funds)

Budget Environment

The increasing population is creating greater demands for fish and wildlife enforcement and protection services at a time when there is reduced growth in license and tag revenues being transferred from ODFW. The Division's budget was 75% funded from ODFW transfers in 1981-83, falling to approximately 46% in 2007-09. In the meantime, the amount of biennial ODFW license and tag revenue has increased by roughly 100%. This decreased share has been offset by other funding sources such as Lottery Funds, but this has also changed the focus of enforcement. With the recent passage of Ballot Measure 76, the amount of Lottery Funds available to the agency has also decreased reducing the amount available for equipment (e.g., trucks, boats). The increasing population will also create greater demands for recreational use of parks, waterways, wilderness areas, and public lands. This will require further regulation and restriction on the usage of these resources with accompanying demands for law enforcement to ensure compliance.

The Fish and Wildlife Division staff performs basic law enforcement activities beyond their generally assigned responsibilities. They are available to Patrol and other divisions to support their functions. This is a primary reason there has been General Fund in this Division's budget, since these types of activities are beyond the scope of the funding streams from ODFW or the Ballot Measures 76/66 Lottery Funds. Without this funding, the availability of this staff to perform these other functions would be limited.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this division of \$33.7 million total funds is \$962,000, or 2.9%, greater than the 2009-11 legislatively approved budget. The General Fund budget of \$2.4 million is \$136,000, or 6%, larger than the approved 2009-11 budget. The Lottery Funds budget is \$571,000, or 7.9%, less than the 2009-11 budget reflecting the lower amount of resources generated from the Lottery including the impact of the recently passed Ballot Measure 77. There is minimal difference in the 2011-13 budget passed by the Legislature when compared to that proposed by the Governor. One Lottery Fund position is eliminated because of the lower revenues, while two federally funded positions (\$199,452) are continued as limited duration for at least another two years. These two positions perform activities under a contract with the National Oceanic and Atmospheric Administration or NOAA.

OSP – Administrative Services

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	41,144,720	34,421,759	34,680,277	33,768,320
Other Funds	1,347,600	8,088,699	8,128,741	11,941,902
Federal Funds	7,548,241	515,803	420,662	420,662
Total Funds	\$50,040,561	\$43,026,261	\$43,229,680	\$46,130,884
Positions	178	166	167	172
FTE	173.73	165.50	166.50	171.50

Program Description

The Administrative Services Division includes the Office of the Superintendent, financial services, fleet management, labor relations, dispatch, information systems, wireless communications, and other agency-wide support and staff. The training unit of this Division recruits, selects, and retains the sworn workforce.

Revenue Sources and Relationships

Other Funds revenues include grant reimbursement and revenues from limited charges for services. Almost all of the Federal Funds for 2007-09 was the result of the transfer of the criminal justice grant programs that were previously administered in the Criminal Justice Services Division. Starting in 2009-11, these grant programs were transferred to the Criminal Justice Commission.

Budget Environment

The training budget at the beginning of the 2001-03 biennium was \$4.4 million total funds and 17 positions. The 2005-07 budget had only four positions funded for training so it had to rely on other agency staff to augment these training resources. The 2007-09 budget added another four training staff; but, given the training and recruitment activities associated with adding many new troopers authorized by the 2007 and 2009 Legislatures, the unit continued to have to rely on other OSP staff. The 2009-11 budget reduced the training unit by three positions. Without sufficient training resources, staff is challenged to keep pace with changes in the law as well as advances in the technology and science related to law enforcement. The Department of Public Safety Standards and Training (DPSST) requires completion of specified training hours for sworn staff to retain their certification. Since training positions have not been fully funded, OSP has had to use other staff to assist in the training. This takes resources away from direct law enforcement activities. Starting in 2007, OSP has used the 16-week DPSST basic law enforcement training instead of its own recruit school which explains some of the decrease in funding. OSP augments the 16-week course with eight further weeks of training unique to OSP.

Over the past few biennia, OSP has faced significant reductions beyond troopers on the road and criminal detectives. The support functions have also been reduced, often at a rate greater than the core functions of the Department. These support functions include financial services, payroll, personnel-related functions, fleet management, support staff in the field, training, and dispatch in this Division. They also include the communications support staff, and information management system-related staff. The 2005 and 2007 Legislatures added back positions to fill some of this gap, but not to the levels of pre-2001-03.

Legislatively Adopted Budget

The legislatively adopted 2011-13 budget of \$46.1 million total funds is \$3.1 million, or 7.2%, greater than the 2009-11 legislatively approved budget while the General Fund budget is \$654,000 million, or 1.9%, smaller for the same period. Compared to the Governor's 2011-13 budget, the legislatively adopted budget is \$2.9 million total funds, or 6.7%, larger while the General Fund is \$912,000, or 2.6%, less. The increase in total funds is primarily due to the \$1.6 million increase in Other Funds resources to offset General Fund central administrative costs for those programs which rely on Other Funds like Lottery, Oregon State University, and Capitol Mall Patrol units. Other Fund limitation was also increased by \$1.3 million for communications related grants received in previous biennia, but not spent yet; and \$1.8 million Other Funds limitation was added for the information management projects for replacing the Computer Aided Dispatch (CAD) system and the Records Management System (RMS). In addition, just under \$1 million Other Funds was added to this Division's budget from the transfer of five (5.00 FTE) information technology positions from the Office of the State Fire Marshal. The only significant General Fund change to the budget, other than those common to most agency budgets including for employee compensation and the supplemental ending balance, is the offset of \$1.6 million General Fund in central administrative costs with Other Fund resources mentioned above.

OSP – Law Enforcement Information Division

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	7,495,099	5,962,603	6,249,870	8,539,761
Other Funds	9,772,768	14,058,884	14,512,149	11,703,550
Federal Funds	257,067	1,651,402	395,907	2,270,978
Total Funds	\$17,524,934	\$21,672,889	\$21,157,926	\$22,514,289
Positions	102	106	100	100
FTE	100.59	101.00	99.50	99.50

Program Description

The Law Enforcement Information Division has two major responsibilities. First there is the Criminal Justice Information Section which maintains the Law Enforcement Data System (LEDS). LEDS connects law enforcement, criminal justice agencies, and other authorized users to centrally maintained files including data relating to wanted and missing persons, sex offenders, drug manufacturers, stolen vehicles, concealed handgun licenses, criminal records, restraining orders, and offenders under parole or probation supervision. LEDS also operates the Oregon Uniform Crime Reporting Program, which collects, processes, and distributes Oregon crime and arrest statistics; and provides Oregon data to the FBI for the national crime statistics program. The second major function is the Identification Services unit comprised of the Criminal History, Regulatory Compliance, Automated Fingerprint Identification System, and Firearms programs.

Revenue Sources and Relationships

The LEDS program receives Other Funds from charges to user agencies through terminal and other fees charged to agencies using the system (\$600,000). Other major sources of Other Funds revenue is from fees for Identification Services including open records checks of criminal histories, firearms, concealed gun, and employment and licensing background checks (\$9 million).

Budget Environment

LEDS is challenged by possibly not having sufficient staff required to meet the FBI's standards for accessing the National Crime Information Center (NCIC). The program had been at risk of being sanctioned for not meeting the federal standards in the past. One potential consequence of being sanctioned is the loss of access to National Crime Information Center (a valuable tool for law enforcement) and loss of federal grant funds.

The Identification Services unit's core function of maintaining the state's criminal history repository is critical not only to the criminal justice community and law enforcement through positive fingerprint identification of reported arrestees; but to non-criminal justice users such as regulatory agencies making employment and licensing decisions, as well as the public. General Fund has been used in this program to provide sufficient revenue to the central functions of the Section, and to backfill those programs where fee revenue does not provide sufficient revenue (e.g., firearms). The 2009 Legislature reduced the General Fund by \$4.6 million eliminating almost all of the General Fund using various ending balance resources generated from the fees for a one-time backfill. The agency was instructed to return to the 2011 Legislature with an evaluation of its fee structure and what the level of fees would have to be for the entire program to be self sufficient. The agency presented its report along with a proposed fee structure to cover all costs of the unit without relying on any General Fund resources. The 2011 Legislature decided to not to raise fees and continue to rely on General Fund support.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$22.5 million total funds is \$841,000, or 3.9%, more than the 2009-11 legislatively approved budget, while the General Fund budget of \$8.5 million is \$2.6 million, or 43.2%, more for the same period. Relative to the 2011-13 Governor's budget, the adopted total funds budget is 6.4% greater and the General Fund is 36.6% greater. The primary reason for the General Fund growth was the need to replace one-time Other Fund fee related resources with General Fund to avoid having to increase fees for background and other criminal history related checks. The Governor's budget proposed raising fees substantially for most programs in the Identification Services unit. The Legislature did not agree with this proposal; instead relying on limited available cash balances, reductions, and \$3 million of additional General Fund to close the gap. This

postpones the need for fee increases for 2011-13, but additional General Fund resources and/or fee increases will be required for 2013-15 to keep the program operating at adopted 2011-13 levels. The Legislature also added \$1.9 million Federal Funds expenditure limitation for a National Instant Background Check System Act (NARIP) grant for work connected to mental health related checks and the Psychiatric Security Review Board. The Division will also receive a \$200,000 Other Funds grant for equipment to improve the ability to share information with local public safety agencies.

OSP – Gaming

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	263,659	0	0	0
Other Funds	8,029,406	10,339,255	11,144,532	11,144,532
Total Funds	\$8,293,065	\$10,339,255	\$11,144,532	\$11,144,532
Positions	41	42	40	40
FTE	40.88	42.00	40.00	40.00

Program Description

The Gaming Division ensures fairness, honesty, integrity, and security of the Oregon State Lottery and tribal gaming centers operating in Oregon. The State Lottery was established in 1985, and tribal casinos were first authorized in 1993. Since 1993, the Oregon State Athletic Commission (formally the Boxing and Wrestling Commission) has operated from within the Department to ensure the integrity and honesty of boxing and wrestling events.

Revenue Sources and Relationships

The Lottery Commission fully funds the Lottery Security Section services (\$6.6 million). Native American Gaming Tribes fund the Tribal Gaming Section activities (\$3.7 million). The Vendor Investigation Section is funded by both the Oregon Lottery and vendors who conduct business with Oregon's Gaming Tribes (\$800,000). License fees and a gross receipts tax partially fund the Oregon Athletic Commission regulatory activities (\$225,000). Three-fourths of any ending balance for the Oregon Athletic Commission is sent to the Children's Trust Fund; however, the Commission has not had an ending balance during the past few biennia.

Budget Environment

The demand for investigative, oversight, and security services continues to grow due to new contracts and new lottery games and the increased complexity in technology. The Lottery Commission began with one game and now offers approximately 40 scratch-it games per year. Currently, the Division monitors 4,700 lottery retailers and over 12,300 video lottery terminals located at over 2,300 retail video poker locations; conducts background checks on retail contractors, retail employees, and major vendors; and provides weekly oversight of Megabucks, Keno, and Powerball. The number of background checks varies from year to year. For example, in 2000, OSP conducted 475 background checks on retailers and in 2008 there were over 1,600 checks performed.

Currently, there are nine tribal casinos operating over 8,000 slot machines. This is an increase from only 2,600 machines in 1995. Some of the existing casinos are also considering expansions in their gaming centers. Also, the vendors who conduct business with both the Lottery and the Tribes are adding to their business models, often by purchasing subsidiary companies that operate in the area of complex gaming technology. This places an increased demand on the Vendor Investigative Section to stay current in new technologies and to have enough staff to provide the proper investigation and related updates of these companies. The agency has also changed its staffing, from relying less on sworn troopers to increasing the number of financial auditors.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$11.1 million total funds (all Other Funds) is \$805,000, or 7.8% greater than the 2009-11 legislatively adopted budget. There is no change from the budget proposed by the Governor for 2011-13. The Department has had to augment Oregon State Athletic Commission revenues in the past with General Fund to keep pace with costs. The subsidy is in another part of the OSP budget and will likely amount to less than \$20,000 for 2009-11. Depending on the number and size of regulated events, it is likely the agency will have to augment this program's budget again in 2011-13.

The most significant issue for this 2011-13 budget is the increase due to an assessment by the Risk Management Division of the Department of Administrative Services (DAS) of approximately \$800,000 for the Tribal Gaming program. This was a significant increase from the previous biennium and is mainly due to personnel related actions, legal costs, and settlements dating back to incidents in 2005. Since neither the Tribal Governments nor their tribal gaming activities directly caused these costs, there was an issue who should incur these costs. The decision by the Legislature, on which the budget is built, is that the Tribal Gaming Organizations will be assessed for half of the costs while OSP will need to find the resources to pay for the remainder.

OSP – State Fire Marshal

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	58,468	0	0	0
Other Funds	18,948,677	20,888,296	20,991,564	19,995,593
Federal Funds	290,307	502,818	482,818	482,818
Total Funds	\$19,297,452	\$21,391,114	\$21,474,382	\$20,478,411
Positions	78	78	75	70
FTE	76.75	77.25	74.13	69.13

Program Description

The State Fire Marshal is charged with protecting life and property from fire and hazardous materials. It has the following three major program areas:

- **Fire and Prevention Services** which is responsible for fire prevention and investigation, emergency response including the Conflagration Act, administration of the Uniform Fire Code, a clearing house for fire prevention information, and collection of fire incident data. There are 18 Deputy Fire Marshals and supervising Deputy Fire Marshals who serve Oregon communities who choose to not provide their own full-service fire prevention programs.
- **Licensing and Permit Services** which, in coordination with Fire Prevention Services, regulates the storage and use of explosives, fireworks, and liquid petroleum. This unit also administers regulations governing non-retail fuel dispensing.
- **Hazardous Materials Services** which administers the Community Right to Know law, collects and maintains data on hazardous substances, and insures state and local jurisdictions are prepared to respond to incidents. This unit is also responsible for equipping, training, and assisting the 14 Regional Hazmat Response Teams to ensure timely and complete mitigation of hazardous materials incidents. The unit also manages the state's three Incident Management Teams and the Urban Search and Rescue Team.

Revenue Sources and Relationships

The major Other Funds revenue source for the State Fire Marshal is the Fire Insurance Premium Tax (FIPT), which is assessed on insurance companies based on the premiums they collect for property casualty insurance. The current forecast shows available revenues from the FIPT at \$18.5 million Other Funds plus approximately \$2.5 million from a beginning balance. A portion of these FIPT funds are transferred to the Department of Public Safety Standards and Training and to the OSP Criminal Investigation Division, while the remainder is used as the major funding source for State Fire Marshal programs.

Other Funds revenue supporting the State Fire Marshal programs include non-retail fuel dispensing fees (\$650,000) for card lock enforcement, hazardous substance user fees (\$2.9 million) for the Community Right to Know program, and petroleum load fees (\$2.1 million) for the Hazardous Response Teams. The remaining revenue is generated from licenses and permits (relating to liquefied petroleum gas, and fireworks) totaling \$900,000, and from an interagency agreement with the Department of Human Services for fire and life safety inspections of Medicare and Medicaid funded facilities (\$200,000). Federal Fund revenue is from Hazardous Materials Emergency Preparedness grants.

Budget Environment

Based on information from 41 of the 50 states and the District of Columbia from a few years ago, funding sources for state Fire Marshal programs vary significantly. Only six states, including Oregon, rely on a FIPT or similar source to fund all or almost all of their fire prevention programs. Two states rely totally on fees. Fifteen

states, including California, Nevada, and Washington, rely on general funds as their primary funding source. The remaining states included in this information reported a mixture of funding involving an insurance tax like FIPT, fees, or general fund resources.

State Fire Marshal staff assists all but nine of the over 300 fire agencies for prevention or inspections. The state has proportionately fewer staff per capita than local prevention programs. Based on 2008 data, there was one state staff for each 187,000 people in the areas the state covers, while the local agencies range from one to 13,426 in Portland to one to 53,500 in the Tualatin Valley Fire and Rescue service area. State Fire Marshal deputies have been inspecting only the most critical facilities (schools, day care centers, special residential, corrections, flammable tanks, and community target facilities) and they are not always able to inspect them in a timely manner. The number of statewide fire fatalities continues a downward trend from the peak of 90 per year in the mid 1970s to 49 in 2008.

Costs incurred by local fire agencies after the Governor has invoked the Conflagration Act have been first reimbursed by OSP, who has then requested funds from the Emergency Board. Local fire agencies are reimbursed for their actual costs including fuel, wages, and damages that occur during the "call-up." Generally, the federal government pays 75% of the costs of fires on federal lands, which represents the majority of wildfires, and the state pays the remaining 25%. In the past, the Emergency Board has allocated sufficient funding from the general purpose Emergency Fund for the state share, but in 2009-11 these costs (\$407,000) were reimbursed using FIPT. Use of the FIPT for this purpose in future biennia will have to be based on factors including the availability of FIPT resources and the amount of reimbursable fire costs.

Legislatively Adopted Budget

The legislatively adopted budget for 2011-13 of \$20.5 million total funds is just under \$1 million, or 4.3%, less than the 2009-11 legislatively approved budget. The change from the 2011-13 Governor's budget is similar, a 4.6% decrease in total funds. The most significant change in the budget from 2009-11 is the loss of fee revenue for the Community Right to Know program which registers and distributes information on the location of hazardous substances. The budget assumes a loss of \$820,000 Other Funds in fee revenue, and four positions (4.00 FTE) for the program since no fee increase was approved. This will mean certain activities of the program will not be completed and the agency may return to the 2012 legislative session to request a fee increase. The budget for this Division does include a new Compliance Specialist (\$107,427 Other Funds) for the Federal Health Care Survey program funded with FIPT resources to address workload issues and meet federal expectations in follow-up inspections. This budget also transfers five positions (5.00 FTE) and \$989,295 Other Funds to the Administrative Services Division as part of the ongoing consolidation of information technology staff in the agency.

Department of Public Safety Standards and Training – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	10,979,575	11,360,288	11,366,106	10,968,292
Other Funds	36,677,979	35,479,059	35,483,437	33,836,196
Federal Funds	54,635	56,165	57,513	57,513
Total Funds	\$47,712,189	\$46,895,512	\$46,907,056	\$44,862,001
Positions	170	146	143	137
FTE	167.22	143.87	141.79	135.79

Agency Overview

The Department of Public Safety Standards and Training (DPSST) is responsible for developing and maintaining standards for employment and providing training to over 36,000 public safety professionals and volunteers in Oregon through five programs:

- The *Criminal Justice Training and Certification Program* provides training and certification for state troopers, police, sheriff deputies, local and state correctional officers, parole and probation officers, 9-1-1 tele-communicators, and emergency medical dispatchers. Mandated training is set out by statute or rule, and ranges from 16 weeks for the basic police course, five weeks for local correctional officers, four weeks for parole and probation officers (with an additional week for those who carry firearms), two weeks for tele-communicators, and one week for emergency medical dispatchers. DOC trains their own correctional officers.
- The *Fire Training and Certification Program* provides training across the state for professional and volunteer firefighters. This program also certifies firefighters, and accredits fire departments and local training programs that meet minimum requirements.
- The *Private Security Program* provides training, licensing, and certification to private security personnel that meet minimum requirements. There are over 1,000 private security firms and over 16,000 licensed private security providers statewide. The functions of the Board of Investigators were absorbed by this program beginning in 2006. There are approximately 720 active Private Investigator licensees.
- The *Administration and Support Services Program* includes the director's office, business and human resource functions, and information systems. In addition, this area includes the costs of operating the Salem training facility (including food service, housekeeping, operations, and maintenance) as well as the debt service for the new facility.
- The 1999 Legislature established the *Public Safety Memorial Fund* to provide financial assistance to family members of public safety officers who are killed, or are permanently and totally disabled in the line of duty.

The agency has regional offices in five locations – Central Point, Eugene, Bend, Baker City, and Pendleton. The agency has professional trainers on staff, but also relies on part-time trainers who are practicing professionals in their fields.

Total Funds Budget by Program Area

	Criminal Justice	Fire	Private Security	Administration and Support Services*	Memorial Fund
2003-05 Actual	\$11,595,761	\$1,379,562	\$933,915	\$6,683,646	\$168,058
2005-07 Actual	14,083,350	2,596,214	1,290,921	19,536,651	168,073
2007-09 Actual	18,785,046	3,942,830	1,513,393	24,628,628	238,678
2009-11 Legislatively Approved	18,033,535	3,743,466	2,004,278	26,279,374	589,239
2011-13 Legislatively Adopted	17,415,321	3,991,118	2,026,612	23,418,994	245,761

* Debt service is included in the Administration and Support Services program and totals \$11.6 million General Fund for the 2009-11 legislatively approved budget and \$11 million in the 2011-13 legislatively adopted budget.

Revenue Sources and Relationships

The primary revenue source for the *Criminal Justice Training and Certification Program* is the Criminal Fines Account or CFA (formerly the Criminal Fine and Assessment, or CFAA) funded by a variety of fines and

assessments, including the unitary assessment, paid by offenders. Over \$21 million of new CFA resources will be allocated for the entire agency for the 2011-13 legislatively adopted budget with the majority used in this program. There is over \$2.8 million of projected CFA revenue carried forward from the 2009-11 budget. This program is also funded with polygraph examiner licensing fees and miscellaneous revenues (\$17,024), a grant from the Oregon Department of Transportation (\$383,077), and revenue from the 9-1-1 telephone tax (\$497,517) for the 9-1-1 tele-communicators and emergency medical dispatchers training.

The primary revenue source for the *Fire Training and Standards Program* is \$4.4 million from the Fire Insurance Premium Tax (FIPT). This program also receives funding from a Federal Emergency Management Agency (FEMA) grant for training developed by the U.S. Fire Academy (\$57,513). The *Private Security/Investigators Program* is funded primarily with licensing and certification fees (\$2.1 million). The *Administration and Support Services Program* is supported with General Fund for debt service costs; CFA funds for operation of the facility, administrative costs, and housing costs; and inter-fund transfers from programs within the agency to cover their share of common administrative costs. The *Public Safety Memorial Fund* is funded with CFA funds.

Budget Environment

Continued growth in Oregon population and policy changes made by past legislatures has created more demand for public safety training and certification services in recent years. DPSST has over 36,000 "constituents" including over 8,000 law enforcement personnel, over 2,000 parole and probation officers, over 4,600 correctional officers and jailers, over 13,000 fire-related personnel, over 1,000 emergency tele-communicators, and about 17,000 private security and private investigator personnel. Trends or factors affecting the demand for DPSST services include:

- In 2004, Oregon had the second lowest number of full-time sworn state and local law enforcement officers responding to calls per 100,000 residents; Oregon with 176 sworn personnel followed Washington with 174 sworn personnel per 100,000 residents.
- The growth in prison and jail populations, in part because of Ballot Measures, has increased the demand for correctional officer and probation officer training.
- The number of private security staff licensed by DPSST could continue to increase as more commercial and other interests look at private security agencies as alternatives to depending on local law enforcement.
- Regional training continues to be an important component in DPSST's overall curriculum. The law enforcement training program delivered training to over 5,800 students during calendar year 2009 and 7,600 during 2010. The Fire Program provided training to more than 26,000 students during the 2009 and 2010 calendar years.

Even with the increase in the basic law enforcement training to 16 weeks that started in January 2007, Oregon still lags behind other states. Based on data in the International Association of Directors of Law Enforcement Standards and Training 2005 Reciprocity Handbook, the average for police basic training was just under 21 weeks. The composition of the 16-week course has been updated for content (e.g., new court decisions and law changes), as well as how the training is delivered. The expanded curriculum includes greater use of scenarios in the training. Training not provided by DPSST must, in part, be provided by the public safety agencies with their own resources. Many agencies, especially smaller agencies, have very limited training resources.

Spending from the Public Safety Memorial Fund has not kept pace with the amount budgeted to it each biennium. Expenditures for 2003-05 and 2005-07 averaged less than \$175,000. The legislatively approved budget for the Fund for 2007-09 was \$573,326; but the final expenditures for the biennium were \$238,679. The 2009-11 budgeted resources were \$589,239; final spending is estimated at just under \$138,000. The actual limitation for 2011-13 was reduced to \$245,761. There is no way to predict the number officers killed or injured in the line of duty. If this amount is not sufficient, the agency will have to return to the Emergency Board for resources and expenditure limitation.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget for this agency of \$44.9 million total funds is \$2 million, or 4.3%, less than the 2009-11 legislatively approved budget. The difference between the 2011-13 legislatively adopted budget and the Governor's budget for the same period is similar since the Governor's budget was just less than \$12,000 more than the 2009-11 approved budget. The General Fund budget for 2011-13 is \$11 million and is all for debt service on the Salem facility. The only General Fund reduction was the \$397,814 reduction for the 3.5% supplemental ending balance. This will have to be restored or other resources will need to be identified since

the full debt service payment needs to be met. Agency-wide, almost \$900,000 in services and supplies funding and \$1.5 million in employee compensation resources (5.5%) were eliminated, actions taken in almost all state agency budgets. These services and supplies reductions and other reductions outlined below will challenge the agency in meeting its training responsibilities. Those portions of the budget supported by Criminal Fines Account (CFA) revenues represent those areas of the budget with decreases while those areas funded with fees and other revenues (Fire and Private Security) show slight increases.

The Criminal Justice Training and Certification Program’s budget is reduced by over \$600,000 from the 2009-11 budget and by over \$2.3 million from the Governor’s 2011-13 proposed budget. Reductions in the training area include the elimination of an Office Specialist and a Manager position. The elimination of these two positions and a position in the Administration and Support Services unit replace a proposal made in the Governor’s budget to eliminate the three positions responsible for auditing the Department of Correction’s training program for their correctional officers. The Legislature was concerned that, if eliminated, the state certification of these DOC correction officers would be jeopardized. In addition, another Office Specialist position and a student worker position are also eliminated. Total savings from these actions is \$455,539 in CFA funds.

The Legislature reduced CFA funds by \$1 million for providing basic law enforcement training. Based on the resources available in the final 2011-13 legislatively adopted budget, the agency proposes the same number of Basic Police classes as offered in 2009-11. Since it is difficult to predict the number of individuals who will apply for training, the agency will have to continue to monitor the number of applications for training to see if the allocated resources are sufficient to meet the training needs of local and state jurisdictions. The number of Basic Corrections classes has fallen because DOC established their own training program for correctional officers in their employment starting in 2009-11.

	Number of Weeks	Actual 2007-09	Actual 2009-11	2011-13 Legislatively Adopted
Basic Police	16	18	13	13
Basic Corrections	5	21	7	6
Parole & Probation	4	4	2	2

Changes to the Administration and Support Services program area include:

- Elimination of three positions including the Deputy Director, an Executive Assistant position in the Director’s Office, and a Human Resources position, saving a total of \$624,111 in CFA funds.
- Four positions are added to provide custodial services for the Salem facility. During 2009-11, the funding for these services were reduced by approximately 50% and the agency found the long-term upkeep and maintenance of the facility was jeopardized. After an analysis of continued and expanded use of contracted services vs. hiring of four positions, the use of state staff cost slightly less (based on bids of the current contractor) and the agency would have greater control of the maintenance.
- As part of the package to find alternative reductions to the elimination of the DOC audit function proposed in the Governor’s budget (described above), an investigator position responsible for background checks is eliminated.

The budget for the Public Safety Memorial Fund was reduced from \$589,239 in 2009-11 to \$245,761 for 2011-13. While this amount seems like a significant cut, in reality it is line with the amount spent for this program in recent years. There was no additional allocation of CFA funds for the program, but there are sufficient carry-forward of these funds to meet this level of proposed spending. The Legislature made it clear that if additional funds were needed, DPSST could return to the Legislature in 2012 or to the Emergency Board.

Oregon Youth Authority (OYA) – Agency Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	249,785,623	254,140,592	231,658,348	257,469,820
Other Funds	28,127,294	14,669,929	12,816,354	13,173,713
Federal Funds	26,415,309	31,443,386	34,246,428	31,107,231
Federal Funds (NL)	0	1	1	1
Total Funds	\$304,328,226	\$300,253,908	\$278,721,131	\$301,750,765
Positions	1,274	1,195	890	1,152
FTE	1,149.81	1,142.30	819.97	979.76

Note: 2009-11 Legislatively Approved FTE totals may differ from other Legislative Fiscal Office publications due to report timing

Agency Overview

The Oregon Youth Authority (OYA) is a key player in the state's juvenile justice system. Its statutory purpose is to protect the public, hold youth offenders accountable for their actions, and provide adjudicated youth with opportunities for reform. It works closely with county juvenile departments, the judicial system, and district attorneys. Local public safety coordinating councils and commissions on children and families also have responsibility for policy advice and program funding decisions.

OYA provides a balanced continuum of services through a statewide network of facilities, state employees, and contracted community providers. OYA manages out-of-home placement of delinquent youth in foster homes and residential treatment programs; provides parole and probation services; provides funding to counties for juvenile crime prevention, diversion, and transition programs; and operates the state juvenile corrections institutions. OYA operates youth correctional facilities at Woodburn, Salem, Albany, Grants Pass, Tillamook, Warrenton, and Burns; and transition programs in La Grande, Corvallis, Florence, and Tillamook. OYA's facilities and services must address diverse needs for males and females; very young through young adult ages (12 to 25); differing ethnic groups; offenders whose crimes range from behavioral offenses and property crimes to person-to-person crimes such as murder; and mentally ill and developmentally disabled offenders.

OYA's jurisdiction includes youth committed from both the juvenile and adult courts. Youth can be committed to OYA from juvenile court from as young as age 12. There are no mandatory sentences for juveniles whose cases are heard in juvenile court. Youth committed to OYA through adult court are in the legal custody of the Department of Corrections (DOC), but the physical custody of OYA. OYA may keep youth until their 25th birthday, but may transfer offenders committed through adult court back to DOC earlier if they are dangerous or do not apply themselves. Ballot Measure 11 (1994) set mandatory sentences through adult court for juveniles ages 15-17 who are convicted of certain offenses. About two-thirds of the youth in close custody are adjudicated in juvenile court, and about one-third are convicted in adult court on waived or Measure 11 offenses.

Revenue Sources and Relationships

The General Fund supports the major share of OYA's activities and operations. Typically, anywhere from 7% to 10% of the total budget comes from Federal Funds, and about 5% from Other Funds.

Federal Title XIX Medicaid reimbursements pay for part of the cost of out-of-home placements and treatment services, case management services, and services for paroled youth. Federal funding also helps pay for eligible residential treatment services; ineligible room and board costs are supported with General Fund. The budget anticipates continuing revenue from this source, which provides approximately 40% of the funding for residential care and multidimensional treatment foster care providers

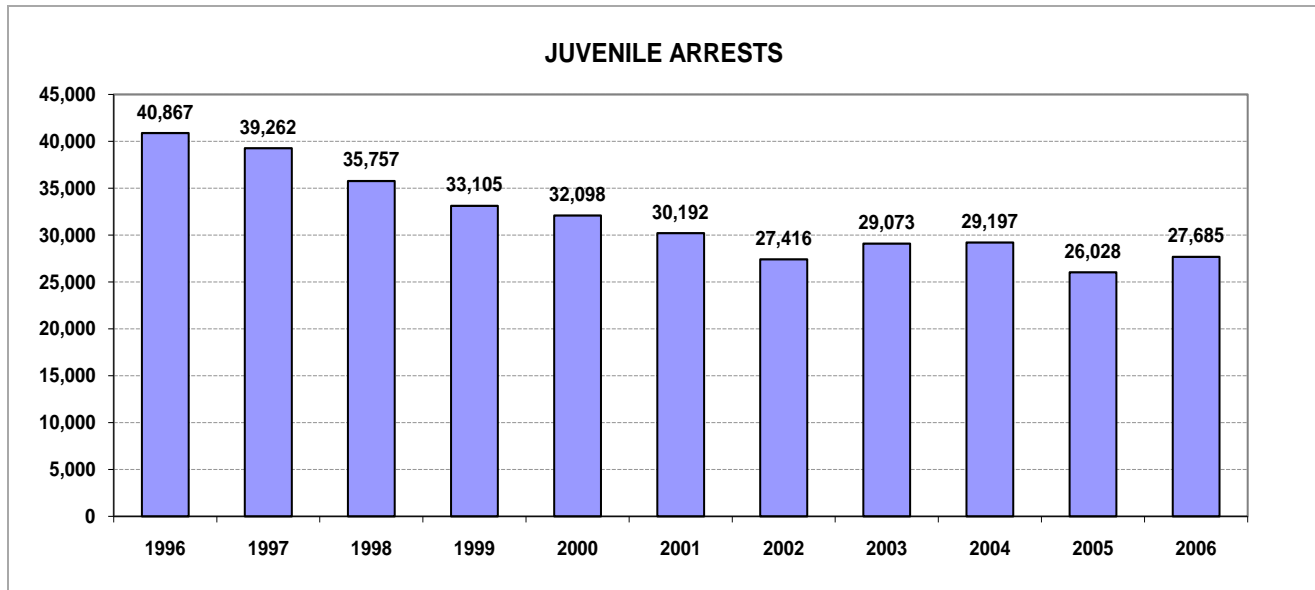
Federal funds for institution operations are very limited. OYA receives \$2.9 million in federal nutrition program funds, and \$0.1 million for Hillcrest's alcohol and drug treatment program. These are recorded as Other Funds.

The largest Other Funds sources are county contracts and youth trust fund reimbursements. The budget includes \$3.6 million Other Funds revenue from counties to operate detention beds and \$7.6 million Other

Funds from child support and other assets of the youth, who are billed for part of the cost of care provided in OYA out-of-home placements.

Budget Environment

As the chart below shows, total arrests for juveniles (excluding curfews and runaways) have primarily trended downward over the last decade. Juvenile arrests in 2006 (most recent data available) are down about 32% from the 1996, which was a historical peak. Over time, person and property crimes have declined while a greater percentage of arrests involve behavioral crimes such as traffic, alcohol, or drug law violations. Prior to 1996, behavioral crimes made up about 33% of juvenile arrests; in 2006, those crimes accounted for 60% of arrests.



The Department of Administrative Services' Office of Economic Analysis (OEA) prepares a semi-annual forecast of demand for close custody and community placements. The forecast projects demand based on the number and characteristics of offenders committed to OYA and those with similar delinquency characteristics who remain in the community, but who could be expected to be committed to OYA, capacity permitting. The close custody forecast includes three major groups: juveniles convicted in adult court under Measure 11 or waived under ORS 419C.340 (also referred to as DOC youth); Public Safety Reserve (PSR) youth committed for certain violent crimes, but too young for Measure 11 to apply; and youth committed for new crimes and parole violations as part of the county discretionary bed allocation. The community placement forecast covers youth committed to OYA and placed in residential treatment or foster care while on probation or parole.

Budget limitations in recent biennia have prevented the agency from operating enough beds to meet the forecasted demand. For example, on July 1, 2010, OYA's budgeted close custody capacity was 900 youth, but the OEA forecast was at 947 youth. The April 2011 forecast indicates close custody demand will increase slightly over the 2011-13 biennium, by about 1%, from 947 youth in July 2011 to 958 youth in July 2013. On July 1, 2010, OYA's budgeted capacity for community placements was 555; OEA forecast demand was 658. Based on its current forecast methodology, OEA expects community placement demand to hold steady at 658 placements through the 2011-13 biennium. The forecast advisory committee is currently exploring a methodology change.

OYA is dependent on General Fund to support core programs. Very limited reductions can be made without serving fewer youth. During the 2009-11 biennium, the agency's proposed allotment reductions brought this issue to the forefront. As a result - and due to concerns about eliminating close custody beds, staff layoffs, and facility closures - the Emergency Board allocated \$5.4 million General Fund (between its September 2010 and December 2010 meetings) to the agency. Early in its 2011 session, the Legislature approved another \$3.2 million General Fund (HB 5050) to continue to protect close custody beds and prevent staff layoffs through the end of the 2009-11 biennium. The additional resources also provided OYA more time to work with the Legislature, Governor, counties, courts, and other partners to develop a plan for reducing services in the 2011-13 biennium.

SB 267 (2003) requires state-funded crime prevention programs and services to reflect scientifically based research and demonstrate cost-effectiveness. The bill applied to certain programs of OYA, the Department of Corrections, the Commission on Children and Families, and mental health and addiction programs in the Department of Human Services. For the 2005-07 biennium, agencies had to spend 25% of the state funds they receive for these programs on evidence-based programs; this proportion increased to 50% in 2007-09, and was set at 75% beginning in 2009-11. OYA operates treatment and intervention programs such as sex offender or drug and alcohol treatment, family based treatment, and transition services, which meet the SB 267 criteria.

Legislatively Adopted Budget

There is less than a 1% change between the 2009-11 legislatively approved budget and the 2011-13 legislatively adopted budget. This flat funding level means the agency will be serving fewer youth. However, the budget is an 8.3% increase over the Governor’s recommended budget; a substantial increase that funds 275 more close custody beds than his recommendation. While close custody caseload projections continue to be underfunded in the 2011-13 legislatively adopted budget, the number of community placements authorized is at the current forecasted level of 658. Under the legislatively adopted budget, close custody capacity is funded at 750 beds, which is about 79% of the average population forecast level for the biennium of 954 beds.

The Legislature also kept direct county funding whole, restoring cuts recommended by the Governor in county Juvenile Crime Prevention funding and maintaining support for gang funding. The budget also includes a \$1.7 million General Fund special purpose appropriation to the Emergency Board to address potential education-related budget issues.

Like other agencies supported by General Fund, the agency’s budget was subject to standard actions taken to balance the statewide budget. These include the elimination of inflation, reductions in state government service charges, a 5.5% across-the-board reduction in compensation, and a 6.5% reduction from total services and supplies expenditures. The agency’s budget was also reduced by \$9.3 million General Fund for its portion of the supplemental ending balance hold back.

Program reductions and other budget adjustments are discussed in greater detail within each section of the analysis, as applicable.

OYA – Facility Programs

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor’s Recommended	2011-13 Legislatively Adopted
General Fund	136,667,083	145,123,928	116,871,753	139,717,869
Other Funds	6,338,703	10,540,965	8,033,355	8,764,447
Federal Funds	106,723	21,367	20,616	20,538
Total Funds	\$143,112,509	\$155,686,260	\$124,925,724	\$148,502,854
Positions	1,008	945	654	910
FTE	896.44	903.51	585.93	740.43

Program Description

OYA operates close custody facilities across the state with varying levels of security and structure and a range of treatment services. The agency runs facilities at MacLaren in Woodburn, Hillcrest in Salem, Grants Pass, Warrenton, Burns, Tillamook, Florence, Corvallis, Albany, and La Grande.

The total of 750 beds budgeted for 2011-13 includes 650 beds in seven youth correctional facilities for more violent offenders; and 100 beds in three formal transition programs to help youth move successfully back into the community. MacLaren is the largest facility, budgeted at 186 beds for males and serving a variety of populations. Hillcrest, budgeted at 154 beds, serves males and handles statewide male intake and parole violator intake assessment activities. Other facilities range in size from 25 to 100 beds, and serve targeted populations such as male sex offenders, male offenders receiving substance abuse services, and female offenders.

The focus in the facilities is on reformation and rehabilitation in the context of public safety and restitution to victims and the community. The facilities provide treatment services, educational programs, and work experience for youth. Treatment, health, and mental health services are provided by OYA employees and by contract with community professionals. Local school districts or education service districts provide education and vocational programs.

Budget Environment

As described above, the Office of Economic Analysis prepares a semi-annual forecast for close custody and community placements. It is clear that the state's current budget environment will not be able to support full funding at the demand forecast level. OYA currently has physical capacity for 1,081 close custody beds, which counts all beds at the permanently constructed facilities, including 50 beds used for county detention programs.

In addition to providing "bed and board" for youth offenders, the facilities provide a wide range of services as needed for physical and dental health, mental health, substance abuse, recreation, education, vocational, and other support needs. OYA uses a standard risk/needs assessment tool to develop individual correctional case plans. OYA reports that over 70% of offenders in its close custody facilities have been assessed as substance-abusive or dependent; about 62% of the males and 74% of the females met the psychiatric requirements for a mental health disorder (excluding conduct disorder).

Females represent only about 7% of the close custody population, but are more likely to have substance abuse or mental health issues than are their male counterparts. To look at these issues, during the 2005-07 biennium OYA convened a Young Women's Work Group. The committee's recommendations include more gender-specific and evidence-based services, and providing services for female offenders in "single-gender" facilities. The February 2008 reopening of Oak Creek facility in Albany allows specialized services for young women.

Legislatively Adopted Budget

The legislatively adopted budget is 4.6% below the 2009-11 legislatively approved budget and 18.9% above the Governor's recommended budget. The budget reflects removal of 150 beds from the agency's close custody budgeted capacity of 900 beds in 2009-11 and will require the agency to downsize and reorganize operations at Hillcrest, MacLaren, and Oak Creek, and the Young Women's Transition Facility (also housed at Oak Creek). No facilities are being closed and the agency is maintaining its statewide presence. The Community Programs budget includes an additional 103 residential placements/community beds, which should help the agency manage the reduction in close custody bed capacity. Lower risk offenders will be moved to residential placements or released.

The 750 close custody beds budgeted should accommodate more serious youth offenders but will limit beds available to counties for lower-level offenders (discretionary bed allocation). Over the 2011-13 biennium, about 300 discretionary beds are expected to be available; the OEA forecast projects demand of 500 beds.

Bed reductions are effective October 1, 2011 and will drive the elimination of 119 positions. While the reductions are concentrated at four facilities, impacts will be felt across the agency as changes may require youth and staff to move between facilities.

The Legislature also set \$1.7 million General Fund in a special purpose appropriation in the Emergency Fund for education related expenses. Education services for eligible youth are supported by the state school fund, while vocational and other educational services for older youth are paid for within the OYA budget. Until bed closures have been completed, the agency will not be able to clearly identify the overall mix (younger versus older) of youth remaining and the type of associated educational services required.

Along with standard statewide budget reductions, the budget includes the elimination of 10 long-term vacant positions; Other Funds revenue previously used to support these positions is no longer available. The match rate on federal Medicaid dollars is adjusted to align with latest federal estimate of 62.7%.

This program unit's proportionate share of the supplemental ending balance hold back is about \$5.1 million General Fund; failure to restore that funding will negatively affect the bed counts and program conditions described above.

OYA – Community Programs

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	73,980,167	68,654,477	76,780,859	80,524,209
Other Funds	3,888,800	3,218,514	3,953,012	3,579,279
Federal Funds	24,946,776	30,151,256	33,065,629	29,895,608
Total Funds	\$102,815,743	\$102,024,247	\$113,799,500	\$113,999,096
Positions	157	151	140	140
FTE	148.18	140.54	138.25	138.25

Program Description

Community Programs provide community-based supervision and services to youth offenders committed to OYA by the juvenile courts. Agency staff designs an individual reformation plan for each youth in OYA's custody. The Community Programs budget includes community residential services and foster care; parole and probation services; individualized community services; and grants to county juvenile departments for diverting high risk youth offenders from OYA placement, juvenile crime prevention, and youth gang services.

Budget Environment

Earlier this decade, statewide funding constraints reduced statewide grants and targeted grants to counties; reduced funding for probation and parole staff; eliminated or reduced funding for residential, shelter, and foster care beds; and reduced other contracted treatment services. Some of these have been restored, but a lack of community resources and limited capacity at regional youth correctional facilities, continue to be on-going challenges for OYA and local communities to manage at-risk youth and offenders effectively.

As of July 2011, OYA had 537 youth in the community on probation, and 485 youth on parole. OYA staff provides case management services to youth on probation, parole, and case planning in facilities, but the agency contracts for a range of other treatment services and residential placements with foster care or Behavioral Rehabilitation Services (BRS) providers.

Rates paid to BRS providers were first established in 1997 and had been updated only for small inflationary increases since that time. Providers have faced a number of operating costs, such as liability insurance and utility costs, that outstrip inflation. At the same time, providers see more youth with greater service needs. For 2011-13, funding and rates continue to be suppressed; the Legislature made a reduction in funding for contracted Behavioral Rehabilitative Services at a level equivalent to a 10% rate cut as a savings target. This change mirrors the adjustment for these same services in the budget for the Department of Human Services. Both agencies will work with the provider community to achieve the savings with a focus on improved management of the beds and expenditures.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget is 11.8% above the 2009-11 legislatively approved budget and 0.2% above the Governor's recommended budget. While the budget does include standard statewide reductions and a decrease in funding for BRS providers, these are masked by increases in the program unit's budget.

About \$19 million total funds (around \$12 million General Fund) was added to the budget to buy an additional 103 beds, bringing the number of funded community placements beds up to 658 for 2011-13. This level matches OEA's demand forecast for community placements, however, that forecast does not account for any increased pressure on these beds resulting from the decrease in close custody bed capacity.

The Legislature restored Governor's budget reductions in county funding; the 2011-13 investment in juvenile crime prevention is set at \$9.3 million General Fund and diversion at \$7.9 million General Fund.

State support for gang prevention, intervention, and enforcement activities in Multnomah County is budgeted at just under \$5 million General Fund, which is a 12% increase from 2009-11 service levels. The amount includes \$1.1 million General Fund specifically designated for the East Metro Gang Enforcement Team.

About \$2.7 million General Fund was added to backfill a temporary increase, affecting the 2009-11 biennium, in the Medicaid match rate under the federal American Recovery and Reinvestment Act of 2009.

This program unit's proportionate share of the supplemental ending balance hold back is \$2.9 million General Fund; failure to restore that funding will most likely have a negative impact on the program investments described above.

OYA – Program Support

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	31,269,565	32,029,892	31,762,900	31,376,604
Other Funds	60,922	910,450	829,987	829,987
Federal Funds	1,361,810	1,270,763	1,160,183	1,191,085
Total Funds	\$32,692,297	\$34,211,105	\$33,753,070	\$33,397,676
Positions	109	99	96	102
FTE	105.19	98.25	95.79	101.08

Program Description

The Program Support unit includes the director's office and OYA's business services, such as accounting, employee services, budget and contracts, and information systems staff and expenditures. It also includes the agency's internal audits office and the Office of Professional Standards, which is an internal investigation function. The operational costs of the statewide Juvenile Justice Information System (JJIS) are part of this budget. Agency-wide costs that are not allocated to other programs, such as insurance premiums and Attorney General costs, are also part of this budget.

Budget Environment

The major cost driver in this budget is intergovernmental service charges, which pay for some shared government functions and pooled costs, such as risk insurance. These costs make up about 25% of the Program Support budget.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget is 2.4% below the 2009-11 legislatively approved budget and 1.1% below the Governor's recommended budget. The budget includes standard reductions in compensation, inflation, services, supplies, assessments, and rates.

Positions are added to align with the caseload growth in Community Programs and about \$200,000 General Fund is included to backfill one-time enhanced federal Medicaid match. The Legislature also added \$55,000 General Fund to determine the feasibility of implementing a Title IV-E federal claiming system for local juvenile justice clients. The federal program funds the costs associated with foster care placements.

This program unit's proportionate share of the supplemental ending balance hold back is \$1.1 million General Fund; failure to restore that funding will most likely have a negative impact on the agency's overall program support and delivery activities.

OYA – Debt Service

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	7,164,625	7,653,121	5,507,436	5,155,518
Other Funds	8,006	0	0	0
Federal Funds (NL)	0	1	1	1
Total Funds	\$7,172,631	\$7,653,122	\$5,507,437	\$5,155,519

Program Description

OYA pays debt service on certificates of participation (COPs) issued through the Department of Administrative Services. COPs have been issued for construction of OYA's regional facilities, fencing, and property transactions. OYA has also paid for Juvenile Justice Information System COPs issued in 1998 and for Hillcrest remodeling COPs related to suicide prevention issues.

Budget Environment

OYA's debt service budget has been supported by General Fund and reflects the estimated cost of debt service on all certificates of participation sold or approved to be sold for the agency.

Legislatively Adopted Budget

The 2011-13 legislatively approved budget is set at a level to cover existing debt; no new debt is included in the budget. General Fund debt service on \$9.2 million of additional COPs issued during the 2009 session (SB 338) is recorded in the Department of Administrative Services (DAS) budget.

This program unit's proportionate share of the supplemental ending balance hold back is \$192,760 General Fund. Since debt service payments are not discretionary, failure to restore that funding will most likely result in an offsetting program reduction elsewhere in the agency.

OYA – Capital Improvements

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	704,183	679,174	735,400	695,620
Total Funds	\$704,183	\$679,174	\$735,400	\$695,620

OYA – Capital Construction

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
Other Funds	17,830,863	0	0	0
Total Funds	\$17,830,863	\$0	\$0	\$0

Program Description

The capital budgets reflect spending on OYA's 79 buildings at 11 locations, which have an estimated \$187.4 million replacement value. Capital Improvement covers land and building improvements, including major repair or replacement, which cost more than \$5,000 but less than \$1 million. Capital Construction projects include land acquisition and new construction or major renovation projects costing \$1 million or more.

Budget Environment

OYA currently has a physical capacity of 1,081 close custody beds; however, the agency is not funded to operate its facilities at full capacity. The regional youth correctional facilities completed in 1997 are in good shape, although maintenance costs are increasing. Most of OYA's other facilities are much older, in generally good repair for their age, but need improvements in safety, security, and functionality.

In 2007-09, OYA received \$8.6 million Other Funds Capital Construction expenditure limitation, funded by revenues from certificates of participation to be issued in the 2007-09 and 2009-11 biennia. Projects supported include \$3.4 million for MacLaren infrastructure needs, \$2 million for the Oak Creek facility, and \$2 million for deferred maintenance needs in OYA's facilities. The Capital Construction spending authority will be available through June 2013.

As part of the 2007-09 state economic stimulus package passed by the 2009 Legislature in SB 338, the agency received authorization to spend an additional \$9.2 million Other Funds in COP revenue for various projects around the state. These include control room and HVAC renovations at Burns, Albany, LaGrande, and Warrenton. Also supported were significant facilities renovations at Albany, Corvallis, Hillcrest, and MacLaren (Woodburn) and the Youth Correctional Facility in Tillamook.

Legislatively Adopted Budget

The 2011-13 legislatively adopted budget includes the elimination of inflation, other standard reductions, and application of the statewide ending balance adjustment. This funding level should be able to cover the most critical projects needed to prevent building or system failure and allow for emergency improvements.