

MINUTES OF THE EMERGENCY BOARD

December 1, 2006

State Capitol

Salem, Oregon

Members Present: Senator Courtney, Presiding Chair
Senators Carter, Devlin, Gordly, Morse, Schrader, Westlund
Representatives Barker, Boone, Hanna, Kropf, Minnis, Morgan, Richardson,
Scott

Members Excused: Senator Winters and Representative G. Smith

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, ORS 291.375, and ORS 656.612(5), we hereby certify that the Emergency Board, meeting on December 1, 2006, 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.

Minutes

Representative Morgan moved that the Emergency Board approve the minutes of the September 22, 2006 meeting and upon hearing no objection the minutes were approved. Reps. Smith, Kropf and Boone and Senators Winters and Devlin excused.

Report of the Public Commission on the Oregon Legislature

Agency Reports

Senator Gordly moved that the Emergency Board acknowledge, en bloc, receipt of the following reports: Item 25, Department of Human Services and Oregon Student Assistance Commission; Items 37, 38 and 39, Parks and Recreation Department; Item 43, Department of State Lands; Item 48, Department of Forestry; Item 51, Department of Geology and Mineral Industries; Item 52, Department of Energy; Items 53, 54 and 55, Department of Transportation; Items 60 and 61, Department of Consumer and Business Services; Item 65, Oregon Liquor Control Commission; Items 70 and 71, Department of Administrative Services; and Item 72, Department of Revenue.

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

Item #	Agency	Report
25	Department of Human Services and Oregon Student Assistance Commission	Utilization of Individual Education Accounts in the JOBS Plus program
37	Parks and Recreation Department	Use of revenues from salmon license plate sales distributed to the Parks and Recreation Department
38	Parks and Recreation Department	Results of strategic planning for the Oregon State Fair and Exposition Center

39	Parks and Recreation Department	Rules adopted by the Oregon Parks and Recreation Commission for fee reductions, waivers, and exemptions
43	Department of State Lands	Position effects on long term returns to the Common School Fund
48	Department of Forestry	Work done with the insurance industry to identify and reduce risks to the urban-rural interface
51	Department of Geology and Mineral Industries	Status of statewide seismic needs assessments that are to be completed by July 1, 2007
52	Department of Energy	Status of projects associated with a new position established to support renewable energy and emerging energy technologies
53	Department of Transportation	Highway program ending cash balances
54	Department of Transportation	Implementation of the Oregon Innovative Partnerships Program
55	Department of Transportation	Workforce Development Plan and Small Business Initiative related to the Oregon Transportation Investment Act
60	Department of Consumer and Business Services	Workers' compensation premium assessment changes for calendar year 2007, as required under ORS 656.612(5)
61	Department of Consumer and Business Services	Changes relating to Manufactured Housing Dealers and Dealerships
65	Oregon Liquor Control Commission	Payment schedule for liquor agents
70	Department of Administrative Services	Status of the Computing and Networking Infrastructure Consolidation project
71	Department of Administrative Services	Compensation plan changes and position allocations, as required under ORS 291.371
72	Department of Revenue	Revenue collections

The Subcommittee recommended acknowledging receipt of all the reports.

The motion carried with no objection voiced. Rep. Smith and Sens. Carter and Winters excused.

Federal Grants

Representative Barker moved that the Emergency Board approve, en bloc, the following requests for approval to apply for federal grants: Item 42, Department of State Lands; and Items 56 and 57, Department of Transportation; 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 (Human Services) action:

Item #	Agency	Grant Application
42	Department of State Lands	To the National Oceanic and Atmospheric Administration in the amount of \$340,000 for construction projects at the South Slough National Estuarine Research Reserve.
56	Department of Transportation	To the Federal Highway Administration in the amount of \$400,000 for a Truck Parking Facilities grant to create a public rest area for cars and commercial vehicles on the west side of Interstate 5 at Exit 99. (retroactive)
57	Department of Transportation	To the Federal Highway Administration in the amount of \$800,000 for a Disadvantaged Business Enterprise Supportive Services grant for continued funding of the program.

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

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

1. Legislative Fiscal Office

Representative Morgan moved that the Emergency Board transfer unallocated balances in the amount of \$12,127,188 from special purpose appropriations made to the Emergency Board to the general purpose appropriation legal citation, per the following schedule.

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

In addition to the primary appropriation of \$30,000,000 made to the Emergency Board by section 1, chapter 794, Oregon Laws 2005, the Seventy-third Legislative Assembly made twelve separate appropriations to the Emergency Board for special purposes. Special purpose appropriations not allocated by a specific time generally become available for any purpose for which the Emergency Board lawfully may allocate funds. At the Emergency Board’s December 2006 meeting, \$12,127,188 of expired special purpose appropriations were available for transfer.

The unallocated, unreserved balance of the general purpose \$30,000,000 appropriation to the Emergency Board available for its final meeting in December 2006 was \$4,949,418. While the unallocated balances of additional expired special purpose appropriations are also available, the legal authority for Emergency Board allocation of these funds is the original, separate appropriation authority. After transfer of the expired special purpose appropriations, the total amount available to the Emergency Board for its final meeting was \$17,076,606.

In order to facilitate any final Emergency Board actions or Seventy-fourth Legislative Assembly disappropriation of Emergency Board appropriations, the Legislative Fiscal Office requested formal transfer of the special purpose appropriation balances to the general purpose appropriation authority.

Special Purpose Appropriation Transfer Detail		
Oregon Laws 2005 Chapter/Section	Agency/Purpose	Amount
Chapter 794, sec. 3(1)	Home Care Worker collective bargaining changes	(10,000,000)
Chapter 794, sec. 2(1)	State Employee compensation changes	(2,125,112)
Chapter 713, sec. 7(1)	Department of Human Services - Child Welfare staffing	(2,076)
Total transfers from special purpose appropriations		(12,127,188)
Chapter 794, sec. 1	Emergency Board -- General Purpose	12,127,188
Net General Fund Change		0

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

2. Secretary of State

Senator Westlund moved that the Emergency Board allocate \$635,206 from the special purpose appropriation made to the Emergency Board by section 4(1), chapter 724, Oregon Laws 2005, to supplement the appropriation made to the Secretary of State by section 1(2), chapter 724, Oregon Laws 2005, and allocate \$583,913 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Secretary of State by section 1(2), chapter 724, Oregon Laws 2005, Elections Division, for reimbursement costs associated with the 2006 General Election Voters' Pamphlet.

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

The Secretary of State is responsible for the printing and distribution of the state voters' pamphlet. The 2005 Legislature set aside \$1,000,000 in a special purpose appropriation to the Emergency Board for the costs of both the Primary and General Election Voters' Pamphlets. The Secretary of State was granted \$364,794 at the June 2006 meeting of the Emergency Board for the costs of the Primary Election Voters' Pamphlet.

The actual costs for the General Election Voters' Pamphlet are detailed below:

Expense	Actual Cost
Printing	\$ 653,501
Overall Production, Project Management	\$63,500
Postage	\$ 442,994
Shipping and Handling	\$ 29,428
Temporary Employees	\$ 44,423
Other Costs	\$ 2,013
Remaining Expenses from Primary	\$ 651
Less costs that qualified for HAVA funding	(\$17,391)
Total	\$ 1,219,119

The actual costs are \$583,913 more than the remaining balance in the special purpose appropriation. The agency attributes the increased costs to an unusually large voters' pamphlet, given the large number of initiatives that were on the ballot. The agency has reduced the initial request by finding some costs that were eligible to be paid with Help America Vote Act (HAVA) funds. The request will reimburse the Secretary of State for the costs they have already incurred.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

3. Secretary of State

Senator Carter moved that the Emergency Board deny the request by the Secretary of State to allocate \$1,112,020 from the Emergency Fund for one-time costs of implementing the requirements of Ballot Measure 47.

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

Ballot Measure 47, regarding campaign finance, was passed by voters on November 7, 2006. Ballot Measure 46, which would have amended the Oregon Constitution to allow Ballot Measure 47 to be enforced, did not pass. After consulting with the Attorney General, the Secretary of State has determined that no part of Measure 47 is presently enforceable given the failure of Measure 46. The measure will be adopted, but will remain dormant until such time that the Oregon Constitution is found to allow, or is amended to allow, limitations on campaign contributions and expenditures.

This determination occurred after the original request to allocate funds from the Emergency Fund was already submitted. Given this information, there is no need to allocate the requested \$1,012,020 for implementation costs.

The request also seeks \$100,000 in legal fees for anticipated litigation. The Secretary of State would like an allocation for the legal fees, because it still believes that litigation will occur. At this time, no legal action is pending. While the potential for a lawsuit seems likely, it is unknown if and when it will occur and how much will be needed to defend the decision.

There was discussion in the Subcommittee about the consequences to the agency if they had to wait until the next Legislative Session for the funding. The Secretary of State is concerned about the timing of receiving the funds, since they will be potentially incurring costs as soon as December. The Subcommittee also discussed the impact to the Department of Justice, if the Secretary of State was unable to pay their bills in a timely manner.

The Subcommittee recommended denial of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

4. Bureau of Labor and Industries

Senator Morse moved that the Emergency Board acknowledge receipt of a report from the Bureau of Labor and Industries on the Prevailing Wage Rate.

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

The Emergency Board, at its September 2006 meeting, requested the Bureau of Labor and Industries (BOLI) to report back on policy discussions with the Portland Development Commission (PDC) on the applicability of the Prevailing Wage Rate to its public-private partnerships.

BOLI reports that it has participated in two public work sessions, on September 20, 2006 and October 18, 2006, hosted by the PDC. Additional work sessions were scheduled for November and December 2006. Both the Oregon State Building and Trades Council and PDC are crafting proposals to deal with this issue. BOLI also reports that it continues to urge public agencies to seek a predetermination on the applicability of the Prevailing Wage Rate to specific public-private partnerships, to provide certainty from the start of a project.

Bob Shipwreck of the Building and Trades Council reported on its collaborative efforts with BOLI to clarify Prevailing Wage Rate issues. The Subcommittee discussed savings that could accrue from resolving this issue. BOLI noted that changes to Prevailing Wage Rate determinations may require legislation, which will delay any savings in predetermination and legal costs related to Prevailing Wage disputes.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

5. Judicial Department

Senator Schrader moved that the Emergency Board defer action on the request by the Judicial Department to allocate \$1,657,462 from the Emergency Fund for funding for a shortfall in court interpreter resources to the 2007 legislative session.

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

The Judicial Department (OJD) identified a potential shortfall in the resources necessary to pay for sign and language interpreters. Interpreter costs nearly doubled between 2001-03 and 2005-07, from \$3.5 million to a projected cost of \$6.3 million, including a projected increase of 28.6% over the 2005-07 budget allocation. OJD has identified two factors that are driving this cost increase:

- In the 2005-07 biennium, OJD began requiring that only certified interpreters be used in legal proceedings. This is consistent with a legislatively adopted performance measure to increase the use of certified interpreters, but carries an increase in cost. Prior to this requirement, persons could use family members or friends to interpret, at no cost to the state, but also with no guarantee that legal proceedings were accurately interpreted.
- There is increased demand for interpreter services, which OJD is able to identify through the increase in costs. Interpreters are scheduled to cover requirements for a period of time, rather than by case, so OJD lacks specific data on the actual components of this cost, including the number of cases involving interpreters or the number of days that interpreters were used per case. OJD also notes that rates of pay vary by language and by other costs, such as travel expense, so there is no ability to calculate an average rate of hourly pay for interpreters.

Accurate interpretation is a critical component of ensuring access to impartial justice, and should be funded at an appropriate level. However, this request raised a number of questions. Interpreter costs appear to be rising faster than the growth in populations requiring these services. Some of the factors that could be driving this disproportionate growth include costs related to providing interpreters for indigenous and other languages, the use of out-of state and distant interpreters, and the number of cases requiring interpreters. It is also unclear what actions, if any, OJD could take to control these costs.

It is essential to develop an understanding of the factors that are driving these costs, not only for this Emergency Board request but also to determine the appropriate funding level for 2007-09. The Subcommittee recommended that funding for this request be deferred to the 2007 Legislature to enable OJD to refine its analysis of the problem. OJD will temporarily maintain the program through its general budget until a supplemental appropriation is approved.

The Subcommittee recommended deferral of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

6. Judicial Department

Representative Kropf moved that the Emergency Board acknowledge receipt of a report from the Judicial Department on the State Court Facilities Security Account and increase the Other Funds expenditure limitation established for the Judicial Department by section 2, chapter 604, Oregon Laws 2005, by \$1,112,043 to continue implementation of court security.

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

HB 2792 established the State Court Facilities Security Account in the Judicial Department (OJD) to provide security in buildings that contain or are used by the Supreme Court, Court of Appeals, Oregon Tax Court, or the Office of the State Court Administrator, and to provide security training to court employees. The revenue is from increased circuit, municipal, and justice court (non-unitary) assessments, and is estimated at \$1.74 million for 18 months of the 2005-07 biennium, and \$2.31 million for the full 24 months of the 2007-09 biennium. The funds could also be used for security improvement plans in justice and municipal courts. The budget report indicated that “(t)he Oregon Judicial Department will develop a statewide training plan and a security audit and needs assessment plan, and then will return to a meeting of the Emergency Board for additional expenditure limitation for implementation costs.”

OJD received an expenditure limitation of \$139,671 and 0.75 FTE to begin implementation of court security plans. OJD has expended \$113,375 for a security assessment by the Department of State Police, and for a security officer at the public entrance of the Supreme Court Building. OJD used the additional funds to perform a statewide security assessment; implement a pilot project for security, emergency preparedness, and business continuity plans in the circuit courts; and continue the security improvements. The Chief Justice’s Task Force on Special Courts (municipal and justice courts) will consider the issue of special courts security improvements.

The Subcommittee discussed the need to develop and report on outcomes from this effort. The Subcommittee also discussed the essential nature of continuity planning for government, including the courts, and commended the Chief Justice for his efforts in this area.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Kropf commended the Chief Justice on his efforts and noted the need for a constitutional amendment to ensure continuity for all of state government in the event of a catastrophic emergency.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

8. Public Defense Services Commission

Senator Schrader moved that the Emergency Board allocate \$2,944,875 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Public Defense Services Commission by section 1(2), chapter 552, Oregon Laws 2005, Public Defense Services Account, for caseload costs, with the understanding that the 2007 Legislature will be requested to provide a supplemental appropriation of \$981,625 to cover costs for the remainder of the 2007 biennium.

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

The Public Defense Services Commission (PDSC) provides public defense services to eligible people. The agency reported to the September 2006 meeting of the Emergency Board on a projected \$7,853,000 shortfall in the funds needed to provide services for the remainder of this biennium. While the number of cases was in line with what the agency had projected during the 2005 session, the nature and complexity of the cases, including more death penalty cases and appeals, are requiring more attorney time and therefore increased costs. In addition, the need for interpreters has increased substantially.

In September 2006, the Emergency Board provided half of the requested funding, due to the balance in the general purpose Emergency Fund. PDSC was requested to return to the November-December 2006 meeting of the Emergency Board to request the remainder, when the amount of the general purpose Emergency Fund would increase as special purpose appropriations which had not been used reverted to the general purpose Emergency Fund.

The Subcommittee recommended allocating \$2,944,875 (75% of the estimated cost for the remainder of the biennium) from the general purpose Emergency Fund at this time. This provides PDSC with a level of certainty that projected costs for the 2005-07 biennium will be covered. It also ensures that the general purpose Emergency Fund is adequate to cover statewide needs. The Subcommittee also recommended that the 2007 Legislature approve a supplemental appropriation of \$981,625 to cover costs for the remainder of the 2005-07 biennium. The supplemental appropriation would need to occur by March 2007 to ensure that PDSC can balance its budget for the biennium. The supplemental appropriation will ensure that PDSC will be able to avoid the actions needed to take to stay within its budget that could lead to a “bulge” effect for 2007-09 similar to what occurred during 2003-05.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

9. Commission on Judicial Fitness and Disability

Senator Devlin moved that the Emergency Board allocate \$61,944 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Commission on Judicial Fitness and Disability by section 1, chapter 641, Oregon Laws 2005, for extraordinary expenses associated with the investigation and prosecution of cases of judicial misconduct.

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

The nine member Commission on Judicial Fitness and Disability investigates and acts upon complaints of judicial misconduct or disability. The Commission has jurisdiction over justices of the peace, circuit court judges, and appellate court judges, as well as pro-tem/judicial referees or temporary judges.

The Commission has a budget for normal operating expense and then an extraordinary budget for expenses related to investigations and prosecutions. The Commission’s ordinary operating budget is \$153,105 and is projected by the Commission to be sufficient for this biennium.

The Commission has incurred extraordinary expenses for six cases and has one new complaint that will likely be formally investigated. The single largest case, which is now before the Supreme Court, has incurred costs of \$45,450. The Commission estimates additional costs of up to \$6,500 in attorney fees will be required to defend the Commission's recommendation before the Court. The total cost of the case may reach \$51,950.

Of the remaining six cases, extraordinary expenses total \$27,241 through November 17, 2006, or an amount roughly equal to the Commission's legislatively approved extraordinary budget of \$27,983. In addition, the Commission believes it will incur further costs associated with two existing cases and the one new investigation totaling \$10,736.

In total, the Commission has identified actual or estimated expenditures of \$89,927, which is \$61,944 in excess of its legislatively approved extraordinary budget.

If extraordinary costs exceed this allocation, which could be the case if actual costs surpass estimates, or if new complaints arise that require investigation, then the Commission may need to request a supplemental appropriation during the 2007 legislative session.

The Subcommittee recommended approval of the Legislative Fiscal Office recommendation.

The motion carried with no objection voiced. Reps. Morgan, Smith and Kropf and Sen. Winters excused.

10. Department of Higher Education

Senator Devlin moved that the Emergency Board establish an Other Funds Capital Construction [Article XI-F(1) Bonds] expenditure limitation for the Department of Higher Education, for the Portland State University PCAT Block Redevelopment, Phase I project; transfer \$42 million from the Other Funds Capital Construction [Article XI-F(1) Bonds] expenditure limitation established for the Department of Higher Education by section 2(4)(d), chapter 787, Oregon Laws 2005, for the Portland State University Student recreation/fitness center and housing project, to the newly established expenditure limitation; and establish an Other Funds Capital Construction [Other Revenues (Including Federal Funds)] expenditure limitation for the Department of Higher Education of \$9 million, for the same PCAT Block Redevelopment, Phase I project.

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

The Department requested authority to build a new \$51 million facility on the site now housing the Portland Center for Advanced Technology (PCAT) building at Portland State University (PSU). The new building would be five stories high, and contain a student recreation center, offices for the Chancellor, and retail space. It would be financed primarily with \$42 million of Article XI-F(1) bonds that the Legislature previously approved for another project. This proposed project replaces that original project, which will no longer be built. Debt service on the bonds will be paid from Student Recreation Fee and Building Fee revenues, and from retail rents. The university will also use \$9 million of other revenues, including a total of \$6 million from the Chancellor's Office, to complete the project.

The Department requested Emergency Board approval to allow PSU to begin construction this January. This construction schedule will allow the university to build the facility in coordination with a TriMet project extending a new light rail line through the campus, thereby avoiding significant costs.

Ideally, the university would like to site a seven-story building on the site. This, however, would require state-paid bonds and additional donations. The current request is only for the five-story structure (Phase I). Phase I would be fully functional, and approval of it in no way obligates the Legislature to any additional expansion.

The Subcommittee recommended approval of the Legislative Fiscal Office recommendation.

The motion carried with no objection voiced. Reps. Morgan, Smith and Kropf and Sen. Winters excused.

11. Department of Higher Education

Senator Morse moved that the Emergency Board increase the Other Funds Capital Construction [Other Revenues (Including Federal Funds)] expenditure limitation established for the Department of Higher Education by the Emergency Board at its June 2006 meeting, for the Hayward Field Improvements Project at the University of Oregon, by \$25 million.

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

Last June, the Emergency Board approved a \$7.39 million capital construction project to improve Hayward Field and associated facilities at the University of Oregon (UO). This project is to be funded entirely by gifts. The Department returned to the Emergency Board to request authority to expand this project by an additional \$25 million – to a total of \$32.39 million. The expanded project would still be funded entirely by gifts.

The expanded project will allow the university to better accommodate two major sporting events: the 2008 U.S. Olympic Track and Field Team trials, and the 2010 NCAA Division 1 Outdoor Track and Field Championships. The university is seeking the additional expenditure authority because it believes there is now donor interest to expand the scope of Hayward Field improvements far beyond the initial authorization. Although UO has only raised \$3 million for this project to date, it believes that donors may have interest in donating as much as \$25 million more than the amount previously authorized.

The Department sought an Other Funds expenditure limitation increase to assist in the fund raising effort. The scope of the project enhancements would be scaled to the level of private donations raised. Approval of this project will not create any obligations on the General Fund either now or in the future.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Morgan, Smith, Kropf and Minnis and Sen. Winters excused.

12. Department of Higher Education

Representative Kropf moved that the Emergency Board establish a \$5.7 million Other Funds Capital Construction [Other Revenues (Including Federal Funds)] expenditure limitation for the Department of Higher Education, for the purchase of the Romania Property in Eugene.

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

The Department is requesting authority to spend \$5.7 million for purchase and for environmental cleanup of three parcels of property in Eugene for the University of Oregon (UO). This property formerly housed the Romania car dealership. The source of funds for this project are a portion of the proceeds from the sale of the Westmoreland Apartments earlier in this interim.

The university has been acquiring property in the vicinity of the Romania Property for future expansion purposes. The Romania Property is currently owned by the UO Foundation. The UO did not have funds to purchase the Romania Property when it was on the market in 2005. Instead, the UO Foundation purchased it with a short-term loan, with the understanding that the university would buy it after the Westmoreland Apartments sold.

The university currently leases the Romania Property from the foundation for \$800,000 per biennium. The university would like to complete the purchase before the end of the calendar year to avoid refinancing costs to the UO Foundation, and to eliminate approximately \$160,000 per biennium in property tax costs.

The university has stated that it will seek legislative approval for any future capital construction project to be sited on the property.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Morgan, Smith and Minnis and Sen. Winters excused.

13. Department of Higher Education

Representative Richardson moved that the Emergency Board acknowledge receipt of a report from the Department of Higher Education, required by a budget note approved with its 2005-07 biennium operating budget bill, on fee remissions.

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

Last session, the Legislature repealed the cap on fee remissions that had been established in 2003. Fee remissions (or tuition discounts) are offered to students in the Oregon University System (OUS) through a number of programs. Programmatic fee remissions were limited to no more than 8% of gross tuition revenues during the 2003-05 biennium. The Legislature directed OUS to report on the impact of repealing this cap, and directed that additional programmatic fee remission authority be allocated to students on a need basis.

The Department reports that, contrary to legislative expectations, programmatic fee remissions declined as a percentage of gross tuition revenue after the fee remission cap was repealed. The 2005-07 biennium total is now projected to be \$12 million below what the legislative budget approved. Need-based remissions also declined as a percentage of gross tuition revenue, and the number of awards declined. Average award amounts increased, but total need-based fee remissions are still below 2003-04 levels.

The impact of eliminating the cap was affected by its timing. This alone though cannot fully explain the low level of fee remissions. The report does note, however, that some campuses had fewer

lower-income students enroll than anticipated. Elimination of the fee remission cap, in itself, did not expand enrollments of lower-income resident students in the Oregon University System.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Schrader expressed appreciation for the report, but stated he hoped the Legislature would keep its attention focused on the fee remission issue and on how fee remissions are used.

The motion carried with no objection voiced. Reps. Morgan, Smith and Minnis and Sen. Winters excused.

14. Department of Higher Education and Department of Community Colleges and Workforce Development

Senator Devlin moved that the Emergency Board acknowledge receipt of a progress report from the Department of Higher Education and Department of Community Colleges and Workforce Development, required by SB 342 (2005), on operating a statewide articulation and transfer system.

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

SB 342 from the 2005 Session requires community colleges and Oregon University System (OUS) institutions to cooperate in operating a statewide articulation and transfer system. The bill mandates a system that allows students to transfer between community colleges and OUS institutions without losing credits, and without requiring unnecessary duplication of courses.

The bill also requires certain specific activities. The Departments reported that progress is being made on all nine of the activities specifically identified in the bill. Both the Unified Educational Enterprise subcommittee of the Joint Boards of Education, and the Excellence in Delivery and Productivity working group of the State Board of Higher Education, have directed efforts relating to the implementation of this bill.

The report indicates that the Departments have requested additional General Fund to support many of these initiatives, but it does not contain any information or numbers on the fiscal implications of the SB 342 activities. The Legislature will need to review any funding requests presented to it next session to support SB 342 activities, and will need to evaluate exactly what the specific outcomes of such funding would be in terms of performance metrics.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Schrader noted his and Representative Scott's interest in this topic, and expressed appreciation that the requirements of the bill were generally well received by the two Departments. He urged the Legislature to continue to work on and keep its attention on furthering articulation efforts. He expressed some concern over the continued reliance of private agreements between institutions, as opposed to the promotion of a statewide system.

Senator Gordly expressed approval of Senator Schrader's comments and stated that she wished to be associated with them.

Representative Scott stated he was pleased about the progress that has been made and that he hoped the Legislature would continue to work on this next session.

Senator Devlin noted that a good example of progress is in the area of assigning college credit for Advanced Placement exams, which has now been standardized throughout the state.

Senator Carter expressed annoyance at the continuing complications to articulation, and noted that this effort started back in 1989. She urged the institutions to solve these problems for the sake of Oregon's students.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

15. Department of Education

Senator Devlin moved that the Emergency Board allocate \$646,039 from the special purpose appropriation made to the Emergency Board by section 32(1), chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of Education by section 31, chapter 794, Oregon Laws 2005, for Local Option Equalization Grants for the 2006-07 fiscal year.

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

The 2005 Legislature set aside \$800,000 in a General Fund special purpose appropriation for the costs of Local Option Equalization Grants. They also appropriated \$400,000 to the agency as part of their legislatively adopted budget.

The Local Option Equalization Account was established to help fund school districts that pass a local option property tax, but have assessed values per student less than the 75th percentile. The grants are designed to bring the school district up to the same funding level as the 75th percentile level. If voters approve a local option during a biennium, the eligible district does not receive a grant payment until the subsequent biennium.

At the June 2006 meeting of the Emergency Board, the Department of Education (ODE) was allocated \$153,961 of the \$800,000 special purpose appropriation for the 2005-06 fiscal year. They are now requesting the remaining \$646,039 for the 2006-07 fiscal year.

The funds are usually distributed by the agency in the spring of each year. Since this is the last scheduled meeting of the Emergency Board, ODE is requesting the funds at this time. The Legislative Fiscal Office (LFO) is recommending approval of the allocation with the understanding that the Department of Administrative Services (DAS) will unschedule the entire amount until ODE has the information they need to determine the actual amounts each school district is to receive and they can deliver that information to both DAS and LFO. It is expected that both offices will then be able to review the information before the funds are rescheduled.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

16. Department of Education

Senator Devlin moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Education by section 4(3), chapter 789, Oregon Laws 2005, by \$449,837 for the Youth Corrections Education Program/Juvenile Detention Education Program due to unanticipated federal revenues.

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

The Youth Corrections Education Program provides standard K-12 education to all youth incarcerated in the Oregon Youth Authority correctional facilities. The program serves approximately 825 youth in ten different facilities. The Department of Education (ODE) contracts with seven school districts to administer the education programs.

The Juvenile Detention Education Program provides educational programs to youth held in county juvenile detention centers. Approximately 325 youth are served on a daily basis. ODE contracts with fourteen districts to administer the education programs in fifteen county detention centers.

The federal funding for these two programs comes from Title ID (Neglected and Delinquent, the Individuals with Disabilities Education Act) and, more recently, Title II (support of professional development).

Revenues for Title ID funding were unexpectedly increased by \$419,837. Title II funding was not anticipated when the legislatively adopted budget was approved. The Title II funding helps ensure that teachers meet qualifications in the No Child Left Behind Act. Title II requests are expected to be \$30,000 for the remainder of the biennium.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

17. Department of Education

Senator Devlin moved that the Emergency Board approve, retroactively, the submission of a federal grant application to the U.S. Department of Education and increase the Federal Funds expenditure limitation established for the Department of Education by section 4(1), chapter 789, Oregon Laws 2005, Operations, by \$657,905 for the Effective Behavioral and Instructional Support System.

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

The Oregon Department of Education (ODE) is seeking retroactive approval from the Emergency Board to apply for a federal State Personnel Development grant. The grant will not add agency staff and requires no state matching funds. This grant will be used to fund staff training in schools and education service districts related to using a systematic approach for matching behavior to the core academics. The agency is currently piloting this program and this grant will allow them to move further with the program and implement it faster.

The request for the retroactive approval of the grant was brought the September 2006 Emergency Board. The request was deferred after discussion concerning the way ODE had notified an online charter school, only three days before the school year was going to begin, that they would not be funded. A letter was sent to the Superintendent of Public Instruction from the co-chairs of the Emergency Board expressing concerns about the late notification to the charter school and late notification to the co-chairs on the grant application.

ODE was notified in October that they had been awarded the five-year \$4.5 million grant. They are expecting \$657,905 to be received for the current biennium.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Kropf thanked the members of the Emergency Board for taking the action to defer the request to retroactively approve the grant request at the September 2006 meeting. He also noted that Department of Education has been working with the online charter school to settle their issues.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

18. Department of Education

Senator Morse moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Education by section 4(1), chapter 789, Oregon Laws 2005, Operations, by \$1,060,204 for an enhanced assessment grant from the U.S. Department of Education.

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

The Department of Education (ODE) requested and was given approval to apply for this grant at the June 2006 meeting of the Emergency Board. ODE was given notice on October 15, 2006 that they had been awarded an amount of \$1,060,204. The request will increase the Federal Funds expenditure limitation to allow the agency to spend the grant award.

The funds will be used to help Oregon meet federal expectations by expanding assessment of Oregon students with the most severe cognitive disabilities. It will also be used to build an application that supports more systematic training in the use of the assessments for students with special needs. Finally, it will be used to help teachers make better decisions regarding the administration of the assessments for those students.

There are no requirements for state matching funds and there will be no increase in permanent staff at the agency. Most of the work will be completed through contracts and governmental agreements.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Scott and Smith and Sen. Winters excused.

19. Teacher Standards and Practices Commission

Senator Schrader moved that the Emergency Board increase the Other Funds expenditure limitation established for the Teacher Standards and Practices Commission by section 1, chapter 429, Oregon Laws 2005, by \$220,000 to cover unanticipated expenses, with instructions.

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

The Teacher Standards and Practices Commission (TSPC) experienced some unanticipated increases in expenditures during the current biennium. The largest increase is in Attorney General fees. The agency is charged with investigating and disciplining licensed educators. They have seen an increase in the total number of discipline cases as well as an increase in the number of litigated cases. One case is currently pending in the Supreme Court.

The situation was made worse by the relocation of the assistant attorney general that had been assigned to the agency for quite sometime. The Department of Justice (DOJ) then chose to spread the workload over several attorneys, which caused an increased learning curve for all of them. The agency has now worked with DOJ to once again have a lead attorney assigned to the agency. This should help control the amount of time it takes to bring attorneys up to speed on these types of cases.

The agency has no control over the number of investigations and/or the number of cases that are contested, therefore the costs can fluctuate greatly from those anticipated in the budget. The unanticipated Attorney General fees total at least \$80,000 for the current biennium.

The increase in new cases also has created a shortfall in the instate travel budget. Investigators are being required to travel further and more often as the number of cases has increased. Some of the new commissioners are also traveling further to attend meetings. The shortfall for instate travel is anticipated to be about \$30,000.

There was an attempted security breach of the agency's computer systems this past August. No confidential information was accessed, but the attack required the agency to purchase some new equipment, software, and technical expertise to get things back to normal. The total costs were about \$10,000.

The final issue was costs related to the Young court case that found that the state was liable for overtime costs for employees that traditionally would not receive overtime. The courts ruled that the initial calculation of overtime reimbursable costs was not done correctly by the state and ordered a different methodology. TSPC was billed about \$30,000 for their portion of the reimbursement.

Since the agency sent in their request letter, they have received a subsequent billing from the Department of Justice that was substantially more than they anticipated. This has caused the agency to be concerned that their initial request of \$120,000 will not be enough to make it through the end of the biennium. A recommendation was made to increase Other Funds expenditure limitation by \$220,000 with the expectation that the Department of Administrative Services (DAS) will unschedule the additional \$100,000 above the requested amount. The agency will be able to request any, or all, of the amount be rescheduled, if needed. This will allow DAS and the Legislative Fiscal Office to review any increased need before the agency has access to the additional limitation.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Scott and Smith and Sen. Winters excused.

20. Oregon Student Assistance Commission

Senator Devlin moved that the Emergency Board increase the Other Funds expenditure limitation established for the Oregon Student Assistance Commission by section 2, chapter 790, Oregon Laws 2005, by \$166,300 for grant-funded activities.

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

The Oregon Student Assistance Commission asked the Emergency Board to increase its Other Funds expenditure limitation by \$166,300 to allow it to spend grant funds that were not anticipated when its budget was approved last session. These grant funds have either been awarded to the Commission, or have been applied for and may be awarded. The grants include funds from the Lumina Foundation, the Ford Family Foundation, and the Education Credit Management Corporation.

The grant monies would fund a number of activities to help students enroll in college, including assistance to students and their families in completing student aid applications, expansion of the ASPIRE program, and coordination of public and private efforts to expand college access.

The Subcommittee noted that expenditure of the grant funds would not impose any obligation on the General Fund either now or in the future.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Scott and Smith and Sen. Winters excused.

21. Department of Human Services

Representative Barker moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on Phase I and Phase II of the Department of Human Services staffing study.

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

The Department of Human Services (DHS) submitted a report on the staffing study that it began during the 2003-05 biennium. Phase I of the study looked at Food Stamps, Medicaid eligibility, and Adult Protective Services (APS) staffing. The final Phase I report was done in July 2005. As reported in January, DHS has realigned case managers and caseworker positions in the Children, Adults and Families (CAF) and Senior and People with Disabilities (SPD) areas. It is working to complete workload-based staffing standards in these areas. DHS reported that short-term efficiencies to synchronize Food Stamps and Medicaid case recertifications, and streamline the Oregon Food Stamps Employment and Training (OFSET) process, have saved staff time equivalent to over 9 FTE positions. DHS estimated a cost avoidance of over \$350,000 General Fund, \$700,000 total funds from these efficiencies. There are more Food Stamps and Medicaid cases that can possibly be synchronized. Other improvements have been made to implement an internet-based APS facility investigation report, train APS state staff and community partners, and increase minimum qualifications for APS workers. Further, CAF and SPD will work to strengthen screening and orientation processes, better engage partners in the eligibility intake process, use computer-based productivity tools, and evaluate alternative intake processes. DHS is also pursuing several information systems investments for electronic document management, integrated eligibility and case management for self-sufficiency

programs, and automated tracking for Adult Protective Services. DHS will continue its work on the Phase I recommendations.

Public Knowledge, Inc, the study contractor, reviewed its findings and recommendations for the recently completed Phase II report with the Subcommittee. Phase II looked at Employment Related Day Care, Temporary Assistance to Needy Families (TANF), Vocational Rehabilitation, and Long Term Care Case Management (LTCM) staffing, with a focus on case managers in TANF and LTCM, and Vocational Rehabilitation counselors. The study contractor developed new workload-based staffing models for these programs. These new models would increase the number of case managers. However, the report instead recommends DHS restructure the work by using more paraprofessionals and redesigning several time-intensive processes. It also recommends other short-term efficiencies and process improvements to streamline the work. DHS will need to review the Phase II recommendations, develop an implementation plan, and discuss this with the 2007 Legislature during the agency's budget hearings.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

22. Department of Human Services

Senator Gordly moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on changes to the children's mental health system.

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

The 2003 Legislative Assembly directed the Department of Human Services (DHS) to make extensive changes to the children's mental health system, known as the Children's System Change Initiative (CSCI). The 2005 Legislature continued to take an active interest in changes to the children's mental health system, and directed DHS to report on its efforts to implement those changes by June 30, 2006. DHS delivered that report last June. Because Portland State University (PSU) was conducting an evaluation of the CSCI, the Emergency Board asked DHS and PSU to present another update at this Emergency Board meeting.

The Subcommittee heard from both DHS and PSU representatives. DHS staff discussed some of the implementation problems the agency was attempting to solve. The Subcommittee was particularly interested in the problems DHS was having with one of the mental health organizations—Jefferson Behavioral Health (JBH). Subcommittee members had questions about possible financial sanctions that DHS may impose on JBH, and requested further information about the situation.

Dr. Nancy Koroloff from Portland State University presented a summary of the evaluation of the CSCI and pointed out that good progress had been made in transforming the children's mental health system. She also discussed some of the challenges. These include, a) dealing with the tension between developing a consistent service system state-wide, while allowing sufficient flexibility for local decision-making and resource management, b) the difficulty in creating collaborative relationships among state and local entities that all serve children with mental health needs, but do so with dedicated funding streams, and c) the need to assist mental health professionals in becoming proficient in serving culturally and linguistically diverse populations.

The Subcommittee requested information from DHS and PSU concerning the costs of adequately implementing the Children's System Change Initiative, information that had not been included in either the DHS or PSU reports. PSU offered to supply DHS with estimates of training and technical assistance costs and DHS stated it would also work on estimating the costs of funding the CSCI and provide those estimates to Subcommittee members.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

23. Department of Human Services

Senator Gordly moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on actions to improve Oregon State Hospital patient safety and care.

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

In January, the Emergency Board approved a request from the Department of Human Services to allocate \$9.3 million from the Emergency Fund and increase the agency's Federal Funds expenditure limitation by \$3 million to take three significant steps to improve Oregon State Hospital (OSH) patient safety and care. These actions are:

- Undertake a capital construction project to remodel the 6th floor of the Oregon State Hospital (OSH) facility in Portland.
- Hire 30 additional clinical staff at OSH.
- Develop 71 additional community-based residential placements.

DHS reports that remodeling work on the 6th floor of the OSH facility in Portland is on schedule for completion next April. The agency indicates that it has hired 25 of the 30 additional clinical staff at OSH and has contracted with Oregon Health and Science University for patient psychiatric services. DHS indicates it has had difficulties developing community mental health placements, but is modifying its administrative rules and attempting to improve the process by involving other stakeholders as well as seeking out new providers of community-based services.

DHS also reported on the U.S. Department of Justice's investigation of the state hospital under the Civil Rights of Institutionalized Persons Act. The U.S. Department of Justice conducted a site visit of the Oregon State Hospital during the week of November 13th. Justice Department staff complimented DHS on its willingness to provide requested information and to answer staff questions.

The Subcommittee asked Mr. Robert Joondeph, Executive Director of the Oregon Advocacy Center, for his assessment of the DHS efforts to improve OSH patient safety. He stated that he believed the barriers mentioned by DHS staff were real, but that DHS was responding positively. While he is cautiously optimistic, the efforts to ensure patient safety and well-being, he asserted, must continue.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Senator Gordly pointed out a December 1st editorial in the *Oregonian* concerning the state's mental health system. The editorial, she stated, made two important points. First, the editorial

observed that the Legislature must approve more than \$324 million to rebuild the state hospital and millions of dollars more to upgrade the state's community mental health system. Second, the editorial stated that the next year will be crucial for mental health services. The action of the Legislature would set the standard for mental health in Oregon for years to come. That, Senator Gordly opined, is the Legislature's challenge in the months ahead. She acknowledged the leadership of Senate President Courtney and House Speaker Minnis in placing the mental health system at the top of the legislative priority list.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

24. Department of Human Services and Commission on Children and Families

Representative Hanna moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services and Commission on Children and Families on the review and recommendations for increased community-based delivery of services.

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

In response to a 2005 budget note, the Department and the Commission have been working with the Senate Bill 555 Partners for Children and Families work group to review and make recommendations to increase community-based delivery of social services. The agencies reported on the early stages of this work to the Emergency Board in June 2006.

The current report focused on four initiatives:

- Reconnecting older youth in foster care with biological family members
- The Children's Mental Health System Change Initiative
- "Starting Early, Starting Smart" community behavioral health demonstration projects
- Homeless and runaway youth services

Work also continues in other areas of early childhood and self-sufficiency, mental health, public health, and alcohol and drug prevention and treatment services. The Subcommittee received further information on the Healthy Start/Temporary Assistance to Needy Families collaboration, family substance abuse prevention and recovery services, and local efforts to help address child abuse/neglect and foster home issues.

The 2007 Legislature will need to evaluate the work to date, consider policy recommendations that will be presented, and act on any related budget requests.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

26. Department of Human Services

Representative Richardson moved that the Emergency Board allocate \$73,438,729 from the special purpose appropriation made to the Emergency Board by section 3, chapter 5, Oregon Laws 2006, to supplement the appropriations made to the Department of Human Services by section 1, chapter 713, Oregon Laws 2005; authorize transfers of General Fund appropriations, authorize transfers of Other Funds and Federal Funds expenditure limitation, and increase Federal Funds

expenditure limitation by \$114,610,268, per the attached schedule; and approve the establishment of 7 positions and reduction of 7.31 FTE; for the Department of Human Services rebalance plan for the 2005-07 biennium.

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

The Department of Human Services (DHS) submitted its budget rebalance plan with a net \$73.4 million General Fund need, reflecting higher program costs, savings, and revenue changes. Program costs in Health Services – primarily the Oregon Health Plan – and Seniors and People with Disabilities are still higher than in the legislatively adopted budget, but less than estimated this past spring. Master Tobacco Settlement revenue is down \$15.5 million, but tobacco taxes for the Oregon Health Plan are about \$11.3 million higher. The plan makes other adjustments for increases in Oregon State Hospital expenditures, Other Funds and Federal Funds revenue changes, administrative cost savings, and a variety of other issues. Overall, the agency's General Fund request is \$9.8 million less than the \$83.3 million special purpose appropriation made during the 2006 special session for DHS caseload, cost-per-case, and program needs.

The Subcommittee adjusted the agency's request to:

- 1) Correct the General Fund and Federal Funds request for Special Rates Foster Care and System of Care services in Children, Adults and Families.
- 2) Add funding for DHS to contract with SpeakWrite for internet-based transcription services for child welfare and self-sufficiency workers. The Subcommittee directed the agency to track the effect of these services on freeing up workers' time for other tasks.
- 3) Reduce General Fund in the AIDS Drug Assistance Program (ADAP) based on updated revenue projections.
- 4) Use higher Other Funds revenue from newborn screening to offset General Fund.
- 5) Defer adding 41 positions in Department Wide Support Services' Office of Information Services and 31 positions in Public Health programs until a broader review of the agency's staffing is completed.
- 6) Continue the current funding level for Older Americans Act family caregiver programs administered by Area Agencies on Aging through the end of the 2005-07 biennium.

The Subcommittee's recommendation is \$9,676 General Fund more and \$1,094,358 Federal Funds less than the agency's request. After the recommended General Fund allocation, \$9,861,271 will remain in the special purpose appropriation. These funds will be available for later allocation or redirection by the 2007 Legislature, or, if unused, will revert to the General Fund at the end of the biennium. The Department of Administrative Services will be asked to unschedule a total of \$25,018,155 Other Funds, because the Emergency Board cannot reduce agency expenditure limitations.

The Subcommittee recommended approval of the rebalance plan as modified.

The following Committee discussion occurred:

Several members commended the agency for the work it had done on its financial management and budget issues. The Subcommittee was thanked for its efforts to continue the family caregiver program.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

27. Department of Human Services

Representative Barker moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on the Oregon State Hospital facility replacement project.

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

On February 28, 2006, the Department of Human Services (DHS) released a report concerning the Oregon State Hospital (OSH) entitled, “Framework Master Plan, Phase II Report.” This report contains an analysis of the demand for hospital services for the next 25 years and presents three options to meet that expected demand. On June 9, 2006, Governor Kulongoski, Senate President Courtney, and House Speaker Minnis announced their support of the second option in the Phase II Report. This proposal calls for the construction of a 620 bed facility in the north Willamette Valley, a 360 bed facility south of Linn County on the west side of the Cascade Mountains, and at least two non-hospital level 16 bed secure residential treatment facilities east of the Cascades.

September 2006, the Emergency Board approved Other Funds expenditure limitation adjustments and position authority within the Departments of Administrative Services and Human Services to allow these agencies to hire staff and to ramp-up planning efforts for Oregon’s new state hospital facilities. The Board directed both agencies to provide an update at its next meeting. The report indicates that the hiring of the project oversight staff is proceeding and should be completely shortly. The site review process generated three state-owned sites and three private sites for the proposed northern OSH campus and two state-owned sites, one city site, and eight private sites for the southern OSH campus. These sites will be analyzed and a final list of qualified sites will be provided to the Governor who will review the sites with legislative leadership, prior to final selection on February 28, 2007.

The report also discusses two other issues pertinent to the construction of the new OSH. First, the report mentioned efforts to address OSH workforce shortages that affect both near-term and long-term staffing levels. DHS has completed negotiations with OHSU for additional psychiatric services for OSH patients and is working with stakeholders to decrease nursing shortages. Second, the report addresses the development of community-based mental health projects. During the current biennium, DHS has had difficulty achieving goals for the development of these projects and is attempting to improve this process by changing its rules and involving new stakeholders.

The Subcommittee heard from both Robert Joondeph, Executive Director of the Oregon Advocacy Center, and Ms. Angela Kimball, a policy analyst with the Association of Oregon Community Mental Health programs. Both acknowledged that the mental health system is far more than simply the state hospital and that communities were critical in the process to improve Oregon’s mental health care.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

28. Department of Human Services

Representative Hanna moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on implementing the Medicare Part D prescription drug benefit.

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

Various members of the 2005 Legislative Assembly asked that the Department of Human Services (DHS) report to the Emergency Board on a regular basis about implementing the Medicare Modernization Act (MMA). The most important provision of the MMA is the prescription drug benefit (“Medicare Part D”) that was added to the Medicare program on January 1, 2006. DHS has provided implementation updates at every Emergency Board meeting this interim.

The DHS report discusses four main issues. First, the Medicare Part D program has opened enrollment for 2007 from November 15th through December 31st. DHS estimates that about 15,000 of its clients will be required to enroll in different Part D plans because of changes to their current drug plans. Second, DHS will receive reimbursement for administrative costs incurred while implementing the Part D benefit for its clients who are eligible for both Medicare and Medicaid. The report indicates that the Centers for Medicare and Medicaid Services (CMS) has approved a method for determining reimbursable costs and that DHS should receive about \$2 million from the federal agency. Third, DHS expects some reimbursement from Medicare drug plan companies for its prescription drug costs on behalf of Medicare beneficiaries who live in state operated institutions. Fourth, the DHS report indicates that assisting clients who are eligible for both Medicare and Medicaid with the Part D benefit has become an ongoing workload. The DHS staffing-study contractor, Public Knowledge, is in the process of analyzing the ongoing impact of Part D assistance on DHS field offices.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

29. Department of Human Services

Representative Richardson moved that the Emergency Board acknowledge receipt of a report from the Department of Human Services on implementation of the Operations Review Team recommendations on cash flow and financial management, with instructions.

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

The Department of Human Services (DHS) reported to the Emergency Board in June on the findings and recommendations of its Operations Review Team. This team, which included professionals from the Department of Administrative Services (DAS), the Public Employees Retirement System, the State Treasury, and DHS, examined the Department’s accounting and budget processes, internal controls, banking, and cash flow management.

As previously reported, DHS has taken a number of actions that will make its business practices better, improve communication on financial issues, and establish a sounder financial structure for DHS’ on-going operations. DHS has added a Deputy Director for Finance and realigned its financial services and budget staff, begun a number of personnel management improvements, implemented changes in internal financial controls, modified its forecasting procedures, and is working towards a comprehensive plan for the agency’s financial and business functions. The implementation plan outlines a broad range of tasks and due dates through July 1, 2007.

DHS is continuing to work to resolve its estimated \$78 million biennium-end cash flow problem caused by current revenue accrual practices. It has identified \$28 million in dedicated provider taxes that it can use to help better align the timing of expenditures and revenues. In addition, the 2007 Legislature could allocate the unspent balance of the \$83.3 million special purpose

appropriation made to the Emergency Board in the April 2006 special session for DHS, as a partial solution. The Emergency Board allocated \$73.4 million of that appropriation for DHS' November 2006 rebalance plan, but the 2007 Legislature could allocate the remaining \$9.8 million to help cover some of the agency's negative cash flow if not needed for other program costs or otherwise redirected. The combination of the \$28 million in higher provider tax revenues and \$9.8 million from the special purpose appropriation would reduce the biennium-end cash flow problem to about \$40 million.

Even with the higher provider tax revenues and the allocation discussed above, DHS would still face a cash shortfall in spring 2007. DHS could use short-term borrowing, such as a short-term loan or line of credit, to cover the rest of the problem. DHS estimates the borrowing would have interest costs of no more than \$200,000 if repaid early in the 2007-09 biennium when the Other Funds revenues are received. This interest cost is not funded in the agency's budget, nor is it included in the November rebalance plan.

DHS is also considering other actions to improve its budgeting and accounting practices, such as eliminating the temporary "workarounds" DHS has used to manage its cash flow, and accruing expenditures based on the date of service rather than on the date of payment. The financial impact of eliminating the "workarounds" is unknown at this time. The one-time financial impact of changing DHS' expenditure accrual practices is estimated at about \$66 million General Fund. The shift to recognizing expenditures based on date of service is contingent upon technical capacity, most notably implementation of the new Medicaid Management Information System (MMIS). The new MMIS is now projected to be operational early in the 2007-09 biennium. If more General Fund or Other Funds cash were used to fund this shift, the agency's cash flow situation would improve. No additional funding has been identified for these changes at this time.

The Subcommittee recommended the Emergency Board acknowledge receipt of the report, but instruct DHS to submit to the 2007 Legislature, by March 1, 2007, a completed plan, with specific funding proposals, to resolve its 2005-07 biennium-end cash flow issues and implement other related operational improvements.

The motion carried with no objection voiced. Rep. Smith and Sens. Gordly and Winters excused.

30. Department of State Police

Representative Morgan moved that the Emergency Board authorize transfers of General Fund appropriations, authorize transfers of Other Funds expenditure limitation, and increase the Other Funds expenditure limitation by \$2,268,923, for the Department of State Police, per the attached schedule; request the Department of Administrative Services to unschedule \$2,658,802 in Other Funds expenditure limitation and \$47,646,614 in Federal Funds expenditure limitation; and acknowledge receipt of a report on vacant and double-filled positions.

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

The Department of State Police (OSP) brought forward a multi-part request including: (1) an allocation of \$598,610 from the Emergency Fund and an increase in the Other Funds expenditure limitation for payments to local fire agencies called out under the Conflagration Act; (2) a plan to rebalance the 2005-07 budget for the Department based on expenditures made through September 2006; and (3) a request to acknowledge a report of the Department's vacant and double-filled positions.

The Governor, acting under the Conflagration Act, may order local fire agencies to provide assistance in fighting fires across the state. The State Fire Marshal then reimburses the local agencies for fuel, wages, and other costs. The Fire Marshal uses federal funds from the Federal Emergency Management Agency (FEMA) to the greatest extent possible. This request is for three fires during 2005 and 2006. The Subcommittee recommended that existing Fire Insurance Premium Tax resources be used instead of an Emergency Fund allocation for the \$738,385 state share of the fire costs. There was discussion by Subcommittee members on the availability of sufficient resources from this revenue source. The projected 2005-07 ending balance for this revenue source is \$6 million and the projected 2007-09 ending balance is \$6.8 million based on the 2007-09 agency request budget projections (including enhancement packages in the proposed budget). This estimated 2007-009 ending balance represents approximately two thirds of the total projected budget for the Fire Marshal funded from this revenue source, an amount much greater than what is generally required for cash-flow and revenue stability needs. The Subcommittee also discussed the legality of its use for reimbursing costs under the Conflagration Act and heard that Legislative Counsel had reviewed the issue. Based on that discussion, the Subcommittee voted to use the Fire Insurance Premium Tax at this time, but felt that the 2007 Legislature should have a policy discussion on whether this source of funding be used for this purpose in the future.

The agency also presented its rebalance plan for the 2005-07 budget which, overall, requires no new General Fund resources. The plan identified a series of issues, many of which were not budgeted in the original legislatively adopted budget. These include higher gasoline costs, settlement costs in a court case which has led to payments for past overtime costs of state managers, investments in equipment, and Other Fund shortfalls. The agency generally used vacancy savings in the Forensics, Criminal, and Information Management divisions to fill these gaps. The following table summarizes the recommended rebalance plan by division.

The rebalance plan also included over \$660,000 General Fund (over \$820,000 total funds) for the estimated amount paid to the Public Employee Retirement System (PERS) for the contributions and the investment earnings on over-time payments due managers and supervisors under the *Young vs Oregon* court case. In discussions between the Department of Administrative Services (DAS) and the Legislative Fiscal Office, DAS indicated it is likely that OSP will not have to pay these PERS related costs this biennium. The Subcommittee recommended the \$820,000 total funds not be reserved for these PERS costs at this time, but reinvested in critically needed equipment including Patrol Division vehicles and a number of workers compensation and safety related issues in OSP facilities across the state which are not covered in the existing biennium's budget and not likely included in the Governor's 2007-09 budget. If payments become due in 2005-07, the next Legislature can address the issue.

Recommended Rebalance Plan

Division	General Fund Transfers	Other Fund Limitations	Unschedule Other Funds	Unschedule Federal Funds
Patrol Division	4,763,285	(1,058,629)	(1,058,629)	(202,966)
Criminal Division	(2,203,693)		(915,019)	(337,321)
Gaming/Boxing & Wrestling	125,000	(972,795)		
Fish and Wildlife			(45,494)	(154,540)
Forensics	(1,377,358)			(78,153)
Medical Examiner			(101,278)	
Admin Services	265,217			(71,116)
Information Management	(1,552,179)		(538,382)	(10,014)
Office of Emergency Mgmt		2,863,404		(1,900,624)
Criminal Justice Services		1,686		(44,716,414)
State Fire Marshal		1,435,256		(175,466)
Debt Service	(20,272)	-	-	-
Net Department Total	-	2,268,923	(2,658,802)	(47,646,614)

The rebalance plan proposed by OSP included an increase in Other Funds limitation of almost \$7.5 million for the 9-1-1 program. The Department was unable to clearly identify the need for the increase as well as the amount of revenue which would fund the increase. The Subcommittee recommended an increase in limitation of \$1,304,499 Other Funds for this program based on the difference between the current budgeted limitation and the amount of identifiable revenue expected this biennium. The Subcommittee felt that further work should be completed before any increase beyond this amount is granted.

The rebalance included \$2,658,802 in Other Funds expenditure limitation and \$47,646,614 in Federal Funds limitation which currently is not required. The larger amount of Federal Funds limitation is due in large part to a decrease in federal grant funds (e.g., Homeland Security grants) than the amount assumed in the legislatively adopted budget. Given the uncertainty of many of the issues in this budget, the Subcommittee recommended that DAS be requested to unschedule these Other Funds and Federal Funds amounts.

The agency also presented a report on its vacant and double-filled positions. There was little change from the previous report and the agency continues to advertise and fill positions as they become vacant. The Subcommittee recommended acknowledgement of this report.

The following Committee discussion occurred:

Senator Schrader commented on his support of the use of the Fire Insurance Premium Tax for paying the state share of the fire costs under the Conflagration Act. He further commented that its use this time should be viewed as one-time and that the next Legislature should look at the proper level of the Fire Insurance Premium Tax.

Representative Boone expressed her disagreement with the use of the Fire Insurance Premium Tax in this item and felt that it should be looked at in more detail during the next legislative session.

Senator Westland asked the Emergency Board to carefully consider the use of the Fire Insurance Premium Tax revenues and expressed his disagreement with its use for two reasons. First, its use is a policy issue for the entire Legislature to consider since there are potentially legal issues that

must be addressed. He did recognize the advice from Legislative Counsel regarding the legality of using this revenue source for the specific purpose as proposed by the Subcommittee. The second reason was the precedence that the recommended action would set, including having the Emergency Board decide on the use of dedicated revenue for this purpose. The Senator gave a brief history of the Fire Insurance Premium Tax including the changes made in 2003 in HB 3051 to stabilize the revenue source, and the legislative intent; and noted that it had been used only once for fire suppression and that was during the 1980s.

Representative Kropf agreed with Senator Westland's points, and strongly objected to the use of the Fire Insurance Premium Tax for this purpose. He expressed concern that this revenue source could widely fluctuate and affect future spending including that for training of smaller rural fire districts. The Representative thought there would be sufficient remaining balance in the Emergency Fund to cover these costs or that this part of the request could be deferred until the legislative session.

Representative Kropf moved that the Emergency Board replace the use of the Fire Insurance Premium Tax as a funding for the state share of fire costs with Emergency Fund resources.

Legislative Fiscal Office staff clarified for Emergency Board members the structure of the motions that must take place.

Following a recess called by Co-Chair Courtney, Representative Kropf withdrew his motion.

Senator Carter expressed her concern that the hard work and the recommendations of the Subcommittee were not being accepted by the full Emergency Board.

Representative Morgan summarized the discussion in the Subcommittee regarding the available balance of the Fire Insurance Premium Tax revenues and its planned uses including the training component provided by the Department of Public Safety Standards and Training. She also summarized the discussion around the legality of the use of these revenues for these fire suppression costs.

Representative Morgan amended her original motion to defer to the 2007 Legislature the source of revenue for the state share of the costs for fire suppression under the Conflagration Act.

The amended motion carried. Rep. Morgan and Sen. Carter voted no. Rep. Smith and Sen. Winters excused.

31. Department of Justice

Representative Boone moved that the Emergency Board defer action on the request by the Department of Justice to allocate \$359,292 from the Emergency Fund for legal costs in protecting the state's interest in the Master Settlement Agreement payments until further information is available on total 2005-07 costs, and instruct the Department of Justice to report on the legal costs and continued legal actions during its 2007 budget hearings.

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

In 1998, Oregon and 45 other states signed the Master Settlement Agreement with major tobacco companies, producing an annual revenue stream for Oregon for over 30 years. Oregon is expected to have over \$200 million available for 2005-07. The agreement allows for a number of

annual adjustments, one of which deals with the impact on the market shares of the tobacco companies participating in the Agreement. Two of the three major tobacco companies reduced their April 2006 payments by approximately \$9 million based on the adjustment for sales made in 2003. The third major company has indicated it may reduce a future payment.

Earlier this year, a Multnomah County judge ruled on a tobacco industry motion compelling the parties to enter into arbitration. Similar rulings were made in a number of other states. Unfortunately, the ruling does not instruct the parties on the details of the arbitration, but the tobacco industry is pushing for a national level arbitration. It may be months until rulings in the remaining states with similar motions are made dragging out a final decision on the 2003 adjustment until at least next year. The process for the 2004 adjustment has already begun.

At its September 2006 meeting, the Emergency Board allocated \$827,405 from the Emergency Fund for legal costs incurred through August. Since the full costs for 2005-07 biennium won't be known until late in the 2007 legislative session, the Subcommittee recommended deferring action on this request and instructed DOJ to report on this issue and the related costs during the agency's 2007 budget hearings of the Joint Committee on Ways and Means.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

33. Military Department

Representative Barker moved that the Emergency Board increase the Other Funds expenditure limitation established for the Military Department by section 2(3), chapter 673, Oregon Laws 2005, Community Support, by \$454,724 for reimbursement of firefighting costs incurred during the 2005 and 2006 fire seasons.

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

By order of the Governor, the Oregon National Guard was mobilized to five incidents during the 2005 fire season and 11 incidents during the 2006 fire season. Two incidents, one each season, were for Conflagration Act fires.

The total cost incurred for both seasons related to National Guard personnel was \$454,724, including a five percent administrative fee allowable by interagency agreement (Operation Plan Smokey). The revenue supporting these expenditures is as follows: \$19,026 from the State Fire Marshal for Conflagration Act fires and \$435,698 from the Department of Forestry for all other fires. National Guard equipment, as assets of the U.S. Department of Defense, are invoiced separately to the federal government.

The Department's legislatively approved budget does not contain Other Funds expenditure limitation for emergency firefighting expenditures since such expenses are unpredictable.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

34. Employment Department

Representative Scott moved that the Emergency Board acknowledge receipt of a report from the Employment Department Child Care Division on how federal grant funds will be used by the Oregon Environmental Council's Eco-Healthy Child Care program.

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

In June, the Employment Department requested retroactive approval to apply for a \$94,000 grant from the U.S. Environmental Protection Agency on behalf of the Oregon Environmental Council's award-winning Eco-Healthy Child Care program. The Eco-Healthy Child Care program is a voluntary certification program that features a checklist of 25 management practices for child care facilities. The Department was approached by the Environmental Council because the grant funds are only available to states, tribes, and municipalities; the Employment Department is not a funding partner for the program and no Employment Department funds are required as match.

The Emergency Board approved the submission of the grant with the stipulation that, if the grant was awarded, the Employment Department would return to request additional expenditure limitation and to describe how the funds would be used by the Oregon Environmental Council, whether any positions would be established, and what information would be provided to the public regarding the establishment of toxin-free child care environments.

The Employment Department reported that the funds will be used to expand public awareness of the program, certify and train more interested child care providers, and increase the availability of informational materials. The Oregon Environmental Council will not establish additional positions related to these tasks, but will dedicate existing personnel to these activities. The Oregon Environmental Council and concerned stakeholders had reached agreement on wording concerning the checklist used by child care providers to certify practices relating to the use of cleaners and pesticides.

The Subcommittee recommended acknowledging receipt of the report.

The following Committee discussion occurred:

Representative Morgan commended the cooperation among the Oregon Environmental Council and other interested stakeholders.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

35. Housing and Community Services Department

Senator Morse moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Housing and Community Services Department by section 4, chapter 598, Oregon Laws 2005, by \$10,500,000 for additional payments to sub-grantees for federally funded programs.

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

The 2005-07 budgeted amounts for OHCS-administered federal programs are based on actual federal allocations and OHCS payments to sub-grantees in previous years. Allocations to Oregon from the federal Department of Housing and Urban Development and Health and Human Services

Department are exceeding the amounts contained in the 2005-07 legislatively adopted budget. For several programs, OHCS is now in a position to make more payments to sub-grantees than in years past. Additional expenditure limitation is therefore recommended for the following Federal programs administered by OHCS: Low Income Energy Assistance program, Community Development Block Grant, Continuum of Care Grant, HOME Investment Partnerships program, and HOME Tenant-Based Assistance program.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

36. Parks and Recreation Department

Representative Boone moved that the Emergency Board approve, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the National Oceanic and Atmospheric Administration in the amount of \$450,000 for the acquisition of property along Beaver Creek in Lincoln County to protect the Beaver Creek watershed and preserve freshwater and saltwater wetlands.

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

The National Oceanic and Atmospheric Administration/Ocean Coastal Research Management solicited coastal and estuarine land conservation acquisition projects from eligible coastal states. The Parks and Recreation Department (OPRD) proposes to acquire 319 acres along Beaver Creek, 160 acres of which consists of lowland riparian wetlands perched just above the head of tide on Beaver Creek in Lincoln County, in partnership with Lincoln County and the Mid Coast Land Conservancy. The overall scope of the proposal involves three parcels totaling 342 acres upstream from Ona Beach State Park. Acquisition of the property is consistent with OPRD's Investment Strategy and Acquisition Plan and use of Lottery Funds as approved by the Legislature.

The acquisition grant requires a 50% match, which will come from the Department's Property Acquisition Program funded by Lottery Funds in the amount of \$450,000. An additional \$54,000 will be provided through the landowner's easement donation, the Lincoln County Land Legacy Program, and in-kind work from Lincoln County. Notification of successful application is expected in late 2008 or early 2009.

The Subcommittee recommended approval of the request.

The motion carried. Rep. Kropf voted no. Rep. Smith and Sen. Winters excused.

40. Department of State Lands

Senator Westlund moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of State Lands by section 3(1), chapter 776, Oregon Laws 2005, Natural Heritage Advisory Council, by \$412,000 for expenditure of a federal grant to acquire a conservation easement to protect and enhance populations of Fender's blue butterfly.

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

In April 2006, the Emergency Board approved the Department of State Lands' request to apply for a federal Cooperative Endangered Species Conservation Fund Recovery Land Acquisition grant from the U.S. Fish and Wildlife Service in conjunction with The Nature Conservancy to purchase a conservation easement on the Coburg Ridge in Lane County to protect and enhance the Fender's blue butterfly (*Icaricia icarioides fenderi*) population. The Department of State Lands' requested approval for an increase in Federal Funds expenditure limitation to distribute \$400,000 of the grant to The Nature Conservancy and \$12,000 for administrative expenses of the Department of State Lands.

Fender's blue butterfly was listed as a federally endangered species in 2000. In 2005, the U.S. Fish and Wildlife Service designated an area of about 133 acres on Coburg Ridge as a Critical Habitat for Fender's blue butterfly. The final easement will cover 1,244.19 acres.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Morgan commented that extensive discussion occurred in the Subcommittee noting that over half of the land in Oregon is now in public ownership. Representative Morgan stated that she has a philosophical disagreement of using tax dollars to take land out of the tax base.

The motion carried. Reps. Morgan, Kropf and Richardson voted no. Rep. Smith and Sen. Winters excused.

41. Department of State Lands

Representative Boone moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of State Lands by section 3(2), chapter 776, Oregon Laws 2005, South Slough National Estuarine Research Reserve operations, by \$107,000 and approve the establishment of a limited duration position (0.21 FTE) for oyster research and to establish high-speed Internet connectivity and a wireless telecommunications system in the South Slough National Estuarine Research Reserve.

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

The Emergency Board approved the submission of a federal grant application by the Department of State Lands' South Slough National Estuarine Research Reserve for a two-year project to explore the restoration of self-sustaining populations of native Olympia oysters to the South Slough estuary. The Department received notice that a grant in the amount of \$74,922 will be awarded. The grant requires 50% state match in the amount of \$74,922 which will be provided by in-kind services of existing staff and other sources such as volunteers.

Results generated by this pilot project will be integrated with ongoing efforts in other Pacific Northwest estuaries to develop a realistic strategy and approach to restore self-sustaining populations in the South Slough estuary. The grant requires a part-time Natural Resource Specialist 2 position to conduct the required research under the grant. The Department is requesting an increase in Federal Funds expenditure limitation in the amount of \$32,000 for project expenses that will be carried out this biennium.

The Emergency Board also approved the submission of a federal grant application for \$90,000 by the Department of State Lands' South Slough National Estuarine Research Reserve to establish

high-speed Internet connectivity at the South Slough National Estuarine Research Reserve's Interpretive Center and to provide a wireless communication system over the entire reserve. The grant requires state match of \$38,571 which will be provided by DSL from existing staff and resources. The Department is requesting an increase in Federal Funds expenditure limitation in the amount of \$75,000 for project expenses relating to constructing satellite towers that will be carried out this biennium.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Smith and Kropf and Sen. Winters excused.

44. Department of Agriculture

Senator Carter moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Agriculture by section 4(2), chapter 716, Oregon Laws 2005, Natural Resources, by \$713,431 to accommodate additional federal funding for some of the Department's plant health programs.

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

The requested amount represents the net difference between what the Department forecast its base federally funded programs would receive during the 2005-07 biennium and what they have now either received or expect to receive during the remainder of the biennium. Most of this increase is due to the receipt of additional federal monies for activities related to Sudden Oak Death and Potato Cyst diseases.

The Department estimates it will receive approximately \$750,000 more in federal funding to address issues surrounding Sudden Oak Death disease than originally anticipated. The Department's Federal Funds expenditure limitation in the 2005-07 legislatively adopted budget for these activities is only \$440,000 and the Department now projects it will receive almost \$1.2 million in funding for activities related to Sudden Oak Death. Also, in the Plant Health program, the Department has received nearly \$140,000 in federal funding to conduct a survey involving Potato Cyst Nematode disease this biennium. This additional revenue was not anticipated in the 2005-07 budget. These increased federal revenues are partially offset by lower federal expenditures in the Pesticide base program and the Insect Pest Prevention program. These lower than anticipated expenditure levels bring the net need for additional Federal Funds expenditure limitation to \$713,431.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

45. Department of Agriculture

Senator Westlund moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Agriculture by section 4(2), chapter 716, Oregon Laws 2005, Natural Resources, by \$700,000 for a federal grant awarded to the Department for acquisition of 6,065 acres in Wallowa County to provide habitat for the federally listed plant Spalding's Catchfly.

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

At its April 2006 meeting, the Emergency Board approved a request by the Oregon Department of Agriculture (ODA) to apply to the U.S. Fish and Wildlife Service's Cooperative Endangered Species Conservation Fund (CESCF) program for a \$700,000 federal grant to purchase 6,065 acres in Wallowa County on behalf of The Nature Conservancy (TNC). On September 26, 2006, the U.S. Fish and Wildlife Service announced grant awards totaling \$67 million that included \$700,000 to Oregon for the land acquisition in Wallowa County.

The purchase will protect a plant community that now provides habitat for the federally threatened Spalding's Catchfly. The total purchase price for the property is \$3 million. The parcel is located adjacent to TNC's 27,000 acre Zumwalt Prairie Preserve in the Blue Mountain Basin of Wallowa County. The total purchase price for the property is \$3 million. The grant is from CESCF's Recovery Land Acquisition Program. This grant program is competitive, where each grant proposal is prioritized by region and the top ranked projects are forwarded to the national office for final funding decisions. The grant requires at least a 25% match, which will be provided by TNC from private donations.

The Subcommittee recommended approval of the request.

The motion carried. Reps. Morgan, Kropf and Richardson voted no. Rep. Smith and Sen. Winters excused.

46. Department of Forestry

Representative Morgan moved that the Emergency Board acknowledge receipt of a report from the Department of Forestry on the 2006 fire season and allocate \$1,543,212 from the special purpose appropriation made to the Emergency Board by section 5(1), chapter 791, Oregon Laws 2005, to supplement the appropriation made to the Department of Forestry by section 1(2), chapter 791, Oregon Laws 2005, Protection from fire, and allocate \$323,080 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of Forestry by section 1(2), chapter 791, Oregon Laws 2005, Protection from fire, to pay for costs associated with contracting for large air tankers and helicopters to supplement fire suppression resources for the 2006 fire season and for the premium for catastrophic insurance due April 1, 2007.

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

The Department of Forestry provided a report on the severity of the 2006 forest fire situation and the costs incurred in suppressing fire outbreaks. The report indicated the 2006 fire danger indices exceeded those of the devastating 2002 fire season and matched or exceeded the extreme conditions of the 2005 fire season. Fires on Department protected land totaled 10,891 acres, which is 49% of the 10-year average.

The 2005 Legislature allocated \$3.5 million to the Emergency Board as a special purpose appropriation for 2005-07 fire season costs. Of that amount, \$2.2 million was set aside for emergency fire suppression and \$1.3 million for catastrophic fire insurance premiums. The Emergency Board allocated \$2,018,788 from the special purpose appropriation for the 2005 fire season, resulting in a balance of \$1,543,212 available for the 2006 fire season. The Department reports \$1,207,306 is available from a combination of federal funds and fire cost collections from an operator fire to offset the 2006 fire season severity costs. Severity costs for the 2006 fire season totaled \$2,428,285. After applying the available current revenues, \$1,220,979 is needed from the special purpose appropriation to cover the remaining costs.

In addition, the insurance premium for 2006 catastrophic fire insurance is \$1,290,626. The premium is shared equally by the Oregon Forestland Protection Fund and the General Fund. The Department is requesting that the remaining special purpose appropriation of \$322,233 plus an additional \$323,080 from the general purpose appropriation to the Emergency Board be allocated to pay the \$645,313 state share of the premium due April 1, 2007.

The Subcommittee recommended approval of an allocation of \$1,543,212 from the special purpose appropriation and \$323,080 from the Emergency Fund.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

47. Department of Forestry

Representative Boone moved that the Emergency Board allocate \$621,000 from the special purpose appropriation made to the Emergency Board by section 2(1), chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of Forestry by section 1(2), chapter 791, Oregon Laws 2005, Protection from fire, to pay costs associated with the employee compensation plan for the program.

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

In June 2006, the Emergency Board approved the Department of Administrative Services' request to allocate funds to state agencies from the special purpose appropriation and increase Other Funds, Federal Funds, and Lottery Funds expenditure limitations to fund state employee compensation and benefit adjustments for the 2005-07 biennium.

The Emergency Board reduced the Department of Forestry's (ODF) share of the allocation until fire costs for the 2006 fire season were reported and instructed the agency to consider the compensation needs along with the fire costs when requesting the remaining funds in the special purpose appropriation. In a separate request, ODF requested release of the remaining funds in the special purpose appropriation for extraordinary fire suppression and insurance premium expenses. Together, these costs exceed the amounts remaining in that special purpose appropriation. The Department requires an allocation from the Emergency Fund to pay costs associated with the employee compensation plan for the Protection from Fire Program.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

49. Department of Forestry, Department of Justice, and Department of Administrative Services

Senator Westlund moved that the Emergency Board establish a General Fund appropriation for the Department of Forestry, state-owned forest lands, and allocate \$10,000,000 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to the newly established appropriation for the purpose of crediting the funds to the Forestry Department Account as a result of a judgment by the Tillamook County Circuit Court.

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

The 2003 Legislature passed legislation transferring \$10 million from the Forestry Department Account to the General Fund as part of the statewide rebalancing effort. This action was taken upon legal advice that the state had the right to alter the disposition of its portion of revenues from lands conveyed to the state from certain counties. After the legislation took effect, several counties filed a lawsuit against the state contending, in part, that the transfer violated their rights under what they perceived to be a statutory contract. The state has contended that no such contract exists and that the state controls the disposition of its 25% of the revenues from the lands.

The trial court ruled in favor of the counties and entered a judgment that the \$10 million, without interest, must be restored to the State Forestry Department Account. The state's appeal was dismissed because the Department of Justice failed to serve notice of the appeal on all of the counties engaged in the lawsuit. Despite another pending appeal on the case, the current judgment of the trial court must be satisfied.

The Subcommittee discussed the appeal process and the possibility of having the next Legislature take action toward settling the issue of whether the state has control over its share of revenues from the county lands on the merits of the issue rather than appeal technical issues.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Richardson asked if there had been any discussion in the Subcommittee about the fact that the state's attorneys had failed to properly file an appeal which has led to a \$10 million problem.

Senator Westlund responded that there had been discussion and that the Department of Justice had provided forthright testimony about the agency's actions that led to the situation and fully acknowledged its actions and their consequences.

Representative Morgan commented that it would be a shame for this issue to be decided on a technical, procedural basis and reiterated that the next Legislature should take another look at the issue and the relationship between the Department of Forestry and the counties.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

50. Department of Fish and Wildlife

Senator Westlund moved that the Emergency Board increase the Federal Funds expenditure limitation established for the Department of Fish and Wildlife by section 4(2)(b), chapter 717, Oregon Laws 2005, Wildlife habitat, by \$3,900,000 for funding from Bonneville Power Administration mitigation funds to purchase a conservation easement on 199 acres in Benton County.

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

The Department of Fish and Wildlife requested authorization to expend \$3.9 million in Bonneville Power Administration (BPA) mitigation funding for the purchase of a perpetual conservation easement on 199 acres in Benton County. The land includes 190 acres of oak savanna and prairie habitat that have been described as the best examples of such habitat in the southern part of the Willamette Valley. The current owners of the property would like to continue to operate a small

livestock operation and live on the property and pass the land on to their children while also protecting the pristine condition of 190 acres of habitat on the farm. The Greenbelt Land Trust and BPA worked with the owners to develop a conservation easement plan that will meet the needs of the current owners while also protecting important oak woodlands that provide the best type of habitat for 37 different wildlife species. The easement will be held by the Greenbelt Land Trust and BPA will have third party rights of enforcement to protect their investment. No matching funds are required.

The Subcommittee recommended approval of the request.

The following Committee discussion occurred:

Representative Morgan stated her opposition to using public monies for such purposes.

Representative Richardson said he also was opposed to using tax monies for this.

Senator Morse claimed a potential conflict of interest since the owner was a former employee. The Senator pointed out that the owner wanted to protect the natural features of the land while maintaining ownership and that this is a case of a willing owner being paid to give up development rights he currently holds.

Representative Boone clarified that this was for a conservation easement not a property acquisition.

Senator Schrader stated this was a case of free market dynamics with a willing buyer and a willing seller.

Representative Morgan said she is opposed to having the potential development of the land being preempted through the use of public monies.

Representative Kropf stated he sees this as an unwarranted expansion of BPA powers because mitigation funds should be used to protect fish not oak savanna.

The motion carried. Reps. Scott, Morgan, Kropf and Richardson voted no. Rep. Smith and Sen. Winters excused.

58. Department of Transportation

Representative Scott moved that the Emergency Board increase the Other Funds expenditure limitation established for the Department of Transportation by section 2(13), chapter 721, Oregon Laws 2005, Transportation program development, by \$1,400,000 for planning activities related to federal earmarked projects, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation increase until actual need is demonstrated.

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

The 2005-07 legislatively adopted budget for the Department of Transportation included an Other Funds expenditure limitation totaling \$62,350,016 for the biennium for the Transportation Program Development unit based on the best information available when the budget was developed. Since adoption of the budget, the federal transportation reauthorization bill was approved by Congress.

The federal reauthorization bill included specific projects requiring planning and development that were not anticipated when the budget was developed.

The Transportation Program Development Division is currently managing over 170 planning contracts valued at \$18 million. Actual expenditure requirements will vary depending on the performance of the individual contracts which are not completely predictable. Based on a review of the status of the Transportation Program Development unit's planning projects, the Department estimates an additional \$1.4 million in expenditure limitation will be required to complete its work program as planned for this biennium.

The Subcommittee recommended approval of the request, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation increase until actual need is demonstrated.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

59. Department of Transportation

Senator Morse moved that the Emergency Board increase the Other Funds expenditure limitation established for the Department of Transportation by section 2(3), chapter 721, Oregon Laws 2005, Preservation Program, by \$47,500,000 for the Highway Preservation program, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation increase until actual need is demonstrated.

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

Since adoption of the 2005-07 legislatively adopted budget for the Department of Transportation Highway Preservation program, a number of preservation projects have been completed at an accelerated rate which was greater than anticipated when the budget was developed. Five projects totaling \$22.5 million previously planned for future years were moved forward in the Statewide Transportation Improvement Plan by the Oregon Transportation Commission.

Based on current preservation projects planned for spring 2007, ODOT estimates an additional \$90,300,006 in expenditures. As a result, a projected deficit of \$47,424,927 would occur or contracts would need to be delayed until after July 1, 2007. Since preservation projects are dependent on dry and non-freezing weather conditions, the likelihood that project work will be active is not predictable.

The Subcommittee recommended approval of the request, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation increase until actual need is demonstrated.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

63. Oregon Liquor Control Commission

Representative Morgan moved that the Emergency Board increase the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(1), chapter 596, Oregon Laws 2005, Administrative expenses, by \$230,000, and increase the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(2), chapter 596, Oregon

Laws 2005, Agents' Compensation, by \$1,420,000 to pay agent compensation and bank card fees due to liquor sales in excess of projections.

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

The 2005-07 legislatively adopted budget for the Oregon Liquor Control Commission (OLCC) assumed gross liquor sales of \$645.1 million. The OLCC reports that sales trends have prompted the agency to revise the sales forecast, and that gross sales for the 2005-07 biennium will reach \$738 million. OLCC incurs expenses in direct proportion to sales in two areas: the amount of compensation paid to contracted liquor agents that run liquor stores, and bank card fees.

The 2005 Legislature established the average agent compensation rate at 8.88% of total sales volume. An additional \$1,420,000 increase in expenditure limitation would be needed to maintain this level of compensation based on the sales forecast of \$738 million. In 1996, OLCC approved the use of bank credit and debit card sales made at the state's retail liquor stores for customer convenience. The state pays the bank transaction fee of 1.65% of each credit card sale. The agency now estimates bank transaction fees will require another \$230,000 in expenditure limitation.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Reps. Scott and Smith and Sen. Winters excused.

64. Oregon Liquor Control Commission

Senator Westlund moved that the Emergency Board increase the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(1), chapter 596, Oregon Laws 2005, Administrative expenses, by \$1,586,900 for closing costs, operational costs and capital outlay, and establish an Other Funds Capital Construction expenditure limitation of \$6.6 million for the purchase of a warehouse, with the understanding that the Department of Administrative Services will unschedule the expenditure limitations until the purchase price and capital outlay costs are known.

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

Liquor sales have increased by \$472.6 million since 1995-97. The additional demand and additional variety of products available to consumers has resulted in storage capacity issues for the Oregon Liquor Control Commission (OLCC). OLCC has addressed its capacity issues up to this point by increasing the efficiency of its product picking and shipping operations, and by leasing additional warehouse space. Two warehouse facilities have come on the real estate market that are within one-half mile of the agency's existing distribution center, and either one would meet projected space and growth needs for an estimated ten years. OLCC is estimating sales of as much as \$852 million in 2007-09, but the ability to accommodate that level of consumer demand hinges on OLCC's ability to fulfill orders and move product in and out of its distribution center efficiently. The purchase of a new warehouse will allow OLCC to move some product into temporary storage, freeing up space in the existing distribution facility so another "product picking" line can be added, which allows employees to fill orders from liquor agents more quickly, turn over inventory, sell more product, and bring in additional revenue.

The Subcommittee recommended approval of the request, with the understanding that the Department of Administrative Services will unschedule the amount until the purchase price and capital outlay costs are known.

The motion carried with no objection voiced. Rep. Smith and Sens. Winters and Morse excused.

66. Oregon Liquor Control Commission

Representative Boone moved that the Emergency Board acknowledge receipt of a report from the Oregon Liquor Control Commission reviewing revenue apportionment to cities and counties.

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

The 2005-07 legislatively adopted budget for the Oregon Liquor Control Commission (OLCC) included a budget note directing the Commission to convene a workgroup including representatives of local government to review the apportionment of liquor revenues to cities and counties. The budget note specified that the report was to include a determination of how these revenues are used at the local level, whether there is a correlation between the use of the revenues and the purpose for which the revenues are collected, and whether a change in the apportionment formula to increase state revenues is warranted.

The OLCC surveyed cities and counties on their use of local government revenue and convened a workgroup consisting of local government representatives. Current statute does not specify a particular purpose for which liquor revenues must be dedicated. Local governments, like the state, deposit liquor revenues in their General Fund. Workgroup participants provided additional data and estimates of the number and estimated local government expenditures associated with alcohol-related incidents. City and county workgroup participants reported that their expenses associated with alcohol caused or related incidents exceed the amount of liquor revenue received, and recommended that, if the apportionment formula for liquor revenue were to change, it should change to increase the amount of liquor revenue distributed to local governments.

The Subcommittee recommended acknowledging receipt of the report.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

67. Department of Administrative Services

Representative Morgan moved that the Emergency Board increase the Other Funds Capital Construction expenditure limitation established for the Department of Administrative Services by section 1(3)(i), chapter 767, Oregon Laws 2005, Justice Building renovation, phase 2, by \$2,600,000.

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

In 2003 and 2005, the Legislature approved and provided funding for Phases 1 and 2 of the Justice Building Renovation project. The Department expected to apply for Phase III funding in its 2007-09 Capital Construction budget request. Included in that request was to be funding for final costs, including replacement of the chiller. However, the condition of the chiller has reached the point that it needs to be replaced before the summer of 2007. The Department is requesting \$2.6 million Other Funds expenditure limitation for the design, acquisition, and installation of the chiller before next summer. The Other Funds will come from existing cash in the Capital Construction Fund.

The chiller provides the chilled water to air condition the Supreme Court and Justice Buildings. It has failed for the second time within two years. Parts are no longer available and have to be manufactured before the chiller can be used. Given its age, failure rate, and cost to repair, replacement has been determined to be the most cost effective solution. The expenditure limitation is needed now to complete the installation during Phase 2 before air conditioning is needed next summer.

The Subcommittee recommended approval of the request.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

68. Department of Administrative Services

Representative Morgan moved that the Emergency Board defer action on the request by the Department of Administrative Services to establish an Other Funds Capital Construction expenditure limitation of \$4,100,000 for renovation of the Eugene State Office Building.

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

In 2003, the Department of Administrative Services (DAS) was provided \$100,000 Other Funds Capital Construction expenditure limitation for planning to make fixes to the deteriorating Eugene State Office Building. DAS used the funding to evaluate alternatives including sale of the property, demolition and construction of a new building, renovation of existing space and renovation and adding additional space.

When offered for sale, no offers were received so DAS evaluated the remaining three options. DAS has decided that renovation of existing space is the most feasible solution and is requesting a capital construction expenditure limitation of \$4.1 million for the renovation. The entire project is expected to be completed by 2008. The Department of Environmental Quality's space and staffing plans anticipate moving into the renovated space and would occupy about two-thirds of the space.

This item was deferred at the September 2006 Emergency Board meeting because of Lane County's interest in accessing some of the office space. Subsequent to September, Lane County proposed construction of a new facility that would result in a total cost to the state of \$8.5 million. DAS felt that was not in the best interest of the state and its agencies and brought this renovation request back to this meeting of the Emergency Board. Lane County has since been in discussions with the City of Eugene to try to address the funding and office space possibilities.

The Subcommittee recommended action be deferred so that DAS, after discussions with Lane County and the City of Eugene, has additional time to bring a proposal to the Legislature during session.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

69. Department of Administrative Services

Representative Boone moved that the Emergency Board allocate \$155,675 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of Administrative Services by section 1(1), chapter 601, Oregon Laws 2005.

Operating expenses, for continued implementation and processing of claims filed under Ballot Measure 37.

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

In 2004, voters passed Ballot Measure 37 (BM 37), which is now ORS 197.352. The statute requires compensation to landowners whose property values are negatively impacted by land use laws or regulations and who file claims with the appropriate governmental unit. The choice for the governmental unit is to pay the claimant an amount equal to the loss in value due to the land use law, or to not apply the restricting law. Claims arising from land use laws enacted prior to December 2, 2004 must be filed by December 2, 2006. The Supreme Court upheld the legality of BM 37 in March 2006 in what is referred to as the “McPherson” case.

The Department of Administrative Services (DAS) is requesting an additional \$155,675 General Fund for temporary contract employees to process BM 37 claims timely through the end of the biennium. The additional workload is due to the continued increase in numbers of claims received and from a shift of certain research work to the Department. Claims received now average 54 per week versus the original estimate of 35 per week. Additionally, about 15% of claims filed require research relating to title search, verification of chain of title custody, and ownership chronology. Formerly performed by the Departments of Justice and Land Conservation and Development, experience has shown performing this work up front results in more streamlined processing of claims filed. This work is now done at DAS by contracted employees with knowledge of title and real estate transactions.

The additional temporary contract employees are needed to ensure BM 37 claims are processed within the 180-day timeline set in statute. Failure to process a claim within 180 days entitles the claimant to compensation for damages resulting from the land use laws or regulation. Timely processing of the claims is in the best interest of the state and needs to continue.

The Subcommittee recommended approval of the request.

The motion carried. Sen. Schrader voted no. Rep. Smith and Sen. Winters excused.

73. Racing Commission

Representative Boone moved that the Emergency Board increase the Other Funds expenditure limitation established for the Racing Commission by section 1, chapter 555, Oregon Laws 2005, by \$720,422, and approve the establishment of one full-time veterinarian position beginning January 1, 2007 (0.25 FTE) and the increase of a part-time veterinary technician to full-time status for the remainder of the biennium (0.19 FTE).

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

The requested position actions are to address increases in the workload of veterinarians that regulate live horse racing. Allowing year round licensing of Portland Meadows has resulted in a number of race horses staying at the facility and working out. When a horse works out at the track, a Racing Commission (ORC) veterinarian needs to be present, which has increased the need for a second veterinarian position. Portland Meadows live race season has also been increased, placing more demand on the regulatory veterinarian position that also must regulate live horse racing at county fairs around the state during the summer. These factors have created the need to restore a full-time

veterinarian position. The Commission now has sufficient revenue to address the vet-related position actions.

In addition, revenue from the tax on hubs operating in the state which take wagers from across the nation have increased faster than anticipated. By law, two-thirds of this tax revenue is deposited in the Racing Development Fund to be used by the Commission for the benefit of the Oregon racing industry. The additional \$641,515 in Other Funds expenditure limitation will allow these dedicated funds to be expended.

The Subcommittee recommended approval of the Legislative Fiscal Office recommendation.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

74. Department of State Police and Oregon Youth Authority

Senator Carter moved that the Emergency Board allocate \$700,000 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of State Police by section 1(5) chapter 718, Oregon Laws 2005, Office of Emergency Management, State Fire Marshal and criminal justice services, for grants to Marion County, City of Canby, and City of Gresham for methamphetamine and gang related grants, and for a grant program open to all communities to address methamphetamine-related issues; allocate \$50,000 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Department of State Police by section 1(1) chapter 718, Oregon Laws 2005, Patrol services, criminal investigations and gaming enforcement, for State Police support of the Marion County Strike Force; and allocate \$600,000 from the Emergency Fund, established by section 1, chapter 794, Oregon Laws 2005, to supplement the appropriation made to the Oregon Youth Authority by section 1(1) chapter 554, Oregon Laws 2005, Operations, for gang intervention services.

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

Of this \$1.35 million total Emergency Fund allocation, \$300,000 is for grants of \$100,000 each to three communities to address issues involving methamphetamine and gangs. The Marion County Methamphetamine Strike Force was created to eliminate the manufacture and delivery of methamphetamine in the county. The Strike Force consists of state and local law enforcement agencies. The \$100,000 will be used: (1) to purchase equipment including firearms, body armor, radios, and cell phones, and (2) for operating costs associated with “buy money,” informant pay, potential wiretap expenditures, and pole-cameras.

The Canby Police Department is to receive \$100,000 to address a set of strategies including increased law enforcement efforts and prevention activities. The funds will be used for additional over-time costs of law enforcement personnel for intelligence gathering, and a greater presence on weekends and for special events like the Clackamas County Fair and Cinco de Mayo Celebration. These funds will also be used to send a limited number of law enforcement personnel to national gang training and for job programs, mentoring, and gang prevention community education.

The City of Gresham is to receive \$100,000 for the East Metro Gang Enforcement team which was established to address gang violence and crime in Gresham, Fairview, Troutdale, Wood Village, and the unincorporated areas of east Multnomah County. The team was established to coordinate efforts of the communities including identifying gang members, gathering and sharing intelligence, investigating crimes, and increasing police presence in areas affected by gang activity. It has received

state funding in the current and previous biennia. The funds will be used for compensation of team members and related expenses.

The Department of State Police’s (OSP) Criminal Investigations Division is to receive \$50,000 to support the Marion County Strike Force and will use the funds for overtime costs and the purchase of equipment. It is anticipated that the equipment would be available for use in other areas of the state. In addition, OSP is allocated \$400,000 for competitive grants to communities across the state which bring forward proposals to reduce the manufacture of methamphetamine and address the issues resulting from the use of methamphetamine. The Criminal Justice Services Division is responsible for administering these grants.

A further \$600,000 is allocated to the Oregon Youth Authority (OYA) for competitive grants to counties for gang intervention and prevention services. This is similar to an Emergency Board action two years ago.

All grants to be awarded by OSP and OYA included in this item should be viewed as one-time funding. The Subcommittee also recommended that, before these funds are distributed, each community receiving funding establish a set of performance measures so state policy makers are able to determine the success of these investments. In addition, the State Police, OYA and the communities should identify best practices that can be shared with other communities facing the same challenges.

The motion carried with no objection voiced. Rep. Smith and Sen. Winters excused.

The meeting was adjourned at 11:50 a.m.

EMERGENCY BOARD:

/s/ Peter Courtney

Senator Peter Courtney, Presiding Chair

/s/ Wayne Scott

Representative Wayne Scott, Secretary

ATTEST:

/s/ Ken Rocco

Ken Rocco, Legislative Fiscal Officer

Special Purpose Appropriation Transfer Detail

Oregon Laws 2005 Chapter/Section	Agency/Purpose	Amount
Chapter 794, sec. 3(1)	Home Care Worker collective bargaining changes	(10,000,000)
Chapter 794, sec. 2(1)	State Employee compensation changes	(2,125,112)
Chapter 713, sec. 7(1)	Department of Human Services - Child Welfare staffing	(2,076)
Total transfers from special purpose appropriations		(12,127,188)
Chapter 794, sec. 1	Emergency Board -- General Purpose	12,127,188
Net General Fund Change		0

**DEPARTMENT OF HUMAN SERVICES 2005-07 REBALANCE PLAN
November 2006**

Cluster/Program Area	2005 Oregon Laws Reference	Fund Type	Adjustments to Legislatively Approved Budget	No. Pos.	FTE Change
<u>Transfers, Appropriation Increases, and Expenditure Limitation Adjustments:</u>					
Department-Wide Support Services	Chpt 713, Sec 1(1)	General Fund	5,073,419		
	Chpt 713, Sec 2(1)	Other Funds	-		
	Chpt 713, Sec 4(1)	Federal Funds	19,525,441		
		Total	24,598,860	-	-
Children, Adults and Families	Chpt 713, Sec 1(2)	General Fund	(4,967,911)		
	Chpt 713, Sec 2(2)	Other Funds	-		
	Chpt 713, Sec 4(2)	Federal Funds	(20,071,946)		
		Total	(25,039,857)	-	(11.18)
Health Services	Chpt 713, Sec 1(3)	General Fund	69,985,798		
	Chpt 713, Sec 2(3)	Other Funds	(3,831,544)		
	Chpt 713, Sec 3	Lottery Funds	-		
	Chpt 713, Sec 4(3)	Federal Funds	97,555,257		
	Total	163,709,511	7	1.87	
Seniors and People with Disabilities	Chpt 713, Sec 1(4)	General Fund	3,347,423		
	Chpt 713, Sec 2(4)	Other Funds	3,831,544		
	Chpt 713, Sec 4(4)	Federal Funds	17,601,516		
		Total	24,780,483	-	2.00
Capital Improvement	Chpt 713, Sec 1(5)	General Fund	-	-	-
Capital Construction	Jan 2006 Emergency Board	General Fund	-		
	Chpt 767, Sec 1(4)(a)	Other Funds	-		
	Chpt 767, Sec 1(4)(b)	Other Funds	-		
		Total	-	-	-
Department Totals	Chpt 713, Sec 1	General Fund	73,438,729		
	Chpt 713, Sec 2	Other Funds	-		
	Chpt 713, Sec 3	Lottery Funds	-		
	Chpt 713, Sec 4	Federal Funds	114,610,268		
		Dept. Total	188,048,997	7	(7.31)

**DEPARTMENT OF STATE POLICE 2005-07 REBALANCE PLAN
December 2006**

<u>Appropriation Line</u>	<u>2005 Oregon Laws Reference</u>	<u>Fund Type</u>	<u>Adjustments to Legislatively Approved Budget</u>
<u>Transfers, Appropriation Increases, and Expenditure Limitation Adjustments:</u>			
Patrol Services, Criminal Investigations, & Gaming Enforcement	Chpt 718, Sec 1(1)	General Fund	2,684,592
	Chpt 718, Sec 2(1)	Other Funds	<u>(2,031,423)</u>
		Total	653,169
Fish and Wildlife Enforcement	Chpt 718, Sec 1(2)	General Fund	-
		Total	<u>-</u>
Forensics Services and State Medical Examiner	Chpt 718, Sec 1(3)	General Fund	<u>(1,377,358)</u>
		Total	(1,377,358)
Administrative Services and Information Management	Chpt 718, Sec 1(4)	General Fund	<u>(1,286,962)</u>
		Total	(1,286,962)
Office of Emergency Management, State Fire Marshal and Criminal Justice Services	Chpt 718, Sec 2(5)	Other Funds	<u>4,300,346</u>
		Total	4,300,346
Debt Service	Chpt 718, Sec 1(6)	General Fund	<u>(20,272)</u>
		Total	(20,272)
Department Totals		General Fund	-
		Other Funds	2,268,923
		Federal Funds	-
		Dept. Total	<u>2,268,923</u>