

**STATE OF OREGON
LEGISLATIVE FISCAL OFFICE**

900 Court Street NE
H-178 State Capitol
Salem, OR 97301
Phone 503-986-1828
FAX 503-373-7807



KEN ROCCO
LEGISLATIVE FISCAL OFFICER

THERESA MCHUGH
DEPUTY LEGISLATIVE FISCAL OFFICER

Summary of Emergency Board Action

June 2006

The Legislative Emergency Board met on June 22-23, 2006 and considered an agenda of 62 items. There were three agency requests for allocation from the general purpose appropriation made to the Emergency Board, totaling \$5.8 million, of which \$2.5 million was approved; in addition, the Emergency Board approved the establishment of two reservations within the general purpose Emergency Fund, totaling \$3.5 million. Additional details on these allocations are described below. Also on the agenda were three requests for allocations from special purpose appropriations made to the Emergency Board, totaling \$120.2 million. The Emergency Board approved a total allocation of \$118.8 million from special purpose appropriations, including \$118.3 million for previously negotiated state employee salary and benefit changes. The original agenda only included 61 items, but the Co-Chairs of the Emergency Board, on Thursday, June 22nd, agreed to add an item dealing with the Oregon coastal salmon fishing situation. After the actions taken by the Emergency Board, the general purpose unallocated, unreserved Emergency Fund balance is \$10.9 million and the special purpose unallocated balance is \$98.9 million (\$83.3 million of which is earmarked for the Department of Human Services for rebalance and caseload needs). The Emergency Board also discussed the potential Emergency Fund needs for the remainder of the interim. There are potential liabilities to the Emergency Fund in excess of \$25 million due to a variety of issues, such as lawsuits, unfunded caseload increases, fire costs, and other unanticipated expenses.

The agenda included 24 items that requested additional 2005-07 biennium authority to spend Other, Federal, and Lottery Funds. The Emergency Board approved expenditure limitation increases of approximately \$205.5 million of Other Funds (including \$127.4 million for the costs of the 2005-07 state employee salary and benefit package), \$52.9 million of Federal Funds (\$31.5 million for salary and benefit package), and \$4.9 million of Lottery Funds (\$2.2 million for the Oregon Watershed Enhancement Board for projects to assist the coastal salmon fishing industry).

Also on the agenda were 22 agency reports, seven of which were considered on a consent agenda; and 13 requests for approval to submit federal grant applications, ten of which were considered on a consent agenda. In addition, the Emergency Board approved the establishment of 20 positions (9.68 FTE) and the extension of 34 existing positions (2.96 FTE).

The following is a summary of significant Emergency Board actions taken at the June 2006 meeting:

Education

- Deferred a request for allocation of \$3,009,549 from the Emergency Fund by the Department of Education for caseload growth in the Early Intervention/Early Childhood Special Education program. The Emergency Board noted the caseload growth, but due to other potential demands on the Emergency Fund, established a reservation in the requested amount for the EI/ECSE program.
- Allocated \$153,961 from a special purpose appropriation made to the Emergency Board for the Department of Education for Local Option Equalization Grants for the 2005-06 fiscal year.
- Approved a Federal Funds expenditure limitation increase of \$19,317,695 for the Department of Education for updated receipt of federal revenues.
- Acknowledged receipt of reports by the Department of Education on the cost effectiveness of alternative funding models for the Oregon Schools for the Blind and for the Deaf and on an educational needs analysis of the youth served by the Youth Corrections Education Program.
- Established a \$7,390,000 Other Funds Capital Construction expenditure limitation for the Hayward Field Improvements Project at the University of Oregon. The project is to improve the facility for the 2008 Olympic Trials and will be funded entirely by gifts.
- Approved an increase of \$2,000,000 in the Other Funds Capital Construction expenditure limitation previously established for the University of

Oregon School of Music additions and alterations project.

- Transferred \$305,000 between Other Funds Capital Construction expenditure limitations for the University of Oregon Erb Memorial Union, International Area, renovation project.

Human Services

- Acknowledged receipt of several reports by the Department of Human Services, including reports on changes to the children's mental health system, on actions to improve Oregon State Hospital patient safety and care, on Oregon Health Plan managed care enrollment, on cash flow and financial management, and on services for children with development disabilities.
- Acknowledged receipt of a report by the Department of Human Services and the State Commission on Children and Families on the agencies' review and recommendations for increased community-based delivery of services.
- Acknowledged receipt of a report by the Department of Human Services and the Oregon Student Assistance Commission regarding underutilization of Individual Education Accounts in the JOBS Plus Program.
- Approved the upward reclassification of two positions and increased the Other Funds expenditure limitation for the Long Term Care Ombudsman by \$20,747.

Public Safety

- Allocated \$90,000 from the Emergency Fund to the Department of State Police (Office of Emergency Management) for the development of a coordinated crisis communications plan for responding to major incidents and disasters. The Emergency Board also increased the Federal Funds expenditure limitation for the State Police by \$932,639 for federal grant funds received since 2000.
- Approved the sale of 1.9 acres of State of Oregon real property in Medford to the Wal-Mart Corporation at a compensation level equal to the property's market value and established an \$850,000 Other Funds Capital Construction expenditure limitation for the Military Department for the Medford Armory and Maintenance Shop facility.
- Established a \$342,000 Other Funds Capital Construction expenditure limitation for the Military Department for the Baker City Armory for the completion phase of the project.
- Approved a Federal Funds expenditure limitation increase of \$175,000 for the Department of Justice, increased the FTE on two existing limited duration positions (0.77 FTE), and authorized the

submission of a federal grant application for the Crime Victims' Rights Compliance Project.

- Approved a Federal Funds expenditure limitation increase of \$337,500 for the Department of Justice and increased the FTE on two existing limited duration positions (1.00 FTE) for the Internet Crimes Against Children grant.
- Acknowledged receipt of a report by the Department of Justice on the use of staff added during the 2005 legislative session for the Tobacco Tax Compliance Task Force.

Natural Resources

- Allocated, from the Emergency Fund, \$283,430 to the Department of Administrative Services and \$2,173,141 to the Department of Land Conservation and Development (DLCD) and approved the establishment of 7 limited duration positions (3.42 FTE) for DLCD for continued implementation and processing of claims filed under Ballot Measure 37. The Emergency Board also approved an Other Funds expenditure limitation increase of \$1,233,654 and approved the establishment of 11 limited duration positions (5.50 FTE) for the Department of Justice for expenses related to implementation of Ballot Measure 37.
- Approved a Lottery Funds expenditure limitation increase of \$401,335 for the Oregon Watershed Enhancement Board for two research projects by the Department of Fish and Wildlife and Oregon State University and an Other Funds expenditure limitation increase of \$257,387 for the Department of Fish and Wildlife to accommodate the increased research funding.
- Approved a Lottery Funds expenditure limitation increase of \$2,211,391 for the Oregon Watershed Enhancement Board to fund actions to address the closure of most commercial salmon fisheries along the Oregon coast.
- Approved an Other Funds expenditure limitation increase of \$500,000 for the Department of Agriculture to expend funds from the Strategic Reserve Fund and established a reservation of \$500,000 in the general purpose Emergency Fund to provide additional state support to assist commercial salmon fishers along most of the Oregon coast. The Department was instructed to return to the September 2006 meeting of the Emergency Board to report on the details of the proposed direct cash assistance payment program designed to pay for certain fixed expenses of Oregon based salmon fishing boat owners unable to fish due to the federal government's closure of the salmon fishing season.
- Approved a Federal Funds expenditure limitation increase of \$675,719 and approved the

establishment of two limited duration positions (0.76 FTE) for the Department of Agriculture for additional funding made available to the Animal Health Program.

- Approved an Other Funds expenditure limitation increase of \$32,100,000 for the Department of Forestry for the Protection From Fire Program.
- Acknowledged receipt of reports from the Department of Forestry on the Harvest and Habitat Model Project and the 2006 Fire Season Severity Plan.
- Acknowledged receipt of a report by the Parks and Recreation Department on the State Fair Program.

Economic and Community Development

- Acknowledged receipt of a report by the Department of Veterans' Affairs on the public hearing and final rule for distribution of funds to counties and the results of a workgroup formed to analyze the possible duplication of services to veterans in Multnomah County.

Transportation

- Approved Other Funds expenditure limitation increases of \$20,000,000 for the Department of Transportation and \$5,000,000 for the Department of Aviation for implementation of the Transportation Development Program and Senate Bill 71 (2005).
- Acknowledged receipt of a report by the Department of Transportation on highway program ending cash balances.

Business and Consumer Services

- Approved an Other Funds expenditure limitation increase of \$500,000 for the Oregon Liquor Control Commission to conduct a review of the payment schedule for liquor agents.
- Approved an Other Funds expenditure limitation increase of \$767,780 for the Real Estate Agency

and approved the extension of 30 existing positions for an additional month (1.19 FTE) to provide for agency operations, contract expenses, and two temporary employees pending final recommendations from an interim task force reviewing agency activities.

Administration

- Allocated \$118,253,888 from the special purpose appropriation made to the Emergency Board, approved expenditure limitation increases of \$127,391,358 Other Funds, \$31,466,352 Federal Funds, and \$2,293,539 Lottery Funds for state agencies to cover the costs of the 2005-07 salary and benefit package. The action leaves approximately \$2.75 million remaining in the special purpose appropriation that may need to be allocated after additional analysis is completed.
- Allocated \$364,794 from the special purpose appropriation made to the Emergency Board for the Secretary of State for reimbursement costs associated with the 2006 Primary Election Voters' Pamphlet.
- Approved an Other Funds expenditure limitation increase of \$5,885,490 for the Department of Administrative Services for the purchase of fleet motor vehicles.
- Approved Other Funds expenditure limitation increases for the Department of Administrative Services' Office for Oregon Health Policy and Research of \$263,307 for data collection on ambulatory discharge services and \$200,000 to develop evidence-based prescription educational programs for healthcare providers.
- Approved an Other Funds expenditure limitation increase for the Department of Revenue of \$786,315 for Tobacco Tax Compliance Task Force activities.

Emergency Fund Balance Summary

	<u>Agency Request</u>	<u>E-Board Approved</u>
General Purpose Emergency Fund		
Appropriation Total (HB 5023)	30,000,000	30,000,000
Allocations to Date	<u>(13,010,738)</u>	<u>(13,010,738)</u>
Reservation (ODE for EI/ECSE caseload)	-	(3,009,549)
Reservation (ODA for Coastal Salmon issue)	-	(500,000)
Unallocated/Unreserved Balance	<u>16,989,262</u>	<u>13,479,713</u>
# June 2006 Requests - General Purpose		
1 Department of Education - Early Intervention/Early Childhood Special Education caseload	(3,009,549)	-
34 Oregon State Police - Office of Emergency Management communications position	(92,640)	(90,000)
42 Departments of Land Conservation and Development, Administrative Services, Justice - Ballot Measure 37 implementation expenses	<u>(2,693,646)</u>	<u>(2,456,571)</u>
Total Requests - General Purpose	(5,795,835)	(2,546,571)
General Purpose Unallocated/Unreserved Balance	11,193,427	10,933,142
Special Purpose Appropriations		
Salary and Health Benefit Appropriations	140,000,000	140,000,000
Allocations/Disappropriations to Date	<u>(9,000,000)</u>	<u>(9,000,000)</u>
Unallocated Balance	131,000,000	131,000,000
# June 2006 Requests - Salary and Health Benefit Special Purpose		
56 Department of Administrative Services - Distribution for state employee compensation	<u>(119,717,441)</u>	<u>(118,253,888)</u>
Remaining Unallocated Balance	11,282,559	12,746,112
Agency Specific Appropriations (includes April 2006 Special Session action - SB 5644)		
Allocations/Disappropriations to Date	<u>(20,455,476)</u>	<u>(20,455,476)</u>
Unallocated Balance	86,645,288	86,645,288
# June 2006 Requests - Special Purpose		
5 Department of Education - Local option equalization grants for 2005-06 school year	(153,962)	(153,961)
7 Secretary of State - 2006 primary election voters' pamphlet cost reimbursement	<u>(370,000)</u>	<u>(364,794)</u>
Total Requests - Special Purpose	(523,962)	(518,755)
Remaining Unallocated Balance	86,121,326	86,126,533
Special Purpose Unallocated Balance (Total)	97,403,885	98,872,645