

AGENDA

EMERGENCY BOARD SUBCOMMITTEES

Thursday, September 7, 2000

8:30 a.m.

1. Judicial Department (court facilities and workload)
2. Judicial Department (federal drug court grant)
3. Judicial Department (implementation of technology incentives)
4. Department of Education (IDEA funding)
5. State Treasurer (Tuition Savings Program)
6. Legislative Administration Committee (Gold Pioneer re-gilding)
7. Department of Transportation (motor carrier safety and enforcement)
8. Department of Transportation (highway reallocation plan)
9. Department of Transportation (financial management system)
10. State Board of Accountancy (CPA exam and Attorney General Opinion costs)
11. Department of Consumer and Business Services (Oregon workers' compensation market study)
12. Health Licensing Office (complaint backlog report)
13. State Board of Psychologist Examiners (fee increase report)
14. Department of Administrative Services (Eugene motor pool)
15. Department of Administrative Services (underfunded salary costs)
16. Department of Administrative Services (OHPPR grant application)
17. Department of Administrative Services (compensation plan changes)
18. Commission on Hispanic Affairs (increased Other Funds revenue)
19. Oregon Liquor Control Commission (agent compensation)
20. Oregon Liquor Control Commission (inventory reduction report)
21. Department of Higher Education (campus performance awards)
22. Department of Higher Education (OSU Indoor Practice Facility)
23. Student Assistance Commission (federal funds for Need Grants)

24. Student Assistance Commission (Need Grant report)
25. DHS—Adult and Family Services Division (federal grant application for job retention evaluation)
26. DHS—Adult and Family Services Division (Food Stamp Program changes report)
27. DHS—State Office for Services to Children and Families (Annie E. Casey Foundation grant)
28. DHS—State Office for Services to Children and Families (Chafee Foster Care Independence Program grant)
29. DHS—Office of the Director (SJR 25 report)
30. DHS—Health Division (NEDSS grant application)
31. DHS—Health Division (federal grant applications)
32. DHS—Mental Health and Developmental Disability Services Division (EOTC use of temporary employees report)
33. DHS—Senior and Disabled Services Division (HCFA grant applications)
34. DHS—Vocational Rehabilitation Division (establish positions for anti-fraud unit)
35. DHS—Vocational Rehabilitation Division (federal grant to improve access to One-Stop services for persons with disabilities)
36. Department of Public Safety Standards and Training (federal grant application)
37. Economic and Community Development Department (Joint Interim Task Force on Cultural Development)
38. Housing and Community Services (housing rehabilitation funds)
39. Department of Agriculture/Department of Fish and Wildlife (wildlife damage report)
40. Department of Environmental Quality (Total Maximum Daily Load quarterly report)
41. Department of Forestry (Year 2000 fire season report)
42. Department of Land Conservation and Development (Columbia River Gorge county grant report)
43. Department of Land Conservation and Development (coastal program report)
44. Division of State Lands (Natural Heritage Advisory Council grant)
45. Division of State Lands (local wetland inventory grants)
46. Parks and Recreation Department (land acquisition plan)
47. Parks and Recreation Department (Facility/Prisons Program report)
48. Department of Revenue (ERA payments)

MINUTES OF THE EMERGENCY BOARD

September 8, 2000

State Capitol

Salem, Oregon

Members Present: Representative Snodgrass, Presiding Chair
 Senator Adams, Co-Chair
 Senators Ferrioli, Hannon, Shields, Qutub, Timms, Trow and Yih
 Representatives Hansen, Lewis, Minnis, Montgomery, Ross, Schrader, Simmons
 and Westlund

Members Excused: Representative Winters and Senator Bryant

The meeting was called to order by Representative Snodgrass, Presiding Chair, at 8:45 a.m. in Hearing Room F of the State Capitol.

Minutes

Representative Ross moved that the Emergency Board approve the minutes of the June 23, 2000 meeting, as mailed, and upon hearing no objections it was so ordered.

Oregon Economic and Revenue Forecast

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

1. Judicial Department

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a) and 291.371, allocate \$361,292 from the Emergency Fund established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriation made to the Judicial Department by section 1(1), chapter 323, Oregon Laws 1999, for Gresham night court (\$117,042) and for Marion County court furnishings (\$244,250), and establish six limited duration positions (1.33 FTE) for Gresham night court, with instructions.

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

Marion County Circuit Court Furnishings: The Judicial Department's 1999-01 budget request included a \$219,250 package for furnishings and equipment for courthouse space that Marion County intended to make available during the biennium. The Legislature deferred action on that request until the space was actually available, and directed the Department to return to the Emergency Board. Marion County expects to vacate courthouse space by November 2000. Renovation to convert the

space for court use is beginning now as space is made available, and will continue for several years. The Department will request additional funds to furnish the remaining space in the 2001-03 biennium.

Marion County has converted to a new telephone system. The Marion County Circuit Court operates on the County telephone system. An additional \$25,000 is needed to purchase new telephone equipment to make the Court telephone system compatible with the County system.

Gresham Night Court: ORS 3.014 requires Multnomah Circuit Court to hold court in the City of Gresham for proceedings arising from state traffic offenses and misdemeanors. Since 1997, the number of cases filed per month in Gresham Circuit Court has increased by 42.7 percent. This workload is a result of increased law enforcement activity by the Cities of Portland and Gresham. The court is unable to process this workload in a timely manner, and is developing a backlog of cases to be adjudicated. The Department will use the \$117,042 to establish a night court at the Gresham Court to meet the immediate workload demands. This court would use existing space and equipment, but would require six additional staff (1.33 FTE), including a half-time hearings officer, to work an evening shift.

The Department has been directed by budget note and by the Emergency Board to report on its process for prioritizing staff and other resource allocations to address its workload. The Emergency Board specifically directed, in February 2000, that the Judicial Department provide a comprehensive report on statewide staffing allocations and report back before the next legislative session.

The Subcommittee recommended that these positions be established as limited duration, and that the need for permanent positions be considered during the 2001-03 budget process in the context of total Departmental workload and staffing issues.

The Subcommittee also requested that the Judicial Department include workload growth analysis for trial courts that were allocated additional staff this biennium in the staffing report to the Emergency Board.

Senator Trow's motion carried with no objections voiced. (Representatives Montgomery, Simmons, Minnis and Winters, and Senator Bryant excused)

2. Judicial Department

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b) and 291.371, increase the Federal Funds expenditure limitation established for the Judicial Department by section 4, chapter 323, Oregon Laws 1999, by \$214,163, and establish two limited duration positions (0.76 FTE) for a federal drug court grant from the Drug Court Programs Office, Office of Justice Programs, U.S. Department of Justice.

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

At the February 2000 meeting of the Emergency Board, the Judicial Department received approval to apply for federal grant funds for drug court applications. The Department has been notified that grant funding for the technology applications component of the request has been approved. The grant will provide \$214,163 in the 1999-01 biennium and \$83,161 in the 2001-03 biennium. The funds will be used to purchase Scotia Consulting's "drug Courts PC+" software. The software will enable drug courts to have a single statewide management information system, with a common database for

uniform information reporting. The common database will improve statewide data gathering and will facilitate the reporting of program outcomes, which the Legislature has requested.

The software and equipment purchased with the funds will be used in Multnomah, Clackamas and Yamhill Counties. Crook/Jefferson, Lane, Douglas, Klamath and Josephine Counties currently use this software, and this effort will bring all of the drug courts into the management information system. The two limited duration positions will provide technical support and training on computer applications, the data collection process, and outcome reporting

There is a 25% match requirement on this grant, which will be met through in-kind contributions. The Department will request Federal Funds expenditure limitation in 2001-03 for the \$83,161 that will be remaining on this grant.

The Subcommittee recommended approval of the request.

Representative Schrader's motion carried with no objections voiced. (Representatives Montgomery, Minnis and Winters, and Senator Bryant excused)

3. Judicial Department

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), establish a reservation of \$870,000 in the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, for technology incentives, with instructions.

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

The 1999 Legislative Assembly, in SB 5517, appropriated \$870,000 to the Emergency Board for the technology incentives program. This program charges fees to commercial entities for access to electronic court records. These entities, such as title companies, derive a profit from the sale of court information. The Legislature was concerned that the Judicial Department was not recovering the maximum fee revenues from these entities. A budget note specified that the Department should establish a fee structure that adequately recovers fees and pledged that the Emergency Board would match any projected revenue increase up to a maximum of \$870,000.

The Joint Legislative Committee on Information Management and Technology heard a report on the technology incentives plan. The Committee was concerned about the relationship between commercial and public access to records, and deferred action on the special purpose allocation pending a report on the Department's overall information management strategy. The Department will submit the report at the November 2000 meeting.

Because the special purpose appropriation will revert to the Emergency Fund prior to the next Emergency Board meeting, the Subcommittee recommended that a \$870,000 reservation be made in the Emergency Fund. The Subcommittee also recommended that the Judicial Department be requested to report back to the Emergency Board at its November 2000 meeting.

Representative Lewis' motion carried with no objections voiced. (Representatives Montgomery, Minnis and Winters, and Senator Bryant excused)

4. Department of Education

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326 (1)(b), increase the Federal Funds expenditure limitation established for the Department of Education by Section 3(1), chapter 888, Oregon Laws 1999, Grant-in-Aid, by \$9,783,010, for additional funds received under the federal Individuals with Disabilities Education Act.

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

The U.S. Department of Education allocates Federal Funds to states under the Individuals with Disabilities Education Act (IDEA). To receive this funding, states must ensure that eligible children with disabilities have available to them special education and related services designed to address their unique educational needs. The Oregon Department of Education (ODE) reports that about 12.7 percent of Oregon's K-12 students receive special education services.

The 1999 Legislative Assembly approved an expenditure limitation of \$74,822,168 for IDEA funds received by the ODE to be distributed to local education districts. The Department reported that the federal budget for this program is higher than anticipated during the 1999 session. Based on recent notification by the U.S. Department of Education, the ODE now expects to receive \$84,605,178 for 1999-01, an increase of \$9,783,010. Total funding will be distributed as follows: a) 89 percent for direct services to students (based on a federally prescribed formula); b) 4 percent for building local capacity in areas such as programs for children with challenging behaviors and for the inclusion of special education students in statewide assessments; and c) 7 percent to support local activities such as staff in-service training and implementation of the IDEA and related state laws.

The Subcommittee discussed the costs incurred by school districts in serving special education students, noting that the federal funding is a small portion of the overall funds used for special education.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Senator Trow commented on the relatively small amount of federal funding for federally mandated special education services and the resultant financial burden on school districts, especially those that serve students with high-cost disabilities such as autism. He stated this needs to be kept in mind when the legislature funds schools.

Representative Lewis compared the \$84.6 million in Federal Funds to the State of Oregon's funding of over \$500 million for this program, echoing Senator Trow's remarks on the lack of full financial participation by the federal government.

Representative Lewis' motion carried with no objections voiced. (Representatives Montgomery, Minnis and Winters, and Senator Bryant excused)

5. State Treasurer

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a) and (b) and ORS 291.371, establish for the State Treasurer a General Fund budget category for the Oregon Qualified Tuition Savings Program, allocate \$130,000 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, increase the Other Funds expenditure limitation established for the State Treasurer by section 1, chapter 150, Oregon Laws 1999, by \$25,000, and approve the establishment of one permanent position (0.38 FTE) for the Oregon Qualified Tuition Savings Program, with the understanding that the Department of Administrative Services will unschedule the \$25,000 until the funds are received.

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

The 1999 Legislative Assembly established the Oregon Qualified Tuition Savings Program through Senate Bill 756. The bill also established the Oregon Qualified Tuition Savings Board to develop, implement and maintain the program. The State Treasurer is the board chairperson. Other board members include a member of the State Board of Higher Education, a representative of accredited private colleges and universities, and two public members appointed by the State Treasurer. The State Treasurer and the Department of Higher Education are required to provide staff and assistance to the Board. No General Fund appropriation or Other Funds expenditure limitation was provided in SB 756 or in either agency's budget. The State Treasurer is now requesting one permanent position and an allocation from the Emergency Fund to support the Board and the program.

This item was before the Emergency Board in June and funding was denied. However, the State Treasurer has returned with a request for \$160,000 to implement the program. Discussions with the State Treasurer, Higher Education, and private colleges indicated a true desire to get the program up and running before year-end. The Department of Higher Education has requested allocation of a special purpose appropriation of \$730,000 for campus performance awards. The Department has agreed to accept a lesser amount from the Emergency Board with the understanding that it would not reduce campus awards, but supplement the reduced allocation out of existing reserves. The Department would expect those reserves to be restored through future appropriations. Private colleges have also indicated a willingness to provide start up funds in the amount of \$25,000.

The Subcommittee supports the program. It agreed to reduce the amount allocated to Higher Education for campus awards by \$130,000. The unallocated \$130,000 will revert to the Emergency Fund November 1, thus restoring the \$130,000 allocation recommended here. The Subcommittee also encouraged the State Treasurer to seek funding from private colleges by recommending an increase in Other Funds expenditure limitation of \$25,000, but with the understanding that the funds would be unscheduled by the Department of Administrative Services pending receipt of the funds. The Subcommittee also believed that the additional position is needed for the program. The State Treasurer was comfortable with the Subcommittee's changes to its request. The Subcommittee directed the State Treasurer to return the \$130,000 to the General Fund from future administrative fees on program assets.

The following Committee discussion occurred:

Representative Lewis pointed out that this action would not have been necessary had SB 756 been referred to the Joint Committee on Ways and Means during the 1999 legislative session. SB 756 was not referred to Ways and Means because the estimated fiscal impact was \$50,000, which was below the threshold for referral to Ways and Means.

Representative Snodgrass asked what would happen if private colleges did not provide the \$25,000. The State Treasurer would use only the \$130,000 for the program. Funds deposited into the program could be used by beneficiaries to attend any college or university.

Representative Lewis' motion carried with Senator Yih voting "no". (Representatives Montgomery, Ross, Minnis and Winters, and Senators Bryant and Adams excused)

6. Legislative Administration Committee

Senator Qutub moved that the Emergency Board, acting under authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Legislative Administration Committee by section 19, chapter 910, Oregon Laws 1999, by \$60,000, for re-gilding the Oregon Pioneer statue atop the Capitol.

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

Two primary sources of revenue would fund the re-gilding project. One would be interest earnings in the Gold Pioneer Suspense Trust Account, established in 1984 with the unexpended balance of donations from the previous re-gilding project. This would cover about \$29,000 of the cost. Remaining re-gilding costs (about \$18,000) would come from net profits of the Capitol Gift Shop, which are earmarked in statute for unbudgeted maintenance expenses or enhancement and restoration of the Capitol. Labor costs of close to \$17,000 would be paid from regular operating revenues of the Legislative Administration Committee Facility Services unit. Moving forward with the project now would save approximately \$16,000, since the scaffolding is already in place.

The Legislative Administration Committee could accommodate about \$4,000 of the cost within its existing Other Funds expenditure limitation but requested an additional \$60,000 Other Funds expenditure limitation to cover the remainder of the costs.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Senator Trow reminded committee members that the money in the Gold Pioneer Suspense Trust Account was donated by Oregon school children in 1984.

Representative Snodgrass asked if the Subcommittee had discussed the amount that would be saved by moving forward with the re-gilding project now rather than after the next legislative session. Legislative Fiscal Office staff responded that it would save between \$16,000 and \$17,000.

Senator Qutub's motion carried with no objections voiced. (Representatives Montgomery, Ross, Schrader, Minnis and Winters, and Senators Bryant and Adams excused)

7. Department of Transportation

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Federal Funds expenditure limitation established for the Department of Transportation by section 3(2), chapter 907, Oregon Laws 1999, by \$750,000, for the Motor Carrier Safety and Enforcement Program.

The following is a summary of the request and Subcommittee (General Government) action:

The Transportation Equity Act for the 21st Century (TEA-21) Motor Carrier Safety Assistance Program (MCSAP) provides funds for state enforcement of commercial motor vehicle safety and hazardous materials regulation. The Department of Transportation has been notified by the Federal Motor Carrier Safety Administration that Oregon's Federal Fiscal Year 2001 grant would be higher than the previous years. The Department requires an increase of \$750,000 in its 1999-01 Federal Funds expenditure limitation.

The funds will be applied to increasing the number of commercial vehicle inspections and to purchase inspection equipment. In addition, the Department will increase the number of compensated law enforcement agencies in Yamhill, Marion, and Lane counties.

The Subcommittee recommended approval of the request.

Senator Timms' motion carried with no objections voiced. (Representatives Montgomery, Ross, Schrader, Minnis and Winters, and Senator Bryant excused)

8. Department of Transportation

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.326(1)(d) and 291.371, authorize transfers and increases in Other Funds expenditure limitations and positions per the described schedule, with the understanding that the Department of Administrative Services will unschedule \$251,066,959 identified by the Department as excess limitation.

The following is a summary of the request and Subcommittee (General Government) action:

The 1999 Legislatively Adopted Budget for the Oregon Department of Transportation created 10 new highway expenditure limitation categories. At the time the budget was adopted, the Oregon Department of Transportation had estimated contract payments for the corresponding program expenditure limitation areas on the best information available. This included estimates based on projects underway and projects in the draft 2000-03 Statewide Transportation Improvement Plan. Implementation of the adopted 2000-03 Statewide Transportation Improvement Plan, refinement of program area definitions, and experience in actual program charges indicates a shift of staff and financial resources is needed. The reallocation plan accommodates project development and contract payment schedules for approved projects in the corresponding program expenditure limitation areas, as well as insuring accurate and consistent expensing of program charges and reports.

Because the Oregon Department of Transportation is unable to use the expenditure limitation authorized for Measure 82 and other unrealized revenues, the Subcommittee recommended this expenditure limitation, totaling \$251 million, be unscheduled.

OREGON DEPARTMENT OF TRANSPORTATION 1999-2001 REALLOCATION PLAN
September 2000

<u>Program Area</u>	<u>1999 ORS Reference</u>	<u>Fund Type</u>	<u>Adjustments to Legislatively Approved</u>	<u>No. Pos.</u>	<u>FTE Change</u>
Preservation program	chapter 907, section 2(2)	Other Funds	\$ (11,000,000)	(134)	(157.03)
Bridge program	chapter 907, section 2(3)	Other Funds	\$ (15,000,000)	(78)	(78.44)
Highway safety program	chapter 907, section 2(4)	Other Funds	\$ 3,000,000	(52)	(52.56)
Operations program	chapter 907, section 2(5)	Other Funds	\$ 14,000,000	156	150.13
Modernization program	chapter 907, section 2(6)	Other Funds	\$ 80,000,000	(133)	(131.12)
Highway planning & research	chapter 907, section 2(7)	Other Funds	\$ 8,000,000	15	16.14
Special programs	chapter 907, section 2(8)	Other Funds	\$ (5,000,000)	322	343.94
Emergency relief program	chapter 907, section 2(9)	Other Funds	\$ 3,000,000	(7)	(6.71)
Local government program	chapter 907, section 2(10)	Other Funds	\$ (77,000,000)	(89)	(84.35)
TOTAL			-0-	-0-	-0-

Representative Hansen's motion carried with no objections voiced. (Representatives Montgomery, Ross, Schrader, Minnis and Winters, and Senators Bryant and Qutub excused)

9. Department of Transportation

Senator Timms moved that the Emergency Board acknowledge receipt of a report on the financial management system.

The following is a summary of the request and Subcommittee (General Government) action:

The 1999 Legislative Assembly adopted Senate Bill 614 and a budget note requiring the Oregon Department of Transportation to investigate the implementation of an integrated financial management, control, and reporting system and report to the Emergency Board by September 2000.

The Oregon Department of Transportation contracted with PricewaterhouseCoopers (PwC) to investigate longer-term system options. The investigation found that Tennessee, Maryland, and Michigan all have statewide systems similar to Oregon's Statewide Financial Management System, but that their transportation departments maintain separate financial systems. Out of 26 states surveyed,

eight transportation departments are implementing Enterprise Resource Planning initiatives, and 22 states are planning statewide Enterprise Resource Planning systems.

The Oregon Department of Transportation reports that the next steps will be to:

- complete further analysis of the options to Implement an Enterprise Resource Planning initiative, Transition to Oregon's Statewide Financial Management System, and Acquire the Maryland Department of Transportation's R*Stars Financial System;
- develop cost-benefit risk analysis;
- developing implementation and funding strategies; and
- recommend a decision.

The Subcommittee recommended approval of the request.

Senator Timms' motion carried with no objections voiced. (Representatives Montgomery, Ross, Schrader, Minnis and Winters, and Senators Bryant and Qutub excused)

10. State Board of Accountancy

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the State Board of Accountancy by section 1, chapter 8, Oregon Laws 1999, by \$162,121, for increased costs of administering the Uniform CPA Examination and for additional Attorney General costs.

The following is a summary of the request and Subcommittee (General Government) action:

One of the Board of Accountancy's responsibilities is administration of the Uniform Certified Public Accountancy Examination for a fee. That fee covers all costs of administering the exam. Because of a January 1, 2000 statutory increase in the minimum education requirement to sit for the exam, an unprecedented number of persons took the examination in November 1999. Revenues generated from the examination fees are sufficient to cover the costs of administering the exam. However, the Board lacks sufficient expenditure limitation to pay for the increased number of examinations administered. It requested \$152,349 additional expenditure limitation to pay for those costs.

Certified Public Accountants (CPAs) in Oregon are prohibited from paying or receiving commissions to obtain clients, or for referring the products or services of others to clients. The Board has received numerous requests from CPAs and the public to determine whether specific business and fee arrangements were subject to the prohibition. In response to the increased number of requests and the diversity of issues, the Board sought a formal Attorney General's Opinion to clarify the parameters of the statutory prohibition against commissions. The Attorney General billed the Board \$9,772 for the opinion. The Board has \$19,000 available from fines and penalties to pay for the Attorney General cost and is requesting \$9,772 additional expenditure limitation to cover this unplanned expenditure.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Snodgrass commented on the \$9,772 cost of an Attorney General Opinion.

Representative Simmons' motion carried with no objections voiced. (Representatives Montgomery, Schrader, Minnis and Winters, and Senators Bryant and Qutub excused)

11. Department of Consumer and Business Services

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Department of Consumer and Business Services by section 1, chapter 404, Oregon Laws 1999, by \$150,000, for a study of the workers' compensation market in Oregon, request the Department of Administrative Services to unschedule the funds until the limitation is needed, and attach the statement of work for the study to the permanent record of the Emergency Board.

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

The House Revenue Committee has requested a study of the workers' compensation market in Oregon. The Secretary of State Audit Division will conduct the study. It will evaluate the competitiveness of the market and the contractor will report on the outcome to the House Revenue Committee and appropriate substantive committees.

The Department of Consumer and Business Services will not be a participant in the study. However, funding for the study will come from the Workers' Compensation Premium Assessment collected by the Department. The cost of this study will be approximately \$150,000. The Department of Administrative Services is requested to unschedule the funds until they determine if additional expenditure limitation is needed.

The Subcommittee discussed concerns about the impetus for the study, and recommended that the statement of work for this study be attached to the Emergency Board record, to ensure that the goals of the study are met.

The following Committee discussion occurred:

Representative Snodgrass commented that workers' compensation insurance will be a volatile issue for the next legislative session. The study will provide information to help with the issues.

Senator Trow commented on the value of the information from the study, and the need to consider all aspects of the system, including employers, insurers and employees, in addition to evaluating the competitiveness of the market. Market conditions are only one part of the equation. He discussed the history of the workers compensation insurance market and suggested that the legislature needs to keep that history in mind as it considers changes to the system.

Senator Qutub's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Timms, Bryant and Shields excused)

12. Health Licensing Office

Representative Westlund moved that the Emergency Board acknowledge receipt of a report on the backlog of investigations and inspections, and deny the establishment of one permanent full-time position (0.38 FTE).

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

The 1999 Legislative Assembly directed the Health Licensing Office by budget note to submit a report to the Emergency Board about the status of the inspection backlog. The Health Licensing Office's Legislatively Adopted Budget added two new investigator positions due to an increase in the number of compliance cases and inspections. One of the new positions is limited duration and located in Bend. The Office requested to make this a permanent position.

Over the past four years, the number of complaints filed with the Office has increased by 149 percent. For the same period, agency investigations increased by 19 percent. Currently there are 126 open complaints in various stages of investigation.

The Subcommittee recommended that receipt of the report be acknowledge but that the request for a permanent position be denied. The Subcommittee concurred with the Legislative Fiscal Office recommendation that consideration of the position be part of the budget process in the next legislative session.

Representative Westlund's motion carried with no objections voiced. (Representatives Montgomery, Schrader, Minnis and Winters, and Senators Bryant, Qutub and Shields excused)

13. State Board of Psychologist Examiners

Senator Hannon moved that the Emergency Board acknowledge receipt of a report on a proposed fee increase.

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

According to ORS 675.115, the State Board of Psychologist Examiners may change its fee structure with prior approval of the Department of Administrative Services and a report to the Emergency Board. The last fee increase by the Board was in 1992. Last biennium the Board anticipated the need of a fee increase during the 2001-03 biennium. However, due to revenue shortfalls and a lower than estimated beginning balance, the need for a fee increase is now more urgent.

The Board is estimating that under the current fee structure and approved expenditure limitation, the current biennium ending balance would be (-)\$15,496. It appears that the actual number of license renewals, initial licenses, and examinations will be short of estimated numbers used in development of the Board's budget.

With the increase, the Board will be able to cover current budgeted expenditures and maintain approximately three months ending balance. The Department of Administrative Services approved the proposed fee increase on August 16, 2000. The increase is scheduled for implementation on October 15, 2000.

The Subcommittee recommended approval of the request and suggested the Board provide a written explanation to all licensees regarding the need for a fee increase.

Senator Hannon's motion carried with no objections voiced. (Representatives Montgomery, Schrader, Minnis and Winters, and Senators Bryant, Qutub and Shields excused)

14. Department of Administrative Services

Senator Ferrioli moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds Capital Construction expenditure limitation established for the Department of Administrative Services by section 1(7)(f), chapter 624, Oregon Laws 1997, by \$675,000, for construction of a state motor pool in Springfield.

The following is a summary of the request and Subcommittee (General Government) action:

The 1997 Legislative Assembly approved replacement of the existing motor pool in Eugene. The Department of Administrative Services (DAS) acquired land suitable for the motor pool in Springfield, and requested additional limitation to construct the facility. The facility will not only house the motor pool, but will be used to provide fuel and service to Lane Transit vehicles through a partnership between Lane Transit and the motor pool. Because of the length of time needed to finalize the land purchase and construction revisions needed to service the Lane Transit vehicles, revised project costs are now \$3.4 million. DAS' request will provide a total of \$3.8 million expenditure limitation for the project. The \$400,000 difference is due to the acquisition of more land than needed for the motor pool to accommodate a planned Springfield Driver and Motor Vehicle Division (DMV) office.

The Department of Transportation has since canceled plans for the new DMV office – leaving DAS with excess land at a cost of \$400,000. If the excess land is not needed for future use, DAS expects to sell it and deposit those funds into the Capital Projects Account for future projects. DAS informed the Subcommittee that the University of Oregon has expressed interest in the Eugene motor pool site. The Subcommittee was informed that the sales price would be established by an independent appraisal. Net proceeds from the sale of the Eugene site will also be deposited into the Capital Projects Account.

The Subcommittee recommended approval of the request.

Senator Ferrioli's motion carried with no objections voiced. (Representatives Montgomery, Schrader, Minnis and Winters, and Senators Hannon, Bryant and Qutub excused)

15. Department of Administrative Services

Senator Timms moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$114,173 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriations made to the Columbia River Gorge Commission by section 1, chapter 408, Oregon Laws 1999, by \$26,233; the Department of Land Conservation and Development by section 1(1), chapter 896, Oregon Laws 1999, Operations, by \$68,752, and by section 1(3), chapter 896, Oregon Laws 1999, Landowner Notification, by \$1,297; the Oregon Disabilities Commission by section 1, chapter 77, Oregon Laws 1999, by \$3,135; and the Land Use Board of Appeals by section 1, chapter 242, Oregon Laws 1999, by \$14,756, for salary and benefit increases implemented but for which funding was not provided.

The following is a summary of the request and Subcommittee (General Government) action:

The 1999 Legislative Assembly appropriated \$40 million to the Emergency Board to finance 1999-2001 compensation plan changes. When the \$40 million was allocated to agencies in February 2000, it was found that it funded 52 percent of the General Fund portion of agencies' negotiated costs. Agencies were instructed to fund the additional 48 percent by holding vacant positions open and through other cost cutting measures. Three state agencies and the Columbia River Gorge Commission have now requested additional funding to cover compensation plan changes. Consistent with the allocation of the \$40 million, the requests were combined and presented by the Department of Administrative Services.

The Subcommittee reviewed the request, and concerns were expressed about the Columbia River Gorge Commission, its actions, and its legal costs. However, the Subcommittee also acknowledged the commitment of the Emergency Board to provide gap financing of salary adjustments to those agencies that, through no fault of their own, could not hold open vacant positions or reduce other expenditures sufficient to pay the underfunded salary costs.

Senator Timms' motion carried with no objections voiced. (Representatives Montgomery, Schrader, Simmons, Minnis and Winters, and Senators Hannon, Bryant and Qutub excused)

16. Department of Administrative Services

Senator Yih moved that the Emergency Board, acting under the authority of ORS 291.375 and ORS 291.326(1)(c), approve, retroactively, the submission of an application for a U. S. Health Resources and Services Administration grant, and establish a \$1,002,611 Federal Funds expenditure limitation for the Department of Administrative Services Office for Oregon Health Plan Policy and Research, with the understanding that the Department of Administrative Services will unschedule the funds pending receipt of the grant, and the Office for Oregon Health Plan Policy and Research will provide the Legislative Fiscal Office with a copy of the final report on grant research results.

The following is a summary of the request and Subcommittee (General Government) action:

The Office for Oregon Health Plan Policy and Research submitted a grant application to the federal Health Resources and Services Administration in July 2000. The Office informed leadership

that it had submitted the grant request and that it failed to seek Emergency Board approval to apply for the grant at its June meeting. It attributes this oversight to the arrival of a new administrator and staffing changes made after his arrival.

The grant request is for the federal fiscal year beginning October 1, 2000. If the Office is awarded the grant, it will conduct research designed to provide data so that approaches to universal health coverage can be evaluated and potential strategies to pursue such coverage can be identified. The grant has a finite life, a required deliverable product and will require no new permanent FTE. The Department has no existing Federal Funds expenditure limitation so it is requesting the Emergency Board to establish one for the entire amount of the grant request. If awarded, the grant will extend three months beyond the end of the biennium and expenditure limitation cannot extend beyond June 30, 2001.

The Subcommittee believed that failure to seek Emergency Board approval prior to submission of the grant was a genuine oversight resulting from staffing changes within the Office, and recommended retroactive approval of the grant submission. Since the grant will be used only nine months this biennium, the Subcommittee also recommended establishing a Federal Funds expenditure limitation of 80 percent of the grant request (\$1,002,611) with the understanding that the Department of Administrative Services will unschedule the limitation pending award of the grant. The Subcommittee also believed a copy of the final report would be of use to the Legislative Fiscal Office and recommended the Office provide one when the project is complete.

The following Committee discussion occurred:

Representative Snodgrass asked if leadership had been advised of the grant application and was informed that leadership was informed by letter in July 2000.

Senator Yih's motion carried with no objections voiced. (Representatives Montgomery, Simmons, Minnis and Winters, and Senators Bryant and Qutub excused)

17. Department of Administrative Services

Representative Hansen moved that the Emergency Board, acting under the authority of ORS 291.371 acknowledge receipt of the Department of Administrative Services' report on compensation plan changes.

The following is a summary of the request and Subcommittee (General Government) action:

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

The following changes are reported:

SECTION A – Deletes ten obsolete classifications from the compensation plan

1999-01 cost – None

SECTION B – Effective July 1, 2000, implements a revised classification Fish and Wildlife Tech 1 (C8320) in the Classified Unrepresented plan from SR 13 (\$1,556-\$2,127) to SR 15 (\$1,696-\$2,337)

1999-01 cost – \$28,788 GF, \$16,724 OF, \$71,892 FF

SECTION C – Increases the salary range of Suprv Deputy St. Fire Marshal (X5562) in the Management Service plan from SR 28 (\$3,215-\$4,524) to SR 29 (\$3,371-\$4,747) effective August 1, 2000

1999-01 cost – \$9,199 OF

SECTION D – Effective July 1, 2000, revises three classifications at evaluated salary ranges in the plans of four bargaining units as follows

Association of Engineering Employees (AEE)

<u>Class</u>	<u>Salary Range</u>
2510 Electronic Publishing Design Specialist 1	SR 17 (\$1,809-\$2,590)
2511 Electronic Publishing Design Specialist 2	SR 21 (\$2,199-\$3,150)
2512 Electronic Publishing Design Specialist 3	SR 23 (\$2,424-\$3,475)

American Federation of State, County and Municipal Employees (AFSCME) in the Department of Environmental Quality and Department of Consumer and Business Services, Building Codes Division (two plans)

<u>Class</u>	<u>Salary Range</u>
2510 Electronic Publishing Design Specialist 1	SR 17 (\$1,827-\$2,563)
2511 Electronic Publishing Design Specialist 2	SR 21 (\$2,208-\$3,098)
2512 Electronic Publishing Design Specialist 3	SR 23 (\$2,431-\$3,410)

Oregon Public Employees Union (OPEU)

<u>Class</u>	<u>Salary Range</u>
2510 Electronic Publishing Design Specialist 1	SR 17 (\$1,882-\$2,604)
2511 Electronic Publishing Design Specialist 2	SR 21 (\$2,268-\$3,145)
2512 Electronic Publishing Design Specialist 3	SR 23 (\$2,485-\$3,451)

1999-01 Cost – \$52 GF, \$18,072 OF, \$5,515 FF

Senator Yih asked the Department of Administrative Services to provide her with information on the number and gender of employees in the various bargaining units because of the differences in pay noted.

The Subcommittee recommended approval of the request.

Representative Hansen's motion carried with no objections voiced. (Representatives Montgomery, Simmons and Winters, and Senators Bryant and Qutub excused)

18. Commission on Hispanic Affairs

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Commission on Hispanic Affairs by section 2, chapter 688, Oregon Laws 1999, by \$37,562, with the understanding that the Department of Administrative Services will reschedule \$42,638 in existing Other Funds limitation, to allow the agency to spend additional revenues on expanded programs.

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

The Commission on Hispanic Affairs has expanded its revenue-generating Spanish Language Course program significantly. This program offers Spanish language instruction to state agency employees to help them improve their services to Spanish-speaking clientele. Agencies pay either \$2,000 per class (which generally accommodates 15 students) or \$150 per student to the Commission for the course offerings.

The Commission uses the revenues generated from this program to fund a number of activities. Approximately half of the revenue is used to pay the instructors in the Spanish Language Course program itself. The remaining funds support a number of other Commission programs, including English as a Second Language (ESL) classes, Spanish pre-school classes, and the annual Latino Youth Summit. These other programs do not generate revenues and their expenses are covered with revenues received from the Spanish Language Courses.

The Commission requested an \$80,200 Other Funds expenditure limitation increase to allow it to spend the revenues from its expanded Spanish Language Course program to meet both the costs of expanding that program and the costs of the agency's other program offerings. The Subcommittee, however, reduced the limitation increase to \$37,562, with the understanding that the Department of Administrative Services (DAS) will reschedule \$42,638 of Other Funds expenditure limitation already approved for the agency. These actions will provide the agency with the additional \$80,200 of spending authority that it seeks to operate its Other Funds programs. The rescheduled limitation had originally been approved for a community education program on search and seizure laws. The Commission has not received any funds for this purpose, however, and has dropped plans to do so this biennium.

The Subcommittee requested DAS to reschedule this limitation to support the agency programs that are funded by Spanish Language Course revenue. The agency will not use the limitation to hire additional personnel for the community education program as had been originally intended.

The following Committee discussion occurred:

Representative Lewis commended the Commission for raising operating funds through its Spanish Language Course program. She also noted that the Commission will pursue the community education program on search and seizure laws without seeking additional funds for it.

Senator Trow stated that he is pleased that the Commission is able to provide a very important service—helping state agency workers improve their Spanish language skills.

Representative Schrader's motion carried with no objections voiced. (Representatives Westlund, Montgomery, Simmons, Minnis and Winters, and Senators Bryant and Qutub excused)

19. Oregon Liquor Control Commission

Senator Ferrioli moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(2), chapter 644, Oregon Laws 1999, by \$2,209,309 for agents' compensation.

The following is a summary of the request and Subcommittee (General Government) action:

The Oregon Liquor control Commission appoints agents to operate liquor stores for the state of Oregon. Those agents are compensated by a percentage of sales volume the liquor stores produce. The 1999-01 Legislatively Adopted Budget established the agent's compensation expenditure limitation based on 8.54% of estimated liquor sales revenues.

Actual sales for the first 12 months of this biennium are higher than forecasted and the agency now estimates sales for the biennium will reach \$477,176,134. Maintaining agent compensation at the 8.54% level as intended by the Legislature results in the need for a \$2,209,309 increase in limitation over the current budget.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Schrader expressed concern about tying agent's compensation to a percentage of sales, pointing out a discord in creating an incentive for agents to sell more liquor to receive more money and in regulating consumption. Representative Schrader further suggested that a discussion of the public policy around this issue be visited during the next legislative session.

Senator Ferrioli explained the dual role of the Oregon Liquor Control Commission is to maximize the generation of revenues for the General Fund and of temperance. He also pointed out that package store sales account for the major share of sales volume.

Representative Lewis and Senator Shield concurred with the sentiments of Representative Schrader, pointing out the difficulty in establishing a balance between the two missions of the agency.

Senator Trow pointed out that the expenditure limitation is based on an estimate of the sales volume, which is adjusted during the biennium if sales exceed the estimates. Representative Snodgrass pointed out that the issue would not be before the Emergency Board if the estimates during the budgeting process were more accurate.

Senator Hannon stated that the role of the Oregon Liquor Control Commission is not dual—the role is temperance. The sale of liquor reflects the legislature's addiction to alcohol, like the lottery as

an easy source of revenue. The generation of revenue is offset by other costs of government created by the sale of liquor including family abuse, alcohol addiction, and other criminal activity.

Senator Ferrioli's motion carried with no objections voiced. (Representatives Westlund, Montgomery, Simmons, Minnis and Winters, and Senators Bryant and Qutub excused)

20. Oregon Liquor Control Commission

Senator Ferrioli moved that the Emergency Board acknowledge receipt of a report on inventory reduction.

The following is a summary of the request and Subcommittee (General Government) action:

The Oregon Liquor Control Commission was instructed in a budget note to report on the results of the agency's recommendation to trim its liquor inventory at the state distribution center warehouse and excess inventory in liquor stores to achieve cost savings of approximately \$2.9 million.

The Commission reports that changes in its business practices have resulted in inventory reductions amounting to \$1.4 million in savings the first year of the biennium. The Commission advises that increases in liquor costs due to inflation, the addition of three new retail stores, and increases in per capita sales are likely to prevent achieving the estimated savings of \$2.9 million. The Commission continues to pursue efficiencies with improved warehouse and store product inventory turnover, as well as improved space utilization in the warehouse and liquor stores to achieve the cost savings goal.

The Subcommittee recommended approval of the request.

Senator Ferrioli's motion carried with no objections voiced. (Representatives Westlund, Montgomery, Simmons, Minnis and Winters, and Senators Bryant and Qutub excused)

21. Department of Higher Education

Representative Lewis moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$600,000 from the special purpose appropriation made to the Emergency Board by section 3(1)(a), chapter 899, Oregon Laws 1999, for additional funding for state institutions of higher education that successfully meet performance targets, to supplement the appropriation made to the Department of Higher Education by section 1, chapter 899, Oregon Laws 1999, for support of education and general services of higher education, to fund campus performance awards.

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

Last session, the Legislature appropriated \$730,000 of General Fund for campus performance awards as an element of the Oregon University System's new budget model. These funds were to be used to reward campuses that successfully meet performance targets. The Oregon University System (OUS) developed a proposal and requested allocation of these funds.

The awards would be distributed based on how campuses performed relative to two measures: the number of new Oregon students they enrolled, and the rate at which they retained freshmen students into the second year of study. OUS believes that all campuses performed sufficiently well to receive awards for both measures. They would distribute approximately 95% of the funds to campuses based on their levels of fundable enrollments, with the remaining 5% being split between Oregon State University and Southern Oregon University to award exceptional performance. Award amounts to each campus are shown in the table below:

Campus Performance Awards			
Campus	For Meeting Target	For Exceeding Target	Total Award
EOU	\$29,631		\$29,631
OIT	\$26,441		\$26,441
OSU	\$185,474	\$19,607	\$205,081
PSU	\$173,759		\$173,759
SOU	\$52,071	\$19,607	\$71,678
UO	\$172,068		\$172,068
WOU	\$51,343		\$51,343
Total	\$690,786	\$39,214	\$730,000

Although Subcommittee members had concerns about the OUS proposal, they did recommend funding the awards since the proposal is consistent with the purpose for which the Legislature appropriated the funds. Subcommittee members expressed concerns, however, about the performance measures chosen, the targets set, and the distributing of most funds on a per-student basis rather than on a performance basis. Because of these concerns they directed OUS, if it requests this type of funding in the future, to specify its proposed targets and criteria for awarding performance funds during the next legislative session.

The Subcommittee recommended reducing the requested allocation by \$130,000 to provide a total of \$600,000. OUS has agreed to sacrifice this amount of funding to free up Emergency Funds to finance the start-up costs of the Oregon Qualified Tuition Savings Plan. OUS will substitute \$130,000 from its central reserve funds to permit a total of \$730,000 to be awarded to campuses, with the hope that these funds will be restored in its next biennial budget.

The following Committee discussion occurred:

Representative Lewis stated that the Joint Legislative Audit Committee would review the new Higher Education budget model at its next meeting. She stated that she believed that a newspaper article had mischaracterized the Subcommittee's discussion of the request. The performance measures are new, but ultimately OUS needs to be more aggressive in their targets.

Representative Schrader declared that although he strongly supports higher education, he was totally disappointed that OUS would come in with this type of proposal, which gives money for poor performance and includes negative improvement targets. He stated that it is not right to give performance money in this manner, although the two outstanding performers deserve commendation for actually achieving improvement. He put OUS on notice that he would like to look at its entire budget on a performance basis, and that he will not support funding this request.

Senator Timms noted that the Joint Legislative Audit Committee learned that the Oregon Institute of Technology received a 0.5% budget decrease last year. He indicated that he is impressed with OIT and that it was wrong for them to have a funding decrease. OUS should do a better job.

Senator Trow concurred with Representative Lewis and stated that the Subcommittee sent a message that was not what it was thinking. This proposal was done as well as it should have been, but there are a lot of good things happening in higher education because of better funding. He also stated that it will be difficult to measure performance from any agency since it is difficult to measure quality by quantities. On balance, the Department does a very good job and it is good that more students are being served.

Representative Hansen noted that there would be a time lag between funding increases and measures of accomplishment, and that we are now observing just the first initial snapshots. He stated that we would need to look over a four-year period to review the true impact.

Representative Ross remarked that the criticisms of this proposal reflect the concern and support that the Legislature has for higher education.

Senator Ferrioli urged the Emergency Board to look at real indicators and stated he was not surprised at Eastern Oregon University's lower numbers given the state of the economy there. He also stated that he did not know if throughput is a true measure of performance in higher education.

Representative Schrader believes that this proposal does not bode well for Oregon students. It infers that we expect 20% to 40% of students to drop out. This is a failure, not a success. The system must accept responsibility for failure too. Voting "yes" on this request sends a poor message to other agencies.

Senator Adams indicated that he is very supportive of higher education funding but that Representative Schrader has good points. He stated that the funding proposal is stupid, and that the Legislature should hold OUS accountable next session. It will take time for accountability to occur.

Representative Snodgrass asked if we are judging the model or the idea, and noted that in the beginning we need to hold their feet to the fire. She expressed disappointment with the proposal as presented. The proposed measures should not be the only measures used.

Representative Schrader stated that if the Legislature gives OUS more money, they will include other standards. But, he added, there is no assurance that the new indicators will be done any better than these were.

Senator Trow expressed support for OUS and stated that they would use their funds responsibly.

Senator Ferrioli questioned the measures, but he will support the request. The Legislature failed to specify the correct criteria during the last session.

Representative Snodgrass replied that it should not be necessary for the Legislature to specify everything and that OUS should work as partners on this.

Representative Lewis, in closing, indicated that the Legislature should be more clear next session about what is expected from Higher Education.

Representative Snodgrass stated that considering the concern that has been expressed, it is important to keep a paper trail so that OUS is kept accountable.

Representative Lewis' motion carried with Senator Yih and Representatives Ross and Schrader voting "no". (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

22. Department of Higher Education

Senator Trow moved that the Emergency Board, acting under the authority of ORS 291.326(1)(c), establish an Other Funds Capital Construction [Other Revenues (Including Federal Funds)] expenditure limitation of \$11,000,000 for the Department of Higher Education, for the construction of an Indoor Practice Facility on the campus of Oregon State University.

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

The Department requested approval to construct an indoor practice facility at Oregon State University (OSU). The university's intercollegiate football, baseball, softball and soccer programs would use the 85,000 square foot facility. The facility would include a 120-yard playing field, batting cages, and a portable floor to allow it to be used for receptions during football games. The university would begin construction this fall. The estimated construction cost of \$11 million would be financed entirely by gifts. The practice facility would be located on the site of the current women's softball field to the west of the Gill Coliseum.

The purpose of the facility would be to eliminate the need for the intercollegiate teams to practice and train outdoors in inclement weather, and to relieve scheduling pressures on student recreation facilities. The addition of this facility is viewed as giving the university competitive advantages in terms of both recruitment and performance of student athletes. The facility would add approximately \$265,000 in operating and maintenance costs to the OSU budget each biennium. These costs would be financed from Athletics Department revenues, particularly from increased football season ticket sales.

The university has received \$11.4 million in pledges for this project and has collected \$2.4 million of those pledges. The OSU Foundation has committed to meet any funding needs for the project resulting from any shortfall of gifting or from any delays in the receipt of the pledges. The Foundation will therefore advance funds to the University for construction on an as-needed basis until the pledges are collected. An additional \$3.8 million in pledges are due on June 30, 2001, with the remaining pledges due over the next several years.

The Subcommittee recommended approval of the request.

Senator Trow's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Yih, Bryant and Shields excused)

23. Oregon Student Assistance Commission

Senator Qutub moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Federal Funds expenditure limitation established for the Oregon Student Assistance Commission by section 3, chapter 897, Oregon Laws 1999, by \$25,694, to permit expenditure of increased federal revenues for the Need Grant program.

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

The Oregon Student Assistance Commission receives Federal Funds for the Need Grant program. These funds are combined with much larger contributions from the state General Fund and with interest earnings from the Education Endowment Fund to finance Need Grants – which are need-based scholarships available to lower-income Oregonians attending four-year colleges or community colleges in the state.

Federal support dollars for this program are higher than were anticipated, and are now expected to total almost \$25,694 more than the agency's expenditure limitation allows to be spent. The agency needs a Federal Funds expenditure limitation increase of this amount to allow it to use all of the Federal Funds that will be available for the program. The limitation increase will permit the agency to fund approximately 25 more students this year.

The Subcommittee recommended approval of the request.

Senator Qutub's motion carried with no objections voiced. (Representatives Lewis, Westlund, Montgomery, Hansen and Winters, and Senators Yih, Bryant, Ferrioli and Shields excused)

24. Oregon Student Assistance Commission

Senator Trow moved that the Emergency Board acknowledge receipt of a report on the reasons for the increase in Need Grant program projections.

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

The Emergency Board requested this report last April, when it heard that the cost to serve all students eligible for Need Grants would be an additional \$3.7 million, rather than the \$670,000 cost estimated during session. The Commission has reported to the Subcommittee on the reasons for this cost increase.

After remaining relatively flat for several years, the number of students applying for financial aid has begun to grow, increasing by 19% since 1997. The number of Need Grant-eligible applicants, which had also been flat, has grown even more rapidly, increasing by 34% since 1997. Neither of these increases were anticipated by the Commission, which had thought that the number of eligible applicants would continue to remain steady.

The number of financial aid applicants is expected to continue to grow as more and more people pursue a college education. This will tend to increase the number of eligible students too, since any financial aid applicant with household income below a certain threshold is eligible under the Need Grant program. This school year, the number of eligible students is expected to increase by 27% over

last year's level. This exceptionally high increase is due to a large rise in median family income, which is the measure used to determine eligibility for the program. Because of the instability of this particular measure, the Commission is considering alternative eligibility measures. In any event, the large rate of increase in program cost this year is not expected to continue into the future.

The Subcommittee recommended approval of the request.

Senator Trow's motion carried with no objections voiced. (Representatives Lewis, Westlund, Montgomery and Winters, and Senators Yih, Bryant, Ferrioli and Shields excused)

25. Department of Human Services – Adult and Family Services Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve the submission of an application by the Adult and Families Services Division for a federal Department of Health and Human Services grant in the amount of \$500,000, for developing and evaluating employment retention and advancement strategies.

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

Over the last five years, the Adult and Family Services Division's (AFS) cash assistance caseload has decreased nearly 56 percent. Because of this decrease, AFS is now increasingly assisting low-income employed clients to retain their jobs and advance financially. AFS proposed to apply for federal grant funds that would allow the agency to develop and evaluate new job retention and advancement strategies. The evaluation would be conducted in conjunction with the Manpower Demonstration Research Corporation. Grant funds would be used over a three to five year period and require no state matching funds.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

In support of her motion, Representative Ross stated that job retention was an important issue among former welfare clients. Many of those who leave welfare still remain in poverty. If we want those who leave welfare to achieve self-sufficiency, she noted it's important to help them advance in their employment and earning. She added that the Manpower Demonstration Research Corporation is a very highly respected body and does some very excellent work. She said she was happy to see AFS pursuing this grant.

Representative Schrader asked if there had been any discussion in the Subcommittee about acquiring detailed data so that problem areas could be identified. It would be interesting, he observed, for the Legislature to know how to geographically target the resources that apparently might be needed as a result of this study. Resources could be aimed at eastern Oregon, southern Oregon, the inner city, or perhaps all places if the study provided that kind of data.

Representative Ross responded that the study would likely provide that level of detail so that the program would not be managed on hunches, but instead upon geographic and occupational data. The study would provide much more detailed information than AFS has had in the past.

Representative Ross' motion carried with no objections voiced. (Representatives Westlund, Montgomery, Winters and Snodgrass, and Senators Bryant and Shields excused)

26. Department of Human Services – Adult and Family Services Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, the submission of a request by the Adult and Family Services Division to the federal Department of Agriculture for \$36,000,000 for food stamp employment and training programs, acknowledge receipt of a report on Food Stamp Program changes, and direct the agency to return to the Emergency Board if it receives additional funds with a plan on how the funds would be spent and to request additional expenditure limitation if it is needed.

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

Last year, the U.S. Department of Agriculture released a report about the prevalence of food insecurity and hunger in the United States. Oregon ranked sixth in the country for the percentage of households that are food insecure and first for the percentage of households that are food insecure and hungry.

In response to the problem of hunger, the Adult and Family Services Division (AFS) reports that it is taking several steps. The agency is attempting to make the Food Stamp program more accessible, increasing its outreach efforts, and has applied for several Food Stamp program waivers that it believes will allow more persons to receive food stamp benefits. In addition, AFS applied for \$36 million of federal food stamp employment and training funds.

Although the agency did not request retroactive approval to request an additional \$36 million of federal food stamp employment and training funds and does not expect to receive a significant amount, the Subcommittee believed such approval should be given. The Subcommittee noted that there were several Department of Human Services' requests for retroactive approval to apply for federal funds, but that the Department had not notified Legislative leadership of their intention to apply. The Subcommittee requested that staff from the Department of Human Services meet with Legislative staff to discuss an appropriate arrangement for notifying Legislative leadership about grant application deadlines that occur prior to Emergency Board.

The Subcommittee recommended retroactively approving the submission of the request for federal food stamp employment and training funds, acknowledging receipt of the AFS report, and directing AFS to return to the Emergency Board if it receives additional funds with a plan on how the funds would be spent and to request additional expenditure limitation if it is needed.

Representative Ross' motion carried with no objections voiced. (Representatives Westlund, Montgomery, Winters and Snodgrass, and Senators Timms, Bryant and Shields excused)

27. Department of Human Services – State Office for Services to Children and Families

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b) and 291.371, increase the Other Funds expenditure limitation established for the State Office for Services to Children and Families by section 2(1)(b), chapter 916, Oregon Laws 1999, by \$226,353, increase the Federal Funds expenditure limitation established for the State Office for Services to Children and Families by section 3(1)(b), chapter 916, Oregon Laws 1999, by \$141,820, and approve the reclassification of one existing Program Coordinator position to a Principal Executive/Manager C position, for a Family to Family Initiative grant from the Annie E. Casey Foundation.

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

The Annie E. Casey Foundation asked the State Office for Services to Children and Families to accept a five-year grant. The grant's goal is to help move foster care to a more family-centered, neighborhood-based system. This is consistent with Oregon's ongoing efforts under the System of Care and the federal Adoptions and Safe Families Act. The pilot sites will be in Jackson, Klamath and East Multnomah counties. The grant funds will leverage additional Federal Funds for eligible expenditures under Title IV-E Foster Care and Adoptions and Title XIX Medicaid.

The Subcommittee adjusted the expenditure limitation increases based on updated cost estimates. The Subcommittee did not approve the seven new permanent positions in the agency's initial request, but supported the agency's revised request to reclassify an existing Project Coordinator position to a Principal Executive/Manager C position. The agency will assign one other vacant position to the project, and will use other existing positions and resources to carry out the balance of the work.

Representative Ross' motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senator Bryant excused)

28. Department of Human Services – State Office for Services to Children and Families

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve the submission of an application by the State Office for Services to Children and Families for a federal Department of Health and Human Services grant in the amount of \$1,795,827, for the Chafee Foster Care Independence Program for federal fiscal year 2001.

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

In June, the Emergency Board approved the agency's fiscal year 2000 application for this program, which helps support older youth as they move from foster care to adulthood. With the additional fiscal year 2001 funds, the agency expects to provide services for youth as young as age 14 who are in foster care, and for those between 18 and 21 who have left foster care. Grant funds will also be used for training and support services for foster parents.

The Subcommittee supported the fiscal year 2001 grant application. It did not approve an expenditure limitation increase, however, since the total amount of grant funds available this biennium and the required 20 percent matching funds are still uncertain. The agency is expected to return to the

Emergency Board for any needed limitation when the total Federal Funds amount and the source of the match funds are better known.

Representative Ross' motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Timms and Bryant excused)

29. Department of Human Services – Office of the Director

Senator Shields moved that the Emergency Board acknowledge receipt of a report on efforts to comply with the requirements contained in Senate Joint Resolution 25 (1999).

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

The "Charitable Choice" provision of the federal welfare reform law enacted in 1996 encourages states to involve community and faith-based organizations in providing federally funded welfare service to the poor and needy. A large portion of non-governmental providers of assistance to the needy are faith-based non-profit organizations. The charitable choice provision is designed to protect the religious character of faith-based organizations that choose to accept Federal Funds to help the poor. It is also designed to protect the religious liberty of beneficiaries of welfare services.

In Oregon, community action programs and faith-based organizations are already providing many services to their communities. Those services include advocacy, affordable housing, childcare, emergency food and shelter, food banks, homeless shelters, neighborhood centers, self-help programs, senior services, and volunteer services.

Senate Joint Resolution 25 (1999) requires the Department of Human Services to convene a task force to study ways to strengthen partnerships between the Department and faith-based organizations. The task force is to study ways in which governments and faith-based organizations can maximize resources for clients they jointly serve.

The Subcommittee recommended approval of the request.

Senator Shield's motion carried with no objections voiced. (Representatives Westlund, Montgomery, Simmons and Winters, and Senators Timms and Bryant excused)

30. Department of Human Services – Health Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, the submission of an application by the Health Division for a federal Centers for Disease Control and Prevention grant for funds up to \$1,200,000 to supplement the National Center for Infectious Disease, Emerging Infections Program Cooperative Agreement, to further develop Oregon's participation in the National Electronic Disease Surveillance System.

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

Public health surveillance is a cornerstone of public health decision-making and practice at local, state, and national levels. Surveillance provides information crucial to monitoring the health of

the public, identifying public health problems and priorities, taking public health action to prevent further illness, and evaluating the effectiveness of these actions.

To better integrate, modernize, and enhance public health surveillance and information systems, the Centers for Disease Control and Prevention and its public health partners are implementing National Electronic Disease Surveillance System (NEDSS). When completed, NEDSS will electronically link and integrate a wide variety of surveillance activities, and will facilitate more accurate and timely reporting as well as enhance public health use of disease information. NEDSS will include an Internet-based infrastructure for data accumulation and sharing, which will meet necessary confidentiality and security requirements.

Members of the Subcommittee expressed concern regarding confidentiality of the information being gathered and of system security.

The Subcommittee recommended approval of the request.

Representative Ross' motion carried with Representatives Snodgrass and Lewis voting "no".
(Representatives Westlund, Montgomery and Winters, and Senators Bryant and Adams excused)

31. Department of Human Services – Health Division

Senator Hannon moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, the submission of applications by the Health Division for four federal Centers for Disease Control and Prevention and one federal National Cancer Institute grants.

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

The grants are described as follows:

1. Advanced Core Injury Program Development: Surveillance. The Health Division would use funds from this grant to conduct enhanced surveillance for traumatic brain injury, fire and burn injuries, submersion injuries, and to analyze and interpret surveillance data on these injuries to support statewide injury prevention and control activities. This is a four-year project with funding up to \$100,000 per year. No General Fund match is required.

2. State Cardiovascular Health Program. According to the Health Division, cardiovascular disease is the leading killer of Oregonians. While chronic disease prevention programs are in place in Oregon for other leading causes of death such as breast and cervical cancer, diabetes, and tobacco, no program exists to promote cardiovascular health, physical activity, or healthy eating. This grant would provide funding for Oregon to develop and implement such a program. No General Fund match is required.

3. Cooperative Agreement for Surveillance of Intimate Partner Violence. With this grant the Health Division will enhance its existing injury surveillance activities to identify victims and occurrences of Intimate Partner Violence, also referred to as Domestic Violence, in Oregon. The data collected will be used to describe the magnitude of the problem, determine the extent of injuries, identify priority areas, and guide program development and policies initiatives. The grant requires no matching state funds.

4. State Nutrition and Physical Activity Program. Overweight and obesity substantially increase the risk of morbidity from hypertension, diabetes, coronary heart disease, stroke, gallbladder disease, respiratory problems, and various forms of cancer. Overweight and obesity are the most prevalent chronic disease risk factors in the United States. In spite of the public health impact of overweight and obesity, these conditions have not been a major public health priority in the past. No cohesive public health program exists in Oregon to promote physical activity, healthy eating, and healthy weight. This grant would fund a State Nutrition and Physical Activity Program to Prevent Obesity and Related Chronic Diseases. No matching state funds are required.

5. Surveillance, Epidemiology and End Results (SEER) Program. The National Cancer Institute issued a Request for Proposal to award three-year contracts pertaining to the expansion of the SEER program. This project involves collecting data and reporting on population-based cancer incidence, treatment and survival. The Health Division and its Oregon State Cancer Registry, in collaboration with Idaho's State Cancer Registry and the Northwest Portland Area Indian Health Board, submitted a proposal to provide the National Cancer Institute's SEER program with cancer incidence and survival information on cases of cancer occurring in an American Indian/Alaska Native population.

The Subcommittee recommended approval of the request but expressed dissatisfaction at receiving so many retroactive requests. The agency was told to work with legislative staff and the Department of Administrative Services to resolve the problem.

The following Committee discussion occurred:

Senator Adams expressed concern that the request was made retroactively without notification being sent to his office and the Speaker's office prior to the grant applications being submitted to the federal agencies.

Senator Hannon informed the Committee of his admonishment to the Department of Human Services to meet with the Senate President's staff, the Speaker's staff, the Department of Administrative Services, and the Legislative Fiscal Office to devise a plan to avoid this situation in the future.

Senator Hannon urged the Committee to approve the request, even though it is retroactive, due to the important health concerns addressed by these grants.

Senator Hannon's motion carried with Representatives Lewis and Simmons voting “no”.
(Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

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

Senator Hannon moved that the Emergency Board acknowledge receipt of a report on use of temporary employees to meet workload needs at Eastern Oregon Training Center.

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

The 1999 Legislative Assembly added 11 new positions at Eastern Oregon Training Center (EOTC) to correct a problem with routine use of temporary staff filling in for permanent employees on leave. A budget note asked the agency to report back on actions taken on this issue.

EOTC filled all 11 new positions earlier this year. As a result, temporary employees' direct care hours in the first half of this year were 60 percent less than in the first half of 1999. With the new positions filled, the use of temporary employees should decrease even more over the remainder of the biennium. EOTC will need to continue using temporary employees in some circumstances, such as for permanent employees on medical leave or other short-term assignments.

The agency reported that EOTC is watching its use of temporary employees closely. The agency has also reviewed its use of temporary employees in other institutions to help assure that they are being used appropriately.

The Subcommittee recommended approval of the request.

Senator Hannon's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

33. Department of Human Services – Senior and Disabled Services Division

Senator Hannon moved that the Emergency Board, acting under the authority of ORS 291.375 approve, retroactively, the submission of applications by the Senior and Disabled Services Division for two federal Department of Health and Human Services, Health Care Financing Administration grants in the amounts of \$217,000 and \$2,125,000 for Medicaid demonstration project planning and establishment strategy and policy unit, respectively, with the condition that the Medicaid demonstration grant activities would not begin until the 2001 Legislative Assembly reviews the project and gives final approval to proceed.

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

Last December, the “Ticket to Work and Work Incentives Improvement Act of 1999” was signed into federal law. This legislation attempts to address a significant concern of people with severe disabilities who want to work—the worry of losing one’s coverage for health care should their employment cause them to lose eligibility for benefits such as Medicare and Medicaid. In addition, the law appropriated funds to the Department of Health and Human Services, Health Care Financing Administration (HCFA) so that it could offer two competitive grants to state agencies. The Department of Human Services, Senior and Disabled Services Division (SDSD) applied for both of these grants and sought retroactive Emergency Board approval.

The first grant relates to developing a Medicaid demonstration project that, according to HCFA, would measure the effect of providing early intervention in the form of Medicaid benefits and services on the ability of participants to retain competitive employment. SDSD’s preliminary plan for the project calls for the provision of early preventative Medicaid services to groups of employed persons with severe disabilities who are currently not eligible for Medicaid, but who might eventually become eligible by becoming more impaired, unemployed, and without income or assets. SDSD would select a group of persons who would receive the Medicaid intervention and a control group who would not receive the intervention. The health and employment status as well as medical costs of both

groups would be tracked over time and compared. Agency staff has concerns about the state share of the Medicaid expenses and whether or not such a project could be reasonably expected to be budget neutral. Consequently, SDSD is not seeking demonstration project funds at this time, but instead applying for \$217,000 of Federal Funds to be used exclusively for planning.

The second grant application for \$2,125,000 would allow the establishment of a disability employment strategy and policy unit. The proposed unit could develop useful and innovative strategies to further assist Oregonians with disabilities. Funding for the program is expected to begin in October 2000 and continue until December 2004. At that point, the unit would need to be phased out, or the Federal Funds replaced with another revenue source.

The Subcommittee extensively discussed the Medicaid demonstration grant and initially decided to deny approval to apply. After learning that this action would require the agency to withdraw its application, the Subcommittee recommended retroactive approval to apply for both grants, but with the directive to the agency not to begin Medicaid demonstration grant activities until the 2001 Legislative Assembly reviewed the project and gave final approval.

The following Committee discussion occurred:

Senator Hannon moved that the motion be amended to deny approval to apply for the Medicaid demonstration grant, but to provide retroactive approval to apply for the second federal grant that would fund a disability strategy and policy unit.

Senator Adams stated that he would support Senator Hannon's motion to amend his original motion. He observed that the study outcomes were a matter of common sense—that when persons were given medical benefits they would be healthier. He noted that having a control group that did not receive benefits was problematic and that budget neutrality was questionable.

Representative Hansen stated that he preferred the original motion with the language that allowed for further review by the next Legislative Assembly. He acknowledged Senator Adams concerns as being valid; nonetheless, he said he wanted to keep the option open of conducting the study.

Representative Ross noted that the Department of Human Services was concerned about the budget neutrality of this project. Voting “no” on the Medicaid demonstration project, she added, would take away another headache the Department did not need.

Representative Snodgrass said she was also concerned about giving approval to apply for the other grant to establish a disability strategy and policy unit. Persons with disabilities, she stated, need jobs rather than another level of bureaucracy to strategize about developing jobs. She asked whether the Subcommittee had discussed this issue.

Senator Hannon replied that the Subcommittee had a lengthy discussion about both grants. He stated that Bobby Simpson, Administrator of the Vocational Rehabilitation Division, had discussed the need for persons with disabilities to receive living wages and the efforts of the Department of Human Services to develop more jobs for persons with disabilities.

Representative Snodgrass asked if Mr. Simpson was convinced that the establishment of this policy unit would lead to more jobs for persons with disabilities.

Senator Hannon responded affirmatively.

Representative Simmons stated that it was a worthy goal to put people to work, but he was concerned about creating another program and, with it, more budget pressure. He stated he believed there was enough demand on General Fund and would be voting “no” on the motion to amend.

Senator Hannon replied that he felt the same way, but that the agency was willing to forego General Fund in the future after federal grant funds had been exhausted. The agency still believed, he added, that creating the policy unit was a good idea.

Representative Lewis noted that the 1999 Legislative Assembly had appropriated \$2.1 million for an Employment Initiative for persons with disabilities. Why, she wondered, couldn't the Department use some of these funds to figure out how to get more persons with disabilities employed, without needing additional grant funds.

Senator Hannon responded that this grant was not designed to replicate what is already being done.

Mike Stinson, Legislative Fiscal Officer, clarified the motion to amend Senator Hannon's original motion. The amendment would deny approval to apply for the Medicaid demonstration grant.

Senator Hannon's motion to amend his original motion carried with Representatives Hansen and Simmons voting “no”. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

Senator Trow asked if the agency could re-apply for the Medicaid demonstration grant as a later date.

Senator Hannon stated he believed the agency could.

Legislative Fiscal Office staff stated that the agency had already applied for the Medicaid demonstration grant. If retroactive approval to apply were denied, the agency would withdraw their application. Whether or not the Health Care Financing Administration would re-open their application process is unknown. Staff confirmed that there were few other states applying for the grant.

Representative Snodgrass clarified the amended motion, which would provide retroactive approval to apply for the grant to establish a strategy and policy unit to assist persons with disabilities.

Senator Hannon's amended motion carried with Representative Simmons voting “no”. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

34. Department of Human Services – Vocational Rehabilitation Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.371, approve the establishment of two permanent Disability Analyst 2 positions (0.67 FTE) for the Vocational Rehabilitation Division’s Cooperative Disability Investigation anti-fraud program, and direct the Department of Human Services to quantify state savings from the program and report on these savings during the 2001 Legislative Assembly agency budget hearings.

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

Last October, the Emergency Board increased the Vocational Rehabilitation Division’s (VRD) and Department of State Police’s expenditure limitation to accommodate a new Social Security Administration initiative to reduce fraud in its Supplemental Security Income and Social Security Disability Income programs. Since then, the two agencies formed a Cooperative Disability Investigation anti-fraud team consisting of 5.5 positions staffed by temporary employees. The program cost so far has been \$344,000 of Federal Funds. The team has generated an estimated \$3.7 million in savings.

VRD requested the establishment of two permanent positions (0.76 FTE), to replace its temporary positions, for several reasons. First, the program has been successful—it has generated savings that have greatly exceeded program cost. Second, the Social Security Administration indicates it will permanently fund the program. Third, VRD has staff who would likely apply for the permanent positions. The State Police, in contrast, have a limited pool of sworn officers to replace those who might apply for the anti-fraud unit. Therefore, the State Police are not requesting permanent positions at this time.

Typically, a request like this would be deferred until a legislative session. However, the Subcommittee believed that the agency had a good rationale for its request, and that the 2001 Legislative Assembly would still have an opportunity to review the work of the anti-fraud unit.

The Subcommittee recommended approval of the agency’s request for the two positions, but at a modified FTE level of .67 FTE to reflect a November 1, 2000 hiring date. In addition, the Subcommittee recommended that the agency be directed to report during its 2001 Legislative Session budget hearings on any state savings generated by the program.

Representative Ross’ motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant, Shields and Adams excused)

35. Department of Human Services – Vocational Rehabilitation Division

Representative Ross moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, the submission of an application by the Vocational Rehabilitation Division for a federal Department of Labor, Employment and Training Administration grant in the amount of \$1,500,000, to improve access to workforce One-Stop services for persons with disabilities.

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

The Workforce Investment Act of 1998 made reforms to a number of federally funded jobs training programs. Among these reforms was the codification of the One-Stop service delivery concept. The Vocational Rehabilitation Division (VRD) applied for a grant that would improve access for persons with disabilities to Oregon's One-Stop workforce service system. VRD proposed to use grant funds of \$1.5 million to overcome various barriers to persons with disabilities identified by One-Stop system stakeholders. Grant activities include training for staff on how income from work will affect health care benefits for persons with disabilities, development of an online resource manual, funding several pilot projects, and providing outreach to persons with disabilities.

The Vocational Rehabilitation Division's current proposal requires \$150,000 of matching funds from local workforce investment boards. If local match is unavailable, VRD will modify its proposal to eliminate the need for match. The Division will not request General Fund from either the Emergency Board or the Legislative Assembly to match Federal Funds. Federal grant funds would support the program until June 30, 2003. Beyond that time, grant activities can be conducted over the long run at minimal cost. Once training, resource manuals, and outreach materials are initially developed using grant funds, these materials may be used in the future and modified as necessary by existing agency staff. Retroactive approval to apply for the grant is necessary because the agency learned of the grant opportunity in June and the application deadline was August 1, 2000.

The Subcommittee recommended approval of the request.

Representative Ross' motion carried with Senator Yih, and Representatives Schrader and Simmons voting "no". (Representatives Westlund, Montgomery and Winters, and Senators Bryant, Shields and Adams excused)

36. Department of Public Safety Standards and Training

Representative Minnis moved that the Emergency Board, acting under the authority of ORS 291.375, approve, retroactively, the submission of an application for a Federal Emergency Management Agency grant, for training of fire service professionals.

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

The Department requested that the Emergency Board approve retroactively the submission of a \$25,000 federal grant application for the training of fire service professionals.

In July 2000, the Department of Public Safety Standards and Training (DPSST) received notice of an opportunity to apply for \$25,000 in grant funds from the Federal Emergency Management Agency (FEMA) for the training of fire service professionals. No state matching funds were required. On July 19, 2000, the DPSST notified legislative leadership by letter of its intent to submit a grant application before the August 25, 2000 deadline. Because of the grant application deadline, it was not possible to obtain prior Legislative approval.

DPSST plans to utilize the grant funds starting in October 2000. The grant funds will be used to deliver a variety of National Fire Academy training classes to fire service agencies across the state. Training classes will include Managing Company Tactical Operations, Incident Command System, Increasing Team Effectiveness, and Firefighter Safety and Survival. Specifically, the funds will pay

for instructional delivery, instructor travel, student materials, training class marketing, and related costs that are authorized within the grant as allowable expenses.

Based on review of existing federal grant funds and expenditure patterns, DPSST should have enough Federal Funds expenditure limitation within its Legislatively Adopted Budget to utilize the \$25,000 training grant.

The agency was asked to explain why it did not appear before the June Emergency Board. The agency responded by confirming that notice of the grant was not received until July 5, 2000 and it did not want to appear in June when the grant funding was not confirmed. The agency advised that it did send a notification letter to leadership on July 19, 2000 in advance of actual application submission.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Lewis advised members that the issue of retroactivity was discussed in Subcommittee and that the agency did not appear before the Emergency Board at its June 2000 meeting because the federal budget had not been approved and notice of the grant was not provided until after June 30, 2000. Representative Lewis also confirmed the agency did provide legislative leadership with a notification letter prior to actual submission of the application.

Representative Minnis' motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

37. Economic and Community Development Department

Representative Westlund moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$85,646 from the Emergency Fund, established by section 1(1), chapter 910, Oregon Laws 1999, to supplement the appropriation made to the Economic and Community Development Department, Arts Commission by section 4, chapter 386, Oregon Laws 1999, for work of the Joint Interim Task Force on Cultural Development.

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

HB 2005 established the Joint Interim Task Force on Cultural Development and charged the Task Force with three responsibilities for the 1999-2001 biennium. "The interim task force shall develop:

- Measurable benchmarks to ensure the preservation of Oregon's cultural heritage and to provide Oregonians with cultural opportunities throughout the state.
- A structure or process to promote efficient and inventive collaborations among Oregon's arts, heritage, humanities and other organizations.
- Operations and distribution guidelines for the Cultural Trust Fund Investment Account ... that will help to ensure long-term stability and accountability for Oregon's cultural organizations."

The Task Force is required to report its findings and recommendations to the Seventy-first Legislative Assembly by no later than July 1, 2001. The 1999 Legislative Assembly allocated \$200,000 for this effort.

The Task Force has held seven meetings around the state, and has developed consensus on a variety of issues related to the charge given by the legislature. Specific points of consensus include cultural trust goals and structure, endowment funding goals and sources, distribution mechanisms and benchmarks. The Task Force will begin developing a first draft of its cultural plan at its September meeting and anticipates completing the draft plan by December 2000.

The Task Force has contracted for the services of a nationally known consultant to facilitate the development of the plan, which has absorbed 50% of the funds that were allocated. Because task force meetings have been held throughout the state, travel and meeting expenses have also been significant. Once the plan is completed, the Task Force will need to communicate the plan to its stakeholders and to the Oregon public in general, and to modify the plan based on public response. The Task Force does not have sufficient funds remaining out of the allocation to effectively communicate the plan and prepare the final report for the legislature. The \$85,646 will be used to continue contract services to facilitate public communication, and for staff support and other expenses of the Task Force. The Task Force expects that its work will be completed by the deadline and no ongoing funding for 2001-03 is anticipated.

The Subcommittee discussed the significance of the work of the Task Force, and commended the Chair and the Arts Commission for their efforts. However, concern was expressed about the inability to complete the work with the resources provided, and whether or not this request constituted an emergency requiring this allocation.

The following Committee discussion occurred:

Representative Ross indicated her support for the project but questioned whether there was an emergency that required Emergency Board action.

Representative Lewis indicated that she shared Representative Ross' concern, and stated that the plan should have been developed with the funds provided. However, she supports the work of the Task Force and will vote for the funds.

Senator Trow stated that he supports the project, and that sometimes additional funds are needed for cultural activities.

Representative Snodgrass requested that Representative Westlund, who is member of the Task Force, relay the Emergency Board concerns about this expenditure to the Task Force and request that, if there are any savings out of this allocation, they be returned.

Representative Westlund indicated that he would do so, and would convey to the Task Force the comments regarding Emergency Board member support for their efforts.

Representative Westlund's motion carried with Representative Schrader and Senator Yih voting "no". (Representatives Montgomery, Simmons, Minnis and Winters, and Senators Bryant and Qutub excused)

38. Housing and Community Services Department

Senator Hannon moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b) and 291.371, increase the Federal Funds expenditure limitation established for the Housing and Community Services Department by section 4, chapter 742, Oregon Laws 1999, by \$1,250,000, and establish one limited duration full-time position (0.375 FTE), for the purpose of expending federal Community Development Block Grant funds for housing rehabilitation activities, with the understanding the Department of Administrative Services will unschedule \$1,250,000 Federal Funds from the Economic and Community Development Department.

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

The 1999 Legislative Assembly directed the Economic and Community Development Department, by a budget note, to work with the Housing and Community Services Department and report back to the Seventy-first Legislative Assembly on improvements that have been made for Oregon's housing rehabilitation delivery system. The two agencies have had ongoing discussions regarding this issue. The Departments have agreed that the Housing and Community Services Department is the better agency to manage the housing rehabilitation portion of the federal Community Development Block Grant program. By centralizing housing rehabilitation funds and activities in one agency, the state is taking advantage of existing expertise that will result in acquiring more services with existing funds.

The Economic and Community Development Department and Housing and Community Services Department will enter into an interagency agreement detailing responsibilities of both departments. In order for the Housing and Community Services Department to access these funds directly from the federal Department of Housing and Urban Development, it is necessary to make this change prior to the start on the 2001 federal fiscal year on October 1, 2000.

The Subcommittee recommended approval of the request and asked that the Department of Administrative Services unschedule a like amount of Federal Funds expenditure limitation from the budget of the Economic and Community Development Department.

Senator Hannon's motion carried with no objections voiced. (Representatives Lewis, Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

39. Department of Agriculture Department of Fish and Wildlife

Senator Yih moved that the Emergency Board acknowledge receipt of a report on reducing the negative effects of wildlife on agricultural production.

The following is a summary of the request and Subcommittee (General Government) action:

The Departments of Agriculture and Fish and Wildlife were directed by a budget note to conduct a review of the programs and methods for reducing damage caused by wildlife to crops and livestock and report the results to the Emergency Board. The report was requested due to data from the National Agricultural Statistics Service indicating that wildlife caused an estimated \$158 million of damage to crops, livestock, structures, and related expenses in Oregon during 1997.

The report identifies approximately \$5 million in expenditures per year in Oregon by federal, state, and local governments to assist local landowners with wildlife damage. The report also suggests that the primary limiting factor in addressing wildlife damage is landowner cooperation and differences in landowner preferred control measures on adjoining lands. Several improvements to existing programs are recommended including updating wildlife damage policies, increasing staff working with landowners, expanding management programs, increasing public outreach and education, enhancing emergency hunt programs, encouraging counties to develop Wildlife Service programs, and establishing statewide specialist positions for bird damage and rodent control. The report also makes suggestions with respect to new areas of research and the application of existing research to specific conditions found in Oregon. Recommendations are also included in the report to establish a multi-agency Wildlife Damage Committee and a statewide coordinator for wildlife damage.

Cost estimates for the report's recommendations include approximately \$600,000 to enhance existing Department of Fish and Wildlife programs and \$365,000 for USDA Wildlife Services programs, and approximately \$2 million in new and enhanced areas of research. Funding would be from a combination of state and federal sources.

The Subcommittee discussed the recommendation to establish a statewide Wildlife Damage Committee with members from a variety of agencies and stakeholder groups and suggested that a bill be drafted by the agencies for consideration during the next legislative session. The Subcommittee also discussed the possibility of providing landowner compensation for property damaged by wildlife.

Senator Yih's motion carried with no objections voiced. (Representatives Lewis, Westlund, Montgomery, Minnis and Winters, and Senators Bryant and Shields excused)

40. Department of Environmental Quality

Senator Timms moved that the Emergency Board acknowledge receipt of a quarterly report on the development of Total Maximum Daily Loads and other departmental activities related to implementation of the Oregon Plan.

The following is a summary of the request and Subcommittee (General Government) action:

The Department of Environmental Quality was directed by a budget note to report on a quarterly basis to the Emergency Board on its efforts toward completing Total Maximum Daily Loads (TMDLs) for all 91 subbasins of the state by the end of 2007. The Department's third quarterly report included information on the recent U.S. District Court decisions affirming the Department's schedule of completing TMDLs under the Oregon Plan. The report also included an update on work in the Willamette Basin. The Department reported that through June 2000 the agency had Oregon Plan related expenditures of approximately \$3.6 million, or 56 percent of the operating budget for the biennium.

The Subcommittee discussed the TMDL schedule, the agency's ability to meet the schedule, and the options if the state falls behind in attaining the development of TMDLs.

Senator Timms' motion carried with Representative Simmons voting "no". (Representatives Lewis, Westlund, Montgomery, Minnis and Winters, and Senators Bryant and Shields excused)

41. Department of Forestry

Senator Ferrioli moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), acknowledge receipt of a report on the Year 2000 fire season, and increase the Other Funds expenditure limitation established for the Department of Forestry by section 2(2), chapter 892, Oregon Laws 1999, Protection from fire, by \$5,800,000, for fire suppression activities.

The following is a summary of the request and Subcommittee (General Government) action:

In cases of extraordinary fire conditions in the state, the Department of Forestry provides reports to the Emergency Board on the severity of the situation, costs incurred in suppressing fire outbreaks, and the outlook for the remainder of the fire season. Accompanying the reports, the Department will also request any necessary Other Funds expenditure limitation increases or Emergency Fund allocations resulting from fire fighting activities.

The Department described the 2000 fire season as an average year in terms of the number of acres burned in Oregon, but substantially above average across the nation. The national situation has affected Oregon's fire protection program by taking away crews and equipment that are normally available to the Department. In order to be prepared for a severe fire in Oregon, the Department has trained over 700 National Guard troops to fight fires.

The recommended limitation increase is an estimate based on preliminary information on fire costs incurred to date. Most of the costs incurred are potentially reimbursable, but the agency needs the additional limitation in order to make payments for services provided. The Department intends to return to the Emergency Board in November with an updated report and again in January if a need for an Emergency Fund allocation develops or if any additional Other Funds limitation is required.

The Subcommittee discussed the potential for an Emergency Fund allocation. The Department explained that the need is becoming less likely except for training and other readiness costs that are not recoverable from the federal government. The Subcommittee also expressed interest in having the Emergency Board direct the agency report to the next legislature on alternatives for providing fire suppression coverage for unprotected lands.

The following Committee discussion occurred:

Senator Hannon indicated he would support the item, but expressed misgivings about the poor judgement of the military personnel when a Chinook helicopter was used to transport equipment for fire suppression that could have been transported by ground. Senator Hannon described his concern with the Department of Forestry's lack of coordination over safety and fire suppression training activities and expressed his hope that nobody would be injured or killed due to this lack of coordination in training.

Senator Ferrioli's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

42. Department of Land Conservation and Development

Senator Ferrioli moved that the Emergency Board acknowledge receipt of a report on expenditures by Oregon counties implementing the Columbia River Gorge National Scenic Area Act.

The following is a summary of the request and Subcommittee (General Government) action:

The Department of Land Conservation and Development was directed by the legislature to provide payments to Hood River, Multnomah, and Wasco Counties for costs incurred in implementing the Columbia River Gorge National Scenic Area Act in two fiscal year installments. A budget note directed the Department to report to the Emergency Board on the county expenditures during the first fiscal year prior to making the second installment. The Department was directed to provide the three counties a total of \$240,000 from the agency's General Fund grant program to be distributed \$90,000 to Wasco County, \$80,000 to Hood River County, and \$70,000 to Multnomah County.

The Department reported that Multnomah and Wasco Counties have submitted documentation for the full amount eligible for disbursement during the first fiscal year of the biennium. Hood River County has submitted expenses for approximately half of the amount the County was eligible to receive, but will be able to receive the remaining funds if eligible expenses can be identified.

The Subcommittee recommended approval of the request.

Senator Ferrioli's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

43. Department of Land Conservation and Development

Representative Hansen moved that the Emergency Board acknowledge receipt of a report on the Department's coastal program.

The following is a summary of the request and Subcommittee (General Government) action:

The Department of Land Conservation and Development (DLCD) was directed by a budget note to report to the Emergency Board on the agency's coastal program. The report was to include options for moving field and management staff to new locations and for providing additional funding to coastal local governments for planning.

The report concludes that field staff should remain in Salem and management staff in Portland, that the amount of federal funds received by the agency is based on federal formulas, and that the agency's priority is to pass through new revenues, when available, to coastal cities and counties to build local planning capacity.

The Subcommittee discussed the trade-off between the potentially higher administrative costs to maintain a coastal office and the desire to provide as much grant funding as possible to local coastal communities. The Subcommittee expressed interest in pursuing the issue further during deliberations on the agency's 2001-03 biennial budget.

The following Committee discussion occurred:

Senator Adams commented on the Legislative Fiscal Office staff analysis of the report and stated that the Emergency Board needs to make sure agencies take budget notes and the reports required by budget notes seriously by providing something with substance and not just creative writing. Senator Adams reviewed several issues in the report and asked for additional information on whether it is accurate that there is insufficient space in the Salem office to accommodate all Portland based staff, and, if so, is there other space available in Salem that may not be in the DLCDC office.

Representative Hansen responded that the Subcommittee had a lengthy discussion about the staff locations and one of the issues that was addressed was that there is no management issue about coordination between the two offices. Representative Hansen explained that the Subcommittee did not have any discussion about other office availability in other buildings in Salem.

Senator Adams commented that the issue of staff location was considered serious enough during the last legislative session to be included in a budget note and that it deserved a more thorough discussion in the report by the agency. Senator Adams encouraged that, at a minimum, this should be remembered during next session.

Senator Adams described another issue in the report he felt was interesting—the amount of federal funding and support being provided for local governments. Senator Adams read from the staff analysis and from the report to describe federal funding levels for the coastal program and the use of the discretionary federal funding to retain existing staff. Senator Adams commented that one of the purposes of the program is to get money out to local governments and he questioned why the increase in funding is not considered significant and why, if the legislative body said more should be provided to local government, this has not happened. Senator Adams asked what could be done with a report the Emergency Board does not feel is adequate in addressing the issues.

Staff responded that the Emergency Board has the option of requesting a supplemental report to answer further the questions of the Board.

Senator Adams moved that the motion be amended to include instructions to the agency to return to the appropriate committees in the House and the Senate in the 2001-03 legislative session so that there will be a reminder to take a closer look at the issues raised by the report on the coastal program.

Senator Hannon indicated his support for the motion but wanted to make sure that there is a clear reason that the committees understand why this report is being given to them and to make sure what the report is to contain and what it is to address.

Representative Hansen indicated he could support the amendment to the original motion and expressed his belief that the standing committees next session would be aware of the issues. Representative Hansen described the structural issue that will also be returned to next session of the legislature of how do you make a compromise between the additional administrative cost to locate field offices while trying to provide as much resource to program activities as possible.

Senator Adams suggested that included in the motion would be a letter from the co-chairs of the Emergency Board to the agency and to the members of the committees of why the Emergency Board took this action.

Senator Timms commented that his initial impression of the report was that it was insufficient, but listened to the Department's explanation of cuts and reductions during the Subcommittee meeting. Senator Timms stated that having field staff in local communities is important to help take care of the problems of those communities, and expressed support for the amendment to the motion.

Representative Lewis asked staff about how the federal Coastal Zone Management Act grant is used and why only \$370,000 is provided in the form of grants to local governments on the coast.

Staff responded that this was precisely the question that the Ways and Means Natural Resources Subcommittee was interested in finding out from the Department, which caused the request for the report to be made to the Emergency Board. Staff added that the information is not described in the report, but that the General Government Subcommittee heard testimony that much of the money received from the federal government cannot be passed on to local governments and is used to maintain program staff.

Representative Lewis expressed support for the amendment to the motion and expressed her belief that the report is an inadequate explanation of the issues.

Representative Snodgrass summarized the proposed amendment to the motion as a request for an additional report for the next legislative session with a directive from the Emergency Board as to why it is going forward.

Senator Adams reiterated that the reason another report is being requested is that the agency did not adequately do what they were asked to do, and that the report and letter serve as notice to those members coming back that the agency needs to do a better job in dealing with this legitimate issue.

Representative Simmons called the question.

Representative Snodgrass commented that she would have liked to ask why the agency did not follow the budget note. Representative Snodgrass also noted that the Emergency Board had already voted on Item 15, fulfilling a commitment made by the legislature to provide the Department with additional money for salary costs, and that the decision on Item 15 may have been different had it followed the agency's coastal program report on the agenda.

Representative Snodgrass restated that the motion is to acknowledge the report and also give to the next legislature a supplemental report from the agency along with a letter from the Emergency Board directing the agency to report back more completely.

Senator Adam's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

44. Division of State Lands

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Division of State Lands by section 2(1), chapter 635, Oregon Laws 1999, Natural Heritage Advisory Council, by \$261,580, for Natural Heritage Advisory Council activities.

The following is a summary of the request and Subcommittee (General Government) action:

The Oregon Watershed Enhancement Board approved a funding request by the Division of State Lands in June 2000 for \$391,580. The funding was provided for the Natural Heritage Advisory Council to develop a centralized information database on sensitive, threatened, and endangered species in Oregon. Based on a recommendation from the Stream Restoration and Species Recovery Committee, in June the Emergency Board increased the Division's Other Funds expenditure limitation for this grant by \$130,000.

The Division was directed to return to the Committee with a plan to move the database function from The Nature Conservancy to a state agency. The Division made this presentation in August and the Committee recommended the remaining expenditure limitation of \$261,580 be provided for the Advisory Council. The Division indicated that Oregon State University is currently the leading candidate to house the database function.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Snodgrass asked for clarification on whether the contract with The Nature Conservancy would be continued.

Representative Simmons responded that the current contract can be terminated by mutual consent or with a 30-day notice, and that discussions have already started with The Nature Conservancy regarding an exit strategy for the program to go to one of the state agencies.

Representative Schrader stated his intention to vote "no" because of his concern over giving up volunteer help to do the project, putting the work with a state agency or a university, and then ending up having to hire people to do what we are getting volunteers to do. Representative Schrader commented that he understood how it might be inconvenient or a slight problem with the data collection function being provided out of the office of The Nature Conservancy, but moving the function to a state agency will result in a request for additional FTE.

Senator Ferrioli responded that he agrees that the project may get more expensive, but that the issue is not about getting volunteer services, but contracting with the entity in question to provide the services. Senator Ferrioli added that the project is worthwhile and really needs to be housed at Oregon State University or some similar organization with geographic information systems experience.⁴

Representative Simmons' motion carried with Representative Schrader voting "no".
(Representatives Westlund, Montgomery and Winters, and Senators Bryant and Shields excused)

45. Division of State Lands

Representative Simmons moved that the Emergency Board, acting under the authority of ORS 291.326(1)(b), increase the Other Funds expenditure limitation established for the Division of State Lands by section 2(3), chapter 635, Oregon Laws 1999, Common School Fund programs, by \$125,000, for local wetlands inventory grants.

The following is a summary of the request and Subcommittee (General Government) action:

The Division of State Lands was awarded a \$250,000 grant from the Oregon Watershed Enhancement Board in June 2000 for grants to local communities to assist with the development of wetland and riparian inventories.

A similar grant program was authorized by the legislature during the 1997-99 biennium as part of the Oregon Plan and was administered by the Department of Land Conservation and Development (DLCD). Since the Division of State Lands has statutory responsibility for protecting wetlands, the decision was made to provide the grants through the Division instead of DLCD when funding became available.

The Division expects to award between five and eight grants and will select recipients based on criteria reflecting Oregon Plan priorities. The recommended limitation increase is less than the grant award since some of the project work will not be able to be completed during the current biennium. The limitation needed for the 2001-03 biennium to complete the projects will be incorporated into the Division's next budget.

The Subcommittee recommended approval of the request.

Representative Simmons' motion carried with no objections voiced. (Representative Westlund, Montgomery and Winters, and Senators Timms, Bryant and Shields excused)

46. Parks and Recreation Department

Senator Hannon moved that the Emergency Board acknowledge receipt of a report on land acquisition.

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

The 1999 Legislative Assembly approved a \$4 million expenditure limitation for the purpose of providing resources to acquire new parklands out of the Measure 66 Lottery Fund resources.

A budget note required the Department to report on its a long-range land acquisition plan. The Department reported that most properties in the Department's long-range plan are identified through the Department's master planning process or have been brought to the Department by the landowner for sale or donation. The master plan provides an analysis of the natural, cultural, recreational and scenic resources, development constraints, and social factors for determining management and development needs.

The Oregon Parks and Recreation Commission has adopted policy guidelines for the acquisition of new state parklands and criteria for evaluating a proposed site's importance. Evaluation criteria include physical aspects of the site such as size, topography, and access; social aspects such as state recreation needs, public support and local government partnerships; and financial aspects such as costs to acquire and manage as well as availability of funds.

The Department reports an inventory of roughly 600 acres acquired in 12 counties throughout the state during the current biennium. Evaluations are currently underway for a 61-mile tract of abandoned railroad line, 258 acres at Cape Sebastian State Park, Willamette Greenway parcels and 40 acres at Heceta Head Lighthouse.

The Subcommittee recommended approval of the request.

Senator Hannon's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Timms, Bryant and Shields excused)

47. Parks and Recreation Department

Representative Ross moved that the Emergency Board acknowledge receipt of a report on the facilities and prisons program.

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

A budget note required the Department to report quarterly on the status of facility improvements, maintenance projects, and the inmate labor program. The Department reported projects are progressing as scheduled. The total Facility Investment Program is \$20.2 million with \$5.2 million coming from other sources of funds. No changes are reported regarding the Department's partnerships with the Department of Corrections, Oregon Youth Authority, and several counties for use of inmates for work crews in parks and product manufacturing. The Department expects to utilize its full expenditure limitation for this program.

The Subcommittee recommended approval of the request.

Representative Ross' motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Timms, Bryant and Shields excused)

48. Department of Revenue

Representative Schrader moved that the Emergency Board, acting under the authority of ORS 291.326(1)(a), allocate \$750,000 from the special purpose appropriation made to the Emergency Board by section 2(2), chapter 395, Oregon Laws 1999, to supplement the appropriation made to the Department of Revenue by section 2(1), chapter 395, Oregon Laws 1999, for the Elderly Rental Assistance program.

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

The Elderly Rental Assistance (ERA) program provides direct tax relief to elderly, low-income taxpayers through a refundable credit. Benefits are based on income levels and the amount of rent, fuel, and utilities paid. Eligible renters are age 58 or over with household incomes under \$10,000, household assets that do not exceed \$25,000 (if under age 65; over age 65 there is no limit on household assets), and gross rent in excess of 20 percent of household income. Each year, renters are required to file a claim in April for the previous tax year and most of the refunds are paid by the Department the following October. In addition to the refunds, the program provides direct payments to

local governments in lieu of property taxes on certain tax-exempt housing for the elderly. These payments represent about 20 percent of the ERA budget.

The program has experienced a steady decline in payments throughout the 1990s. The 1999 Legislative Assembly approved a 1999-01 budget of \$9 million General Fund for the program, representing a 12 percent decrease from 1997-99 costs. However, because recent declines have been between five to seven percent, the legislature also approved a \$750,000 special purpose appropriation to the Emergency Board, pending caseload information from the Department. The Department reported that payments totaling \$5.1 million were made in the first year of the 1999-01 biennium. Based on filings for the 1999 tax year, the Department stated it expects to make payments of \$4.7 million in 2000-01. As a result, it requested allocation of the special purpose appropriation. Total 1999-01 payments of \$9.8 million represent a five percent decline from 1997-99 biennium costs.

The Subcommittee approved the request, with the understanding the Department of Administrative Services would unschedule the \$750,000 until both interim legislative revenue committees reviewed and approved the request. The House Interim Committee on Revenue approved this request on September 7, 2000. The Senate Interim Committee on Revenue will consider it on September 11, 2000.

Representative Schrader's motion carried with no objections voiced. (Representatives Westlund, Montgomery and Winters, and Senators Timms, Bryant and Shields excused)

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

EMERGENCY BOARD:

Representative Lynn Snodgrass, Chair

Senator Eugene Timms, Secretary

ATTEST:

Michael J. Stinson,
Legislative Fiscal Officer

Attachment to Item #11

STUDY OF OREGON'S WORKERS' COMPENSATION INSURANCE MARKET**STATEMENT OF WORK***A. Study Objectives*

The Oregon Legislature seeks an unbiased study assessing the current and future degree of competition in the state's workers' compensation insurance market. This study must address the following question: Are there sufficient economic incentives for a firm to enter and/or remain in Oregon's workers' compensation insurance market? This question should be addressed both in terms of current market conditions and under plausible alternative scenarios for the coming decade. This study should assume that state policy towards the industry remains constant.

B. Scope of Study

B1 Describe Oregon's current market. Summarize Oregon's current workers' compensation insurance market environment and recent trends. This section should include:

- Summary of trends over the past decade in terms of insurance premium volume, market concentration ratios and pricing patterns. These trends should be compared with national averages. Much of this information is available from the Department of Consumer and Business Services. Contacts will be provided.
- Identification and analysis of participants including their pricing strategies and market niches.
- Identification and analysis of Oregon's market segments.
- Assessment of market options available to employers of different sizes and regions of the state.
- Evaluation of financial performance measures for representative companies writing insurance in Oregon. These financial performance measures should be compared with national averages.

B2 Identify Opportunities for Prospective Market Entrants. Evaluate barriers to entry into the Oregon market. Market entry under current market conditions should be analyzed from the perspective of both national insurers and new business start-ups. This section should include:

- Assessment of new entrant's ability to access independent agents.
- Evaluation of market niches for direct writers and agency writers.
- Analysis of new entrant's ability to serve market segments such as interstate accounts, federal coverages, residual market accounts or self-insured employers.
- Assessment of the competitive effects of new insurance mechanisms such as employer groups.
- Comparison of barriers to entering Oregon's market with those prevailing in typical states.

B3 Project changes in Oregon's market characteristics in the coming decade. Using plausible alternative scenarios for external factors and market strategies, assess likely changes in the degree of competition in Oregon's market. This section should include:

- Description of plausible alternative values for key national and state external factors such as employment growth, financial market performance and health care inflation. There should be a minimum of three alternative scenarios, including a baseline projection.

- Description of alternative strategies for key market participants. There should be a minimum of three alternative strategies for the major participants.
- Evaluation of likely changes in market concentration under alternative scenarios.
- Evaluation of profitability and other financial performance measures in the Oregon market relative to national averages under alternative scenarios.
- Assessment of changes in barriers to market entry under alternative scenarios.
- Evaluation of Oregon's market stability relative to national averages under alternative scenarios.
- Evaluation should be in a matrix format under alternative external factors and strategies.

C. Deliverables

C1 Progress report to study review team. This report should be presented orally with supporting written documents. It should contain a draft of section B1 and a conceptual outline for addressing sections B2 and B3. This report should be presented before December 15, 2000. There must be agreement between contractor and review team at this time on conceptual outline. If agreement is not reached, contract will be terminated. Contractor costs up to this point will be reimbursed.

C2 Final written report delivered to House Revenue Committee. This report should contain all elements of the work statement. It should be written in a general style aimed at policymakers. It should contain all necessary supporting data and methodology in appendices to the report. This report should be delivered by February 1, 2001.

C3 Oral presentation to relevant legislative committees. Present study results to committees that make request, up to a maximum of four requests. Provide copies of report and answer questions in testimony before committees. These presentations should be given before April 15, 2001. Presentations will not exceed two calendar days.