

## MINUTES OF THE EMERGENCY BOARD

**September 17, 2004**

**State Capitol**

**Salem, Oregon**

Members Present: Senator Courtney, Presiding Chair  
Senators Dukes, Gordly, Harper, Messerle, Morse,  
Representatives Bates, Butler, Doyle, Hansen, Morgan, Scott

Members Excused: Senators Schrader, Winters  
Representatives Knopp, Miller, Minnis

Pursuant to the provisions of ORS 291.328 and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d), ORS 291.371, and ORS 291.375, we hereby certify that the Emergency Board, meeting on September 17, 2004, took the following actions:

The meeting was called to order by Senator Courtney at 8:35 a.m. in Hearing Room F of the State Capitol.

### **Economic and Revenue Forecast**

Dae Baek, Deputy State Economist, and Michael Kennedy, Economist, Department of Administrative Services, Office of Economic Analysis, presented a summary of the September 2004 Economic and Revenue Forecast. Mr. Baek and Mr. Kennedy submitted an exhibit and responded to questions by members.

### **Minutes**

Senator Courtney moved that the Emergency Board approve the minutes of the June 25, 2004 meeting, as mailed, and upon hearing no objections the minutes were approved. Senators Schrader and Winters and Representatives Knopp, Miller, Minnis and Scott excused.

### **Agency Reports**

Representative Hansen moved that the Emergency Board acknowledge, en bloc, receipt of the following reports: Item 3, Department of Justice; Item 28, Department of Transportation; Item 33, Department of Administrative Services; and Item 45, Department of Corrections and Board of Parole and Post-Prison Supervision.

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

<b>Item #</b>	<b>Agency</b>	<b>Report</b>
3	Department of Justice	Legal sufficiency review exemptions
28	Department of Transportation	Oregon Innovative Partnerships Program
33	Department of Administrative Services	Compensation plan changes
45	Department of Corrections and Board of Parole and Post-Prison Supervision	Best practices to reduce recidivism.

The Subcommittee recommended acknowledging receipt of all the reports.

Representative Hansen’s motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller, Minnis and Scott excused.

## Federal Grants

Senator Gordly moved that the Emergency Board approve, en bloc, the following requests for approval to apply for federal grants: Item 5, Economic and Community Development Department; Item 9, Housing and Community Services Department; Item 12, Department of Environmental Quality; Item 21, Department of Land Conservation and Development; Items 25, 26, and 27, Department of Transportation; and Item 34, Department of Administrative Services, with the understanding that any agency receiving a grant award will return to the Emergency Board or Legislative Assembly for any necessary additional expenditure limitation and position authority.

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

Item #	Agency	Grant Application
5	Economic and Community Development	To the U.S. Environmental Protection Agency for \$400,000 for industrial brownfields site assessments.
9	Housing and Community Services Department	To the U.S. Department of Health and Human Services for \$999,984 to establish an energy assistance pilot program for low-income households.
12	Department of Environmental Quality	To the U.S. Environmental Protection Agency for \$400,000 for brownfields site assessments in rural and economically distressed communities.
21	Department of Land Conservation and Development	To the Federal Emergency Management Agency for \$120,000 for flood hazard map modernization.
25	Department of Transportation	To the U.S. Department of Transportation for \$200,000 to fund On-the-Job-Training Supportive Services projects for women and minorities.
26	Department of Transportation	To the U.S. Department of Transportation for \$1.6 million to fund “innovation materials” portions of three Oregon bridge projects.
27	Department of Transportation	To the U.S. Department of Transportation for \$35,000 to assist statewide coordination of transportation services.
34	Department of Administrative Services	To the U.S. Department of Homeland Security for \$955,132 to develop information security measures.

The Subcommittee recommended approval of all requests, with the understanding that, if the funds are awarded, the agencies will return to the Emergency Board or Legislative Assembly for approval of any necessary additional expenditure limitation and position authority.

Senator Gordly’s motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller, Minnis and Scott excused.

### 1. Department of Education

Senator Morse moved that the Emergency Board authorize transfers of and approve increases in Federal Funds expenditure limitations, per the attached schedule; request the Department of Administrative Services to reschedule \$26 million Federal Funds expenditure limitations, as follows: Individuals with Disabilities Education Act - \$16 million, Title IA – Grants to Local Educational Agencies - \$6 million, Title I – Migrant Education - \$2 million, and Vocational Education - \$2 million;

request the Department of Administrative Services to unschedule an additional \$3.8 million Federal Funds expenditure limitation for Title II – Teacher Quality grants, until the agency documents the need for it; and acknowledge receipt of the federal funds report.

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

The 2003 Legislative Assembly directed the Oregon Department of Education (ODE) to provide the Emergency Board with updated information on federal funds to be received in 2003-05 and the allocation of these resources between state-level activities and grants to local education programs. The Assembly also requested the Department of Administrative Services to unschedule \$50 million Federal Funds expenditure limitation for Grant-in-Aid programs until the ODE submitted the report.

The ODE reported that it has received notification of all federal grant awards for 2003-05. It provided an updated plan that indicates less than 5% of the funds will be used for state-level administration. Due to additional federal revenues available and projected expenditures for this biennium, it requested an increase in its Federal Funds expenditure limitation over the 2003-05 legislatively adopted budget of \$645 million for Grant-in-Aid programs (excluding the nutrition programs). It also requested that \$42.2 million in Federal Funds expenditure limitation be rescheduled.

Additionally, the Department requested additional Federal Funds expenditure limitation for the Oregon State Schools for the Deaf and for the Blind to use federal resources for maintenance projects. Both schools have significant deferred maintenance needs. The ODE has earmarked \$500,000 in federal funds under the Individuals with Disabilities Education Act (IDEA) to use for projects this biennium. These include roof and fire sprinkler system replacement, tree trimming and removal, and air conditioning upgrades. Since the budget for the two schools already contains expenditure limitation for a portion of the project costs, the agency requested a Federal Funds expenditure limitation increase of \$158,428.

The Subcommittee recommended the Emergency Board approve a transfer of \$8 million Federal Funds expenditure limitation from All Other Federal Programs to Title IA – Grants to Local Educational Agencies and approve an increase totaling \$11.7 million in Federal Funds expenditure limitations as follows: Title IA – Grants to Local Educational Agencies, \$4 million; IDEA, \$4 million; Title I – Migrant Education, \$2 million; Vocational Education, \$1.5 million; and Oregon State Schools for the Deaf and for the Blind, \$158,428.

The Subcommittee also recommended the Emergency Board request the Department of Administrative Services (DAS) to reschedule Federal Funds expenditure limitation for IDEA (\$16 million), Title IA - Grants to Local Educational Agencies (\$6 million), Title I - Migrant Education (\$2 million), and Vocational Education (\$2 million). In addition, it recommended the Emergency Board request DAS to unschedule additional Federal Funds expenditure limitation for Title II - Teacher Quality grants (\$3.8 million) until the ODE documents the need for the limitation. Finally, the Subcommittee recommended the Emergency Board acknowledge receipt of the federal funds report.

Senator Morse's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Butler, Knopp, Miller, Minnis and Scott excused.

## 2. Department of Justice

Representative Scott moved that the Emergency Board approve, retroactively, the submission of a federal grant application by the Department of Justice to the U. S. Department of Justice for a Victims' Rights Compliance Project Discretionary Grant.

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

The Department of Justice (DOJ) requested permission to apply for a \$75,000 one year federal grant to address compliance, communications, coordination, and other issues relating to crime victims' rights. While constitutional and statutory rights are provided to crime victims, enforcement of these rights in the legal system is limited. This means enforcement or compliance with these rights must depend in large part on voluntary and cooperative efforts by various parties.

DOJ will use the grant funds if awarded to:

- pay the staff and other costs of a 16 member advisory council consisting of stakeholders in the system including representatives of district attorneys, the state courts, crime victims advocates, law enforcement agencies, and state agencies;
- update the 2002 Crime Victims' Needs Assessment to determine the most significant compliance issues; and
- develop a Compliance Implementation Plan to address the identified compliance issues including multidisciplinary compliance and training; the process for reporting, reviewing and resolving complaints; and increasing awareness of victims' rights. An evaluation component will also be included.

While this grant is for one year, there is potential for additional funds in the next two years. Future grant funds, if available, would be used to implement the Compliance Implementation Plan. There is no state match required for this grant.

The Department failed to provide timely notification to legislative leadership of its intent to apply for this grant. The Subcommittee determined that the proposed uses of the grant funds and potential results outweigh the lack of agency action and therefore recommended authorization to apply. The Subcommittee instructed the agency to return to the Emergency Board to review the need for position authority if the grant is awarded.

The following Committee discussion occurred:

Representative Doyle stated his objection to this agenda item based on his concern of growing state government through additional state employees and the creation of another advisory council. He also objected due to the failure of the agency to follow the procedures for notifying legislative leadership of the intent to apply for the grant.

The Subcommittee recommended approval of the request.

Representative Scott's motion carried with Rep. Doyle voting "no". Senators Schrader and Winters and Representatives Knopp, Miller, and Minnis excused.

## 6. Economic and Community Development Department

Representative Hansen moved that the Emergency Board increase the Other Funds expenditure limitation established for the Economic and Community Development Department by section 23, chapter 713, Oregon Laws 2003, by \$720,300 for the Oregon Arts Commission from revenues available from the Cultural Trust Account, for arts grants.

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

SB 931, which was enacted by the 2003 Legislature, transferred the staff and administration of the Trust for Cultural Development Board (Trust) and Trust for Cultural Development Account (Account) from the Secretary of State to the Oregon Arts Commission in the Economic and Community Development Department (OECDD). The transfer was effective September 1, 2003. At the time of the transfer, it was unclear what level of resources would be available from the Account for grant funding. Therefore, the Legislature established limitation for administrative expenses, but did not provide limitation for grants.

The statutes governing distributions from the Cultural Trust provide that 42% of the Account balance as of July 1 of each year may be distributed. Of that 42%, 7.5% may be used for administrative expenses. OECDD indicates that the Account had a balance of \$1,854,055 on July 1, 2004. Based on that total, \$778,703 would be available for distribution, with \$58,403 available for administration and \$720,300 available for grant awards. The Commission plans to use the \$720,300 on the grants itemized in the agency request.

The Subcommittee discussed the revenue available for distribution and the level of annual resources that would be needed to sustain an adequate level of administrative support. OECDD noted that \$5 million per year would be required, because of the distribution formula.

The Subcommittee also discussed the revenue available for administrative expenses. OECDD had received funds from private non-profits and charitable trusts to support administrative expenses not funded through the Account. OECDD is working with the Legislative Fiscal Office and the Budget and Management Division of the Department of Administrative Services to identify the revenue available through the remainder of the 2003-05 biennium. OECDD may return to the November 2004 meeting of the Emergency Board for expenditure limitation based on this revenue.

The Subcommittee recommended approval of the request.

Representative Hansen's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## 7. State Fair and Exposition Center

Senator Courtney moved that the Emergency Board increase the Other Funds expenditure limitation established for the Oregon State Fair and Exposition Center by section 2(1), chapter 437, Oregon Laws 2003, by \$600,000 from interest earned on Lottery-backed bonds, for completion of bond-financed Pavilion enhancements and for construction and repair projects related to the Fair Facilities Master Plan.

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

The Facilities Master Plan for the Oregon State Fair and Exposition Center (Fair) included a number of facilities repair and construction projects. Various components of the Plan have been funded with several Lottery-backed bond sales. The proceeds from these bond sales are held in an account at the Oregon State Treasury, and earn interest until used to fund projects. After arbitrage costs are deducted, approximately \$600,000 in interest earnings will be available by the end of the 2004 calendar year.

The Fair has a number of Facilities Master Plan and Pavilion-related projects that are currently unfunded and has proposed to use the interest earnings for these projects. These projects are consistent with the purposes for which the bonds were sold, and will improve overall Fair facilities and marketability, with an anticipated positive impact on Fair revenues.

The Subcommittee discussed the level of bond proceeds authorized for the Pavilion and related projects. The Fair requested \$10.75 million, but was authorized \$10 million. With the interest earning expenditures, the Fair will still expend \$150,000 less than was initially identified as the cost for these projects.

The following Committee discussion occurred:

Senator Harper asked if the Subcommittee had discussed the use of interest earnings for debt service instead of for these projects. Staff noted that the Subcommittee discussed the need to complete these projects and the impact on the marketability and revenue of the Fair. The Subcommittee had noted that the Fair requested \$10.75 million in bonding authority, but was authorized \$10 million.

Senator Harper asked if this \$600,000 would complete the renovation needs at the Fair. Staff noted that, when the Facilities Master Plan was completed, over \$37 million in facilities and maintenance requirements were identified. This resulted from almost 20 years where the State of Oregon provided no support to maintain Fair facilities. The Legislature has authorized over \$21 million in Lottery-backed bonds to address these needs, so there is still a gap.

Senator Morse asked about the cash flow and attendance from the 2004 Annual State Fair. Staff noted that it takes time to compile the data, but that the Fair would provide a required annual report at the November 2004 meeting of the Emergency Board. Katie Cannon, State Fair Director, also noted that the State Fair has not yet compiled the data.

Senator Dukes expressed concern about the use of interest earnings, and asked how the interest earnings had accrued. Staff replied that there had been several bond issuances, and the accrual had occurred on these issuances as projects were completed. Staff noted that this request had been reviewed and approved by the Department of Administrative Services Capital Construction and Financing experts and was the balance remaining after arbitrage costs were deducted.

Senator Courtney's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **8. Housing and Community Services Department**

Representative Morgan moved that the Emergency Board approve, retroactively, the submission of a federal grant application by the Housing and Community Services Department to the U.S. Department of Health and Human Services for training and technical support related to OPUS, and direct the agency to report to the Emergency Board on the total funding for all projects under

OPUS and to the Joint Legislative Committee on Information Management and Technology on the implementation of OPUS.

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

The Housing and Community Services Department (HCSD) submitted a federal grant application for \$125,000 to the Community Services Block Grant Training and Technical Assistance program of the Office of Community Services. The grant may be renewed for up to two years and no state matching funds are required. HCSD provided notice on June 18, which was the deadline for the grant application, to legislative leadership of its intention to apply for the grant. The agency initially believed that additional funding would be available through an existing grant award and that a separate application would not be necessary. However, this turned out not to be the case. HCSD understands that it needs to comply with the 10-day notification rule in the future.

If approved, grant funds would be used to augment HCSD's efforts to develop a single-entry, web-based client service system, called OPUS (not an acronym), by providing training and technical support (0.5 FTE) to community action agencies and other direct service providers. OPUS is intended to streamline the intake process for clients and staff and to provide a reporting tool for antipoverty services.

The Subcommittee recommended that the Emergency Board approve the request to apply for the grant and direct HCSD to report to the Emergency Board on the total funding for all projects under OPUS and to the Joint Legislative Committee on Information Management and Technology on the implementation of OPUS.

Representative Morgan's motion carried with no objections voiced. Senators Harper, Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **10. Department of Agriculture**

Representative Butler moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Agriculture by section 4, chapter 708, Oregon Laws 2003, by \$750,000 for unexpended monies from a September 2001 specialty crops grant.

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

At the September 2001 Emergency Board meeting, the Oregon Department of Agriculture (ODA) requested and received a \$3,720,000 Federal Funds expenditure limitation increase for specialty crop grants using money Oregon received from the 2001 Agricultural Economic Assistance Act (Public Law 107-25). Given the uncertainties regarding how ODA would use the funds, the expenditure limitation increase was unscheduled by the Department of Administrative Services (DAS) until a plan for the grant program was developed and submitted for review and approval by DAS and the Legislative Fiscal Office. This plan was submitted to the Emergency Board at its November 2001 meeting.

This limitation increase was phased out of the 2003-05 budget due to the one-time nature of the funding. However, ODA reported that because of the nature and complexity of the approved grants, \$750,000 of the grant funding had not been distributed by the end of the 2001-03 biennium. The Department requested and was granted an extension by the U.S. Department of Agriculture to complete grant payments by December 31, 2004. The Department is requesting additional Federal

Funds expenditure limitation because unanticipated increases in federal funds expenditures earlier this biennium have left the Department short of limitation. The Department also reported it may return to the Emergency Board for additional Federal Funds limitation for increased expenditures related to Sudden Oak Death outbreaks and other needs.

The Subcommittee discussed the types of grant projects funded and their accomplishments, and recommended approval of the request.

Representative Butler's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **11. Columbia River Gorge Commission**

Senator Dukes moved that the Emergency Board allocate \$30,000 from the special purpose appropriation made to the Emergency Board by section 2 (1), chapter 583, Oregon Laws 2003, to supplement the appropriation made to the Columbia River Gorge Commission by section 1(1), chapter 583, Oregon Laws 2003, Joint operating program, for operating expenses.

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

The Legislature approved a special purpose appropriation of \$50,000 General Fund to the Emergency Board with instruction to the Columbia River Gorge Commission (CRGC) to request \$20,000 of the funds once a work plan and schedule was developed. CRGC provided a work plan and schedule detailing six work items defined by the Legislature with its request for \$20,000 to the Emergency Board in November 2003. The balance of the funds was to be requested when substantial progress had been made in implementing the components of the work plan.

CRGC reported considerable progress on each of the work plan elements even though additional resources are needed to fully accomplish the tasks. Major accomplishments include:

- the development of a tracking system and update of procedures to meet permit-processing timelines;
- completion of streamlining the adjudication process except for the evaluation;
- actively pursuing appropriations for Gorge projects with the congressional offices (appropriation bills marked up by the House of Representatives contain several specific Gorge appropriations and the Commission is working with Northwest Senate offices to ensure that the Senate will include appropriations for the Gorge in their version as well);
- revisions to the Scenic chapter of the Management Plan were adopted by CRGC that clarify the regulations, making the process more predictable, addressing issues that have been the subject of frequent appeals, and improving consistency of implementation; and
- completion of administrative requirements to put CRGC in a position of considering a fee schedule to recover a portion of operational expenses due to Klickitat County's failure to adopt ordinances.

The Subcommittee recommended approval of the request.

Senator Duke's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### 13. Department of Environmental Quality

Senator Dukes moved that the Emergency Board increase the Other Funds expenditure limitation established for the Department of Environmental Quality by section 2(4), chapter 724, Oregon Laws 2003, Cross Media, by \$397,843 for the purchase of chemical analysis and emergency preparedness equipment.

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

The U.S. Department of Homeland Security makes funds available annually for local first responders and state governments to build emergency response infrastructure. The Department of Environmental Quality (DEQ) is the lead agency responsible for analysis of chemical terrorism threats through its laboratory. The Department applied for funds for response equipment and was awarded \$397,843 in May 2004.

Of the total requested, \$141,500 would be used to purchase equipment needed for the analysis of trace amounts of chemicals, including potential chemical weapons, in the air. A mobile unit to provide a base of operations with communications and shelter capabilities for use when responding to off-site emergencies would be purchased for \$135,000. In addition, \$104,955 would be used to purchase equipment to protect the Department's information technology infrastructure from unauthorized use and maintain functionality during possible terrorist attack. Additional information technology equipment to facilitate communications with Blackberry units in the field will be purchased for \$4,800. The grant also includes \$11,588 to finance DEQ staff costs incurred to purchase and install the above equipment. No General Fund will be used to purchase any of the grant funded equipment and grant funds do not require any state match

The Subcommittee recommended approval of the request.

Senator Dukes' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### 14. Department of Environmental Quality

Senator Messerle moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Environmental Quality by section 5(4), chapter 724, Oregon Laws 2003, Cross Media, by \$266,507, and add nine months each to two existing limited duration positions (0.75 FTE) to improve environmental reporting required by the Environmental Protection Agency, with the understanding that the Department will make a report on the project to the Joint Legislative Committee on Information Management and Technology during the 2005-07 biennium.

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

Work on automating federal reporting requirements was initiated in January 2002 when the Joint Legislative Committee on Information Management and Technology approved a project for better data management through a National Environmental Information Exchange Network Grant. The U.S. Environmental Protection Agency (EPA), working with the Environmental Council of the States, has attempted to address reporting inefficiencies. This system would be used for transfer of data to the EPA, other governmental units, and authorized users. The current system of data transfer requires frequent modification and some duplicative data entry.

Continuation of the data management and reporting project was approved as part of the DEQ 2003-05 budget when \$352,008 Federal Funds expenditure limitation and authorization for three limited duration positions (1.25 FTE) was provided by the 2003 Legislature to accommodate carry over from a September 2002 grant. The \$266,507 that DEQ is now requesting authorization to spend is also from the September 2002 EPA grant, which the Emergency Board approved in April 2002. At the time the Department made the application in April 2002, the EPA had indicated the money would be available in May, however DEQ did not receive the monies until September. This delay in receiving the grant funds caused most of the work planned for 2001-03 to be delayed. The Department anticipates that the project to simplify reporting to EPA will now be completed in 2006.

The Subcommittee recommended approval of the request, with the understanding that the Department would make a report on the project to the Joint Legislative Committee on Information Management and Technology during the 2005-07 biennium.

Senator Messerle's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **15. Department of Forestry**

Senator Messerle moved that the Emergency Board acknowledge receipt of a report from the Department of Forestry on the Harvest and Habitat modeling project.

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

As requested by budget note, the Department reported that the progress on the harvesting model for determining optimal timber and harvest outputs under the current forest management plan has reached the point that intermediate runs are now under way. Stakeholders are actively involved in the work group and policy committee. Additional modeling is expected to be applied to all of the Districts by spring of 2005.

The Department also reported selling 233 million board feet in fiscal year 2004 and that the Fiscal Year 2005 sales volume is planned to be 220 million board feet.

The Subcommittee recommended acknowledging receipt of the report.

Senator Messerle's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **16. Department of Forestry**

Representative Morgan moved that the Emergency Board acknowledge receipt of a report from the Department of Forestry on recommendations for adequate future funding for emergency wild land fires and the role of commercial catastrophic fire insurance.

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

The Legislature directed the Department of Forestry to evaluate fire protection funding strategies by a budget note.

Beginning in January 2004, ODF brought together a work group to address the subjects of the budget note.

The work group is in the process of finalizing recommendations to:

- 1) Continue commercial catastrophic insurance on the costs of fire suppression as an essential element of the emergency fire funding structure if the annual cost-benefit analysis remains favorable. The work group favors increasing the deductible amounts to lower the insurance premium and applying savings to bolstering initial attack capabilities.
- 2) Maintain the historic relationship of fire suppression costs among the general public and forestland owner is essential. The work group generally agreed that a policy goal of 50% public cost share and 50% land owner cost share is desirable. Currently, the overall general public cost share is approximately 40% and the land owner cost share is 60%.
- 3) Applying resources to keep fires small by prepositioning fire fighting assets such as air tankers and helicopters to more quickly respond to fire starts is a key solution to reducing the likelihood of fires growing to catastrophic size and unaffordable costs.

ODF expects the work group to meet two or three more times to finalize their work resulting in a written report, legislative concepts, and a budget policy package for consideration by the next Legislature.

The Subcommittee recommended acknowledging receipt of the report.

Representative Morgan's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **17. Department of Forestry**

Senator Dukes moved that the Emergency Board acknowledge receipt of a report from the Department of Forestry on the Tillamook Interpretive Center, with instructions that, once the facility is built, operation costs be paid with resources other than State Forest Development Funds.

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

The Legislature directed the Department of Forestry to work with the Oregon Parks and Recreation Department to develop an interagency agreement to assist with the staffing and operation of the Tillamook Forest Center.

The Department detailed a staffing plan consisting of nine full-time positions and five seasonal positions to operate the facility. The Department of Forestry and Parks and Recreation Department agreed to request, as part of the 2005-07 biennial budget, a package of recommended positions to operate the facility with four of the nine positions funded by Oregon Parks and Recreation Department resources. The remaining positions would be funded out of Oregon Department of Forestry resources. The Department summarized the sources and use of over \$8 million in private and local government donations to build the facility. The Department also reported that once the facility is built, the trust will focus efforts to generate revenue for an endowment to defray costs of operation.

The Subcommittee discussed the relative priority of utilizing Forestry resources to operate this facility compared to utilizing those resources to manage the forests. Also discussed was the availability of local dollars to pay the cost of operations.

The Subcommittee recommended acknowledging receipt of the report, with instructions to the Department to utilize resources other than the State's Forest Development Funds (the state's share of timber harvest receipts) to operate the facility.

Senator Duke's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **20. Department of Forestry**

Senator Dukes moved that the Emergency Board acknowledge receipt of a report from the Department of Forestry on a review of the implementation plan for Salmon Anchor Habitat strategies.

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

The Legislature directed the Department of Forestry through a budget note to form a work group of constituents to review the implementation plan for salmon anchor habitat strategies, identify issues, and develop recommendations.

Salmon Anchor Habitat (SAH) is an adaptive management strategy designed to minimize forest management activity risks to salmon habitat areas by retaining large trees or extending no harvest buffers in specific areas.

While the group agreed on several issues, differences in opinions and interpretation of the science ultimately led to no consensus that would lead to a recommendation to the Legislature or Board of Forestry. The Department reported their intent to pursue a broader discussion of the forest management plan, including harvest, habitat and adaptive management strategies with the Board in the coming year to determine what changes may be appropriate.

The Subcommittee recommended acknowledging receipt of the report.

Senator Duke's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **22. Marine Board**

Representative Butler moved that the Emergency Board increase the Other Funds expenditure limitation established for the Oregon State Marine Board by section 1 (3), chapter 438, Oregon Laws 2003, Facilities construction and maintenance and land acquisition, by \$800,000 for the Facility Grants Program.

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

The Marine Board requested an increase in expenditure limitation to fund a high priority regional facility project in Rainier. The facility will serve a large population of boaters from around the Portland area as well as Southern Washington. The project is an important element of the city's

economic development efforts to improve livability and attract tourists. In order to take advantage of the in-water work window, the Marine Board needs to begin construction by November 1, 2004.

The total cost of the project is estimated to be \$1.6 million. This project will be matched with \$700,000 in federal aid from the U.S. Fish and Wildlife Service and \$100,000 from the city of Rainier. The city of Rainier has acquired property for the new facility. The Marine Board share of the project will be funded from cost savings from the 2001-03 biennium.

The Subcommittee recommended approval of the request.

Representative Butler's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **23. Oregon Watershed Enhancement Board**

Senator Dukes moved that the Emergency Board acknowledge receipt of a report from the Oregon Watershed Enhancement Board on criteria used to consider land acquisition proposals.

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

The budget report for SB 5547 (2003), the budget bill for the Oregon Watershed Enhancement Board (OWEB), asked the agency to consider using four specified criteria when considering land acquisition grant requests. During the 2003 legislative session, OWEB committed to undertaking a thorough review of the rules it uses to consider grants for land acquisitions. Revision of OWEB's administrative rules began in February 2004 with the convening of a rules advisory committee. This committee was directed to consider including the criteria identified in the budget note and the science-based ecological priorities described in the budget note. The Department held eleven hearings on the rule changes throughout the state.

OWEB reports the new rules meet two goals: improving the evaluation process of acquisition grant applications and establishing more specific, science-based criteria for evaluating the potential ecological benefits from proposed acquisition grants. A report titled "OWEB Ecological Priorities for Land Acquisition by Basin" was created to detail specific science-based criteria for grant consideration. Both the new rules and the report were adopted by the OWEB Board on September 14<sup>th</sup>, 2004. The budget note stated that if OWEB decided not to include a specified criterion then it was required to explain why it was not included. These specified criteria and OWEB's response follow.

1. Science-based requirements that quantify the benefit of the acquisition to the goals of the Oregon Plan for Salmon and Watersheds: OWEB reports its constitutional and statutory framework for funding land acquisitions not only includes the goals of the Oregon Plan, but also includes projects that would benefit upland wildlife habitat which is not a goal of the Oregon Plan. The new rules strengthen the current requirement on specifying how the proposed project will benefit native salmonids, fish and wildlife habitat, watersheds, and water quality through a more explicit, science-based demonstration utilizing the newly developed ecological priorities and Conservation Principles. In the proposed rules, applicants will be required to quantify the benefits of the proposed acquisition to the at-risk basin habitats and species identified in the draft ecological priorities, and demonstrate how the project would be consistent with the Conservation Principles. Towards this end, applicants will be required to submit at least two letters from natural resource professionals who are not connected to the applicant supporting their claims on the benefits of the project. The new acquisition subcommittee as

well as the Regional Review Teams will both independently evaluate whether a proposed acquisition will benefit the identified basin ecological priorities and Conservation Principles.

2. The agency prioritizes land whose purchase price reflects what the appraised value of the land would be under its intended use after the purchase is complete. The appraised value of the intended use should be based on local jurisdiction property tax appraisals of comparable land in the private sector: OWEB administrative rules require applicants for acquisition grants to submit a fair market appraisal of the property to be purchased. A fair market appraisal is based upon the highest and best economic use of the property and must be prepared by an independent, certified appraiser conforming to the Uniform Standards of Professional Appraisal Practice (USPAP). How the purchaser will use the property after purchase, if it is not the highest and best economic use, does not drive valuation under the USPAP. In Oregon, a private, certified, licensed appraiser is prohibited by statute from using local jurisdiction property tax appraisals in a fair market value appraisal. Because of this prohibition, OWEB did not require the use of local jurisdiction property tax appraisals of comparable land in the private sector in their proposed rules changes. Current rules give some preference to applications where the seller agrees to sell at below fair market value by allowing an applicant to count the difference between the fair market value and the actual purchase price as match towards the OWEB match requirement for grants.

3. Ensure that funding for land ownership and management costs that will be incurred after the property is acquired will be met from revenue sources other than state funding: OWEB does not provide money for the long-term management costs of properties purchased for conservation using OWEB funding. OWEB administrative rules require any applicant for a grant to acquire land to specify how they will meet ownership and management costs after the purchase is completed. The proposed rules strengthen this requirement by setting out specific questions designed to give the Board sufficient assurance that an applicant will have the capacity to manage the purchased property long into the future.

4. A process is in place to interface with land use planning agencies that have jurisdiction over the land to be acquired: OWEB reports that all applicants for land acquisition grants are required to provide documentation that the acquisition project has been reviewed by local land use planning authorities and that it meets any requirements of local comprehensive plans. OWEB rules also ensure that all relevant local governments are asked if they are supportive of the acquisition project. This requirement will continue under the proposed rules modifications.

The Subcommittee discussed the newly adopted administrative rules, the specified criteria in the budget note, and areas where changes should continue to be explored.

The Subcommittee recommended acknowledging receipt of the report.

Senator Dukes' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **24. Department of Aviation**

Senator Gordly moved that the Emergency Board approve, retroactively, the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration for \$3

million and establish an Other Funds Capital Construction expenditure limitation of \$3 million for improvements at the Aurora State Airport.

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

The Federal Aviation Administration (FAA) notified the Department of Aviation on July 8, 2004 of their intent to fund \$1.5 million of the Aurora State Airport improvements utilizing surplus FAA grant funds.

The Aurora State Airport improvements were not planned for construction until the 2007-09 biennium. Because \$1.5 million of federal grant funding is now available, and by adding the General Aviation Entitlement Federal Funds of \$1.5 million programmed for Federal Fiscal Year 2005, the agency will be able to complete the scheduled improvements by October 2005. Improvements include runway reconstruction, installation of precision approach path indicators, and installation of medium intensity runway lights

The Subcommittee recommended approval of the request.

Senator Gordly's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **30. Department of Administrative Services**

Senator Harper moved that the Emergency Board increase the Other Funds Capital Construction expenditure limitation established for the Department of Administrative Services by Section 1(3)(g), chapter 623, Oregon Laws 2003, DEQ/Health Laboratory, by \$17,500,000 for the design and construction of improvements for the laboratory.

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

The Legislative Assembly approved \$6 million in the 2003-05 Department of Administrative Services (DAS) Capital Construction budget for the purchase of a building to house a joint laboratory for the Department of Environmental Quality (DEQ) and the Department of Human Services (DHS). DAS has acquired a suitable building for \$5.5 million and requested additional expenditure limitation to design and construct improvements to the building. The building acquired has 77,000 square feet of space. The plan is to add another 7,000 square feet of space. The final building design and improvements will be sufficient for both DEQ and DHS laboratory needs. The plan is to have the building ready for occupancy in the fall of 2006.

DAS originally developed project cost estimates from a low of \$22 million to a high of \$31 million. The \$31 million higher-end budget estimate included \$8 million for building acquisition. The Department ultimately acquired a building for \$5.5 million and is now requesting \$22.5 million, bringing the total funding to \$28.5 million.

Because of the special requirements, precise cost estimates cannot yet be provided. DEQ and DHS will continue to have input on laboratory specifications, including layout and design. The range of estimates prepared by the Department of Administrative Services appeared reasonable. However, the Legislative Fiscal Office (LFO) did not support an increase in limitation to accommodate the higher cost estimate. The original higher cost estimate anticipated paying \$8 million for a building, but DAS was able to acquire a building for \$5.5 million. LFO believed that all agencies involved should

work collaboratively to develop the best possible design at the best possible price. Providing limitation to accommodate the higher cost estimate removes one incentive to that end.

The Legislative Fiscal Office recommended increasing the limitation by \$17.5 million for a project total of \$23.5 million. If, after the construction bids are opened, it is found that the limitation provided is not sufficient, DAS may return for any additional limitation needed. The Subcommittee discussed the LFO recommendation with the Department. The Department stated it would be more comfortable with the \$22.5 million requested, but that it could proceed with the \$17.5 million recommended.

The Subcommittee recommended approval of the Legislative Fiscal Office recommendation.

Senator Harper's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **32. Department of Administrative Services**

Representative Butler moved that the Emergency Board establish an Other Funds Capital Construction expenditure limitation of \$20,000,000 for the Department of Administrative Services for the design and construction of a consolidated data center facility.

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

Directors of the 12 state agencies with the largest data centers (excluding the Department of Higher Education) have formed a Computing and Networking Infrastructure Consolidation (CNIC) Governing Board to advise the Governor and the Department of Administrative Services on the feasibility of what has been described to the Legislature as “data center consolidation.” In June, the Governing Board recommended to the Governor (and the Governor approved) moving forward with this project. The Emergency Board then approved, upon the recommendation of the Joint Legislative Committee on Information Management and Technology, an Other Funds expenditure limitation increase of \$450,000 for planning of a facility to house a consolidated data center for state government. The Department is now requesting an additional \$20 million Other Funds expenditure limitation for the design and construction of the facility.

Detailed implementation plans continue to be developed, timelines established, cost estimates and budget impacts detailed, and a governance structure worked on. The Department's Facilities Division has been working with the Governing Board to ensure that a suitable facility be available when the consolidation actually begins. There are construction firms in the marketplace with experience in the design and construction of facilities such as this and the plan is to contract with one qualified firm to design and build the facility. The target completion date for construction and first movement of equipment and personnel is in the fall of 2005.

The selected contractor will work with input from the Facilities Division and impacted state agencies to design and construct a 50,000 square foot, Tier III data center for the state. A Tier III data center is one that has redundant systems and specialized construction features that allow for any planned site infrastructure activity without disrupting the computer hardware operation in any way. A centralized facility of this type is, by its very nature, more expensive than a standard office or warehouse structure. However, the business case analyses conducted show that, even with debt service and building maintenance costs factored in, data center consolidation will be less costly than the state's current data center configuration.

The Department also reported to the Joint Legislative Committee on Information Management and Technology (JLCIMT) on the CNIC project. The JLCIMT reviewed the request for funding and recommended that the Emergency Board approve the request. The Legislative Fiscal Office and Budget and Management recommended the establishment of a new Other Funds Capital Construction expenditure limitation because the prior expenditure authority was for planning of the facility only.

The Subcommittee concurred and recommended approval of the establishment of a new Other Funds Capital Construction expenditure limitation of \$20 million for design and construction of the facility.

Representative Butler's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **35. Department of Administrative Services**

Representative Doyle moved that the Emergency Board defer action on the request for allocation of the \$9 million from the special purpose appropriation made to the Emergency Board by section 2, chapter 710, Oregon Laws 2003, to supplement the appropriations made by various sections and chapters, Oregon Laws 2003, and defer action on the request to increase Other Funds, Federal Funds, and Lottery Funds expenditure limitations established by the sections and chapters, Oregon Laws 2003, to fund state employee health benefit plan changes for the 2003-05 biennium.

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

The 2003 Legislative Assembly appropriated \$9 million General Fund to the Emergency Board for the increased cost of state employee health insurance premiums during the 2003-05 budget period. At that time, conservative estimates indicated that the total 2003-05 unbudgeted General Fund costs would be more than double this \$9 million amount, so the Public Employees Benefit Board (PEBB) committed to transfer up to \$15 million in one-time revenue out of its Stabilization Fund to agencies to help subsidize the unbudgeted General Fund costs of 2003-05 employee health insurance premiums, making \$24 million in total funds available for these expenses. The actual 2003-05 General Fund unbudgeted cost for health insurance premium increases, based on the PEBB contracts, is now projected to be \$25.9 million. As such, even with allocation of the \$9 million, General Fund agencies will be required to absorb approximately \$1.9 million or 7.43% of the 2003-05 costs.

The Department of Administrative Services (DAS) submitted a plan for distribution of the \$9 million General Fund and the \$15 million PEBB Other Funds and for related Lottery, Other, and Federal Funds expenditure limitation increases. The plan called for: 1) all of the General Fund and PEBB Other Funds would be exclusively used for the health benefit increases (as such, none of the funds would be used for salary adjustments, position reclassification costs, or backfills – where Other Funds or Federal Funds are not available for positions normally funded from those sources); 2) the one-time PEBB Other Funds would be transferred to larger agencies that have existing Other Funds expenditure limitations (specifically, the Department of Higher Education, Department of Human Services, Judicial Department, Department of State Police, Oregon Youth Authority, and Department of Revenue would receive PEBB Other Funds in place of most or all of their adjusted General Fund need); 3) approximately 70% (\$6.2 million) of the special purpose appropriation would be allocated to public safety agencies, with other program areas receiving the remaining \$2.8 million; and 4) the \$1.9 million underfunding of the General Fund costs for the premium increases would be prorated based on the agencies' General Fund costs.

The Subcommittee discussed the plan, options for dealing with this request, the need to get some additional information, and recommended that the Emergency Board defer action on the request to provide the money and expenditure authority at this time, with the understanding that and that there is an intention to meet the funding need at the November meeting of the Emergency Board. Based on the Subcommittee's recommendation, DAS confirmed that it would direct agencies not to take any related program reduction actions at this time.

Representative Doyle's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **36. Department of Administrative Services**

Representative Bates moved that the Emergency Board acknowledge receipt of a report from the Department of Administrative Services on its implementation of the Oregon Prescription Drug Program established by Senate Bill 875 (chapter 714, Oregon Laws 2003).

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

The 2003 Legislative Assembly appropriated \$198,398 General Fund to the Department of Administrative Services to implement the Oregon Prescription Drug Program established by SB 875. The main purpose of the law is to make prescription drugs available at the lowest possible cost to participants in the program. This is expected to come about through the use of a prescription drug purchasing pool. The law required a report from the Department on its preparations to implement the program.

The Department reported its actions to date and its expectations to sign up about 7,800 Oregonians in the program by January 2005. As required by the law, the Department already is planning for expansion of the program and it hopes to have 25,000 Oregonians enrolled in the program by the end of next year. Conservative estimates are that Oregonians can save \$8.5 million or more annually in prescription drug costs because of the program. The Subcommittee encouraged the Department to continue its efforts.

The Subcommittee recommended acknowledging receipt of the report.

Representative Bates' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **37. Oregon Student Assistance Commission**

Representative Morgan moved that the Emergency Board acknowledge receipt of a report from the Oregon Student Assistance Commission on its participation in the Federal Family Education Loan Program, with the understanding that the agency will return to the Emergency Board in November to report on the details of the successful resolution of the remaining issues.

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

The Oregon Student Assistance Commission (OSAC) reported on its participation in the federal student loan guarantee program – formally known as the Federal Family Education Loan Program – as

required by a budget note approved with the Commission's budget. This is the second of two reports that the budget note requires to be presented to the Emergency Board this interim.

The agency reported that the long term outlook for the loan program is not financially viable. Since its first report to the Emergency Board earlier this interim, the agency has reduced program expenditure levels and tried to increase revenues. These efforts have not been enough, however, to keep the program viable. Without operational changes, the loan program faces insolvency before the end of the current biennium.

Recent data indicate that OSAC guarantees approximately 24% of Oregon student loans. This proportion has been falling over time. The agency faces increasing competition from other loan guarantors and from the federal Direct Student Loan program. It is this loss of market share, coupled with reduced federal reimbursement rates and outstanding liabilities, that have made the program nonviable.

The Commission and Governor's Office are reviewing a number of alternatives for withdrawal from the program. These options include: returning the loan portfolio to the U.S. Department of Education, or transferring the program (and the loan portfolio) to another guarantor agency. The agency will report on the decisions it has made to the Emergency Board in November. The Subcommittee noted that the agency may need General Fund support from the Emergency Board to cover costs associated with the withdrawal from the loan program.

The Subcommittee stressed the need to resolve the disposition of the loan program quickly, and recommended modifying the Legislative Fiscal Office recommendation to reflect an understanding that the agency will come back to the Emergency Board in November with the details of the successful resolution of the remaining issues.

The following Committee discussion occurred:

Representative Morgan noted for the record that the Legislative Fiscal Office is to be included in the deliberations with the Governor's Office and the agency on the disposition of the issues.

Representative Butler asked whether the state will have to use General Fund to pay defaulted loans if OSAC withdraws from the loan guarantee program. Staff replied that the state would not need General Fund to pay defaulted loans, but that General Fund may be needed to fund liabilities and costs that are not directly affected by loan defaults.

Representative Butler then clarified that General Fund may be needed to shut the operation down, and asked whether we knew how much General Fund would be needed. Staff responded that General Fund may be needed both to shut down the loan program, and to finance the continuing functions of the agency after the loan program is ended, and stated that the amount of General Fund that would be needed is not known at this time.

Representative Morgan commented that the Subcommittee had extensive discussions on the General Fund risk, and that the agency is expected to have enough operating revenue to take it through to the last two quarters of the biennium. Beyond that, however, costs were uncertain because a number of issues are not yet resolved. She indicated that the Subcommittee wants these issues to be resolved quickly and in a manner that minimizes the impact to the General Fund.

Representative Morgan's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### **38. Department of Higher Education**

Senator Morse moved that the Emergency Board increase the Other Funds Capital Construction [Article XI-F(1) Bonds] expenditure limitation established for the Department of Higher Education by section 2(6)(b), chapter 845, Oregon Laws 2001, by \$4,700,000 for student housing at Southern Oregon University, and establish a \$500,000 Other Funds Capital Construction [Other Revenues (Including Federal Funds)] expenditure limitation for the same project, with the understanding that the university has expanded the size of the project.

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

In 2001, the Legislative Assembly approved construction of a new student housing facility at Southern Oregon University. The facility was to include 20 units and be financed by \$2 million of Article XI-F(1) bond proceeds. Southern has not constructed a new housing facility for single students in almost 40 years. The university requested authority for the project to address the shortage of affordable housing for students in Ashland.

As the university worked to develop the project, however, it revised its plans and now seeks to construct a 96-unit complex at a total cost of \$7.2 million. The Department is requesting that the Emergency Board approve this change in the project's size and cost. There are a number of factors that led to the change. In general, high demand for single-occupancy units justified the larger facility, and the larger facility can be constructed at a lower per-unit cost.

The project will contain quad units that include four single-occupancy bedrooms, a kitchen, bathrooms, and a common seating area. The revised financial plan calls for a combination of \$6.7 million of Article XI-F(1) bond proceeds and \$500,000 of monies from the university's Residence Hall Fund. Debt service on the bonds, estimated to total approximately \$950,000 per biennium, will be paid by the university. The university will use income from housing fees and Residence Hall Fund fund balances to finance debt service and other operating costs. In the unexpected event that housing auxiliary funds are insufficient to cover these costs, the university will remain liable for the costs and will finance them from other funds available to it. The project imposes no obligation on the state's General Fund.

The university is requesting approval of the changes to allow it to proceed with construction of the revised facility immediately, with a planned completion in Fall 2005. If delayed, the project may face higher construction costs, or higher finance costs if interest rates rise.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Senator Morse thanked Representative Bates for attending the Subcommittee's discussion of this item, and for providing information on the housing shortage in Ashland and its impact on the university.

Senator Morse's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### 39. Department of Human Services

Representative Bates moved that the Emergency Board approve, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the amount of \$920,258 over three years, to enhance housing options for persons with psychiatric and developmental disabilities.

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

In 2001, the U.S. Department of Health and Human Services began the New Freedom Initiative which promotes the goal of community living for people with disabilities. In fiscal years 2001, 2002, and 2003 the Centers for Medicare and Medicaid Services (CMS) awarded Real Choice Systems Change Grants totaling \$158 million to 49 states, including Oregon. In response to the 2004 Real Choice Systems Change grant announcement, Oregon's Department of Human Services (DHS) applied for a grant with the purpose of integrating long-term supports with affordable housing.

The DHS grant proposal describes two areas of focus:

- Integrating the use of assistive technologies with affordable housing to enable people with physical and development disabilities to live more safely and achieve greater independence.
- Reforming out-dated service financing processing to enable people with psychiatric disabilities to obtain the supports they need to live more safely and successfully.

About half of the requested grant funds will be used to hire three limited duration staff—two at DHS and one at the Department of Housing and Community Services. These Departments will return to the Emergency Board, if necessary, for expenditure limitation and position authority.

The Subcommittee discussed the fact that this request was retroactive and expressed its hope that such requests would be limited in the future. DHS representatives explained that the agency had conducted some negotiations with the U.S. Department of Health and Human Services before applying for the grant and that this time lag had prevented DHS from presenting this grant at the June meeting of the Emergency Board.

The Subcommittee recommended approval of the request.

Representative Bates' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

### 40. Department of Human Services

Representative Bates moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on the impact of premiums and other cost-sharing mechanisms on the Oregon Health Plan Standard caseload.

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

The budget report for HB 5030, the Department of Human Services' (DHS) 2003-05 budget bill, included a budget note that directed DHS to analyze the impact of premiums and other cost-sharing mechanisms on the Oregon Health Plan Standard caseload and to report to the Emergency Board.

The DHS report discusses the changes to the OHP Standard program since the end of the 2003 legislative session. Most notably, OHP Standard is no longer supported with General Fund, but instead, is funded with provider tax revenue. Co-pays have been eliminated in response to a court order in *Spry v. Thompson*.

The report also describes the impacts upon the Standard caseload from premiums, cost-sharing, and the elimination of mental health and addiction treatment services. Briefly, the OHP Standard caseload plunged from approximately 102,000 in 2002 to 51,000 in late 2003. Enrollment of low-income single adults declined significantly with those having no income decreasing by 58 percent. Seventy-two percent of the clients who lost coverage were uninsured at the time the study was conducted. Other research showed that Standard clients who lost coverage had higher unmet health care needs and were 4-5 times more likely to go to a hospital emergency department than those remaining on the OHP.

The Subcommittee recommended acknowledging receipt of the report.

Representative Bates' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **41. Department of Human Services**

Representative Bates moved that the Emergency Board deny the request to increase Other and Federal Funds expenditure limitations and establish 29 limited duration positions to implement the restructured Oregon Health Plan Standard program.

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

Last April, the Department of Human Services (DHS) presented a plan to rebalance its budget in light of the defeat of Ballot Measure 30 and the resultant HB 5077 General Fund disappropriations that were scheduled for May 1<sup>st</sup>. Part of the plan eliminated \$42.44 million of General Fund support for the Oregon Health Plan Standard program. In April, DHS and Emergency Board members were hopeful that Medicaid provider taxes approved by the 2003 Legislature could provide revenue for Standard to continue, albeit, at a reduced caseload level. Since then, the Centers for Medicare and Medicaid Services (CMS) have given the necessary approvals for this plan to be implemented. The current Standard caseload is about 55,000 clients. DHS estimates that the caseload must be reduced to about 24,000 by July 1, 2005 for the program to stay within available revenue. This reduction may require reducing the income eligibility threshold below its current level of 100% of the federal poverty level. If it is necessary, agency leadership may make this decision in October—because of a requirement to notify CMS and because of the time it takes to implement this policy change. DHS discussed the operational challenges of reducing the caseload to a level that is compatible with the available revenue.

To use provider tax revenue to support OHP Standard, DHS will need additional expenditure limitation. The Subcommittee supported the plan, but understands that DHS currently has excess Other and Federal Funds expenditure limitation. Consequently, the Subcommittee believes that additional limitation could be provided in the context of the next DHS rebalance plan which will be submitted in November.

The Subcommittee recommended that the Emergency Board deny the request, with the understanding the Department may request necessary budget adjustments as part of its next 2003-05 rebalance plan.

Representative Bates' motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **42. Department of Human Services**

Representative Scott moved that the Emergency Board approve the submission of a federal grant application by the Department of Human Services to the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration and National Institute of Mental Health, in the amount of \$450,000 over three years, to support evidence-based mental health treatment.

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

The 2003 Legislative Assembly passed SB 267, which requires several state agencies (including the Department of Human Services' Office of Mental Health and Addiction Services or OMHAS) to implement programs that are evidence-based. SB 267 defines "evidence-based" as a program that "incorporates significant and relevant practices based on scientifically based research; and is cost effective."

This grant will enable the Department of Human Services (DHS) to make progress in meeting the requirements of SB 267. DHS intends to contract with the Department of Public Health and Preventive Medicine at Oregon Health and Science University (OHSU) to conduct grant activities. Specifically, OHSU will be evaluating medication protocols used to treat psychiatric illnesses at Eastern Oregon State Hospital. The grant will facilitate the introduction and dissemination of a method to provide medications for major psychiatric illnesses consistent with evidence-based practices. DHS believes these efforts should improve symptom management and enable persons with those illnesses to improve functioning. Moreover, the Department indicates that grant activities could also lead to greater predictability and some decreases in costs associated with treatment. No state matching funds are required and additional DHS staff will not be needed to conduct grant activities.

The Subcommittee recommended approval of the request.

Representative Scott's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **43. Department of Human Services**

Representative Bates moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on reducing the Oregon Health Plan administrative costs of contracting with health plans.

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

House Bill 3624 requires the Department of Human Services (DHS), in consultation with representatives of fully capitated health plans to "review administrative requirements for fully

capitated health plan contracts and implement changes that would decrease the costs of administering the contracts.” The Department was further directed to report to the Emergency Board by November 30, 2003 on its findings. As required, the Department presented an initial report on its efforts to review the costs of administering managed care contracts at the November 2003 meeting Emergency Board meeting and was directed to return with updates in April 2004 and November 2004.

The November 2003 DHS report outlined the process the agency used to comply with the statute. In short, DHS managers met with representatives from four capitated health plans that are contractors for the Oregon Health Plan. This group identified target areas of the contracts or contracting process for administrative simplification and brainstormed to develop ideas for change. The group identified a number of areas that could be improved and generated many possible solutions. From the list of possible solutions, DHS determined which were feasible and began implementation. The Department reports that many of the ideas have been completely implemented and that it continues to work with managed care plans to look for additional ways to reduce administrative requirements. The DHS report includes a table that outlines simplification activities that have already been completed as well as those that are planned.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Schrader pointed out that the work described in Department’s report was a good example of how one agency was saving the taxpayers’ money. He added that in the Subcommittee meeting, DHS discussed 16 to 18 action items it was working on to reduce its own administrative costs and those of the OHP managed care plans. In the tax reform hearings, the issue of governmental savings came up repeatedly. The steps DHS is taking to save money, he argued, should be noted.

Representative Bates’ motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **44. Department of Corrections**

Representative Scott moved that the Emergency Board acknowledge receipt of a report from the Department of Corrections required by a budget note on the use and causes of overtime.

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

Members of the 2003 Public Safety Subcommittee of the Joint Committee on Ways and Means were concerned by the amount of overtime used in the various Department of Correction’s (DOC) institutions and the agency’s plans to control the uses of overtime. As a result, a budget note was included as part of the 2005-07 budget for the Department of Corrections.

Use of overtime can not be avoided in 24 hour institutions like prisons, but the extent of overtime use for the Department has been questioned by the Legislature as well as by the Secretary of State’s Audits Division. While the budget for the agency is developed to account for the 24 hour staffing needs, not every overtime driver is factored in. DOC has identified a number of drivers which led to increased use of overtime between April 2003 and July 2004, including:

- Hospital Watches – where security officers must accompany an inmate to a community hospital for treatment.

- Unfilled Positions – where positions are vacant so there are an insufficient number of employees to fill a post. This occurs primarily for two reasons – vacancy savings and difficulty in recruiting, especially in Eastern Oregon.
- Sick Leave – where there has been greater use of sick leave than the amount factored into the post-factor. The post-factor includes an adjustment for 9.78 days per year of sick time; the average is closer to 12 days per year.
- Family Medical Leave Act (FMLA) – where an employee takes time off for a family related issue (e.g., new child).
- Readiness and Response – where increased staffing is required as a result of inmate disturbances, organized actions, violence by inmates, or other emergencies within an institution.
- Extended Military Leave – where the estimated amount of military leave included in the post-factor is not sufficient. With the war in Iraq, many DOC employees have been “called up,” often for extended periods.

DOC has used 54% of its budgeted overtime in the first half of the biennium. The Department has identified strategies to control the use of overtime to stay within its budget, including:

- Increase the electronic monitoring of overtime.
- Analyze schedules annually to make sure established staffing standards are complied with for each institution.
- Increased training of managers to insure more efficient roster management.
- Document the costs of readiness and response incidents and other emergencies, leading to new practices and changes in training to better responses to emergencies.
- Centralize scheduling of hospital watches to better coordinate this function between security, transportation, and health care staff.
- Accelerate the hiring process to fill vacancies as well as developing new policies on the use of unscheduled leave.
- Request additional positions to reduce the need for the use of overtime. These positions will be funded by reducing the budget for overtime.

The following Committee discussion occurred:

Senator Courtney stated that 50 DOC employees at any one time have been “called-up” to serve on military duty and noted the Department must keep their jobs open until they return from their military duty. He further commented on the impact on employee safety and the challenges facing the Department from the growing prison population.

Senator Gordly asked whether the policy of the Department was to insure that those returning from duty in Iraq would automatically get their jobs back.

Senator Courtney responded that this was the policy and the deployment was affecting institutions in Eastern Oregon more than other areas of the state.

Representative Butler commended the Director of the agency on efforts in Eastern Oregon to respond to this issue.

Senator Gordly asked whether family members of deployed employees retain their health benefits when someone is serving overseas.

Representative Bates responded that there are federal benefits available for these families and that the state was also taking actions to assist these families.

Colonel Caldwell of the Military Department outlined the benefits available to families and the actions taken recently by the state to assist them including changes in retirement rules applicable to public safety personnel.

Representative Doyle mentioned another issue discussed by the Subcommittee regarding the relationship between the state's employment picture and the Department's experience in recruiting potential employees.

Senator Courtney mentioned the efforts by Department of Public Safety Standards and Training in training correctional officers.

The Subcommittee recommended acknowledging receipt of the report.

Representative Scott's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **46. Department of Corrections**

Representative Doyle moved that the Emergency Board acknowledge receipt of a report from the Department of Corrections on the status of counties opting out of the community corrections program and the Department's plan for implementing state-operated programs in these counties; and approve the establishment of 33 permanent full-time positions (12.48 FTE) and the conversion of 15 limited duration positions to permanent full-time positions for state operated community corrections program.

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

At its April 2004 meeting, the Emergency Board restored half of the \$17.8 million Ballot Measure 30 related reduction to the community corrections program. Since the full reduction was not restored, counties have the option of transferring the program to the state. To date, Douglas, Linn, and Curry counties have formally notified the agency of their intent to opt out. The Department of Corrections (DOC) assumed responsibility for the Douglas County program August 1<sup>st</sup>, and plans to assume the program in Linn County at the end of October. Curry County may not opt out if further funding is restored at the November Emergency Board meeting.

DOC does not plan to add any positions in the state central office to provide management, supervision, or oversight to the county programs transferred to the agency. DOC leadership believes a recent reorganization in the agency provides sufficient central management of the program at this time. If more counties transfer their programs, DOC may have to expand their administrative staff. DOC requested an Accountant I position (0.36 FTE) to perform the financial activities required by the state-operated county programs including paying bills, processing employee travel vouchers, and administering contracts with various providers. No additional funding is requested as the cost for this position will be paid from existing community corrections funding.

The Department of Corrections requested 49 new permanent positions and the conversion of 15 limited duration positions (6.90 FTE) to permanent status to assume the operation of the programs in the three counties. The 14 positions requested for Curry County were not recommended by the Subcommittee since it remains uncertain that the program will be transferred.

The Subcommittee recommended that all existing positions formally part of the local programs in Douglas and Linn counties be established as state positions. DOC requested two new positions for Douglas County which represented an expansion of the program's staff. The Subcommittee did not recommend these two positions because of the uncertainty of program costs for 2005-07. Since the Department plans to fund the operations of each county program within its existing allocation, any expansion of the program's staff at this time is not wise until the cost impact for next biennium is known.

The following Committee discussion occurred:

Senator Courtney expressed his concern about what is happening to the community corrections program generally and the potential for addressing this issue at the November meeting of the Emergency Board.

Senator Morse asked about the differences between the costs of a county operated program and a state operated program. Staff responded that the cost to the state should be the same for 2003-05 since the Department plans to stay within each county's allocation. In future biennia, the costs will depend on employee costs and decisions made by the Legislature.

Senator Courtney provided background on past decisions of the voters and the Emergency Board in addressing this issue.

Representative Bates described the costs, specifically the administrative costs, and the impact that it will have on the program in the future. He stated that most policy makers believe the program is more efficiently delivered at the local level.

Representative Doyle mentioned the potential for more counties opting out of their community corrections programs. He further discussed the concerns of counties relating to the growing costs of the program and their view that the state's contribution has not kept pace with county program costs.

Representative Hansen commented on the state's commitment to the program and the impact of more counties opting out of the program.

Representative Doyle's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **47. Military Department**

Representative Hansen moved the Emergency Board allocate \$48,558 from the Emergency Fund established by section 1(1), chapter 710 Oregon Laws 2003 to supplement the appropriation made to the Oregon Military Department by section 1, chapter 620, Oregon Laws 2003 to pay debt service costs resulting from the sale of Certificates of Participation, and establish an Other Funds Capital Construction expenditure limitation of \$1,965,000 for the purchase of land at the Salem Army Aviation Support Facility.

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

The Oregon Military Department learned of an opportunity to purchase 4.5 acres adjacent to the Oregon National Guard's Salem Army Aviation Support Facility in 2002.

The Department is requesting an increase in Other Funds expenditure limitation to purchase the adjacent property. Acquisition of the property provides an opportunity to address a growing concern about the security of the facility, and an improved location to site the Flight Operations Building and Weapons of Mass Destruction-Civil Support Team, parking, and primary access for the facility in a location that takes advantage of a recently installed traffic signal enhancing the safety of ingress and egress to the facility.

The Department received notification from the National Guard Bureau that the U.S. House of Representatives has approved \$4.9 million Federal Funds for construction of an Army Aviation Operations Facility in Federal Fiscal Year 2005. The Military Department believes U.S. Senate concurrence and Presidential approval is highly likely. An additional \$1.5 million to \$3 million in Federal Funds is expected for construction of the Weapons of Mass Destruction-Civil Support Team portion of the building. Cost for the single structure is estimated at \$7.9 million.

One of the prior uses of the property involved chrome plating processes. A remediation plan is being finalized with the Department of Environmental Quality which will include removal of contaminated soils and injection wells for ground water treatment and monitoring. The Military Department has offered \$1.9 million for the property with current land owners to correct contaminated soil and groundwater as a condition of the purchase. The Department proposed to purchase the property using proceeds from the sale of Certificates of Participation.

The Subcommittee recommended approval of the request.

Representative Hansen's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **48. Military Department**

Senator Morse moved that the Emergency Board allocate \$39,258 from the Emergency Fund established by section 1(1), chapter 710, Oregon Laws 2003 to supplement the appropriation made to the Oregon Military Department by section 1, chapter 620, Oregon Laws 2003 to pay debt service costs resulting from the sale of Certificates of Participation, and increase the 2003 Capital Construction Other Funds expenditure limitation established for the Oregon Military Department by section 1(4), chapter 623, Oregon Laws 2003 by \$2,990,000 for design and construction of Phase II of the Lane County Armed Forces Reserve Center Complex.

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

The Legislature authorized the planning and design of the Lane County Armed Forces Reserve Center (AFRC) Complex in 1993. Construction was authorized in 2003. The facility will provide space for administration, training, storage, and a field maintenance shop for units of the Oregon Army National Guard currently stationed in facilities in Lebanon, Eugene, and Cottage Grove. The facility will also house units from the Navy Reserve, Marine Corps Reserve and US Forest Service offices.

The Legislature approved expenditure limitations of \$2.4 million Other Funds and \$33 million Federal Funds for both phases of the project. The Military Department (OMD) is requesting that the source of funds for the state match for Phase II of the project be from the sale of Certificates of Participation, with debt service paid by the General Fund. Debt service for 2005-07 is estimated at \$174,600.

The Department has been notified by the National Guard Bureau that the U.S. House of Representatives has approved \$12.6 million Federal Funds for construction of Phase II of the Oregon National Guard portion of the project for Federal Fiscal Year 2005. It appears likely that the U.S. Senate will concur. An additional \$14 million Federal Funds will be provided by the Navy, Marine Corps, and Forest Service for their share of the construction costs.

OMD had planned for this request to be included in the OMD Governor's budget request for 2005-07. Because OMD learned that the U.S. Forest Service federal funding must be committed by June 30, 2005 and because the time to request proposals for development and solicitation of bids will take up to six months for a design-build contract to be awarded and signed, Emergency Board approval is required.

The Subcommittee recommended approval of the request.

Senator Morse's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

#### **49. Department of State Police**

Representative Doyle moved that the Emergency Board acknowledge receipt of a report from the Department of State Police on the distribution of sworn staff across the state for the Patrol, Fish and Wildlife, and Criminal Divisions.

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

During the Department of State Police (OSP) budget presentation for 2003-05, members of the Public Safety Subcommittee of the Joint Committee on Ways and Means were concerned about the distribution of troopers across the state after the many layoffs due to the budget reductions during 2002 and retirements. The Subcommittee heard testimony that some areas of the state, especially areas along the coast, were hit harder than others and staff coverage was far less in those areas. As a result, a budget note was included instructing OSP to report on the issue for the Patrol, Criminal, and Fish and Wildlife Divisions.

Information was presented on the budgeted number of sworn personnel for 2003-05 for each of the three divisions and the status of positions as of July 1, 2003; March 1, 2004; and September 1, 2004. Many of the positions filled between July 2003 and September 2004 are the result of hiring back staff laid off due to budget reductions. The September 2004 figures include the 34 recruits who started recruit school early in September. These recruits have been assigned posts but will not be available until mid-January 2005.

State Police policy since the layoffs has been to fully staff the Patrol Division at the cost of higher vacancy rates for the Criminal and the Fish and Wildlife Divisions. At the beginning of this current biennium, the Patrol Division was almost fully staffed while the Fish and Wildlife Division had 85% of its positions filled and the Criminal Division had 72% of its positions filled. After the current recruit class is available for duty, the Patrol Division is expected to be fully staffed, while the Criminal Division will have 91% of its positions filled.

The Subcommittee discussed selected issues that should be addressed during the 2005 legislative session, including:

- Recent OSP practice has been to fully staff the Patrol Division based on the importance the agency places on providing 24-hour coverage seven days per week and trooper safety. This is at the expense of greater vacancies for the Fish and Wildlife and the Criminal Divisions. While it is important for road and trooper safety to fully staff the Patrol Division, local governments depend on the Criminal Division to assist in major crime investigations and participate on local drug teams.
- OSP current practice is to have a recruit school only when there are roughly 30 or more vacant positions and this contributes to staffing shortages. Discussions are underway with the Department of Public Safety Standards and Training (DPSST) to include OSP recruits in the DPSST basic law enforcement classes. There is the potential for small numbers of recruits, or individual recruits, to become available on a more regular basis and reduce the number of vacant positions OSP often carries.
- The number of Patrol troopers is roughly half the number it was in 1980 and this is affecting safety on state highways.

The following Committee discussion occurred:

Senator Dukes asked for clarification of information in the staff analysis regarding more than 100% of positions being filled for the Patrol Division. Staff responded that known retirements will reduce that number in the near future.

Senator Messerle requested information on the staffing of the Fish and Wildlife Division positions, specifically on individuals that had been transferred from the Patrol Division. Representative Doyle, Representative Bates, and staff responded regarding the agency's priority of service and that many, if not all, of these troopers had been transferred back to the Patrol Division.

The Subcommittee recommended acknowledging receipt of the report.

Representative Doyle's motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

## **50. Department of Public Safety Standards and Training**

Representative Doyle moved that the Emergency Board acknowledge receipt of a report from the Department of Public Safety Standards and Training regarding the schedule and costs of the construction of the new public safety training facility, the integration of Department of State Police training into the curriculum, the development of the 16-week basic law enforcement course, and the staffing and operating costs of the new facility and 16-week training course.

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

Members of the 2003 Public Safety Subcommittee of the Joint Committee on Ways and Means and other legislators discussed a number of issues relating to the expansion of the basic law enforcement training course from ten weeks to 16 weeks, the costs of the expansion, and the construction schedule of the new public safety training facility. As a result, the 2003 Legislature included a budget note as part of the 2003-05 budget for the Department of Public Safety Standards and Training (DPSST) to report on these topics. The agency was to include information on how specific topic areas were to be incorporated into the law enforcement curriculum including gang recognition, first response to terrorism, major injury accident investigations, cultural awareness, responses relating to mental illness, and solo officer response.

After numerous delays due to budget issues and the final decision on the site of the facility, the 2003 Legislature gave final approval to the financing and construction of the new public safety training facility located in Salem. The construction of the new training facility is now ahead of schedule, as reported to the 2003 Legislature, and is scheduled to be completed by July 2006. This earlier completion date could increase the 2005-07 operation costs of the facility. The first classes at the new facility are expected to begin in late July 2006.

The Legislature authorized up to \$77.5 million for the design, construction, and furnishings of the new training facility. DPPST was concerned that the combination of construction inflation and the delays over siting and budget issues had increased the cost of the project, but recent bids have been favorable. The agency is committed at this point to stay within the approved \$77.5 million budget and has identified components that will be left out of the project if costs are over the budget. These include eliminating one of the three indoor firing ranges, changing the size of the Skills Pad, and not finishing some of the “build-out” structures for scenario training.

Discussions continue between DPSST, the Department of State Police (OSP), the Governor’s Office, and representatives of the police chiefs and sheriffs. According to the DPSST report, these groups share the Governor’s vision of having all basic law enforcement training be done together. These discussions have resulted in agreement that: 1) OSP will use the 16-week DPSST basic law enforcement training; 2) OSP will also periodically have an advance academy for their troopers after they successfully complete the DPSST course; 3) the new DPSST facility will include space for this advanced academy as well as other OSP training needs; 4) DPSST trainers will observe the training at the OSP recruit school; and 5) OSP will contribute resources to assist with DPSST curriculum development. A number of issues are still under discussion or need to be addressed in the future including: 1) availability of space at the new DPSST facility; 2) future OSP needs for space at Camp Rilea; 3) ability of DPSST staff to meet OSP in-service training needs; 4) whether the training style of the 16-week law enforcement class will be more like the closed campus style preferred by OSP; and 5) how often OSP recruits will be part of the 16-week class.

The agency presented its progress in developing the curriculum for the 16-week basic law enforcement school scheduled to begin in January 2007. The content of the current 10 week course is presently being reviewed and will be updated for content (e.g., new court decisions and law changes) as well as how the training is delivered. The expanded curriculum will include greater use of scenarios in the training and will also include the topics specifically noted in the budget note. DPSST also plans to use more stakeholder involvement in developing its curriculum by having a permanent Curriculum Advisory Subcommittee and using staff from OSP and local law enforcement agencies in curriculum development.

The additional cost of the 16-week school is estimated at \$2.8 million for 2005-07 and will grow to \$4.0 million for 2007-09. An estimated 29 positions will be needed for the expanded training. The anticipated cost of operating the new facility for 2005-07 is \$3.7 million (increasing to \$6.5 million in 2007-09) and an additional estimated 26 positions will be required. Combining these two costs with the 2005-07 increase in debt service of \$10.4 million for the facility, the impact on the Criminal Fines and Assessment Account (CFAA) funding will be substantial. This almost \$17 million increase in resource needs for DPSST represents roughly 50% of the total amount of CFAA that was allocated to public safety programs this current biennium. While CFAA revenues are expected to grow for 2005-07, the Legislature will still have to address CFAA funding if it wishes to go ahead with the DPSST funding at or near the amounts outlined above.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Gordly commended the Department’s commitment to use women and minority owned contractors in the construction of the new facility. She also mentioned the importance of including training on how to deal with mentally ill individuals in the law enforcement curriculum.

Representative Doyle’s motion carried with no objections voiced. Senators Schrader and Winters and Representatives Knopp, Miller and Minnis excused.

The meeting was adjourned at 11:05 a.m.

EMERGENCY BOARD:

/s/ Peter Courtney

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Senator Peter Courtney, Chair

/s/ Kurt Schrader

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Senator Kurt Schrader, Secretary

ATTEST:

/s/ Ken Rocco

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Ken Rocco, Legislative Fiscal Officer