

**74th OREGON LEGISLATIVE ASSEMBLY – 2008 Special Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5556-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nolan
Carrier – Senate: Sen. Schrader**

Action: Do Pass with Amendments and Be Printed A-Engrossed

Vote: Galizio, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields, P. Smith

House – Yeas:

– Nays:

– Exc: D. Edwards

Senate – Yeas: Bates, Carter, Gordly, Johnson, Monroe, Nelson, Schrader, Verger, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Linda Gilbert, Department of Administrative Services

Reviewed By: Sheila Baker, Legislative Fiscal Office

Meeting Date: February 21, 2008

Agency

Various Agencies

Emergency Board

Budget Page

LFO Analysis Page

Biennium

2007-09

Budget Summary*

* Excludes Capital Construction

		2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
<u>Emergency Board</u>					
General Fund – Special Purpose Appropriation					
Department of Human Services	\$	0	\$	17,500,293	N/A
Department of Human Services: OSH	\$	0	\$	4,870,055	N/A
Public Defense Services Commission, Department of Corrections, Judicial Department	\$	0	\$	1,000,000	N/A
Education Program Area					
<u>Department of Education</u>					
General Fund	\$	5,909,829,126	\$	5,889,829,126	-20,000,000 -0.34%
Lottery Funds	\$	690,557,320	\$	710,557,320	20,000,000 +2.90%
Other Funds	\$	170,189,790	\$	173,195,228	3,005,438 +1.77%
Federal Funds	\$	1,009,157,523	\$	1,013,716,649	4,559,126 +0.45%
<u>Oregon Student Assistance Commission</u>					
General Fund	\$	98,732,175	\$	98,750,506	+18,331 +0.02%
Human Services Program Area					
<u>Department of Human Services</u>					
General Fund	\$	3,333,145,661	\$	3,310,752,982	-22,392,679 -0.67%
Other Funds	\$	1,329,261,137	\$	1,279,683,818	-49,577,319 -3.73%
Federal Funds	\$	6,913,895,146	\$	6,973,435,832	59,540,686 +0.86%
Public Safety Program Area					
<u>Criminal Justice Commission</u>					
General Fund	\$	7,388,215	\$	6,860,099	-528,116 -7.15%
Federal Funds	\$	99,856	\$	124,856	25,000 +25.04%

Budget Summary*

* Excludes Capital Construction

		2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
<u>Department of Justice</u>					
Other Funds	\$	214,507,079	\$ 216,776,468	\$ 2,269,389	+1.06%
Federal Funds	\$	111,663,551	\$ 113,352,713	\$ 1,689,162	+1.51%
<u>Oregon Military Department</u>					
General Fund	\$	24,149,315	\$ 24,649,315	\$ 500,000	+2.07%
Other Funds	\$	103,252,585	\$ 100,663,582	\$ -2,589,003	-2.51%
Federal Funds	\$	184,106,487	\$ 282,728,401	\$ 98,621,914	+53.57%
<u>Department of State Police</u>					
General Fund	\$	217,762,143	\$ 218,775,482	\$ 1,013,339	+0.46%
Economic and Community Development Program Area					
<u>Housing and Community Services Department</u>					
General Fund	\$	19,496,271	\$ 20,496,271	\$ 1,000,000	+5.12%
Other Funds	\$	115,105,494	\$ 116,105,494	\$ 1,000,000	+0.87%
<u>Department of Veterans Affairs</u>					
General Fund	\$	6,034,088	\$ 6,334,088	\$ 300,000	+4.97%
Other Funds	\$	39,941,371	\$ 40,241,371	\$ 300,000	+0.8%
Natural Resources Program Area					
<u>Department of Agriculture</u>					
Federal Funds	\$	6,297,998	\$ 6,508,259	\$ 210,261	+3.34%
<u>Department of Land Conservation and Development</u>					
General Fund	\$	15,962,581	\$ 20,794,123	\$ 4,831,542	+30.27%

Budget Summary*

* Excludes Capital Construction

		2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
<u>Department of Energy</u>					
General Fund	\$	1,500,000	\$ 3,100,000	\$ 1,600,000	+106.67%
Other Funds	\$	182,974,186	\$ 178,374,186	\$ -4,600,000	-2.51%
<u>Department of State Lands</u>					
Other Funds	\$	38,280,805	\$ 39,780,205	\$ 1,500,000	+3.9%
<u>Water Resources Department</u>					
General Fund	\$	24,103,527	\$ 26,603,527	\$ 2,500,000	+10.37%
Transportation Program Area					
<u>Department of Aviation</u>					
Other Funds	\$	4,621,625	\$ 7,152,008	\$ 2,530,383	54.75%
Federal Funds	\$	8,962,132	\$ 9,004,738	\$ 42,606	0.48%
<u>Department of Transportation</u>					
Other Funds	\$	3,335,542,737	\$ 3,364,171,285	\$ 28,628,548	+0.86%
Federal Funds	\$	79,226,052	\$ 79,958,790	\$ 732,738	+0.92%
Consumer and Business Services Program Area					
<u>Department of Consumer and Business Services</u>					
Other Funds	\$	648,430,666	\$ 648,640,685	\$ 210,019	+0.03%
<u>Board of Psychologist Examiners</u>					
Other Funds	\$	858,168	\$ 905,903	\$ 47,735	+5.56%

Budget Summary*

* Excludes Capital Construction

	2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
Administration Program Area				
<u>Department of Administrative Services</u>				
General Fund	\$ 11,704,771	\$ 11,224,298	\$ -480,473	-4.10%
Other Funds	\$ 1,093,326,778	\$ 1,100,581,659	\$ 7,254,881	+0.66%
<u>Department of Revenue</u>				
General Fund	\$ 148,277,511	\$ 147,877,511	\$ -400,000	-0.27%
Other Funds	\$ 32,538,307	\$ 34,385,142	\$ 1,846,835	+5.68%
Judicial Branch				
<u>Judicial Department</u>				
Other Funds	\$ 42,858,068	\$ 52,858,068	\$ 10,000,000	+23.33%

Position Summary

	2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
Education Program Area				
<u>Department of Education</u>				
Authorized Positions	488	491	3	+0.61%
Full-time Equivalent (FTE) Positions	446.44	448.28	1.84	+0.41%
Human Services Program Area				
<u>Department of Human Services</u>				
Authorized Positions	9,935	10,104	169	+1.70%
Full-time Equivalent (FTE) Positions	9,613.71	9,701.23	87.52	+0.91%
Public Safety Program Area				
<u>Department of Justice</u>				
Authorized Positions	1,323	1,329	6	+0.45%
Full-time Equivalent (FTE) Positions	1,299.95	1,305.04	5.09	+0.39%
<u>Department of State Police</u>				
Authorized Positions	1,294	1,333	39	+3.01%
Full-time Equivalent (FTE) Positions	1,227.60	1,229.16	1.56	+0.13%
Natural Resources Program Area				
<u>Department of Land Conservation and Development</u>				
Authorized Positions	78	97	19	+24.36%
Full-time Equivalent (FTE) Positions	68.21	85.54	17.33	+25.41%
<u>Water Resources Department</u>				
Authorized Positions	149	151	2	+1.34%
Full-time Equivalent (FTE) Positions	146.60	147.60	1.00	+0.68%

Position Summary

	2007-09 Legislatively Adopted Budget	February 2008 Special Session Approved Budget	Special Session Adjustments (difference between Feb 2008 and 2007-09)	Percentage Change from Legislatively Adopted Budget
Transportation Program Area				
<u>Department of Aviation</u>				
Authorized Positions	17	17	0	N/A
Full-time Equivalent (FTE) Positions	8.92	17.00	8.08	+90.58%
<u>Department of Transportation</u>				
Authorized Positions	4,624	4,639	15	+0.32%
Full-time Equivalent (FTE) Positions	4,526.24	4,532.62	6.38	+0.14%
Consumer and Business Services Program Area				
<u>Department of Consumer and Business Services</u>				
Authorized Positions	1,081	1,083	2	+0.19%
Full-time Equivalent (FTE) Positions	1,068.88	1,070.13	1.25	+0.12%
<u>Board of Psychologist Examiners</u>				
Authorized Positions	3	4	1	+33.33%
Full-time Equivalent (FTE) Positions	3.00	3.58	0.58	+19.33%
Administration Program Area				
<u>Department of Administrative Services</u>				
Authorized Positions	964	962	-2	-0.21%
Full-time Equivalent (FTE) Positions	949.30	946.76	-2.54	-0.27%
Judicial Branch				
<u>Public Defense Services Commission</u>				
Authorized Positions	64	68	4	+6.25%
Full-time Equivalent (FTE) Positions	63.25	65.85	2.60	+4.11%

Summary of Committee Action

SB 5556 is the omnibus budget reconciliation bill for the 2008 special session. The Joint Committee on Ways and Means considered recommendations made by the interim Committee during its meetings in October and December 2007, and January 2008, and other budget requests brought forward during the 2008 special session. The budget adjustments recommended by the Committee and included in the bill are described below.

Emergency Board

The Emergency Board provides General Fund appropriations and Other Funds and Federal Funds expenditure limitation to state agencies when the Legislature is not in session for unanticipated needs in approved agency budgets. The Committee made no change in the general purpose appropriation to the Emergency Board, but approved three additional special purpose appropriations, totaling \$23,370,348 General Fund:

- \$ 17,500,293 for the Department of Human Services for caseloads, costs-per-case and program needs;
- \$ 4,870,055 for the Department of Human Services for the Oregon State Hospital improvement plan; and
- \$ 1,000,000 for the Department of Corrections, Oregon Judicial Department, or the Public Defense Services Commission for costs relating to SB 1087 (related to drug and property crimes).

The special purpose appropriations for the Department of Human Services are discussed in more detail in the Human Services program area of this report. The \$1 million special purpose appropriation for the Department of Corrections, Oregon Judicial Department, or the Public Defense Services Commission reflects the expected 2007-09 fiscal impact of SB 1087. That bill, to be referred to the voters at the November 2008 election, would increase sentences for a number of property and drug related crimes.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2008, any remaining funds become available to the Emergency Board for general purposes.

Adjustments to Approved Budgets

Education Program Area

Department of Education

The Committee approved a \$3,005,438 increase in the fiscal year 2007-08 distributions from the State School Fund and a commensurate increase in Other Funds limitation to distribute “kicker” refund donations made to the State School Fund. The Department of Education (DOE) currently holds \$2,997,964 that was transferred from the Department of Revenue (DOR) as the result of taxpayer donations of their “kicker” refunds to the State School Fund. In addition, individuals have donated \$7,474 directly to the Department for the State School Fund. The approved increases in the State School Fund cap and Other Funds expenditure limitation will allow the DOE to allocate these additional funds to districts through the

statutory State School Fund formula. Additional “kicker” refund donations may be available once the Department of Revenue resolves a number of taxpayer claims of unintended “kicker” donations.

The Committee approved a fund shift for the State School Fund distributions. General Fund is decreased by \$20,000,000, with the Lottery Funds allocation and expenditure limitation is increased by the same amount.

The Committee approved a \$1,259,126 increase in the Department’s Federal Funds expenditure limitation for a school improvement grant from the U.S. Department of Education. The grant will be used to contribute to the overall goals of No Child Left Behind by delivering leadership and technical assistance to schools and districts with an emphasis on school improvement.

The Committee also increased the Department’s Federal Funds expenditure limitation by \$3,300,000 for a statewide longitudinal data systems grant. The goal of the Oregon DATA (Direct Access to Achievement) Project is to improve educators’ ability to use data to inform instructional decision-making. School Districts and Education Service Districts are beginning to make investments in regional data warehouses. In addition, the Department of Education is developing the Pre-Kindergarten through Grade 16 Integrated Data System (KIDS), which is an enterprise-level data warehouse. This grant will be used for professional development to help teachers and administrators understand how to effectively access and use relevant student-level data to inform their instruction.

The Committee approved several technical adjustments to the budget. The first adjustment increases the lottery funds expenditure limitation from the Oregon Education Fund by \$1,069,192, to reflect correctly the lottery fund sources that are to be used by the agency in 2007-09 for debt service on education lottery bonds. The lottery funds expenditure limitation from the Administrative Services Economic Development Fund is decreased by the same amount. The second adjustment transfers \$50,000 General Fund from the Grant-in-Aid budget to the Operations budget, to place funding for the Civics Task Force in the correct operational structure.

The Committee approved the establishment of one full-time permanent Information Specialist 5 position (0.67 full-time equivalent). DOE was originally budgeted to fully participate in the Computing and Network Infrastructure Consolidation initiative. This included abolishing a position and moving the related expenditure authority out of the Personal Services category and into Services and Supplies in order to purchase services from the State Data Center. It has since been determined that it is not in the State’s best interest to require DOE to migrate its computing resources to the State Data Center. This current action adjusts the agency’s budget authority to continue providing the services internally. It is expected that DOE will make an internal transfer of budgeted funds between budget categories consistent with this change.

HB 3141 (2007) provides that the Department of Education may spend up to \$350,000 each biennium from the State School Fund for administration of the Talented and Gifted (TAG) program. It was expected that a portion of the funding would be used to establish a TAG specialist position within the Department. The Committee approved SB 1066, which includes the establishment of one full-time, permanent Education Specialist 2 position (0.67 full-time equivalent), effective March 1, 2008, for administration of the TAG program.

The Committee also approved HB 3601, which authorized one full-time permanent Operations and Policy Analyst position (0.50 full-time equivalent) related to the Farm-to-School program. No additional funding was given to DOE for the position.

Oregon Student Assistance Commission

The Commission's budget is increased by \$18,331 General Fund for the Student Child Care Grant Program. This reflects program savings for the few months the program was at the Department of Human Services this biennium before being transferred to the Commission.

Teacher Standards and Practices Commission

The Committee made no adjustments to the Commission's budget, but approved the following budget note:

Budget Note:

The Teacher Standards and Practices Commission is directed to report to the interim Joint Ways and Means Committee or the Emergency Board, and the interim education committees on the status of the backlog of discipline cases being investigated by the agency. The report should include the factors that influence the number of cases, the actions taken to control the backlog, and any financial impact the backlog is having on the agency.

Human Services Program Area

Department of Human Services

The Department of Human Services (DHS) provides a broad array of social services through over 200 programs, delivered to Oregonians through a network of state offices, county and local governments, private profit and non-profit entities, and health plans. Those services include public assistance, protective services, public health, health care, mental health, vocational rehabilitation, long term care for seniors and people with physical and/or other disabilities, and alcohol and other drug abuse treatment.

SB 5556 adjusts the appropriations and expenditure limitations for DHS' 2007-09 operating budget. One adjustment to DHS' Capital Construction expenditures – a \$929,000 General Fund expenditure to establish two new group homes for people with developmental disabilities – is made in SB 5555. The SB 5556 adjustments reduce the DHS budget by a net \$22.4 million General Fund and \$49.6 million Other Funds, but add \$59.5 million Federal Funds and 169 positions (87.52 full-time equivalent). The changes reflect the Department's repricing ("rebalance") of program caseloads, costs, and revenues, with some adjustments; an \$18,331 General Fund shift to the Oregon Student Assistance Commission; a \$929,000 General Fund transfer to Capital Construction expenditure limitation; and a total of \$925,000 General Fund added by the Committee for community health care delivery grants, the Children's Wraparound Initiative, and a community mental health assessment. The Committee also approved a shift of \$22.4 million General Fund from DHS' budget to the Emergency Board for two special purpose appropriations:

- \$17.5 million General Fund will be available for costs of increased caseloads and increases in cost-per-case, and for program needs. This reflects funding requested by DHS in its budget rebalance plan for several issues that the Committee did not fund directly at this time, including increased funding for vocational rehabilitation services, earlier payments associated with implementing the new Medicaid Management Information System, Oregon State Hospital hearing costs, and savings in developmental disability program caseloads. The agency may request funding for these issues, or other emergent needs, from the Emergency Board later in the biennium.
- \$4.9 million General Fund is earmarked for future costs expected for the Oregon State Hospital improvement plan.

A more detailed description of the budget requests and Committee actions in each program area follows.

Department Wide Support Services

Department Wide Support Services (DWSS) provides the Director's Office, policy and program oversight, and central administrative services for the agency as a whole. The adjustments approved by the Committee increase the DWSS budget by \$7.9 million General Fund, \$1.0 million Other Funds and \$11.0 million Federal Funds from the 2007-09 legislatively adopted budget level.

The increase reflects \$3.9 million General Fund and \$3.9 million Federal Funds for higher State Data Center charges from rate increases and reallocation of the charges among participating state agencies. This is \$0.5 million General Fund and \$0.5 million Federal Funds less than the agency first requested due to updated information from the Department of Administrative Services on these charges. The DWSS adjustments also reflect an increase of \$4.0 million General Fund and \$7.2 million Federal Funds for technical adjustments that have no General Fund impact for the agency as a whole. This was \$0.1 million General Fund less than requested in the rebalance.

The Committee also approved \$440,000 in Other Funds expenditure limitation for the Oregon Health Fund Board, to allow them to expend grants and donations that have been received or which are expected. Any expenditure limitation needed for federal matching funds can be considered as part of a future departmental budget rebalance plan.

Children, Adults and Families

The Children, Adults, and Families (CAF) division administers self-sufficiency programs that promote independence for families and adults, child welfare services, and vocational rehabilitation services. The Committee approved a reduction of \$0.2 million General Fund, \$0.7 million Other Funds and an increase of \$22.8 million Federal Funds compared to CAF's 2007-09 legislatively adopted budget.

The approved budget includes adjustments requested by DHS, and modified by the Committee, as part of the DHS rebalance. Caseloads and costs in the Temporary Assistance to Needy Families (TANF) program are now forecast to be much higher than anticipated in the legislatively adopted budget. Child Substitute Care and Adoptions program caseloads, however, are expected to be lower than earlier forecast. The net impact of the forecasted caseload changes is a reduction of \$2.8 million General Fund, \$1.8 million Other Funds and \$4.0 million Federal Funds.

Related to the forecasted caseload change, the Committee approved DHS' request to both forgo adding 23 positions (14.27 FTE) in TANF and Substitute Care programs and eliminating 136 positions for foster care and substitute care programs. In addition, the Committee approved the restoration of 78 Social Services Assistant (SSA) positions not originally requested in the rebalance plan to address child welfare workload needs. Funding for the 214 total positions was approved at \$7.3 million General Fund and \$7.3 million Federal Funds and 127.83 full-time equivalent, which is expected to continue these positions into spring 2009. DHS is expected to return to the Emergency Board later this year with a broader plan to address child welfare staffing needs, based on findings in McKinsey & Company's recent child welfare staffing study and a federal Child and Family Services Review of program outcomes.

The Committee approved the Department's proposal to begin foster care payments to all relatives [SB 282 (2007)], without an income "means test", beginning January 2008. This action includes a net \$1.4 million General Fund savings and \$5.9 million Federal Funds cost for the 2007-09 biennium. The Committee discussed the use of federal TANF funds for this action, and noted that the cap on federal TANF funds may result in a need for General Fund backfill for the 2009-11 biennium.

Other rebalance items approved include a \$2.5 million General Fund reduction and a \$2.5 million Federal Funds increase due to a change in the federal Medicaid match rate (FMAP); an \$3.9 million General Fund increase and corresponding Other Funds reduction for unrealized Child Care Development Fund revenues; and a \$17.4 million Federal Funds increase for higher administrative costs that were not carried forward from the 2005-07 budget.

The Committee did not approve a \$3.5 million total General Fund increase requested for vocational rehabilitation services. Instead of adding \$0.8 million General Fund for the vocational rehabilitation services impact of a new supported employment initiative in the Addictions and Mental Health Division of DHS, the Committee directed the Department to scale back its plans to operate within the \$1 million General Fund appropriated by the 2007 Legislature for this initiative. It approved a transfer of \$0.2 million General Fund from AMH to CAF for the vocational rehabilitation services impact of the scaled-back initiative. The Committee did not approve the \$2.6 million General Fund requested to backfill federal funding anticipated but not budgeted for services this biennium. DHS is expected to return to the Emergency Board at a later date with updated information on projected caseloads, other available federal funds, and federal maintenance of effort needs.

Health Services

The Health Services program area provides policy and program support for benefits and services that help keep Oregonians healthy. Health Services is comprised of three operating divisions: the Public Health Division (PHD), the Addictions and Mental Health Division (AMH) and the Division of Medical Assistance Programs (DMAP). The Committee approved adjustments to the Health Services budget resulting in a net reduction of \$10.1 million General Fund, \$49.0 million Other Funds and \$8.5 million Federal Funds compared to the 2007-09 legislatively adopted budget. Highlights of the approved adjustments are set out for each operating division below.

Division of Medical Assistance Programs (DMAP)

The approved rebalance adjustments for DMAP include the following items: The DMAP caseloads (excluding OHP Standard) are projected to change very little with the net cost of the anticipated changes at \$7.2 million total funds and \$5.1 million General Fund; there is an additional net General Fund need of \$3.0 million due to lower than projected Tobacco tax revenues partially offset by higher than anticipated drug rebate revenues. The approved DMAP rebalance adjustments are \$4.2 million lower than requested. This is primarily due to the Committee redirecting the \$4.5 million General Fund requested for the impact of implementing DHS' new Medicaid Management Information System (MMIS) to the special purpose appropriation for the agency, pending further information on expected costs.

The Committee approved a \$500,000 General Fund appropriation to fund two community health care delivery grants. The purpose of the grant program is to improve access to and the effectiveness of health care delivery for families. DHS will develop criteria for grantee selection and award grants to those projects which are collaborative and patient-centered, and which demonstrate the ability to leverage non-state resources. Each project must include an evaluation component.

The Committee also adopted the following budget note:

Budget Note:

The Department of Human Services is directed to report to the Emergency Board by September 30, 2008 on eligibility duration and re-enrollment policies for the state's Children's Health Insurance Program and the Medicaid Poverty Level Medical program for children. The report should include an assessment of the impacts of re-enrollment policies on health status, program caseloads, administrative costs, and the 2009-11 biennial costs from extending the eligibility period of the Medicaid Poverty Level Medical program for children from six months to twelve months.

Public Health Division

The approved rebalance adjustments for Public Health include the following items: increases of \$3.7 million Other and \$4.2 million Federal funds limitation for four public health information systems projects that are then transferred to the DWSS program area; an increase in Federal Funds limitation of \$24.5 million, which is \$9.0 million less than requested, to account for federal Medicaid matching funds for the Family Planning Expansion Program; and the addition of 24 positions (15.98 full-time equivalent) that are used for staff currently in double-fill positions paid primarily from the Services and Supplies budget.

Addictions and Mental Health Division (AMH)

The approved rebalance adjustments for AMH include \$2.1 million General Fund for administrative hearings for Oregon State Hospital patients. These hearings are now required when medications or medical procedures are involuntarily administered to patients. This is \$1.2 million less than requested. The Committee also adjusted the budget for a \$0.2 million General Fund transfer from this budget to CAF, to cover vocational rehabilitation caseload increases related to a new AMH supported employment initiative.

DHS reported to the Committee on the recent federal Department of Justice review of the Oregon State Hospital, and presented a plan to address the issues raised in that review. The agency's plan to improve the quality of care at the hospital would require an investment of \$6.7 million General Fund this biennium and \$26.2 million General Fund in 2009-11. The Committee approved \$1.8 million General Fund and 21 positions (11.54 full-time equivalent) as funding for an immediate start to address the needs. The Committee also approved a \$4,870,055 special purpose appropriation to the Emergency Board for additional needs identified in the plan. The Department was directed to return, as appropriate, to future meetings of the Interim Joint Committee on Ways and Means and the Emergency Board to provide updates on the status of hiring positions related to the Oregon State Hospital, in addition to the other reporting requirements set out in budget notes related to HB 5031 (2007).

The Committee approved \$275,000 General Fund for the next phase of the Children's Wraparound Initiative. This project, begun in March 2007, is designed to further integrate behavioral and other support services for children, youth and their families. This appropriation, together with \$75,000 of federal matching funds, will be used to contract for a project coordinator, conduct a market assessment of services and needs, and analyze necessary information systems changes to support integration efforts.

SB 5556 also includes an appropriation of \$150,000 General Fund for an assessment and evaluation of the community mental health care component of the state's mental health care delivery system. This evaluation will include an assessment of the number of Oregonians in need of

community mental health care and the number of those who receive care; an examination of the amount of funding for community mental health care; and a catalog of the information that agencies and local governments use to evaluate the performance of mental health organizations.

Seniors and People with Disabilities

The Seniors and People with Disabilities (SPD) program area administers services that help keep seniors and people with disabilities as independent as possible. Services funded in the SPD program area include Medicaid long-term care, Oregon Project Independence, the federal Older Americans Act, direct financial assistance through the Oregon Supplemental Income Program (OSIP), and case management. The budget adjustments approved by the Committee represent reductions of \$19.9 million General Fund and \$0.8 million Other Funds, and an increase of \$34.2 million Federal Funds, compared to SPD's 2007-09 legislatively adopted budget.

The approved adjustments include those requested in the DHS rebalance for caseload and cost changes, workload increases, cost and revenue changes, and transfers between divisions. As with DMAP, the Committee redirected the \$5.3 million General Fund requested for the impact of implementing DHS' new MMIS to the special purpose appropriation for the agency, pending further information on expected costs. Other expected savings in developmental disability services (\$6.3 million General Fund) were also redirected to the special purpose appropriation. Funding requested for replacement of two group homes for developmentally disabled persons was moved from the operating budget to the Capital Construction budget; the \$929,000 General Fund is included in SB 5555, the Capital Construction bill.

The Committee amended DHS' request to increase reimbursement rates for some community care providers, and approved a total of \$11.8 million General Fund and \$18.8 million Federal Funds for rate increases to residential care facilities, commercial and relative adult foster care, assisted living facilities, and adult foster care for people with developmental disabilities. The rate increases are expected to take effect July 2008.

The Committee also approved an additional \$400,000 Other Funds expenditure limitation for Oregon Project Independence. The funding will come from the Senior Property Tax Deferral Account. The Committee discussed the lower estimated fund balance in that account, and the possibility that General Fund would be needed to support current program levels in 2009-11.

Public Safety Program Area

Criminal Justice Commission

The Federal Funds expenditure limitation for the Criminal Justice Commission is increased by \$25,000 for tribal crime data collection and reporting. The funding is provided by a one-year grant from the U.S. Department of Justice, Bureau of Justice Statistics.

The 2007 Legislature provided General Fund resources to the Criminal Justice Commission for 11 drug court grants. These General Fund resources were to be combined with federal Byrne Grant funds and federal Justice Assistance Grant funds in the budget of the Oregon State Police to provide continued funding for these 11 grants through the end of the 2007-2009 biennium. To coordinate the administration of these drug court grants, \$528,116 General Fund is transferred from the Commission's budget to the Oregon State Police.

The Judicial Department is authorized to proceed with its eCourt project as detailed in the Judicial Branch section of this report. Connected to the authorization is a requirement to gather certain information with respect to relevant data. The Committee adopted the following budget note in support of meeting the data requirements.

Budget Note:

The Criminal Justice Commission is directed to establish a Public Safety Agency Data Sharing Work Group and to convene the Group on a regularly scheduled basis. Work Group members should include representatives from the major public safety state agencies and representatives from local public safety agencies. The Department of Administrative Services is directed to provide technical assistance to the Group. The Judicial Department is requested to participate in the Group and to provide ongoing information to the Group as the Department develops and implements its eCourt project. The purpose of the Public Safety Agency Data Sharing Work Group is to: 1) identify shared data requirements on a statewide basis, including local public safety partners; 2) develop uniform data management standards to ensure that data can be effectively shared; 3) identify the data that must be included in a public safety data warehouse; 4) adopt national public safety data standards for data exchange and develop timeframes for implementation; and 5) identify the resources required to establish a statewide public safety data warehouse. Work Group members are expected to provide staff and other resources as needed to support the efforts of the Work Group and the Criminal Justice Commission within their respective approved budgets.

The Criminal Justice Commission is directed to report to any legislative information management committee that may be established, or to the Emergency Board or the Joint Committee on Ways and Means, based on direction from the Legislative Fiscal Office. The Criminal Justice Commission and the Judicial Department should jointly report on the accomplishments of the Group and integration with the eCourt project when the Judicial Department makes progress reports to the Emergency Board or the Joint Committee on Ways and Means.

The Legislative Fiscal Office will monitor the meetings of the Work Group and will provide the Co Chairpersons of the Joint Committee on Ways and Means with a report following each meeting. The report will include information on the progress made toward meeting the budget note requirements.

The Committee directed that the resources necessary to establish, operate and maintain a statewide public safety data warehouse should be included in the Governor's 2009-11 recommended budget for the agency that will house the warehouse, and for the oversight responsibilities of the Criminal Justice Commission.

Department of Justice

The Other Funds expenditure limitation for the Department of Justice is increased by \$343,596 in support of the Oregon Terrorism Intelligence Threat Assessment Network (TITAN) Fusion Center. The funding will be used for two limited duration Research Analyst 3 positions (1.34 full-time equivalent) and for training expenses for local law enforcement.

The Federal Funds expenditure limitation for the Department of Justice is increased by \$1,689,162 to provide sufficient limitation for the Violence Against Women Act grant. This program was transferred from the Oregon State Police to the Department of Justice by the 2007

Legislature, but the budget included only an amount equal to what is required for the first fiscal year of the biennium. This \$1,689,162 increase provides the limitation for the second year of the biennium.

The Committee approved an increase of \$1,925,793 Other Funds expenditure limitation for the agency's responsibilities in reviewing and processing compensation claims of landowners for lost value due to land use regulations under provisions of Ballot Measure 49, which was approved by voters in November 2007. The approved funding increases General Counsel expenditures by \$1,304,124; Trial Division by \$535,647; and Appellate Division by \$86,022. The Committee also approved the establishment of four limited-duration positions (2.02 full-time equivalent) and added months to existing limited-duration positions (1.73 full-time equivalent). The Committee requested that the Department of Administrative Services unschedule \$1,029,349 of this amount, until the Department of Land Conservation and Development and the Department of Justice return to the Emergency Board at a future meeting with more timely information on their costs.

Oregon Military Department

Assuming passage of HB 3626, the Department's budget is increased by \$500,000 General Fund and \$500,000 Other Funds. The General Fund appropriation is to be deposited in the Oregon Local Disaster Assistance Loan Account established by the bill, and expended as Other Funds for loans to local governments and school districts to meet federal matching funds requirements for federally declared disasters. The General Fund appropriation is a one-time appropriation for the 2007-09 biennium.

Other Funds expenditure limitation for the Community Support program is increased by \$112,462 to cover extraordinary Personal Services costs incurred by the Department for fighting forest fires during the 2007 fire season. A transfer from the Department of Forestry is the revenue source supporting this expenditure.

The Committee approved a \$17,500,000 Federal Funds expenditure limitation increase for funds to be deposited in the Oregon Pre-Disaster Mitigation Fund for the Emergency Management Program. These are Department of Homeland Security grants for Pre-Disaster Mitigation Grants (\$13.4 million); Flood Mitigation Assistance Grants (\$1.1 million); and Chemical Stockpile Emergency Preparedness Program Grants (\$3 million).

The Committee also approved a \$77,920,449 Federal Funds expenditure limitation increase for funds to be deposited in the Oregon Disaster Response Fund for the Emergency Management Program. These are federal grants under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288). Grants under this law are from the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA) and are for Public Assistance and Hazard Mitigation Grants. Public Assistance grants are for emergency work (e.g., debris removal and emergency protective measures) and public work-type projects. Post-hazard mitigation grants are based on approximately 20% of Public Assistance funding for a disaster and provide funding to implement long-term hazard mitigation measures during the recovery from a major disaster. The Federal Funds expenditure limitation includes a \$15,584,090 or 25% contingency reserve for federally declared disasters which could occur in the future and for which the Department requires expenditure limitation. The Department of Administrative Services (DAS) is requested to unschedule the \$15.6 million contingency reserve limitation and \$23 million of limitation associated with the Northwest Storm activities, for a total of \$38,584,090, until the Department can demonstrate the need for the additional limitation to DAS, by receipt of FEMA Stafford Act grant dollars.

A technical adjustment was approved to shift \$3,201,465 Other Funds to \$3,201,465 Federal Funds for the Emergency Management Program. The fund shift consists of Homeland Security grant dollars in the Terrorism Program and the Emergency Management Performance grant dollars, and affects funding for 11 existing positions. These Federal Funds are to be deposited in the Oregon Pre-Disaster Mitigation Fund.

Department of State Police

The State Police budget is increased by \$485,223 General Fund to fund 39 additional Oregon State Police trooper positions (1.56 full-time equivalent) in the Patrol Division beginning June 1, 2009. These new positions will continue the restoration efforts to reach a minimal 24-hour state law enforcement presence throughout the state. The agency is currently implementing an aggressive two-year recruitment plan to fill 100 new trooper positions approved by the 2007 Legislature. The Department of Administrative Services is requested to unschedule this amount until the agency is able to: 1) recruit and fill the 100 new trooper positions as well as any other trooper positions that become vacant because of retirement and other reasons, and 2) demonstrate that there are sufficient numbers of eligible recruits to fill these 39 new positions.

The 2007 Legislature provided General Fund resources to the Criminal Justice Commission for 11 drug court grants. These resources were to be combined with federal Byrne Grant funds and federal Justice Assistance Grant funds in the budget of the Oregon State Police to provide continued funding for these 11 grants through the end of the 2007-2009 biennium. To coordinate the administration of these drug court grants, \$528,116 General Fund is transferred from the budget of the Criminal Justice Commission to this agency. Having one agency administering the grants for the 11 grants will improve overall consistency in monitoring the use of the grant funds, data collection and reporting, and outcome evaluation. It will also provide a single point of contact for the local drug courts instead of having to deal with two separate state agencies.

Economic and Community Development Program Area

Housing and Community Services Department

The Committee appropriated \$1,000,000 General Fund to the Oregon Housing and Community Services Department for the purpose of providing loans and payments to preserve the existing supply of affordable housing, per SB 1073. The funding will be used to seed a revolving loan fund that leverages support from foundations, private banks and other local funders. The loan fund will provide interim financing allowing for timely acquisition of affordable rental housing properties with expiring federal subsidy contracts. Once acquired, sale of the properties can be structured to maintain all possible federal subsidy. When fully leveraged and capitalized with \$50 million, the loan fund is assumed to preserve 909 units.

Based on the Committee's direction that the Department reallocate funding within its current legislatively adopted budget to match the additional General Fund appropriation, the Committee approved the following budget note:

Budget Note:

The Oregon Housing and Community Services Department is directed to reprioritize programs currently funded in the 2007-09 legislatively adopted budget for the purpose of providing \$1,000,000 to match the \$1,000,000 General Fund appropriated for affordable housing preservation. The Legislature recommends the \$1,000,000 General Fund appropriation be unscheduled until the Department provides a report to the Legislative Fiscal Office on actions the Department has taken to produce the Department's \$1,000,000 match.

Department of Veterans' Affairs

The Department received a General Fund appropriation of \$300,000 to establish the Veterans' Small Business Repair Loan Program. The Committee also approved an increase of \$300,000 in Other Funds expenditure limitation for purposes of making loans from the newly established fund.

Natural Resources Program Area

Department of Agriculture

The Committee approved an increase of \$210,261 Federal Funds expenditure limitation for a grant from the U.S. Department of Agriculture to enhance Oregon's participation in the National Animal Identification Service. The money will be used to purchase handheld data input devices for use in the field by brand inspectors in the Animal Health and Identification Division's Brand Inspection program. The expenditure limitation was increased with the understanding that the Department of Administrative Services would unschedule the increase in expenditure limitation until the monies are received by the Department of Agriculture.

Department of Energy

The Committee approved a General Fund appropriation of \$1.6 million to retire a large portion of the Oregon Museum of Science and Industry (OMSI) debt from a loan issued by the Department of Energy to OMSI in 1992. This brings the total amount of General Fund for OMSI debt reduction to \$3.1 million. Other Funds expenditure limitation is reduced by \$4.6 million. When the Governor vetoed Public Purpose funds for OMSI debt reduction in SB 994 (2007), the \$4.6 million in Other Funds expenditure limitation was left untouched; this empty limitation is being removed. The Ways and Means Committee directed the Department to use non-General Fund sources to resolve any additional funding gaps related to OMSI, and indicated an expectation that there would be no further assistance from the state to pay off remaining debt.

Department of Land Conservation and Development

The Committee approved a \$426,008 General Fund appropriation to enable the Oregon Task Force on Land Use Planning to continue its work on the 30-year Land Use Review as required by Senate Bill 82 (2005). The 2005 Legislature created the task force to evaluate Oregon's current land use laws and recommend appropriate changes to meet the needs of the 21st Century. The approved funding reduces Personal Services by \$53,734, increases Services and Supplies by \$79,742, and provides \$400,000 for professional consultant services to support the task forces' work plan. The work plan includes a statewide public engagement program to review refined and preliminary findings. It is expected to directly engage more than 10,000 Oregonians and inform 1.2 million Oregonians. The task force expects to submit findings and recommendations by December 2008. The Committee approved the following budget related to this effort:

Budget Note:

The Task Force shall report to the Oregon Legislative Assembly on its progress in carrying out its work plan, at quarterly intervals or at key milestones. In addition to the preliminary conclusions and alternatives identified by the Task Force in its July 2007 report, in developing materials for public engagement the Task Force should identify key future land use outcomes (or alternative outcomes) that it believes are desirable, and appropriate outcome indicators for those.

The Committee also approved a \$4,405,534 General Fund appropriation for the Department's work to review and process compensation claims of landowners for lost value due to land use regulations under the provisions of Ballot Measure 49, which was approved by the voters in November 2007. The approved funding increases Personal Services by \$1,818,955 for 19 new limited-duration positions (11.83 full-time equivalent) and 12 additional months for 11 existing limited-duration positions (5.50 full-time equivalent). Services and Supplies expenditures are increased by \$2,491,579, including \$1,158,246 for Attorney General charges, and capital outlay is increased by \$95,000.

Department of State Lands

The Committee approved a \$1.5 million Other Funds expenditure limitation increase for the Department of State Lands wetlands mitigation program. The 2007 Legislature added staffing resources to increase wetland program activity which has been successful in generating more mitigation projects, so additional expenditure limitation is needed to cover the greater number of projects.

Water Resources Department

The Committee approved a total \$2.5 million General Fund appropriation for the Water Resources Department to implement the requirements of SB 1069: a statewide grant program for water storage feasibility studies and funding for a specific regional aquifer recovery feasibility assessment in the Umatilla Basin.

- **Grant Program** SB 1069 requires the Water Resources Department to establish a grant program to help pay the costs of planning studies needed to evaluate the feasibility of developing water conservation, reuse, or storage projects. This program may provide grants or direct services for local governments or tribes. Grants made by the program would be limited to up to half the cost of the proposed study and would be capped at \$500,000 per individual grant. The Committee approved \$1,621,715 General Fund for grants. The General Fund is to be deposited in the Water Conservation, Reuse and Storage Investment Fund created in SB 1069, as the bill specifies that grant payments must be paid for from moneys available in the fund. The Committee also approved the establishment of two limited duration positions (1.00 full-time equivalent) to operate the grant program. These would be a Natural Resource Specialist 4 position and an Administrative Specialist 1 position. The positions would review grant applications, process payments, administer grants and provide technical assistance to grant applicants. Costs for the positions in the 2007-09 biennium would total \$128,285 General Fund (\$120,573 for Personal Services and \$7,712 for Services and Supplies).
- **Umatilla Basin** The Committee approved \$750,000 General Fund for a Umatilla Basin aquifer recovery assessment and feasibility study. The aquifer recharge study would be operated on contract with a third party, with the Water Resources Department overseeing the contract. The aquifer recharge study includes scoping the project, selecting feasible sites, assessing the site further, developing a recharge project, and monitoring the results. Funding for the Umatilla Basin study is provided on a one-time basis.

Transportation Program Area

Oregon Department of Aviation

The Joint Committee on Ways and Means approved a second 12 months of funding for the Aviation Department's Operations Division. The Committee approved an additional \$2,530,383 Other Funds expenditure limitation, \$42,606 Federal Funds expenditure limitation and 8.08 full-time equivalent positions, with continuation of one limited duration position through the end of the biennium. Additionally, the Committee

directed the Department to report to a future meeting of the Emergency Board, no later than December 2008, on the status of the revenue and expenditure account reconciliation and financial condition of the agency.

Oregon Department of Transportation

The budget for the maintenance and emergency relief programs of the Oregon Department of Transportation (ODOT) is increased by \$2 million Other Funds. ODOT will provide state matching funds for a U.S. Department of Justice Community Oriented Policing Services (COPS) grant awarded to the Oregon Wireless Interoperability Network (OWIN) project in the Department of Oregon State Police to increase public safety information sharing and enhance voice interoperability. The grant will allow for replacement of microwave radio communication equipment used by ODOT, the Oregon State Police and other state agencies.

Given the OWIN implementation plan and flexibility in the timing of expending the federal funding, it is unclear whether ODOT will spend the state match in the current biennium or in the next budget period. The Department of Administrative Services is requested to unschedule the \$2 million expenditure limitation until ODOT shows the need for these funds.

The Committee increased the Other Funds expenditure limitation for ODOT Highway Maintenance by \$18,547,803, based on the following:

- \$5.6 million increase to complete storm damage repair. ODOT received budget authority to cover the storm damage in the 2005-07 biennium; however, a number of fixes were not able to be completed by the end of the biennium, because some of the sites were not accessible, in part due to snow accumulation. ODOT was not able to determine the amount of the repairs until after the 2007 Legislature adjourned.
- \$13 million increase for infrastructure maintenance. The Committee endorsed the Oregon Transportation Commission's goal to increase funding for maintaining and preserving the existing infrastructure. The Commission will reduce allocations to Modernization projects in the current State Transportation Improvement Plan (STIP), which would have been included in ODOT's 2009-11 budget request, and shift the allocations to Maintenance, Bridge and Operations activities.
- \$124,076 decrease to exchange a position with the Motor Carrier Transportation Division. To align position responsibilities with division programs and activities, the agency will transfer a Principal Executive Manager D position from Highway Maintenance to Motor Carrier Transportation and transfer a Principal Executive Manager C position from Motor Carrier Transportation to Highway Maintenance. The Motor Carrier Transportation budget will be increased by the same amount.

The Other Funds expenditure limitation for ODOT's Rail Program was increased by \$6,744,000 to complete projects under the Industrial Rail Spur Program, the Short line Railroad Rehabilitation Program and freight rail system upgrades in support of passenger rail service between Eugene and Portland. In 2003 the legislature provided funding for two rail related programs; however, ODOT was not able to expend all the funds as projected, so it carried forward the unexpended balance for planned expenditures. The expenditures are for work done by the rail roads and are subject to their schedules for completion. The Rail Division is ready to proceed with expenditures that would zero out the unspent balance.

The Committee added \$732,738 Federal Funds expenditure limitation for the ODOT Transportation Safety Division for the Child Safety and Booster Seat Grant program. ODOT received notice from the National Highway Traffic Safety Administration that Oregon will receive \$366,069

in a Federal Fiscal Year (FFY) 2007 grant for the Child Safety and Child Booster Seat Incentive Grant Program. ODOT expects to receive the same amount, if not more, in FFY 2008. ODOT will use the grant to help make child booster seats available to low-or no-income families.

The Committee transferred \$3.4 million in Other Funds expenditure limitation from ODOT's Highway Bridge Program to ODOT's Transportation Program Development Program to correct an oversight that occurred during development of the 2007-09 budget. The Bridge Inspection program is a project that is part of the STIP and was identified incorrectly as a bridge project and not a planning project. The bridge inspection program has been identified correctly for the future. The transfer of these funds will correct the oversight.

The Oregon Commercial Driver License Waiver of Physical Disqualification program has been transferred from the Motor Carrier Transportation Division to the Driver and Motor Vehicle Services Division. As a result, one Administrative Specialist 2 position and \$119,821 Other Funds expenditure limitation needs to be transferred from Motor Carrier Transportation to the Driver and Motor Vehicle Services Division. The Personal Services costs for the position represent the total amount budgeted for the 2007-09 biennium.

The Committee approved the transfer of one position and \$123,304 Other Funds expenditure limitation from the Highway Division to Central Services Division. In 2005-07, ODOT consolidated its procurement activities and staff from across the agency into the Central Services Division. A position that should have been included in the transfer was inadvertently left out; this adjustment corrects the oversight.

Other Funds expenditure limitation for the ODOT Driver and Motor Vehicles Division is increased by \$466,410, and for ODOT Central Services by \$798,456, to implement and administer changes required by SB 1080 (2008). The amendment includes the establishment of nine limited duration positions (4.50 full-time equivalent) for Driver and Motor Vehicles and the establishment of six limited duration positions (1.88 full-time equivalent) for Central Services. SB 1080 requires applicants to provide proof of U.S. citizenship or legal presence in the United States before ODOT can issue, renew or replace a driver's license, a driver's permit, or an identification card.

Consumer and Business Services Program Area

Department of Consumer and Business Services

SB 1064 requires mortgage bankers and mortgage brokers to file an annual report with the Department of Consumer and Business Services (DCBS) with information related to residential mortgage lending activities. The bill also requires DCBS to keep a registry of loan originators, investigate consumer complaints and undertake certain enforcement activities. To allow the Department to implement SB 1064, the Committee approved a \$210,019 Other Funds expenditure limitation increase and two full-time permanent positions (1.25 full-time equivalent), a Compliance Specialist 3 and a Financial Enforcement Officer.

Oregon Medical Board

The Committee approved the upward reclassification of one permanent, full-time position from Human Resources/Payroll Manager to Human Resources Analyst 3. The increase in position costs will be absorbed within the existing budget this biennium. The position will roll into the next biennium at the higher level.

Board of Psychologist Examiners

The Committee approved an increase of \$47,735 Other Funds expenditure limitation and the establishment of one limited duration Office Specialist 2 position (0.58 FTE) to address growing workload.

Administration Program Area

Department of Administrative Services

The Committee approved a \$480,473 General Fund disappropriation and the elimination of five limited-duration, full-time positions (3.54 full-time equivalent) from the Department of Administrative Services' budget. This reflects the conclusion of the Department's involvement in processing Ballot Measure 37 claims.

The Committee increased the Other Funds expenditure limitation for the Department of Administrative Services (DAS) by \$567,000 for two projects on the Capitol Mall. The first project updates the filter system in the Wall of Water fountain located directly north of the Capitol building, to better control bacteria levels in the water when the fountain is operating. The second project will improve the Capitol Mall irrigation system by splitting the existing system into two parts and adding a system controller to operate the Northern Mall area sprinkler system. This funding will allow DAS to increase the water volume and capacity to better service the entire Mall landscape area.

The Committee approved a \$178,302 Other Funds debt service expenditure limitation increase to pay the 2007-09 debt service on Certificates of Participation (COPs) issued to finance renovation of the Revenue building in phase II of the Data Center Conversion Project. The revenue to pay the debt service is from self-supporting rent charges to the agencies.

DAS' Other Funds debt service expenditure limitation is also increased by \$256,374 increase to pay 2007-09 debt service for COPs to finance the renovation of the Eugene State Office Building. The revenue to pay the debt service is from Uniform Rent, which is primarily funded by the depreciation component of uniform rent paid by occupants of DAS-owned facilities.

The Committee approved \$3.6 million in added Other Funds expenditure limitation to pay for the increased fuel costs of the state's vehicle fleet. DAS coordinates and maintains a central fleet of 3,500 vehicles for use by state agencies. Miles driven per year have continued to grow, and fuel costs during the first five months of the 2007-09 biennium were up 16% from the level assumed in the 2007-09 legislatively adopted budget.

The Committee increased Other Funds expenditure limitation related to development of an enterprise application benefit management system for the Oregon Educators Benefit Board (OEBB) to manage the administration of employee benefits provided to employees of Oregon's 197 school districts and 20 education services districts. OEBB was created by the 2007 Legislature to contract for health, dental and other benefits for the employees of most of Oregon's school districts and education service districts (ESD). OEBB has been tasked to make benefit plans available to the school district and ESD employees by October 1, 2008. The approved increases include \$2,155,000 to expend the proceeds of and pay the costs of issuance for COPs that will fund the system work, and \$498,205 to pay 2007-09 debt service for the COPs. OEBB will administratively establish three limited-duration, full-time positions (1.00 full-time equivalent).

Department of Revenue

The Committee approved increasing the Department of Revenue's Other Funds expenditure limitation by \$1,317,835 to cover the administrative cost of calculating and issuing checks for the "kicker" refund. Over 1.6 million "kicker" checks were issued in December 2007. Administrative costs associated with this refund included postage, inserting, sorting, printing, check stock, envelopes, labor costs for programming and processing plus toll free charges for responding to additional taxpayer inquiries.

The Cigarette and Other Tobacco Products (COTP) budget is increased by \$529,000 Other Funds, with a disappropriation of \$400,000 General Fund. These adjustments address two issues: 1) a net \$129,000 increase in the COTP budget to address higher Attorney General charges resulting from an increase in the number of license denials protested or appealed in court, ongoing enforcement activities and tribal negotiations around sales of cigarettes and other tobacco products, and 2) a shift of \$400,000 in administrative and department overhead costs to more accurately reflect actual program activity. The COTP program is using more of these costs than reflected in the budget, while General Funded programs are using less.

Judicial Branch

Judicial Department

The Committee approved the Department's proceeding to implement its eCourt project, and increased Other Funds expenditure limitation for the Department by \$10 million. HB 5100 includes authority for Certificate of Participation (COP) sales of \$24.4 million, with \$8.625 million in the spring 2008 COP sale, and \$15.8 million in the spring 2009 COP sale. These amounts include the costs of issuance and capitalized debt service for 2007-09. The \$8 million Other Funds expenditure limitation increase for the spring 2008 COP sale is included in SB 5556. The Department will also use \$2 million Other Funds from improved collections to purchase financial system components outright and has identified \$1 million in savings from changes in the project procurement strategy.

Expenditure limitation for the spring 2009 COP sale will be considered at the meeting of the Emergency Board closest to December 2008, subject to the following budget note and a companion budget note for the Criminal Justice Commission. This will provide the Legislature with the necessary control over both the eCourt project and the data warehouse project, and will provide the Public Safety Agency Data Sharing Work Group (as described above) with time to make significant progress on the data warehouse project.

Budget Note:

The Judicial Department is requested to assist the Criminal Justice Commission in convening the Public Safety Agency Data Sharing Work Group, as described in the budget note for the Criminal Justice Commission. The Judicial Department and Criminal Justice Commission will report at the meeting of the Emergency Board closest to December 2008 on the progress of the Group in completing the following: 1) identify shared data requirements on a statewide basis, including local public safety partners; 2) develop uniform data management standards to ensure that data can be effectively shared; 3) identify the data that must be included in a public safety data warehouse; 4) adopt national public safety data standards for data exchange and develop timeframes for implementation; and 5) identify the resources required to establish a statewide public safety data warehouse. The Judicial Department may include a request for Other Funds expenditure limitation from proceeds of the sale of Certificates of Participation to proceed with the eCourt project as part of the Emergency Board report.

Public Defense Services Commission

SB 5549 (2007) appropriated \$1.95 million General Fund to Public Defense Services Commission for a Juvenile Appellate Unit and for increased funding for contract attorneys. Due to a technical error, the positions (one Attorney-in-charge and three Senior Attorneys) required to establish the Juvenile Appellate Unit were not included in the budget report. The correction is made by adding four positions (2.60 full-time equivalent).