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Summary of Emergency Board Action

November 2002

The Legislative Emergency Board met on November 7-8, 2002 and considered an agenda of 65 items. Six of the items included requests for allocation from the general purpose appropriation to the Emergency Board. Approximately \$14.5 million of general purpose funds remained available to the Board after earlier legislative actions. These six requests totaled \$11 million, or 76%, of the remaining general purpose funds. A request by the Judicial Department for \$10 million for indigent defense costs comprised almost all of this total. The Emergency Board only approved allocations totaling \$518,057. After these approvals, \$13,989,832 of the general purpose funds remain.

The agenda also included one request for allocation of a special purpose Emergency Board appropriation. The Emergency Board allocated approximately \$1.37 million (out of \$1.6 million originally requested) to the Secretary of State to pay costs relating to the September 2002 special election. This leaves a total of \$299,193 in two remaining special purpose appropriations.

Twenty-three items on the agenda included requests for additional authority to spend approximately \$86.3 million of Other Funds and \$11.4 million of Federal Funds. The agenda also included 29 reports and 7 requests to authorize applications for federal grants. All of the grant application requests and 17 of the reports were considered on a consent agenda basis. The remaining 12 reports were considered as individual items.

The following is a summary of significant Emergency Board actions taken at the November 2002 meeting:

Human Services

- Rebalanced the 2001-03 biennium budget of the Department of Human Services to address changes in program costs and revenues. The net effect of rebalance actions transferred General Fund appropriations among program areas, increased total Other Funds expenditure limitations by \$30.7 million and total Federal Funds expenditure limitations by \$54.0 million, and eliminated 44 agency positions (52.78 FTE). Management actions to balance included benefit reductions for the Oregon Health Plan (OHP) and delay of the OHP 2 expansion until July 2003. The Emergency Board deferred action on budget adjustments the agency had requested for General Fund reductions that would be implemented if voters reject the proposed temporary income tax increase on the January 2003 special election ballot.

Education

- Approved two expenditure limitation increases totaling \$51.63 million for the Department of Higher Education to allow the Oregon University System to spend additional Other Fund revenues. These revenues are being generated by greater than projected enrollments and by tuition and fee rate increases. OUS will spend \$12.75 million of the increase on fee remissions and the remaining \$38.88 million on the Education and General program. These Education and General program expenditures will effectively offset all but \$7 million of the special session funding reductions to the Education and General program implemented so far this biennium.

Public Safety

- Approved a rebalance of the 2001-03 biennium budget of the Department of Corrections, with the expectation that DAS will unschedule an additional \$14.3 million of General Fund appropriation relating to reduced program costs and savings due to the hiring freeze.

Natural Resources

- Received a report from the Department of Environmental Quality on responses to a Request for Proposal (RFP) to privatize the Vehicle Inspection Program. DEQ received one response to the RFP and both DEQ and the Legislative Fiscal Office recommended against privatization of the program.

Judicial Branch

- Deferred allocation of \$5 million to the Judicial Department to partially address unfunded indigent defense costs. The Department had requested \$10 million to offset General Fund reductions that were made to the program this interim in special session actions to address the state budget shortfall. The \$5 million figure is the amount earmarked by the Legislature in the third special session for potential caseload increases. The Emergency Board directed the Department to review indigent defense funding needs by working with other public safety officials and to present the findings to the Judiciary Committee preceding the next Emergency Board meeting.

- Allocated \$178,239 from a reservation within the general purpose appropriation, to the Judicial Department to fund staff for support of three new judgeships established on January 1, 2003.

Administrative

- Allocated \$1,368,689 to the Secretary of State from a special purpose appropriation for costs relating to the September 2002 special election.
- Allocated \$250,000 to the Secretary of State from a reservation in the Emergency Fund to begin development of a centralized voter registration system required by state and federal law.
- Allocated \$89,818 to the Government Standards and Practices Commission from the general purpose appropriation for extraordinary Attorney General costs, prevailing party attorney fees, and ongoing agency costs. If voters approve a temporary income tax increase on the ballot at the January 2003 special election, this allocation will provide enough funding to enable the agency to operate with half-time investigative staff for the remainder of the biennium.

Emergency Fund Balance Summary

| | Request | Approved |
|--|---------------------|--------------------|
| General Purpose Emergency Fund | | |
| Appropriation (HB 5014 adjusted by SB 5575 and HB 5091)** | | 21,000,000 |
| Allocations to date | | <u>(6,935,414)</u> |
| Unallocated Balance* | | 14,064,586 |
| <i>* Includes Unallocated Reservations of \$4,641,076</i> | | |
| Special Purpose Appropriation reversions to General Purpose | | 443,303 |
| November 2002 Requests - General Purpose | | |
| Judicial Dept. - Indigent Defense Account caseload and associated costs | (10,000,000) | - |
| Judicial Dept. - New judgeship support staff (from reservation) | (178,239) | (178,239) |
| Judicial Dept. - Health costs for retired judges (from reservation) | (84,957) | - |
| Secretary of State - Central Voter Registration System (from reservation) | (500,000) | (250,000) |
| Secretary of State - September 2002 special election costs (plus special purpose) | (100,000) | - |
| Government Standards and Practices Comm. - Legal expenses | (106,360) | (89,818) |
| Total November 2002 Requests - General Purpose | <u>(10,969,556)</u> | <u>(518,057)</u> |
| General Purpose Unallocated Balance | | 13,989,832 |
| Special Purpose Emergency Fund | | |
| Appropriations Total (adjusted by SB 5575, HB 4035, HB 4059, HB 5091, and HB 5100)** | | 34,085,281 |
| Allocations to Date | | (31,974,096) |
| Reversions to General Purpose Emergency Fund | | (443,303) |
| Unallocated Balance | | <u>1,667,882</u> |
| November 2002 Requests - Special Purpose | | |
| Secretary of State - September 2002 special election costs (estimated) | (1,500,000) | (1,368,689) |
| Total November 2002 Requests - Special Purpose | <u>(1,500,000)</u> | <u>(1,368,689)</u> |
| Special Purpose Unallocated Balance | | 299,193 |
| <i>** SB 5575 and HB 4035, 2nd Special Session; HB 4059 and HB 5091, 3rd Special Session; HB 5100, 5th Special Session</i> | | |

Complete minutes of Emergency Board meetings are available on the Legislative Fiscal Office web site:
www.leg.state.or.us/comm/lfo/home.htm

For additional information, contact the Legislative Fiscal Office, 503-986-1828
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