

**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 September 2006

The Legislative Emergency Board met on September 21-22, 2006 and considered an agenda of 50 items. The agenda included four agency requests for allocation from the general purpose appropriation made to the Emergency Board, totaling \$11.6 million, of which \$6 million was approved. The Emergency Board also approved the allocation of two reservations within the general purpose Emergency Fund that had been established in June, totaling \$3.5 million. Additional details on these allocations are described below. There were no requests on the agenda for allocations from special purpose appropriations made to the Emergency Board. After the Emergency Board actions, the unallocated unreserved balance of the general purpose Emergency Fund is \$4.9 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). There continue to be potential liabilities to the Emergency Fund in excess of \$20 million due to a variety of issues, such as lawsuits, unfunded caseload increases, fire costs, and other unanticipated expenses.

The agenda included 25 items that requested additional 2005-07 biennium authority to spend Other, Federal, and Lottery Funds. The Emergency Board approved expenditure limitation increases of approximately \$105.7 million of Other Funds (including \$33 million for the Department of Higher Education, Reser Stadium Expansion – Phase 2 at Oregon State University and \$32 million for the Department of Transportation for the Highway Maintenance Program), \$1.5 million of Federal Funds (including \$1.2 million for the Department of Corrections for grant awards), and \$2.7 million of Lottery Funds (\$2 million for the Parks and Recreation Department for trails, paving, and State Fair projects). In addition, the Emergency Board approved the transfer of \$8.6 million Other Funds expenditure limitation between expenditure categories within agencies.

Also on the agenda were 12 agency reports, three of which were considered on a consent agenda; and 10 requests for approval to submit federal grant applications, four of which were considered on a consent agenda. In addition, the Emergency Board approved the establishment of 5 permanent positions (1.62 FTE), 10 limited duration positions (3.08 FTE), and the extension of 30 existing positions (9.90 FTE).

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

Education

- Allocated \$3,009,549 from the reservation established in the Emergency Fund for the Department of Education for caseload growth in the Early Intervention/ Early Childhood Special Education program.
- Established an Other Funds Capital Construction expenditure limitation for the Department of Higher Education for the Oregon State University College of Veterinary Medicine, Large Animal Hospital, and transferred \$7 million from existing Other Funds Capital Construction expenditure limitation to the newly established limitation.
- Increased the Other Funds Capital Construction expenditure limitation of the Department of Higher Education established for the construction of Phase I of the Oregon Institute of Technology Center for Health Professions facility by \$1 million.

- Established two Other Funds Capital Construction expenditure limitations in the total amount of \$33 million for the Department of Higher Education for the Reser Stadium Expansion – Phase 2 project at Oregon State University.
- Approved the submittal of a letter to the Department of Education to indicate dissatisfaction with the agency's failure to abide by agreed upon procedures for the notification of submittal of federal grant requests and with the agency's actions regarding the virtual charter school (Oregon Connections Academy); the letter will also indicate that action on a federal grant application was deferred until the next meeting of the Emergency Board.

Human Services

- For the Department of Human Services, transferred \$1,014,999 Other Funds expenditure

limitation from Health Services to Capital Construction and authorized the establishment of 3 permanent positions (0.95 FTE); and, for the Department of Administrative Services, increased the Other Funds expenditure limitation by \$146,673 and authorized the establishment of 2 permanent positions (0.67 FTE), for state hospital planning and design.

- Acknowledged receipt of several reports by the Department of Human Services, including reports on Oregon Health Plan waivers, on actions to improve Oregon State Hospital patient safety and care, on implementing the Medicare Part D prescription drug benefit, and on implementation of the Department's Operations Review Team recommendations on cash flow and financial management.

Public Safety

- Allocated \$3,926,500 from the Emergency Fund to the Public Defense Services Commission for higher than anticipated caseload costs. The agency had requested \$7.9 million from the Emergency Fund. Due to the Emergency Fund's cash balance and potential demands on the Fund, the Emergency Board allocated one-half of the requested amount to the Commission and directed the Commission to return to the next Emergency Board meeting or to the 2007 Legislative Assembly to address the balance of the need.
- Allocated \$994,819 from the Emergency Fund to the Department of Justice for legal costs related to the Defense of Criminal Convictions program.
- Allocated \$827,405 from the Emergency Fund to the Department of Justice for legal costs incurred in protecting the state's interest in the Tobacco Master Settlement Agreement. The agency had requested \$2.5 million from the Emergency Fund. The Board allocated funds to cover expenses already incurred and directed the Department to return to the next Emergency Board meeting to report on any ongoing costs of legal issues.
- Established Federal Funds expenditure limitations for the Department of Corrections of \$1 million for the Prison Rape Elimination Act and \$205,000 for the Serious and Violent Offender Reentry Initiative grant.
- Established a Federal Funds Capital Construction expenditure limitation for the Military Department of \$272,212 and transferred \$452,788 of Federal Funds expenditure limitation from Operations to the newly established expenditure limitation for the construction of an artillery storage building and for compound improvements at the McMinnville armory.
- Approved the purchase of 17.91 acres of real property by the Military Department at the

Oregon National Guard military training reservation at Camp Rilea, established an Other Funds Capital Construction expenditure limitation, and transferred \$600,000 of Other Funds Capital Construction expenditure limitation from the Lane County Armed Forces Reserve Center and Facility Maintenance Shop project to the newly established expenditure limitation for the Camp Rilea project. The Department stated that it will not return to the Legislature or the Emergency Board for a General Fund request or to seek Certificates of Participation expenditure authority to complete the Lane County project, if additional funding for that project is required.

- Approved, retroactively, the submission of two federal grant applications by the Judicial Department, increased the Federal Funds expenditure limitation by \$298,354, and authorized the establishment of 2 limited duration positions (0.75 FTE) for juvenile court improvements.
- Increased the Other Funds expenditure limitation for the Judicial Department by \$257,034 and authorized the establishment of 5 limited duration positions (1.29 FTE) for drug court program enhancements from grant funds awarded by the Criminal Justice Commission.

Natural Resources

- Allocated \$500,000 to the Economic and Community Development Department from the Emergency Fund reservation established for direct cash assistance payments to fishers affected by the closure of most commercial salmon fisheries along the Oregon coast. The funds will be distributed in cooperation with the Department of Agriculture.
- Allocated \$235,000 from the Emergency Fund to the Department of Agriculture to begin research on potential impacts of growing canola and other oilseed crops on specialty seed crops in the Willamette Valley. The Department of Agriculture will conduct the research in conjunction with Oregon State University.
- Increased the Lottery Funds expenditure limitation of the Parks and Recreation Department by \$506,000 for recreational trails projects, \$1 million for paving projects at state parks, and \$500,000 for improvements to the state fairgrounds.
- Increased the Other Funds expenditure limitation of the Parks and Recreation Department by \$1,550,000 to supplement resources for development of Stub Stewart State Park and drainage improvements at Garrison Lake.
- Increased the Other Funds expenditure limitation of the Parks and Recreation Department by

\$510,061 for boating facility grants provided by the Marine Board.

- Increased the Other Funds expenditure limitation of the Department of State Lands for the Common School programs by \$18 million for removal of the M/V New Carissa shipwreck from state property.
- Deferred the request for a \$412,000 increase in Federal Funds expenditure limitation by the Department of State Lands until an official notice of an award for a grant to acquire a conservation easement to protect and enhance populations of Fender's blue butterfly is received from the U.S. Fish and Wildlife Service.
- Increased the Other Funds expenditure limitation of the Department of Geology and Mineral Industries by \$588,709 to accommodate unanticipated contracts for services and other program expenditures.
- Deferred the request for a \$700,000 increase in Federal Funds expenditure limitation by the Department of Agriculture for a federal grant to be used for the acquisition of 6,065 acres in Wallowa County by The Nature Conservancy.

Economic and Community Development

- Acknowledged receipt of a report by the Employment Department on the implementation of the Child Care Contribution Tax Credit program.

Transportation

- Established a Lottery Funds expenditure limitation for the Department of Transportation of \$613,708 for Connect Oregon (SB 71) debt service, established a Lottery Funds expenditure limitation of \$43,942 for debt service for the South Metro Commuter rail project, and increased the Lottery Funds expenditure limitation for debt service for the Short Line Program by \$228 and for the Industrial Rail Spur Infrastructure by \$1.

- Increased the Other Funds expenditure limitation of the Department of Transportation's Highway Maintenance Program by \$10 million for increased fuel and material costs and by \$22 million for slide and storm damage repair.
- Increased the Other Funds expenditure limitation of the Department of Transportation by \$2,813,067 for the Highway Maintenance Program, by \$12,620,000 for Special Programs, and by \$231,569 for the Central Services Program for reimbursable expenses by other state and local agencies.

Consumer and Business Services

- Acknowledged receipt of a report by the Bureau of Labor and Industries' Prevailing Wage Rate Unit, approved an Other Funds expenditure limitation increase of \$43,635, and authorized the establishment of a limited duration Wage and Hour Compliance Specialist position.
- Increased the Other Funds expenditure limitation of the Bureau of Labor and Industries by \$400,000 for increased attorney general costs for the Prevailing Wage Rate Unit.
- Increased the Other Funds expenditure limitation of the Real Estate Agency by \$2,177,513, approved the extension of 30 existing positions through June 2007 (9.90 FTE), and authorized the establishment of 2 limited duration positions (0.66 FTE) to enable continued operations of the agency through the end of the 2005-07 biennium.
- Acknowledged receipt of reports by the Board of Pharmacy on proposed administrative rule changes related to pharmaceutical wholesale distributors and on the need for a prescription drug monitoring program.

Administration

- Deferred a request by the Department of Administrative Services for a \$4.1 million increase in the Other Funds Capital Construction expenditure limitation for the Eugene State Office Building renovation.

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>(15,557,309)</u>	<u>(15,557,309)</u>
Reservation (ODE for EI/ECSE caseload)	(3,009,549)	(3,009,549)
Reservation (ODA for Coastal Salmon issue)	(500,000)	(500,000)
Unallocated/Unreserved Balance	<u>10,933,142</u>	<u>10,933,142</u>
# September 2006 Requests - General Purpose		
3 Public Defense Services Commission - Indigent defense contract services	(7,853,000)	(3,926,500)
5 Department of Education - Early Intervention/Early Childhood Special Education*	(3,009,549)	(3,009,549)
19 Department of Justice - Defense of Criminal Convictions program	(994,819)	(994,819)
20 Department of Justice - Tobacco Master Settlement Agreement litigation costs	(2,500,000)	(827,405)
37 Department of Agriculture - Coastal salmon fishing disaster*	(500,000)	(500,000)
38 Department of Agriculture - Canola research	(235,000)	(235,000)
Total Requests - General Purpose	<u>(15,092,368)</u>	<u>(9,493,273)</u>
* from reservation		
General Purpose Unallocated/Unreserved Balance	(649,677)	4,949,418
Special Purpose Appropriations		
Salary and Health Benefit Appropriations	140,000,000	140,000,000
Allocations/Disappropriations to Date	<u>(127,253,888)</u>	<u>(127,253,888)</u>
Unallocated Balance	<u>12,746,112</u>	<u>12,746,112</u>
<hr/>		
Agency Specific Appropriations (includes April 2006 Special Session action - SB 5644)	107,100,764	107,100,764
Allocations/Disappropriations to Date	<u>(20,974,231)</u>	<u>(20,974,231)</u>
Unallocated Balance	<u>86,126,533</u>	<u>86,126,533</u>
# September 2006 Requests - Special Purpose		
None	<u>-</u>	<u>-</u>
Total Requests - Special Purpose	-	-
Remaining Unallocated Balance	86,126,533	86,126,533
Special Purpose Unallocated Balance (Total)	98,872,645	98,872,645

Additional detail and complete minutes of Emergency Board meetings are available on the
Legislative Fiscal Office website: www.leg.state.or.us/comm/lfo/home.htm