

2017 - 2019

# GOVERNOR'S BUDGET

STATE OF OREGON



Governor Kate Brown

*Kate Brown*

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**Oregon Department of Administrative Services**

**Chief Financial Office**

155 Cottage St. N.E.  
Salem, OR 97301-3965  
503-378-3106 (voice)  
[CFO.info@oregon.gov](mailto:CFO.info@oregon.gov)

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## A message from Governor Kate Brown

I believe in a thriving Oregon; one that is resilient and sustains the well-being of current and future generations; where all Oregonians have opportunities to reach our full potential.

Achieving this vision requires healthy families and safe communities. It calls for careful stewardship of our natural resources to preserve the beauty and bounty of Oregon for future generations. It relies on a seamless system of education from cradle to career, and a robust economy in every corner of the state.

We've been making good progress. Overall, Oregon's economy has regained much of its pre-recession strength, adding 55,400 new jobs since 2015, although the recovery has been uneven, particularly in rural Oregon. We've made historic investments in public education, and helped make a college degree more affordable and accessible for Oregon students. Access to health insurance is at an all-time high, with 3.7 million Oregonians now covered.

We are closer to achieving our greenhouse gas emissions reduction targets and working toward a future free of coal-fired electricity, supporting the development of clean energy alternatives that contributes to job creation. We are making investments to help families and communities become resilient to drought and other effects of global climate change, and prepare for a major seismic event. *But there is still important work to do.*

- We must fulfill the pledge we made to our children and families to build a seamless system of education from cradle to career and improve our high school graduation rate. We must continue our efforts to expand health insurance coverage until every Oregonian is covered.
- We must make long-overdue investments in our roads, bridges, and public transit to enhance seismic safety, reduce traffic congestion, and keep local economies humming. Addressing our transportation needs will also create family wage jobs throughout the state.
- We must protect kids in foster care and other vulnerable people. We must make sure families can find affordable, stable housing. Taking care of our own is our fundamental responsibility as Oregonians.
- We must make sure Oregonians have clean air and water, and continue our efforts to make sure families and communities are safe and resilient.

### **These commitments are foundational to Oregon's future.**

However, we are continually challenged to do more with less: In the next biennium, reduced federal funding, increases in the cost of state services and mandates from the ballot leave us with a projected \$1.7 billion budget shortfall.

The budget I am proposing today is a short-term solution to keep Oregon on track, funding a reduced level of core state services through a combination of budget cuts and new revenue. Balancing the budget



with program cuts alone would devastate services to children and other vulnerable people, our schools, higher education, and public safety. In guiding the development of my budget, I have established the following principles:

- Protect programs that **serve children and support families working to make ends meet.**
- Prioritize programs that deliver the best long-term benefit, particularly for **underserved communities, including Oregon's rural areas, and communities of color.**
- Identify and expand programs that **leverage outside funding sources** and maximize program impact and returns on investment.

Sustaining hard fought gains is nearly impossible with a tax system that is unstable, inadequate to meet our essential needs, and fundamentally out of balance. Oregon's middle-class families are shouldering a much larger share of the burden of the cost of critical state services. Corporations doing business in Oregon must share more of this responsibility. Therefore, this budget also includes revenue increases – tobacco taxes, hospital and insurance company assessments to help pay for health care, and fills other gaps by closing loopholes in the tax code.

State government will tighten its belt and live within its means, but not without painful cuts to critical programs at a level I find unavoidable and unacceptable. I present this budget as the starting place for a broader conversation with Oregonians and legislators about how best to align our resources with our shared values and vision for moving Oregon forward.

I believe the times in which we live always present both challenges and opportunities, including the opportunity to shape this era in our history to reflect our hopes for the future and our faith in the 'Oregon Way' of coming together to solve problems.

Governor Kate Brown



*Salem, Oregon*

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# THE ECONOMIC AND REVENUE ENVIRONMENT

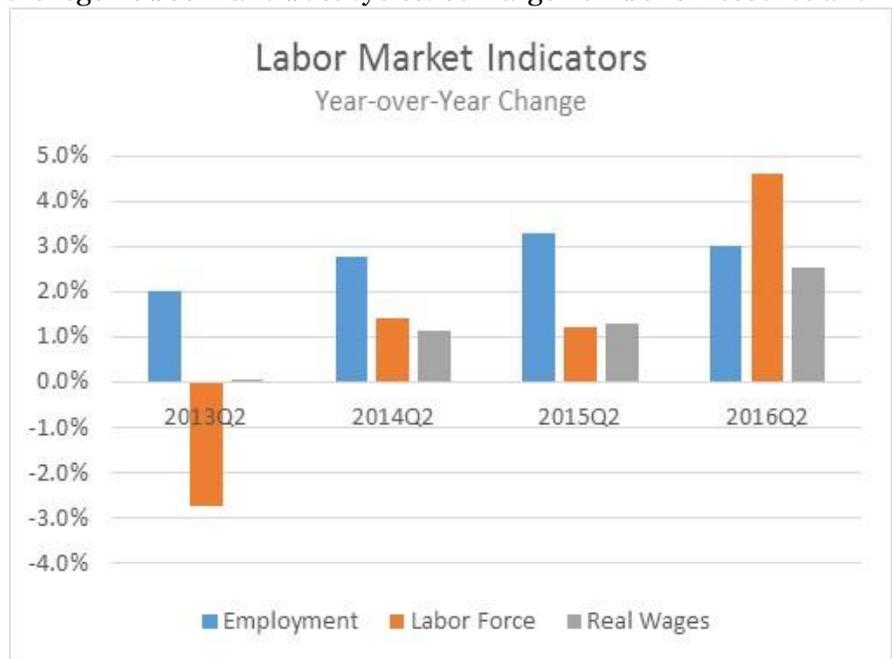
## Economic Performance and Outlook

The start of the 2017-19 biennium will mark the eighth anniversary of the end of the Great Recession. Since then, Oregon's economy has outperformed growth in the typical state by a wide margin. This is a familiar pattern. For decades, Oregon's economy has suffered greatly during recessions, losing far more jobs than most other states. That script is flipped when the U.S. economy is growing, with Oregon consistently ranking among the top-performing states.



There are two primary factors behind Oregon's boom and bust cycles: our large number of resource and manufacturing firms, and our attractiveness to migrants from other states.

Oregon is still a place that makes things. Although manufacturing, agriculture and resource industries are not as dominant as they once were, these industries remain much larger in Oregon than in the typical state. Oregon's firms are not immune to the forces of globalization and technological change, but enjoy many competitive advantages relative to businesses in other states. The overall size of the manufacturing pie has been



shrinking in both Oregon and the rest of the U.S., but Oregon's slice of that pie has been steadily growing. Dependence on manufacturing and resource industries brings many economic benefits, but also exposes Oregon to the volatile business environment that many of these firms face.

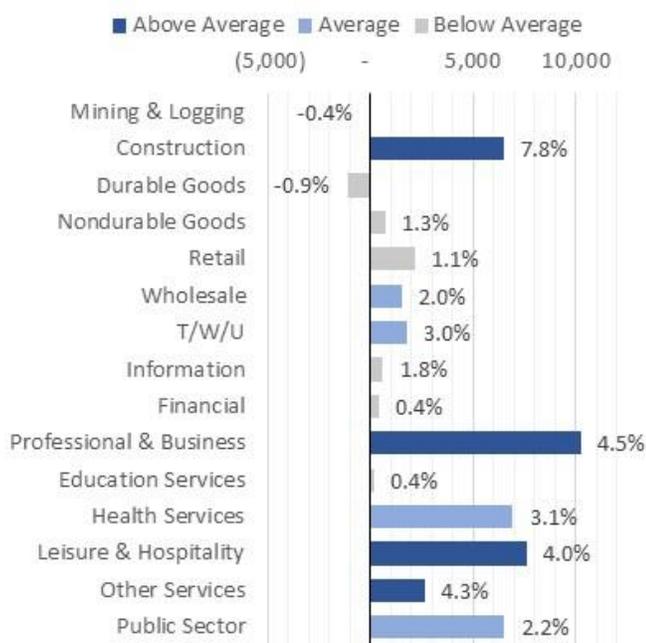
Oregon's boom and bust cycles are also partly due to our being a magnet state. Since the time of Lewis and Clark, when jobs are available in Oregon, people want to move here. Households that migrate to Oregon not only bring with them dollars to spend, but also provide an ample supply of skilled workers for local businesses that want to expand. In 2016, Oregon saw more households move to the state than ever before, surpassing the previous record level seen during the tech boom in the 1990's.

Oregon continues to outpace the nation as the expansion endures. However, the state today is now past its peak in terms of growth rates. Job growth in recent months has decelerated somewhat from the full-throttle rates seen in the past couple of years. Like in other states, goods-producing industries are weakening. Oregon’s manufacturers have cut jobs in recent months. Growth in retail trade has decelerated as well. Most other sectors are adding jobs at similar rates to the recent past, which is good news.

Slower rates of job growth are to be expected now that most of the slack has been taken out of Oregon’s labor market. With employers now competing for workers, Oregon is now seeing deeper signs of improvement in labor market conditions. In particular, a tighter labor market is being reflected in growth in inflation-adjusted wages. Along with improved pay has come healthy labor force growth, as workers respond to more lucrative job opportunities.

Across industries, job growth in Oregon’s large service sector has led the way. These include jobs in professional and business services, health services, and leisure and hospitality industries. These three industries have gained 24,800 jobs in the past year and account for 53 percent of all job gains across the state. The good news is that this share has generally been shrinking in recent years as other industries continue to add jobs as well, which was not the case earlier in the expansion. Today, however, with manufacturing losses in recent months, these large service sector jobs represent a higher share of net job growth statewide than has been the case in the past year or so.

Oregon Employment Growth  
2015q3 to 2016q3



Currently, nine major industries are at all-time highs. Private sector food manufacturing, education, and health never really suffered recessionary losses – although their growth did slow during the recession. Professional and business services and leisure and hospitality have each regained all of their losses and are leading growth today. In recent months retail, other services, transportation, warehousing and utilities, in addition to the public sector, have surpassed their pre-recession levels and are at all-time highs. The eight private sector industries at all-time highs account for 59 percent of all statewide jobs. The public sector accounts for an additional 17 percent of all jobs.

With the Great Recession being characterized by a housing bubble, it is no surprise to see wood products, construction, mining and logging and financial services (losses are mostly real estate brokers) among the hardest hit industries. These

housing and related sectors are now in recovery, although they still have much ground to make up. Transportation equipment manufacturing suffered the worst job cuts and is likely in a structural decline due to the RV industry’s collapse. With that being said, the subsectors tied to aerospace are doing well and the ship and boat building subsector is growing again. Metals and machinery manufacturing, along with mining and logging, have shown the largest improvements since the depths of the recession.

Coming off such a deep recession, goods-producing industries exhibited stronger growth than in past cycles. While all manufacturing subsectors have seen some growth, they are unlikely to fully regain all of their lost jobs. And as the manufacturing cycle wanes today, the state has lost jobs in recent months. These losses are concentrated in durable goods industries like wood products, computer and electronic products, metals and machinery and the like. Bucking the trend, Oregon's food processing industry continues to boom.

All told, each of Oregon's major industries has experienced some growth in recovery, albeit uneven. As the economy continues to recover there will be net winners and net losers when it comes to jobs, income and sales. Business cycles have a way of restructuring the economy.

### WHAT'S MISSING?

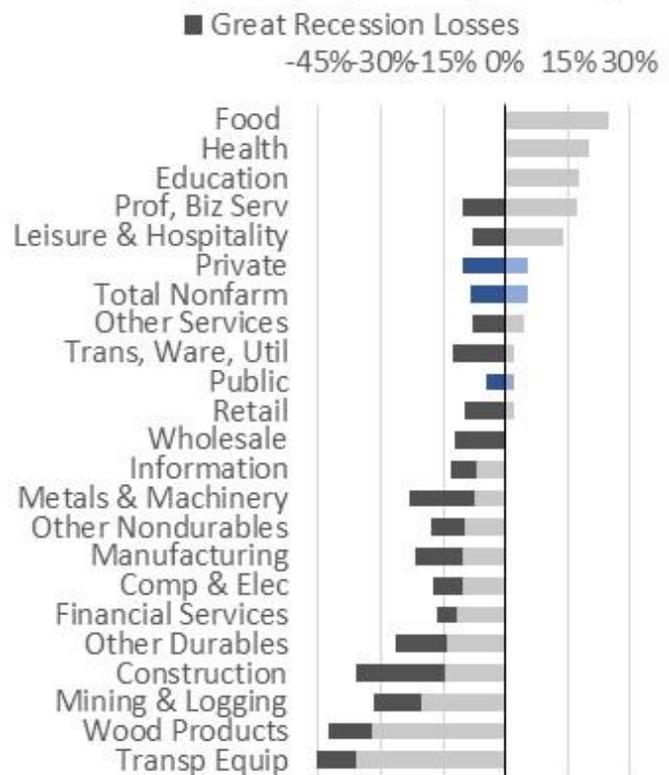
At the statewide level, most economic indicators have fully recovered from the recession. The unemployment rate, jobs, earnings and production all look at least as good as they did during the housing boom. Unfortunately, statewide totals mask some remaining weak spots.

Concerns include a lack of middle-wage job growth, a lagging recovery in many rural areas of the state, and some discouraged workers remaining on the sidelines.

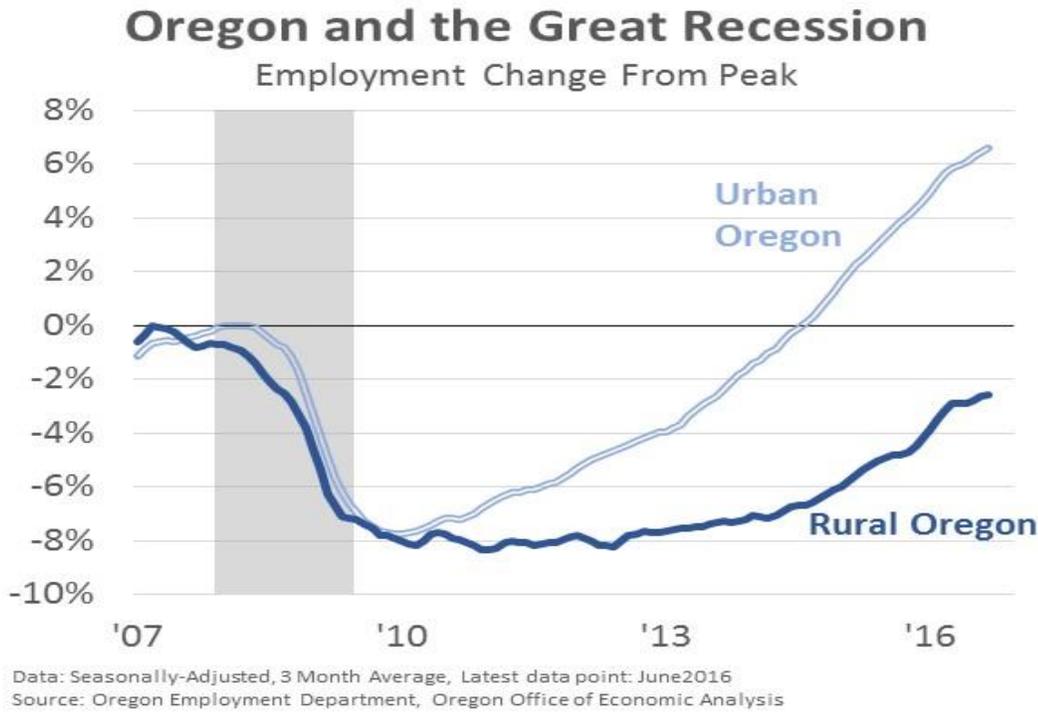
Middle-wage jobs have been hit hard during recent recessions and have experienced little growth during expansions. The current cycle is no different. This phenomenon is much larger than Oregon, as technological change has eliminated good jobs across the country. Once again, Oregon has only netted a few middle-wage jobs during the current economic expansion. However, growth in high-wage jobs has been very encouraging and has been doing most of the heavy lifting in recent years.

As job opportunities have improved in recent months, many workers hurt by the recession have returned to the workforce. Even so, some discouraged workers remain on the sidelines. There are still around 20,000 fewer workers than would be expected given the traditional behavior of Oregon's labor force.

**Oregon Employment by Industry**



Oregon’s economic recovery has been uneven across regions of the state. Most rural areas did not see any job gains at all until 2013 when housing-related industries started to bounce back. Many of Oregon’s coastal and eastern counties still have significantly fewer jobs than they did before the recession.



Although gaps in Oregon’s recovery remain, progress is finally being seen in many of the broader measures of economic well-being that traditionally are the last to bounce back. In particular, median household income, the poverty rate and caseloads for need-based public programs are all improving.

Recently released Census data show that 2015 brought the largest increase in median household income in more than a decade. And since 2012, the strongest increases in household income have actually been for those at the bottom of the income distribution. Oregon’s job growth has been particularly important for low-income households that often do not have large investments and depend entirely on wage income and the safety net.

Statewide, the poverty rate is effectively halfway back down to where it was prior to the Great Recession. The vast majority of this improvement is concentrated in the Portland metropolitan area which has experienced the strongest economic recovery. Importantly, poverty in the Portland region is improving proportionately for both whites and people of color. A large racial gap still exists, like elsewhere in the country, however this gap has not widened in recent years.

### OUTLOOK AND RISKS

The U.S. economic expansion remains on solid footing for now. Few economic forecasters are warning that a return to recession is imminent. Even if their predictions are correct, and the expansion continues into the new biennium, growth will be slower than what Oregon has experienced in recent years.

During the upcoming biennium, private sector growth, measured by the number of jobs created, will be dominated by the large, service sector industries like professional and business services, leisure and hospitality and health.

Goods-producing industries, while smaller, have been posting above-average growth rates throughout much of the current economic expansion. The outlook now calls for considerably slower growth. Only construction is expected to add jobs at the same pace as the rest of the private sector, as the housing rebound continues.

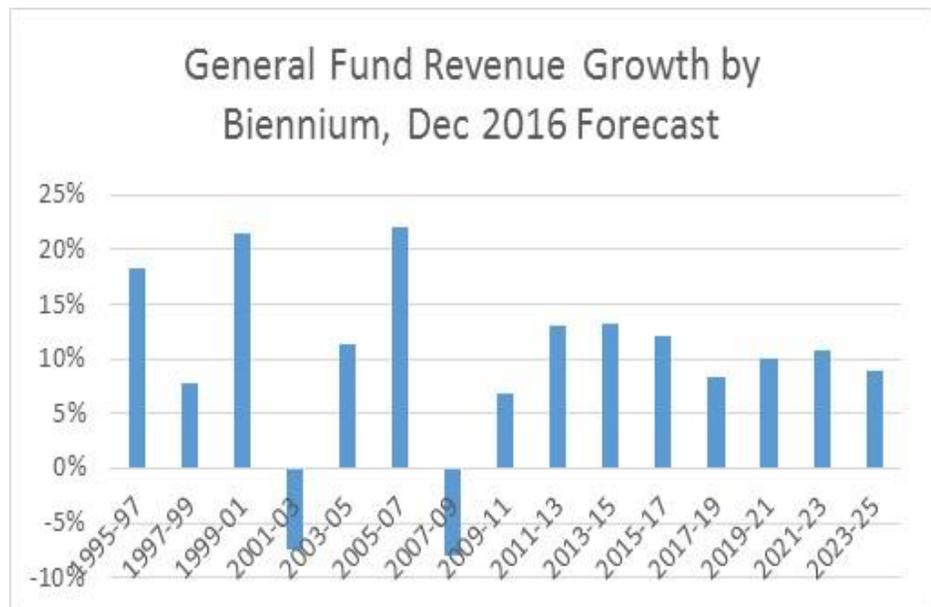
Manufacturing firms in particular are expected to see very minimal gains in the coming years. By all accounts this slowdown is here today in Oregon. Employment is down in recent months and flat over the past year. The weak global economy and strong dollar will continue to weigh on growth going forward. What manufacturing gains are expected will be found among the state’s food processing firms and beverage manufacturers, predominantly breweries.

Public sector employment at the local, county and state level for both education and non-education workers is growing in Oregon, as state and local revenues continue to improve along with the economy. Over the forecast horizon, government employment is expected to roughly stay in line with population growth and the increased demand for public services. One risk to the outlook is the recent Oregon Supreme Court decision which reversed earlier Public Employees Retirement System (PERS) changes enacted by the Legislature. The extent to which the court decision will impact hiring by local and state public entities is unknown, but it is a risk to the outlook.

Oregon has been growing at a rate of 5,000 jobs per month as it has been climbing out of the recessionary hole and pulling workers back in from the sidelines. With workers now becoming harder to find, this rate of growth cannot be sustained going forward. Only 2,000 new jobs per month are needed to keep up with our growing population.

This sustainable rate of growth will not match what Oregon has become accustomed to during previous economic expansions. As baby boomers enter their retirement years, Oregon’s workforce will see slower growth, even as large numbers of people continue to move to the state.

Making matters worse, as the baby boom population cohort works less and spends less, traditional state tax instruments such as personal income taxes and general sales taxes will become less effective, and revenue growth will fail to match the pace seen in the past. Going forward, Oregon’s General Fund resources are only expected to grow around 10 percent per biennium, which is not fast enough to keep up with the rising cost of public services.



As always, the primary risk facing Oregon’s budget outlook is the threat of a nationwide economic downturn. Encouragingly, in the event of recession, Oregon currently has saved a larger amount of reserve funds than ever before. Due to new automatic deposits into Oregon’s Rainy Day Fund and Education Stability Fund, total budget reserves will surpass \$1 billion by the start of the biennium.

Although these reserves will not cover all of the likely revenue shortfall caused by a recession, they are large enough to ease much of the pain.

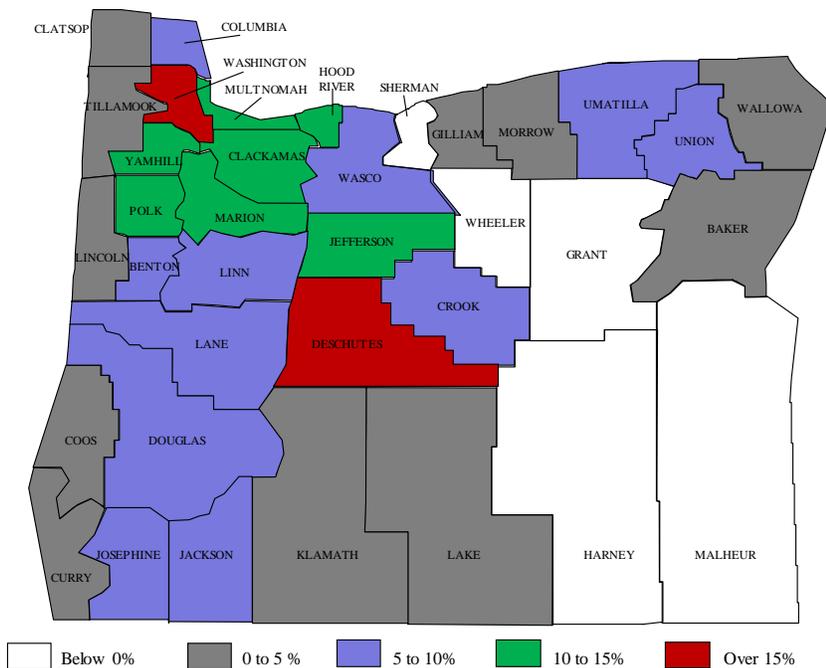
# Demographic Change

Oregon’s estimated population reached 4.08 million on July 1, 2016. This is an increase of 245,326 persons or 6.4 percent since the 2010 Census. Population growth slowed in recent years following the recession of 2009 and slow economic recovery since then. During the rapid economic expansion of 1990s, Oregon’s population growth rate was 11th highest in the nation. That ranking dropped to 23rd between 2010 and 2013 reflecting the effect of the recent recession. Oregon’s growth rate has recovered in recent years. Consequently, growth for the year 2014-15 was 10<sup>th</sup> highest in the nation. Over the long run, Oregon has retained the distinction of being a major destination for migrants in the United States. Since 2010, 71 percent of the population growth was due to net in-migration. Oregon’s population growth changes with its economic and employment outlook. Population growth in the near future is expected to continue the path of high growth in sync with the growing economy. Oregon’s population is expected to reach 4.3 million in 2019 with an annual rate of growth approaching 1.4 percent.

## GEOGRAPHIC VARIATIONS

The figure below shows a decade long population change by county between 2005, and 2015. Overall, Oregon’s population growth was 10.7 percent during this period. However, there are large variations by region and county. Exceptionally high growth counties (exceeding 15 percent increase) were Deschutes and Washington. Although growth slowed considerably in Deschutes County during the recent recession

County Population Growth, 2005 – 2015 (Oregon: 10.7 percent)



Source: Population Research Center, Portland State University.

years, the county led the state with 25.9 percent growth in ten years. The moderately growing counties (between 10 and 15 percent increase) were Polk, Hood River, Jefferson, Yamhill, Multnomah, Clackamas, and Marion. The slow growing counties (between 5 and 10 percent increase) were Jackson, Benton, Crook, Linn, Columbia, Wasco, Lane, Umatilla, Union, Josephine, and Douglas. The counties with very

slow growth (between 0 and 5 percent) were Gilliam, Lincoln, Clatsop, Morrow, Lake, Tillamook, Klamath, Curry, Baker, Coos, and Wallowa. Five counties losing population (negative growth) were Malheur, Wheeler, Harney, Grant, and Sherman. Population growth by county reflects the local economic environment. In general, counties in the upper Willamette Valley and Central Oregon experienced high population growth, whereas Eastern Oregon counties lost population over the decade.

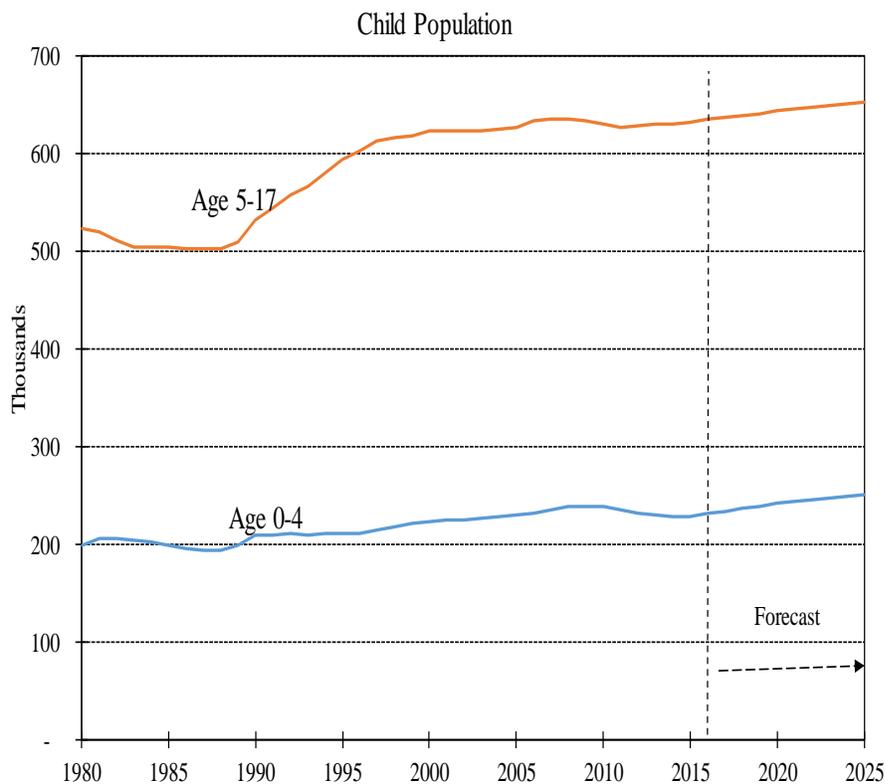
## CHANGE IN AGE STRUCTURE

The figures below show that population growth differs by age group with budgetary implications.

### Children

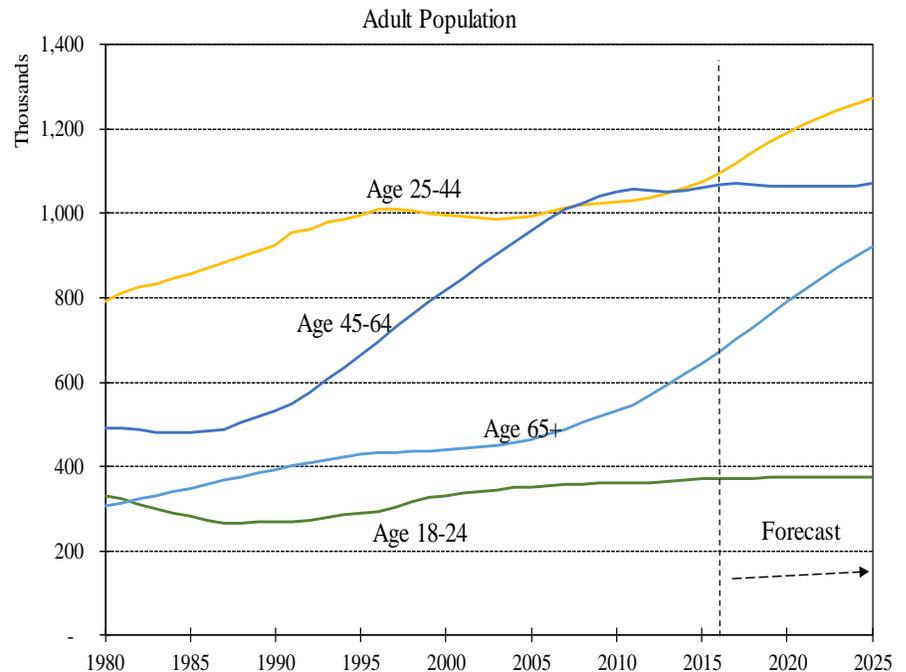
- Under five years. The size of this age group directly affects demand for childcare, Head Start, and Temporary Assistance for Needy Families (TANF). Between 2017 and 2019 the number of children under age five will increase by 2.1 percent which is slightly slower than the state's overall growth of 2.8 percent. The growth was negative or slow in the recent past mainly due to the decline in the annual number of births associated with an increasing tendency towards smaller family-size and slowdown in the net in-migration of children and young adults at the early stage of family formation.

- School age. The children in the five to 17 year age group drive demand for K-12 public school enrollment. Nearly 90 percent of five to 17 year-olds are enrolled in public schools. After growing rapidly during the early 1990's, population growth in this age group has slowed for nearly two decades and will continue this trend in the near future. After several years of negative growth, the growth in the number of school-age children has turned positive starting in 2012. However, the percentage increase remains well below the state's overall population rate of change. Between 2017 and 2019, the number of school-age children is expected to grow by 0.5 percent. Even with very low rate of increase in school-age population, public schools feel added pressure during economic hardship when parents cannot afford private school expenses.



## Adults

- Ages 18 to 24. This age group drives demand for post-secondary education and entry-level jobs. Nearly 70 percent of all undergraduate students in Oregon public universities are 18 to 24 years old. Although the population in this age group has shown very small change, college enrollment in general is associated with competing opportunities. Enrollment increased in the past at a much faster rate than the 18-24 age population due to the lack of competing employment opportunities.



Also, males in this age group are the criminally “at risk” population with the highest arrest rate of all adults. Consequently, population in this age group is a major factor in forecasting demand for prison and jail beds and probation services. The growth in this population group, however, has slowed and will continue to taper off to negative territory as the “baby-boom-echo” cohort exits this age group. Between 2017 and 2019, this population will increase by 0.7 percent.

- Ages 25 to 64. Working-age adults comprise 53 percent of the total population. The nature of this group is heavily influenced by baby-boomers. The working-age population is the major contributor to the state’s tax revenue and puts very little direct pressure on state services. However, younger adults need entry-level jobs and older adults require continued training in a changing technological environment. All of them, especially young adults at the beginning stage of their family formation, need affordable housing, childcare, and schools for their young children. Overall, this population group will grow by 2.0 percent between 2017 and 2019, with older working age adults 45 to 64 declining by -0.4 percent as the early baby-boomers continue to mature out of this age category.

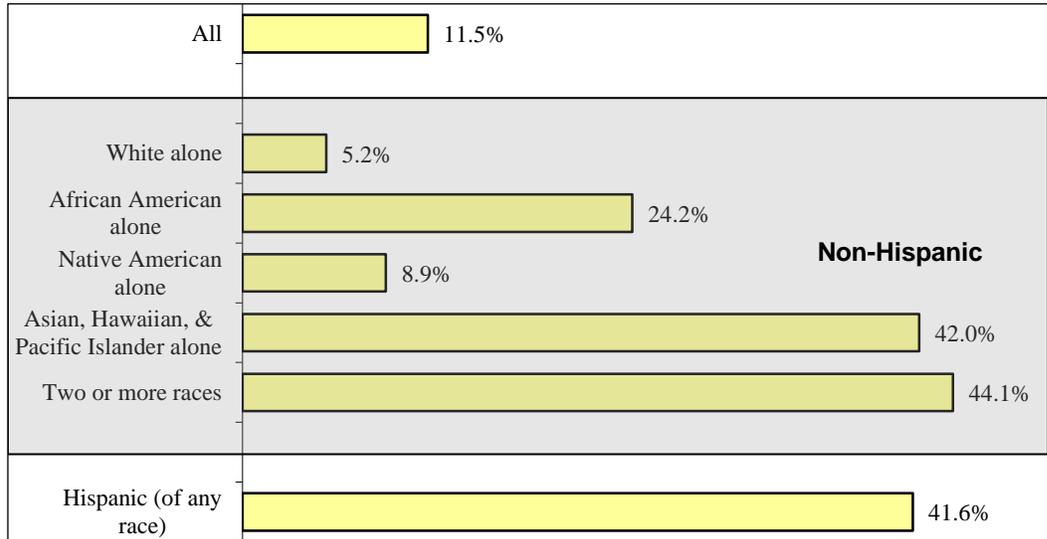
## Older Adults

- Ages 65 and over. Since 1950, Oregon’s older adult population has more than tripled, while the total population has nearly doubled. Growth in this group was slow between 1995 and 2002, largely due to the depression era birth-cohort reaching retirement age. However, the trend has already reversed and will continue its faster pace of growth. Beginning in 2011, this population group has and will consistently exceed a four percent annual growth rate. The older adult population accounts for 16.5 percent of the total population. Between 2017 and 2019, the combined older adult population will grow by 8.5 percent. However, the number of elderly aged 75 to 84 will increase by a staggering 11.7 percent as the early baby boomers enter and depression era cohort exit this age group, far exceeding the state's overall growth of 2.8 percent and will grow at the fastest pace of all age groups. During the

same period, the number of oldest elderly (85 plus) will increase by only by 0.8 percent. The young elderly require relatively little government

- assistance, while persons aged 85 and over tend to require more public assistance. Many members of the senior population require health care, pension support, and special housing. They are highly dependent on state long-term care services. Different age groups of the elderly population will manifest the effects of people born during the depression era and baby-boom period.

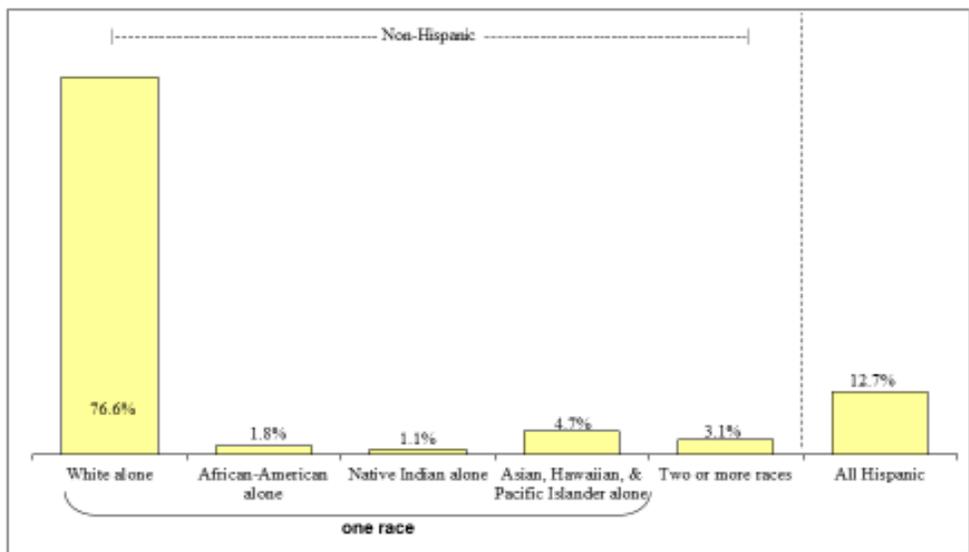
Oregon's Population Growth by Race & Ethnicity, 2005-15



**Race and Ethnic Composition**

- Oregon has become more racially and ethnically diverse. A more diverse population entails meeting the needs of increasing racial and ethnic minorities. Oregon's population is overwhelmingly White. The Census Bureau estimated 87.6 percent of Oregon's population as of the White racial group in 2015. However, only 76.6 percent were non-Hispanic White in 2015, down from 83.9 percent in 2000 Census. Each of the other racial group accounted for less than five percent of the population. Between 2005 and 2015, the non-Hispanic Asian, Hawaiian, and Pacific Islander population grew by 42.0 percent and the non-Hispanic African-American racial group increased by 24.2 percent, much faster than 5.2 percent growth of the non-Hispanic White population.

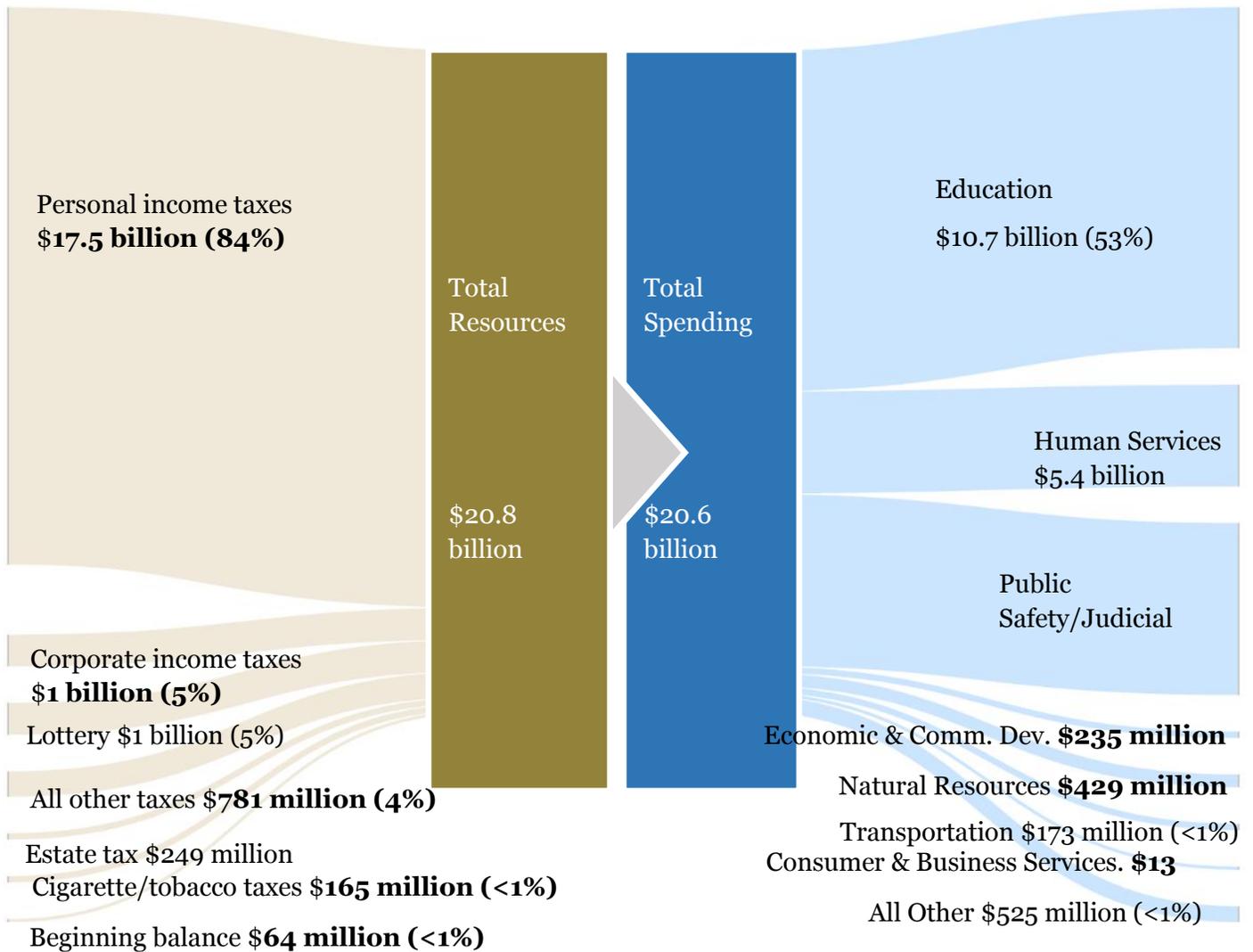
Population by Race & Ethnicity, 2015  
(Percent of total population)



- Oregon's Hispanic population. The Hispanic or Latino ethnic group, which can be of any race, reached 12.7 percent of Oregon's population in 2015. This ethnic group has been increasing very rapidly. The Hispanic population increased from 112,707 in 1990 to 450,062 in 2010 Census. This

ethnic group has grown to 511,901 in 2015. Between 2005 and 2015, the Hispanic population increased by 41.6 percent whereas the non-Hispanic population increased by 8.2 percent.

# 2017-19 GENERAL FUND/LOTTERY FUNDS BUDGET

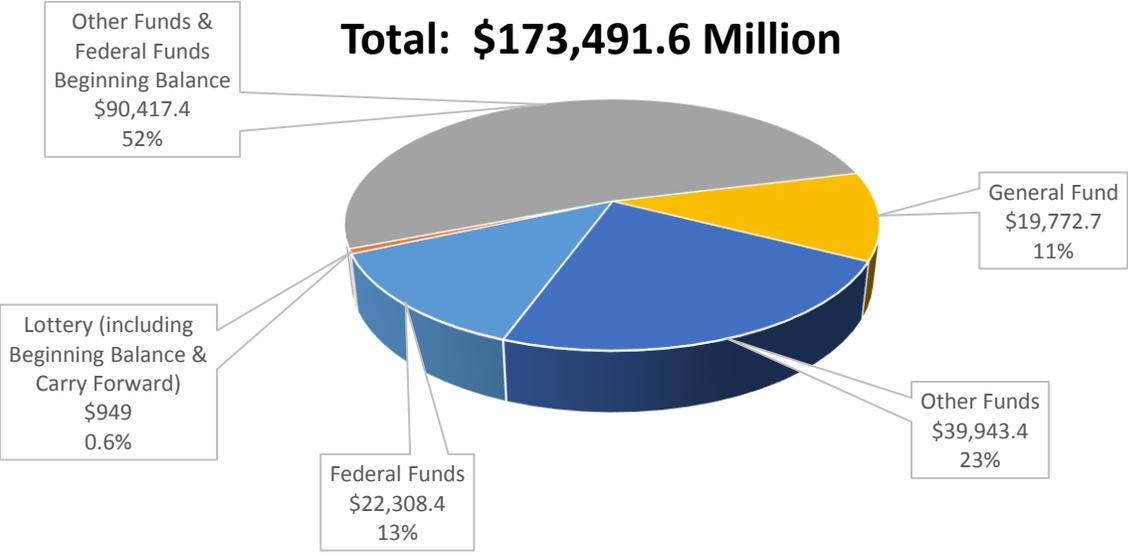


\*Numbers do not foot due to rounding

# 2017-19 ALL FUNDS BUDGET

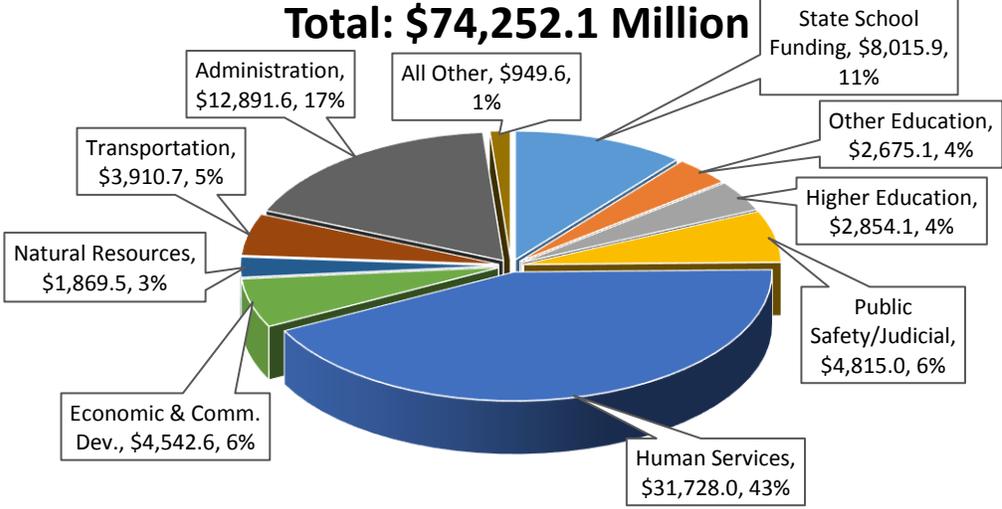
## Resources

**Total: \$173,491.6 Million**



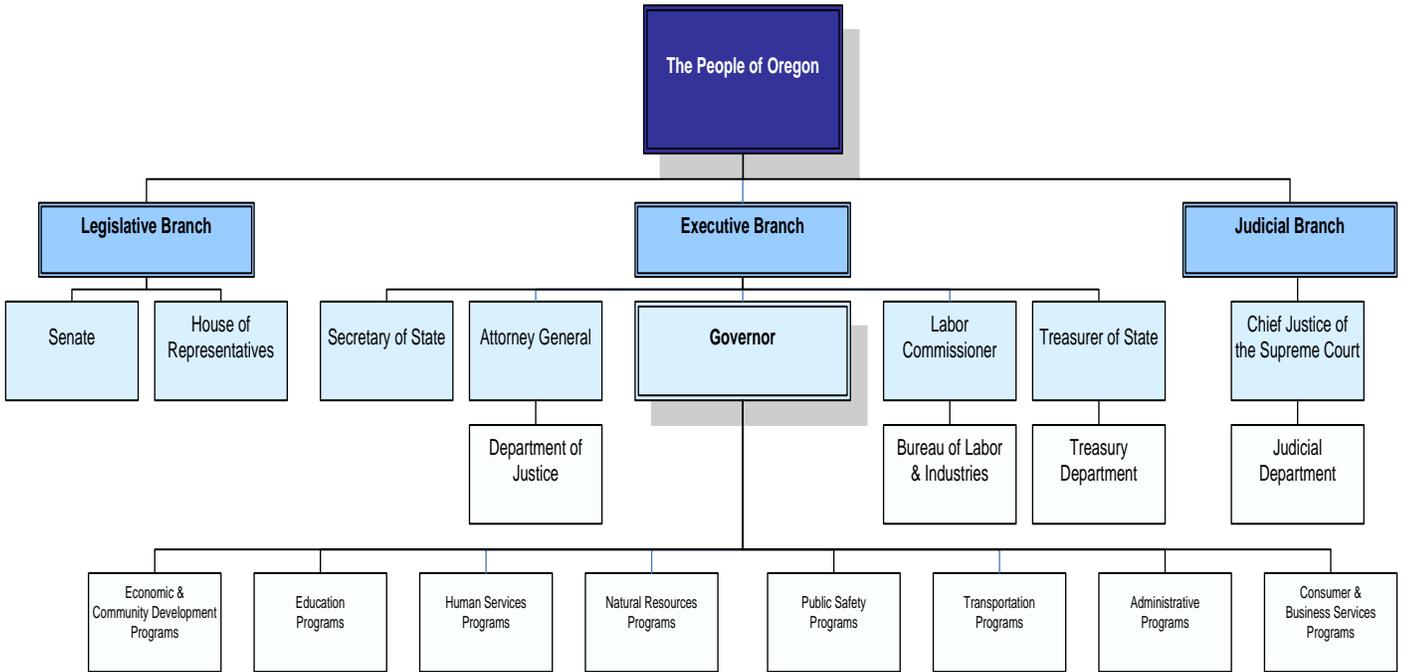
## Expenditures

**Total: \$74,252.1 Million**



# STATE OF OREGON ORGANIZATION CHART

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# EDUCATION AGENCIES

## Education Program Area Budget

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$6,869,030,365	\$9,308,086,439	\$10,217,677,980
Lottery Funds	369,745,182	511,544,989	494,952,718
Other Funds	151,625,625	881,486,700	926,725,989
Federal Funds	880,791,561	1,150,196,903	1,168,282,707
Other Funds (Nonlimited)	107,347,218	388,356,110	325,957,102
Federal Funds (Nonlimited)	372,416,650	406,976,560	411,563,932
<b>Total Funds</b>	<b>\$8,750,956,601</b>	<b>\$12,646,647,701</b>	<b>\$13,545,160,428</b>
Positions	603	745	747
Full-time Equivalent	559.62	688.33	720.62

### OVERVIEW

Education is critical to ensuring every Oregonian is prepared for lifelong learning, a rewarding career, and engaged citizenship. Education promotes shared values, enriches culture and expands the vitality of individuals and communities. When delivered equitably, education provides opportunity for every Oregonian, no matter their race, home language, disability, family income, or zip code. Never before has a high-quality education been more important to the lives and well-being of Oregonians and our communities.

Senate Bill 253 (2011) established the mission of Oregon’s education system to achieve key goals for high school and college completion and career readiness. Under these goals, known as “40-40-20,” Oregon aspires to achieve the following by 2025:

- Forty percent of adult Oregonians will have earned a bachelor’s degree or higher
- Forty percent will have earned an associate’s degree or postsecondary credential as their highest level of education attainment
- Twenty percent will have earned at least a high school diploma, an extended or modified high school diploma, or the equivalent of a high school diploma as their highest level of education attainment

A seamless system of education from cradle to career serves to extend opportunity to every Oregonian by ensuring students are ready for school, on-track and prepared for their future. These goals reflect a shared commitment by the state and education entities to create the conditions to ensure each child and young person has the access and opportunities throughout their education to thrive, and ultimately pursue an education and career path meaningful to them.

To operationalize this commitment, education agencies that serve students from cradle to career have adopted an Equity Lens to guide policy making, investment recommendations, program development, and community engagement. The Lens expresses shared values that recognize the unique assets, contributions and capabilities of individual students; it also underscores the importance of working closely with communities to develop strategies and a network of supports for students and their families.

In the 2015-17 biennium, the Governor and Legislature prioritized a series of investments across the education continuum designed to focus on equity and to improve access and opportunities for the youngest Oregonians and students pursuing a college education or exploring a career. These “wrap-around” investments included: resources to establish all-day kindergarten at every school in the state; more than \$130 million to expand access to early learning and preschool programs for families who could not have previously afforded them; a near doubling of investments in science, technology, engineering and math (STEM) and Career and Technical Education programs to help engage students in hands-on learning and prepare them for future careers; the creation of the Oregon Promise program that provides two years of community college tuition at little to no cost for qualifying high school graduates; and the expansion of the Oregon Opportunity Grant to an additional 16,000 college and university students.

These investments were an important step toward ensuring every student is prepared for college or career, and each contribute to improving Oregon’s graduation outcomes. Today, Oregon’s four-year high school graduation rate is 74 percent, one of the lowest in the nation. Oregonians without a high school diploma are more likely to be confined to lower paying jobs with less job security. Lower levels of education correlate with higher rates of poverty and family instability that is often multigenerational.

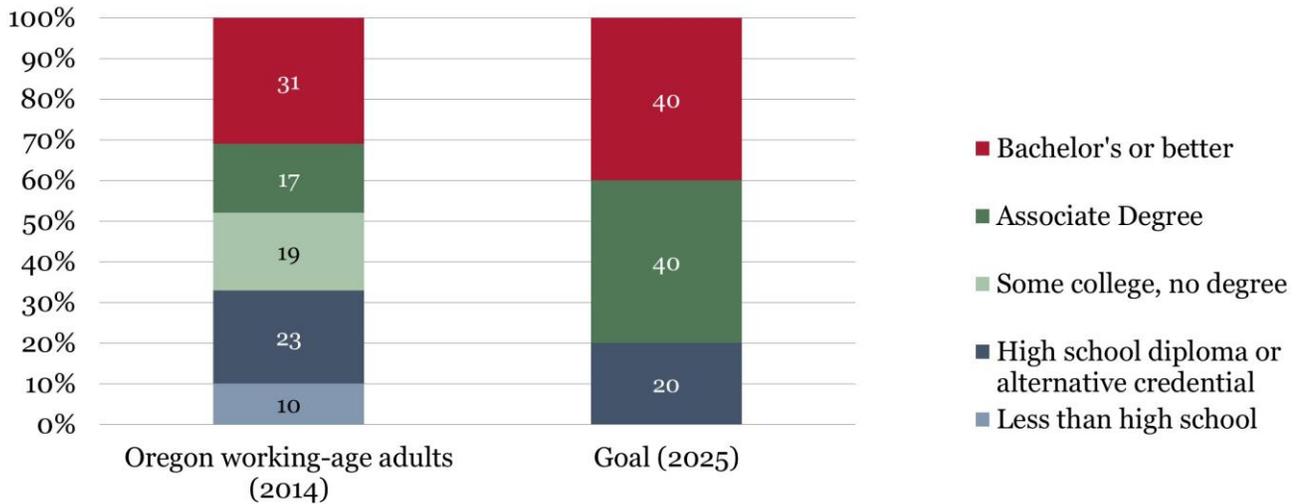
More than half of Oregon public school students qualify for free and reduced lunch, up 10 percent in the last decade. Students of color represent about 35 percent of Oregon’s student population. About 10 percent of Oregon’s students are non-native English speakers. It is among these populations of Oregon students that support is needed most to ensure each and every student graduates high school with a plan for their future.

Addressing this challenge and creating this opportunity for every student in Oregon begins by continuing early learning supports to ensure students are ready for school and reading by 3<sup>rd</sup> grade. It also requires more focused efforts in our schools and communities to identify and engage students at-risk of not graduating high school and supporting the success of these students through effective, culturally responsive practices, interventions and trauma informed approaches. This includes providing well-rounded learning opportunities that are engaging, hands-on and show a clear connection between what a student is learning and their future. Establishing multiple pathways of learning from K-12 through post-secondary education where students have access to affordable options to pursue advanced career skills or a college degree are critical.

The education system alone operating in isolation cannot affect the changes necessary to improve student outcomes. Partnerships with communities and entities that span education, health, social service and workforce are critical to successfully expanding student opportunities and putting them on a path towards employment, job training, or post-secondary education.

Unlocking the ability and potential in every student will not only contribute to their individual success but will contribute to more healthy and vibrant communities across Oregon.

## Educational Attainment Rates for Oregon Adults Versus 40-40-20 Goal



Programs in this area operate or support all public educational activities from pre-kindergarten to post-secondary and life-long learning.

- The Chief Education Office is the successor agency to the Oregon Education Investment Board with the same primary responsibility: to develop a unified public education system from early childhood services and through post-secondary education.
- The Department of Education supports pre-kindergarten through 12th grade (PK-12) education. The agency includes support for school districts in the areas of school improvement, assessment, special education, professional/technical education, legal requirements, nutrition and transportation. State school funding for public elementary and secondary school districts and education service districts is distributed by the Department of Education. The agency’s budget also includes funds for the Oregon State School for the Deaf, education services at youth corrections facilities and youth detention centers, special education, child nutrition, educational programs for children of low-income families. The following two policy organizations are located within the Department of Education.
- The Early Learning Council was created to assist in the creation of a unified system of early childhood services directed to children from birth to age six. The council guides efforts to streamline state programs, provides policy direction to meet early learning goals statewide and provides oversight of services supporting children and families across Oregon.
- The Youth Development Council was established to create a coordinated system for services to school age children and youth up to age 20 that will support academic success and reduce criminal involvement. The Council oversees a continuum of programs and services for youth while taking on the responsibilities of Juvenile Justice Advisory Committee, the Juvenile Crime Prevention Advisory Committee and state efforts to prevent and intervene with gang violence across Oregon.

- The Higher Education Coordinating Commission (HECC) is responsible for developing goals and a strategic plan for the state’s post-secondary education system, implementing accountability measures for achieving those goals, developing a finance model for a consolidated post-secondary education budget, and promoting policies addressing access to post-secondary education, student success and completion, and improved coordination of educational services. The HECC budget consists primarily of state funding for community colleges, public universities, Oregon Health and Science University (OHSU) programs, the Oregon Opportunity Grant program, the Oregon Promise program, and debt service on bonds issued to finance college and university capital projects.
- The Teacher Standards and Practices Commission works to ensure that every student in Oregon receives instruction from skilled and ethical educators.

## GOVERNOR’S BUDGET AND KEY INVESTMENTS

The 2017-19 Governor’s Budget for the Education Program Area is \$10,217.7 million General Fund, \$495.0 million Lottery Funds, \$13,545.2 million total funds and 747 positions. General Fund and Lottery Funds have grown by a combined nine percent from the 2015-17 Legislatively Approved Budget, and total funds have increased by seven percent.

Highlights include:

The State School Fund is funded at \$8,015.9 million total funds, including \$7,938.4 million General Fund and Lottery Funds. It includes Marijuana tax revenue for the first time. The total State School Fund supports current levels of service. The Governor’s Budget proposes two additional reservations within the State School Fund: \$20 million for improving high school graduation and K-12 outcomes, and \$37.5 million to improve educator effectiveness in getting students to graduate high school. The budget maintains the English Language Learners funding at current service levels.

Highlights include:

- Early Learning. The budget invests \$7.3 million to increase the professionalism of early learning service providers and maintains the current level of service for a total of \$384.7 million total funds, including \$257.3 million General Fund.
- Grant in Aid funding in addition to the State School Fund. This program is funded at \$1,706.1 million total funds including \$395.8 million General Fund. Investments include \$139.4 million General Fund for Career and Technical Education and graduation improvement; these resources were dedicated by Measure 98(2016). Also, grant funds totaling \$1.8 million will help schools implement a tribal history and sovereignty curriculum.
- Access and Affordability for Post-Secondary Education Funding for the Oregon Opportunity Grant, the state’s need based student financial aid program is increased to \$151 million General Fund and Lottery Funds, 8.1 percent above the 2015-17 LAB. With the increase, HECC anticipates making about 85,000 awards in 2017-19, an increase of approximately 5,000 from the current biennium. Oregon Promise, that provides tuition assistance to high school graduates continuing their education at community colleges, is fully funded for the biennium at \$39.7 million General Fund. With the increase, HECC will be able to complete the state’s commitment to students who received awards in

the 2016-17 academic year and fund new cohorts in 2017-18 and 2018-19. The increased funding is dependent on removal of the existing statutory cap of \$10 million per year.

- K-12 Bond sales. The budget includes two bond sales: one through a revamped Oregon School Capital Incentive Matching program, which will address environmental safety needs such as lead in drinking water and radon and another for the Oregon School for the Deaf. Together the bond sales add \$134.5 million to the proposed budget.
- Oregon Department of Education. Fund shifts in the State School Fund maintain the overall current service level but other programs have some reductions such as Operations, Grant in Aid and the Youth Development Division. More information is located in the individual department narrative.
- Chief Education Office. The budget includes positions and funding to support the efforts of the Education Innovation Officer to increase the number of students who complete high school with a plan for their future. Funding for the Statewide Longitudinal Data System will allow CEo to complete development of the system in late 2017 and move into the operations and maintenance phase of the project. The agency will expand its efforts to support students of color achieve teaching and administrative licensure through establishment of the Oregon Teaching Fellows scholarship program and formation of partnerships with innovate teacher development programs throughout the state.
- Public university Support Operations support for the universities is maintained at the 2015-17 level due to statewide revenue constraints. Public University Operations and Student Support is continued at \$667.3 million General Fund. Support for the Agricultural Experiment Station, the Extension Service, the Forest Research Laboratory and Public University State Programs is also unchanged from LAB. Funding for the Sports Lottery program is eliminated.
  - The Outdoor Schools program approved in Ballot Measure 99 is included in the budget for the Oregon State University Extension Service, at \$44 million Lottery Funds.
  - The budget includes a major investment in university capital construction. Eighteen projects, benefiting all seven public universities, totaling \$349.8 million in projects costs, would be financed with proceeds from the sale of general obligation bonds. This includes \$269.6 in Article XI-G and Article XI-Q bonds, which are repaid with General Fund. Projects include initial funding for the University of Oregon Knight Campus for Accelerating Scientific Impact, site reclamation and infrastructure development for the Oregon State University-Cascades campus, a new Graduate School of Education at Portland State University, a Quality Foods and Beverage Center at Oregon State University, funding for safety and security upgrades at the universities and community colleges, and continuing funding for capital improvement and repair projects on all campuses.
- Community college support Funding for community college operations is also maintained at 2015-17 levels. The Community College Support Fund is \$550 million. The budget includes \$75.2 million in general obligation bond proceeds for capital projects at eleven colleges. All of these projects would be funded with Article XI-G bonds, which require a 50-percent match to be provided by the colleges. The projects included in the Governor's budget have funds in place to generate the match.

# Chief Education Office

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$20,421,275	\$13,357,142	\$11,443,979
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$20,421,275	\$13,357,142	\$11,443,979
Positions	15	20	21
Full-time Equivalent	15.00	18.25	20.50

## OVERVIEW

Senate Bill 215 (2015) created the Chief Education Office (CEdO) for the purpose of coordinating with education stakeholders to establish a unified public education system (P-20). The CEdO is charged with leading cross sector, multi-agency planning and stakeholder convening to streamline and connect early childhood to K-12 education and K-12 education to postsecondary education. In providing a seamless system of education, the CEdO is charged with the following:

- eliminating systemic barriers impeding student success,
- ensuring educational equity and opportunity,
- identifying and meeting statewide educational goals,
- building collaborative partnerships to further the design and effective implementation of state agency initiatives, and
- implementing a statewide longitudinal data system (SLDS).

The Chief Education Office (CEdO) is the successor to the Oregon Education Investment Board (OEIB). Senate Bill 215 eliminated the Board itself, but retained the Chief Education Officer and staff of the OEIB agency within the new Chief Education Office. A sunset date for the Chief Education Office was set for June 30, 2019.

The Chief Education Officer is appointed by the Governor as the administrative head of the Office and to perform duties as determined by the Governor. The Chief Education Officer has direction and control over the education agency heads (the Early Learning Division, the Youth Development Division, the Oregon Department of Education, the Higher Education Coordinating Commission, and the Teacher Standards and Practices Commission) in matters related to the design and organization of multi-agency planning. The Office's policy and planning function serves to bring strategic leadership and interagency focus to key student transition points and critical barriers to access across the education continuum to

improve outcomes for Oregon students. Additionally, the Office works to grow the capacity of systems to serve student success; expand pathways of learning from early childhood through postsecondary education; ensure a well-supported, culturally responsive education workforce; and elevate policies and practices to accelerate student learning outcomes through convening, research, and partnerships with educational entities and communities. The CEo, by direction of the Governor, is charged to identify and scale up effective practices and make policy recommendations to improve graduation outcomes. The Chief Education Officer has direction and control of the Network for Quality Teaching and Learning and the STEM Investment Council, relating to Science Technology Engineering, Arts and Mathematics education. The Office has dedicated staff to support these functions, coordinate regional education partnerships, and lead education system-wide research, including the development of a SLDS, which is expected to be completed in late 2017.

## **GOVERNOR'S BUDGET**

The Governor's Budget includes \$11.4 million General Fund and 21 positions. General Fund is reduced by 14 percent from the 2015-17 Legislatively Approved Budget, primarily from phasing out one-time expenditures that were authorized for the 2015-17 biennium. The number of positions is increased by one. The budget:

- Establishes position authority for the Education Innovation Officer (EIO) and provides staff and funding to support efforts to improve the state's high school graduation rate.
- Transfers funding for the Teaching, Empowering, Leading, and Learning (TELL) survey from the Department Of Education.
- Provides funding for partnerships between post-secondary institutions and school districts to support innovative teacher development programs in communities with high concentrations of students of color.
- Creates an Oregon Teaching Fellows Program to provide support to Oregon students of color pursuing a teaching or administrative license from the Teacher Standards and Practices Commission.
- Provides additional funding for contracted research and evaluation studies.
- Restores a 2015-17 limited duration project manager position for the Statewide Longitudinal Data System and fully funds salaries of three information systems positions developing the SLDS.

## **REVENUE SUMMARY**

The Chief Education Office is funded entirely with General Fund.

## Oregon Department of Education

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$6,772,941,172	\$7,502,946,508	\$8,324,300,203
Lottery Funds	369,745,182	449,138,834	388,726,870
Other Funds	113,982,123	280,489,206	403,692,227
Federal Funds	880,475,218	1,038,273,634	1,053,773,255
Other Funds (Nonlimited)	107,265,246	112,916,253	112,916,253
Federal Funds (Nonlimited)	372,416,650	388,007,727	388,007,727
<b>Total Funds</b>	<b>\$8,616,825,591</b>	<b>\$9,771,772,162</b>	<b>\$10,671,416,535</b>
Positions	544	555	571
Full-time Equivalent	505.71	520.90	553.60

### OVERVIEW

The mission of the Oregon Department of Education is to foster excellence for every learner through innovation, collaboration, leadership and service to education partners. It is the lead agency for the Oregon constitutional mandate to “provide by law for the establishment of a uniform, and general system of Common schools.” The Governor is the Superintendent of Public Instruction, which is a policy role; the Deputy Superintendent for Public Instruction has delegated authority from the Governor to fulfill functions of the Superintendent and oversee operations of the Department. The agency coordinates with the Chief Education Office, and supports the State Board of Education, the Early Learning Council, the Youth Development Council and the Deputy Superintendent in carrying out their responsibilities, working to ensure that Oregonians are equipped with the knowledge and skills for rewarding careers including:

- Adopting rules for general governance of schools and distributing funding for all public schools.
- Implementing statewide standards for schools.
- Establishing rules for schools and ensuring they are followed.
- Administering Oregon’s statewide assessment testing system.
- Acting as a liaison and monitoring implementation of federal programs, including No Child Left Behind.
- Working in partnership with all education stakeholders. This includes local school districts, education service districts, Early Learning providers, community colleges, parents, teachers, administrators, community based organizations, businesses and community members.

The agency also contracts for services for certain education programs such as services to infants and young children with disabilities, preschool programs, compensatory education programs and

professional/technical education programs. Through the Regional Programs, the Department provides special education services to children with disabilities such as autism, hearing impairments and vision impairments.

The agency provides direct educational services at the School for the Deaf, and it contracts for most educational services at the Hillcrest and MacLaren schools, work-study camps and other Oregon Youth Authority correctional facilities. Major programs in the Department include the following:

- Operations – Provides executive management, basic business services, research and data analysis, and technical assistance to educators on assessments and accountability, State School Fund distributions, and transportation funding to districts.
- School for the Deaf – Provides direct educational services for students with a hearing impairment.
- Youth Corrections Education Program – Provides public education to youth in corrections programs.
- Grant In Aid – Provides a variety of educational grants to school districts.
- School Funding – Provides basic operational funding to school districts.
- Common School Fund – Provides funding to schools in accordance with the Congressional act making Oregon a state of the union.
- Early Learning Division – Provides an integrated set of programs and supports for early learning including childcare licensing, regulation, and quality; childcare resource and referral; Relief Nurseries; Healthy Families Oregon; Oregon’s new system of Early Learning Hubs; Oregon Pre-K Headstart.
- Youth Development Division – Provides funding for community efforts to help opportunity youth, who are age 16-24 and are at risk of or already have disconnected from school or the job market. The goal is to reduce gang violence and to reduce juvenile crime.
- Debt Service – Provides debt service for prior bond sales and proposed bond sales.

## **GOVERNOR’S BUDGET**

The Governor’s Budget for the Oregon Department of Education is \$10,671.4 million total funds. This is a nine percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes \$8,324.3 million General Fund; this is an 11 percent increase from the 2015-17 LAB. The State School Fund is \$8,015.9 million total funds. The budget includes 571 positions, which is a three percent increase in the number of positions from the 2015-17 LAB. The budget prioritizes current programs and invests in:

- Integration and transition between early learning to kindergarten and through high school graduation
- Educator training
- Career and technical education
- Early Learning programs
- Childcare and preschool

To meet our Education goals, this budget continues to incent the development of a seamless system of education aimed at ensuring that all students succeed in school. These investments are prioritized in strategies proven to raise student outcomes. The Governor's Budget maintains existing levels of service for early childhood education programs, targets funding within the State School Fund to improving graduation rates and educator effectiveness, adds funding from Measure 98 (2015) for Career and Technical Education and improving equitable outcomes, provides resources for improving the quality and cultural responsiveness of early childhood providers, invests in tribal history and sovereignty curriculum development and implementation, addresses environmentally unsafe school infrastructure through bonding, and increases funding for physical education.

## **REVENUE SUMMARY**

The Department is funded primarily by General Fund. About 78 percent of the Department's revenue comes from the state General Fund. The Department receives Lottery Funds to support the State School Fund and to pay the principal and interest on certain education bonds. A portion of the earnings on Lottery Funds in the Education Stability Fund are also used to pay the debt service on bonds. Other Funds revenues come from a variety of sources including fees and grants. Federal Funds come primarily from the U.S. Department of Education, mainly through the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA), plus from over 20 separate federal grants to provide educational services to Oregon's elementary and secondary students. Federal Funds are also received from the U.S. Department of Agriculture for Child Nutrition Programs.

## **AGENCY PROGRAMS**

### **Operations**

Operations includes those functions and activities that benefit a broad range of programs. They are often referred to as "indirect costs" or "administration" because their precise benefits to a specific project are difficult or too complex to track. Regardless, these programs provide valuable and necessary services to a wide variety of internal and external stakeholders as well as programs that support the goal of having Oregonians prepared for lifelong learning, rewarding work, and engaged citizenship. Examples include basic business services (budget, accounting, human resources, and information technology), research and data analysis, technical assistance for academic progress standards and assessments, oversight of special education (including early intervention, early childhood special education, Individuals with Disabilities Education Act, and the school for the Deaf).

The Governor's Budget for Operations is \$366.7 million total funds, including \$76.6 million General Fund. The total funds budget is a 16 percent increase from the 2015-17 Legislatively Approved Budget. The Governor's Budget continues Early Learning staff previously funded with time-limited federal funds, adds staff to help develop a tribal curriculum and improve early child hood professional development, and covers the cost of existing assessments.

### **School for the Deaf**

The Department of Education provides a comprehensive school (residential and day program) for students, ages five through 21, who are deaf and hard of hearing. The program serves students from throughout the state on a 52-acre campus located in Salem. It supports the goal of ensuring these students are prepared for lifelong learning, rewarding work and engaged citizenship.

The Governor's Budget is \$26.3 million total funds, which is 43 percent more than the 2015-17 Legislatively Approved Budget (LAB). The reason for the size of the increase is a project funding for the school. The total budget includes \$12.4 million General Fund, which is four percent greater than the 2015-17 LAB. Other sources of revenue include the State School Fund (based on a double-weighting of the number of students), leasing of space at the campus, reimbursements from districts for certain services to students, minor grants, and miscellaneous receipts. The Federal Individuals with Disabilities Education Act and reimbursement from the U.S. Department of Agriculture for nutrition programs provide Federal Funds. The budget includes 82 positions. The budget includes resources for a boy's dorm at the school and maintenance issues.

### **Youth Correction Education Program**

The Youth Correction Education Program exists to provide a standard education to all youth (ages 12-21) incarcerated in Oregon Youth Authority close custody correctional facilities. All programs are accredited to offer credits and high school diplomas. Approximately 415 youth are served on an average day. The Juvenile Detention Education Program provides education to youth held in county juvenile department detention centers. Approximately 193 students are served, with about 4,624 students served annually.

The Governor's Budget for these programs is \$19.4 million total funds and comes primarily from the State School Fund, which is spent as Other Funds. A relatively smaller amount of Federal Funds from the Elementary and Secondary Education Act and the Individuals with Disabilities Act is available for these programs. The 2017-19 Governor's Budget is four percent greater than the 2015-17 Legislatively Approved Budget. The budget proposal includes two positions.

### **Grant In Aid**

The Department of Education receives and administers dozens of grants through its K-12 Grant-in Aid Program. Most of these grants come from the U.S. Departments of Education and Agriculture and are distributed primarily to local education programs. The Department, however, will also distribute about \$395.8 million in state General Fund to local education programs – not including the State School Fund. The Governor's Budget of \$1,706.1 million is 11 percent more than the 2015-17 Legislatively Approved Budget. Major components of this program include special education, compensatory education, and career and technical education grants. It also includes child nutrition, educator development, and miscellaneous grants.

- Special Education – ODE and school districts have an obligation to ensure that students with disabilities receive a free, appropriate public education in the least restrictive environment. Special education is a broad spectrum of programs and services offered by districts and the state for the education of students with disabilities. Without programs and services, students with disabilities will continue to have achievement gaps when compared with their non-disabled peers. Programs and services include:
  - Meeting the individual educational needs of resident students with disabilities at the district level and regionally.
  - Meeting the needs of students in day and residential treatment facilities and hospitals.
  - Providing educational services to students who are blind or visually impaired.

School districts receive funds for special education primarily from the State School Fund (SSF) and federal Individuals with Disability Education Act (IDEA) funds. Regional programs receive funds from the Department of Education and IDEA funds from school districts. Early Intervention serves infants and toddlers while Early Childhood Special Education (ECSE) serves children age three to kindergarten who have disabilities or developmental delays. Early Intervention and ESCE services include coordinated health and educational services such as physical and cognitive therapies. Most children receive services in their home or childcare setting. The program is administered by the Department of Education through contracts with nine Education Service Districts. The number of children needing ECSE services has risen over time.

The Governor's Budget is primarily General Fund. However, there are also federal Individuals with Disabilities Education Act funds and Medicaid reimbursement funds. The Governor's Budget maintains current service levels of funding for Early Intervention/Early Childhood Special Education.

Long-term care and treatment programs, hospital education programs and state-level operations receive a mix of state General Fund, State School Fund, federal IDEA funds and other federal grants. The Blind and Visually Impaired Student fund is entirely state General Fund.

- Compensatory Education – these programs promote high-quality education and efforts to reach proficiency on state academic assessments. Compensatory Education programs are funded almost entirely through the federal Elementary and Secondary Education Act. These are primarily formula grants to school districts.
- Career and Technical Education – Career and Technical Education (CTE) provides high school and community college students with career-focused, industry-aligned academic and technical knowledge and skills, personalized career development, and organized transitions to post-secondary education, employment, industry apprenticeships and training, or the military. The Governor's Budget adds \$141 million General Fund to this program from Measure 98; this will provide about \$400 per student annually, with the intention to improve graduation rates.
- Child Nutrition – Children who are hungry are at higher risk for developmental and academic problems, frequent illness and nutritional inadequacies. A well-nourished child is ready to learn, with energy to play, exercise, and learn; is better able to form social relationships; and has a solid foundation to succeed in school and in life. The Oregon Department of Education's Child Nutrition Programs address hunger through the administration of federal and state funds which:
  - reimburse organizations for serving nutritious meals and snacks to eligible participants in schools and community-based programs.
  - provide training and oversight to ensure compliance with state and federal requirements.
  - increase fresh fruit and vegetable consumption in low-income areas.
  - support childcare wellness activities related to nutrition and physical activity.
  - support the purchase of fresh, locally-grown products in schools through the Farm to School program, however funding shifts to donations.
  - encourage expansion of afterschool programs through administration of mini-grants.

Nearly all funding for meal reimbursements is federal. State funds support programs such as Farm to School, Summer Food Service and School Breakfast.

- Educator Effectiveness – Under the direction of the Chief Education Office and in coordination with the Governor’s Council on Educator Advancement, the Network for Quality Teaching and Learning invests in the development and support of effective teachers and leaders a critical strategy towards improving student achievement and improving graduation outcomes. Consistent and significant investment in this area will yield highly qualified teachers guided by effective leaders in every school, which will translate into effective learning and improved outcomes for all students. The Governor’s Budget supports the program.
- Miscellaneous Programs and Strategies – These programs include strategies that make education more relevant to students such as accelerated learning, the Advanced Placement Test Fee Program, as well as programs that ensure the safety of students such as pupil transportation, fingerprinting and background checks. General Fund has funded FIRST Robotic grants, physical education grants, and pupil transportation in the past; the FIRST program is eliminated as a separate course. Fingerprinting and criminal background checks are paid for by fees charged to applicants. Physical education grants receive additional funding.

### **School Funding**

The State School Fund (SSF), within the Department of Education, supports the education of more than 570,000 Oregon children in kindergarten through the twelfth grade by distributing monthly payments annually to 197 school districts and 19 education service districts (ESDs). State General Fund and Lottery Funds provide about two-thirds of the revenue distributed through the SSF funding formula. Local property taxes make up the bulk of the remaining one-third. Together, these moneys pay for public school districts’ general operating expenses, student transportation costs and other specific purposes. In addition to the SSF revenue, public school districts also receive certain categorical grants and other revenues that, in total, add nearly 30 percent more to schools’ budgets.

The Governor’s Budget proposes \$8,015.9 million for the State School Fund amount; this includes Marijuana tax revenue, which will no longer go the Common School Fund. The proposed budget is nine percent more than 2015-17 Legislatively Approved Budget (LAB). This includes \$7,550.3 million General Fund and \$388.1 million Lottery Fund. The Governor proposes adding two reservations in the Fund: \$20 million for graduation equity improvement and \$37.5 million for increasing educator effectiveness to improve graduation rates.

### **Common School Fund**

The act of Congress admitting Oregon to the Union in 1859 granted sections 16 and 36 in every township "for the use of schools." Congress granted roughly six percent of the new state’s land (nearly 3.4 million acres) for the support of schools. Due to various circumstances, only about 700,000 acres remain in state ownership today. These lands and their mineral and timber resources, as well as other resources under the State Land Board’s jurisdiction (including the submerged and submersible lands underlying the state’s tidal and navigable waterways) are managed "with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management."

The State Treasurer and the Oregon Investment Council invest the Common School Fund. The State Land Board distributes a portion of the funds twice per year to the Department of Education, which in turn distributes the funds to school districts. The Common School Fund revenues are considered local revenues. The Governor's Budget assumes distributions totaling \$110.2 million; this is the same as the 2015-17 Legislatively Approved Budget. There are no positions in this program

### **Early Learning Division**

The Early Learning Council, within the Department of Education, was created in 2011 as part of the cradle to career education system with a focus on efforts to integrate and streamline existing state programs to ensure children are ready to succeed when they enter kindergarten. The Early Learning Division was established in the Department of Education 2013-15 Legislatively Approved Budget (LAB) to provide a unified system of early childhood services for children from birth to age six. The Governor's Budget is \$384.7 million total funds, which is five percent greater than the 2015-17 LAB. General Fund is \$257.3 million, which is 15 percent greater than the 2015-17 LAB. All staff are budgeted in the Operations program. Components of this program include Early Childhood Family, Childcare, Early Childhood Education, and Early Learning Hubs.

- Pre-School Promise –this program started in the 2015-17 biennium; it involves innovative models of preschool, connecting local schools and a variety of local early learning programs. The Governor's Budget invests funding to the program to maintain the current level of service for the entire 2017-19 biennium.
- Early Childhood and Family Support – Includes Healthy Start-Healthy Families, Relief Nurseries, and flexible funds formerly deployed by the Oregon Commission on Children and Families. These programs serve high-risk families and their children with intensive home-visiting services, evidence-based best practices prevention and intervention services, and education services. The majority of the funding for these programs is General Fund, however some programs are able to use Medicaid for matching funds, Federal Title IV-B(2), private grants and local match. Many programs are able to leverage local funding streams and community donations. The proposed budget maintains the current level of service.
- Child Care – Promotes safe, quality and accessible child care for Oregon parents and their children through licensure, regulation, resource, referral, and support. The Governor's Budget provides funding to continue to promote and enforce childcare quality standards for health and safety of children in child care facilities and makes an additional investment in quality improvement for licensed providers to provide better childcare and better informed options for parents.
- The programs administered by the Child Care division are primarily funded through the Federal Child Care Development Fund, much of which is transferred to the Department of Human Services to provide day care subsidies for low-income families, and other licensing and fees funds.
- Early Childhood Education – Includes Oregon Pre-Kindergarten and Early Head Start. The Oregon Pre-Kindergarten (OPK) program provides preschool education, child health and nutrition, and family support services throughout the state to lowest income and highest need preschool children ages three to five years. OPK is modeled after and designed to work side by side with the federal Head Start program. Oregon Pre-Kindergarten is funded entirely with General Fund. Federal Head Start funds do not flow through the state budget, and there is no state role in Head Start. Head Start funds

are sent directly to local providers by the federal Department of Health and Human Services, and are overseen entirely by the federal government. Early Head Start provides comprehensive services to children under age three and expectant mothers living at or below the federal poverty level. The services are a critical link for children to gain necessary skills to be successful in school; to assist families in understanding the needs of their children; and to encourage families to be involved in their child's education. Oregon's Early Head Start program is extremely small in comparison to OPK. These programs remain funded at the current level of service.

- Early Learning Hubs – Oregon has developed a new system of cross-sector, outcome focused collaboratives called Early Learning Hubs as created in House Bill 2013 (2013). Hubs have been established as a system that will reduce overhead, increase cross-sector efficiency collaboration, and enhance local prioritization, and engrain a culture of accountability for results. The budget maintains the current level of service.
- Kindergarten Readiness Partnership and Innovation Fund – This fund was established in 2013 to provide local communities with competitive, though flexible, grants for promising models for early learning/K-12 education across the state. Additionally, this grant program is helping to build a body of evidence that Oregon can use to create replicable models for improving alignment between its early learning and K-12 education systems. This grant program is maintained at the current level of service.

### **Youth Development Division**

The Youth Development Council, within the Department of Education, was established in 2012 to assist the Oregon Education Investment Board in overseeing a unified system that provides services to school age children through youth 20 years of age in a manner that supports academic success, reduces criminal involvement and is integrated, measurable and accountable. The Youth Development Division with the Oregon Department of Education supports the Youth Development Council and administers the Juvenile Crime Prevention and Youth Investment – Title XX programs. The Council prioritizes funding for prevention and intervention services related to the reduction of gang violence and gang involvement. The Governor's Budget is \$20.1 million total funds, which is a five percent decrease from the 2015-17 Legislatively Adopted Budget. It includes \$10.6 million General Fund, which is a 12 percent decrease. This proposal funds the Juvenile Crime Prevention program, the Youth and Community Fund and the Youth and Innovation Funds at reduced levels. In addition to General Fund, these programs utilize local funding and community donations.

### **Debt Service**

The Debt Service program provides debt service for two programs: The State Lottery Bond Program and the Oregon School Capital Improvement Matching (OSCIM). The State Lottery Bond program started with approval of House bill 3411 in 1997. Proceeds were intended for "state education projects," which are defined in statute as projects for the acquisition, construction, improvement, remodeling, maintenance or repair of public school facilities. The legislation was subject to voter approval, which occurred with the November 4, 1997 Special Election. Bonds totaling \$150 million were sold. In House Bill 2567, the 1999 Legislature authorized the issuance of an additional \$127 million in lottery-backed bonds for state education projects.

The OSCIM program began with the passage of Senate Bill 447 (2015). It has been a grant program, which provides matching grants to school districts for capital grants. The grants have been funded with the proceeds of Article XI-P general obligation bonds. Grants are for the capital costs including

construction, improvement, remodeling, equipment purchase, maintenance and repair of a school district building. The projects should focus on environmental abatement, such as radon or lead. The district must match the state grant with funds from local voter approved bonds. The size of the grant must be between \$4.0 million and \$8.0 million. Sixty percent of the grants are based on a priority list and forty percent is on a first-come first-served basis. Prior to receiving a grant under this program, a district must prepare and submit a facilities assessment and a long-range facilities plan. The 2015-17 Legislatively Adopted Budget included \$126.2 million in bonding authority. Three bond sales in the 2015-17 biennium were initially proposed; the second and third sales were combined into one scheduled for February 2017. About half of this second sale was for projects with levies on the November 2016 election ballot while the remaining half was uncommitted. The proposed budget foregoes the bond sale for uncommitted funds to save about \$5 million in debt service due to General Fund revenue constraints. The Governor's Budget includes debt service for a sale of \$120.0 million in 2017-19. The total debt service budget proposal is \$21.9 million.

# Higher Education Coordinating Commission

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$3,105,531	\$1,783,060,304	\$1,855,872,413
Lottery Funds	0	62,406,155	106,225,848
Other Funds	1,466,397	355,761,286	476,043,166
Federal Funds	305,450	111,923,269	114,509,452
Other Funds (Nonlimited)	81,972	275,439,857	213,040,849
Federal Funds (Nonlimited)	0	18,968,833	23,556,205
<b>Total Funds</b>	<b>\$4,959,350</b>	<b>\$2,607,559,704</b>	<b>\$2,789,247,933</b>
Positions	25	143	128
Full-time Equivalent	19.91	124.30	120.52

## OVERVIEW

The Higher Education Coordinating Commission (HECC) is a 15-member commission appointed by the Governor and confirmed by the Senate. Its primary focus is strategic planning for the post-secondary education system in the state. This includes: developing goals and accountability measures for the post-secondary system; developing a strategic plan and a finance model based on the strategic plan; recommending strategic investments and approving and authorizing degrees for the public universities.

The passage of Senate Bill 270 and House Bill 3120 in 2013 added a number of duties to HECC's portfolio. Starting in 2014, the Commission took over the responsibilities of the State Board of Education related to the community college system, as well as assuming the responsibilities of the Oregon Student Access Commission (OSAC), which was eliminated. The Department of Community College and Workforce Development (CCWD) was also eliminated and CCWD and OSAC were transferred to HECC. Two other programs, the Office of Degree Authorization (ODA) and the Private Career School (PCS) program were also transferred to HECC. ODA, which had been part of the OSAC, evaluates and approves degree granting institutions and their programs that are not part of the public university system, do not have regional accreditation, or offer programs from a base outside of the state. The PCS program, transferred from the Oregon Department of Education, licenses career schools, approves their programs, and investigates complaints filed against them.

The HECC budget primarily consists of state funding for community colleges, public universities, Oregon Health and Science University (OHSU) programs, the Oregon Opportunity Grant program, and the Oregon Promise program. While these are primarily distributed to the institutions and students, the Commission has a role in determining how the funds are allocated, with the exception of OHSU, which is outside HECC's statutory authority. HECC's budget also includes funding for university and community college capital construction projects and debt service on the bonds sold to finance the projects.

## GOVERNOR'S BUDGET

The Governor's Budget for the HECC is \$2,789.2 million total funds, a seven percent increase from the 2015-17 Legislatively Approved Budget (LAB). General Funds and Lottery Funds total \$1,962.1 million, a six percent increase from LAB. Key elements of the Governor's budget include the following.

- General Fund and Lottery Funds support for the Oregon Opportunity Grant, which provides financial aid to the state's neediest students, is increased by just over eight percent from the 2015-17 LAB, to \$151 million. At this level of funding, HECC anticipates making about 85,000 awards in 2017-19, an increase of about 5,000 from the current biennium.
- The Oregon Promise program, that provides last-dollar support for recent high school graduates attending community colleges, is funded for the full-biennium at \$39.7 million General Fund. Legislation will be introduced to remove the statutory cap of \$10 million per year.
- The Community College Support Fund is maintained at \$550 million General Fund, unchanged from the 2015-17 LAB.
- Public University Operations and Student Support is also maintained at the 2015-17 LAB funding level, \$667.3 million General Fund. The budget implements a new Current Service Level model, as directed by Senate Bill 5701 (2016), for all General Fund support other than debt service, but without additional funding due to statewide revenue constraints.
- General Fund support for the Agricultural Experiment Station, the Extension Service, the Forest Research Laboratory, Public University State Programs, and the Oregon Health and Science University are also continued at the 2015-17 LAB funding levels.
- Funding for the Sports Lottery program is eliminated.
- Funding for the Outdoor Schools Program established by Ballot Measure 99 is included in the Extension Service budget at \$44 million Lottery Funds.
- The Governor's Budget includes \$440 million in general obligation bonds for projects costs for 31 capital projects at seven public universities and eleven community colleges. This includes \$359.8 million in bonds that will be repaid with General Fund and Lottery Funds. Projects include:
  - Knight Campus for Accelerating Scientific Impact: \$34 million as the first installment in a three-biennium contribution to development of a new applied science complex at the University of Oregon.
  - Oregon State University Cascades Campus: \$20 million for site reclamation and infrastructure development.
  - Portland State University Graduate School of Education Facility: \$40.5 million to construct a new academic facility.
  - Oregon State University Quality Foods and Beverage Center: \$9 million for construction of research center supporting the brewing, wine, and fruit industries.
  - University of Oregon new classroom building: \$44 million for construction of a new academic facility.

- Campus safety and security: \$15 million to fund upgrades at public universities and community colleges, in support of the Governor’s Campus Safety Workgroup.
- Capital improvement and repair: \$45.6 million for current and deferred maintenance needs at the seven public universities.
- A full list of capital projects for the universities and community colleges appears in the Public University Capital Construction and Community College Capital Construction program units below.
- General Fund and Lottery Funds debt service in HECC’s budget for previously approved projects for the public universities, community colleges, and the Oregon Health and Science University (OHSU) is \$238.1 million in 2017-19, a 28 percent increase from 2015-17. An increase of \$56.9 million in debt service to be repaid with General Fund and Master Tobacco Settlement Fund revenues on additional OHSU projects, is included in the budget of the Department of Administrative Services. The growth in debt costs, which totaled \$69.9 million General Fund, Lottery Funds, and Tobacco Master Settlement revenues in the 2005-07 biennium, places increasing constraint on the state’s ability to fund institutional operations and student financial aid.

## REVENUE SUMMARY

Approximately two-thirds of HECC’s recommended budget is funded with General Fund. This includes all or most of the cost of agency operations, support for community colleges and public universities, the Opportunity Grant and Oregon Promise programs, workforce initiatives, and debt service.

Lottery Funds, which make up less than four percent of HECC’s budget, pay for debt service, the Outdoor Schools Program, and Opportunity Grants.

HECC receives a variety of federal grant funds. The Workforce Innovation and Opportunity Act (formerly the Workforce Investment Act) provides the largest source of funds under a variety of programs: Title IB supporting youth, adult, and dislocated worker training programs through the state’s One Stop Centers; Title II funding adult basic education programs; and National Emergency Grants offering training and reemployment services to workers in areas facing large layoffs. Other federal grant programs include Perkins Grants for career and technical education transferred from the Oregon Department of Education, Bureau of Land Management grants for youth employment opportunities through the Oregon Youth Conservation Corps, and the Veterans’ Education program operated by the Private Career Schools program under contract with the U.S. Veterans’ Administration. Increasing costs and flat revenues have created a shortfall in Perkins funded programs.

The Degree Authorization, Private Careers Schools, and General Education Development (GED) programs are authorized to charge fees to authorize post-secondary institutions, license private career schools, and administer GED tests.

HECC administers about 500 different public and private scholarships. Administrative fees are charged to donors and granting agencies to cover the cost of operating the programs

Most of the Other Funds revenues supporting the Oregon Youth Conservation Corps comes from the Amusement Device Tax on video lottery terminals. OYCC also receives grants from the Oregon Marine Board and other agencies. The budget transfers the corpus of the Barbers and Hairdressers Scholarship Fund to the Oregon Community Foundation in expectation of greater investment returns.

Capital projects for the universities and community colleges are generally funded with proceeds from the sale of general obligation and Lottery-backed bonds. Most of the bonds proposed for sale in the Governor's budget will be repaid with General Fund and Lottery Funds. Debt Service on Article XI-F (1) bonds and some Article XI-Q bonds and Certificates of Participation are paid with revenues received by the universities that benefited from the bond sales. The expenditures are recorded as Other Funds Non-limited.

## **AGENCY PROGRAMS**

### **HECC Operations**

The HECC Operations program includes the commission, agency management and operations, and nearly all staff position supporting various agency programs. It includes the following offices:

- The Director's Office is responsible for the overall administration of the agency and manages communications, legislative affairs, human resources, policy initiatives, and other functions.
- Operations provides accounting, budget, procurement, payroll and information technology support for the agency.
- The Office of Community Colleges and Workforce Development provides coordination and resources for Oregon's 17 community colleges and administers workforce and education programs under the Workforce Innovation and Opportunity Act (WIOA) and other programs.
- The Office of Research and Data collects, analyzes, and reports on postsecondary education including students, courses, demographics, enrollments, academic performance, and academic pathways.
- The Office of Student Access and Completion administers a variety of state, federal, and privately funded financial aid programs, including the Oregon Opportunity Grant and the Oregon Promise program.
- The Office of Private Post-Secondary Education oversees the quality, integrity, and diversity of private postsecondary programs in Oregon. The Office includes the Degree Authorization program, which authorizes private degree-granting institutions and distance education providers, the Private Career Schools program, which licenses and supports private career and trade schools, and the Veterans Education program, which provides oversight of educational programs on behalf of veterans.
- The Office of University Coordination administers HECC's academic and fiscal responsibilities affecting the state's seven public universities.
- The ASPIRE (Access to Student Assistance Programs In Reach of Everyone) program helps middle and high school students access education and training beyond high school.

HECC Operations is funded with a mix of General Fund, fee revenues, federal grants, bond proceeds, and administrative charges on scholarship funds allocated by the agency.

The Governor's budget for HECC Operations includes \$23.2 million General Fund, \$53.3 million total funds, and 125 positions. General Fund is reduced from the 2015-17 LAB by three percent and total funds are reduced by 11 percent, due to statewide revenue constraints, elimination of one-time funding, and the impact of a reorganization of HECC's budget structures during the budget development process.

Positions are reduced by 11 percent due to the elimination of limited duration position authority. The following is included in the Governor's Budget:

- placeholder funding for replacement of the Financial Aid Management Information System pending completion of a business case analysis;
- establishment of positions for internal audit and human resources;
- reductions in support for General Education Development, ASPIRE grants to local sites, and match against federal Perkins Grant funds;
- reductions in Personal Services and Services and Supplies expenditures;
- reclassification of three positions based on a review of duties being performed; and
- funding for issuance costs for bonds proposed to be sold for university and community college capital projects.

### **State Support to Community Colleges**

This unit contains the state funding to support general community college operations throughout the state. General Fund constitutes the overwhelming majority of revenues in this program unit. A small amount of timber tax revenue is received by the agency and transferred to the colleges.

The Governor's Budget is \$555.3 million General Fund and \$45,810 Other Funds. General Fund is reduced by two percent from the 2015-17 LAB due to the elimination of one-time funding while Other Funds are unchanged. The Community College Support Fund, which constitutes the majority of this program unit, is \$550 million and unchanged from the 2015-17 LAB. The remaining programs in this unit, which include support for the Sabin-Schellenberg and Margaret Carter skills centers, grants to colleges to support underserved and first generation students, and funding for Career Technical Education and Science, Technology, Engineering, Arts and Mathematics (STEAM) programs, are also funded at LAB.

### **Public University Operations and Student Support**

This program unit contains state funding provided to the universities for instruction, research, public services, and operation of the institutions. State support for the universities is entirely funded with General Fund.

The Governor's Budget is \$667.3 million General Fund, unchanged from the 2015-17 LAB. The budget includes a package to implement a new Current Service Level model based on the Community College Support Fund methodology, as directed by Senate Bill 5701 (2016). The new model affects this program unit, as well as the Public University State Programs, Agricultural Experiment Station, Extension Service, and Forest Research Laboratory. The package is recommended in concept for each of these program units, but no additional funds are included in the budget due to statewide revenue constraints.

### Public University State Programs

This program unit includes public university programs dealing with economic development, natural resources, or other statewide priorities. State support is entirely funded with General Fund.

The Governor's Budget is \$39.1 million General Fund, unchanged from the 2015-17 LAB. The funds are allocated as follows:

ETIC Sustainable Funding	\$25,205,902
OSU/UO Center for Advanced Wood Products	3,504,933
UO & PSU Dispute Resolution programs	2,593,804
PSU Oregon Solutions program	2,327,122
OSU Fermentation Program	1,277,857
UO, OSU, & PSU Signature Research Centers	1,072,692
UO Labor Education Research Center (LERC)	699,486
OSU Marine Research Vessel Program	638,929
PSU Population Research Center	448,748
OSU Natural Resources Institute	411,420
Clinical Legal Education program	358,820
OSU Climate Change Research Institute	322,492
PSU Profiling Study	258,160
Total	<u><u>\$39,120,363</u></u>

### Agricultural Experiment Station

The Agricultural Experiment Station conducts research and demonstrations in the agricultural, biological, social, and environmental sciences. Research is conducted at a central station at Corvallis and at 11 branch stations in major crop and climate areas of the state. State support is entirely funded with General Fund. The Governor's Budget is \$63.1 million General Fund, unchanged from the 2015-17 LAB.

## **Extension Service**

The Extension Service is the educational outreach arm of Oregon State University. Extension faculty on campus and in county offices throughout the state work with researchers and volunteers to develop and deliver non-credit educational programs based on locally identified needs. State support is entirely funded with General Fund. The Governor's Budget includes \$45.6 million General Fund, unchanged from the 2015-17 LAB. The budget also includes \$44 million Lottery Funds to implement Measure 99 (2016) that establishes an Outdoor Schools Program to be administered by Oregon State University.

## **Forest Research Laboratory**

The OSU Forest Research Laboratory conducts research on sustainable forest yields, use of forest products, and stewardship of Oregon's resources. This research is conducted in laboratories and forests administered by the University, cooperative agencies and industries throughout the state. State support is entirely funded with General Fund. The Governor's Budget is \$9.8 million General Fund, unchanged from the 2015-17 LAB.

## **Oregon Health and Science University**

This program unit includes the General Fund appropriation supporting university operations and designated programs. Programs financed with state support include: the schools of Medicine, Dentistry, and Nursing; the Office of Rural Health; the Area Health Education Centers; the Child Development and Rehabilitation Center (CDRC); and the Oregon Poison Center. All state support provided for OHSU operations comes from the General Fund.

The Governor's Budget is \$77.3 million General Fund, unchanged from the 2015-17 LAB. This includes \$66.8 million for education and rural programs, \$8 million for the CDRC, and \$2.5 million for the Oregon Poison Center.

## **Student Assistance**

This program unit includes state, federal, and private financial aid provided to students. Major programs include the following:

- The Oregon Opportunity Grant program is the state's only need based grant program. It is funded with General Fund, Lottery Funds from interest earnings on the state's Education Stability Fund, and expired JOBS Plus education awards.
- The Oregon Promise program provides last-dollar tuition assistance for two-years of education at community colleges to new high school graduates and GED recipients who meet academic and residency qualifications and begin school within six months of receiving their secondary education credential. The program is not need based.
- Student child care grants are available to assist students enrolled in post-secondary education in paying for child care costs. Preference is given to students with demonstrated need who are making satisfactory academic progress.
- HECC administers about 500 private scholarships established by foundations, corporations, individuals, and others and awarded on a variety of criteria including high school attended, school and community activities, academic interests, and career goals.

The Governor’s Budget is \$173 million General Fund, \$18.6 million Lottery Funds, and \$207.7 million total funds. General Fund and Lottery Fund combined, increase by 28 percent from the 2015-17 LAB. Total funds increase by 25 percent. The budget includes the following actions.

- General Fund and Lottery Funds support for the Opportunity Grant program increases by eight percent from LAB, to \$151 million.
- Oregon Promise increases \$39.7 million, which will fund the program for the entire biennium.
- The Student Child Care Program increases by four percent from the prior biennium.
- The budget supports legislation proposed to transfer the corpus of the Barbers and Hairdressers Scholarship Fund to the Oregon Community Foundation in anticipation of increased interest earnings.

Specific allocation are as follows:

	General Fund	Lottery Funds	Other Funds	Total Funds
Oregon Opportunity Grant	\$132,392,730	\$18,571,059	\$163,213	\$151,127,002
Oregon Promise	39,664,388			39,664,388
Student Day Care	983,718			983,718
Private Scholarships			13,408,525	13,408,525
Other programs			2,558,638	2,558,638
<b>Total</b>	<b>\$173,040,836</b>	<b>\$18,571,059</b>	<b>\$16,130,376</b>	<b>\$207,742,271</b>

### Workforce and Other Special Payments

This unit contains Other Funds and Federal Funds that are distributed to community colleges, local workforce service areas, and other local providers.

- General Fund programs, including Work Ready Communities and National Career Readiness Certificates, technical assistance to local workforce boards, identification and dissemination of best practices among local boards, and Back to Work Oregon.
- Federal Workforce Innovation and Opportunity Act (WIOA) Title IB that provides job training and other services to help adults, youth, and dislocated workers succeed in finding and holding jobs.
- WIOA Title II, that helps adults improve basic reading, writing, math, English language, and critical thinking skills.
- WIOA National Emergency Grants that provide services to dislocated workers following layoffs exceeding 50 workers.

- Other grants and programs, including federal Carl Perkins Technical and Applied Technology Act Funds transferred from the Department of Education.

The Governor's Budget includes \$7.5 million General Fund and \$127 million total funds. General Fund is decreased from the 2015-17 LAB by nine percent due to statewide revenue constraints, after adjusting for the impact of a reorganization of HECC's budget structures during the budget development process. Total funds are increased by two percent after making the same adjustment.

### **Oregon Youth Conservation Corps**

The Oregon Youth Conservation Corps (OYCC) was established in 1987 for the purpose of providing education, training, and employment opportunities for disadvantaged and at-risk youth ages 16 to 25. OYCC's goals are to improve work skills, instill work ethic, and increase employability. Jobs are created through partnerships with public natural resource agencies. Amusement device taxes, federal Workforce Innovation and Opportunity Act Funds, public and private grants, and agreements with state and federal natural resource agencies support OYCC programs.

The Governor's Budget includes \$3.8 million total funds and three positions. The total funds budget is increased by four percent from the 2015-17 LAB. The number of positions is unchanged.

### **Sports Action Lottery**

The Sports Lottery program is funded with a statutorily dedicated one percent of net lottery proceeds. Eighty-eight percent of the funds, not to exceed \$8.0 million annually, is dedicated to intercollegiate athletics and the remaining 12 percent, not to exceed \$1.1 million annually, is dedicated to graduate student scholarships, awarded equally on need and academic merit. Should revenues exceed the annual caps, remaining funds are to be transferred to the Oregon Opportunity Grant program.

The recommended budget eliminates funding for the Sports Lottery program due to statewide revenue constraints.

### **Public University Debt Service**

This program includes the cost of debt service on public university capital construction and information systems projects financed with bonds and Certificates of Participation. Debt service on Article XI-G bonds is paid with General Fund; lottery-backed bond debt service is paid with Lottery Funds. Payment of debt service on some Article XI-Q bonds, SELP loans, and Certificates of Participation is split between General Fund and campus funds, depending on how each project was authorized. All debt service on Article XI-F (1) bonds is paid with campus funds, which are budgeted as Other Funds Non-limited. Debt service on federally supported Build American Bonds is paid with Federal Funds Non-limited.

The Governor's Budget is \$161.9 million General Fund, \$31.9 million Lottery Funds, and \$411.3 million total funds. Combined, General Fund and Lottery Fund debt service is increased by 28 percent from the 2015-17 LAB. Total funds are increased by nine percent from the LAB. The sale of bonds for new projects that will be repaid with General Fund or Lottery Funds, other than the Eastern Oregon University technology infrastructure facility, will be delayed until the later part of the biennium, so debt payments will not be due until 2019-21.

## CCWD Debt Service

Debt service on Article XI-G general obligation bonds and lottery-backed bonds sold for community college projects is budgeted in this program unit. The debt service on Article XI-G bonds is paid with General Fund. Lottery Funds pay the debt service on lottery-backed bonds.

The Governor's Budget is \$32.1 million General Fund and \$11.7 million Lottery Funds. General Fund and Lottery Funds combined are 25 percent greater than the 2015-17 LAB. General Fund debt service was reduced by \$1.1 million, as Umpqua Community College has withdrawn its request for a 2015-17 bond sale for construction of an industrial arts building. Bonds to finance new community college capital projects will not be sold until late in the biennium, delaying debt service payments until 2019-21.

## OHSU Debt Service

This program unit includes debt payments on Article XI-G bonds issued on behalf of OHSU when it was a part of the Department of Higher Education prior to 1995. These bonds will be paid off in 2019-21.

Debt service on other bonds issued to benefit OHSU capital projects, including the Knight Cancer Institute, the Opportunity Program, and Article XI-F (1) sold when OHSU was part of the university system is included in the Department of Administrative Services budget.

The Governor's Budget is \$0.6 million General Fund, which is unchanged from the 2015-17 LAB.

## Public University Capital Construction

This program unit includes state funding for capital projects for public universities. The Governor's Budget includes \$349.8 million in project costs for 18 projects distributed among all seven public universities. This includes 14 projects, totaling \$269.6 million in project costs, entirely or partially funded with Article XI-G and Article XI-Q bonds, debt service on which is paid with General Fund. Five projects are funded with Article XI-F (1) bonds, which are repaid with university funds.

Institution	Project	XI-Q	XI-G	XI-F	Total
All universities	Capital improvement and renewal	45,650,000			45,650,000
PSU	New Graduate School of Education facility	-	40,500,000	6,000,000	46,500,000
OSU	Gilkey Hall renovation	1,000,000	2,000,000		3,000,000
OSU	Oregon Quality Foods & Beverage Center		9,000,000		9,000,000
EOU	New technology infrastructure facility	1,200,000			1,200,000
OSU	Cordley Hall renovation, phase 1	15,000,000			15,000,000
OIT	Center for Excellence In Engineering & Technology/renovation of Cornett Hall	34,000,000	4,000,000		38,000,000
UO	New classroom and faculty office building	14,000,000	30,000,000		44,000,000
SOU	Central Hall modernization	6,000,000			6,000,000
WOU	Oregon Military Academy, phase 2 renovation	7,200,000	500,000		7,700,000
OSU Cascades	Site reclamation	9,000,000			9,000,000
OSU Cascades	Campus infrastructure	11,000,000			11,000,000
UO	Campus for Accelerating Scientific Impact		34,000,000		34,000,000
WOU	Instructional Technology Center - phase 3 building renovation	-	-		-
EOU	Loso Hall renovation, phase 1	5,500,000			5,500,000
EOU	Track & field facilities restoration project			750,000	750,000
PSU	University Center Building land purchase			15,000,000	15,000,000
PSU	New Residence Hall			53,500,000	53,500,000
OIT	Student Recreation Center			5,000,000	5,000,000
<b>Total</b>		<b>149,550,000</b>	<b>120,000,000</b>	<b>80,250,000</b>	<b>349,800,000</b>

### Community College Capital Construction

This program unit includes state funding for capital projects for community colleges. The Governor’s Budget includes \$75.2 million in project costs for eleven community colleges. These projects will be funded with proceeds from the sale of Article XI-G bonds, which are repaid with General Fund, beginning in the 2019-21 biennium.

An additional \$15 million in Lottery-backed bonds is proposed for establishment of a grant fund to finance safety and security upgrades at the state’s public universities and community colleges. The bonds will be repaid with Lottery Funds also beginning in 2019-21.

Institution	Project	XI-G	Lottery Bonds	Total
Umpqua	New industrial technology building	8,000,000		8,000,000
Linn-Benton	Student affairs and campus safety space renovation	7,500,000		7,500,000
Chemeketa	New agricultural complex	6,000,000		6,000,000
Portland	Health Training Building renovation	8,000,000		8,000,000
Lane	New health care village	8,000,000		8,000,000
Southwestern Oregon	Dellwood Hall remodel and expansion	2,749,997		2,749,997
Clackamas	DeJardin Building addition	8,000,000		8,000,000
Mt. Hood	New Maywood Park Center	8,000,000		8,000,000
Blue Mountain	New animal science facility complex	5,000,000		5,000,000
Oregon Coast	New workforce and academic building	8,000,000		8,000,000
Rogue	Elk Building science building renovation	6,000,000		6,000,000
<b>All universities and colleges</b>	Safety and security needs		15,000,000	15,000,000
<b>Total</b>		<b>75,249,997</b>	<b>15,000,000</b>	<b>90,249,997</b>

## Teacher Standards and Practices Commission

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$200,000	\$0
Lottery Funds	0	0	0
Other Funds	4,943,382	6,511,902	8,162,153
Federal Funds	10,893	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$4,954,275</b>	<b>\$6,711,902</b>	<b>\$8,162,153</b>
Positions	19	27	27
Full-time Equivalent	19.00	24.88	26.00

### OVERVIEW

The Teacher Standards and Practices Commission's mission is to ensure that every student in Oregon receives instruction by caring, competent and ethical educators. The Commission:

- Establishes rules and standards for licensure and charter school registration and issues licenses or registrations to public school teachers, administrators, school counselors, school psychologists and school nurses.
- Maintains professional standards of competent and ethical performance and proper assignment of licensed educators.
- Adopts standards for approval of college and university teacher education programs that lead to licensure, and approves such programs that seek to license educators in the state of Oregon.

### GOVERNOR'S BUDGET

The Governor's Budget for the Teacher Standards and Practices Commission is \$8.2 million Other Funds. The budget includes 27 positions. The budget provides six additional positions to help improve licensing and investigation processing timeliness. They will also work to improve communications, including the agency website and information technology to streamline internal processing. Existing positions are reclassified to improve customer service and internal management, and a one-time increase will allow the agency to use the services of the State Data Center. The budget also includes an increase in expenditure authority for background and fingerprinting checks, Attorney General costs and merchant fees; these result from Oregon's population growth, an increase in the number of complaints, and the implementation of an electronic licensing system which allows for the use of credit cards to pay for licenses.

## **GENERAL PROGRAM**

This program includes four subprograms: Licensure, Accreditation (of institutions which confer educator degrees), Professional Practices and Operations. Most of the work focuses on licensure while professional practices focuses on ethical, criminal or professional improprieties. The budget for this program is \$8.0 million and 27 positions.

## **TEACHER EDUCATION PROGRAM ACCREDITATION**

This program provides grants to educator preparation programs to obtain national accreditation. It was established in 2015 under Senate Bill 78. The budget for this program is \$0.2 million and no positions.

## **REVENUE SUMMARY**

The Commission is funded solely by Other Funds received from application fees, initial licenses, renewal licenses and delinquent fees. In 2015, the Legislature approved changes to licensing fees, including changing the duration of the license and increasing fees by \$40. Over the past two years, Oregon's population has grown rapidly, which has increased the number of applicants for licenses and the revenue generated by the fees.



# HUMAN SERVICES AGENCIES

## Human Services Program Area Budget

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$4,265,983,835	\$4,919,685,978	\$5,343,013,804
Lottery Funds	10,591,632	11,348,753	12,322,109
Other Funds	4,360,147,795	6,316,710,175	7,131,345,403
Federal Funds	13,116,777,636	17,207,807,943	16,880,551,208
Other Funds (Nonlimited)	1,521,434,616	143,500,000	40,000,000
Federal Funds (Nonlimited)	2,465,080,593	2,620,998,354	2,320,792,048
<b>Total Funds</b>	<b>\$25,740,016,107</b>	<b>\$31,220,051,203</b>	<b>\$31,728,024,572</b>
Positions	12,285	12,601	13,143
Full-time Equivalent	11,671.00	12,379.64	12,713.82

### OVERVIEW

The Governor's Budget for the Human Services Program Area seeks to protect and promote the health and safety of all Oregonians. The agencies within this program area provide funding for services and programs including physical health, mental health and addiction treatment, public health programs, employment and family support services that promote self-sufficiency and economic stability, child protective services for abused or neglected children, and long-term care services for Oregon's seniors and people with intellectual and developmental disabilities.

The Governor's Budget supports a wide array of interconnected programs providing service to Oregonians to meet their basic needs and improve quality of life, focusing on preventative investments to avoid having to provide costly remedial services later. The Governor's Budget reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model is sustainable during a time of rising costs and reduced federal funding. Within the Department of Human Services (DHS) the budget focuses on protecting children and providing services and support to lift families out of poverty. It also builds on continuing community services essential for seniors and people with disabilities to live as independently as possible in their communities.

### GOVERNOR'S BUDGET AND KEY INVESTMENTS

The Governor's Budget for the Human Services Program Area agencies is \$31,728.0 million total funds (including \$5,343.0 million General Fund). This is a less than two percent total funds increase from the 2015-17 Legislatively Approved Budget; however, it represents an almost nine percent increase in General Fund from the 2015-17 Legislatively Approved Budget.

The Governor's Budget builds on significant transformation efforts including focusing on preventative services and community supports for Oregonians. Key elements of the Governor's Budget include:

Ensuring Access to Quality Health Care: The Governor's Budget places a high priority on ensuring Oregonians have access to quality health care. Over the past several years, the state has made big strides in increasing access and today nearly 95 percent Oregonians have coverage. Even in a challenging budget environment, the Governor's Budget maintains the strong benefits and eligibility of the state's health care programs. This is especially impactful for the Oregon Health Plan (OHP), which provides coverage to approximately one million Oregonians. Yet there are many children in the state who are not able to receive health care coverage through OHP solely because they do not meet federal Medicaid citizenship and immigration status requirements. The Governor's Budget resolves this situation by funding the Cover All Kids initiative so that these children receive the same benefits provided under OHP.

Sustainably Funding Health Care: The coordinated care model for providing health care in Oregon was implemented in 2012 and has made Oregon a national leader in terms of keeping health care cost growth comparatively low. The health care model also significantly changed under the federal Affordable Care Act (ACA), especially considering the expansion of Medicaid, which nearly doubled the number of OHP members. Now that federal Medicaid support is decreasing as required under the ACA, and in light of the system's prior reliance on one-time funding not available in 2017-19, Oregon must reform the way in which OHP is funded. The Governor's Budget accomplishes this through the implementation of revenue and financing reforms through shared contribution among key health care stakeholders. These reforms include revising the Hospital Assessment structure to make a portion of it a true tax; discontinuing the Hospital Transformation Performance Program; reinstating the insurance and managed care tax that expired in 2013; reducing the administrative rates and maintaining no inflationary increase for coordinated care organizations; reducing inflationary increases for certain fee-for-service rates; and implementing administrative cost reductions within OHA.

Increasing Pharmaceutical Prices and Hepatitis C Treatments: The Governor's Budget recognizes that pharmaceutical costs are rapidly increasing, mostly due to prices. This is driven by rising prices on existing therapies as well as new, expensive therapies entering the market. Per person drug costs for coordinated care organizations (CCO) increased 7 to 9 percent for generic drugs and 19 to 21 percent for brand drugs between 2014 and 2015. Specialty drugs, meaning drugs that cost more than \$600 a month, have increased between 26 to 28 percent per person in that same period.

- Hepatitis C is a particular challenge for the state. New breakthrough therapies to treat Hepatitis C with high rates of success became available in the past few years, although at a steep cost per patient that can reach up to \$100,000 or more for a course of treatment. To date, treatment has been focused on Hepatitis C patients with higher stages of the disease. However, other states that have taken similar approaches have been subject to class action lawsuits and additional federal scrutiny.
- What makes Hepatitis C particularly unique is the number of patients who could potentially be treated by the new drugs. Unlike some expensive drugs that treat only a small group of

patients with a rare disease—known as orphan drugs—there are tens of thousands of Oregonians who potentially may receive the treatment. Additionally, Hepatitis C disproportionately affects minority communities. It is very difficult for the state to control the costs of the new Hepatitis C treatments, presenting challenges for the state to stay within budgetary thresholds. The Governor’s Budget recognizes the challenge of increasing drug prices, and in particular recognizes the fiscal challenge to the state of expanding the number of patients who receive Hepatitis C treatments.

Protecting Oregon’s Children. This budget provides resources to protect vulnerable children through targeted investments, including foster care reimbursement rates, providing legal representation to DHS child protective service workers in legal proceedings, and enhancing resources within the Background Check Unit to address the licensing of foster care providers in a more efficient manner.

Investments in services for seniors. The Governor’s investments in seniors and people with disabilities focus on providing in-home services and community based care as an ongoing priority. The budget maintains existing rates for Home Care Workers’ wages and enhances resources within the DHS Background Check Unit to address the ability of the agency to license Home Care Workers more efficiently.

Serving individuals with disabilities in the community. All persons with developmental disabilities are served in the community through both DHS and the Oregon Commission for the Blind. The Governor’s investments maintain support for the programs serving individuals with developmental disabilities. The budget provides DHS with funding to work with Direct Service Providers in addressing rate issues, and maintains existing rates for Personal Support Workers’ wages.

## Commission for the Blind

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$1,582,598	\$3,691,540	\$3,152,344
Lottery Funds	0	0	0
Other Funds	1,667,196	1,183,539	1,334,434
Federal Funds	12,683,970	15,827,037	15,868,008
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$15,933,764</b>	<b>\$20,702,116</b>	<b>\$20,354,786</b>
Positions	50	56	64
Full-time Equivalent	46.21	52.21	61.50

### OVERVIEW

The Oregon Commission for the Blind's mission is to empower Oregonians who are blind to fully engage in life. The Commission is composed of seven members appointed by the Governor, of which four members must be Oregonians who are legally blind. The other members represent employers, labor, optometry, ophthalmology, or education of the blind. The Commission provides vocational rehabilitation services, independent living services, vendor management training, and assistance for licensed managers who are blind. These programs also provide support services that allow individuals who are blind to remain living at home in their own communities. The Commission operates under five main programs units:

**Administrative Services** – Provides strategic planning and direction, liaison activities with stakeholders, data processing, and accounting and human resource services.

**Rehabilitative Services** – Develops and supports Oregonians with vision loss so they can achieve their full potential. Vocational rehabilitation activities help Oregonians who are blind gain and retain employment.

**Business Enterprises** – Trains, licenses, and supports individuals who are legally blind in operating food service and vending machines in public buildings.

**Orientation Center for the Blind** – Provides skills training for newly blind adults so they might remain as independent as possible.

**Independent Living Services** – Helps individuals develop skills that allow them to maintain their independence in their homes and communities.

## GOVERNOR'S BUDGET

The Governor's Budget for the Commission for the Blind is \$20.4 million total funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget (LAB). It includes a decrease of \$0.5 million General Fund from the 2015-17 LAB. The budget includes 64 positions (61.50 FTE), a net increase of eight positions from the 2015-17 LAB. The Governor's Budget eliminates four positions from current programs but makes a larger increased investment related to the Workforce Innovation and Opportunity Act.

## REVENUE SUMMARY

The Commission for the Blind (OCB) is largely funded with Federal Funds, primarily from the U.S. Department of Education, matched at a rate of 78.7 percent for basic vocational rehabilitation support and as high as 90 percent for in-service training and independent living. General Fund and certain Other Funds are used to meet the federal maintenance of effort and matching requirements. Other Funds sources include cooperative agreements with school districts and other providers, and business enterprise vendor assessments. In addition, the agency will receive supplemental Federal Funds in the Vocational Rehabilitation Basic 110 grant split in the statewide grant award by 3.1 percentage points—from 12.5 percent to 15.6 percent, to match the national average. The remainder of this grant is distributed to the Department of Human Services Vocational Rehabilitation Program.

## AGENCY PROGRAMS

### Administrative Services

The Administrative Services program unit provides leadership, fiscal services and data processing, supporting the direct service operations in the agency's other four program units. It includes the director's office, fiscal operations, and data processing activities. The director's office supports the Commission and is responsible for strategic planning and direction. It also supports liaison activities with various stakeholders including the vision-impaired community, policymakers, federal officials, partner businesses, and social support agencies. Fiscal operations includes budget and accounting, payroll and benefits functions, cash management, receivables, purchasing and payables, and general ledger accounting. This unit also performs tasks associated with federal grant management, monitoring, and reporting. Data processing functions include program-related database functions. The Governor's Budget for this program is \$3.6 million total funds and 17 positions.

### Rehabilitative Services

The primary function of the Rehabilitation Services program is to support Oregonians with vision loss so they can achieve their full potential. The vocational rehabilitation activities support the development of a dynamic, resilient workforce by helping Oregonians who are blind gain and retain employment. The Rehabilitation Services program unit also operates a Summer Work Experience Program (SWEP) for students to gain work skills and provide an opportunity for students to have an independent living experience. The Governor's Budget for this program is \$9.6 million total funds and includes 21 positions.

## **Business Enterprises**

The Business Enterprises program trains, licenses and supports individuals who are legally blind in operating food service and vending in public buildings. This program is operated under the federal Randolph-Shepherd Act. The program contracts with public agencies and then sub-contracts with licensed blind managers to provide services desired by facilities, thus creating employment opportunities for individuals who are blind. Licensed blind managers run the day-to-day operations, retaining the majority of the profits they generate; each licensed blind manager pays 11 percent of their net earnings as a set-aside to support the program. The set-aside is used for continued training of the licensed blind managers and maintenance, repair, and purchasing of equipment. The agency has been focused on strengthening and improving the program in recent years, including adding necessary staff to train and support license managers who are blind. As a result, the average annual income for licensed managers who are blind in the Business Enterprise Program increased from \$25,307 in 2011 to \$51,252 in 2015. Currently the Business Enterprise program has individuals operating food service and vending machines locations throughout the state. The budget for this program is \$3.0 million total funds and includes five positions.

## **Orientation Center for the Blind**

The Orientation and Career Center for the Blind provides skills training for newly blind adults so they might remain as independent as possible. The center's training facilities are primarily located in Portland with satellite labs located in Salem, Eugene, and Medford. Individuals are referred to these facilities by Vocational Rehabilitation Counselors. Training for each client is orchestrated around their individualized assessment and the plan they have developed with their vocational counselor. Assessment and training at the center is blindness specific and subjects include but are not limited to: adaptive technology, adjustment to blindness, Braille reading and writing, Apple and Android devices, low vision aids and techniques, orientation and mobility, techniques of daily living, cooking, wood shop, job skills, and career preparation. During the federal fiscal year 2015, the program served 425 clients with a client satisfaction rating of 92 percent. The Governor's Budget supports current operations and includes \$3.0 million total funds and 12 positions.

## **Independent Living Services**

The Independent Living Services provides training and resources to individuals who are blind so they can live life fully independent and continue to be active in their community. Staff in the Independent Living Services program teach Oregonians who are blind or visually impaired the skills they need to live safely and independently. Specialized rehabilitation teachers provide individualized assessments and consultation to determine the scope of the teaching services required and provide in home instruction on skill areas such as orientation and mobility (cane travel indoors and outdoors), meal preparation, bill paying, medication management, reading, writing, etc. The result is that these individuals have less or no need for additional services/supports through the state. The Governor's Budget supports current operations and includes \$1.6 million total funds and nine positions.

## Department of Human Services

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$2,326,345,063	\$2,767,038,370	\$3,173,736,725
Lottery Funds	0	0	0
Other Funds	472,081,293	532,491,356	554,442,828
Federal Funds	3,844,676,602	4,802,689,382	5,321,990,813
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	2,363,243,469	2,514,345,331	2,214,345,331
<b>Total Funds</b>	<b>\$9,006,346,427</b>	<b>\$10,616,564,439</b>	<b>\$11,264,515,697</b>
Positions	7,652	8,060	8,294
Full-time Equivalent	7,484.69	7,908.04	8,076.56

### OVERVIEW

The mission of the Department of Human Services (DHS) is to help Oregonians in their own communities achieve safety, well-being and independence through services that protect, empower, respect choice and preserve dignity. DHS is responsible for the care of some of Oregon's most vulnerable citizens – children, families, people with intellectual and developmental disabilities, and older adults. DHS is also responsible for serving Oregonians at times when they are most in need – when they have experienced abuse, when they are hungry, when they are homeless.

DHS's budget can be divided into five distinct program areas:

Self-Sufficiency

Child Welfare

Vocational Rehabilitation

Aging and People with Disabilities

Intellectual/Developmental Disabilities

These program areas are supported by Central Services, Shared Services, and Program Design Services.

### GOVERNOR'S BUDGET

The Governor's Budget for this entire enterprise is \$11,264.5 million total funds, including \$3,173.7 million General Fund and 8,294 positions. This is a six percent total funds increase (15 percent General Fund increase) from the 2015-17 Legislatively Approved Budget. This budget maintains and enhances the Governor's commitments to achieving key outcomes for Oregonians

while responsibly managing inflationary growth. The Governor's budget focuses on protecting children and providing services and support to lift families out of poverty.

## **REVENUE SUMMARY**

The federal government is a major partner in funding human services programs. Sixty-seven percent of DHS's budget (including all Supplementary Nutrition Assistance Payments) is federally funded. As a result, the ability to provide program services is greatly influenced by Federal Funds availability and by the rules guiding the use of those funds. For example, the change in the U.S. Department of Labor rule regarding application of the Fair Labor Standards Act resulted in increasing the cost of the state's home and community based care system, and some program changes. In addition, the rate of federal revenue matching for programs, or the Federal Medical Assistance Percentage (FMAP) rate, changes annually and is entirely out of the control of state policy. This greatly impacts the amount of General Fund needed to maintain programs. The FMAP rate decreased from 64.37 percent in 2015-17 to 63.26 percent in 2017-19, requiring approximately \$58.6 million General Fund to replace Federal Funds.

## **AGENCY PROGRAMS**

### **Child Welfare Programs**

Child safety services are provided to children reported to be neglected or abused or under threat of harm and to families who are impacted by abuse dynamics; typically substance abuse and domestic violence. DHS is required by statute to assess reports of alleged child abuse or neglect, complete comprehensive safety assessments of children, assess parent or caregiver capacity to protect, and determine whether child abuse or neglect has occurred. The program provides protective and social services.

Child Well Being, also known as the Foster Care Program, is designed as a critical safety net for children with immediate safety needs for their basic care. Family foster care homes and "special rates" foster care are the primary service elements. Residential Care is provided by private agencies in residential or therapeutic foster care settings for children who cannot live in a family setting. Providers are reimbursed the cost of a child's room and board, clothing, school supplies, and personal incidentals; medical, dental, and mental health services are also provided for children in the state's custody. The independent living services program, for older youth, provides some services to help with the transition out of the foster care system. This program operates 24 hours a day, seven days a week to accept and care for children.

The Permanency Program (adoption) provides assistance to children in foster care to help achieve permanent living placements for children in the child welfare system who cannot return home, including subsidy payments to help remove financial barriers to adoption or guardianship for special needs children.

Child Welfare Program Delivery and Design is the field structure that supports the safety of children across Oregon who are abused or neglected. There are approximately 1,412 child welfare caseworkers across Oregon responding to over 32,000 reports of abuse and neglect, and serving approximately 11,000 abused children annually that experience foster care. The program also finalizes approximately 800 adoptions a year to assistance with creating a

permanent home for children in foster care. This structure is administered in the central office in Salem to support field staff through technical support, policy and standards, evaluation, analysis, and parameters program areas in Child Welfare.

The 2017-19 Governor's Budget is \$ \$1,050.8 million total funds (\$541.6 million General Fund). The budget maintains funding for core services and provides additional resources to the Child Welfare program in the state's interest for keeping children safe. The investments include a rate increase for Family Foster Care providers. Having a strong and well supported family foster care system is critical to provide safe, nurturing and available family foster care for children in need of care. Additionally the budget provides funding to update the rate model for the Behavioral Rehabilitation Services (BRS) program and provide an increase in rates for BRS providers to address inflationary cost increases in this program. Finally, the budget provides a General Fund appropriation to the department to be used as a block grant to pay the Oregon Department of Justice to represent Child Protective Service Workers in child dependency cases. This investment is one of many among different agencies as recommended by the Task Force on Legal Representation in Childhood Dependency, which was created by Senate Bill 222 (2015). Investments in child welfare ultimately reduce costs across multiple government systems and will improve outcomes for children in safety, education, and health.

### **Self-Sufficiency**

Self-Sufficiency programs provide assistance for low-income Oregon families with services to create stability and prepare participants for employment so they are equipped to work their way out of poverty. The major programs in this area are:

- Supplemental Nutrition Assistance Program (SNAP)
- Temporary Assistance to Needy Families (TANF) and TANF related programs
- Employment Related Day Care (ERDC)
- Refugee Program
- Youth Services

DHS administers these programs through coordination and collaboration with families and individuals as well as community partners, and through direct services provided by state staff. Field staff provides program services and benefits to clients through more than 100 field and branch offices throughout the state. SNAP and TANF provide an economic lift and access to nutritious foods for struggling households. Also, the SNAP Employment and Training program assists clients in gaining skills that will improve their job skills, which adds to the diversity and strength of Oregon's workforce.

General Fund supports 14 percent of this budget, Other Funds, 3 percent, and Federal Funds, 83 percent. The major source of Other Funds is federal Childcare and Development Fund dollars transferred from the Department of Education (ODE) for the ERDC program. In order to comply with new requirements from the Federal government for Childcare and Development grant funds, ODE will not be transferring as much to DHS, which will result in a reduction of cases that can be served in the ERDC program. The program's Other Funds also include child support recoveries and client trust account funds from client resources, such as federal

Supplemental Security Income disability payments. Overpayment recovery revenues are also used to offset General Fund. Nonlimited SNAP benefits are the single largest source and use of Federal Funds in Self-Sufficiency programs. SNAP benefits are projected at \$2.2 billion for the 2017-19 biennium. Federal Funds also help pay for program administrative costs, on a 50 percent state/50 percent federal basis. Other Federal Funds come from capped or formula-based block grants, payments for partial reimbursement of eligible state costs, and miscellaneous grants for specific amounts and purposes.

At \$3,178.4 million total funds (\$441.2 million General Fund), the Governor's Budget maintains current eligibility, timeline and benefit standards for Self-Sufficiency programs. The budget maintains existing funding for the Refugee and Youth Programs. Additionally, the Governor's Budget prioritized continuing the investments made through House Bill 3535 (2015) to reinvest savings from previous reductions in TANF caseload into redesigning the state's TANF program. Targeted reinvestments build the capacity of families to increase earnings and transition from TANF through an accountable, flexible, and person-centered approach. The redesign of TANF program was made through a combination of budget reinvestment, policy changes that provide a sharpened focus for employment activities, streamlining of process and new flexibility for local investments.

### **Vocational Rehabilitation Services**

Vocational Rehabilitation (VR) Services assists Oregonians with disabilities to achieve and maintain employment and independence. VR helps Oregonians with disabilities gain employment through a variety of services. VR employees provide direct services through a network of local offices across Oregon. This program is designed under six primary areas:

Basic Services provides training, vocational, and educational services to persons with disabilities that have substantial impediments to obtaining or maintaining employment throughout the state.

Youth Transition Program provides coordinated vocational rehabilitation services to students who are currently in school to ensure a smooth transition to adult services and employment after school completion.

Supported Employment Services provides services to individuals with the most significant disabilities for whom employment was not possible through traditional means, but who can obtain and maintain competitive employment in the community with support.

Independent Living Program supports the State Independent Living Council and community-based centers for independent living, which helps individuals with severe disabilities maintain independence at home, in the community, and in employment.

Workforce Partnerships, as part of passage of the Workforce Opportunity and Innovation ACT (WIOA) of 2014, VR works as a core partner to create a workforce system that contains less silos and creates greater efficient.

General Fund supports 24 percent of this budget; Other Funds, 2 percent; and Federal Funds, 74 percent. Section 110 of the Rehabilitation Act of 1973 (Basic 110 Grant) provides federal support for vocational rehabilitative services. This grant is distributed to states based upon population and per capita income. The grant requires a General Fund or Other Funds match, at

a 21.3 percent state/78.7 percent federal rate. Rehabilitative services revenue also includes federal Rehabilitation Act funds for Supported Employment and staff training, and for Independent Living Rehabilitation.

The 2017-19 Governor's Budget is \$114.0 million total funds (\$27.0 million General Fund).

### **Aging and People with Disabilities**

The Aging and People with Disabilities (APD) program assists a diverse population of older adults and people with disabilities to achieve well-being through opportunities for community living, employment, family support, long-term services, and additional support to promote independence, choice, and dignity. APD administers Oregon's Medicaid long-term care program under a federal Home and Community-Based Care waiver under Section 1915(k) of the Social Security Act. Federal Older American Act services include help with abuse prevention, caregiver supports, medication management, nutrition services, senior employment, legal issues, and other support services. The program also includes federally-required supports to aged, blind, and disabled persons who receive Supplemental Security Income (SSI).

Caseloads and the costs related to the complexity of acuity in caseload continue to increase significantly. In order to fully fund these increases and protect the most vulnerable populations within the APD program, given the state's available revenue, difficult choices had to be made. The budget reduces Oregon Project Independence expenditures to what is required for the federal Maintenance of Effort, reduces the premium paid to nursing facilities for complex medical add-on issues, and eliminates the General Assistance program. At the same time, the Governor's Budget protects current eligibility criteria and supports a staffing level of 90.4 percent of the workload model, which includes a blend of workload percentage for the Area Agencies on Aging and state staff.

The budget continues the program's focus on prevention and community based care as an ongoing priority. The budget maintains investments in Aging and Disability Resource Connection mental health funding to prevent the growing number of Oregon seniors from needing Medicaid long-term care. It supports current rates for Home Care Workers and holds rates for skilled Nursing Facilities flat into the next biennium. The budget also funds the continuation of the development and implementation of an integrated statewide central abuse management system for tracking, reporting, analyzing and investigating incidents of adult abuse.

The 2017-19 Governor's Budget the for Aging and People with Disabilities program is \$3,414.8 million total funds (\$992.0 million General Fund).

### **Intellectual/Developmental Disabilities**

The Oregon Intellectual/Developmental Disabilities (I/DD) program strives to support choices of individuals with disabilities and their families within communities by promoting and providing services that are person-centered, self-directed, flexible, community-inclusive, and culturally appropriate. The I/DD system has many critical entities to include state, counties, brokerages, providers, families, and self-advocates, which focus on individuals with I/DD living in the community to support quality of life. Oregon no longer has an institutional facility for persons with developmental disabilities, so all clients are served in the community. Most of

these services are administered under Medicaid waivers, including the Community First Choice Act Waiver (the “K” plan). The Stabilization and Crisis Unit (SACU) is also part of this program.

With the implementation of the “K” plan, the I/DD program has experienced and continues to experience a significant increase in caseload and costs related to the complexity of acuity in that caseload. In order to fully fund these increases certain tradeoffs had to occur. While continuing to protect the eligibility requirements for individuals to qualify for assistance and maintain the rates for Personal Support Workers, the budget makes some reductions, including a reduction to the percentage paid to Community Developmental Disability Programs and Brokerages for the services they deliver to these clients, eliminating the Family to Family Network program, and eliminating funding for certain regional staff. At the same time, the budget makes a significant investment in addressing the needs to develop a stable and well-trained workforce by updating the rate structure for Direct Service Providers (DSPs). Finally, the budget expends the Fairview Housing Trust Fund on programs dedicated to individuals with intellectual or developmental disabilities.

General Fund makes up 33 percent of the Oregon I/DD program budget. Most of the General Fund is used to match federal Title XIX Medicaid and other Federal Funds. Other Funds revenue is 1 percent of the overall budget. The Other Funds come primarily from clients’ contributions towards their care and estate recoveries. Federal matching funds for the Medicaid program are determined by the Federal Medical Assistance Percentage, which is the federal share of eligible program expenditures. The program match rate changes each federal fiscal year with FMAP rate adjustments.

The 2017-19 Governor’s budget is \$2,712.7 million total funds (\$893.9 million General Fund).

### **Central Services**

Central Services includes functions directly related to policy and program in the agency. Central Services consists of the Office of the Director and Policy, the Office of Equity and Multicultural Services (OEMS), the Office of Human Resources, the DHS Office of the Chief Financial Officer, and the Office of Communications. The 2017-19 Governor’s Budget is 51 percent General Fund, two percent Other Funds, and 47 percent Federal Funds; the funding mix is dependent on the services provided. Federal funding is subject to a federally approved cost allocation plan that charges programs for the services received.

The Central Services program provides the leadership and business supports necessary to achieve the mission of the agency. The 2017-19 Governor’s Budget is \$38.0 million total funds (\$19.3 million General Fund).

### **Shared Services**

A number of support functions, including information technology, financial services, budget, human resources, facilities, and procurement are designated as shared services between the Oregon Health Authority (OHA) and DHS. Some of these functions are housed in the OHA and some in DHS, but all shared services units support both agencies. The two agencies developed a joint governance model under which service-level agreements define the relationship between the agency providing service and the agency receiving the service. Shared Services funding is all

Other Funds, based on revenues received from other parts of DHS and from OHA for purchased services.

DHS' Shared Services budget includes the Shared Services Administration; Budget Center; Office of Forecasting, Research and Analysis; Office of Financial Services; Office of Human Resources; Office of Facilities; Office of Imaging and Records Management; Office of Contracts and Procurement; Office of Investigations and Training; Internal Audit and Consulting Unit; Office of Payment Accuracy and Recovery; Performance Excellence Office; Rules Coordinator; and the Office of Adult Abuse Prevention and Investigations.

The Shared Services program provides critical business and administrative supports necessary to achieve the mission of the agency. The 2017-19 Governor's Budget is \$132.3 million Other Funds. While it makes reductions by eliminating the Oregon Enterprise Data Analytics program, it includes investments in additional employees for the Background Check Unit to assist the department with eliminating a backlog of background checks for foster care providers in Child Welfare, Home Care Workers in APD, Personal Support Workers in I/DD and potential DHS employees.

### **Statewide Assessments and Enterprise-wide Costs (SAEC)**

The budget for Statewide Assessments and Enterprise-wide Costs contains statewide assessments including various Department of Administrative Services' assessments/charges, Central Government Services Charges, Oregon State Library assessments, and Secretary of State audits charges. It also includes the budgets for rent, debt service, and computer replacements. The 2017-19 Governor's Budget is 49 percent General Fund, eight percent Other Funds, and 43 percent Federal Funds; the funding mix depends on specific assessments or charges and cost allocation. Federal funding is subject to a federally approved cost allocation plan.

The 2017-2019 Governor's Budget is \$461.9 million total funds (\$227.5 million General Fund,).

### **Program Design Services**

During 2013-15, Program Design staff in each program were consolidated into a single agency-wide program design unit. Functions of this unit include quantifying desired agency outcomes; measuring the outcomes; designing programs to achieve the outcomes; implementing the design through business and IT processes; and systematically reviewing whether the processes are being implemented as designed and how well the outcomes are being achieved. The budget funds the continuation of the development and implementation of an integrated eligibility system across several DHS programs.

The Program Design unit supports agency programs by centralizing services that require specialized skills. The 2017-19 Governor's Budget is \$161.6 million total funds (\$31.2 million General Fund).

# Oregon Health Authority

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$1,933,379,158	\$2,139,964,413	\$2,167,928,460
Lottery Funds	10,591,632	11,348,753	12,322,109
Other Funds	3,885,646,674	5,782,295,632	6,563,470,971
Federal Funds	9,259,417,064	12,389,291,524	11,542,692,387
Other Funds (Nonlimited)	1,521,434,616	143,500,000	40,000,000
Federal Funds (Nonlimited)	101,837,124	106,653,023	106,446,717
<b>Total Funds</b>	<b>\$16,712,306,268</b>	<b>\$20,573,053,345</b>	<b>\$20,432,860,644</b>
Positions	4,548	4,449	4,749
Full-time Equivalent	4,112.29	4,383.89	4,540.26

## OVERVIEW

The 2017-19 Governor’s Budget for the Oregon Health Authority (OHA) reinforces the state’s commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model is sustainable during a time of rising costs and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state’s health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimum physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees Benefit Board (PEBB), and the Oregon Educator’s Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians and to improving population health.

The OHA budget directly impacts a significant portion of Oregon’s population:

- Approximately 1,439,500 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Over 600 individuals receive mental health care through the Oregon State Hospital system; and

- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

Today, nearly 95 percent of Oregonians have health insurance – an increase of 63 percent from 2013, and the Governor’s Budget aims to push this higher so that no person in the state goes without access to health care. Overall, the Governor’s Budget for OHA positions the state to improve people’s health, leverage the state’s power as a health care purchaser, reduce waste and inefficiency, and set clear standards for health care quality.

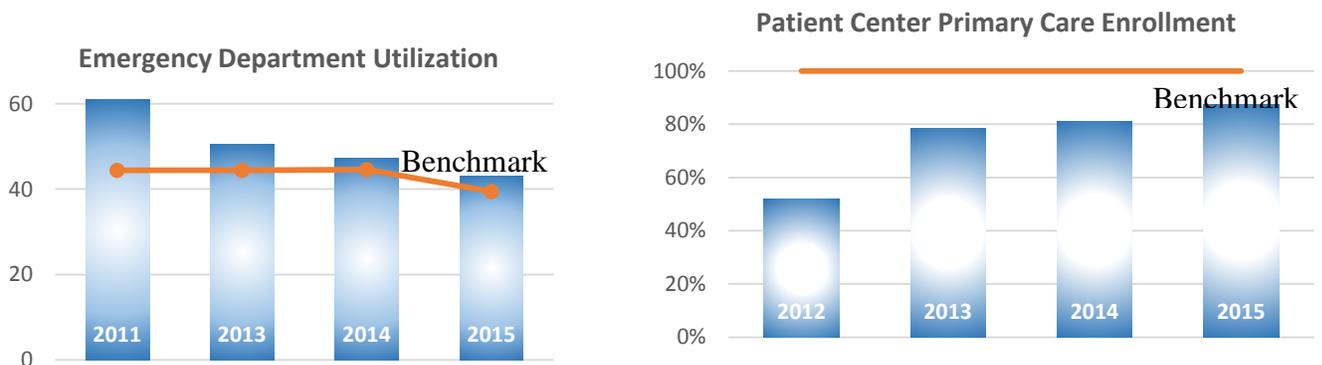
## GOVERNOR’S BUDGET

The 2017-19 Governor’s Budget for OHA is \$20,432.9 million total funds, which represents a decrease of one percent from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,167.9 million and represents a one percent increase compared to the 2015-17 LAB. The Governor’s Budget invests in OHA to achieve three key goals: making health care foundational; protecting children and underserved areas; and implementing shared responsibility for funding a sustainable health care program.

- Making Health Care Foundational:

**Comprehensive Health Care Benefits and Eligibility** – In a time of challenging budget constraints, the Governor’s Budget preserves the strong benefits and eligibility of OHP. Low-income adults, children, pregnant women, and individuals with disabilities will continue to have access to OHP’s physical, behavioral, and oral health care services.

**Health Care Outcomes** – OHP members continue to have access to a transformed health care system where reimbursement for Medicaid services includes performance payments measured on how well coordinated care organizations (CCO) perform on key health care measures. OHP has seen improvements in decreased emergency department visits per 1000 member months, decreased hospitalization for chronic conditions, and increased primary care. Examples of two specific measures are displayed below.



**Reducing Unintended Pregnancies** – Approximately 50 percent of pregnancies in Oregon are unintended. The Governor and OHA continue to place a high priority on improving women’s health and reducing unintended pregnancies by implementing pregnancy intention screenings and providing effective contraceptives to women who do not wish to become pregnant. The

Governor's Budget recognizes the state and federal Medicaid savings expected to be achieved through reducing the rate of unintended pregnancies across the state.

ONE System Enhancements – In 2015, OHA began a phased-in approach to launch the Oregon Eligibility (ONE) system for Medicaid eligibility and enrollment. The Governor's Budget builds on the system's progress and trajectory by supporting system enhancements to ensure it achieves its goal of automating and streamlining the eligibility and enrollment process for OHP applicants and caseload specialists.

Oregon State Hospital Junction City Campus – The state should do its best to ensure people with mental illness live in the most independent care settings possible while receiving the appropriate treatment. For this reason, the Governor's Budget plans to close the Junction City campus of the Oregon State Hospital after the first year of the 2017-19 biennium and transition patients to community care settings.

Cleaner Air Oregon – Protecting Oregon communities from environmental health risks, such as hazardous air pollutants, is imperative to keeping Oregonians safe and healthy. Environmental health issues disproportionately affect low-income and minority communities. The Governor's Budget enhances the Public Health Division's ability to support and implement health-based environmental protections by investing in the Cleaner Air Oregon initiative. This investment in OHA works in conjunction with similar Cleaner Air Oregon investments in the Department of Environmental Quality also aimed at reducing public health risks arising from hazardous pollutants.

- Protecting Children and Underserved Areas:

Cover All Kids - The Governor's Budget not only maintains the state's robust health care coverage for low-income Oregonians and their families, it also expands access to all low-income children in Oregon. This initiative is supported with \$55 million General Fund and will provide OHP coverage to children who do not qualify for Medicaid solely because they do not meet federal citizenship and immigration status requirements. The Governor's initiative reflects the return on investment achieved when children have health insurance coverage – they have fewer emergency room visits, have improved social and emotional functioning, do better in school, miss fewer school days, and are more likely to graduate school and go to college.

Implementation of Behavioral Health Investments – The 2015-17 OHA budget includes partial-biennium state fund investments of \$22 million for Oregon's mental health system and \$6 million for new addiction services. The Governor's Budget fully implements these investments in 2017-19. Combined with the \$45 million in Medicaid expansion savings reinvested in the mental health community in 2013-15, the Governor's Budget maintains a strong funding level for non-Medicaid behavioral health services in the state.

Hepatitis C Treatment Expansion – New breakthrough therapies to treat Hepatitis C with high rates of success became available in the past few years, although at a steep cost per patient. OHP has been providing treatment to Hepatitis C patients with higher stages of the disease; however, these treatments have presented a challenge for the state to stay within budgetary thresholds. The Governor's Budget recognizes the challenge of these increasing costs and invests in expanding treatment to patients at earlier stages. Hepatitis C disproportionately affects minority

communities and the Governor's initiative will help put the state on the path of decreasing the number of infections and halting the spread of the disease.

- Shared Responsibility for Funding Health Care:
- Bending the Cost Curve – The Governor's Budget continues to build upon the coordinated care model and applies it to all major health care purchasing. The budget continues caps on annual health care spending for PEBB and OEBC at 3.4 percent per member. The budget also reflects flat inflationary expenses for CCOs starting in January 2018 and reduces the administrative allowance included in CCO rates, in reflection of shared responsibility across the health system to operate within a sustainable budget.

Revenue Reforms – In prior biennia, a significant portion of OHP has been supported with one-time revenue no longer available in 2017-19. Additionally, the federal matching rate to support the Affordable Care Act (ACA) Medicaid expansion population is permanently decreasing on a scheduled phased-down from 100 percent to 90 percent from 2017 to 2020. Finally, the federal match rate for the pre-ACA portion of the program is also expected to decrease in the next biennium. Inclusive of holding CCO inflation flat as discussed above, the Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014. For example, hospital revenues and margins have increased significantly since 2014, as have CCO margins and reserves.

- Program Integrity and Fraud Prevention – Detecting, preventing, and investigating fraud, waste, and abuse is pivotal to ensuring public resources maximize the health care benefits delivered to Oregonians. This is why the Governor's Budget invests \$7.3 million, of which \$1.6 million is General Fund, to enhance OHA's Office of Program Integrity. This investment will enable OHA to improve its program for investigating Medicaid and non-Medicaid fraud; provide better oversight of how the state's health care partners spend public resources; and comply with federal program integrity requirements. The return on investment of this initiative cannot be understated, which is why the Governor's Budget also recognizes a General Fund savings of \$15 million to reflect the benefit of increasing the state's program integrity capabilities.

## REVENUE SUMMARY

Over 56 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates that determine how much state funding is required to support Medicaid caseload expenditures: Title XIX FMAP; the Affordable Care Act FMAP; and Children's Health Insurance Program FMAP. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds

used to support the Governor’s Budget for OHA include funds from the health care system, drug rebate revenue, tobacco tax, and tobacco master settlement agreement funding.

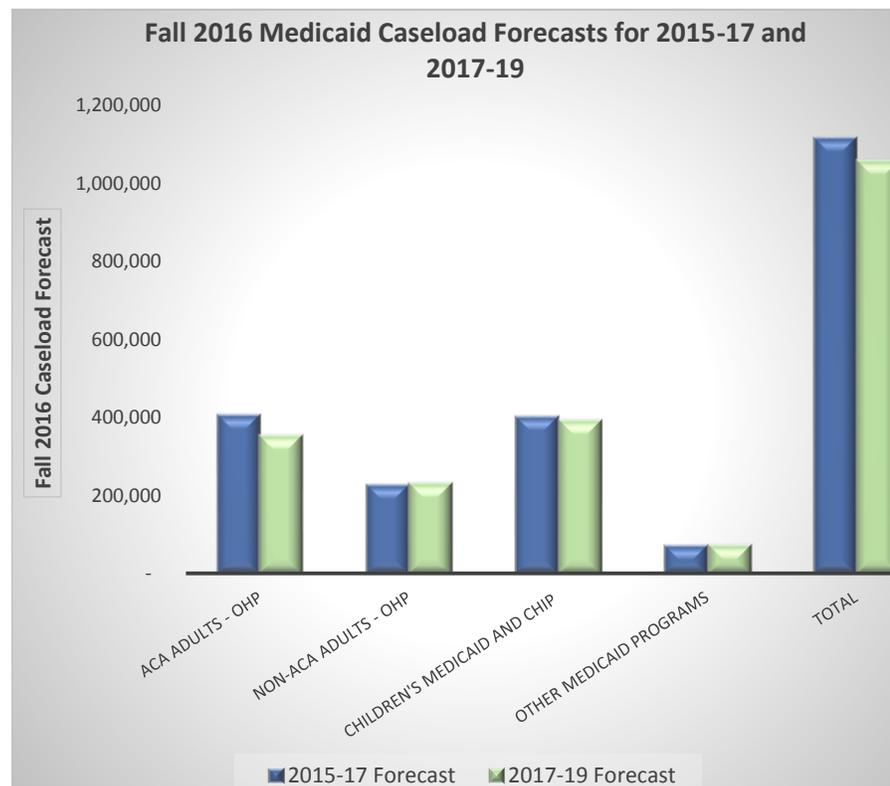
## AGENCY PROGRAMS

### Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state’s Medicaid and non-Medicaid programs.

*Medicaid:* OHA is the state designated agency responsible for Medicaid, which provides medical coverage to low-income adults, people with disabilities, children, and pregnant women. Most Medicaid coverage in the state is provided through OHP, which provides medical coverage for Medicaid under Title XIX of the Social Security Act, Children’s Health Insurance Program (CHIP) coverage under Title XXI of the Social Security Act and Medicaid expansion under the Affordable Care Act (ACA). There are also Medicaid programs outside of OHP, including the Citizen/Alien-Waived Emergency Medical and Qualified Medicare Beneficiaries programs.

Oregon’s health care system has experienced significant changes over the past few years upon the creation of a new Medicaid delivery system through coordinated care organizations (CCOs) starting in 2012. The CCOs emphasize prevention and helping people manage chronic conditions; in turn, this helps reduce unnecessary and expensive medical services and supports healthy living. There



are currently 16 CCOs operating in Oregon covering over 900,000 Oregonians, or approximately 90 percent of the one million enrollees in the state’s Medicaid program. Health System Transformation and the implementation of the coordinated care model focus on achieving the triple aim: better health, better care and lower costs. Another significant change in the state’s health care system came with the January 2014 expansion of Medicaid authorized by the ACA to

adults earning up to 138 percent of the federal poverty level. With the implementation of Medicaid expansion, the OHP caseload increased by approximately 400,000 individuals. Overall, the Medicaid caseload is projected to decrease by nearly 60,000 members from 2015-17 to 2017-19 based on the Fall 2016 forecast. Most of this change is anticipated in the ACA caseload, whereas other caseload groups are seeing upward pressure. Although the overall decrease in the caseload results in a total funds savings due to the decrease in the ACA caseload, the state fund costs increase because of the increase in the caseloads funded under the traditional FMAP rate. In other words, while the total caseload is expected to decrease, the part of the program of which the state has to cover a higher share of the cost is expected to increase, resulting in a net increase to the state budget challenge.

Despite the vast coverage provided by OHP, many low-income children remain without health care coverage in the state because of federal Medicaid restrictions regarding citizenship and immigration status. To bridge this gap and ensure children have health care coverage, the Governor's Budget invests \$55 million General Fund in the Cover All Kids program. This program will provide OHP benefits to children who meet the income eligibility threshold of CHIP, but otherwise would not qualify for Medicaid due to their citizenship and immigration status.

The Governor's Budget also invests \$196 million total funds, of which \$32 million is General Fund, to expand treatment of Hepatitis C to patients at an earlier stage of the disease. New anti-viral drug regimens for treating Hepatitis C came to market in 2013. These treatments have a high cure rate, yet can cost over \$100,000 per patient for a course of treatment. OHP currently covers patients in the later stages of Hepatitis C. By expanding treatment to patients with an earlier stage of the disease, the Governor's budget helps the OHP population achieve optimum health and moves toward stopping the spread of the disease. Although the Governor's Budget does not include funding for CCOs to receive a rate increase in calendar years 2018 and 2019, this investment helps mitigate the strain these pharmaceutical costs have placed on CCO budgets.

In light of the one-time revenue no longer available to support OHP, as well as the decreased availability of federal funding, the Governor's Budget reforms how OHP is funded in the following key ways:

- Hospital Assessments – The budget revises the Hospital Assessment structure to make it a true tax and discontinues the Hospital Transformation Performance Program, thereby redirecting the program's funding to support OHP benefits.
- Insurance and Managed Care – The budget reinstates the insurance and managed care tax that expired in 2013.
- Coordinated Care Organizations - The budget does not fund 18 months of inflationary costs for CCOs, previously capped at 3.4 percent per member per year and reduces the allowed CCO administrative rate.
- Fee-for-Service – The budget does not provide a full inflationary increase for fee-for-service rates.
- OHA Funding – The budget includes a series of cost reduction measures to reflect the state agency's efforts to continuously improve operations and achieve administrative efficiencies.

Together, these reforms reflect the shared contribution key OHP stakeholders must make to ensure the long-term financial sustainability of Oregon’s Medicaid programs.

*Non-Medicaid:* The Non-Medicaid budget supports critical elements in Oregon’s community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services are provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also purchase social support services for OHP members that are not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services. HSD works closely with OHA’s Office of Health Policy and Analytics, Office of Equity and Inclusion, and CCOs to administer the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical and behavioral health services and promoting health equity.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid continue to be made in accordance with the objectives of the USDOJ agreement.

A significant amount of state funding – \$210 million in total – has been invested in the Community Mental Health system in the last two biennia. Of the total amount invested, \$45 million represents reinvested savings resulting from the expansion of Medicaid coverage to individuals whose behavioral health services were previously funded with state funds. The Governor’s Budget for 2017-19 phases-in several Non-Medicaid program investments made in 2015-17 and recognizes savings due to a forecasted decrease in the Non-Medicaid caseload. The Governor’s Budget otherwise maintains Non-Medicaid behavioral health funding at the elevated level after the 2013-15 and 2015-17 investments to help ensure strong access remains for these services.

The overall Health Systems Division budget, including Medicaid, non-Medicaid, and related administration, totals \$15,051.9 million, which represents a three percent decrease compared to the 2015-17 LAB. The recommended General Fund budget is \$1,463.6 million, which represents a one percent increase compared to the 2015-17 LAB.

### **Health Policy and Analytics**

The Office of Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon’s health system transformation, including programs within OHA. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; and Business Support.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds through the CMS Children’s Health Insurance Program

Reauthorization Act grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Records funds. The Governor's Budget phases-in several investments related to health care transformation made in 2015-17. The budget also transfers \$4.8 million for health provider incentive programs from the Higher Education Coordinating Commission (HECC) pursuant to Senate Bill 3396 (2015).

The Governor's Budget for HPA is \$151.7 million total funds, of which \$31.2 million is General Fund. The recommended budget represents a total funds increase of nine percent from the 2015-17 LAB and a 41 percent increase in General Fund, primarily due to the phase-in of 2015-17 investments and transfer of provider incentive program funding from HECC. A significant portion of this increase represents the phase-in of health care transformation continuation investments made in 2015-17.

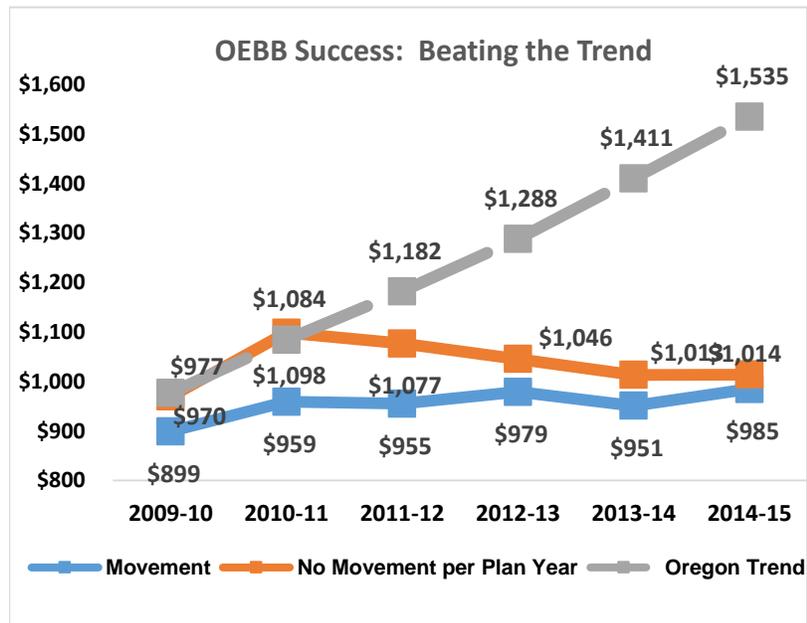
### **Public Employees Benefit Board**

The Public Employees Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies and flexible spending accounts for state employees and their dependents, representing over 138,000 Oregonians. PEBB is entirely funded with Other Funds through premiums collected for all insured individuals. Premiums are collected from state agencies, universities, and self-pay members to directly cover the costs of the plans. For fully-insured plans, the premiums PEBB collects are passed through to the appropriate carrier. For self-insured plans, PEBB maintains the Stabilization Fund, which must have a sufficient balance to cover claims risk. PEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member growth per year.

Instead of responding to increasing cost trends with one of the conventional approaches to controlling health care spending—reducing provider payments, changing covered benefits or shifting costs to members— PEBB is moving down a new pathway with its new health care partners to transform the delivery system for better efficiency, value and health outcomes. Since moving to self-insurance beginning in 2006, PEBB has experienced lower costs each year compared to premiums collected.

The 2017-19 Governor's Budget for PEBB is \$1,895.8 million. This is an increase of six percent from the 2015-17 Legislatively Approved Budget.

**The Oregon Educators Benefit Board (OEBB)** administers medical, dental, vision and other benefits for Oregon’s school districts, community colleges, and education service districts. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB’s goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. OEBB has prioritized choice in plan options for employers and employees as a savings option.



OEBB is funded through premium payments from school districts, community colleges, other government entities, and members. In the last several plan years, OEBB has had continued success at keeping its medical plan premiums lower than the overall trend of the state. As with PEBB, OEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member per year.

The Governor’s Budget for OEBB is \$1,663.4 million Other Funds, which is an increase of seven percent from the 2015-17 Legislatively Approved Budget.

### Public Health Program

The Public Health (PH) Division administers a variety of programs addressing behavioral and social drivers of health by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. PH programs can complement and amplify investments in health care programs and by focusing on prevention. They can have the potential to reduce the need for costly health care services. Oregon’s public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 34 local health departments across the state. At the state level of the system, PH plays a leadership role with the implementation of the ACA and health care transformation. Public Health has four general program areas overseen by the Office of the State Public Health Director:

- Center for Health Protection – Protects the health of individuals and communities through establishing, applying, and ensuring compliance with regulatory and health based standards. This includes protection from environmental health hazards, developing patient safety efforts, and quality improvement activities for all health care providers.

- Center for Prevention and Health Promotion – Helps communities and residents achieve and sustain lifelong health, wellness, and safety. This includes prevention of chronic disease, child developmental delays, injuries and unsafe relationships, and physical and behavioral problems.
- Center for Public Health Practice – Prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters.
- Office of the State Public Health Director – Provides scientific, fiscal, communications, and policy leadership to Public Health programs.

Public Health is primarily funded with Federal Funds and over 120 grants are categorically dedicated to specific Public Health programs. Public Health also collects Other Funds through fee-based programs. The 2017-19 budget either increases or establishes five different categories of fees consistent within meeting statutory requirements.

The Governor’s Budget funds the Cleaner Air Oregon initiative in Public Health at a total \$720,300 General Fund. This initiative will improve the ability of OHA to protect Oregon communities from environmental health risks and reducing the rates of illness and decrease the overall costs of health care in Oregon. The Cleaner Air Oregon activities in Public Health will work in collaboration with two Cleaner Air Oregon initiatives the Governor’s Budget also supports in the Department of Environmental Quality for Air Permitting and Air Toxics Monitoring.

The 2017-19 Governor’s Budget for Public Health is \$648.3 million total funds, which is an increase of two percent from the 2015-17 LAB. The recommended General Fund budget is \$43.5 million, which is less than a one percent increase compared to the 2015-17 LAB.

### **Oregon State Hospital**

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH’s Salem and Junction City campuses. The hospital’s primary goal is to help people recover from their mental illness and return to life in their communities. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil - people who have been found by the court to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs, due to their mental illness.
- Guilty Except for Insanity – people who committed a crime related to their mental illness.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment enabling them to understand the criminal charges against them and “aid and assist” in their own defense (often referred to as .370 population due to corresponding state statutory provision).

The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the capacity to serve up to 794 individuals, with 620 beds in Salem and 174 beds in Junction City. In November of 2016, OSH had about 625 individuals in its care, approximately 545 in Salem and 80 in Junction City.

The Governor's Budget plans for the closure of the Junction City campus after the first year of the 2017-19 biennium. This action will help transition patients to the appropriate treatment in independent settings. The budget also recognizes an anticipated increase in federal revenue through the certification of additional hospital beds with the Centers for Medicare and Medicaid.

The 2017-19 Governor's Budget for OSH is \$537.3 million total funds, which is an increase of three percent to the 2015-17 LAB. The General Fund budget is \$436.6 million, which represents a decrease of three percent.

### **Central Services**

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relation's Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Fiscal Operations Division provides operational support and services to OHA. These include providing leadership and collaboration for strategic decisions of OHA programs through in-depth knowledge of OHA financial processes, federal programs and fiscal policy, business line funding streams, and state budget processes. The division also provides human resources services through recruitment and staffing, employee relations, organization and employee development, risk management, and human resource regulatory compliance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for services to its respective state and federal funding sources. The 2017-19 budget makes several technical adjustments and includes an additional \$4.2 million General Fund to support the inclusion of OSH in the agency's cost allocation model. The Governor's Budget is \$36.1 million total funds, which represents an increase of one percent over the 2015-17 LAB. The

General Fund budget is \$23.4 million, which is an increase of twenty percent, which is primarily due to the costs associated with the OSH cost allocation adjustment.

### **Shared Services**

The Shared Services budget structure includes costs associated with business functions supporting both the Department of Human Services (DHS) and OHA under a joint governance agreement. Funding for Shared Services is based on cost allocation statistics, which determine the distribution of expenditures to OHA or DHS and the revenue distribution by General Fund, Other Funds, and Federal Funds.

OHA Shared Services contains the Office of Information Services and Information Security and Privacy Office. Within the DHS budget, the Shared Services contains: the Office of Forecasting; Office of Financial Services; Office of Human Resources; Facilities; Office of Imaging and Records Management; Office of Payment, Accuracy, and Recovery; Performance Excellence Office; and Internal Audit offices. Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The model contains a billing allocation module and grant allocation module.

The 2017-19 budget makes several adjustment to properly support the shared service expenditures of policy proposals funded elsewhere in the budget. These include the DHS Integrated Eligibility Project and Medicaid Management Information System Modularization. While the budget supports these investments, it does eliminate the Oregon Enterprise Data Analytics program in DHS, thus reducing costs to OHA. The Governor's Budget for Shared Services is \$163.1 million total funds, which represents a thirteen percent increase from the 2015-17 LAB.

### **State Assessments and Enterprise-wide Costs**

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, DAS risk assessment, DAS government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics. This allocation method determines the distribution of expenditures to OHA and DHS, the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC is \$285.2 million total funds, which represents an increase of four percent over the 2015-17 LAB. The General Fund budget is \$169.7 million, which represents an increase of five percent over the 2015-17 LAB.

## Long Term Care Ombudsman

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$2,510,888	\$6,303,638	\$6,419,208
Lottery Funds	0	0	0
Other Funds	670,166	737,480	894,922
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$3,181,054</b>	<b>\$7,041,118</b>	<b>\$7,314,130</b>
Positions	24	25	25
Full-time Equivalent	16.81	24.50	24.50

### OVERVIEW

Oregon's Long Term Care Ombudsman's (LTCO) mission is to protect individual rights, enhance quality of life, improve care and promote dignity for residents living in Oregon's licensed long-term care facilities. The Long-Term Care Ombudsman program coordinates a network of trained and certified volunteer ombudsmen who regularly visit long-term care residents and monitor the facilities in which they reside. As the volunteers receive complaints, they investigate and work to resolve them within the facility or, in the case of abuse, they refer the complaint to local adult protective services offices for investigation. The LTCO professional staff provides technical support and training for these volunteers. They also monitor facilities and respond to complex resident problems.

In addition, LTCO provides guardian and conservator services for persons without relatives or friends willing or able to serve as guardians and conservators and lacking the financial resources to obtain a private guardian or conservator. The Residential Facilities Ombudsman (RFO) program advocates for persons with intellectual/developmental disabilities (I/DD) and a mental health (MH) diagnosis living in licensed facilities. The Oregon Public Guardian (OPG) program allows the state to serve as a statewide court-appointed guardian and/or conservator, trustee and payee for incapacitated Oregonians who have no other resources to serve in such capacity.

### GOVERNOR'S BUDGET

The Governor's Budget for LTCO, which continues funding for core services and personnel, is \$7.3 million total funds for 25 positions (24.50 FTE). This is four percent higher than the 2015-17 Legislatively Approved Budget. The budget eliminates inflation for most Services and Supplies accounts and reduces professional services for public guardians.

## **REVENUE SUMMARY**

The agency's main source of revenue is General Fund. The Other Funds portion of the LTCO budget comes from civil penalties and fines levied against licensed programs serving individuals with intellectual and developmental disabilities and individuals with a mental health diagnosis. The agency's remaining Other Funds reflect the pass-through of a portion of the Senior Medicare Patrol grant and Older Americans Act funds from the Department of Human Services.

## **AGENCY PROGRAMS**

### **Long Term Care Ombudsman**

This program, mandated by the Federal Older Americans Act, serves long-term care facility residents through complaint investigation, resolution and advocacy for improvement in resident care. Program staff-work with a statewide network of 150 to 190 volunteers who work in their own communities. The program was expanded in July 2014 to also address the needs of residents of care facilities who have mental illness, intellectual or developmental disabilities.

### **Oregon Public Guardian**

The Oregon Public Guardian (OPG) serves as a court appointed, surrogate decision maker for adults incapable of making some or most decisions about their persons and affairs, who have no one else to serve as their guardian or conservator and have no less restrictive or costly options. Those in need of the OPG services include people with age related neurocognitive issues, persons with serious and persistent mental health issues and persons with intellectual/developmental disabilities. The Public Guardian (as ordered by a court) is responsible for developing individual care plans for these clients. The Public Guardian program serves as a fiduciary in a variety of areas, including estate issues, making all health, placement and fiscal decisions for the client and taking legal action, if necessary. The OPG program is new to Oregon. Prior to the passage of Senate Bill 1553 (2014), Multnomah and Jackson counties had the only existing public guardian programs.

# Psychiatric Security Review Board

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$2,166,128	\$2,688,017	\$2,977,067
Lottery Funds	0	0	0
Other Funds	82,466	2,168	2,248
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$2,248,594</b>	<b>\$2,690,185</b>	<b>\$2,979,315</b>
Positions	11	11	11
Full-time Equivalent	11.00	11.00	11.00

## OVERVIEW

The Psychiatric Security Review Board supervises both adults and youths who successfully assert the “guilty except for insanity” defense in criminal proceedings. The Board supports safety outcomes by protecting the public when determining the appropriate placements for those individuals who fall under their jurisdiction. In 2017-19, the Board is expecting minimal growth in the adult and juvenile populations; however, they are expecting to see some growth in civil commitments in future biennia.

The Board includes a five-member adult panel and a five-member juvenile panel, who are appointed by the Governor. The Board has the authority to:

- Commit a person to a state hospital designated by the Oregon Health Authority
- Conditionally release a person from a state hospital to a community-based program with close monitoring and supervision, and authorize modification of a release when appropriate
- When appropriate, revoke the conditional release for a person under its jurisdiction and order the person return to the state hospital pending a full hearing before the Board
- Discharge a person from its jurisdiction

Additionally, the Board conducts the following actions:

- Processes gun relief petitions and hearings for persons barred from possessing firearms due to a mental health determination
- Monitors and supervises civilly committed persons as statutorily mandated
- Reviews and evaluates registered sex offenders into a three-tier ranking system based on risk, for those who fall under their jurisdiction

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Psychiatric Security Review Board is \$3.0 million total funds. This is approximately an 11 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 11 positions and supports all current agency programs.

## **REVENUE SUMMARY**

The Board is dependent upon General Fund to support its core programs and functions. A small Other Funds balance remains from an award given by the American Psychiatric Association.



# PUBLIC SAFETY AGENCIES

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## Public Safety Program Area Budget

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$2,121,744,862	\$2,362,451,039	\$2,447,955,094
Lottery Funds	6,734,971	8,010,065	8,271,355
Other Funds	520,598,296	692,663,662	768,194,111
Federal Funds	310,019,630	507,058,385	529,548,019
Other Funds (Nonlimited)	9,519,152	4,895,992	5,077,143
Federal Funds (Nonlimited)	16,377,066	16,859,748	17,361,154
<b>Total Funds</b>	<b>\$2,984,993,977</b>	<b>\$3,591,938,891</b>	<b>\$3,776,406,876</b>
Positions	8,789	8,872	9,066
Full-time Equivalent	8,617.67	8,667.85	8,854.48

### OVERVIEW

Agencies within this program area are responsible for ensuring the public safety of Oregon's people, property, and natural resources by maintaining a trained militia, providing law enforcement services, prosecuting crimes, and incarcerating juvenile and adult offenders. Other major program objectives include legal representation of state agencies and consumer protection.

### GOVERNOR'S BUDGET AND KEY INVESTMENTS

The 2017-19 Governor's Budget for the Public Safety agencies is \$3,776.4 million total funds and a five percent increase from the 2015-17 Legislatively Approved Budget (LAB). General Fund, at \$2,448.0 million, is an increase of \$85.5 million, or four percent over the 2015-17 LAB.

The Governor's Budget reflects her commitment to prioritizing the most critical public safety services provided by state government.

### Law Enforcement

From State Police to the Department of Justice, state agencies enforce the law and provide safety for law-abiding citizens and businesses. The Governor's Budget preserves key statewide law enforcement services to ensure the public's safety.

- The Governor’s Budget for the Department of State Police maintains patrol trooper positions, which provide a uniform presence throughout the state, and makes a targeted investment in the forensics lab to assist in timely processing Sexual Assault Forensics Evidence Kits. In order to preserve the delivery of core law enforcement, the budget accounts for a series of cost savings measures and the targeted use of marijuana revenues to reduce General Fund costs.
- In the Department of Public Safety Standards and Training, the budget supports sustaining fifteen basic police classes, maintaining the Policing Excellence technical development, and professional standards enforcement.
- The Budget increases resources for the Board of Parole and Post-Prison Supervision to address the increase in the number of mandatory sex offender risk-based assessments to be conducted on all (over 29,000) registered sex offenders in the state by December 1, 2018 as outlined in House Bill 2320 (2015).
- Within the Department of Justice, the budget supports the continued effort for the replacement of the Child Support Enforcement Automated System.

### **Corrections**

The safety of citizens is enhanced by the reduction of crime through incarceration and rehabilitation of offenders. The Governor’s Budget continues to invest in evidence-based programs to reduce recidivism and divert offenders from prison while also providing resources to address needed repairs and upgrades to facilities.

- The Governor’s Budget reflects a proposed policy change that would reduce simple possession of controlled substance crime from felonies to misdemeanors, reflecting the Governor’s values both to reduce disparity in the justice system and to focus on treating addictions more appropriately as a public health, not a public safety issue.
- The Justice Reinvestment Initiative, administered by the Criminal Justice Commission, is continued by providing approximately \$32 million in grant funding. While the funding amount has been reduced, resources will now be a targeted resource available to the Commission to invest in counties that utilize funding in a way that effectively reduces recidivism, prison usage, and saves prison costs.
- The Governor’s Budget makes the much-needed investment in Oregon Youth Authority to support the Young Women’s Transitional Program for young women at the Oak Creek Youth Correctional Facility, as well as increased rates Behavioral Rehabilitation Services providers who serve Oregon’s most vulnerable youth. While the budget does include closing the North Coast Youth Correctional Facility, OYA will maintain its commitment to implementing the Youth Reformation System to deliver the right services to youth in the most appropriate settings in order to improve outcomes for youth.
- Within the Department of Corrections (DOC), the budget makes investments primarily attributable to providing safe housing and treatment to incarcerated offenders in state prisons. This includes the needed funding to open a second facility to provide safe and suitable housing

for the female inmate population and invests in the Behavioral Health Unit, which houses inmates with serious mental illness. Treatment services (alcohol and drug treatment, cognitive restructuring, etc.) within DOC and enhanced treatment funding for counties are maintained in support of the Justice Reinvestment Initiative to reduce recidivism, prison usage, and save future prison costs.

### **Military Preparedness**

The Oregon Military Department is there when needed to assist with natural disasters, emergencies, and overseas deployments. It also provides training for at-risk youth. The Governor's Budget provides continued state funding and staffing of the Oregon Military Department and provides bond financing to upgrade aging regional armories and to ensure facilities in key locations can serve as essential emergency operation centers in a major catastrophic seismic event or other natural disasters. Additionally, the budget includes funding within the Emergency Fund to enrich capacity to respond to severe incidents, such as a train derailment, as it relates to environmental health hazards.

## Department of Corrections

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$1,480,524,545	\$1,593,133,894	\$1,682,348,321
Lottery Funds	0	0	0
Other Funds	34,008,579	55,776,993	82,880,907
Federal Funds	7,087,555	5,710,107	4,313,774
Other Funds (Nonlimited)	5,558,579	0	0
Federal Funds (Nonlimited)	1,206,842	1,119,495	1,038,513
<b>Total Funds</b>	<b>\$1,528,386,100</b>	<b>\$1,655,740,489</b>	<b>\$1,770,581,515</b>
Positions	4,487	4,534	4,686
Full-time Equivalent	4,435.84	4,487.41	4,646.33

### OVERVIEW

The Department of Corrections manages felony offenders sentenced to more than 12 months of incarceration by the courts. Its mission is “...to promote public safety by holding offenders accountable for their actions and reducing the risk of future criminal behavior.” The Department consists of the following divisions:

- Operations – provides intake, security, housing, feeding, transportation, work program management, and population management of Oregon’s incarcerated adult felony offenders.
- Central Administration – provides leadership for the agency and participation in statewide public safety initiatives. It houses the Director’s Office and includes budgeting, research, audits, investigations, and communications.
- Administrative Services– supports much of the day-to-day business of the organization such as facilities maintenance and services, human resources, procurement, central distribution, information systems management, and fiscal services such as accounting and payroll.
- Community Corrections – directly delivers supervision, services, and sanctions to offenders in local control, on post-prison supervision or parole, and on probation in Linn and Douglas counties. It oversees intergovernmental agreements with the 34 other counties to deliver comparable services. It also manages inmate transfers between states.
- Health Services – provides a managed-care model of delivering legally mandated health-related services including medical, dental, mental health, and pharmacy. Functionally, it is part of the Operations Division.

Offender Management and Rehabilitation – provides intake processing, offender records management, sentence computation, custody level classification, and services that help offenders move successfully back into the community, including alcohol and drug treatment, education, and apprenticeship and work skills.

Debt Service, Capital Improvements, and Capital Construction divisions – are budget structures containing funding for maintaining, repairing, improving, and replacing capital assets.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Department of Corrections provides \$1,771 million total funds. This is a seven percent increase from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget equals \$1,682 million, a six percent increase from the 2015-17 LAB. The budget includes \$82.9 million Other Funds expenditure limitation and \$4.3 million Federal Funds expenditure limitation. The budget includes 4,686 positions. The Governor's Budget provides safe and effective management of incarcerated offenders in state prisons and provides for the treatment of those offenders. The Governor's Budget also includes a series of cost savings measures, which include: reducing possession of a controlled substance from a felony to a misdemeanor for crime category classifications of five or less; eliminating inflationary growth within the agency and reducing community corrections grants.

## **REVENUE SUMMARY**

The agency's need for revenue is influenced primarily by the number of inmates in prison, the severity of their medical and other treatment needs, the need to comply with legal mandates guiding conditions of incarceration and federal programs such as the Prison Rape Elimination Act, the costs of purchased goods and services such as medical services and supplies, and collective bargaining agreements with corrections workers' unions. General Fund makes up 95 percent of the Department's revenue. Other Funds comprise 4.7 percent of the budget and come primarily from inmate work and sales programs, inmates' commissary purchases, and bond proceeds for capital projects. Federal Funds, which make up the remainder of the budget, are primarily from the State Criminal Alien Assistance Program grant, which provides a minimal subsidy to the cost of managing alien offenders. The funds are used to offset medical costs.

## **AGENCY PROGRAMS**

### **Operations**

The Operations division is responsible for the overall security, housing, and population management of Oregon's approximately 14,750 incarcerated adult felony offenders. The division provides overall administration and operation of the agency's 14 correctional institutions, including central budget management, policy development, central coordination of institution food programs, and central coordination of staff resource planning and inmate work programs. The division also manages the transport of inmates to medical appointments, court appointments, other correctional institutions, and for other purposes. The Governor's Budget provides \$834 million total funds and 3,391 positions for the Operations division. Of this amount, \$820 million is General Fund, a 10 percent increase from the 2015-17 Legislatively

Approved Budget. This increase is primarily attributable to opening the Oregon State Penitentiary Minimum facility to safely and effectively manage the projected growth in the female inmate population, as well as providing staff and funding to operate the Behavioral Health Unit at the Oregon State Penitentiary.

DOC's success is predicated on keeping convicted felons securely incarcerated for the duration of their sentence, operating safe and secure prisons, and providing opportunities for positive change; by effectively using the time individuals are in custody, DOC can increase their chances of a successful transition back to the community.

### **Central Administration**

Central Administration includes the Director's Office and Deputy Director's Office, Chief Financial Office, Research and Projects, Internal Audits, Inspector General, Diversity and Inclusion, Government Efficiencies and Communications, and department overhead, which includes agency-wide assessments and state government service charges. The division provides leadership for the agency and participation in statewide public safety initiatives. The division's largest unit – the Inspector General's Office – oversees management of high-risk offenders, investigates suspected wrongdoing, and conducts disciplinary hearings. A focus for Central Administration continues to be enhancing administrative effectiveness and accountability and strengthening internal and external communication. The Governor's Budget provides \$89 million total funds and 174 positions for the Central Administration division. Of this amount, \$86 million is General Fund, a 0.5 percent increase from the 2015-17 Legislatively Approved Budget.

### **Administrative Services**

Administrative Services provides services that are fundamental to the day-to-day operations of the department. Services are provided directly to the employees, offenders, volunteers, community corrections, and other partner agencies. The division provides information technology services, facility services, human resources, and distribution services. The Governor's Budget provides \$67 million total funds and 250 positions for the Administrative Services division. Of this amount, \$58 million is General Fund, a 0.9 percent increase from the 2015-17 Legislatively Approved Budget.

### **Community Corrections**

In the 2017-19 biennium, the Community Correction division will be responsible for providing supervision, services, and sanctions to more than 32,300 offenders in Oregon's communities. These include felony offenders sentenced to probation, offenders released to parole or post-prison supervision, and offenders sentenced to 12 months or less in prison to be served at the county level. Community Corrections supervision, services, and sanctions are provided directly by the Department in Linn and Douglas Counties and indirectly by counties through intergovernmental agreements with the Department in the remaining 34 counties.

Probation/parole officers identify criminal risk factors and tailor case management plans to address them, thus mitigating the chances that an offender will engage in future criminal activity. Community Corrections agencies provide correctional programs such as alcohol/drug treatment, sex offender treatment, employment counseling, and mental health services in order

to promote long-term behavior change. Research has demonstrated that treatment combined with supervision has the greatest impact on reducing criminal activity, compared to any other criminal justice system sanction.

The Governor's Budget provides \$269 million total funds and 74 positions for the Community Corrections division. Of this amount, \$262 million is General Fund, a 2.8 percent decrease from the 2015-17 Legislatively Approved Budget.

## **Health Services**

The Health Services division provides legally mandated medical, dental, mental health, and pharmacy services to the approximately 14,750 adults in custody in Oregon's prisons. To accomplish this task effectively and efficiently, the Department uses a managed care model that emphasizes patient education, a limited benefit package, on-site primary care with coordinated care and management of diseases, controlled access to specialists and specialist procedures, restricted pharmacy medication formulary, controlled utilization, utilization review, and claims review. The division maintains a team of professionals that includes physicians, nurse practitioners, physician assistants, registered nurses, dentists, psychiatrists, mental health specialists, pharmacists, as well as other licensed professionals. A measure of success for this division is the percentage of total inmate care encounters that occur offsite. The target is one percent or less and the division has remained below this target maximum level since at least 2008, indicating that it is able to deliver almost all inmate care without incurring offsite encounters, which are typically more costly.

The Governor's Budget provides \$267 million total funds and 590 positions for the Health Services division. Of this amount, \$263 million is General Fund, a 10 percent increase from the 2015-17 Legislatively Approved Budget. This increase is primarily attributable to opening the Oregon State Penitentiary Minimum facility to safely and effectively manage the projected growth in the female inmate population as well as providing staff and funding to operate the Behavioral Health Unit at the Oregon State Penitentiary.

## **Offender Management and Rehabilitation**

The Offender Management and Rehabilitation program is responsible for carrying out the Department's mission to reduce the risk of future criminal conduct. The program uses dynamic case management strategies that involve the offender, guide and target corrections interventions, and enhance linkages to community-based networks of support. The program includes the operation of offender intake processing, offender records, sentence computation, offender custody level classification, coordination of transfers between institutions, alcohol and drug treatment, cognitive behavioral restructuring, parenting, education, apprenticeship and work skills, religious services, victim services, volunteer services, inmate and community advocacy, transition programs, and release planning. It targets resources to offenders with a moderate to high risk of recidivating using evidence-based practices in a multidisciplinary case management approach from admission to release. The division gauges its success partly on the percentage of inmates in custody who, during the intake process, did not have a certified high school diploma or GED. The percentage during 2014-15 was roughly 33 percent.

The Governor's Budget provides \$81 million total funds and 207 positions for the Offender Management and Rehabilitation division. Of this amount, \$75 million is General Fund, an 11 percent increase from the 2015-17 Legislatively Approved Budget. This increase is primarily attributable to opening the Oregon State Penitentiary Minimum facility to safely and effectively manage the projected growth in the female inmate population as well as the loss of Other Funds revenues related to a Federal Communications Commission ruling.

## **Debt Service**

The Debt Service budgetary division contains funding to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COPs) and bonds. Proceeds generated by the sales of COPs and bonds are used to construct and improve correctional facilities. Additionally, bond financing is used to replace transport vehicles, outdated computer systems, and to upgrade the agencies telephone system. The Governor's Budget provides \$116.0 million total funds for the Debt Service division. Of this amount, \$115 million is General Fund and the remainder is Nonlimited Federal Funds. Total funds decreased by 11 percent from the 2015-17 Legislatively Approved Budget.

## **Capital Improvements**

The Capital Improvements budgetary division includes funding for those projects that change, adapt, or replace the use or function of a facility or reconfiguration of a program workspace. Capital Improvements also include asset protection, which is defined as maintenance, repair, replacement, or adaptation of a facility. The completed project cost must be less than \$1.0 million. The Department is responsible for maintaining 325 owned buildings and over 5.4 million square feet of building space. The estimated current replacement value is estimated at \$2.5 billion. Base Capital Improvements division funding will allow the agency to perform only the most critical and immediate protection activities on its real property assets. The Governor's Budget provides \$3.2 million total funds for the Capital Improvements division. Of this amount, \$2.7 million is primarily General Fund, and the remaining amount is bond revenues to upgrade the inmate trust accounting and commissary point of sale system. The division's General Fund budget remained flat from the 2015-17 Legislatively Approved Budget.

## **Capital Construction**

The Capital Construction budgetary division contains funding for the purchase of land, buildings, support systems, and equipment and information technology-related projects. New building and equipment and deferred maintenance projects are included in the Capital Construction program, but excludes routine maintenance and repairs. Capital Construction also incorporates those major projects or activities whose aggregate cost will equal or exceed \$1.0 million. The Governor's Budget provides \$43 million total funds for the Capital Construction division, all of which is Other Funds from bond revenues. Capital Construction projects include \$31 million for high-priority capital projects and \$12 million to upgrade the Department's telephone system to Voice Over Internet Protocol as the state implements a plan by the Department of Administrative Services to change the way DAS provides telephone services to agencies.

## Criminal Justice Commission

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$23,421,910	\$55,130,454	\$45,089,117
Lottery Funds	0	0	0
Other Funds	862,857	864,015	1,012,274
Federal Funds	7,606,902	6,937,604	10,168,330
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$31,891,669</b>	<b>\$62,932,073</b>	<b>\$56,269,721</b>
Positions	9	11	11
Full-time Equivalent	8.38	11.00	11.00

### OVERVIEW

The Oregon Criminal Justice Commission is a nine-member body that serves as a centralized and impartial forum for statewide public safety policy development, planning, and agency coordination. Commission staff collect and analyze crime data and sentencing data and develop estimates of the impact of crime-related legislation and initiatives on the criminal justice system. The Commission also develops state criminal justice policy and Oregon's long-range comprehensive public safety plan.

Consistent with the constitutional direction to both punish and reform offenders, the Criminal Justice Commission analyzes data to determine the optimal mix of incarceration, treatment/program provision, and post-release supervision that will maximize the value of every dollar spent. The Commission strives to make the criminal justice system effective and efficient in preventing crime by analyzing the use of incarceration and services to reduce recidivism. Toward this goal, the Commission analyzes and evaluates sentencing policy and prospective sentencing practices. In addition to this central mission, the Commission has several other duties:

**Sentencing Guidelines** – The Commission administers Oregon's sentencing guidelines, which establish sentences for felony crimes committed on or after November 1, 1989. The Commission provides analysis and data to agencies, the Legislature and the public. It assists local public safety coordinating councils. Each interim, the Commission adopts rules necessary to conform the guidelines to the activity of the legislature during the prior session.

**Statistical Analysis** – The Statistical Analysis Center serves as a criminal justice system information resource and clearinghouse for local, state and federal agencies. The center's mission is to provide, promote and maintain reliable and valid criminal justice system data. The

center serves as a repository of federal criminal justice analytical and statistical information, conducts research, provides technical assistance, publishes reports on the criminal justice system and policy issues and assists in providing Oregon information to federal agencies.

Specialty Court Grant Program – The Commission administers grants for 34 specialty courts. Specialty courts are effective in handling particular types of cases, such as drug cases. The Commission has developed standards for these courts and is implementing peer reviews of the adult specialty drug courts.

Asset Forfeiture – Established in 1989, the Asset Forfeiture Oversight Advisory Committee (AFOAC) collects data on asset forfeiture in Oregon and makes recommendations to the Legislature on modifications of statutory authority. Since 1997, the Commission has provided staff support for AFOAC. Funds from asset forfeiture are available for the Commission to distribute to drug courts.

Beginning with the 2013-15 biennium, the Commission manages the state's Justice Reinvestment Grant Program, which provides funding to local criminal justice systems to control prison growth, reduce recidivism, increase public safety, and increase offender accountability.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Criminal Justice Commission provides \$56 million total funds. This is an 11 percent decrease from the 2015-17 Legislatively Approved Budget. The General Fund budget equals \$45 million, an 18 percent decrease from the 2015-17 Legislatively Approved Budget (LAB). The budget includes 11 positions. The Governor's Budget continues to support the Justice Reinvestment Initiative by providing for approximately \$32 million in grant funding. While this funding is a slight reduction from LAB, it is anticipated that the Commission will target these resources to incentivize counties that have effectively utilized funding to reduce recidivism, prison usage, and save prison costs.

## **REVENUE SUMMARY**

The agency receives General Fund to support a number of positions, as well as associated expenditures, special payments to counties for specialty courts, and special payments to counties for Justice Reinvestment activities. The agency also receives Other Funds from civil forfeitures to staff the Asset Forfeiture Oversight Committee and to support specialty court programs administered by the agency. It also receives Federal Funds from federal grants that support the agency's statistical analysis work, the Oregon Center for Policing Excellence at the Department of Public Safety Standards and Training, and specialty court programs.

## District Attorneys and Their Deputies

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$10,916,597	\$11,868,624	\$12,483,927
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$10,916,597</b>	<b>\$11,868,624</b>	<b>\$12,483,927</b>
Positions	36	36	36
Full-time Equivalent	36.00	36.00	36.00

### OVERVIEW

The District Attorneys' mission is to uphold the laws and Constitution of the State of Oregon and the United States Constitution; to preserve the safety of the public; to protect the rights of crime victims; and to pursue justice for all with skill, honor and integrity.

There are 36 District Attorneys (DAs) in Oregon; they are non-partisan and are elected by each county to four-year terms. The District Attorneys and their Deputies prosecute state criminal offenses committed by juveniles and adults. In their effort to support public safety goals and strategies, the District Attorneys legal duties include the following:

- Enforcing child support obligations in non-welfare cases
- Prosecuting civil forfeitures
- Presenting evidence at mental health hearings
- Ruling on public records requests
- Representing local interests in child dependency cases
- Assisting juvenile courts
- Advising and representing county officers

District Attorneys support the Justice Reinvestment Initiative through careful decisions at the initial charging stage of a case and subsequent plea negotiation prior to trial and by supporting the belief that non-violent offenders are better managed in the community. The DAs and their Deputies are participants in statewide crime prevention programs through their participation in local public safety coordinating councils, child abuse prevention teams and community outreach activities.

## **GOVERNOR'S BUDGET**

The Governor's Budget is \$12.5 million General Fund. This is a five percent increase from the 2015-17 Legislatively Approved Budget. The budget funds 36 positions and includes salaries for the 36 elected district attorneys who are state employees. State government service charges cover tort liability and other insurance related costs.

## **REVENUE SUMMARY**

The District Attorneys are funded with General Fund. Their Deputies receive funding through the counties in which they are employed.

## Department of Justice

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$63,337,324	\$78,841,305	\$84,015,552
Lottery Funds	0	0	0
Other Funds	246,176,176	295,695,075	318,453,163
Federal Funds	110,148,006	157,871,008	188,005,351
Other Funds (Nonlimited)	3,469,160	4,895,992	5,077,143
Federal Funds (Nonlimited)	15,170,224	15,740,252	16,322,641
<b>Total Funds</b>	<b>\$438,300,890</b>	<b>\$553,043,632</b>	<b>\$611,873,850</b>
Positions	1,279	1,325	1,342
Full-time Equivalent	1,261.22	1,298.77	1,318.57

### OVERVIEW

The mission of the Department of Justice is to serve state government and support safe and healthy communities throughout Oregon by providing essential justice services. The Department is comprised of eight major divisions; two appropriations to support the Child Support Enforcement Automated System replacement; and the Defense of Criminal Convictions program:

- Administration – includes the Office of the Attorney General and Administrative Services for the Department.
- Appellate – represents the State in all cases appealed to state and federal appellate courts.
- Civil Enforcement – enforces consumer law and coordination of protection services.
- Criminal Justice – conducts specialized criminal investigations that support district attorney assistance, organized crime investigation and criminal intelligence gathering.
- Crime Victims Services – administers victims' assistance programs.
- General Counsel – provides varied legal services to state officials, agencies, boards, and commissions.
- Trial – defends the state when sued.
- Child Support – establishes and enforces child support obligations.

### GOVERNOR'S BUDGET

The Governor's Budget for the Department of Justice is \$611.9 million total funds, \$84.0 million General Fund, \$323.5 million Other Funds (includes Other Funds Unlimited), and \$204.3 million Federal Funds (includes Federal Funds Non-limited). This represents an 11 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 1,342 positions.

The Governor's Budget assumes an attorney rate of \$185 per hour which is a six percent increase from the 2015-17 rate of \$175 per hour. The rate is expected to generate a total of \$176.5 million.

## **REVENUE SUMMARY**

The Department relies on a variety of funding sources. General Fund accounts for 14 percent of the budget and is devoted to public safety programs and services, primarily: the Oregon Child Support Program; the Defense of Criminal Convictions program; crime victims programs; legal work, which no state agency can be billed directly (e.g., ballot-measure related); and the law enforcement activities of the Criminal Justice Division.

Other Funds resources include charges to agencies for legal services, settlements, license and other fees, as well as charges and fines. Federal Funds include the federal share of the Child Support and Medicaid Fraud programs and crime victims' grants.

## **AGENCY PROGRAMS**

### **Administration**

The Administration division includes the Office of the Attorney General and Administrative Services. The Office of the Attorney General provides executive management, establishes the state's legal position, manages public affairs, coordinates government-to-government tribal relations, and sets the policy direction for the Department.

The Governor's Budget for this program is \$36.0 million total funds, which represents a seven percent increase from 2015-17 Legislatively Approved Budget. The budget includes 112 positions. This budget supports core service programs.

### **Appellate**

The Appellate division represents the state in all cases appealed to state and federal appellate courts in which the state is a party or has a significant interest. The division strives both to advocate on the state's behalf in the individual case and to influence the development of case law that serves the state's long-term legal interests.

Approximately two-thirds of the division's cases involve appeals from criminal convictions. There are three types of challenges to criminal convictions: direct appeal, State post-conviction challenges, and Federal habeas corpus challenges.

For the 2017-19 biennium, the division anticipates handling more than 3,170 appeals, including 2,481 appeals from criminal convictions and 691 appeals involving civil, administrative and other matters. The division anticipates a modest increase in the number of appeals going forward.

The Governor's Budget for this program is \$21.1 million total funds, which is an eight percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 57 positions.

## **Civil Enforcement**

The Civil Enforcement division provides essential public services, including the following: recovery of moneys owed to the state; legal support for family law and the child advocacy program; prosecution of financial crimes; prevention of consumer fraud; regulation of charitable giving; and the enforcement of certain civil rights.

The division includes five sections:

The Child Advocacy section represents the Division of Child Support in judicial proceedings to establish paternity; enforces child support orders; and represents the Department of Human Services in juvenile dependency.

- The Governor's budget supports a block grant model that allows DOJ attorneys the ability to provide the Department of Human Services caseworkers with continuous representation. This will promote attorney-caseworker collaboration, improve caseworker job satisfaction and retention, avoid the risk of unlawful practice of law by case workers, and improve efficiency and cost-effectiveness of the child welfare system.

The Civil Recovery section undertakes civil litigation to recover money or property on behalf of any agency with a tort, contract, statutory or other claim. Additionally, the program enforces child support orders, prosecutes environmental crimes, enforces civil rights laws, represents the state's interest in securities litigation, enforces the tobacco Non-Participating Manufacturers statutes, and defends Oregon's rights under the national tobacco Master Settlement Agreement.

The Medicaid Fraud Control Unit investigates and prosecutes Medicaid fraud. Incidents include patient abuse or neglect committed by long-term care facilities or their employees and fraud in the administration of the Medicaid program.

The Financial Fraud/Consumer Protection section works to ensure fair competition and to educate consumers against marketplace fraud and abuse. It prosecutes violations and antitrust laws and seeks restitution, attorney fees, and penalties for injured consumers and state agencies.

The Charitable Activities section supervises and regulates the activities of charitable, professional fundraisers and other nonprofit organizations. The number of registered charitable organizations has increased from about 3,000 in the early 1990's to currently over 19,000.

The Governor's Budget for this program is \$93.4 million total funds, which represents a 13 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 245 positions and supports their core programs and civil enforcement activities.

## **Criminal Justice**

The Criminal Justice division conducts specialized criminal investigations and prosecutions. It combines highly-trained and experienced special agents, prosecutors and analysts into a single unit to comprehensively fight crime across Oregon.

The division assists a broad spectrum of public safety programs with the following services: trial and investigative assistance, technical-legal and prosecutorial advice, and continuing legal education and training in criminal law and procedures. The division prosecutes a wide array of infractions, such as tobacco smuggling, internet crimes against children, social security fraud, environmental crimes, and

mortgage fraud. Furthermore, the division is charged with investigating and prosecuting organized crime and participates in, coordinates or manages the following joint efforts:

- the Oregon Internet Crimes Against Children Unit (ICAC);
- the Cooperative Disabilities Investigation Unit;
- High Intensity Drug Trafficking Areas (HIDTA) investigates services promotes, facilitate, and coordinate the exchange of criminal intelligence information, and provide analytics support.
- the Criminal Intelligence Unit, which provides analytical services to Oregon law enforcement and also maintains the Oregon State Intelligence Network, the primary intelligence sharing network for Oregon law enforcement; and
- the Western States Information Network for Oregon, which is a federal funded program that shares intelligence information among five western states; and,

From July 2014 through June 2016, the division performed the following: 2,056 service assists, prosecuted over 238 cases and conducted over 305 investigations; and the ICAC unit received 2,281 tips, investigated 383 cases and performed 191 computer forensic examinations. The division provided 1,106 hours of training to over 4,800 students of law enforcement, prosecutors, advocates, and other members of the criminal justice system. Additionally, the Criminal Information Services Sections, which includes the HITDA Investigation Service Center and Watch Center worked 113 cases, referred 301 leads to other law enforcement agencies, processed 11,540 request for criminal intelligence profiles and reduced the risk on 3,913 events and 41,810 cases.

The Governor's Budget for this program is \$30.7 million total funds, which represents a six percent increase from 2015-17 Legislatively Approved Budget. The budget includes 58 positions to support specialized investigations and criminal prosecutions.

### **Crime Victims' Services**

The Crime Victims' Services division conducts the following activities:

- delivers grant funding to direct service providers for crime victims throughout the state;
- pays out compensation claims to victims of crime;
- collects restitution and judgments on behalf of crime victims, as well as the state of Oregon; and,
- provides direct advocacy services to victims of crime as mandated by the Oregon Constitution and Oregon Revised Statutes.

The Crime Victims' Compensation program was created to provide assistance to innocent victims who sustain injuries resulting from criminal activity.

The Child Abuse Medical Assessment program pays for child abuse medical assessments in certain cases.

The Sexual Assault Victims' Emergency Medical Response Fund provides assistance to victims of sexual assault to ensure they have access to an immediate medical exam and forensic evidence collection.

The Address Confidentiality program provides a substitute address for forwarding mail for victims of domestic violence, sexual assault and stalking; this program has over 1,500 participants.

The Victim Response section manages three programs: the Victim Rights program; the Post-Conviction Advocacy program; and the Domestic Violence Resource Prosecutor.

The Grant Management section manages the following grant programs:

- The Prosecutor-based Victim Assistance Program is a grant program to certified prosecutors' offices across the state, who maintain local crime victims' assistance programs.
- The Federal Victims of Crime Act provides funds to states and local organizations for victims' assistance.
- The Domestic and Sexual Violence Services program was created to advocate, provide safety, promote cooperation among agencies and stabilize the infrastructure for the victims of assault.
- The Child Abuse Multidisciplinary Intervention (CAMI) program provides state funds to 36 county teams for a multidisciplinary approach to assessment, investigation, and prosecution of child abuse cases.
- The Federal Violence against Women Act STOP formula grant program provides funding for prosecution, advocacy, law enforcement, and court activities dedicated to stopping violence against women.
- The Federal Intimate Partner Violence and Pregnancy Grant;
- The Federal J.R. Justice Grant; and,
- The state Crime Victim Grant program makes grants to local public and private agencies that provide services to victims of violent crimes.
- The average monthly number of claims received by Crime Victims' Services is currently at its highest level ever. However, the total amount paid has been declining since the 2011-13 biennium. This is partly due to passage of the Affordable Care Act and the increase in the number of Oregonians who have health insurance. During the 2015-17 biennium (through September 2016), the program received an average of 508 claim applications per month and processed an average 473 payments per month for a total of \$3.7 million.

The division's programs work to provide safety and ensure the health of Oregonians by serving those most vulnerable through no fault of their own, by actions of another. The program's compensation ensures that victims of violent crime have financial assistance so they can address their health and safety without having to sacrifice other essential needs.

- Governor's Budget for this program is \$101.0 million total funds, which represents a 40 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 38 positions. The increase is attributed to Federal Funds received from the Victim of Crime Assistance (VOCA) Program and Other Funds received through the Punitive Damage Awards.

### **General Counsel**

The General Counsel division provides a full range of essential legal services to state agencies and officers to achieve the following:

- ensure state agencies operate their programs according to established laws and legal precedent, minimizing legal exposure; and,

- enhance public trust through consistent interpretation of law across state agencies.

The program provides oral and written legal advice and drafts or reviews contracts and other documents. It represents agencies in administrative hearings and furnishes legal opinions. In some cases, it may handle litigation and appellate work involving client agencies.

Given the diverse legal needs of state agencies and broad range of subject matter, General Counsel is organized into the following eight sections: Chief Council's Office, Business Activities, Government Services, Human Services and Education, Labor and Employment, Natural Resources, Tax and Finance and Business Transactions.

The Governor's Budget for this program is \$54.9 million Other Funds, which represents a 12 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 147 positions and supports current core programs.

### **Trial**

The Trial division has represented the Governor, the Legislature, state agencies, as well as thousands of individual state employees who were sued for their work on behalf of the state. It also represents agencies when it is necessary for them to file contract or commercial lawsuits in furtherance of their mission. The division is focused on developing agency specific training to avoid future legal exposure and enable agencies to focus on service delivery.

The division is organized into four sections: Civil Litigation (jury trials), Criminal and Collateral Remedies, Special Litigation, and Defense of Agency Orders.

Trial division cases include the following:

- defending state agencies and state officials against tort claims;
- employment claims;
- cases alleging civil-rights violations and other claims for monetary damages;
- representing state agencies in contract disputes and in the acquisition of land for public roads;
- defending the state in all trial court cases filed by prisoners; and,
- defending state laws, ballot initiatives and policies at the trial court level.

From July 2013 to June 2015, the division opened 2,048 non-criminal and 574 criminal new cases. Including criminal cases, the state prevailed in 96 percent either through trial, motions or negotiated settlements.

The Governor's Budget for this program is \$32.4 million Other Funds, which represents a seven percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 105 positions and supports current programs.

### **Defense of Criminal Convictions**

The Defense of Criminal Convictions program is a budget structure containing funding for work performed in the Appellate and Trial divisions to preserve convictions and sentences obtained by the state's prosecutors, as well as to appeal adverse trial court decisions that place criminal prosecutions in jeopardy.

Oregon centralizes criminal post-conviction and appellate work in the Department of Justice to achieve quality legal work, consistency in the legal positions taken by the state, and efficiency. Three types of cases are funded: (1) direct criminal appeals where the offender's challenge is on alleged legal or factual errors of the trial; (2) post-conviction challenges where the offender challenges the effectiveness of counsel and other deprivations of constitutional rights in the original criminal trial; and (3) federal habeas corpus where the offender alleges violations of constitutional rights in the federal courts. Personnel and resources connected to this work are part of the Trial and Appellate divisions, who bill this budget unit for work on individual cases. The division provides the funds needed to assist the Appellate and Trial divisions with mandated caseloads.

The Governor's Budget for this program is \$20.3 million General Fund, which represents no change from the 2015-17 Legislatively Approved Budget. This budget supports the projected mandated case load anticipated for the 2017-19 biennium.

### **Division of Child Support**

The Division of Child Support administers the Oregon Child Support Program through its 12 statewide offices and 25 county district attorney offices. The program enhances the well-being of children by assisting families with child support services. It locates parents, establishes paternity, enforces and modifies child support obligations, and receives and distributes support payments from absent parents. The program serves families who currently are (or formerly were) receiving Temporary Assistance for Needy Families (TANF) or Medicaid, as well as families who apply directly for child support services but who have never received public assistance.

Services are provided under federal and state law. The program manages approximately 204,000 active cases, each representing a family. Additionally, it establishes and secures medical support for children in the form of additional cash support or by enforcing health insurance enrollment through parents' employers. The program is projecting to establish over 11,240 orders during the 2015-17 biennium.

The program is largely funded by leveraged Federal Funds, with General Fund and Other Funds providing the balance. Federal Funds provide 66 percent of eligible program costs to maintain the Child Support Program, as mandated under Title IV-D of the federal Social Security Act. Additionally, the program received an average of \$6.3 million annually in federal incentive awards dollars for the past four years. The program is projecting to receive and distribute \$785.5 million in child support payments during the 2017-19 biennium. The program processes nearly \$1.4 million daily in child-support related payments, which is important to families and other stakeholder agencies.

The Governor's Budget for this program is \$163.2 million total funds, which represents less than a one percent decrease from the 2015-17 Legislatively Approved Budget. The budget includes 548 positions to support the program.

### **Child Support Enforcement Automated System**

The present Oregon Child Support Enforcement System (CSEAS) is an antiquated mainframe computer system. It is the second oldest Child Support Enforcement System in the country and the Department is in the middle of replacing the system. The replacement system will allow the agency to comply with the federally-mandated State plan, prevent the loss of eligibility for federal financial participation and incentive funds, and reduce the state's would exposure to state to financial penalties.

This new federally mandated system must function as a case management system, accounting and distribution system, and a data exchange system, that interfaces with multiple agencies within Oregon and throughout the United States. The federal government reimburses rate for this project is at 66 percent.

The new CSEAS (to be named “ORIGIN” once online) solution will be a hybrid system combining the features from three states’ systems (California, Michigan and New Jersey).

The Governor’s Budget for this project replacement is \$46.0 million total funds for the 2017-19 biennium. This represents a five percent decrease from the 2015-17 Legislatively Approved Budget. The budget includes 32 positions to support the life of this replacement project.

### **Debt Services and Related Costs**

The Division of Child Support is currently undergoing a replacement project for the existing Child Support Enforcement Automated System (CSEAS), which involves debt service and related costs. The purpose of this project is to provide continued funding for CSEAS. The debt service funding is intended to support this project, and is being partially funded by the sale of State Article XI-Q bonds. Once the new system is up and running, the system will be called “ORIGIN”.

The Governor’s Budget for Debt Services and related costs is \$12.8 million total funds. This is a new 2015-17 Legislative appropriated. In prior biennia, its funding was incorporated into the CSEAS project funding appropriation.

# Oregon Military Department

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$21,821,936	\$25,350,514	\$26,186,876
Lottery Funds	0	0	0
Other Funds	102,454,814	125,538,822	126,938,416
Federal Funds	151,411,508	283,776,065	271,313,275
Other Funds (Nonlimited)	75,953	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$275,764,211</b>	<b>\$434,665,401</b>	<b>\$424,438,567</b>
Positions	530	451	475
Full-time Equivalent	478.55	408.01	424.82

## OVERVIEW

The Oregon Military Department is responsible for administration of the Oregon Army National Guard, the Oregon Air National Guard, the Oregon State Defense Force, and the Office of Emergency Management. The Department has a dual mission: providing combat-ready units and equipment to be deployed in support of national defense under the direction of the President and providing trained personnel and equipment to protect life and property in Oregon during natural disasters or civil unrest under the direction of the Governor. The Department also runs the Oregon Youth Challenge Program, a program that serves at-risk youth who are failing in high school. The Department is organized into the following programs:

- Agency Administration – Provides senior-level leadership and support for the command, control, and administration of the department.
- Operations – Maintains and supports facilities utilized by the National Guard and provides the infrastructure to respond to natural or human-made disasters.
- Office of Emergency Management – Provides planning, preparing, and providing for the prevention, mitigation, and management of emergencies or disasters that present a threat to Oregon.
- Community Support – Delivers the Oregon Youth Challenge Program, the STARBASE Program.
- Capital Debt Service and Related Costs, Capital Improvements, and Capital Construction – Includes budgetary structures containing initial funding and debt repayment for capital improvement and capital construction projects.

## GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Military Department provides \$424.4 million total funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget equals \$26.2 million, a three percent increase from the 2015-17 LAB. The Other Funds budget equals \$126.9 million, a one percent increase from the 2013-15 LAB. The Federal Funds budget equals \$271.3 million, a four percent decrease from the 2015-17 LAB. The budget includes 475 positions. In addition to the expenditures and positions accounted for by the state's budget system, the Department houses more than \$675.0 million in biennial federal revenues and more than 2,000 positions under the National Guard Bureau's budget. The Governor's Budget maintains agency operations and provides bond financing to upgrade aging regional armories and to ensure facilities in key locations can serve as essential emergency operation centers in a major catastrophic seismic event or other natural disasters.

## REVENUE SUMMARY

The Department's largest single source of revenue is Federal Funds from cooperative agreements with the National Guard Bureau. The second-largest source of revenue is Other Funds collected by the Department of Revenue as taxes on telephone service for transfer to the Office of Emergency Management for operation of the 9-1-1 emergency telephone service system. General Fund is the smallest source of revenue. It provides funding for debt service on major construction projects as well as a portion of the state match for Federal Funds requiring a state match.

## AGENCY PROGRAMS

### Administration

The Administration program provides leadership and support for command, control, and administration of the Oregon National Guard, the Oregon State Defense Force, and Office of the Emergency Management. This program unit consists of the Command Group, the Financial Administration Division, the State Personnel Office, the Public Affairs Program, the Emergency Financial Assistance Program, and the Reintegration Program. The program supports roughly 2,500 state and federal full-time employees, commands more than 8,100 soldiers and airmen, and provides oversight of about \$4.0 billion in facilities and equipment.

The Governor's Budget for this program is \$7.6 million total funds, of which \$5.2 million is General Fund. Other Funds, primarily transfers from other programs within the agency, provide the remaining \$2.4 million of the budget. The program operates with 25 positions. The Governor's Budget maintains the operations of this program.

### Operations

The Operations division includes programs that manage the acquisition, disposal, design, construction, operation and maintenance of all Army National Guard facilities in Oregon. It also includes programs that provide air defense of the northwestern United States from northern California to the Canadian border and train fighter pilots, flight surgeons, and weapons controllers. Other programs in this division support law enforcement drug interdiction efforts, fund installation of intrusion detection systems at armories and other facilities where small arms and ammunition are stored, provide federal funding for Oregon Army National Guard telecommunications systems, and provide video conferencing,

computer- and web-based training, interactive audio and video services, e-mail and electronic network systems to National Guard members and their communities.

The Governor's Budget for this program is \$98.5 million total funds, of which \$7.1 million is General Fund. Federal Funds support \$87.0 million of the program budget. Other Funds, primarily from renting out armory facilities for special events, provide the remainder of the budget. The program operates with 337 positions. While there is a decrease in General Fund support for the program, this reduction is primarily attributable to a determination by the National Guard Bureau that determined fire protection programs are to be 100 percent federally funded.

### **Office of Emergency Management**

The Office of Emergency Management (OEM) coordinates statewide emergency services and maintains emergency communications systems used for public warnings, emergency notifications, and emergency support. OEM also provides cities, counties, and tribes throughout Oregon with planning, training, and technical assistance in disaster preparedness, emergency response, recovery services, and hazard mitigation. The Office manages the state's 9-1-1 Emergency Telephone System, oversees the Search and Rescue program, and supports the technologies used by the Oregon Emergency Response System. OEM executes planning, training, and exercises to improve the state's domestic preparedness. It also offers guidance to local governments that receive grant funds through the program and chairs the Oregon Emergency Response System Council. Finally, the program administers federal disaster assistance which allows communities to restore and repair critical infrastructure in response to federal disaster declarations.

The Governor's Budget for this program is \$261.5 million total funds, of which \$1.9 million is General Fund. Federal Funds support \$168.2 million of the program budget. Other Funds, primarily from Emergency Telephone 9-1-1 taxes, provide the remainder of the budget. The program operates with 42 positions. The Governor's Budget maintains the operations of this program.

### **Community Support**

The Community Support program includes the Oregon Youth Challenge Program (OYCP) and the Science and Technology Academy Reinforcing Basic Aviation and Space Exploration (STARBASE) program. OYCP is located in a National Guard facility near Bend and provides educational and other services to 16 to 18-year-old youth who have dropped out of, or are failing, high school. STARBASE demonstrates real-world applications of math and science to at-risk students in third to eighth grades in Portland and Klamath Falls through hands-on aerospace-related classes and tours at the Portland Air Base and Kingsley Field.

The Governor's Budget for this program is \$14.3 million total funds. Federal Funds support \$11.2 million of the program budget and Other Funds from the Oregon Department of Education and the National School Breakfast and Lunch Program provide the remainder of the budget. The program operates with 71 positions. The Governor's Budget supports the expansion of the Youth Challenge Program and supports continued operations of the STARBASE program.

### **Capital Debt Service and Related Costs**

The Capital Debt Service and Related Costs program provides funding to make payments on principal, interest, and financing costs for Certificates of Participation (COP) and Article XI-Q general obligation bond debt used to construct and upgrade agency facilities and for acquisition of land and facilities. The

program is funded primarily by General Fund, assisted with a small amount of Other Funds from bond proceeds for the cost of debt issuance.

The Governor's Budget for this program is \$12.5 million total funds, of which \$12.0 million is General Fund for debt service payments. Other Funds provide the remainder of the budget. The Governor's Budget maintains the funding for this program and provides an additional \$1.2 million General Fund for debt service and \$383,000 Other Funds for cost of issuance related to bringing several facilities to essential emergency operation center facility standards, and to conduct Armory Service Life Extension Projects at the Jackson Armory and Grants Pass Armory.

### **Capital Improvements**

This program provides for capital improvements to existing facilities. Capital improvements projects are those with a total cost of less than \$1.0 million. Program expenditures are used to address the department's backlog of deferred maintenance on its buildings. Typical capital improvement projects are roof, structural, HVAC system, and window and door replacement projects. These deferred maintenance projects directly affect the operational readiness of Oregon National Guard facilities used for soldier and airman training as well as the ability to fill extra facility space with paying tenants. The program is funded with Federal Funds and, when available, General Fund. The Governor's Budget maintains this program with \$4.9 million Federal Funds expenditure limitation.

### **Capital Construction**

The Capital Construction division houses funding for planning, designing, and building all capital construction projects for the Oregon Army National Guard. The program addresses the agency's most critical facility shortfalls either through replacing facilities that are no longer capable of serving the needs of the assigned units or extending the lifespan of facilities through alterations and additions. State matching funds are required for most federally-funded construction projects for planning, permitting, design, and environmental impacts. Federal funding varies from 75 percent to 100 percent of the total project cost.

The Governor's Budget provides \$25.1 million in bond financing to upgrade several facilities to essential emergency operation center facility standards, and to conduct Armory Service Life Extension Projects at the Jackson Armory and Grants Pass Armory.

# Oregon Youth Authority

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$267,119,142	\$298,387,030	\$314,297,631
Lottery Funds	0	0	0
Other Funds	12,165,807	63,399,605	63,982,253
Federal Funds	27,977,990	36,316,493	37,440,646
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	1	0
<b>Total Funds</b>	<b>\$307,262,939</b>	<b>\$398,103,129</b>	<b>\$415,720,530</b>
Positions	1,018	1,022	1,041
Full-time Equivalent	985.67	985.88	967.93

## OVERVIEW

The Oregon Youth Authority (OYA) services youth ages 12-24 who have engaged in serious delinquent or criminal conduct prior to their 18<sup>th</sup> birthday. Criminal activities include murder, rape, arson, robbery, substance abuse, other violent and anti-social behaviors, and gang activity. The mission of OYA is to protect the public and reduce crime by holding youth offenders accountable and providing opportunities for reformation in safe environments. Juvenile courts may commit youth offenders to OYA for either out-of-home probation placement or incarceration in a state youth correctional facility. As the state’s juvenile corrections agency, OYA operates correctional facilities, work-study camps, and accountability camps. OYA also manages the state’s juvenile parole and probation programs; contracts for foster care, residential treatment, and specialized treatment programs for adjudicated youth; and distributes funds to county juvenile departments. The agency’s vision is that all youth who leave OYA go on to lead productive, crime-free lives. The agency is implementing the Youth Reformation System (YRS), which uses analysis and evidence-based practices to improve youths’ outcomes. The agency is organized into the following divisions:

- Facility Services program – Operates close-custody facilities located in communities across Oregon and is responsible for the custody and care of about 600 youth offenders.
- Community Services program – Provides public safety, youth offender accountability, and reformation services for about 900 youth offenders in communities throughout Oregon.
- Program Support division – Provides agency leadership, business services, information technology support, and offender treatment services.
- Debt Service, Capital Improvements, and Capital Construction divisions – contains funding for maintaining, repairing, improving, and replacing capital assets.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Oregon Youth Authority provides \$416 million total funds. This is a four percent increase from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget equals \$314 million, a five percent increase from the 2015-17 LAB. The Federal Funds budget equals \$37 million, a three percent increase from the 2015-17 LAB. The Other Funds budget equals \$64 million, a one percent increase from the 2015-17 LAB. The budget includes 1,041 positions. The Governor's Budget provides funding for the much-needed Young Women's Transitional Program for young women and to update the rate model for Behavioral Rehabilitation Services to protect services to Oregon's most vulnerable youth. Cost saving measures included closing the North Coast Youth Correctional Facility in the fall of 2017 and reducing grant funding to counties.

## **REVENUE SUMMARY**

The Department's budget is mostly General Fund with a much smaller amount of Federal Funds and Other Funds. Federal Funds come from Title XIX Medicaid funding for targeted case management, administration, and behavioral rehabilitation services. Other Funds come from child support payments, Social Security benefits, and nutrition program funds transferred from the Department of Education.

## **AGENCY PROGRAMS**

### **Facility Services**

This program operates close-custody facilities located in communities around the state. The program is responsible for the custody and care of approximately 600 youth age 12 – 25 who have committed crimes prior to their 18th birthday. Custody includes providing physically, emotionally, and psychologically safe living conditions for the youth and working conditions for staff, and ensuring the security of the facility. Care of the youths includes health care, classroom education, evidence-based treatment to address youths' criminogenic risks and needs, vocational education opportunities, access to online college level courses, opportunities to pay restitution to victims and to give back to the community through charitable activities and other projects, and services to promote connections to youths' families and other forms of community support.

The Governor's Budget provides \$171 million total funds and 772 positions for the Facility Services program, of which \$161 million is General Fund and \$10 million is Other Funds. Total funds increase by two percent from the 2015-17 Legislatively Approved Budget. While the Governor's Budget includes closing the North Coast Youth Correctional Facility, it also makes an additional investment of funding the Young Women's Transitional Program. OYA will maintain its commitment to implementing the Youth Reformation System and will not put youth into communities unless they are ready.

### **Community Programs**

The Oregon Youth Authority's Community Services program provides public safety, youth offender accountability, and reformation services for youth offenders placed in communities throughout Oregon, at any given time. This is accomplished through multiple field offices, residential treatment programs, and foster homes. The field offices provide supervision by parole and probation officers supported by a continuum of sanctions and services. OYA works in partnership with Oregon's county juvenile departments, private sector providers, and other stakeholders to develop and implement individual

youth case plans and provide assessment and treatment services aimed at preventing youth from re-offending.

The Governor's Budget provides \$132 million total funds and 140 positions for the Community Services Program, of which General Fund is \$92 million. Federal Funds make up \$36 million and Other Funds comprise \$4 million. Total funds decrease by three percent from the 2015-17 Legislatively Approved Budget. This decrease is primarily attributable to reducing the number of budgeted community placement beds to the number of beds that OYA is currently utilizing as well as reducing grant funding to counties.

### **Program Support**

The Program Support division provides both leadership and support to the agency. This includes agency leadership, strategic planning, program direction, and rule and policy development. It also includes accounting, payroll, purchasing, budgeting, contracts, human resources, physical plant, risk management, and training. The division provides oversight of agency programs from the perspective of diversity, inclusion, and intercultural relations. It also supports the agency with data management. In addition, the division delivers evidence-based treatment services for youth offenders, including cognitive-behavioral restructuring, substance abuse and dependency treatment, emotion and impulse control, treatment for depression, sex offender treatment, life skills training, and skill development.

The Governor's Budget provides \$48 million total funds and 129 positions for Program Support, of which General Fund is \$46 million. Total funds increase by 29 percent from the 2015-17 Legislatively Approved Budget. Increases in Program Support are offset by decreases in community programs and provide funding for critical agency functions.

### **Debt Service**

This is the budget for principal and interest payments on Certificates of Participation (COPs) and Article XI-Q bonds issued to build youth correctional facilities and fund selected deferred maintenance projects. General Fund pays for debt service. The Governor's budget provides \$14 million General Fund for repayment of scheduled principal and interest in the 2017-19 biennium. This is an increase from \$6 million in the 2015-17 Legislatively Approved Budget and is primarily related to new bond financing in the 2017-19 biennium.

### **Capital Improvement**

The Capital Improvement program includes projects valued at less than \$1.0 million that provide for land acquisition, construction of structures, assessments, and improvements or additions to existing structures. Capital Improvement also includes asset protection, which is defined as maintenance, repair, replacement, or adaptation of a facility. Most buildings maintained by OYA provide secure residential spaces for youth offenders. Other facilities are used for youth offender education, vocational training, recreation, administration, and support services.

The Governor's Budget maintains the current level of operations of the program by providing \$0.8 million General Fund to pay for deferred maintenance, electronic and physical security projects, general building improvements, and emergency repair projects. This is a four percent increase from the 2015-17 Legislatively Approved Budget.

## **Capital Construction**

The Capital Construction program includes projects with values of \$1 million or more that build, adapt, replace, or change the use or function of an information technology-related system, a facility, or a group of related facilities. Capital Construction projects usually follow a two-phase process, including a planning and design phase, followed by a construction phase. The Governor's Budget provides \$50 million Other Funds for Rouge Valley Facility Improvements, MacLaren Renovation, Electronic Security Improvements, and needed capital improvements.

## Board of Parole and Post-Prison Supervision

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$4,451,421	\$8,040,916	\$9,119,820
Lottery Funds	0	0	0
Other Funds	835	10,852	11,225
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$4,452,256</b>	<b>\$8,051,768</b>	<b>\$9,131,045</b>
Positions	16	28	28
Full-time Equivalent	15.66	26.00	28.00

### OVERVIEW

The Board of Parole and Post-Prison Supervision works within the criminal justice system to achieve the following: protect the public; reduce the risk of repeat criminal behavior (through decisions involving incarceration and evidence-based community supervision and intervention); and, ensure legal integrity. The Board's release and post-prison supervision decisions are informed by its partnerships with the Department of Corrections, local supervisory authorities, stakeholder groups as well as victim involvement and support. In July 2015, the Board expanded from three to five full-time members.

The responsibility of the Board is to:

- Impose prison terms and make parole decisions on offenders whose criminal conduct occurred prior to November 1, 1989.
- Impose prison terms and make parole decisions for offenders who have been sentenced as "Dangerous Offenders," for those convicted of aggravated murder who are eligible for parole, and for those convicted of murder after June 30, 1995. For these offenders, the Board has the legal authority to decide when the inmate is released from prison. When these inmates are released into the community, they are ordered to serve a term of parole. The Board, as of July 2016, has designated 140 out of 1,221 inmates as "Dangerous Offenders."
- For offenders whose crimes were committed on or after November 1, 1989, the sentencing court and the Department of Corrections establishes the length of the prison terms. The Board does not determine the release date for these inmates. When the inmates are released into the community, they are ordered to serve a term of post-prison supervision.
- Post-prison supervision is a sentence of correctional supervision in the community following a prison or jail sentence. A court determines how long the sentence will be, and the Board or local jurisdiction determines the conditions, which must be met by the offender during the sentence.

- The Board is the primary agency involved in the Sex Offender Notification Level (SONL) program as enacted under 2015 legislation. The Board is responsible for conducting a risk-based community notification (levels I-III) on all registered sex offenders. There are over 29,000 registered offenders that require assessments.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Board of Parole and Post-Prison Supervision is \$9.1 million total funds, which represents a 13 percent increase from the 2015-17 Legislatively Approved Budget. The budget supports 28 positions, including an increased number of positions to conduct the risk-based community notification assessments.

## **REVENUE SUMMARY**

The Board is dependent upon General Fund to support its core programs and functions. The increase in General Fund supports not only key program areas but also services the agency must provide for the safety of Oregon communities. These services include offender psychiatric or psychological evaluations. The Board relies on qualified providers to conduct the necessary evaluations of prisoners being considered for parole.

## Department of State Police

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$240,373,065	\$282,147,826	\$264,617,887
Lottery Funds	6,734,971	8,010,065	8,271,355
Other Funds	91,342,128	109,285,417	130,438,938
Federal Funds	5,456,068	9,780,941	11,514,234
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$343,906,232</b>	<b>\$409,224,249</b>	<b>\$414,842,414</b>
Positions	1,279	1,311	1,297
Full-time Equivalent	1,263.63	1,267.87	1,273.62

### OVERVIEW

The Department of State Police's mission is to enhance livability and safety by protecting the people, property, and natural resources of Oregon. The agency fulfills this mission by serving, protecting, and educating Oregon's citizens and visitors, and through leadership, action, coordination, and cooperation with its public safety partners. The Oregon State Police includes the following programs:

- Agency Support – Executive leadership, dispatch, training, professional standards, central records, and fleet management.
- Administrative Services – Budget and financial reporting, accounting, payroll, grant management, human resources, information technology, contracting and procurement, facilities management, and legislative coordination.
- Patrol Services – Highway patrol, Capitol Mall patrol, Oregon State University patrol, dignitary protection, Special Weapons and Tactics, and drug recognition experts.
- Fish and Wildlife – Enforcement of state fish and wildlife and commercial fishing laws.
- Criminal Investigation – Investigation of major crimes, drug trafficking, arson, explosives, and acts of terrorism.
- Forensic Services – DNA, fingerprint, ballistics, chemical, biological, and other scientific analysis of evidence from crime scenes.
- State Medical Examiner – Investigation of all deaths due to homicide, suicide, accident, drug overdose, deaths in state custody, deaths on the job, and natural deaths occurring while not under medical care.

Criminal Justice Information Services – Immediate and secure access by law enforcement to criminal offender records, wanted and missing persons, protective and restraining orders, stolen property files, and other law enforcement information.

Gaming Enforcement – Security for the Oregon Lottery; investigation of gaming industry vendors; oversight of tribal gaming; and regulation of mixed martial arts, entertainment wrestling, and professional boxing.

State Fire Marshal – Inspection of schools, nursing homes, hospitals, and prisons; fire prevention and intervention programs; collection and analysis of data on fires and hazardous substance incidents; and equipping, training, and administering hazardous materials response teams.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Department of State Police provides \$414.8 million total funds. This is a one percent increase from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget equals \$264.6 million, a six percent decrease from the 2015-17 LAB. The Other Funds budget equals \$130.4 million, a 19 percent increase from the 2015-17 LAB. The Federal Funds budget equals \$11.5 million, an 18 percent increase from the 2015-17 LAB. The budget includes 1,297 positions.

The Governor's Budget invests additional resources in the forensics lab to promptly process Sexual Assault Forensic Evidence Kits and maintains patrol trooper positions, which provide a uniform presence throughout the state to maintain public safety. The Governor's Budget also includes a series of cost savings measures given limited General Fund resources; this includes postponing the purchase of up to 33 new patrol vehicles until the 2019-21 biennium, closing the Pendleton forensics lab and relocating staff to other lab facilities, significantly reducing OSP's Drug Enforcement Section, and cancelling the proposed relocation of the Springfield office. Additionally, marijuana revenues are used in the budget to protect further reductions to the Major Crimes Section.

## **REVENUE SUMMARY**

The agency's primary source of revenue is General Fund. Additionally, the Department receives roughly \$25 million in Other Funds revenue from the Fire Insurance Premium Tax, which supports the operations of the State Fire Marshal and related activities. The Department also receives more than \$30 million in Other Funds revenue from charging other organizations for its services. These organizations include the Oregon State Lottery, Oregon State University, organizations requesting information from the Law Enforcement Data System, and many others. Another large source of Other Funds revenue is a transfer from the Oregon Department of Fish and Wildlife (ODFW) to support enforcement of fish and wildlife laws. The Department also receives \$8.3 million in dedicated (Measure 76) Lottery Funds from the Oregon Watershed Enhancement Board to support enforcement of fish and wildlife laws. Federal Funds are a small part of the Department's revenue and come primarily from agreements with and grants from federal agencies.

## **AGENCY PROGRAMS**

### **Agency Support**

The Agency Support program provides executive leadership, policy direction, budget oversight, professional standards management, training and recruitment, internal audit, dispatch of troopers to calls for service, vehicle management, and management of records generated by sworn officers. The Governor's Budget for this program is \$40.8 million total funds. The General Fund budget equals \$36.9 million, an 11 percent increase from the 2015-17 LAB. The remaining portion of the budget is comprised of \$3.8 million Other Funds, which are allocated from the agency's other programs and \$0.2 million Federal Funds. The program operates with 123 positions. The Governor's Budget maintains the operations of this program

### **Administrative Services**

The Administrative Services program includes budget and financial reporting, accounting, payroll, grant management, human resources, information technology, contracting and procurement, and facilities management. The Governor's Budget for this program is \$19.5 million total funds. The General Fund budget equals \$13.8 million, a four percent increase from the 2015-17 LAB. Federal Funds support \$0.5 million of the program budget. Other Funds allocated from several of the agency's other programs provide most of the remaining \$5.2 million of the budget. The program operates with 75 positions. The Governor's Budget maintains the operations of this program.

### **Patrol Services**

The Patrol Services division provides uniform police services throughout the state with a primary responsibility for the protection of human life and property through crash reduction, crime reduction, responding to emergency calls for police services, and responding to other transportation safety issues on Oregon's rural state and interstate highways. The Patrol Services division also augments and supports local law enforcement efforts by providing a safety net of police services, including assisting in cases of civil disobedience and natural or man-made disasters and with city and county emergency calls for service.

The Governor's Budget for this program is \$159.9 million total funds. The General Fund budget equals \$145.7 million, a four percent increase from the 2015-17 LAB. Federal Funds support \$0.4 million of the program budget. Other Funds from contracts with other state agencies provide most of the remaining \$13.9 million of the budget. The program operates with 522 positions. While the Governor's Budget postpones the purchase of up to 33 new patrol vehicles until the 2019-21 biennium and cancels the relocation of the Springfield office, it maintains trooper positions, which provide a needed uniform presence to maintain public safety.

### **Fish and Wildlife**

The primary responsibility of the Fish and Wildlife division is enforcement of fish, wildlife, and commercial fishing laws and protection of natural resources. The division is the single enforcement entity designated by law to protect fish and wildlife resources. The division's officers have special training in fish and wildlife enforcement and are positioned throughout the state. These officers are often the only law enforcement presence available in some of Oregon's more rural communities. In addition to fish and wildlife enforcement, they also enforce traffic, criminal, boating, livestock, and environmental protection laws and respond to emergency situations.

The Governor's Budget for this program is \$44.2 million total funds. The General Fund budget equals \$9.4 million, a 10 percent increase from the 2015-17 LAB. Measure 76 Lottery Funds support \$8.3 million and Federal Funds support \$2.5 million of the program budget. Other Funds from the Oregon Department of Fish and Wildlife and from agreements with federal and other state agencies make up the remaining \$24.1 million of the budget. The Governor's Budget maintains the operations of this program.

### **Criminal Investigation**

The Criminal Investigation division provides investigative services in support of criminal justice agencies statewide. Investigations include intrastate and multi-jurisdictional crimes related to drug trafficking, arson, explosives, acts of terrorism, and major crimes. The division also provides specialized investigative support with polygraph examiners and crime analysts. The division has jurisdiction of crimes at all state institutions and routinely conducts sensitive criminal investigations that involve public officials.

The Governor's Budget for this program is \$36.3 million total funds. The General Fund budget equals \$1.3 million, a 96.2 percent decrease from the 2015-17 LAB. This decrease is made up of reductions to the Drug Enforcement Section as well as fund shifts in the Major Crimes section. Targeted reductions in the Drug Enforcement Section will eliminate the agency's ability to have dedicated resources assigned to interagency drug teams. The remaining resources in the Drug Enforcement Section will focus on providing statewide service, such as responding to clandestine drug labs. Due to General Fund constraints, the Major Crimes Section is almost entirely shifted off of General Fund and onto marijuana Other Funds revenue. Federal Funds make up the remaining \$1.5 million of the program budget. The program operates with 100 positions.

### **Forensic Services**

The Forensic Services division supports the criminal justice system by providing forensic analysis of evidence related to crimes. Scientific analysis and expert testimony assists judges and juries with determining guilt or innocence. The division provides analysis and investigative assistance in several disciplines, including biology, chemistry, toxicology, crime scene investigation, DNA, latent prints, firearms, and tool marks. The division operates forensic laboratories located across the state and also operates the Implied Consent Unit which provides a breath alcohol testing program and instruments for law enforcement to use when a person is arrested for impaired driving. Most of the demand for the division's services comes from local law enforcement rather than from the Department.

The Governor's Budget for this program is \$46.8 million total funds. The General Fund budget equals \$44.4 million, a nine percent increase from the 2015-17 LAB. Federal Funds support \$2.1 million of the program budget. Other Funds generated from the Implied Consent unit provide much of the remaining \$0.3 million of the budget. The program operates with 141 positions. The Governor's Budget invests additional resources in the forensics lab to assist in promptly processing Sexual Assault Forensic Evidence Kits. The budget also closes the Pendleton forensics lab and relocates existing staff to other lab facilities.

### **Office of the State Medical Examiner**

The purpose of the State Medical Examiner is to provide direction and support to the state death investigation program. The office is responsible for the investigation of all deaths due to homicide, suicide, accident, drug overdose, deaths in state custody, deaths on the job, and natural deaths occurring while not under medical care. The main activity of the division is to certify the cause and manner of a

death requiring investigation within the authority of ORS Chapter 146. This activity includes post mortem examination and alcohol and drug analyses. The Medical Examiner has responsibility for technical supervision of county offices in each of the 36 counties of Oregon. Members of the Medical Examiner division also work closely with public health officials to monitor emerging infectious disease, bioterrorism, and other public health threats.

The Governor's Budget for this program is \$5.1 million total funds. The General Fund budget equals 4.8 million, a four percent increase from the 2015-17 LAB. Other Funds from counties occupying or using the program's facilities provide most of the remaining \$0.3 million of the budget. The program operates with nine positions. The Governor's Budget maintains the operations of this program.

### **Criminal Justice Information Services**

The Criminal Justice Information Services division maintains Oregon's central computerized repository of criminal offender records and related law enforcement information. It provides for the immediate and secure access of these confidential records, which include crime and arrest data and fingerprints. The division serves the criminal justice information needs and requirements of Oregon law enforcement at the city, county, state, and federal levels. The customer base is primarily external to the Department but includes the Department as one of approximately 700 agencies served. The division's information is used for many law enforcement purposes, such as to solve crimes, pre-screen people seeking to purchase firearms, screen people seeking concealed handgun licenses, and screen people applying for certification and licensing for various positions such as working with children and vulnerable adults.

The Governor's Budget for this program is \$27.4 million total funds. The General Fund budget equals \$8.0 million, a 17 percent increase from the 2015-17 LAB. This increase is primarily attributable to additional staff in the firearm section that were added in the 2015-17 biennium. Other Funds from fees for Law Enforcement Data System use and for concealed handgun licenses provide most of the remaining \$19.3 million of the budget. The program operates with 89 positions. The Governor's Budget maintains the operations of this program and provides funds to proceed with the replacement of the CRIMEvue data system.

### **Gaming Enforcement**

The purpose of the Gaming Enforcement division is threefold: (1) to assure the fairness, integrity, security and honesty of the Oregon State Lottery by providing independent and specialized gambling regulatory services to the Oregon State Lottery Commission; (2) to assure the fairness, integrity, security and honesty of Class III gaming by providing the required independent Tribal-State Compact monitoring of the operations of the nine federally recognized tribes of Oregon; and (3) to ensure the integrity and honesty of the professional boxing, wrestling, and mixed-martial arts industry in Oregon and to protect the interests of the professional athletes and the public concerning medical standards, fairness, financial fraud and event environmental safety.

The Governor's Budget for this program is \$10.9 million total funds, all of which is Other Funds that come primarily from a contract with the Oregon State Lottery, compacts with Oregon Tribes, and gross revenue tax on various ring sports events. The program operates with 35 positions. The Governor's Budget maintains the operations of this program.

## **Office of the State Fire Marshal**

The Office of the State Fire Marshal is responsible to protect citizens, their property, and the environment from fire and hazardous materials. It carries out its duties through prevention, preparedness, and response activities. The Office provides expertise, technical assistance, model programs, and materials to local, state, private and public groups to collaboratively reduce fire losses. It develops, adopts, and interprets the State Fire Code. It also coordinates with other agencies on statewide issues and during conflagrations, mobilizations, and major emergency incidents. It locates and identifies the types and amounts of hazardous substances manufactured, stored, and used within Oregon. The program equips, trains, and administers 13 regional hazardous materials response teams and incident management teams. It also plans, coordinates, and manages emergency response by local fire service providers for the Oregon Conflagration Act, natural disasters, and structural collapses. The Office regulates, licenses, and inspects to ensure fire and life safety protection for fireworks, liquefied petroleum gas, and non-retail fuel dispensing.

The Governor's Budget for this program is \$23.9 million total funds, of which \$23.0 million is Other Funds that come primarily from the Fire Insurance Premium Tax, hazardous substance possession fees, and petroleum load fees. General Fund support of \$0.4 million is included in the program to coordinate outreach and to develop the oil and hazardous material spill response plan. Federal Funds of \$0.5 million makes up the remainder of the program budget. The program operates with 68 positions. The Governor's Budget adds resources to perform National Fire Protection plan reviews and to conduct site visits during construction or remodeling of healthcare facilities.

## Department of Public Safety Standards and Training

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$9,778,922	\$9,550,476	\$9,795,963
Lottery Funds	0	0	0
Other Funds	33,587,100	42,092,883	44,476,935
Federal Funds	331,601	6,666,167	6,792,409
Other Funds (Nonlimited)	415,460	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$44,113,083</b>	<b>\$58,309,526</b>	<b>\$61,065,307</b>
Positions	135	154	150
Full-time Equivalent	132.72	146.91	148.21

### OVERVIEW

The Department of Public Safety Standards and Training (DPSST) provides basic and ongoing training, approves initial certification, and monitors compliance with minimum and advanced professional standards established by the Board on Public Safety Standards and Training for city, county and state law enforcement officers, corrections officers, parole and probation officers, fire service personnel, telecommunicators, emergency medical dispatchers, private security providers and private investigators. DPSST also certifies qualified instructors, reviews and accredits public safety training programs throughout the state, and administers the Public Safety Memorial Fund.

DPSST is overseen by a 24-member, Governor-appointed Board composed of one private citizen and city, county and state professionals representing each of the public safety disciplines. The Board establishes professional standards for training and certification of Oregon's public safety professionals and makes determinations on waiver requests and cases involving potential decertification. The Board is supported by six policy committees and a number of subcommittees representing the public safety disciplines, providing technical expertise and serving as vital links to public safety organizations. The Board and policy committees operate in close partnership with DPSST.

The Department operates five major programs:

- Criminal Justice Standards and Training
- Fire Training and Certification
- Private Security and Private Investigators
- Public Safety Memorial Fund
- Administration and Support Service

## **GOVERNOR'S BUDGET**

The Governor's Budget continues funding for core programs. The Governor's Budget is \$61.1 million total funds and includes 150 positions. This is a five percent total funds increase above the 2015-17 Legislatively Approved Budget. Funding for the Public Safety Memorial Fund continues with no reduction from the current level.

## **REVENUE SUMMARY**

General Fund covers \$9.8 million in debt service for the construction of the academy. Criminal Fine Account revenues make up 73 percent of DPSST's revenues and about 87 percent of non-General Fund revenue. Criminal Fine Account revenues fund criminal justice training; certification and records management; and agency administration. Criminal Fine Account budgeted revenues equal \$44.5 million. Revenues from the Fire Insurance Premium Tax, which equal \$4.8 million, the 9-1-1 telecommunications tax, and fees charged to private security officers, providers and to private investigators are dedicated to specific programs. The Department also receives polygraph licensing fees and charges for certain non-mandated training.

## **AGENCY PROGRAMS**

### **Criminal Justice Standards and Training**

The purpose of the Criminal Justice Standards and Training program within DPSST is to train and certify all law enforcement, city and county corrections, parole and probation officers, 9-1-1 telecommunicators and emergency medical dispatchers to the appropriate level of competency. The Criminal Justice Standards and Training program affects more than 200 public safety agencies employing more than 11,000 public safety officers in Oregon.

The Governor's Budget for this program is \$23.4 million, funded by the Criminal Fine Account. The budget funds approximately 600 students in Basic Law Enforcement classes per year and over 280 regional specialized and advanced training courses per year. Basic training classes range from three weeks for telecommunicators and emergency medical dispatchers to 16 weeks for law enforcement officers. Costs for the program are primarily based on the number of classes provided and the ongoing certification and maintenance required. Economic and revenue fluctuations at local government levels and retirements make it hard to predict the training needs of state and local public safety agencies.

### **Fire Training and Certification**

The purpose of the Fire Training and Certification program within DPSST is to train and certify career and volunteer firefighters. The Fire Training and Certification program is important because fires and emergencies happen 24-hours a day, seven days a week, 365 days a year, and each event requires trained firefighters to contain, control and prevent more damage. This program also supports the Oregon Department of Forestry when the Governor mobilizes the Oregon National Guard. At the request of the Oregon Department of Forestry, DPSST provides wildland firefighter training to members of the National Guard being mobilized to assist with fire suppression efforts across the state. Fire program employees also participate in and respond as part of the State Fire Marshal's Incident Management Team.

The Governor’s Budget for this program is \$4.8 million. This program is funded primarily through the Fire Insurance Premium Tax, a 1.15 percent surcharge on all fire insurance policies written in the State of Oregon. The program provides training and certification for over 11,000 fire service professionals.

**Private Security and Private Investigators**

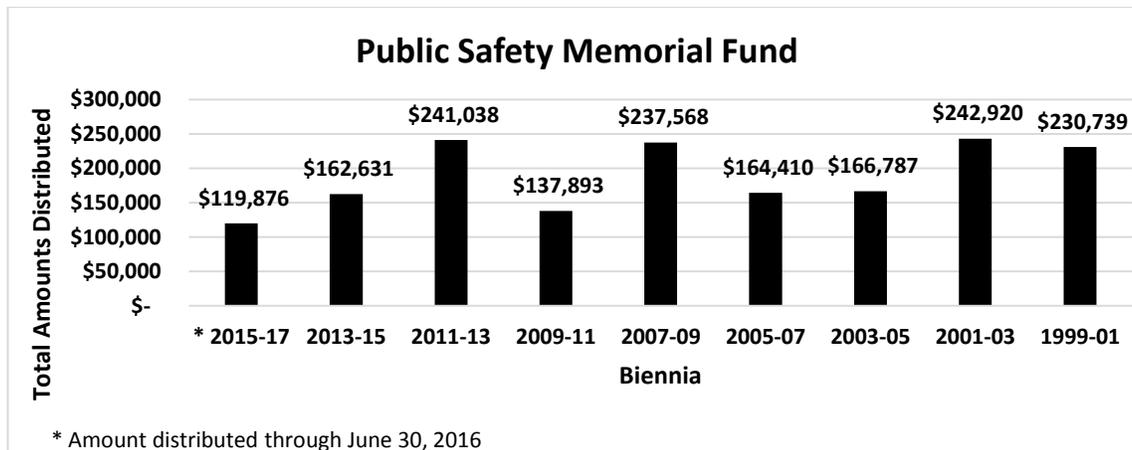
The purpose of the Private Security and Private Investigators program within DPSST is to certify and license private security providers and private investigators according to established standards, regulate professional standards compliance and issue certifications for qualified instructors. The program focuses on education, technical assistance and enforcement to maximize industry awareness and compliance with the law. Requiring formal applications, background investigations and formalized training for certification and licensure, the program is able to increase professionalism in the industries and maximize compliance with laws and rules.

The Governor’s Budget for this program is \$2.4 million, which is funded by industry imposed fees. There are currently more than 18,000 private security officers and about 600 private investigators. On average there are over 4,200 newly certified private security officers and 115 new private investigator applicants per year with another 4,100 officers and 250 investigators renewing each year.

**Public Safety Memorial Fund**

The Public Safety Memorial Fund within DPSST was established in recognition of the dangers faced by Oregon’s public safety officers. The purpose of the Fund is to provide immediate and long-term financial assistance to permanently and totally disabled public safety officers and the families of public safety officers who are killed in service to the citizens of Oregon. When line-of-duty tragedies occur, DPSST staff work promptly with contacts from the officer’s public safety employer to assist them in working with the officer’s family members. Benefits may include a statutorily mandated one-time \$25,000 lump sum payment, payment of health and dental insurance premiums for up to five years, mortgage payments for up to one year, and higher education scholarships.

The Governor’s Budget for this program is \$0.3 million and is funded from the Criminal Fine Account. The benefits paid vary based on the number of officers suffering a qualifying death or disability and the number and age of their dependents. Since the inception of the program in 1999, more than \$1.7 million has been paid to more than 30 families of injured or killed public safety officers. The annual number of claims processed ranged from 11 in 2007 to a high of 17 in 2011. The Fund has paid benefits as shown in the following display:



## **Administration and Support Service**

The Administration and Support Services program of DPSST includes the director's office, human resources, business services, information services, and facility operations and maintenance. The program is responsible for the maintenance and upkeep of the Oregon Public Safety Academy, which sits on 237 acres of land and includes 21 acres of state and federally protected wetlands. The facility includes more than 350,000 square feet of space within 22 buildings located throughout the campus. This program is the foundation of the agency that helps keep everything in working order.

The Governor's Budget for this program is \$23.4 million, which includes \$9.8 million in General Fund for debt service on the Oregon Public Safety Academy.

### **Oregon – Idaho High Intensity Drug Trafficking Areas (HIDTA)**

The Oregon-Idaho High Intensity Drug Trafficking Areas (HIDTA) initiative has a mission to facilitate, support and enhance collaborative drug control efforts among law enforcement agencies and community-based organizations, thus significantly reducing the impact of illegal trafficking and use of drugs throughout Oregon and Idaho. To accomplish their mission the program has two main goals:

- Disrupt the market of illegal drugs by dismantling drug trafficking and money laundering organizations, and
- Improve the effectiveness and efficiency of program participants.

This is a federal grant program with a multi-jurisdictional executive board comprised of 12 federal agencies, 4 state agencies, 42 local law-enforcement agencies, 2 tribal agencies and the US Attorney's Office in the District of Oregon. The board establishes policy direction for the initiatives that receive federal grant funding. There are 20 initiatives: one each for management, training, intelligence, drug fugitives, interdictions and investigations/prosecution, two prevention and 12 investigation initiatives.

The Governor's Budget for this program is \$6.7 million Federal Funds. The program was transferred from the Department of Justice to DPSST during the 2015 Legislative Session. The agency provides administrative support for the program.



# ECONOMIC AND COMMUNITY DEVELOPMENT AGENCIES

## Economic and Community Development Program Area Budget

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$38,281,595	\$64,244,901	\$89,644,857
Lottery Funds	121,180,162	124,966,463	145,303,065
Other Funds	306,690,811	749,843,931	970,797,230
Federal Funds	296,765,767	326,237,060	325,112,174
Other Funds (Nonlimited)	2,189,378,281	2,853,660,531	2,820,465,885
Federal Funds (Nonlimited)	351,960,659	207,152,000	191,269,609
<b>Total Funds</b>	<b>\$3,304,257,275</b>	<b>\$4,326,104,886</b>	<b>\$4,542,592,820</b>
Positions	1,781	1,632	1,697
Full-time Equivalent	1,644.95	1,588.74	1,631.68

### OVERVIEW

Oregon's vision is to support a diverse, dynamic and sustainable economy that drives job creation and prosperity for all. State government agencies partner with the private sector, local governments, and nonprofits to grow a vibrant and innovative economy based on Oregon values.

Agencies in the Economic and Community Development Program Area aid businesses, communities, and people by providing economic and cultural enhancement throughout the state. Economic development activities include job creation, placement, retention services, business recruitment and assistance, and workforce assistance and training. Agencies in this program area administer housing and infrastructure financing programs and provide technical assistance to individuals, businesses and communities. The program area also includes funding for programs that support community development activities such as the arts.

Agencies in the Economic and Community Development Program Area have a broad impact on Oregonians. Programs within these agencies:

- grow, support and attract new businesses and jobs for Oregon,
- coordinate state investments with local governments and the private sector, and
- help develop a dynamic, resilient workforce.

## GOVERNOR'S BUDGET AND KEY INVESTMENTS

The Governor's Budget for the Economic and Community Development Program Area is \$4,542.6 million total funds, which includes \$234.9 million General Fund and Lottery Funds. This is a 24 percent increase in General Fund and Lottery Funds from the 2015-17 Legislatively Approved Budget. The Governor's Budget invests in Oregon's vision of prosperity and prioritizes opportunities for economically disadvantaged communities to revitalize our rural economies.

Key elements of the Governor's Budget for the Economic and Community Development Program Area include:

Additional investments in seismic retrofitting to assure the infrastructure stability of schools and emergency service buildings. This investment strives to make schools and emergency service buildings resilient to a large earthquake event.

Investing in family affordable housing. The budget includes significant bond financing for low-income rental housing units to provide affordable housing for Oregonians, as well as prioritizes programs that offer housing assistance and supports to maintain current programs.

Capitalizing programs to help Oregon communities with their infrastructure needs. The budget recapitalizes the Special Public Works Fund, with a special set-aside for levee certification projects.

Investing through Regional Solutions to identify and prioritize local economic development opportunities, priorities and needs. Regional Solutions is an innovative, collaborative approach to community and economic development in Oregon that promotes public-private partnerships.

Partnering with rural communities and local governments to support entrepreneurs. The Rural Economic Development Initiative is a partnership between the state and rural communities to provide training and resources for entrepreneurs.

Investing in additional services for veterans. The passage of Measure 96 has provided resources to expand county-based services to veterans and to increase access to housing, medical and mental health services.

Continuing the Court Appointed Special Advocate program. The budget enhances support for this program, which helps support victims of domestic violence and their children.

# Oregon Business Development Department

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$8,247,488	\$16,517,351	\$60,473,239
Lottery Funds	111,766,523	113,289,994	110,523,470
Other Funds	34,855,259	295,973,578	450,529,959
Federal Funds	29,226,631	40,101,139	40,865,130
Other Funds (Nonlimited)	121,639,577	231,792,465	377,148,947
Federal Funds (Nonlimited)	0	0	104,000
<b>Total Funds</b>	<b>\$305,735,478</b>	<b>\$697,674,527</b>	<b>\$1,039,644,745</b>
Positions	134	140	136
Full-time Equivalent	130.88	136.32	134.00

## OVERVIEW

The Oregon Business Development Department (Business Oregon) is charged with maintaining and promoting the economic development policy of the state. Business Oregon enables the creation, retention, expansion and attraction of businesses to provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs. Functionally, Business Oregon is organized into the following divisions:

Operations – the Director’s Office, Employee Services, Fiscal and Budget Services, Facilities Services and the Technology Project Office.

Business, Innovation, Trade – Promotes business retention, growth, and job creation.

Infrastructure Finance Authority – Assists communities to build infrastructure capacity.

Film and Video – Recruits and facilitates film and television production throughout the state.

Arts – Increases access to cultural participation and experiences for Oregonians.

Lottery and General Obligation Bond Debt Service –tracks the payment of Lottery and General Obligation Debt Service.

## GOVERNOR’S BUDGET

The Governor’s Budget for Business Oregon is \$1,039.6 million total funds. This is a 49 percent increase from the 2015-17 Legislatively Approved Budget. The largest share of this increase is the result of issuing General Obligation and Lottery Bonds to make strategic investments assuring infrastructure stability and resiliency for schools and emergency services buildings and to capitalize new and existing programs,

which provide Oregon communities with access to capital. Additional growth is the result of bond proceeds carried over from 2015-17.

Major investments include:

General Obligation Bond proceeds, \$160.0 million, for the seismic retrofitting of schools.

General Obligation Bond proceeds, \$40.0 million, for the seismic retrofitting of emergency service buildings.

Lottery Bond proceeds, \$50.0 million, to respond to critical public works and regional infrastructure needs around the state through the recapitalization of the Special Public Works Fund. Of this amount, \$10.0 million is dedicated to levee certification projects.

Lottery Bond proceeds of \$11.0 million for projects chosen by Regional Solutions, an innovative collaborative approach to community and economic development in Oregon.

Lottery Bond proceeds of \$10.0 million will be used to fund scientific testing and sampling needed for the beginning stages of the Portland Harbor cleanup. These funds will be transferred in from the Department of Environmental Quality.

The Small-Scale Energy Loan Program is transferred to Business Oregon from the Oregon Department of Energy. The Governor's Budget includes \$2.7 million General Fund for administration and to make a down payment on recapitalizing the program.

The Rural Economic Development Initiative is a new investment of \$1.0 million Lottery Funds. In collaboration with local partners, the program will provide funding to entrepreneurship training and support centers in rural areas throughout the state. The program has been successfully piloted in 2015-17, with centers in Baker City, Coos Bay, Klamath Falls, and La Grande.

Invests \$0.4 million Other Funds to strengthen the Certification Office for Business Inclusion and Diversity (COBID), which helps ensure equity in the state's public contracting practices.

## **REVENUE SUMMARY**

Business Oregon's main source of revenue is Lottery Funds. General Fund finances the Arts Commission, pays for the Department's energy finance programs, and is used to make General Obligation Debt Service payments. Federal Funds received from the Community Development Block Grant support programs in the Infrastructure Finance Authority and also support the Brownfields program and the State Small Business Credit Initiative Grant. Other Funds revenues include loan repayments, bonding, and transfers from other agencies.

## **AGENCY PROGRAMS**

### **Operations**

The Operations program includes the Director's Office, Employee Services, Fiscal and Budget Services, Facilities Services and the Technology Project Office. The majority of Shared Services customers are department staff or stakeholders. The Governor's Budget for this program is \$8.8 million total funds. This is a five percent decrease from the 2015-17 Legislatively Approved Budget and includes reductions and efficiencies to meet Lottery Fund constraints. Program funding comes primarily from Lottery Funds,

but it also relies on Other Funds assessed against agency programs. The program operates with 30 positions.

### **Business, Innovation, Trade**

The Business, Innovation, and Trade program promotes business retention, growth, and job creation by removing barriers to industry competitiveness, working with economic development partners across the state to address business needs, and working directly with businesses to help them grow. The division works to create prosperity for Oregonians through a robust economy that provides living-wage jobs. The Governor's Budget for this program is \$215.9 million total funds. This is a 149 percent increase from the 2015-17 Legislatively Approved Budget, driven largely by the transfer in of the Small-Scale Energy Loan Program (SELP) and the increase in bond funding for Regional Solutions. The program is primarily supported by direct Lottery Funds, but also receives Federal Funds and Other Funds. The program operates with 59 positions.

Investments in the Governor's Budget for Business, Innovation, Trade include the Regional Economic Development Initiative, and increased staffing to help administer the Certification Office for Business Inclusion and Diversity (COBID) paid for with Other Funds.

### **Infrastructure Finance Authority**

The Infrastructure Finance Authority assists communities build infrastructure capacity to address community facilities for public health, safety and compliance issues as well as support communities' ability to attract, retain and expand businesses. The program is a low cost and readily available infrastructure funding source for Oregon rural communities, counties, special districts, ports and tribes. The Governor's Budget for this program is \$696.4 million total funds. This is a 33 percent increase from the 2015-17 Legislatively Approved Budget. This increase is driven by investments of seismic retrofitting of schools and emergency service buildings and recapitalizing the Special Public Works Fund. The program operates with 36 positions.

The program is funded by Other Funds from revolving loans, initially capitalized with lottery-backed bond sales, Safe Drinking Water Act funds transferred in from the Oregon Health Authority and Federal Funds for the Community Development Block Grant program.

### **Film and Video**

The Oregon Film and Video office is a semi-independent agency designed to recruit and facilitate film and television production throughout the state. The office acts to enhance the industry's revenue, profile, and reputation within Oregon and internationally. It also recruits the industry to film features, movies, and television series in Oregon and actively recruits film-related businesses to relocate to Oregon permanently. The Governor's Budget for this program is \$1.0 million total funds. This is a 12 percent decrease from the 2015-17 Legislatively Approved Budget, which is the result of constraints on Lottery Fund resources in the 2017-19 biennium. The activities of the Film and Video office are funded with Lottery Funds. Because the office is a semi-independent state agency, its employees are not state employees and the budget does not include any positions.

### **Arts**

The Arts program includes both the Arts Commission and the Oregon Cultural Trust. The Commission provides leadership, funding and arts programs to arts organizers, artists and communities. The Oregon

Cultural Trust promotes Oregon's arts, humanities, heritage preservation and history. Through a tax credit, the Oregon Cultural Trust encourages citizen participation in donating directly to over 1,300 cultural trust organizations and to the Trust. The Arts Commission develops statewide policy and provides services to art organizations, artists and communities. The Commission also provides statewide funding to art organizations, individual artists and art programs through grants and special initiatives. The Governor's Budget for this program is \$16.0 million total funds. This is a 17 percent decrease from the 2015-17 Legislatively Approved Budget, which is the result of constraints on General Fund resources in the 2017-19 biennium and a decrease in Other Funds resources. Funding for the program comes from a combination of General Fund, Other Funds, and Federal Funds. Federal Funds are from the National Endowment for the Arts and Other Funds are received primarily from Public Arts Management Fees. The program operates with 11 positions.

### **Lottery and General Obligation Bond Debt Service**

The Lottery and General Obligation Bond Debt Service program tracks the payment of Lottery and General Obligation debt service, including both principal and interest payments. The Governor's Budget for the program is \$101.5 million total funds. This is a 74 percent increase from the 2015-17 Legislatively Approved Budget, which is driven by new bond financing and debt service on bonds that were approved in 2015-17 but will not be sold until the end of the biennium. Funding to repay debt service comes from the General Fund and Lottery Funds. The program does not include positions.

## Employment Department

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$6,133,655	\$159,235
Lottery Funds	0	0	0
Other Funds	109,896,730	146,138,599	147,824,496
Federal Funds	155,199,849	162,716,380	160,349,059
Other Funds (Nonlimited)	1,191,961,129	1,520,105,053	1,424,000,000
Federal Funds (Nonlimited)	241,841,739	94,832,000	70,000,000
<b>Total Funds</b>	<b>\$1,698,899,447</b>	<b>\$1,929,925,687</b>	<b>\$1,802,332,790</b>
Positions	1,395	1,272	1,310
Full-time Equivalent	1,280.46	1,237.76	1,254.00

### OVERVIEW

The Oregon Employment Department (OED) promotes employment and supports businesses. There are three programs that comprise the Employment Department:

- Unemployment Insurance Division— oversees the Unemployment Insurance program, which provides wage replacement income to workers who are unemployed and meet program requirements, thereby helping workers to meet their financial obligations when looking for a new job.
- Workforce Operations Division— connects Oregon employers and job seekers, and works across agencies to ensure all job seekers can advance their careers.
- Workforce and Economic Research—collects, estimates, analyzes, publishes and distributes much of the economic and workforce information that Oregonians, businesses and policy makers need to make educated, sound economic decisions.

The Department also provides administrative support to the Office of Administrative Hearings, Employment Appeals Board and the Oregon Talent Council.

OED is part of a broader statewide workforce development system. The Oregon Workforce Investment Board (OWIB) provides direction for the Department's strategic and business plans. As Oregon's economy continues to change, collective action is needed to assure workers are prepared with the right skills to find career path jobs and support business growth, increase productivity, and improve prosperity for individual Oregonians and our state as a whole.

In July 2014, a new federal Workforce Innovation and Opportunity Act (WIOA) was signed into law, replacing the 1988 Workforce Investment Act (WIA). The goals are to improve the quality of the workforce, increase economic self-sufficiency, reduce welfare dependency, meet employer skill requirements, and enhance the productivity and competitiveness of the nation. OWIB developed a four-

year strategic plan (Unified State Plan) to address the WIOA requirements. This plan has been endorsed on behalf of our Governor.

The Oregon Unified Plan includes four main strategic goals:

- Create a customer-centric workforce system that is easy to access, highly effective, and simple to understand.
- Provide business and industry customized workforce solutions to prepare and deliver qualified, viable candidates and advance current workers.
- Invest in Oregonians to build in-demand skills, match training and job seekers to opportunities, and accelerate career momentum.
- Create and develop talent by providing young people with information and experiences that engage their interests, spur further career development, and connect to Oregon employers.

The Department coordinates with local governments and the private sector as they strive to assist in the development of a dynamic, resilient workforce that will be attuned to Oregon priorities.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Employment Department is \$1,802.3 million total funds. It includes \$0.2 million General Fund, \$147.8 million Other Funds, \$160.3 million Federal Funds, \$1,424.0 million Other Funds Nonlimited and \$70.0 million Federal Funds Nonlimited. This is a seven percent decrease from the 2015-17 Legislatively Approved Budget. The budget includes 1,310 positions, which support all agency programs.

## **REVENUE SUMMARY**

The Employment Department receives funding from both federal and dedicated state sources and receives state General Fund to support the Oregon Talent Council's budget. The Department receives increased federal funding during economic downturns, but is underfunded during economic expansions. From 2009 to 2013, OED received increased federal funding; this increased funding has now ceased and funding has returned to a much lower level.

The U.S. Department of Labor provides the Department with federal funding through a variety of programs. The majority of funds come through Unemployment Insurance and a number of re-employment related programs. The Unemployment Insurance program funds are derived from employer payroll taxes collected by the Internal Revenue Service. Many of the federal programs that fund the agency have formulas that do not include inflationary increases thereby resulting in a decline over time in the value of moneys being transferred.

Other Funds revenue comes from various employer related activities. One source is Employer Unemployment Taxes that are derived from state payroll taxes collected by the Department and held by the U.S. Treasury. These funds are continuously appropriated by Congress and used for the payment of Unemployment Insurance benefits only.

The Supplemental Employment Department Administrative Fund is the next largest Other Funds resource. These funds are diverted from taxable payroll at a rate of 0.09 percent of one percent and used

to support the Department's administrative expenses. The Supplemental Employment Department Administrative Fund makes up approximately 36 percent (\$86.5 million) of the funding budgeted to support operational costs in the 2017-19 biennium.

In 2009, Congress provided a special distribution (one-time only funding) from the Federal Unemployment Trust Fund to states under the Assistance for Unemployed Workers and Struggling Family Act. The Unemployment Insurance Modernization Fund can be expended under strict U.S. Department of Labor guidelines. The agency is moving forward this biennium to use these funds to support their information technology infrastructure upgrades and planning to spend \$6.6 million of this fund during the 2017-19 biennium.

## **AGENCY PROGRAMS**

### **Unemployment Insurance**

The Unemployment Insurance program provides wage replacement income to workers who are unemployed and meet program requirements, thereby helping workers to meet their financial obligations when looking for a new job. Eligible claimants receive benefits on a weekly basis. The program is a federal-state partnership. It insures workers against wage loss, employers against loss of a trained workforce, and communities against economic loss associated with unemployment. Every dollar of Unemployment Insurance program benefits paid to unemployed workers produces two dollars of increased economic activity.

Primary cost drivers of the Unemployment Insurance program are the number of people unemployed, the length of time they stay unemployed, and the number of employers in the state. In 2015, 174,000 workers claimed benefits and received approximately \$545 million in unemployment benefits.

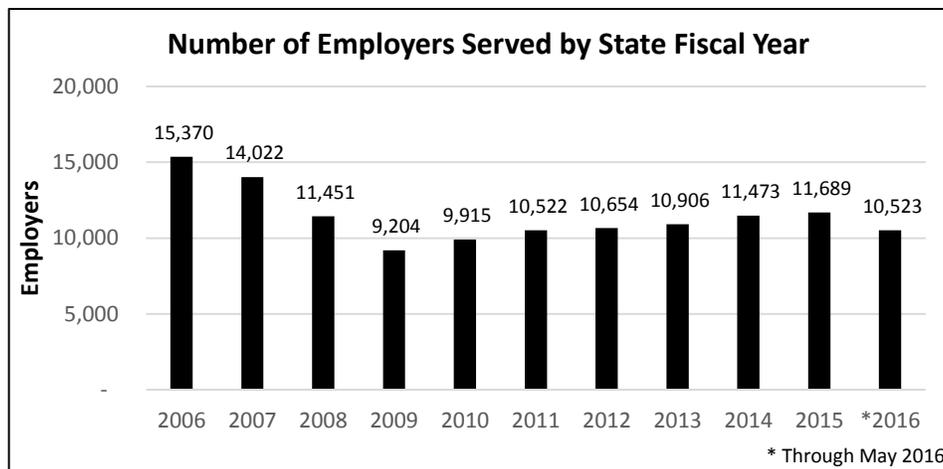
The Governor's Budget for this program is \$125.0 million total funds. This is an 18 percent decrease from the 2015-17 Legislatively Approved Budget. The budget funds 583 positions.

### **Workforce Operations**

Workforce Operations manages the state's labor exchange system. This system links Oregon employers and job seekers through a diverse array of programs and services. The division is a partner in a network of 37 WorkSource Oregon offices located around the state. They partner with the Office of Workforce Investment and Local Workforce Development Boards that serve both businesses and job seekers. Additionally, the division provides training and reemployment services to workers adversely affected by foreign trade and assists Oregon companies in securing tax credits for hiring individuals with barriers to employment.

Unemployment Insurance claimant reemployment is a key strategy of the division, in which Reemployment and Eligibility Assessment program (RESEA) is a vital component. On average, 1,000 claimants attend a Reemployment and Eligibility Assessment interview each week.

The program typically serves over 11,000 employers and close to 300,000 job seekers. The demand for these services from job seekers fluctuates with the business cycle. Currently, demand has returned to pre-recession levels. As hiring increases, the number of employers being served by the division has slowly increased.



As a direct service provider, the division has been transitioning from a philosophy of providing a broad level of service to a large volume of customers, to a more focused approach. In practice, Workforce Operations staff spend more time with the customers who both want and need our assistance.

The division also provides services to other programs, which generally focus on a specific subgroup of job seekers. One such program is the Work Opportunity Tax Credit program, which provides incentives for specific target groups including: recipients of Temporary Assistance to Needy Families; Food Stamp recipients ages 18 through 39; qualified ex-felons; vocational rehabilitation referrals; Supplemental Security Income recipients; and veterans (recent food stamp recipients, unemployed, or disabled veterans).

Based on the current level of Work Opportunity Tax Credit applications, \$50 to \$60 million in tax credits are projected to be ongoing. In addition to the Work Opportunity Tax Credit program, the division administers various other programs including: the Foreign Labor Certification program, the Migrant and Seasonal Farm Workers program, and the Self-Employed Assistance program.

The Governor’s Budget for this program is \$94.5 million total funds. It represents a 14 percent decrease from the 2015-17 Legislatively Approved Budget. The budget funds 421 positions and supports existing programs.

### **Workforce and Economic Research**

The Workforce and Economic Research division collects and analyzes much of the economic and workforce information that Oregonians, Oregon businesses and Oregon policy makers need to make educated, sound economic decisions. The analyses help to explain current economic conditions and forecast future economic conditions and workforce trends. These analyses are necessary in determining the success of policies aimed at producing “a diverse and dynamic economy that provides jobs and prosperity for all Oregonians.”

The Research division serves all of Oregon, providing information for counties and workforce areas and serving as the local economic and workforce experts for local Workforce Investment Boards, businesses, elected officials, job seekers, and public agencies scattered across the state. The division has an ongoing collaborative relationships with state and local entities relating to education (K-12 through university), social services, and economic development.

The division not only collects key data, but provides a wealth of information to many stakeholders. In the 2015-17 biennium, the division provided the following information:

Responded to more than 6,400 customer information requests, mainly from private sector businesses.

Provided more than 340 presentations to nearly 14,000 participants.

Distributed more than 370,000 reports and publications. *Oregon CAREERS* is the most widely distributed publication with almost 140,000 copies distributed across the state.

The Governor's Budget for this program is \$15.0 million total funds. It represents a 14 percent decrease from the 2015-17 Legislatively Approved Budget. This budget funds 57 positions and maintains current services.

### **Shared Services**

The Shared Services Division consolidates operational support services for the Employment Department programs. Core administrative functions are provided to the agency through the Director's Office, Project Management Office, Legislative Affairs and Communications, Administrative Business Support, Information Technology Services, and Employee Services. The Shared Services structure is being established during this biennial budget process. The Governor's Budget for this program is \$45.8 million total funds. This budget funds 141 positions and maintains current services.

### **Office of Administrative Hearings**

The Office of Administrative Hearings (OAH) holds contested case hearings giving citizens and businesses a chance to dispute actions taken against them by the state. These hearings are mandated by the state constitution. Over 80 Oregon agencies and boards and commissions refer case hearings to OAH.

Administrative Law Judges (ALJs), who are conducting hearings and making decisions, are independent of the agencies initiating action. This independence invites greater trust by citizens and businesses in the results of the hearings, as well as the state's actions. The majority of the hearings are heard over the telephone with citizens representing themselves. Costs are driven by the volume of hearings referred by agencies and by the complexity of the issues involved.

The Governor's Budget for this program is \$28.0 million Other Funds. It represents five percent decrease from the 2015-17 Legislatively Approved Budget. The budget funds 107 positions.

### **Oregon Talent Council**

The Council was created out of House Bill 2728 (2015) to advise and be a resource for state agencies and educational institutions on issues of talent development, to promote growth and competitiveness in Oregon's trade sector and high growth industries. The Council was charged with working with the Oregon Employment Department to provide industry-based information on talent needs and gaps. This program is in the process of winding down for the 2017-19 biennium.

Under legislation, OTC is charged with developing a Talent Development Plan, which it is to be revised each biennium. The current plan highlights key growth industries that economic indicators might miss, either because growth in these industries is just beginning or because the industries are still relatively small. It serves as a bridge between Oregon's professional and technical occupations, identifying alignment needs between industry, education, workforce and government partners. While the OTC is

winding down it is our intention to ensure that the Talent Development Plan continues to be produced biennially through one of the former –OTC’s partners.

The Governor’s Budget for this program is \$0.2 million total funds. This budget funds one limited duration position to wind down the program for the 2017-19 biennium.

**Nonlimited**

Nonlimited funds include unemployment tax collections, Trust Fund interest earnings, and federal revenues that are used to pay the Unemployment Insurance program and associated benefits to qualified applicants who are seeking work. Nonlimited funds also include Federal revenue used to pay benefits related to federal training programs, such as the Trade Adjustment Assistance Program and for reimbursement of Unemployment Insurance program benefits paid to federal workers. Federal Funds are also deposited into the Federal Unemployment Trust Fund for payment of various federal unemployment benefit and training programs.

The Governor’s Budget is \$1,494.0 million total funds Nonlimited, which represents the distribution of benefits to individuals and a projected ending balance of \$3,886 million in the Unemployment Insurance Trust Fund. This represents a seven percent decrease from the 2015-17 Legislatively Approved Budget.

## Housing and Community Services

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$20,355,205	\$28,591,118	\$25,668,102
Lottery Funds	9,413,639	11,676,469	17,081,530
Other Funds	116,634,380	223,456,192	269,198,543
Federal Funds	112,299,287	120,114,238	123,897,984
Other Funds (Nonlimited)	689,623,347	783,429,303	631,770,834
Federal Funds (Nonlimited)	110,118,920	112,320,000	121,165,609
<b>Total Funds</b>	<b>\$1,058,444,778</b>	<b>\$1,279,587,320</b>	<b>\$1,188,782,602</b>
Positions	168	132	159
Full-time Equivalent	150.98	126.90	151.68

### OVERVIEW

The Oregon Housing and Community Services Department (OHCS) works to provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunities for Oregonians. The Department was created in 1991, when the Legislature merged the Oregon Housing Agency with State Community Services. OHCS is Oregon's housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of lower and moderate income. OHCS administers federal and state anti-poverty, homeless and energy assistance, and community service programs. OHCS also assists in the financing of single-family homes, the new construction or rehabilitation of multifamily affordable housing developments, as well as grants and tax credits to promote affordable housing.

### GOVERNOR'S BUDGET

The Governor's Budget for the Department is \$1,188.8 million total funds, which includes \$25.7 million General Fund and \$17.1 million Lottery Funds, and 159 positions. This is a 7.1 percent total funds decrease from the 2015-17 Legislatively Approved Budget primarily related to lower first time homebuyer loans. This budget makes a major investment in family affordable housing and multi-family housing, as well as provides continued funding for Oregon Volunteers and Court Appointed Special Advocates (CASA) and a special purpose allocation to provide assistance to victims of domestic violence.

## REVENUE SUMMARY

The Department receives a small amount of General Fund for Housing Stabilization related programs, and Lottery Funds for debt service. However, most of the Department's programs are funded with either Federal or Other Funds. The Department's Other Funds revenue includes Limited and Non-Limited Funds. The funding is derived from a variety of sources, including bond sales, loan repayments, public utility charges, document recording fees and manufactured home tax assessments. The Department's Federal Funds are received from the US Department of Housing and Urban Development (HUD), the US Department of Health and Human Services (DHHS), the US Department of Energy (DOE), the Corporation for National and Community Service (CNCS), NeighborWorks and the Bonneville Power Administration (BPA).

## AGENCY PROGRAMS

The agency re-organized its budget structure during the 2015-17 biennium to align more closely with the organizational structure of the agency and the work they do. As a result, some of the program names have changed or been eliminated.

### Housing Stabilization Programs

Formerly the Safety Net programs, Housing Stabilization Programs provide critical services to the lowest income Oregonians by addressing housing instability and helping more Oregonians access safe, stable and affordable housing options. The Housing Stabilization division passes through federal and state resources to Oregon's community action network and their partners to enable local communities to provide a continuum of services that help low-income individuals and households. The division also manages federal housing resources through the HUD Contract Administration section. The three main programs in this area are (1) homeless services, (2) energy services, and (3) performance-based contract administration.

The Governor's Budget for Housing Stabilization is \$301.6 million total funds, which includes \$12.4 million General Fund, \$69.2 million Other Funds, \$98.8 million Federal Funds and \$121.2 million non-limited Federal Funds. The budget represents a 422 percent increase from the 2015-17 Legislatively Approved Budget, which is the result of a change in organizational structure and program consolidation within Oregon Housing and Community Services. The Housing Stabilization programs are funded by General Fund, Other Funds (i.e. document recording fees, interest), and Federal grant funds from the U.S. Department of Housing and Urban Development, and the U.S. Department of Health and Human Services.

### Multifamily Rental Housing Programs

Multifamily Rental Housing programs provide financing for a continuum of rental housing options for low-income and fragile Oregonians. This includes grants and loans to enable the development of new housing units, rehabilitation of existing housing units, preservation of affordable housing projects with project-based Section 8 and Rural Development rental subsidies, and administration of the U.S. Department of Housing and Urban Development rental assistance contracts with private owners. Multifamily Rental Housing programs also contain the Manufactured Communities Resource Center, which provides mediation services to manufactured dwelling park residents and owners. The program

aims to provide impartial assistance to resolve disputes between park owners and tenants outside of the court process.

The Governor's Budget for Multifamily Rental Housing programs is \$103.2 million total funds, which is a 50 percent decrease from the 2015-17 Legislatively Approved Budget as result of a change in organizational structure and program consolidation within Oregon Housing and Community Services. The Governor's Budget for Multifamily Rental Housing includes an investment of \$10 million in lottery-backed bond proceeds to help preserve federal rent subsidies, manufactured home parks and to fill financing gaps and enable increased utilization of federal Low Income Housing Tax credits.

Multifamily Rental Housing programs are funded through Other Funds resources including tax credits, loan repayments from the Department's revolving loan funds, Oregon's public purpose charge (for multifamily weatherization projects), document recording fees, charges for services, bond proceeds and the Housing Finance Account. Additionally, the Multifamily Rental Housing Programs receive Federal Funds from the U.S. Department of Housing and Urban Development for both the Section 8 program and the HOME Investment Partnership Program.

### **Single Family Housing Programs**

Single Family Housing Programs provide financing and services that increase homeownership, provide homebuyer education and stabilize residential neighborhoods. OHCS achieves these objectives by offering affordable, at or below market rate residential loans to qualified first time homebuyers. The Residential Loan Program uses a network of lenders to finance residential loans under the program guidelines. OHCS invests in and purchases these loans from the lenders using mortgage revenue bonds (see description in Bond Activities and debt service). Economic conditions and financial markets affect the success of mortgage revenue bond financed loans. In recent years, historically low conventional mortgage interest rates slowed the use of this program, as tax-exempt rates have been higher than conventional rates and financial markets affect the success of mortgage revenue bond financed loans. This program also offers down payment assistance to first time, low- and moderate-income homebuyers.

The Governor's Budget for Single Family Housing Programs is \$5.1 million total funds, which includes \$4.4 million Other Funds and \$0.7 million Federal Funds. Single Family Housing Programs' primary source of funding comes from proceeds of bonds sold by the Department. The programs also receive funding through document recording fees and manufactured dwelling assessment and park registration fees. The main source of federal funding is through the National Foreclosure Mitigation Counseling Program.

### **Oregon Homeownership Stabilization Initiative**

The Oregon Home Stabilization Initiative (OHSI) is a foreclosure prevention program assisting at-risk homeowners to avoid foreclosure through a number of activities. The program, known nationally as the Hardest Hit Fund program, is funded entirely by federal Troubled Asset Relief Program resources from the U.S. Department of Treasury. Oregon is one of 18 states and the District of Columbia awarded funds because of the severe impacts suffered during the economic recession. The OHSI program administers the Hardest Hit Funds program under contract with the Oregon Affordable Housing Assistance Corporation, a non-profit 501(c)(3). This non-profit was formed at the direction of the U.S. Treasury. The Department's budget consists of expenditures necessary to administer the contract with the Oregon Affordable Housing Assistance Corporation. This corporation receives funding directly from the U.S. Treasury for direct service delivery.

The Governor's Budget for OHSI is \$3.9 million Other Funds. This represents a 111 percent increase from the 2015-17 Legislatively Approved Budget. In February 2016, additional funding of \$95.4 million was awarded to the agency to continue the program through 2020; as a result, the agency had to increase its staffing from 10 to 25 limited duration positions.

Oregon has expended all of its Hardest Hit Funds program award assisting more than 11,000 homeowners and nearly 95 percent of those households have been able to retain their home even 24 months after exiting the program. In late 2016, an additional \$95.4 million was awarded to Oregon. These additional funds must be expended by 2021.

### **Central Services**

The Central Services program area includes the Director's Office, Chief Financial Office, Public Affairs, Administrative Services, Human Resources, Oregon Commission for Voluntary Action and Service (Oregon Volunteers) and Court Appointed Special Advocates (CASA). Oregon Volunteers supports AmeriCorps, volunteerism and civic engagement in order to strengthen Oregon communities. AmeriCorps is the national service program that provides a stipend and educational benefits in exchange for a year's commitment to service. More than 350 AmeriCorps members currently serve in Oregon each year. CASA provides volunteer advocates for children in the juvenile court dependency system and serves over 3,400 children.

The Governor's Budget for Central Services is \$29.9 million total funds, which includes \$3.9 million General Fund, \$16.3 million Other Funds and \$9.7 million Federal Funds. While the budget represents a 2.6 percent total funds decrease from the 2015-17 Legislatively Approved Budget, it makes an important investment of \$0.9 million in CASA for additional legal consultation services.

### **Bond Activities and Debt Service**

The Oregon Housing and Community Services Bond Related Activities program; provides safe and affordable rental housing to low income Oregonians, and provides opportunities for first-time homebuyers to finance their mortgages at below market interest rates. Bond related activities include disbursement of bond proceeds to finance multifamily and single-family mortgage loans, bond issuance costs, administrative expenses related to outstanding debt, and asset protection costs associated with foreclosures and acquired properties. This program mechanism is used to expend funds related to OHCS bond financed loan programs. OHCS sells tax-exempt bonds to investors and uses the proceeds to finance multifamily and single-family mortgage loans. Debt Service activities represent non-limited expenditures that repay investors and other parties' obligations owed on the outstanding debt issued by the agency to finance various loan program activities.

The Governor's Budget for bond activities and debt service is \$6.4 million General Funds, \$16.2 million Lottery Funds, \$4.5 million Other Funds and \$630.0 million Non-limited Other Funds. The funding for this program continues support for existing programs in Multifamily Rental and Single Family Housing programs.

### **Capital Construction**

The Capital Construction program unit was created in 2015 with \$40 million in proceeds from Article XI-Q bonds provided in House Bill 5006. The bonds were issued in the 2015-17 biennium for affordable housing development, the Low Income and Fast Track (LIFT) housing program. The LIFT program's objective is to build new affordable housing for low-income households, especially families. The bond

proceeds are categorized as Capital Construction with an expenditure limitation period of six years. The full \$40 million was shown in the 2015-17 budget, and is not included here. As of November 2016, the 2015-17 LIFT program was fully subscribed. As a result, the Governor's Budget makes a significant investment of an additional \$60 million in Article XI-Q bonds for the 2017-19 biennium to continue providing support of affordable housing for low-income households and families. At a time when there is a shortage in affordable housing across the state, this additional source of housing funds is a significant investment by the state.

# Oregon Department of Veterans' Affairs

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$9,678,902	\$13,002,777	\$3,344,281
Lottery Funds	0	0	17,698,065
Other Funds	45,304,442	84,275,562	103,244,232
Federal Funds	40,000	3,305,303	1
Other Funds (Nonlimited)	186,154,228	318,333,710	387,546,104
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$241,177,572</b>	<b>\$418,917,352</b>	<b>\$511,832,683</b>
Positions	84	88	92
Full-time Equivalent	82.63	87.76	92.00

## OVERVIEW

The mission of the Oregon Department of Veterans' Affairs (ODVA) is to serve and honor veterans through leadership, advocacy and strong partnerships. ODVA's vision is for veterans and their families to thrive in Oregon. The agency oversees its mission and vision through the values of respect, integrity, stewardship and excellence. The Department has four major operational functions: the veteran home loan program; veteran services; two veteran homes (The Dalles and Lebanon); and its core operations that provide support to and enhance the other functions.

## GOVERNOR'S BUDGET

With the passage of Measure 96, funding for the Oregon Department of Veterans' Affairs increased overall due to the addition of dedicated funding from Oregon Lottery Funds. The Governor's Budget represents a 22 percent total funds increase from the 2015-17 Legislatively Approved Budget (LAB). The Governor's Budget replaces a portion of the Department's General Fund with the new Lottery Funds it will receive under Measure 96. The Department will receive \$18.5 million in Lottery Funds. The budget provides key investments to enhance the agency's ability to conduct its business and provide outreach to more veterans to maximize veteran benefits that federal, state, local governments and nonprofits provide, as well as mobilize partnerships in the area of education, housing, and mental health.

## REVENUE SUMMARY

With the passage of Measure 96, the Department will fund its programs with a mix of General Fund for operations and debt service (one percent of total funds), Lottery Funds (three percent of total funds) and Other Funds (96 percent of total funds). On occasion the Department receives a small amount of Federal Funds from grants. The most significant Other Funds sources are: veteran loan repayments; dedicated general obligation bond proceeds; fees from the conservatorship program and loan-related services, rent

from leasing space within the Veterans' building; funding received from the U.S. Department of Veterans' Affairs for Veterans Homes (as well as Medicare and Medicaid reimbursements); and investment earnings. The Veterans' Loan Program funds have been used for many years to fund both the Loan Program and to support the Veterans' Services Program. The Governor's Budget discontinues subsidizing Veterans' Service Programs with loan reserves in order to maintain sufficient reserves well into the future, which will also provide stability for the Home Loan Program.

## **AGENCY PROGRAMS**

### **Loan Program**

The Veterans' Loan Program, created in 1945 through the adoption of Article XI-A of the Oregon Constitution, provides low-interest rate mortgages on single-family owner-occupied homes to qualified veterans. Oregon is one of only five states that has been grandfathered under federal tax law to offer a state veteran home loan program. Tax-exempt bond revenue is used to finance the loans. Loan repayments and investment earnings pay off the bonds and cover the cost of program administration. Historically, this enhanced housing benefit has generally resulted in significantly lower home loan interest rates than are normally available in the marketplace

The Governor's Budget for the Loan Program is \$16.8 million Other Funds. The Loan Program has increased production during the 2015-17 biennium and the Department anticipates the trend will continue. As of June 30, 2016, the Department's loan portfolio consisted of approximately 1,865 loans totaling more than \$262.0 million. The budget supports enhancing the Loan Program by providing the agency with the resources to purchase and install an "end-to-end" home loan system, which carries loan information entered during the initial application and loan origination phase through the loan servicing process. This will add efficiencies to the system and reduce errors.

### **Veterans' Services Program**

The Veterans' Services Program is responsible for providing advocacy and benefits to veterans, their dependents, and survivors. The program provides benefits counseling, claims and appellate representation, certification and training for Veterans' Service Officers in counties and national service organizations, conservatorship services, educational assistance, emergency financial assistance, and other service delivery partnerships across the state. The division is the front line for all veteran benefits, ensuring veterans obtain all the benefits, to which they are entitled, as a result of their military service. It operates through a coordinated service delivery network consisting of Department employees, county service centers in 34 of the state's counties and participating national service organizations. The Department finances the County Veterans Service Officer positions with a base amount and an amount based on the veteran population of the county. The agency headquarters are in Salem and directly serves veterans in Marion and Polk Counties and serves other veterans throughout the state when requested to do so. In January 2017, Polk County will begin serving veterans through their own County Veteran Services Officer. In addition, Department employees assist veterans and County Veterans Service Officers throughout the state on preparing or reviewing appeals of denied veteran claims.

With the passage of Measure 96, the Governor's Budget for Veterans Services is \$19.8 million total funds (\$2.0 million General Fund, \$17.7 million Lottery Funds, and \$0.1 million Other Funds). This is a total funds increase of 68 percent from the 2015-17 Legislatively Approved Budget. Oregon's current veteran population is estimated at 326,338 Oregonians. In fiscal years 2015 and 2016, the agency saw an increase

in 19,750 new claims and more than 79,000 total claims filed. The Department currently holds Powers of Attorney for nearly 101,000 Oregon Veterans. According to the U.S. Department of Veterans' Affairs, in Fiscal Year 2015, Oregon veterans received more than \$1.3 billion in compensation and pension payments (approximately \$106 million per month), \$145 million in Education and Readjustments benefits, and more than \$1.1 billion in Health Care. In the last decade, veteran benefits and compensation received by veterans in Oregon has more than doubled.

To Oregon veterans, benefits enable them to be productive and self-sufficient citizens. Disability compensation is awarded for both physical and mental injuries incurred while serving their country, which helps pay mortgages and other bills and works to provide access to Federal Veterans' Affairs health care services. The Governor's Budget maintains the core services of the Veterans' Services program through eliminating the subsidization of this program from Home Loan program reserves. Additionally, the budget makes significant additional investments including: funding to acquire a new Information Technology System for the conservatorship program, additional staff for its Representative Payee services and a Veteran Service Officer dedicated to addressing the needs of aging veterans. Furthermore, the budget provides \$1.5 million over current service level for County Veteran Service Officers and \$0.1 million over current service level for National Service Organizations. Finally, the budget provides \$3.0 million for the purposes of mobilizing partnerships and increasing services to veterans in education, housing, and mental health.

### **Oregon Veterans Home Program**

The Oregon Veterans' Home Program provides the state's qualified veterans and their families with skilled nursing, Alzheimer's and memory-related and rehabilitative care in an environment understanding the unique needs of the men and women who served our country in uniform. Currently, there are two facilities located in Oregon, one in The Dalles and one in Lebanon. Care at the Oregon Veterans' Homes is an earned benefit available to veterans, their spouses, and parents who had a child die while serving in the United States Armed Forces. To be eligible for this benefit, qualifying veterans must have served as defined by the USDVA and received an honorable discharge from their branch of service. The USDVA provides a daily per diem for veteran residents to offset the cost of care and recent federal legislation allows veterans who are disabled due to their military service (with a service-connected disability rating of 70 percent or more) to have their full daily cost of care at State Veterans' Homes paid for by the USDVA. The ODVA contracts with Veterans Care Centers of Oregon (VCCO), a non-profit organization, for the day-to-day operation of the facility. The contract with VCCO followed the state's competitive procurement process and has resulted in the delivery of award-winning high quality care to veterans.

The Governor's Budget for the Oregon Veterans Home Program is \$85.2 million total funds (\$1.3 million General Fund for debt service, the remaining \$83.9 is Other Funds). The budget provides the necessary resources and staff to operate both the current facilities in The Dalles and Lebanon, but eliminates debt service related to a third veterans' home in Roseburg, as the state did not sell bonds for the development of a third veterans' home. The Oregon Veterans Home Program operational funding is derived entirely from Other Funds. Operational funds come primarily from resident care-related payments, including the Federal VA, which provides a daily per diem rate for qualifying residents, Medicare and Medicaid payments, and private pay for certain residents. The program also receives donations used to enhance the quality of life of residents at the homes. The budget provides funding for capital projects at both Veterans' Homes in The Dalles and Lebanon.

**Nonlimited Program**

The Nonlimited program provides the loan and bond expenditures related to the Loan Program. The expenditures consist of loan-related expenditures including loans made, payment of property taxes, hazard insurance, foreclosure and state-owned property costs, and other costs incurred to protect the state's interest in property used to secure a loan. Additionally, bond related costs for planning and issuing bonds, including bond counsel and attorney fees, State Treasury bond fees, and fees relating to preparing bond disclosure documents are Nonlimited. This program also contains the Nonlimited expenditures for debt service related to the sale of those bonds.

The Governor's Nonlimited Budget for the Oregon Department of Veterans' Affairs is \$387.5 million total funds. The budget provides the resources necessary to support the Department's Loan Program and pay its debt service associated with the loan program.



# NATURAL RESOURCES AGENCIES

## Natural Resources Program Area Budget

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$233,406,578	\$234,125,699	\$214,295,357
Lottery Funds	160,695,383	173,939,411	214,890,775
Other Funds	813,042,612	975,645,594	986,023,487
Federal Funds	213,021,991	300,539,686	311,823,209
Other Funds (Nonlimited)	212,540,589	278,352,979	142,420,936
Federal Funds (Nonlimited)	0	104,000	0
<b>Total Funds</b>	<b>\$1,632,707,153</b>	<b>\$1,962,707,369</b>	<b>\$1,869,453,764</b>
Positions	5,370	5,361	5,419
Full-time Equivalent	4,338.11	4,315.44	4,338.68

### OVERVIEW

All Oregonians deserve to live, work and play in a healthy environment—Oregon’s farms, forests, rangelands, waters and natural resources provide the foundation for healthy communities and long-term prosperity. The Natural Resources program area encompasses the work of 14 natural resource agencies across 30 programs, and represents two percent of the state’s combined General Fund and Lottery Funds budget. These agencies manage Oregon’s air, water, land and wildlife resources to support a healthy environment that sustains our Oregon’s communities, Oregon’s economy and Oregon’s natural treasures.

The link between a sustainably managed environment and Oregon’s long-term prosperity has never been more clear. Oregon’s population is projected to increase by 500,000 people by 2020. Rapid population growth is coupled with new environmental challenges such as a climate change, which impacts snow-pack dependent water supplies, water quality, wild fire risk and severity and forest health and resilience. In the face of these environmental challenges, Oregon’s natural resource agencies are focusing on strategic initiatives to improve water and air quality, improve forest and rangeland health, reduce exposure to toxics, build great communities, increase the effectiveness and efficiency of natural resource management and position Oregon for emerging resource challenges. Balancing conservation with the role of resource-based industries in bringing prosperity in rural communities, the strategies also work to maintain and expand employment in some of the most impoverished areas of our state.

### GOVERNOR’S BUDGET AND KEY INVESTMENTS

The Governor’s Budget for the Natural Resources Program Area is \$1,869 million, which includes \$214 million General Fund, and \$215 million in discretionary and Measure 76 Lottery Funds. While the Governor’s Budget maintains existing levels in many program areas there have been reductions in

agencies within the Natural Resource Program Area. The Governor's budget for the Natural Resources Program Area did prioritize investments in improving environmental health and protecting the public; improving the state's resilience to natural hazards, and providing opportunities in rural and underserved communities.

Protecting the Public by Improving Environmental Health. The environmental health of Oregon has experienced significant challenges and opportunities recently with new information on the source of air pollution in the city of Portland and the settlement of the Volkswagen diesel emissions lawsuit. The Governor's Budget continues to invest in the Cleaner Air Oregon Initiative by providing monitoring staff and equipment to screen for toxic air pollution and conduct follow-up monitoring to identify the likely source and level of emissions and toxics at various locations around the state. The budget also provides resources to implement new health risk based rules that are in development by establishing new permit writers, modelers and source testers. This is a joint effort with the Oregon Health Authority aimed at reducing public health risks arising from hazardous pollutants.

The Volkswagen settlement agreement settles claims by plaintiffs, including the State of Oregon, that Volkswagen violated federal engine emission certification standards. The funding will be used to reduce harmful emissions from diesel engines. The budget provides both staff to administer the new program, and \$10 million of Other Funds limitation that will be used during the 2017-19 biennium to reduce diesel emissions.

Both the broad Cleaner Air Oregon initiatives and the targeted efforts to reduce harmful diesel emissions protect the health of all Oregonians, but particularly address the disproportionate impacts of hazardous air pollutants on low-income, and minority communities.

The Governor's Budget continues the Clean Water State Revolving Loan Fund which provides below-market interest rate loans for the planning, design or construction of projects that prevent or mitigate water pollution; recapitalizes the Orphan Sites Program which is used to fund investigations and cleanup at sites where parties who are responsible for the pollution are unknown, unable or unwilling to perform cleanup-related work; and provides funding to start the sampling necessary to begin clean-up of the Portland Harbor Superfund site after the Record of Decision is released.

The Governor's Budget provides staff and resources to address recommendations to improve the agency's water quality permitting system, which has a significant backlog. Bringing permittees into compliance with current water quality requirements will improve the health of Oregon's water systems and resources. Additionally, the budget includes funding within the Emergency Fund to enrich capacity to respond to severe incidents, such as a train derailment, as it relates to environmental health hazards.

Resilience to Natural Hazards. The Northwest continues to experience a variety of natural hazards that threaten public safety and community resources. The budget contains investments in seismic, landslide, drought, fire, and other hazard programs, all of which are directed at identifying key risks and potential solutions. The Governor's Budget ensures that mapping and analyzing Oregon's landscape using lidar technology will continue and directs funding to be used to help communities plan and develop coastal seismic resilience. The Budget provides the resources to address Oregon's need to understand and manage groundwater on a basin wide scale, provides bonding for water resources projects and feasibility studies so that communities and the state can proactively meet the challenges of drought, development

and climate change. Finally, the Governor's Budget sets aside funding for the costs of fighting large fires that have occurred on the landscape with increasing frequency.

- Investments in Rural and Underserved Communities. Oregon's economy has improved dramatically in the current biennium but that improvement has not been felt equally across the state. The Governor's Budget directs investments towards rural communities across the state and towards underserved communities. The budget continues, and makes permanent, the Federal Forest Restoration Program that has been successful through locally-based collaboratives at improving the health of federal forests, which reduces the risk of wildfire and increases timber harvest from federal forests. The Governor's Budget is willing to invest in resources for the Columbia River Gorge Commission to engage with tribes in the region on issues of shared importance and hopes the State of Washington will equally support that effort.
- The Governor's Budget invests in construction that will occur in rural areas or smaller communities to improve state parks, upgrade hatcheries, and create new boating infrastructure for non-motorized boaters. These investments in recreational infrastructure will generate commercial activity and engage Oregonians and visitors with the outdoors.
- As noted, there is investment in water supply projects that will create construction jobs, but will also support current economic activity and potentially spur new economic activity. Finally, the Governor's Budget continues the cooperative effort with local ranchers and communities, and the federal government to limit some of the major threats to sage grouse: rangeland wildfires and invasive grasses and juniper.

## Oregon Department of Agriculture

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$19,433,285	\$24,613,559	\$23,401,064
Lottery Funds	6,368,044	6,491,591	7,042,307
Other Funds	49,871,107	62,478,730	68,706,936
Federal Funds	10,334,960	17,630,167	18,250,782
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$86,007,396</b>	<b>\$111,214,047</b>	<b>\$117,401,089</b>
Positions	479	527	538
Full-time Equivalent	350.54	378.84	391.08

### OVERVIEW

The Oregon Department of Agriculture (ODA) delivers services to enhance Oregon's economy as well as the environment in which we work and live. The threefold mission of the agency is to ensure food safety and provide consumer protection, protect agricultural natural resources, and to promote economic development in the agriculture industry. The agency operates four policy areas:

Administration and Support Services – manages the executive functions of the agency and provides business, accounting and technical support.

Food Safety/Consumer Protection – inspects all facets of Oregon's food distribution system (except restaurants) to ensure food is safe for consumption.

Natural Resources – protects Oregon's natural resources and maintains agriculture's economic sustainability.

Market Access, Development, and Certification/Inspection – assists Oregon's agricultural producers sell and ship products and works to promote and create demand for Oregon products.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Department of Agriculture is \$117.4 million total funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget. The budget enables the agency to carry out its statutory mission for food safety and consumer protection, the protection and conservation of natural resources, and the promotion of economic development in the agricultural sector.

The Governor's Budget supports proposed legislation that would provide ODA with the authority to conduct routine food safety inspections on unlicensed produce farms, unlicensed packinghouse and any other unlicensed firms subject to regulation under the Food Safety Modernization Acts (FSMA) produce

rule or preventative controls rule for human or animal food. The bill would amend the definition of commercial feed to broaden the agency's authority to regulate animal foods.

## **REVENUE SUMMARY**

The agency is primarily funded by Other Funds, which include fees for licenses, registrations, inspections, certifications and reimbursements under federal service contracts. The agency also has a combination of General Fund, Lottery Funds and Federal Funds. Lottery Funds come from the Measure 76 operating portion of the Parks and Natural Resources Fund. Sources of Federal Funds include grants supporting survey and detection of invasive species, USDA Cooperative Agricultural Pest Surveys and U.S. Farm Bill funded programs.

The Governor's Budget includes a number of fee increases, which will provide needed financial support for agency programs in the 2017-19 biennium. This includes the ratification of fees, which were increased administratively in the 2015-17 biennium. Fee changes include increases for nursery licenses and certifications.

## **AGENCY PROGRAMS**

### **Administrative and Support Services**

The Administration and Support Services program includes the Directors Office, the Information Office, and Administrative Services Office, which manage the executive functions of the agency and provide related business, accounting, and technical support. The Governor's Budget for this program is \$12.3 million total funds. This is a nine percent increase from the 2015-17 Legislatively Approved Budget, and invests in human resources and information technology staff who support the entire agency. Funding for Administration and Support Services is comprised of General Fund and by transfers of Other Funds from the agency's three policy areas. The program operates with 40 positions.

### **Food Safety/Consumer Protection Policy Area**

The Food Safety/Consumer Protection Policy Area inspects all facets of Oregon's food distribution system (except restaurants) to ensure food is safe for consumption, protects and maintains animal health, and ensures animal feeds meet nutritional and labeling standards. The Governor's Budget for this program is \$37.8 million total funds. This is a 12 percent increase above the 2015-17 Legislatively Approved Budget. Investments in the Governor's Budget for Food Safety/Consumer Protection include additional food safety inspectors, resources to implement new federal rules on produce safety including outreach, education and technical assistance for Oregon produce farmers, replacement of antiquated equipment in the weights and measures laboratory and food safety laboratory, continued investment in the Manufactured Food Regulatory Standards Program, and resources to address Avian Influenza threats.

Funding for the program is primarily Other Funds with much smaller amounts of General Fund and Federal Funds. Other Funds revenue includes licensing fees, registration fees, and fees for service. The program operates with 189 positions.

### **Natural Resources Policy Area**

The Natural Resource Policy Area protects Oregon's natural resources for future generations, maintains agricultural lands, benefits water, fish, wildlife, and native plants, reduces exposure to toxics, and maintains agriculture's economic sustainability. The Governor's Budget for this program is \$40.9 million total funds. This is a less than a one percent decrease from the 2015-17 Legislatively Approved Budget. Funding for the program is a combination of General Fund, Other Funds from license and registration fees, Measure 76 Lottery Funds and Federal Funds from grants and cooperative agreements. The program operates with 144 positions.

The Governor's Budget for Natural Resources includes providing limited duration resources in the Insect Pest Prevention and Management program and restoring two permanent positions to the Nursery program.

### **Market Access, Development, Certification/Inspection Policy Area**

The Market Access, Development, Certification/Inspection Policy Area assists Oregon's agricultural producers to successfully sell and ship products to local, national and international markets. The marketing portion of the program works to promote and create demand for Oregon agricultural products. The inspection and certification portion of the program adds value by providing services to facilitate product movement and overcome trade barriers and technical constraints that affect agricultural traded sectors. The Governor's Budget for this program is \$26.4 million total funds. This is a six percent increase above the 2015-17 Legislatively Approved Budget, making investments in new laboratory equipment and brings the budget into line with actual cost of supporting commodity commissions.

Program funding consists of a mix of General Fund to support core development activities, Other Funds from charges for services and Federal Funds from USDA Cooperative Agricultural Pest Surveys and U.S. Farm Bill funded programs. The program operates with 165 positions.

# Columbia River Gorge Commission

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$884,527	\$915,291	\$1,106,478
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$884,527</b>	<b>\$915,291</b>	<b>\$1,106,478</b>
Positions	0	0	0
Full-time Equivalent	0.00	0.00	0.00

## OVERVIEW

Established by an interstate compact between Oregon and Washington in 1987, the Columbia River Gorge Commission was authorized by and charged with implementing the Columbia River Gorge National Scenic Area Act of 1986. The Scenic Area envisioned continued economic growth and development within existing urban areas in a manner consistent with the protection and enhancement of scenic, cultural, recreational and natural resources.

The Commission functions as the permanent regional land use policy body for the Scenic Area, a 292,500-acre region stretching along both shores of the Columbia River for 80 miles—from the outskirts of the Portland-Vancouver metro area to the semi-arid regions of Wasco and Klickitat Counties in the east. The Columbia River Gorge encompasses three counties in Oregon (Hood River, Multnomah, and Wasco) and three in Washington (Clark, Skamania, and Klickitat) and includes 13 designated Urban Areas.

The Commission has an oversight role for the entire Scenic Area and functions as a convener and resource for collaborative regional efforts. It maintains partnerships with federal, tribal, state and local governments, state agencies, and non-governmental organizations. It also coordinates with the U.S. Forest Service, which administers recreation facilities, helps design resource protection projects and provides information to Gorge visitors. Additionally, the Commission works to ensure that four Indian nations have a role in management processes, reviewing proposed developments that may impact cultural resources or treaty rights.

## GOVERNOR'S BUDGET

The Governor's Budget is \$1.1 million total funds. This is a 21 percent increase from the 2015-17 Legislatively Approved Budget. The budget adds funding for one planner to update the Gorge Management Plan ensuring the long-term health of the Gorge and increase engagement with Columbia River Treaty tribes on issues of shared importance. It also increases funding to support Oregon's Commissioners, which have been funded below the level of Washington's Commissioners.

## REVENUE SUMMARY

Under the terms of the interstate compact, Oregon and Washington agree to fund their own Commissioner programs and equally apportion the costs of the Commission's Joint Expenses program. For administrative purposes, the Commission's budget resides in the state of Washington and its staff members are considered Washington state employees. The Governor's Budget reflects payments to Washington State from the General Fund and expenses relating to Commission members from Oregon.

## AGENCY PROGRAMS

### Joint Expenses

The Joint Expenses program unit encompasses the majority of the Commission's activities and expenditures—typically, representing between 97 and 98 percent of the agency budget. Pursuant to the interstate compact, Oregon finances one-half of these costs with General Fund while Washington funds the other half. The budget for Joint Expenses is \$1.1 million total funds.

The Commission's responsibilities include setting policy for the Gorge through a Scenic Area Management Plan, administering ordinances to implement the Plan, serving as a development appeals board and monitoring resource conditions in the Gorge. In furtherance of these responsibilities, Commission staff:

- provide technical planning assistance to cities, counties, and land developers;
- review and act on Scenic Area boundary issues, such as expansion of urban growth boundaries;
- assist counties in the development of ordinances for implementation of the Scenic Area Act;
- carry out enforcement actions and monitor compliance in order to ensure protection of Gorge resources;
- support the regional economy within the Scenic Area by reviewing and certifying all grants and loans submitted to the Commission; and
- administer the appellate process for land use decisions within the Scenic Area.

### Commissioner's Expenses

The Commissioners' Expenses program provides for Oregon Commissioners' per diem, training and travel expense. This also includes a portion of state government service charges for centralized services provided by the State of Oregon and Attorney General fees. The budget for Commissioners' Expenses is \$36,318 in the 2017-19 biennium.

## Oregon Department of Energy

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	2,166,048	2,980,496	3,023,630
Other Funds	33,214,314	35,076,986	35,318,204
Federal Funds	2,553,392	3,187,299	2,475,582
Other Funds (Nonlimited)	83,385,513	140,853,963	0
Federal Funds (Nonlimited)	0	104,000	0
<b>Total Funds</b>	<b>\$121,319,267</b>	<b>\$182,202,744</b>	<b>\$40,817,416</b>
Positions	113	105	95
Full-time Equivalent	111.92	104.50	90.75

### OVERVIEW

The Oregon Department of Energy's mission is to reduce the long-term cost of energy for Oregonians. The Department accomplishes this mission through the following programs:

**Planning, Policy and Technical Analysis** – Develops state policy and goals relating to energy conservation, the development of alternative fuels and renewable energy resources.

**Energy Development Services** – Administers financing and incentives for businesses, households and the public sector to reduce the cost of energy for Oregonians through energy efficiency, renewable energy and the use of alternative transportation.

**Nuclear Safety and Energy Emergency Preparedness** – Works to provide safe energy through oversight of nuclear waste cleanup activities at the Hanford nuclear site to ensure that decisions regarding cleanup protect the Columbia River. The division also provides emergency preparedness for potential energy hazards.

**Energy Facility Siting** – Works with energy facility developers and operating energy facilities to meet the state's energy needs by ensuring large power plants, transmission lines and natural gas pipelines are built to meet Oregon siting requirements.

**Administrative Services** – Includes the Director's office and Central Services Division and supports Oregon's Northwest Power Conservation Council members.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Department of Energy is \$40.8 million total funds. This is a 78 percent decrease from the 2015-17 Legislatively Approved Budget. The Department has 95 positions, 10 positions fewer than the 2015-17 Legislative Approved Budget.

This budget continues the investment in accountability in the facility sighting program and makes a new investment in information technology to assist the agency in tracking and assisting its customers and stakeholders.

At the end of the 2015-17 biennium several of the Energy Development Services programs sunset, including the Residential Energy Tax Credits (RETC) program, part of the Biomass Producer Collector (BCP) Tax Credit Program, the Energy Conservation Tax Credit program and the Transportation Tax Credit program. The Governor's Budget reduces the division's budget to reflect that reduction in work. It should be noted that the programs have a long winding down period that requires a reduced level of staffing to continue. In addition the Governor's Budget removes the Small Energy Loan Program (SELP) from the Department of Energy and places it in Business Oregon.

## **REVENUE SUMMARY**

The Department's primary sources of revenue are Other Funds and Federal Funds, which are derived from:

charges paid by consumers for the State Energy Efficient Design and Energy Facility Siting; the Energy Supplier Assessment (an annual assessment on Oregon energy suppliers); and Federal Funds including grants from the U.S. Department of Energy.

The Department receives Lottery Funds for debt service but will no longer receive Other Funds Nonlimited revenue through its Small Energy Loan Program.

## **AGENCY PROGRAMS**

### **Planning, Policy and Technical Analysis Division**

The Planning, Policy and Technical Analysis Division contributes to the Department's mission to reduce the long-term cost of energy for Oregonians, including environmental and public health. The division collaborates with the Department's other divisions and with stakeholders to help accomplish its goals. The work falls into four strategic areas: demand-side management; supply, infrastructure and delivery systems; clean transportation; and resiliency and sustainability.

The planning program focuses on work that will reduce greenhouse gas emissions that contribute to climate change and by reducing air toxics levels in urban areas. The program also supports the goal of building cutting-edge communities by encouraging the use of local energy sources such as biomass, solar and geothermal energy.

### **Energy Development Services Division**

The Energy Development Services Division administers financing and incentives for businesses, households and the public sector to reduce the cost of energy for Oregonians. The division will continue to wind up its responsibilities under sunseting programs.

### **Nuclear Safety and Energy Emergency Preparedness Division**

The Nuclear Safety and Energy Emergency Preparedness Division protects Oregonians from exposure to hazards by monitoring and engaging in radioactive waste cleanup activities at the Hanford nuclear site, preparing and testing nuclear emergency preparedness plans, participating in emergency preparedness

planning for Liquefied Natural Gas terminals; and overseeing the transport of radioactive material through Oregon. In addition, in times of petroleum shortages, the division implements the state's Petroleum Contingency Plan to ensure petroleum supply to emergency and essential services.

### **Energy Facility Siting Division**

The Energy Facility Siting Division works with energy facility developers and operating energy facilities to meet the state's energy infrastructure and demand needs and to ensure that large power plants, transmission lines and natural gas pipelines built in Oregon meet state siting standards. The development of new technologies and investments in renewable energy generation has led to growth in energy siting.

The Governor's Budget supports the division's increased focus on compliance in the siting process and continues resources that will streamline the process to better serve applicants and the communities that are impacted, and meet environmental standards.

### **Administrative Services Division**

The Administrative Services Division includes the Director's Office, Central Services Division, the Governor's Energy Policy Advisor and the Northwest Power Conservation Council staff. The Central Services Division provides shared services for budgeting, accounting, payroll, contracting, federal grants management, information technology management, database development and management, and facilities, records, and risk management. The division also supports the Oregon members of the regional Northwest Power and Conservation Council, a federally established council, which is directed to adopt a regional energy conservation and electric power plan and program to protect, mitigate and enhance fish and wildlife on the Columbia River and its tributaries.

## Department of Environmental Quality

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$30,960,731	\$37,982,047	\$42,388,442
Lottery Funds	3,873,253	4,084,177	5,356,823
Other Funds	120,390,027	152,995,169	192,605,137
Federal Funds	24,266,508	29,567,515	28,994,638
Other Funds (Nonlimited)	104,790,547	127,264,767	131,686,687
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$284,281,066</b>	<b>\$351,893,675</b>	<b>\$401,031,727</b>
Positions	728	753	779
Full-time Equivalent	710.09	730.31	748.82

### OVERVIEW

The Department of Environmental Quality (DEQ) leads efforts to restore, enhance and maintain the quality of Oregon’s air, water and land. The agency administers most of the state’s pollution laws, as well as the federal Clean Water Act and the federal Clean Air Act. The Environmental Quality Commission’s five-member board sets policy direction for the Department. The agency has five major areas:

**Air Quality** – Regulates air pollutants, from certain sources, monitors pollutant levels, analyzes data, provides education and business assistance and enforces pollution laws.

**Water Quality** – Monitors and regulates the discharge of wastewater from municipal and industrial sources, oversees residential septic systems, and works with forest, agricultural and other landowners to ensure water quality goals are met.

**Land Quality** – Works to reduce hazardous and solid waste, regulates underground storage tank use, responds to hazardous substance spills and cleans up contaminated sites.

**Agency Management** – Includes the Director’s Office, public affairs, and management services. This area provides leadership, coordination and support for the agency, and coordinates with other natural resources agencies.

Clean Water State Revolving Loan Program, Orphan Sites Program, and Pollution Control Bonds.

### GOVERNOR’S BUDGET

The Governor’s Budget for DEQ is \$401 million total funds. This is a 14 percent increase from the 2015-17 Legislatively Approved Budget. Sixty-three percent of the Department’s budget (\$253.1 million) is for operations; the balance is Nonlimited Other Funds, which are associated with the Clean Water Revolving Fund. The agency has 779 positions. This budget makes new investments in Cleaner Air Oregon to

rewrite and implement Oregon's air quality rules and statutes to address the risk of industrial pollution to human health and expands air toxics monitoring to new areas of the state. The budget provides resources to begin addressing deficiencies in the water quality-permitting program and to continue a new materials management system to address how solid waste is managed. The Governor's budget also provides funding to purchase an Environmental Data Management System that will replace many of the isolated business systems within the agency by providing a common platform and updating and making consistent business practices across DEQ.

## **REVENUE SUMMARY**

The Department is funded primarily with Other Funds but also receives General Fund, Measure 76 Lottery Funds, and Federal Funds. Other Funds come primarily through fees. The budget proposes fee increases in the Air Quality Permitting program, the Underground Storage Tank fee, and the Wastewater Permit fee program. The agency will also be receiving a new source of revenue to reduce harmful diesel emissions arising from the settlement of the Volkswagen diesel emissions lawsuit. The department experienced a specific loss of federal funding for nonpoint grant funds when the Environmental Protection Agency and the National Oceanic and Atmospheric Administration disapproved Oregon's Coastal Nonpoint Source Pollution Program based on perceived program deficiencies.

## **AGENCY PROGRAMS**

### **Air Quality Program**

The Air Quality Program is responsible for administering and achieving air quality standards in Oregon under the federal Clean Air Act and state statutes. The staff is responsible for permitting, regulating and monitoring air toxins, data analysis, enforcement, policy and planning and rule development. The only area of the state not covered by DEQ is the Lane Regional Air Pollution Authority. DEQ receives an appropriation for the Lane Regional Air Pollution Authority, which it passes on to the regional authority. The Governor's Budget for Air Quality is \$80.5 million total funds. This is a 26 percent increase from the 2015-17 Legislatively Approved Budget.

The Air Quality Program develops and implements clean air plans to meet federal standards, and reduce air toxics and greenhouse gasses. The program also coordinates with other partners that are investing in transportation and land use improvements that reduce air pollution. This program experienced significant challenges and opportunities in the 2015-17 biennium with new information developed on the source of air pollution in the city of Portland; and the settlement of the Volkswagen diesel emissions lawsuit. The Governor's budget addresses both these issues and seeks to move forward a new way of regulating air toxics by focusing on human health risks; and developing a new program to reduce diesel emissions at the source.

The Volkswagen settlement agreement settles claims by plaintiffs, including the State of Oregon, that Volkswagen violated federal engine emission certification standards by the deliberate installation of emission control defeat devices on select diesel powered passenger cars. The funding will be used to reduce harmful emissions from diesel engines and the agency is seeking statutory changes and will establish administrative rules to govern the program. The budget provides both staff to administer the new program, and \$10 million of Other Funds expenditure limitation that will be used during the 2017-19

biennium to reduce diesel emissions. Under the initial plan it is anticipated the settlement could be disbursed within eight years.

The Governor's budget combines both fee revenue and General Fund to restore cuts to the Air Contaminant Discharge Permit program and build on the Cleaner Air Oregon initiative. The budget provides monitoring staff and equipment to screen for toxic air pollution and conduct follow-up monitoring to identify the likely source and level of emissions and toxics at various locations around the state. The budget also provides resources to implement new health risk based rules that are in development. The new rules will require additional permit writers, modelers and source testers.

### **Water Quality Program**

DEQ's Water Quality Program assesses environmental conditions through monitoring and scientific analysis and sets water quality standards to protect health and assure our waters are also safe for fishing and swimming. The program develops pollution control strategies, creates clean water management plans with local communities and regulates industrial and municipal sources of water pollution through permits, inspections and enforcement. Much of the work is done locally; however, DEQ staff directly manage the regulation of wastewater treatment plants, septic system permitting to protect groundwater, and the regulation of industrial discharges to rivers and streams and other water bodies. The Governor's Budget for the Water Quality Program is \$66.1 million total funds. This is a 1.1 percent increase from the 2015-17 Legislatively Approved Budget.

The Governor's Budget provides staff and resources to address recommendations to improve the agency's water quality permitting system, which has a significant backlog. The budget also restores two positions in the urban storm water program

### **Land Quality Program**

The Land Quality Program improves and protects Oregon's land, air and water by working with stakeholders on responsible management of materials, reduction of waste and toxics, cleaning up contaminated sites, and responding to emergency spills. The Land Quality Program issues permits for facilities to ensure responsible management of solid waste, and works with watersheds to minimize the volume of solid wastes. The program maintains reports on the use of toxic substances and the generation of hazardous waste and provides technical assistance to businesses. Its staff provide oversight for the investigation and cleanup of contaminated properties and issue operating certificates to gas stations. The program coordinates with federal, state and local government partners to respond to spills of dangerous materials. The division also contains the ballast water program, which seeks to control invasive species being introduced into Oregon waters by the ballast water of ships. The Governor's Budget for Land Quality is \$74.9 million total funds. This is a 13.7 percent increase from the 2015-17 Legislatively Approved Budget.

The Governor's Budget continues implementation of DEQ's Materials Management 2050 Vision, which is a plan for sustainable material management and includes a fee increase in Underground Storage Tank permits, which restores positions to the program. The Land Quality Program also expends the proceeds from the Orphan Site bonds, which are discussed below. The division will use the funding to investigate and clean up orphan sites.

## **Agency Management**

DEQ's Agency Management provides leadership, fiscal management, central services and technical support to the Department. Agency Management includes the Director's Office, the Office of Outcome-Based Management, the Office of Policy and Analysis, the Office of Compliance and Enforcement and the Central Services Division. The Governor's Budget for Agency Management is \$31.5 million total funds. This is a 22.8 percent increase from the 2015-17 Legislatively Approved Budget.

The Governor's Budget invests General Fund and bond proceeds into the purchase and development of an environmental data management system that will provide interactive service to the public and stakeholders, while also standardizing and streamlining DEQ's internal business practices across the agency.

## **Pollution Control Bond Fund Debt Service**

This program provides debt service for bonds sold to support orphan-site cleanup and loans from the Clean Water State Revolving Loan Fund.

## **Nonlimited Budget**

The Nonlimited Budget program contains the agency's bond proceeds for its State Revolving Fund. The Clean Water State Revolving Fund provides below-market interest rate loans for the planning, design or construction of projects that prevent or mitigate water pollution. These projects include wastewater treatment facilities and upgrades, sewer replacement and rehabilitation, storm water controls, irrigation improvements and certain types of nonpoint source projects such as animal waste management or stream restoration. Eligible agencies include tribal governments, cities, counties, sanitary districts, soil and water conservation districts, irrigation districts, various special districts and certain intergovernmental entities.

Revenues come from beginning balances, bond proceeds, loan repayments, and interest earnings.

This biennium the Governor's budget is also requesting bonding authority for the Orphan Site program, which is used to fund investigations and cleanup at sites where parties who are responsible for the pollution are unknown, unable or unwilling to perform cleanup-related work. The Orphan Site Account is also used to meet Oregon obligations at some federally funded Superfund sites.

In the 2017-19 biennium, the Governor's Budget also provides \$10 million in Lottery revenue bond proceeds to pay for the sampling necessary to begin clean-up of the Portland Harbor Superfund site. The proceeds will be transferred to Business Oregon for disbursement.

# Oregon Department of Fish and Wildlife

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$17,165,916	\$31,046,604	\$28,871,697
Lottery Funds	4,921,717	4,917,581	5,588,667
Other Funds	157,781,817	180,243,703	194,502,621
Federal Funds	110,892,069	142,766,627	147,754,824
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$290,761,519</b>	<b>\$358,974,515</b>	<b>\$376,717,809</b>
Positions	1,541	1,474	1,459
Full-time Equivalent	1,260.08	1,199.26	1,190.76

## OVERVIEW

The Oregon Department of Fish and Wildlife (ODFW) protects and enhances fish, wildlife and their habitats for the use and enjoyment of present and future generations. The agency operates three major programs:

The Fish Division includes two programs: Inland Fisheries, and Marine and Columbia River Fisheries, both of which are responsible for managing indigenous fish species to prevent their serious depletion and to provide the optimum recreational and aesthetic benefits for present and future Oregonians.

The Wildlife Division includes three programs: Wildlife Management, Habitat Resources, and Conservation. The division manages indigenous wildlife species to prevent serious depletion and to provide optimum recreational and aesthetic benefits for present and future Oregonians.

The Administration program includes the Director's Office and the Administrative Services, Human Resources, Information and Education, and Information Systems Divisions. This includes support for the Oregon Fish and Wildlife Commission and the Commercial Fish Permit Board.

The Department also maintains a contract with the Oregon State Police for fish and game wildlife enforcement. Finally, ODFW has a Capital Improvement program to maintain and repair agency property, and a Major Construction and Acquisition program, which does not operate every biennium but is operating in the 2017-19 biennium.

## GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Department of Fish and Wildlife is \$376.7 million total funds. This is a five percent increase from the 2015-17 Legislatively Approved Budget. The Department has 1,459 positions. The budget continues to invest in the Integrated Water Resources Strategy and the Willamette Wildlife Mitigation Program and provides new funding to support conservation strategy liaisons in several areas of the state. In addition, the budget authorizes \$10 million in bonding for projects to upgrade hatcheries across the state. This investment will create construction project jobs and preserve long-term hatchery jobs in rural Oregon.

## REVENUE SUMMARY

ODFW revenue comes from General Fund, Lottery Funds, Other Funds and Federal Funds. Lottery Funds are from the Measure 76 operations portion of the Parks and Natural Resources Fund. The largest source of Other Funds is from the sale of hunting, angling and occupational licenses and tags. A significant factor affecting the short- and long-term outlook for the Department's revenue is hunting and fishing participation trends. During the 2015 Session, legislation was passed that adjusts recreational fishing, hunting, occupational, and commercial fishing fees over six years beginning in January 2016. The agency anticipated the increase in fees would have some negative impact on participation, but overall, the impact has been less than anticipated and in a few license categories participation has increased. The incremental increase also means the department's revenues more closely align with inflationary increases in its expenditures

The agency also allocates a portion of Federal Funds to Other Funds to cover overhead administrative costs in compliance with federal requirements. Federal Funds revenues are received from U.S. Fish and Wildlife Service, Army Corps of Engineers, Bonneville Power Administration, Environmental Protection Agency, U.S. Department of Agriculture, and the National Oceanic and Atmospheric Administration. Generally, federal revenue is restricted in how it can be used.

## AGENCY PROGRAMS

### Inland Fisheries

The Inland Fisheries program is responsible for the conservation and sustainable use of Oregon's inland fish populations. The program provides policy and management direction for Oregon's freshwater fishery resources, ensuring native species are conserved. It also fosters and sustains opportunities for sport, commercial, and tribal fishers to catch hatchery and naturally-produced fish, consistent with the conservation of native fish. This is a large program, organized into five sections: Inland Fisheries Management, Native Fish Conservation, Hatchery Management, Water and Energy, and Engineering and Facilities. The Governor's Budget for Inland Fisheries is \$162.6 million total funds. This is a two percent increase from the 2015-17 Legislatively Approved Budget.

The Hatchery program provides more than 70 percent of the fish harvested in the state's sport and commercial salmon, steelhead, and trout fisheries. Anglers generate significant economic value into the Oregon's economy, \$904 million biennially, and much of it is in rural areas. The Governor's Budget invests \$10 million of bond proceeds into upgrading hatcheries across the state.

### Marine and Columbia River Fisheries

The Marine and Columbia River Fisheries program conserves, protects and restores key fish and wildlife species in Oregon's ocean and the Columbia River Basin. Because of the importance of this fishery to Oregon's economy the program is guided by the goal of ensuring long-term sustainability of fish, wildlife and their habitats, while doing so in a way that supports a healthy economy. The program has two sections. The Ocean Salmon and Columbia River section works with federal, regional, and other entities to plan and implement programs to protect, mitigate and enhance fish populations in the Columbia River Basin. It also works with commercial and sport fisheries, and ocean salmon fishers to develop administrative rules for those fisheries. This section is the scientific and technical lead in Oregon's efforts to mitigate the effects of hydropower on fish population in the Columbia and Snake River systems. The Marine Resources section manages marine species and habitats through research, fisher monitoring and setting policy. The Governor's Budget for Marine and Columbia River Fisheries is \$37.9 million total funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget.

### **Wildlife Management**

The Wildlife Management program is the primary vehicle for implementation of the North American Model of Wildlife Management. The program manages game mammals, game birds, furbearing animals and predatory species by monitoring animal populations and conducting research. The program restores and improves wildlife habitat, and manages sixteen major wildlife management areas. Wildlife disease issues are addressed by laboratory personnel. The program works with the Oregon Department of Agriculture, U.S. Fish and Wildlife Services, and some counties on predator control efforts. The program leads the Wildlife Division on policy, budget, and management issues. The Governor's Budget for Wildlife Management is \$62.2 million total funds. This is a three percent increase from the 2015-17 Legislatively Approved Budget.

The budget provides funding to expand the current Mule Deer Initiative into six more game management units. The Initiative seeks to address the declining populations of Mule deer and Black-tailed deer in Oregon.

### **Habitat Resources**

The Habitat Resources program provides guidance for land use activities that affect fish and wildlife habitats. It offers technical assistance and tax incentives to private and public landowners to enhance the fish and wildlife habitat on their property and to ensure environmental protection standards are met. It coordinates with other agencies to resolve land and water issues affecting fish and wildlife habitat. It also provides technical assistance for state energy facility siting, transportation, forestry, land use, waterway alteration, and natural resource damage assessment. The program works collaboratively with landowners and regulatory agencies to guide decisions on land use, removal-fill, mining, energy, transportation, and forestry issues, so that healthy habitats for Oregon's fish and wildlife are not harmed. The presence of healthy fish and wildlife populations, as noted above, have a positive fiscal impact on rural economies. The Governor's Budget for Habitat Resources is \$4.1 million total funds. This is a three percent decrease from the 2015-17 Legislatively Approved Budget.

## **Conservation**

The Conservation program coordinates the conservation and management of threatened, endangered, and sensitive species as well as the protection and management of non-game fish and wildlife. It works to keep species from becoming threatened or endangered by implementing the federally approved Oregon Conservation Strategy and acts in alignment with the Oregon Plan for Salmon and Watersheds. The Governor's Budget for the Conservation Division is \$10.9 million total funds. This is a 28 percent increase from the 2015-17 Legislatively Approved Budget primarily driven by an increase in Federal Funding for the Willamette Wildlife Mitigation Program.

The program handles invasive species boat inspections and decontaminations; consultations with landowners and managers to create healthy habitats; educational presentations and materials; scientific reviews; funding of conservation projects; management of threatened species; on the ground species research, monitoring, and habitat restoration projects; response to public inquiries about living with wildlife, wildlife viewing opportunities, invasive species, wolf depredation, and other related issues.

## **State Police Enforcement**

The agency contracts with the Oregon State Police to enforce Oregon's fish and wildlife laws and regulations. The primary mission of the Oregon State Police Fish and Wildlife Division (OSPFW) is to assure compliance with laws that protect and enhance the long-term health and equitable utilization of Fish and Wildlife resources. The division's primary responsibility is enforcement of fish, wildlife, and commercial fishing laws. It also enforces traffic, criminal, boating, livestock, and environmental protection laws in addition to responding to emergency situations. Thirteen members of the division enforce laws directly relating to the Oregon Plan for Salmon and Watersheds. OSPFW has three investigators and an investigating sergeant assigned to its Special Investigations Unit, which is responsible for conducting in-depth and complex investigations of individuals or groups in violation of the fish and wildlife laws and regulations.

The Governor's Budget sets the transfer of funding to the Oregon State Police Fish and Wildlife Division at \$24 million total funds. This is a five percent increase from the 2015-17 Legislatively Approved Budget. The Governor's budget provides funding to increase and enhance enforcement of wildlife laws and regulation for targeted enforcement efforts to reduce illegal harvest of wildlife.

## **Administration**

The Administration program provides support functions to the programs of the agency and includes the Oregon Fish and Wildlife Commission and Commercial Fishery Permit Board. Administration has recently devoted resources to improving its information technology to improve access and efficiency for staff and for its customers. The Governor's Budget for the Administration Division is \$52.2 million total funds. This is a three percent increase from the 2015-17 Legislatively Approved Budget. In response to a nationwide decline in participation in hunting and fishing, the Information and Education Division has engaged in efforts that encourage Oregonians and out of state hunters and anglers to begin or continue hunting and fishing.

Revenues supporting the program are mostly Other Funds with a small but growing amount of Federal Funds and General Fund. Other Funds come from hunting and fishing licenses and tags, federal indirect cost recovery, and a small amount of donations and miscellaneous revenue. Federal Funds are received

from the U.S. Fish and Wildlife Service to support Hunter Education and Angler Education. Federal Funds are matched with in-kind volunteer hours.

### **Debt Service**

The General Fund debt service in this program is used to repay money borrowed for deferred maintenance projects. Projects include maintenance of Wildlife Area field offices, hatchery facilities and residences and other ODFW owned property. The Other Funds debt service is to repay money borrowed for the purchase of a new headquarters facility in Salem. Funds come from the savings in rent from the lease of the old Salem headquarters building.

### **Capital Improvement**

The Department implements capital improvement projects to maintain facilities and support fish restoration and enhancement projects throughout Oregon. ODFW has spent between \$3 million and \$10 million biennially since 2001 on capital improvement projects, with at least 86 percent of the funds spent in local communities on contractors, employees and vendors. The Governor's Budget invests \$9.4 million total funds in capital improvements. This is a two percent decrease from the 2017-15 Legislatively Approved Budget.

ODFW groups capital projects into four categories: Fish Restoration and Enhancement (R&E); Deferred Maintenance; Emergency Hatchery Maintenance; and other capital projects. The R&E program is funded by dedicated recreational fishing license dollars and commercial salmon fisher dollars. Emergency Maintenance projects are generally smaller and are typically funded as one-time projects using dedicated or contractually obligated revenue.

### **Major Construction and Acquisition**

ODFW's Major Construction and Acquisition program does not operate every biennium. It is activated if the agency has funding for a specific project. The Governor's Budget authorizes \$10 million of general obligation bonds. Those proceeds will be used to upgrade and improve hatcheries in Cedar Creek, Alsea, Trask, Rock Creek, Sandy, Elk River, Wallowa, Salmon River, and Oak Springs.

# Oregon Department of Forestry

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$118,966,690	\$88,388,302	\$65,143,455
Lottery Funds	5,130,718	7,554,096	7,006,595
Other Funds	282,455,808	286,598,792	244,000,610
Federal Funds	14,096,634	35,063,741	33,544,284
Other Funds (Nonlimited)	10,473,812	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$431,123,662</b>	<b>\$417,604,931</b>	<b>\$349,694,944</b>
Positions	1,196	1,201	1,198
Full-time Equivalent	871.38	878.04	850.18

## OVERVIEW

The Oregon Department of Forestry (ODF) serves the people of Oregon by protecting, managing, and promoting stewardship of Oregon’s forests to enhance environmental, economic, and community sustainability. The agency has three operational divisions and several support divisions:

**Fire Protection** – provides fire protection on approximately 16 million acres of forest and rangeland through a complete and coordinated system.

**State Forests** – manages more than 818,000 acres of forestland owned by the Board of Forestry and the State Land Board.

**Private Forests** – administers the Oregon Forest Practices Act and provides assistance to forest landowners.

**Support functions** – includes Agency Administration, the Equipment Pool, Facilities Maintenance, Debt Service, Capital Improvements and Capital Construction.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Oregon Department of Forestry is \$349.7 million total funds. This is a 16 percent decrease from the 2015-17 Legislatively Approved Budget. The large decrease is the result of significant one-time costs for large wildfires in the 2015-17 biennium and program reductions.

The Governor’s Budget reduces existing agency programs, but includes the following investments:

Accelerates the pace and scale of federal forest management to provide a sustainable supply of timber that maintains mill infrastructure and creates jobs in impoverished areas of the state, while also reducing the risk of wildfire and enhancing the ecological health of these forests. Federal ownership accounts for 60 percent of Oregon’s forestlands.

Builds the capacity of local Rangeland Fire Protection Associations, which have front-line responsibility for wildfire protection on Oregon’s private rangelands. This funding is a central component of Oregon’s All-Lands All-Threats Sage Grouse Conservation Plan, which is playing a critical role in creating a stable platform for conserving sage grouse while also assuring the continued economic vitality of Eastern Oregon.

Invests General Obligation Bond proceeds to restore and preserve the State Forester’s Office Building, a historic structure that was constructed in 1938 and is on the National Register of Historic places.

Invests General Obligation Bond proceeds to support construction of a new joint administration facility in Toledo, Oregon with the Oregon Department of Transportation.

## REVENUE SUMMARY

General Fund, Lottery Funds, Other Funds and Federal Funds support this budget. Other Funds revenue sources include the timber harvest tax, landowner assessments, and the sale of timber on forestlands managed by the agency. Federal Funds are received for a variety of fire program activities and they also support forest insect and disease control activities, and landowner assistance in the Private Forests program.

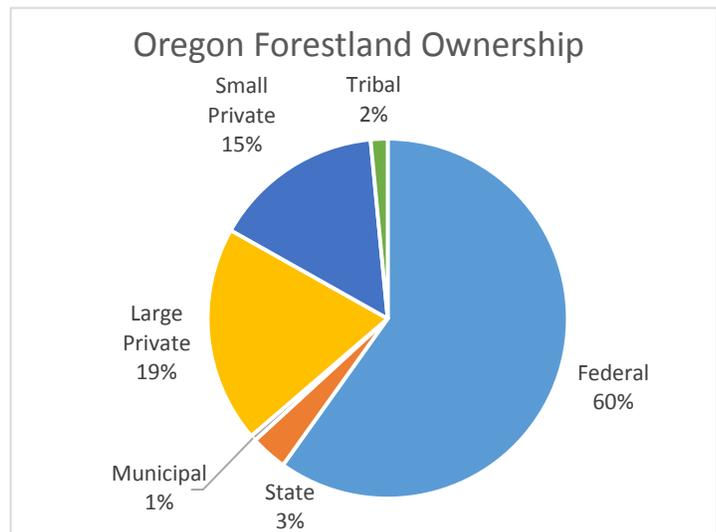
## AGENCY PROGRAMS

### Agency Administration

The Agency Administration program leads the agency by developing policy, coordinating programs, assessing forest resources, coordinating land use planning, managing information systems, and providing a wide range of administrative services. The Governor’s Budget for this program is \$41.6 million total funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget. The program is funded by General Fund, Other Funds and Federal Funds assessed against agency programs on a pro-rated basis by funding source. This program operates with 126 positions.

Investments in the Governor’s Budget include funding targeted at increasing the pace and scale of federal forest management actions by continuing and making permanent the Federal Forest Restoration Program.

The Agency Administration program provides leadership, policy development, and public involvement and supports the Board of Forestry. The program continuously evaluates its processes to improve service delivery.



## **Fire Protection**

The Fire Protection program is the state's largest fire department and is responsible for providing fire protection on approximately 16 million acres of forest and range land. The program delivers fire protection through a complete and coordinated system with federal agencies, forest landowner's operators and contractors, local structural fire agencies, and nearby states and provinces. The Governor's Budget for this program is \$135.7 million total funds. This is a 35 percent decrease from the 2015-17 Legislatively Approved Budget, which is driven by one-time costs in the previous biennium related to large wild fires. The program is funded by a combination of General Fund, Federal Funds, and Other Funds. Other Funds are primarily generated from private forest landowner assessments. This program operates with 689 positions.

The Governor's Budget invests resources to support Rangeland Fire Protection Associations in eastern Oregon. Range fires are a key threat to sage grouse habitat in Oregon, as well as to the economic health of Oregon's ranching industry. To address the growing challenges of severe fire seasons the budget creates an aviation coordinator to provide aviation program development resource tracking, statewide aviation training, contract administration and coordination with other agencies and the twelve fire protection districts. In addition to investing in the Fire Protection program, the Governor's Budget also reserves \$6.0 million in a Special Purpose Appropriation in the Emergency Fund budget to pay for Severity Resources and catastrophic fire insurance premiums.

## **Equipment Pool**

The Equipment Pool program manages a transportation pool and radio communications pool. The transportation pool includes approximately 900 pieces of equipment and the radio pool includes approximately 5,654 pieces of major radio equipment, and provides support and engineering. The Governor's Budget for this program is \$16.6 million total funds. This is a four percent increase from the 2015-17 Legislatively Approved Budget, which continues current program operations. Funding for the program comes from fees and assessments charged to equipment pool users. The program supports the radio communications of three Forest Protective Associations and of the Oregon Department of Fish and Wildlife and the Parks and Recreation Department. The program operates with 29 positions.

## **State Forests**

The State Forests program manages more than 800,000 acres of forestland for the Board of Forestry and the State Land Board. Included in this management are six state forests: Tillamook, Clatsop, Santiam, Sun Pass, Gilchrist and Elliot, plus some scattered smaller tracts. About 85 percent of the state forest acreage is owned by the Board of Forestry, and the remaining acres are owned by the State Land Board for the benefit of the Common School Fund. However, the Elliot State Forest, which is owned by the Department of State Lands and managed by State Forests, may be sold and Forestry's management of the Elliot State Forest will end during the 2015-17 biennium. The Governor's Budget for this program is \$96.9 million total funds. This is a less than a one percent increase from the 2015-17 Legislatively Approved Budget. Other Funds generated from timber sales on lands managed by the agency is the programs' main funding source. The program operates with 254 positions.

The State Forests Division has been self-supporting through the revenue generated from timber sales on lands managed by the department. On Board of Forestry lands, the agency retains 36.25 percent of revenues for management expenses. The remainder of the revenue is distributed to counties and local taxing districts. On Common School Fund lands, the agency is reimbursed for management costs and the

remainder of the revenue from timber sales is distributed to the Common School Fund. The program has dealt with several biennia of challenging financial conditions and has taken reductions. Despite the reductions the agency's Forest Development Fund, which funds State Forests, is scheduled to be in deficit by 2020.

### **Private Forests**

The Private Forests program delivers a range of services to industrial, family-forest, state and local government, and some federal landowners. These services seek to maintain and enhance economic, social and environmental benefits derived from Oregon's forests. The Governor's Budget for this program is \$37.6 million total funds. This is a nine percent decrease from the 2015-17 Legislatively Approved Budget, caused by significant reductions in the program including the loss of 12 Stewardship Foresters. Program funding is received from a number of sources. Administration of the Forest Practices Act is funded by a combination of 60 percent General Fund and 40 percent Forest Products Harvest Tax. The Private Forests program also receives Federal Funds from the U.S. Forest Service, Bureau of Land Management, and the Environmental Protection Agency. The program administers the Oregon Forest Practices Act, provides technical and financial assistance to forest landowners, develops and implements innovative programs relevant to private forestry in Oregon, and provides early detection and response to forest health threats. The program operates with 100 positions.

### **Facilities Maintenance and Management**

The Facilities Maintenance and Management program is focused on facilities maintenance activities of the agency's 396 buildings located throughout Oregon. These facilities support a wide range of activities including fire fighter support and dispatch, fire engine and equipment storage, vehicle repair and fabrication, reforestation activities, radio communication sites, forest fire lookouts and administrative functions. The Governor's Budget for this program is \$5.4 million total funds. This is a three percent increase from the 2015-17 Legislatively Approved Budget, which continues program operations. Funding for the program comes from revenue transfers from the agency's operating programs. The program does not include positions.

### **Debt Service**

The Debt Service program funds the repayment of Certificates of Participation and Lottery bonds issued by the agency to fund Capital Construction projects. The Governor's Budget for this program is \$6.6 million total funds. This is an eight percent increase from the 2015-17 Legislatively Approved Budget, driven by new bond financing. Revenues to pay debt service come from the General Fund, Lottery Funds, and Other Funds from the agency's operating programs. The program does not include positions.

### **Capital Improvement**

The Capital Improvement program supports the agency by maintaining capital assets, improving the functionality of buildings, and renewing obsolete facility and system components. Capital improvement projects have a cost of less than \$1.0 million and increase the value, extend the life, or adapt the capital asset to a different use. The Governor's Budget for this program is \$4.6 million total funds. This is a four percent increase from the 2015-17 Legislatively Approved Budget, which continues program operations. Funding for the program comes from revenue transfers from the agency's operating programs. The program does not include positions.

### **Capital Construction**

The Capital Construction program provides funding for high-priority construction or acquisition projects exceeding \$1 million. The Governor's Budget for the program is \$4.8 million total funds and includes new bond financing to restore and preserve the State Forester's Office Building. This is a historic structure that was constructed in 1938 and is on the National Register of Historic Places.

The budget also includes bond proceeds to pay for the construction of a new facility in Toledo Oregon. The project would build a joint administration building serving both ODF and Oregon Department of Transportation. The program does not include positions.

## Department of Geology and Mineral Industries

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$4,040,945	\$4,246,695	\$5,014,888
Lottery Funds	0	0	0
Other Funds	7,732,500	6,207,283	6,889,278
Federal Funds	4,370,000	5,465,149	5,817,809
Other Funds (Nonlimited)	0	0	500,000
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$16,143,445</b>	<b>\$15,919,127</b>	<b>\$18,221,975</b>
Positions	50	42	43
Full-time Equivalent	49.16	41.16	42.92

### OVERVIEW

Established in 1937, the Oregon Department of Geology and Mineral Industries (DOGAMI) contributes to the safety and prosperity of Oregonians through the collection and dissemination of geoscientific information and prudent regulation. Growing awareness of Oregon's geologic risks has increased demand for geoscientific information. Oregon is a state of varied geologic conditions, diverse geologic resources and one confronted by a range of geologic hazards. Geologic conditions coupled with population growth expose an increasing number of Oregonians to recurrent landslides and flooding, along with the prospect of tsunamis and the threat of an earthquake in the Cascadia subduction zone. Growing recognition of Oregon's geologic risk is evidenced in the *Oregon Resilience Plan* and calls for seismic retrofitting of public buildings.

The Department has two program areas:

The Geologic Survey and Services Program produces geologic information in partnership with state, federal and local governmental natural resource and planning agencies. These geologic maps and reports inform the development of policy effecting the use of our lands and waters, guide responsible mineral development and mitigate risk of loss due to geologic hazards

The Mineral Land Regulation and Reclamation Program is the lead regulator for geologic resources (oil, gas, geothermal energy, metallic and industrial minerals and sand and aggregate).

### GOVERNOR'S BUDGET

The Governor's Budget is \$18.2 million total funds, which is a 14 percent increase from the 2015-17 Legislatively Approved Budget, in part, because it continues information technology investments made during a 2015-17 meeting of the Emergency Board. The budget also invests in increased lidar data acquisition and information technology as well as staff that will allow the department to both secure the valuable data it analyzes and share it with other agencies, universities and the public.

Lidar is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the earth. These light pulses—combined with other data recorded by the airborne system—generate precise, three-dimensional information about the shape of the earth and its surface characteristics. Lidar data not only enables advanced analysis of the risk of landslides and of tsunami and flood inundation, it also facilitates land use planning and natural resource management. Additional lidar data will further the implementation of the *Oregon Plan for Salmon and Watersheds* and other conservation strategies, through the collection of baseline data on environmental conditions at a landscape scale.

The agency will continue to systematically inventory, map exposure to, and perform risk analyses for river and coastal flooding hazards using the latest science and state of the art mapping techniques. To address post-disaster resilience in the event of a Cascadia Subduction Zone earthquake, the agency will continue to identify landslide potential along lifeline routes (roads that are essential to delivering supplies, equipment and help to impacted communities). Steps can be taken to mitigate the landslide potential, ensuring these routes remain open in the aftermath of a natural disaster.

## **REVENUE SUMMARY**

DOGAMI relies on a combination of General Fund, Other Funds and Federal Funds revenue sources. General Fund is used within the Geologic Survey program for much of the agency's administration and to deliver program services. Historically, 10 to 15 percent of Federal Funds revenue within the Geological Survey program was derived from grants requiring matching General Fund dollars. Other Funds revenue is derived from contracts, metal and aggregate mining fees and gas and oil fees.

The Governor's Budget establishes a Nonlimited Other Fund appropriation to house the Strong Motion Instrument Fund. The Fund, which receives payments from building developers in seismically sensitive areas, will be used to purchase and place seismometers inside buildings that serve as an early warning of an earthquake.

## **AGENCY PROGRAMS**

### **Geologic Survey and Services Program**

The Geologic Survey and Services Program gathers geoscientific data and maps mineral resources and hazards. The program has prioritized geographic areas needing tsunami hazard mapping, landslide hazard studies, flooding hazard studies and earthquake risk mapping. The information is shared with state and local policy-makers for land use planning, facility siting, building code and zoning changes as well as emergency planning. Geologic Survey program staff are comprised of geologists, geomorphologists, engineers and GIS analysts. The program also includes administrative staff that support the agency.

The Geologic Survey program integrates field data with published studies, aerial photos and lidar in order to model, interpret and map the geography of risk and resilience. Combining hazard mapping with information about communities and built infrastructure, enables an assessment of the risk of future natural disasters. This information is essential for designing effective and affordable measures for the mitigation of risk and for education and outreach activities that build a culture of preparedness and more resilient communities. The Governor's stabilizes lidar assessment staff by making them permanent positions.

## **Mineral Land Regulation and Reclamation Program**

The Mineral Land Regulation and Reclamation Program administers the Mined Land Regulation Act (1972) for the state and regulates mineral, aggregate, oil and gas, and geothermal exploration, extraction and development. In addition, DOGAMI has an agreement with the Oregon Department of Environmental Quality to implement the federal Clean Water Act General Stormwater Permit and the State Water Pollution Control Facility Permit programs at aggregate mine sites. The dual goals of the permitting programs are: to eliminate or minimize to the greatest extent possible, the environmental impacts of mineral development on-site and off-site during the life of the project using conditioned operating permits; and guarantee through security bonding and reclamation plans that the disturbed area will be reclaimed to an approved secondary beneficial use at the end of mining. This division also includes the Mineral Land Regulation and Reclamation Program, which is a field-oriented regulatory program working with the industry and the public to minimize impacts of natural resource development and optimize opportunities for reclamation. The program works to identify and mitigate potential violations and environmental impacts before resorting to costly enforcement actions and mine site downtimes. The Governor's Budget for this program maintains existing services.

# Department of Land Conservation and Development

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$12,198,336	\$13,583,719	\$12,948,322
Lottery Funds	0	0	0
Other Funds	561,866	725,419	560,528
Federal Funds	5,247,072	6,392,432	6,691,291
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$18,007,274</b>	<b>\$20,701,570</b>	<b>\$20,200,141</b>
Positions	61	58	54
Full-time Equivalent	57.55	56.57	52.90

## OVERVIEW

The Department of Land Conservation and Development (DLCD) guides statewide land use policy in order to help cities and counties plan for sustainable urban and rural development and healthy environments. The Department works under the policy direction of the Land Conservation and Development Commission. DLCD has two programs:

The Planning Program provides planning guidance, technical assistance and encourages local planning that will support economic development, needed housing and protect natural resources.

The Grant Program provides grants to local governments to assist them in meeting statewide land use planning requirements.

The core functions of the Department are management of urban growth, and conservation of farm, forest, coastal and other natural resource lands, which are carried out through application of the 19 statewide planning goals in city and county comprehensive plans. The Department works with 36 counties and 242 cities to plan for livable urban and rural communities, and to protect and conserve farm, forest, coastal lands and natural resources.

## GOVERNOR'S BUDGET

The Governor's Budget for the Department of Land Conservation and Development is \$20.2 million total funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget. The Department has 54 positions. The budget invests in coastal resilience planning and implementing hazard mitigation in local land use plans.

## **REVENUE SUMMARY**

The agency is primarily funded with General Fund. It receives Federal Funds from the Federal Emergency Management Agency and the U.S. Department of Commerce's National Oceanic and Atmospheric Administration through the Coastal Zone Management Act programs. The Department's federal revenues from the National Oceanic Atmospheric Administration Coastal Zone Management Act's 306 federal grants have been reduced by 30 percent during the 2015-17 biennium and it is anticipated that reduction will continue.

Other Funds are a very small part of the Department's revenue and the primary source of Other Funds is from the Oregon Department of Transportation (ODOT) to support the Transportation and Growth Management Program, which is a joint effort of DLCD and ODOT.

## **AGENCY PROGRAMS**

### **Planning Program**

The Planning Program helps communities and citizens plan for, protect and improve the built and natural systems that provide a high quality of life, in partnership with citizens and local governments. The program fosters sustainable and vibrant communities and protects natural resources. The Governor's budget contains staff resources for coastal resilience planning and funding for implementing natural hazards mitigation in local land use plans and regulations.

This program also contains grants funded with federal revenue received under the Coastal Zone Management Act and other federal sources.

### **Grant Program**

In the past, the Grant Program has distributed General Fund reimbursements to cities and counties to help with comprehensive plan development, plan amendments, and periodic review. The Governor's Budget increases grants available to local communities by \$250,000 for the biennium, and directs that the new funding and grant funds in the agency base budget be directed towards coastal resilience planning during the 2017-19 biennium.

# Land Use Board of Appeals

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$1,573,758	\$1,817,836	\$1,928,942
Lottery Funds	0	0	0
Other Funds	30,252	28,641	33,700
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,604,010</b>	<b>\$1,846,477</b>	<b>\$1,962,642</b>
Positions	6	6	6
Full-time Equivalent	5.75	6.00	6.00

## OVERVIEW

The Land Use Board of Appeals (LUBA) was established in 1979 to provide prompt, professional and efficient resolution of land use issues—furthering the development of a consistent body of land use law. Before its creation, circuit courts reviewed local land use decisions, resulting in excessive scheduling delays and inconsistent interpretations of land use law across the state. The Governor appoints the three-member Board to serve four-year terms, subject to Senate confirmation. The board members serving on LUBA must be members of the Oregon State Bar in good standing. The board has two administrative support staff and a staff attorney.

LUBA’s primary responsibilities include:

- Consistent and prompt resolution of land use appeals with sound principles of judicial review.
- Creation of publication of decisions as an authoritative resource for state and local legislators, land use professionals, city and county decision makers, property owners and the citizens of Oregon.

## GOVERNOR’S BUDGET

The Governor’s Budget is approximately \$2.0 million total funds. This is approximately a six percent increase from the 2015-17 the Legislatively Approved Budget (LAB) and funds six positions.

The number of land use appeals and their complexity are the primary drivers of LUBA’s workload. The number of case filings in any given year can be impacted by economic activity, population growth and changes in land use policy. Historically, the Board typically managed 200 appeals a year, with a peak of 262 filings in 2007 and a decline in cases preceding the Great Recession. LUBA anticipates receiving about 200 cases during the 2017-19 biennium. The Governor's Budget maintains all current operations of the Land Use Board of Appeals.

## **REVENUE SUMMARY**

General Fund supports over 98 percent of LUBA's core operations. The remaining two percent of Other Funds is derived from filing fees, publications sales and other miscellaneous fees. The Other Funds revenue, which is generated from the in-house publication and sale of LUBA Reports, enables the Board to meet its statutory obligation to publish its final opinions and make them available to the public. Filing fees collected from land use appellants and interveners are transferred to the state's General Fund.

## Department of State Lands

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$346,082	\$0
Lottery Funds	0	0	0
Other Funds	28,187,651	36,617,973	38,477,111
Federal Funds	2,475,172	2,067,484	1,723,318
Other Funds (Nonlimited)	11,594,220	10,234,249	10,234,249
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$42,257,043</b>	<b>\$49,265,788</b>	<b>\$50,434,678</b>
Positions	103	110	108
Full-time Equivalent	103.00	109.00	107.33

### OVERVIEW

The mission of the Department of State Lands (DSL) is to ensure a legacy for Oregonians and their public schools through stewardship of lands, wetlands, waterways, and unclaimed property. The Department provides administrative support to the State Land Board, which is composed of the Governor, the Treasurer and the Secretary of State. DSL implements the policies of the State Land Board in managing the Common School Fund (CSF) and its assets. Assets of the Common School Fund include lands deeded in trust for education at statehood, unclaimed, reverted and forfeited property, and other lands designated by statute. Twice each year, interest earnings on the CSF are distributed to schools. The Department operates three main programs, which are:

- Common School Fund – Manages Common School Fund assets, issues removal/fill permits, and administers the agency.
- Oregon Wetlands Revolving Fund – Facilitates mitigation banking.
- South Slough National Estuarine Research Reserve – Manages the Reserve property near Charleston on the South Coast. It conducts research and provides education on estuarine habitats.
- Capital Improvements – Provides resources to maintain landholdings and leases, and to improve land for increased leasing revenue.

### GOVERNOR'S BUDGET

The Governor's Budget for DSL is \$50.4 million total funds. This is a two percent increase from the 2015-17 Legislatively Approved Budget. The Governor's Budget includes 108 positions.

The proposed budget includes resources to continue funding Portland Harbor Superfund Site costs, improving management of the CSF, complying with legislation from 2015 concerning historically filled and submersible lands, sage grouse monitoring, vehicle replacement, Portland office space and a shared payroll specialist at the Water Resources Department.

## **REVENUE SUMMARY**

DSL relies primarily upon Other Funds revenues to support its budget. The Department obtains Other Funds revenues from two sources, operations and investment income. Operations generates revenue from lease rentals and royalties, periodic land sales, permit fees, unclaimed property, donations and publications. Investment income is from interest and capital gains earnings from the Common School Fund. Historically, timber revenue from the Elliot State Forest contributed to the Common School Fund but litigation resulted in a reduction in revenue below the level required to pay forest management costs. This situation caused the State Land Board to begin the process of selling the Elliot State Forest. The sale completion date is December 31, 2017. The sale proceeds will become part of the Common School Fund but the amount is not yet known so the revenue is not included in the Governor's Budget. Measure 91 (2014) added revenue from the taxation of marijuana to the Common School Fund; the 2017-19 Governor's Budget proposes to provide the revenue directly to the State School Fund in the Oregon Department of Education.

## **AGENCY PROGRAMS**

### **Common School Fund**

This program manages Common School Fund land, unclaimed property and escheated estates (estates for which there is no will or known heir). It protects wetlands and waterways through the removal/fill permitting process and it provides the basic business operation services for the agency. The Director's office provides leadership and direction in carrying out the State Land Board's policies. The Governor's Budget for this program is \$44.3 million total funds and 92 positions.

The Common School Fund was a requirement for Oregon to become a state under the federal Admissions Act. Oregon's constitution (Sect. VIII, Section 2) establishes the Fund. It is dedicated to support primary and secondary schools. At statehood, about six percent of Oregon's territory was dedicated to benefit schools. Income from these lands is invested by the Oregon Investment Council and a portion of the earnings is distributed to schools through the Oregon Department of Education. Income to the Fund includes:

- Investment earnings
- Sales proceeds
- Revenue from timber harvesting
- Grazing, submerged and submersible land leases
- Removal-fill permits
- Estate proceeds when there is no will or heirs

- Gifts and donations
- Proceeds from mineral or geothermal resources
- Forfeitures and civil penalties

Investment earnings on unclaimed property accrue to the fund until claimed by the owner

For the 2017-19 biennium, the estimated distribution to schools is \$110.2 million. The Governor's Budget continues to provide budget authority for legal costs associated with the eventual clean-up of the Portland Harbor Superfund Site. It also includes a new position to help manage and improve 60,000 acres of land to maximize returns to the Common School Fund and two time-limited positions to begin notifying landowners of the potential disposal of land created by fill as required by a law passed in 2015. Another law from 2015 provides resources to dispose of derelict vessels. A new position will work in Eastern Oregon conducting sage grouse monitoring in an effort to prevent a federal endangered species listing. The budget includes replacing several vehicles, office space in Portland and a shared payroll specialist at the Water Resources Department.

### **Oregon Wetlands Revolving Fund**

In 1987, the Legislature established the Oregon Wetlands Mitigation Bank Revolving Funds Account within the General Fund of the State Treasury. This fund was renamed the Oregon Removal-Fill Mitigation Fund through House Bill 2156 (2009). The Fund was created to receive contributions and proceeds related to wetland mitigation. The Fund provides the revenue to facilitate mitigation banking, to acquire mitigation sites, to help restore, enhance, create and preserve state waters and to cover administrative expenses.

The Revenue is entirely Other Funds and comes from contributions and the sale of mitigation bank credits. This program's performance goal is no net loss of wetlands. The Governor's Budget for this program is \$1.9 million total funds and no positions.

### **South Slough National Estuarine Research Reserve**

The South Slough National Estuarine Research Reserve (SSNERR) is a 5,000 acre natural research area encompassing a portion of the Coos estuary on the southern Oregon coast. Established in 1974, it is one of 28 similar institutions in coastal states. SSNERR's mission is to improve understanding and management of estuaries and coastal watersheds in the Pacific Northwest. The Reserve is an asset of the Common School Fund. Funding comes from the U.S. Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) with state match, which is provided by Common School Fund revenue. While a user fee exists, it contributes little to financing the Reserve. The chief users of the SSNERR are schools, local non-profits and government agencies. The Governor's Budget is \$3.8 million total funds and 16 positions. It maintains current operations.

### **Capital Improvement**

This program includes projects needed to manage and maintain Common School Fund landholdings and leases. The Land Board adopted an Asset Management Plan in 2012. This plan helps guide maintenance and improvement needs over time consistent with good management practices and stewardship responsibilities. Revenue for the Capital Improvement

program comes from the Common School Fund. The program funds projects, including hazardous material cleanup, fire suppression, and routine improvements as buildings age.

The Governor's Budget is \$0.5 million and no positions. This amount includes a basic level of funding for maintenance and for two maintenance projects at the Salem headquarters. The two projects include upgrading the lighting in the underground parking garage and repairing the structure that protects the HVAC system on the roof.

# Oregon State Marine Board

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	24,438,979	26,498,709	29,421,308
Federal Funds	5,711,179	7,467,774	6,632,414
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$30,150,158</b>	<b>\$33,966,483</b>	<b>\$36,053,722</b>
Positions	40	38	42
Full-time Equivalent	39.50	38.00	41.13

## OVERVIEW

Established in 1959, the Oregon State Marine Board (OSMB) serves the recreational boating public through education, enforcement, access and environmental stewardship. The Board’s programs include:

- Administration/Education - which provides boater services, agency administration, education and registration functions.
- Law Enforcement Program - which administers boating laws and contracts with various law enforcement entities.
- Facilities Programs - which expands boaters’ access to Oregon waters through facility access and enhancement grants.
- Aquatic and Invasive Species (AIS) Program - which strives to prevent the spread of aquatic invasive species into native waters.

## GOVERNOR’S BUDGET

The Governor’s Budget is \$36.1 million total funds. This is an increase of approximately six percent from the 2015-17 Legislatively Approved Budget (LAB). The budget enables the Board to expand services and funds 42 positions, a net increase of one permanent full-time position and three permanent part-time positions from the 2015-17 LAB. Increased fees from a non-motorized boating program concept and expanded Aquatic and Invasive Species fees will generate additional revenue during the 2017-19 biennium, which increases the Boards’ ability to sustain essential services for recreational boaters, marine law enforcement and facility investments for Oregonians.

## REVENUE SUMMARY

The OSMB receives no General Fund or Lottery Funds support. Agency programs are primarily funded by three major revenue sources; business license and fees, fuel tax revenues and federal grant funds. On average, Other Funds have accounted for nearly 82 percent of revenue with Federal Funds accounting for the remaining 18 percent. Revenues for the Board fall into four categories: general operations, federal reimbursements, statutorily dedicated funds and reserved for self-funding programs.

## AGENCY PROGRAMS

### Administration and Education

The Administration and Education Program is the boater services component of the Marine Board. It is mainly responsible for vessel titling and registration, administration, and education. The program administers state boating laws, develops, waterway management plans, serves as liaison with other government units, conducts boating accident analysis, boater surveys, coordinates the Adopt-A-River program and serves as the agency's central business function program. The Governor's Budget for this program will increase funding and support to help manage a non-motorized boating program.

### Law Enforcement

The Law Enforcement Program provides statewide boating law administration and contracts for boating law enforcement and related services on over 600 boatable lakes, 75 major rivers and 15 estuaries totaling more than 787,000 acres of water to provide:

- Public education services including a variety of school education programs
- Services through contracts with 32 county sheriffs and with the Oregon State Police (OSP) for general services statewide and specific services in the four remaining counties
- Provides boats and specialized enforcement equipment, develops and offers training for county marine patrol officers, maintains a marine law enforcement database and reporting, system, performs contract administration functions and retains responsibility for the waterway marking system

By statute, boating enforcement is the first priority for the use of boating funds after the cost of administration (ORS 830.230(2)). Over half of the program's budget is distributed to counties and OSP as payment for law enforcement contracts. The Governor's Budget for this program will increase funding for law enforcement to increase safety for non-motorized boaters.

### Boating Facilities

The Boating Facilities program provides grants and technical assistance for the maintenance and improvement of public recreational boating facilities statewide. Boating facilities grants are available to cities, counties, ports and park districts, state agencies and federal agencies. Boating facility grants can be used for the acquisition, development and improvement of public boating access. Eligible projects include boat launch ramps, parking, restrooms, courtesy docks, transient tie-up facilities and other boating-related facilities. The Governor's Budget for this program will increase the agency's ability to disburse more grants for boating facilities, maintenance grants and waterway access points.

### Aquatic Invasive Species

The Aquatic Invasive Species (AIS) program purpose is to mitigate the effects of invasive species on native waters through inspecting and decontaminating watercraft. Aquatic invasive species constitute one of the gravest threats to the waters of Oregon. These invasive species rapidly expand once established and are capable of impacting municipal and irrigation water supplies, degrading hydropower operations, threatening human and animal safety, and impacting fish and wildlife species through habitat degradation—posing a threat to Oregon’s native fisheries. Preventing the introduction of these species is Oregon’s only line of defense. In order to stem the silent invasion, it is necessary for the Board to continue boater education, coordination with agency partners on boat inspections and enforcement and preparation of a containment strategy. The AIS program manages the permitting process and education and outreach efforts which impact non-motorized boaters, motorized boaters and out of state visitors bringing their boats to recreate on Oregon waterways. Funding from the program is also provided to Oregon Department of Fish and Wildlife (ODFW) through an interagency agreement to perform roadside boat inspections for AIS. The primary costs of the program are related to the inspection stations which are managed by ODFW. The ODFW employees who staff each station are specifically trained and certified as watercraft inspectors. The Governor’s Budget for the program will increase funding for the agency in order to mitigate the spread of AIS in Oregon waterways.

# Oregon Parks and Recreation Department

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$979,999	\$0	\$0
Lottery Funds	79,666,375	82,917,301	105,630,892
Other Funds	99,602,710	110,367,264	97,455,141
Federal Funds	9,358,198	12,345,047	16,397,848
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$189,607,282</b>	<b>\$205,629,612</b>	<b>\$219,483,881</b>
Positions	864	847	889
Full-time Equivalent	593.33	576.26	612.10

## OVERVIEW

The mission of the Oregon Parks and Recreation Department is to provide and protect outstanding natural, scenic, cultural, historic, and recreational sites for the enjoyment and education of present and future generations. To accomplish this mission, the Department operates the following programs:

- Director's Office – Manages the agency and supports the Oregon Parks and Recreation Commission.
- Central Services – Provides basic business services and operates Reservations Northwest, which is the call system for park users to reserve space.
- Park Development – Provides planning, acquisition and engineering services for new parks and maintenance of existing parks.
- Direct Services – Operates 256 park properties, 53 campgrounds and 169 day-use areas. It also manages 1,158 miles of trails, 47 boat ramps, 13 interpretive centers/museums, and two historic inns.
- Community Services and Grants – Houses the State Historic Preservation Office and provides various grants, including grants to county and city governments for their parks and for All Terrain Vehicle Trails and for other recreational trails.

From 2006 to July 1, 2015, the Department operated the Oregon State Fair and Exposition. Senate Bill 7 (2013) established the program as a public corporation separate from the Department.

## GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Parks and Recreation Department is \$219.5 million total funds, which is a seven percent total funds increase from the 2015-17 Legislatively Approved Budget. The budget includes a 27 percent Lottery Funds increase and a 12 percent Other Funds decrease from the 2015-17 Legislatively Approved Budget; these two funds form the majority of the agency's resources. As the state

constitution requires, local grant expenditures are 12 percent of dedicated Lottery Funds received by the agency. Debt service for the Willamette Falls development project, the Main Street program and the Forest Park renewal project is included using non-dedicated Lottery Funds. The budget addresses staffing needs in the parks. The budget includes 889 positions, which is a five percent increase from the 2015-17 Legislatively Approved Budget.

## **REVENUE SUMMARY**

The budget is funded mainly with Lottery Funds and Other Funds. Lottery revenues are constitutionally dedicated to parks. Lottery revenue forecasts have stabilized from the early part of this decade. The addition of new parks and programs since 2000 has increased costs and until recently, Lottery revenue did not keep pace. These changes reduced the Department's ability to maintain existing service levels but for the first time in years, the revenue forecast indicates there will be enough funding to cover costs fully. The major supplier of Other Funds is park user fees.

Additional sources of Other Funds revenues are All-Terrain Vehicle permits, un-refunded fuel tax, and recreational vehicle fees. The Department of Transportation also sends funds to the Department to operate and maintain wayside rest areas. Other sources of funds include land sales proceeds, rents, royalties and gifts. Federal Funds revenues support the Historic Preservation Act and various grants.

## **AGENCY PROGRAMS**

### **Director's Office**

The Director's Office is responsible for the overall management of the agency. It is the liaison for the Oregon Parks and Recreation Commission; it also provides support to the Commission. The Office provides policy direction for agency programs and activities. It provides coordination with the Governor's Office, the Legislature, and other government agencies. It also reviews agency programs and conducts annual internal audits in its efforts to improve agency performance. The program is supported by dedicated Lottery Funds and park user fees. The Governor's Budget for this program is \$1.9 million total funds and four positions; this is a decrease from the past due to moving positions and funding to the Central Services program.

### **Central Services**

This program unit includes agency financial services, personnel, safety and information services, procurement, budget and fiscal resources management, staff training, information technology services, and centralized business services such as fleet and purchasing management. The Reservations Northwest call center, which books reservations for Oregon State Parks, is also part of this program. Finally, the program provides public information and coordinates rulemaking.

Debt service for the Oregon Exposition Center is budgeted in this program. Between 1999 and 2004, the Oregon State Fair (which was then a separate agency) used lottery revenue bond proceeds for infrastructure projects, building renovations, fair pavilion design and planning, facilities, and partial refunding. The Department inherited the debt service obligation when the Oregon State Fair was moved within its portfolio. This debt service is paid with dedicated Lottery Funds.

In 2013, the Legislature approved the sale of \$5.1 million in lottery bonds; the proceeds of the sale are to pass through to a local entity in support of an effort to repurpose the old mill site at Willamette Falls in

Oregon City. In 2015, the legislature approved the sale of another \$7.5 million in Lottery Bonds for the Willamette Falls project, along with \$1.5 million for a Forest Park renewal project and \$2.5 million for Main Street Revitalization grants. The \$2.2 million debt service for Willamette Falls, Forest Park and Main Street is non-Measure 76 Lottery Funds. The program also includes the volunteer program. This program is funded with dedicated Lottery Funds, park user fees and interest income. The Governor's Budget for this program is \$33.0 million total funds and 83 positions. This is an increase due to a transfer of positions from the Director's Office although two new positions are included as well. The new positions will meet the need created by an increase in park usage and address safety issues with park users.

### **Park Development**

The Park Development program acquires new properties according to an investment strategy that provides a framework for prioritizing additions to the parks system. The engineering division designs and engineers projects, surveys park land, and oversees construction for new parks and for maintenance and improvement of current properties. When possible, the program uses inmate work crews through the Parks and Prisons program. Dedicated Lottery Funds revenue is the largest source of funding for the program. The Governor's Budget for this program is \$25.5 million total funds and 13 positions. The improvement in the Lottery revenue forecast allows for nearly \$2 million of investment in maintenance and in new and expanded parks.

### **Direct Services**

This program includes property and resource management, engineering services for operations, park planning functions including master, strategic, long term and land use planning, and operations support. The program is immediately responsible for operation of the state park system on a daily basis. This program oversees daily park services, functions and routine maintenance; it manages land, state scenic waterways, ocean shores programs, and natural resources. Recreational planning and programming includes land and water-based trail systems and the promotion of bicycling. The program includes the development and implementation of interpretive experiences. Revenues funding this work include licenses, park user fees, interest income, sales income, a transfer from the Department of Transportation, Measure 76 Lottery Funds, and federal grants. The Governor's Budget for this program is \$116.2 million total funds and 760 positions. The Governor's Budget includes increases in park rangers and other front line staff to meet standard operational needs, growing park usage due in part to population growth, and an expansion in the number of parks over the past 15 years. The proposed budget also includes a \$2 increase in camping rates and a proposal to allow for flexible fees, which will backfill the revenue gaps left by fee waivers for veterans with a service related disability and for foster parents.

### **Community Support and Grants**

The Community Support and Grants program administers five grant programs: The All-Terrain Vehicle grants, Land and Water Conservation grants, Local Government grants, the Recreational Vehicle County Opportunity grants, and Recreational Trails grants. Funding for the All-Terrain Vehicle grants comes from permits for these vehicles. Funding for the Recreational Vehicle grants is a portion of the vehicle registration tag fees collected by the Driver and Motor Vehicle services. Land and Water Conservation grants are funded with federal grant funds and recently were revitalized by Congress. Local Grants are part of the Measure 76 funding stream.

The agency assumed authority for the Natural Heritage program from the Department of State Lands in 2012. Also, this program includes the Assistant Director for Heritage programs, the State Historic Preservation Office, and support for the Heritage Commission. The office administers federal and state programs for historic and archeological resource planning and preservation. The office also assists with the management, development, and interpretation of historic and cultural resources in the parks system.

Revenues for this program come from transfers, dedicated Lottery Funds, Federal Funds and Other Funds. The transfer from the Oregon Department of Transportation includes Recreational Vehicle and All-Terrain Vehicle license revenues. The Governor's Budget for this program is \$42.9 million total funds and 29 positions. The Governor's Budget includes resources to pay for existing commitments and to meet the constitutional requirement that 12 percent of Measure 76 Lottery Funds go to local grants.

## Water Resources Department

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$27,202,391	\$31,185,564	\$33,492,069
Lottery Funds	571,605	2,511,482	8,941,302
Other Funds	7,700,475	74,253,832	74,271,553
Federal Funds	641,182	1,312,338	1,871,695
Other Funds (Nonlimited)	2,296,497	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$38,412,150</b>	<b>\$109,263,216</b>	<b>\$118,576,619</b>
Positions	157	165	175
Full-time Equivalent	153.81	163.25	171.72

### OVERVIEW

The mission of the Water Resources Department is to serve the public by promoting responsible water management through two co-equal goals: directly addressing Oregon's water supply needs, and restoring and protecting streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life. The Department administers laws governing surface water and groundwater resources. Water Resources has six programs:

- Administrative Services – provides business and administrative services to the Department including management of the Water Development Loan Program.
- Field Services – regulates water uses based on water rights of record and provides local entities with technical data on surface and ground water.
- Technical Services – provides data and technical analysis on water management to the Department and to the public.
- Water Rights Services – evaluates and decides application for new water rights.
- Director's Office – develops and supervises the policies and programs of the Department.

The programs align closely with the Department's core functions of protecting existing water rights, managing the issuance of new water rights, facilitating voluntary streamflow restoration, increasing understanding of demands on the state's water resources, providing accurate and accessible water resource data, and facilitating water supply solutions. The Department's activities are overseen by the Water Resources Commission, a seven-member citizen board appointed by the Governor.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Water Resources Department is \$118.6 million total funds. This is a nine percent increase from the 2015-17 Legislatively Approved Budget. The agency has 175 positions. The Governor's Budget establishes a new groundwater basin study team that will increase the state's understanding of water conditions throughout the state on a basin wide level. It also provides funding for five field staff who will improve the management and distribution of water resources in the near term.

The Governor's Budget for the Water Resources Department makes significant investment in the development of water resources across the state. It provides funding to continue feasibility grants, which help communities determine whether a water project is achievable. The budget invests bond proceeds in the Water Supply Fund, which will be used to assist in the financing of one or more water resource projects having economic, environmental and community benefits.

## **REVENUE SUMMARY**

The Department's primary source of funding is General Fund. It receives Other Funds revenue from fees and contract work and Federal Funds from the Federal Emergency Management Agency, Bureau of Reclamation and other federal agencies. The Department also receives Lottery Funds to pay debt service and positions.

The Governor's budget contains fee increases for water right transactions and dam safety fees, it increases the Landowner Permit Application fee for landowners who want to dig their own wells, and establishes the Well Construction Special Standard fee that will be applied when the application for a well requires a variance to requirements. This will allow the agency to recoup its costs.

## **AGENCY PROGRAMS**

### **Administrative Services**

The Administrative Services division provides business and administrative services to the Department. This includes budget preparation and execution, administration of human resource services, accounting and internal control, payroll and benefits, contracting, facilities management, risk management, employee development, reception and mail-room support services, transportation, and telecommunications coordination.

The budget for Administrative Services is \$72.8 million total funds. This is an 88 percent increase from the 2015-17 Legislatively Approved Budget. The increase is driven by new investments in the Water Supply Fund and Conservation, Reuse and Storage Grant Fund through Lottery revenue bonds. The budget directs \$2 million of bond proceeds to feasibility grants, which are given to communities to conduct feasibility studies to determine the likelihood of success of proposed water supply projects. Additionally, \$30 million of bond proceeds will be used to provide grants and loans for water resources development projects that have economic, environmental and community benefits. This will allow the state to partner with individuals and communities to implement water resources projects across the state.

## **Field Services**

The Field Services division regulates water uses based upon the water rights of record; assists water users in developing long-term water supply and conservation plans; inspects the construction of wells for the protection of the groundwater resources, inspects the construction and maintenance of dams for the protection of the public and environment; and collects hydrologic data that is made available for use by staff and the public for planning purposes. The division works with local watershed planning groups and local land use jurisdictions by providing technical information on surface water and groundwater. The Governor's Budget for Field Services is \$15.4 million total funds. This is a 21 percent increase from the 2015-17 Legislatively Approved Budget.

The Governor's Budget provides funding for three new regional assistant watermaster positions, a new Hydrotech position in the Northwest Region and a field conservation coordinator. These on-the-ground resources will support responsible water management and distribution across the state.

## **Technical Services**

The Technical Services division supports long-term water management by providing data and technical analysis. The division shares its work on aquifers, dams, drought and flood projections, groundwater investigations and management, surface water availability, well construction, and water use measurement and reporting with other agencies, stakeholders, the public, and other entities. The Governor's Budget for Technical Services is \$16.2 million total funds. This is a ten percent increase from the 2015-17 Legislatively Approved Budget.

The Governor's Budget makes a major investment in the creation of a new Groundwater Basin Study Team with five permanent positions; a Project Hydrologist, a Basin Study Hydrographer 2, a Basin Study Hydrographer 3, a Basin Study Hydrologist, and a Senior Hydrologist. This investment addresses the increasing need to understand water conditions throughout the state on a basin wide basis. Some ground water aquifers in Oregon are no longer capable of sustaining additional development and drought conditions that have been affecting parts of the state for several years are likely to continue to occur more frequently than in the past. This makes understanding the capacity of water basins to support current and proposed uses increasingly important. The agency has resources to do one study, and is conducting a basin study in the Greater Harney Valley, which will not be completed until 2020. The Governor's Budget will double the agency's resources for this purpose.

The budget also establishes a new Engineer position that will support the dam inspection program.

## **Water Right Services**

The Water Right Services division evaluates and acts upon applications for new water rights. Under Oregon law, almost all water users, including agricultural enterprises, cities, and state agencies, must apply for and receive a water right before initiating water use. The division is responsible for the evaluation of both instream and out-of-stream water right applications and issuance of new water right permits and certificates. In addition, the division administers the following water right-related programs: limited water use licenses; drought related water use permits; water right adjudications; hydroelectric permitting; extensions; transfers; permit amendments; instream leasing, allocations of conserved water and water management and conservation plans. The Water Right Services division distributes the weekly public notice, responds to public inquires, and evaluates public comments and protests concerning water use applications. The Governor's Budget for Water Rights Services is \$8 million total funds. This is a two

percent increase from the 2015-17 Legislatively Approved Budget. The budget restores two and a half positions through an increase to water rights transaction fees.

### **Director's Office**

The Director's Office is responsible for developing and supervising the policies and programs that ensure water is managed in compliance with state law and meets the state in-stream and out-of-stream water needs. The Director's Office provides intergovernmental coordination, communications services, water supply development coordination, and leads the implementation of the Integrated Water Resources Strategy. The Office also supports the activities of the Water Resources Commission.

The Director's Office leads the Department's dual efforts to address water supply needs, as well as restore and protect stream flows. The Governor's Budget for the Director's Office is \$3.8 million total funds. This is an 18 percent increase from the 2015-17 Legislatively Approved Budget

### **Water Development Loan Program**

The 1977 Legislature established the Water Development Loan Fund to finance irrigation and drainage projects. The Loan Fund was expanded by the 1981, 1987, and 1991 Legislatures to include community water supply projects, fish protection and watershed enhancement projects, and safe drinking water projects. There are currently no loans outstanding, and the program has no state-owned property or inventory.

# Oregon Watershed Enhancement Board

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	57,997,623	62,482,687	72,300,559
Other Funds	1,075,106	3,553,093	3,781,360
Federal Funds	23,075,625	37,274,113	41,668,724
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$82,148,354</b>	<b>\$103,309,893</b>	<b>\$117,750,643</b>
Positions	32	35	33
Full-time Equivalent	32.00	34.25	32.99

## OVERVIEW

The mission of the Oregon Watershed Enhancement Board (OWEB) is to protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. To achieve this mission OWEB provides grants to communities and other partners that are used to conserve and improve the condition of streams, rivers, wetlands, and natural habitat. The agency also provides funding to support the capacity of watershed councils and soil and water conservation districts. OWEB has two programs.

- Operations Program – supports programs that improve and enhance Oregon’s watersheds, water quality, and habitat.
- Grants Program – distributes grants to local partners for the same purposes, funded with Measure 76 Lottery Funds revenues, federal funds and salmon license plate revenue.

OWEB monitors and manages restoration projects, reports on implementation of the Oregon Plan for Salmon and Watersheds, and works with partners and citizens to increase the public’s understanding of healthy watersheds. Participation by landowners, and communities is voluntary and focused on locally based on-the-ground projects.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Oregon Watershed Enhancement Board is \$117.8 million total funds. This is a 14 percent increase from the 2015-17 Legislatively Approved Budget. The budget continues the significant Measure 76 Lottery Funds investment in watershed enhancement grants to local entities. The Governor’s Budget continues basic staffing needs and invests in additional grant administration resources.

## REVENUE SUMMARY

The 2017-19 budget is supported by Lottery Funds, Other Funds and Federal Funds. Since 1999 OWEB has received Lottery Funds from the constitutional dedication in the Parks and Natural Resources Fund for restoration and protection of native fish and wildlife habitat and improved water quality. The dedication requires that 65 percent of the revenue must be used for grants and 35 percent for operations. Most of OWEB's operations funding is allocated to other state agencies who support the restoration and protection provisions of the constitution.

The primary source of federal revenue is the Pacific Coastal Salmon Recovery Funds (PCSRF).

Other Funds revenue is derived from a salmon plate registration surcharge from the Oregon Department of Transportation, funds from the Pacific State Marine Fisheries Commission for a watershed project, and funding for a continuation of the Federal Forest Health Collaborative grants and support.

## AGENCY PROGRAMS

### Operations Program

This program administers the Department's grant programs. It includes all of OWEB's staff and administrative resources, which are focused on planning, coordination, assessment, implementation and monitoring activities. The Governor's Budget for the Operations Program is \$9.4 million total funds. This is a two percent increase from the 2015-17 Legislatively Approved Budget.

The program also engages in education outreach efforts, and enters into agreements with willing landowners to obtain determinate interests in land and water for protecting watershed resources. The Department is led by a 17-member board including public members and representatives of other partner entities.

Currently, across all programs, OWEB staff administer more than 1,100 open grants and agreements and processes approximately 1,500 grant applications per biennium. The program conserves and restores natural habitats by protecting watersheds, improving water quality and forest and rangeland health and stabilizing populations of fish and wildlife species. The program contributes to building strong, sustainable communities by partnering with communities to implement the investments that OWEB makes throughout Oregon.

### Grants Program

The Governor's Budget for the Grants Program is \$108.4 million total funds. This is a 15 percent increase from the 2015-17 Legislatively Approved Budget. Oregon's Measure 76 (2010) constitutionally dedicates 15 percent of lottery revenue to parks and natural resources. Of the 7.5 percent of those revenues dedicated to OWEB, 65 percent is dedicated to capital projects for construction or acquisition. OWEB also awards grants funded with federal Pacific Coastal Salmon Recovery Funds (PCSRF), salmon license plate revenues, and funding received from the Oregon Department of Forestry for Forest Health Collaborative grants.

OWEB provides grants to help Oregonians take care of local streams, rivers, wetlands and natural habitat across the state. Grants are awarded to local watershed councils, soil and water conservation districts, land trusts and other local organizations. The funding is used to support activities associated with the restoration and protection of habitat to support native fish and wildlife and water quality. Capital

expenditures include non-expendable personal property with at least a two-year life-span used for fish and wildlife law enforcement, conservation easements or leases, projects for fish or wildlife, water quality or stream flow, and assessment, planning, design, technical assistance, monitoring, and outreach for those projects.

# TRANSPORTATION AGENCIES

## Transportation Program Area Budget

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$12,710,074	\$22,585,257	\$51,858,051
Lottery Funds	92,643,018	107,484,140	120,644,222
Other Funds	2,981,198,379	3,325,848,133	3,589,611,019
Federal Funds	97,317,257	118,690,289	108,888,148
Other Funds (Nonlimited)	1,440,960,350	18,158,214	18,158,214
Federal Funds (Nonlimited)	20,053,968	21,621,529	21,575,775
<b>Total Funds</b>	<b>\$4,644,883,046</b>	<b>\$3,614,387,562</b>	<b>\$3,910,735,429</b>
Positions	4,582	4,525	4,515
Full-time Equivalent	4,474.73	4,414.64	4,413.04

### OVERVIEW

Quality airports, roads, bridges, and highways help keep Oregon's economy strong. Workers use the transportation system to get to and return from their jobs. Businesses depend on the delivery of materials and supplies to prosper. Every region of Oregon relies on transportation to assure economic growth and improve Oregon's quality of life. The Transportation Program Area currently includes two agencies: the Department of Aviation and the Department of Transportation.

Approximately four percent of program area activities are supported by General Fund and Lottery Funds, which are used for debt service for the State Radio Project, rail construction projects, short line rail infrastructure loans, Oregon streetcar projects, light rail projects, and investments in multimodal, non-highway infrastructure (*ConnectOregon*). Other Fund revenue sources include fuel taxes, motor vehicle and aircraft registrations, driver license fees, and airport leases. Federal Funds support highways, transit, and airport improvement programs. Federal Highway dollars are budgeted and spent as Other Funds. All other Federal Funds are budgeted and spent as Federal Funds.

### GOVERNOR'S BUDGET AND KEY INVESTMENTS

The budget for the Transportation Program Area is \$3,910.7 million total funds, an eight percent increase from the 2015-17 Legislatively Approved Budget. General Fund and Lottery Funds total \$172.5 million, a 32 percent increase from 2015-17 levels. The General Fund and Lottery Funds increase supports the continuation of passenger rail in Oregon and pays debt service for previously authorized projects.

Key elements of the Governor's Budget for the Transportation Program Area are outlined below:

- ConnectOregon VII. The Governor's Budget invests \$71.1 million in *ConnectOregon VII* to continue Oregon's investment in non-highway projects aimed promoting development by improving port infrastructure, public transportation, the aviation system, bike and pedestrian facilities, and the rail network.
- Facilities Capital for ODOT. The Budget increases funding for Capital Improvement projects within the Department of Transportation, and also provides funding necessary to complete the first phase of a Capital Construction project that will provide the Department of Transportation with a new Maintenance Station in Ona Beach on the central Coast.
- DMV IT Systems Modernization. Driver and Motor Vehicles Services (DMV) Division budget continues to provide funding for the modernization of its computer systems, which are over 40 years old.
- Aviation Operations and Improvements to State Airports. The Budget provides funding for three Capital Construction projects at the Bandon State Airport, Lebanon State Airport and the McDermitt State Airport.

Given the need for significant investment in both maintaining our existing transportation infrastructure and investing in long-overdue transportation needs, the Governor will work with Legislators during the upcoming legislative session to craft a transportation package to make this needed significant investment.

# Oregon Department of Aviation

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	6,079,744	12,370,913	12,744,603
Federal Funds	4,938,736	8,514,798	9,307,101
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$11,018,480</b>	<b>\$20,885,711</b>	<b>\$22,051,704</b>
Positions	13	15	15
Full-time Equivalent	12.25	13.75	14.25

## OVERVIEW

The Oregon Department of Aviation (ODA) advocates for the safe operation, growth, and improvement of aviation, and is responsible for the planning and development of a safe and efficient aviation system in Oregon. The agency manages a number of programs including Search and Rescue, General Aviation Entitlement, Pavement Maintenance, Aircraft Registration and Capital Construction projects at airports.

## GOVERNOR'S BUDGET

The budget represents a six percent total funds increase from the 2015-17 Legislatively Approved Budget. The increase is primarily due to capital construction projects at four of the 28 state-owned public use airports as well as a 10-percent match for General Aviation Entitlement projects. It includes a three percent increase in Limited Other Funds, and an approximately nine percent increase in Limited Federal Funds. The budget supports 15 positions.

## REVENUE SUMMARY

Aviation and jet fuel tax revenues are the primary source of funding for the agency's operations. The tax on Aviation Gas (avgas) is \$0.11 per gallon and the tax on jet fuel is \$0.03 per gallon. These fuel taxes make up approximately half of the agency's Other Funds revenues. Additional sources of revenue include aircraft registration fees, hangar and site leases, and other charges for services. The Department receives Federal Funds from the Federal Aviation Administration (FAA) for aviation system planning and construction projects.

The revenue outlook for ODA has improved from the previous biennia. With the passage of House Bill 2075 (2015), aviation gas tax and jet fuel tax were increased to their current rates and with the passage of Senate Bill 269 (2015), aircraft registration fees and airport licensing fees were also increased.

## **AGENCY PROGRAMS**

### **Operations**

The Operations division oversees the administration, operation, and maintenance of 28 state-owned, public use airports through four program areas: Statewide Services, Airport Services, Airport Maintenance and Planning. The division also provides the core government services of the Aviation Department covering planning, land use, evaluation of tall structures and inspections of airports and site surveys of proposed new airports.

The Governor's Budget for Operations is \$5.2 million total funds (\$4.2 million Other Funds and \$1.0 million Federal Funds). The main source of funding is fuel tax revenue, which is transferred to the Department from the Oregon Department of Transportation. Other revenues include money from aircraft registration fees, aircraft dealer license fees, leases, tie down revenue and fuel flowage fees.

A study completed in 2013 by the consulting firm, Mead and Hunt, found that airports and their aviation business in Oregon provide over 73,000 jobs and has a \$24.2 billion impact on the state's economy.

### **Search and Rescue**

The Search and Rescue division has been eliminated from ODA's budget structure. ODA is no longer charging for and collecting Pilot Registration fees. Having a standalone Pilot Registration fee in addition to the FAA pilot registration was burdensome and costly to administer while providing no additional safety beyond the federal requirements for registration. Previously Pilot Registration revenue was used to fund the Office of Emergency Management's search and rescue efforts. ODA will continue to fund (OEM) search and rescue through Aircraft Registration revenues, which are sufficient to cover the expense.

### **General Aviation Entitlement**

The General Aviation Entitlement Program administers FAA funded projects (that do not meet the Capital Budgeting threshold) to address safety, operations, and development at airports in Oregon. FAA grants are generally funded at 90.0 percent of project costs with the remaining 10 percent paid by the airport sponsor (owner). The agency owns 28 airports, 12 of which are part of the National Plan of Federal Integrated Airport Systems (NPIAS). The General Aviation Entitlement Program has four sections:

**Capital Improvement Planning.** Responsible for evaluating, annually, each of the 12 state-owned airports that are part of the National Plan of Federal Integrated Airport Systems (NPIAS), to address safety, operation, and infrastructure development.

**Capital and Construction Project Management.** Responsible for managing federal grant assurance obligations and receiving federal funding for qualifying projects.

**Airport Improvement Project Grant Administration and Management.** Responsible for administering grants for capital improvement and construction projects at the 12 state-owned NPIAS airports to address safety, operation, and infrastructure development.

**Administration of two-cent increase in fuel tax funding.** General Aviation Entitlement will provide funding for grants to airports throughout the state for economic development, FAA grant match and emergency preparedness and will assist with funding of commercial air service to rural Oregon.

The Governor's Budget for General Aviation Entitlement is \$9.1 million total funds (\$5.6 million Other Funds; \$3.5 million Federal Funds). Ninety percent of these funds are provided in grants from the FAA; the remaining ten percent is the state match necessary for the federal grants. Funding for safety improvements at state-owned airports, commercial air service to rural Oregon and grants for economic development, FAA grant match and emergency preparedness are funded from two cents per gallon of aviation and jet fuel tax.

### **Pavement Maintenance**

Pavement Maintenance is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means to helping preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. The program evaluates airport pavement at one third of the state airports each year. The year following the evaluation, airports that agree to have work done are scheduled for pavement maintenance work with contractors hired by the agency. The Pavement Maintenance program provides funding for an average of 14 airports per year. There are 66 paved public use airports in the state.

The Governor's Budget for the Pavement Maintenance program is \$2.3 million total funds. These funds are derived from the fuel tax that is transferred into the Department from the Oregon Department of Transportation. Pavement Maintenance is solely funded by a half cent per gallon jet fuel tax and four cents per gallon aviation gas tax.

### **Aircraft Registration**

The Aircraft Registration program registers over 3,700 aircraft per year. The Aircraft Registration program manages and administers the AERO II software system that houses aircraft and pilot registration information. Registering aircraft in Oregon provides the primary source of Other Funds revenue for the FAA required match on all airport improvement grants received from the FAA. The FAA sponsor match requirement is 10 percent of the total project costs for design and construction.

The budget for Aircraft Registration, including fee increases, is \$0.2 million total funds. The aircraft registration fees fund this program as well as providing the ten percent match for General Aviation Entitlement Programs. The budget continues support for the program as it currently exists.

### **Capital Construction**

The Capital Construction program is similar to the General Aviation Entitlement program, which administers FAA funded projects to address safety, operations, and development at airports in Oregon. The only difference between the two programs is the projects in this program exceed \$1.0 million.

The budget for this program is \$5.3 million total funds; the FAA grants 90 percent of these funds to the Department. The remaining ten percent is the required match amount and is derived from aircraft registration fees. The budget supports four projects (1) funding for major renovations at the Bandon State Airport, (2) funding for significant rehabilitation at the McDermit State Airport, (3) funding for rehabilitation at Chiloquin State Airport and (4) funding for rehabilitation at Lebanon State Airport.

# Oregon Department of Transportation

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$12,710,074	\$22,585,257	\$51,858,051
Lottery Funds	92,643,018	107,484,140	120,644,222
Other Funds	2,975,118,635	3,313,477,220	3,576,866,416
Federal Funds	92,378,521	110,175,491	99,581,047
Other Funds (Nonlimited)	1,440,960,350	18,158,214	18,158,214
Federal Funds (Nonlimited)	20,053,968	21,621,529	21,575,775
<b>Total Funds</b>	<b>\$4,633,864,566</b>	<b>\$3,593,501,851</b>	<b>\$3,888,683,725</b>
Positions	4,569	4,510	4,500
Full-time Equivalent	4,462.48	4,400.89	4,398.79

## OVERVIEW

The Oregon Department of Transportation (ODOT) was established in 1969 then reorganized in 1973 and 1993 by the Oregon Legislature. Its mission is to provide a safe, efficient transportation system that supports economic opportunity and livable communities for Oregon. The agency is involved in planning for and maintaining highways, roads, and bridges; railways and public transportation services; bicycle and pedestrian paths; transportation safety programs; driver and vehicle licensing; and motor carrier regulation. ODOT works with a variety of organizations on these diverse issues. The Department is under the direction of a five-member Oregon Transportation Commission, whose members are appointed by the Governor and confirmed by the Senate.

The Oregon Transportation Commission performs the following primary duties:

provides policy and oversight for programs relating to rail, highway, motor vehicles, public transit, transportation safety, and other transportation-related activities.

develops and maintains a state transportation policy and comprehensive, long-range plan for a multi-modal transportation system.

The programs within the Department of Transportation are Highway (including Maintenance, Preservation, Bridge, Highway Operations, Modernization), Driver and Motor Vehicles Services, Motor Carrier Transportation, Transportation Program Development, Public Transit, Rail, Transportation Safety, Debt Service, Central Services, and Capital Improvements.

## GOVERNOR'S BUDGET

The Governor's Budget is \$3,888.7 million total funds, which includes \$172.5 General Fund and Lottery Funds and is an eight percent total funds increase from the 2015-17 Legislatively Approved Budget (LAB). With respect to General Fund and Lottery Funds, the budget represents a 33 percent increase over the 2015-17 LAB. The increase in General Fund is to continue reimbursement of the State Highway Fund for debt service the Department has been covering for the Oregon State Police portion of the State Radio Project. Lottery Funds are used for debt service in connection with previous *ConnectOregon* I, II, III, IV, VI and other major statewide transportation investments. The budget provides funds for 4,500 positions.

The budget provides key investments to do the following: make an investment in the seventh version of *ConnectOregon*; continue modernization of information systems used by the Driver and Motor Vehicle Services Division (DMV); implement a time and attendance project upgrading its manual paper based time reporting processes; provide the Department with the resources necessary to make several small Capital Improvement projects (costing less than \$1.0 million) in order to upgrade or replace outdated facilities; and fund one Capital Construction project (costing more than \$1.0 million) for the first phase in a facilities replacement in Ona Beach along the central coast.

Given the need for significant investment in both maintaining our existing transportation infrastructure and investing in long-overdue transportation needs, the Governor will work with legislators during the upcoming legislative session to craft a transportation package to make this needed significant investment.

## REVENUE SUMMARY

The majority of the agency's revenue comes from motor fuel receipts, weight-mile tax collections, and motor vehicle licensing and registration fees. However, State Highway Fund revenues from gas sales are not growing at previously predicted rates, in part because the fleet is becoming more fuel-efficient and because people are driving fewer miles than anticipated.

Net proceeds from the revenues listed above are shared with cities and counties on a formula basis after collection costs have been deducted by Driver and Motor Vehicle Services, the Motor Carrier Transportation Division, and Central Services. ODOT also collects various special fees and surcharges that are transferred to other state and local agencies. A portion of state fuel taxes collected for various special classes of vehicles, such as boats and snowmobiles, are also transferred to other state agencies for use in programs benefiting the users of these vehicles.

The budget also includes General Fund support for public transit programs serving seniors and individuals with disabilities, continuation of passenger rail transportation on the Amtrak Cascades line, and debt service related to the State Radio Project. Lottery Funds support the Department's debt service on *ConnectOregon* I, II, III, IV, and VI.

The Department also receives funds from the federal gas tax, which has not been raised since 1993. Consequently, the federal Highway Trust Fund has lost nearly 40 percent of its purchasing power since that time. When the federal Highway Trust Fund first ran short of cash in 2008, Congress made up the gap by transferring more than \$65 billion in total resources into the Fund. These transfers have prevented deep cuts in the federal transportation program, but they have not solved the need for long-term, sustainable revenue. Congress recently passed an extension, through 2020, of the current federal

surface transportation authorization legislation, the Fixing America's Surface Transportation Act (FAST Act). By 2020, Congress will need to provide additional resources, cut transportation funding by 20-25 percent, or pass a new reauthorization bill with adequate resources. Either way, the ongoing instability with the program and the potential for a reduction in federal revenue will impact Oregon's ability to plan for transportation projects.

## **AGENCY PROGRAMS**

### **Nonlimited**

Nonlimited programs contain the Oregon Transportation Infrastructure Bank (OTIB) that was established in 1997 as a revolving loan fund. It makes loans to local governments, transit providers, ports, and other eligible borrowers to pay for the design and construction of transportation projects that involve many partners such as local agencies, state agencies, the Federal Highway Administration. The loans are specifically targeted to help local government maximize resources to complete the projects that meet community needs.

The OTIB was capitalized with a combination of federal and state funds, and interest earnings. Revenue bonds may also be issued to provide additional capitalization. As loans are repaid, the principal and interest is returned to the OTIB to be made available for new loans. Staffing for OTIB is included in the Financial Services program of the Central Services division. The Governor's Budget provides \$18.2 million Other Funds for the OTIB. The budget supports the continuation of existing programs.

### **Capital Improvements**

The Capital Improvements program provides additions and/or enhancements to existing facilities (buildings) for department projects that cost less than \$1.0 million. ODOT must maintain, preserve, repair, and restore existing highways to keep them safe and useable for travelers. To do this work, ODOT needs facilities that are capable of housing equipment and machinery that perform highway maintenance activities. The Capital Improvements program uses a prioritized statewide schedule that addresses the facilities in the most critical need of repair.

The Governor's Budget for Capital Improvements is \$5.6 million Other Funds, which represents a four percent increase over the 2015-17 Legislatively Approved Budget. The revenue for this program comes from the State Highway Fund.

### **Capital Construction**

The department's Capital Construction program provides funds for modern, cost-effective facilities (buildings). Highway construction projects are not treated as Capital Construction projects in the budget because those projects are statutorily exempt from the definition of "Capital Construction," which is defined as projects equal to or greater than \$1.0 million.

The Governor's Budget for the program is \$6.3 million Other Funds. The revenue for this program comes from the State Highway Fund and the sale of certain department properties. The budget invests in the first phase of a needed facilities replacement that supports the Highway Division along the central Oregon coast. Over 30 percent of ODOT maintenance stations are over 60 years old. These buildings are outdated and impact the Department's ability to meet current operational needs. The investments give the Department the ability to begin moving forward in building to construct quality infrastructure that support its work.

## **Highway Maintenance**

The Highway Maintenance program provides funds for activities that include replacing what is necessary to keep the highways safe such as signs, pavement markings, and traffic signal components, but generally does not include road reconstruction.

The Governor's Budget for maintenance is \$515.7 million Other Funds, which continues support for existing programs. The funding for this program comes from the State Highway Fund and the Federal Highway Administration.

Oregon has almost 74,000 miles of roads owned by federal, state, county and city governments. State highways comprise a little more than 11 percent of total road miles, but carry 58 percent of the traffic and more than 20.7 billion vehicle miles per year. It is considered critical public infrastructure. The state highway system provides access to intrastate, interstate, and international markets for traded sector goods. It also provides critical linkages between our communities around the state, and domestic and international markets served by our airports, marine terminals, and rail lines. The program works to ensure this goal by maintaining, preserving, and repairing the state highway system.

## **Highway Preservation**

ODOT's Highway Preservation program maintains the pavement of Oregon's highways to prevent them from becoming a threat to safe travel, from costing more to rebuild, and from having a negative effect on the state's economy. The Preservation program reduces maintenance costs on over 8,000 miles of Oregon highways. These highways carry more than 20 billion vehicle miles and more than 300 million tons of freight annually. The Preservation program maintains a statewide Pavement Management System that monitors and forecasts pavement conditions on state highways. These preservation projects add useful life to a road without increasing its capacity, primarily through pavement resurfacing. ODOT has adopted a pavement preservation program designed to keep highways in the best condition at the lowest lifecycle cost. The program focuses on taking preventative measures to add useful life to a road before the pavement reaches poor condition.

The Governor's Budget for preservation is \$254.4 million Other Funds, which continues support for existing programs. The funding for this program comes from the State Highway Fund and the Federal Highway Administration. The budget reflects the completion of projects from the Oregon Transportation Investment Acts I, II, and III and a slight increase in projects from the Jobs and Transportation Act.

## **Highway Bridge**

The Bridge program is responsible for the inspection, preservation, design standards, load capacity evaluation, and asset management of more than 2,700 highway bridges, overcrossings, railroad undercrossings, tunnels, and other structural elements. This work directly benefits the state's economy by extending the life expectancy of bridges, reducing the number of bridges with weight restrictions, and limiting detours around structurally deficient bridges. Routine bridge inspections are performed every two years, as well as periodic in-depth inspections for special structures such as fracture critical bridges, bridges prone to fatigue cracking, underwater features, coastal bridges, and tunnels.

The Governor's Budget for the Bridge program is \$269.8 million Other Funds, which continues support for existing programs. Freight mobility has been a key driver for the Bridge program since the inception of the corridor-based Oregon Transportation Investments Acts III program, which addressed the needs of through movements of truck freight over the past decade. By maintaining freight mobility on the

Interstate 5 corridor, as well as other important state and regional routes, the program plays a vital role in preserving the competitiveness of Oregon's trade-dependent economy and benefiting the entire West Coast and the nation.

### **Highway Safety and Operations**

The Highway Operations program is comprised of two separate programs – Highway Safety and Highway Operations. The primary purpose of ODOT's Highway Safety program is to reduce the number of fatal and serious injury crashes on the state system. The Highway Safety Improvement program provides for infrastructure improvements at high crash locations using low cost and cost effective countermeasures on target highway segments or intersections with a history of crashes. The primary purpose of ODOT's Highway Operations program is to improve the safety and efficiency of the transportation system through operational improvements and enhanced system management. Operations solutions provide a cost effective approach to meet the challenge presented by increased demands on the system coupled with increasing constraints on available funding. The key components of the Operations program include traffic signals, signs, and roadway lighting, Intelligent Transportation Systems, and landslide and rockfall mitigation.

The Governor's Budget for Highway Operations is \$223.3 million Other Funds, which continues support for existing programs. The funding for this program comes from the State Highway Fund and the Federal Highway Administration.

### **Highway Modernization**

Modernization projects add capacity to the highway system by adding lanes, widening bridges, rebuilding roads with major alignment improvements or major widening, building new road alignments, or new facilities such as by-passes. These projects improve safety, relieve congestion, and allow more efficient movement of people and goods across the state. The Modernization program also administers the Immediate Opportunity Fund program in partnership with the Oregon Business Development Department.

The Governor's Budget for Highway Modernization is \$325.4 million Other Funds, which continues support for existing programs. The funding for this program comes from the State Highway Fund and the Federal Highway Administration.

The Modernization program improves the capacity and efficiency of the system, which can reduce transportation costs, and makes locating or doing business in Oregon more attractive to traded sector companies.

## **Highway Special Programs**

Highway Special Programs provides indirect, technical, and program support for the Highway Division construction program through the development and delivery of the tools necessary to optimize management of infrastructure assets, deliver projects efficiently, and promote sustainability and best practices for Oregon's transportation system. This program also has a number of construction projects that do not fit the general construction limitation categories and usually fall under special rules or program areas. Highway Special Programs are also charged with delivering construction projections and services in the following distinct program areas: pedestrian and bicycle; salmon and watersheds; forest highway program; winter recreation parking; and, snowmobile facilities. Also included within Special Programs is the Innovative Partnership Program, which works with the private sector and units of government to deliver new, innovative projects that best serve the public interest.

The Governor's Budget for Special Programs is \$355.0 million Other Funds, which represents a 34 percent increase over the 2015-17 Legislatively Approved Budget. The increase is largely due to the inclusion of projects from the Statewide Transportation Improvement Program that are expected to be completed during the 2017-19 biennium. The increase does not necessarily reflect a change in the number of projects in the approved Statewide Transportation Improvement Program, just their anticipated scheduling and completion. The funding for this program comes from the State Highway Fund and the Federal Highway Administration.

## **Highway – Local Government**

The Local Government program provides project delivery oversight and program administration for the development and delivery of transportation improvement projects within local jurisdictions. The Local Government program provides support for various local and discretionary transportation programs funded by the state or federal government, and accounts for approximately 25 percent of Oregon Statewide Transportation Improvement Program funding and up to 30 percent of the projects delivered among ODOT regions and program years. ODOT administers these programs and helps local governments fund transportation projects.

The Governor's Budget for the Local Government program is \$391.7 million Other Funds, which continues support for existing programs. The funding for this program comes from the State Highway Fund and the Federal Highway Administration.

## **Driver and Motor Vehicle Services**

The Driver and Motor Vehicles Services division (DMV) promotes driver safety, protects financial and ownership interests in vehicles, and collects revenues for Oregon's highway system. DMV Services touches almost every Oregonian by issuing over 600,000 driver licenses and ID cards, one million vehicle titles, and almost two million vehicle registrations each year. The DMV also regulates and inspects about 3,500 vehicle- and driver-related businesses in Oregon. The DMV provides driver licensing, vehicle titling and registration, and driver/vehicle records through four service groups: Customer, Field, Processing, and Program.

The Governor's Budget for DMV Services is \$233.9 million total funds, which includes \$2.0 million Federal Funds and represents a 9.1 percent increase from the 2015-17 Legislatively Approved Budget. Funding is almost entirely derived from fees collected for driver licensing, vehicle title/registration, and records. Fees collected from business licenses and Identification Cards are deposited in the

Transportation Operating Fund to support business regulation activities and senior and disabled transportation. Federal funding also comes to the Department from the U.S. Department of Transportation's Federal Motor Carrier Safety Administration, the U.S. Department of Homeland Security, and the U.S. Department of Justice.

The increase in the budget provides the DMV with resources to continue modernizing its 40-year old computer systems. The aging design of existing DMV systems is creating a risk of failure to meet current and future business needs, potentially resulting in longer wait times, and increased manual process and errors. Modern functionality and web-based services will make it easier for customers to do business with DMV, reduce error rates and manual processes, as well as improve communication with DMV customers. The plan to complete this work will be done in stages and will take approximately 10 years and \$90.0 million to complete. Each stage will have specific deliverables that will result in separately functioning projects, which will only be enhanced by the completion of the overall modernization.

### **Motor Carrier Transportation**

The Motor Carrier Transportation Division (MCTD) promotes a safe, efficient, and responsible commercial transportation industry. The MCTD regulates a diverse industry ranging from one-truck owner-operators to carriers with large fleets from throughout the United States and Canada that operate on Oregon public roads. The division maintains accounts for approximately 20,300 trucking companies, with 340,538 trucks registered to operate in Oregon. This includes 7,473 Oregon companies with 45,891 trucks. Additionally, the MCTD helps truckers comply with Oregon laws and regulations relating to economic regulation, registration, safety, freight mobility, and truck size and weight. The MCTD processes tax and fee payments that contribute nearly one-third of all money received for the State Highway Fund. The MCTD operates Ports of Entry, weigh stations, and portable scale sites that check millions of trucks each year to make sure they operate within vehicle size and weight limits. It issues variance permits with safe routing instructions to trucks and truck/trailer combinations operating in excess of standard, size, weight, or height so they do not damage the highway infrastructure or create a hazard to the motoring public.

The Governor's Budget for the Motor Carrier Transportation program is \$65.0 million Other Funds, which continues support for existing programs. The funding comes from the State Highway Fund

### **Transportation Program Development**

Transportation Program Development (TPD) plans and coordinates the future use of transportation resources among state, federal, and local agencies to design and operate an efficient transportation system. The TPD program provides the foundation for decision making to address transportation needs through its research, data collection, and planning responsibilities, and also provides grant opportunities for the building of infrastructure in support of state and community visions for a multimodal transportation system (ConnectOregon). The scoping of proposed transportation projects, the planning necessary to identify these projects, and research and data collection are all key functions of the TPD program.

The Governor's Budget for Transportation Program Development is \$215.7 million total funds, which includes \$215.5 Other Funds and \$0.2 Federal Funds and represents an increase of 19.9 percent over the 2015-17 Legislatively Approved Budget. The major sources of funding for TPD includes federal transportation funds from the FHWA and the National Highway Traffic Safety Administration, and

revenues from the State Highway Fund. The increase is largely due to the Governor's investment in ConnectOregon VII, which will be funded through the sale of lottery backed bonds.

TPD supports programs ranging from the legislatively mandated ConnectOregon program work to lifeline routes for use in the case of a catastrophic event, to individual community planning grants in support future transportation needs across all modes. The services provided by TPD are critical for successfully managing Oregon's transportation system.

### **Public Transit**

The Public Transit Division provides grants, policy leadership, training, and technical assistance to communities and local transportation providers. The division also assists in the development and use of transit, ridesharing, and other alternatives to driving alone as ways to reduce congestion, diminish environmental impacts, and make efficient use of Oregon's transportation system. It also works to provide travel options for older adults and people with disabilities. Transit program funds are primarily distributed to local service providers in three ways: 1) through a formula based primarily on service-area population; 2) through a formula based on the number of rides given and miles traveled; and 3) through a biennial discretionary grant solicitation that combines the multiple sources of federal and state funding.

The Governor's Budget for Public Transit is \$98.2 million total funds, which includes \$8.6 million General Fund, \$28.2 million Other Funds and \$61.3 Federal Funds and represents a 2.5 percent increase from the 2015-17 Legislatively Approved Budget. The decrease in funding is due to General Fund constraints and restoring these reductions should be part of the work around a transportation package in the upcoming legislative session. The majority of funding is from Federal Funds grants from the Federal Transit Administration and the Federal Highway Administration. These sources are specifically for the intended transit programs. Other sources of funding are derived from Transportation Operating Fund, Cigarette Tax, ID Card revenue, and interest income.

### **Rail**

The Rail program works to ensure compliance with state and federal regulations related to railroad track, locomotives, cars, hazardous material transport, employee safety, operating practices, and rail transit safety. This program is critical to reduce the potential for derailments, accidents, and the potential release of hazardous materials. The State Safety Oversight program for rail fixed guide ways is responsible for establishing standards for rail safety, and security practices and procedures within its purview. The Crossing Safety Program enforces state statutes and administrative rules as well as federal laws and regulations related to crossing safety. The Operations Section manages the equipment acquisition and maintenance for the Oregon portion of the Pacific Northwest Rail Corridor Cascade Fleet and administers the state-supported AMTRAK Cascades intercity passenger rail.

The Governor's Budget for Rail is \$69.6 million total funds, which includes \$8.7 million General Fund, \$44.6 million Other Funds and \$16.3 Federal Funds and represents an 11 percent decrease from the 2015-17 Legislatively Approved Budget. The decrease in funding is due to General Fund constraints and these reductions should be part of the work toward crafting a transportation package in the upcoming legislative session. A portion of Rail Safety is funded by an assessment on all railroads based on their annual gross operating revenues generated in Oregon. A second portion is funded by an assessment to four transit districts based on Rail Safety's costs to administer the program. Both sources are dedicated according to ORS 824.010 through ORS 824.019 and ORS 824.045. After the first year of the biennium,

aside from a small portion of General Fund, the Passenger Rail program is entirely funded by Custom License Plate revenue. Federal Highway Administration dollars that were previously used to support the program were a one-time fund source and have expired.

In 2008, Congress passed the Passenger Rail Investment and Improvement Act. Section 209 of that Act required Amtrak to phase out funding of rail services from the federal government to the states for short-distance corridors of not more than 750 miles. This includes the corridor from Portland to Eugene. Because of this, the state has to come up with state funds if it intends to maintain this service. The service includes two daily roundtrips between Eugene and Portland, four daily roundtrips between Portland and Seattle, and two daily roundtrips between Seattle, WA, and Vancouver, British Columbia. Ridership in the corridor has steadily increased since the service began in 1994 topping 211,000 riders in 2012 – a 43.0 percent increase since 2007, and a 250 percent increase since 1999.

### **Transportation Safety**

The Transportation Safety division organizes, plans, and conducts a statewide transportation safety program by coordinating activities and programs with other state agencies, local agencies, non-profit groups, and the private sector. It serves as a clearinghouse for transportation safety materials and information, and cooperates and encourages research and special studies to support legislative initiatives and new programs.

The Governor's Budget for Transportation Safety is \$37.9 million total funds, which includes \$18.5 million Other Funds and \$19.4 million Federal Funds, and continues support for existing programs. The funding for this program comes from a variety of resources including fees charged by the Driver and Motor Vehicle Services division, the Transportation Operating Fund (non-highway tax dollars), and grants from the Federal Highway Administration and the National Highway Transportation Safety Administration.

### **Debt Service**

The Debt Service program consists of principal and interest payments related to debt and loan activities. The Governor's Budget for the Debt Service program is \$562.4 million total funds, which includes \$34.5 million General Fund, \$120.6 million Lottery Funds, \$385.7 million Other Funds, and \$21.6 million Nonlimited Federal Funds.

In 2013-15, the Legislature decreased the amount of General Fund debt service intended for repayment of portions of the State Radio Project that are not considered State Highway assets. The State Radio Project is a joint project between ODOT and the Oregon State Police. The project is run by ODOT. It is expected that future debt service will be partially paid by the General Fund to cover the portions of the project that are not considered State Highway assets. This budget provides \$24.9 million General Fund to continue reimbursing the State Highway Fund for debt service payments the Department made for State Radio Project assets that were acquired for the Oregon State Police's portion of the project.

## **Central Services**

The Central Services program has two administrative support divisions. The Agency Support Division provides the following services across the agency – audit services, business services, facilities, financial services, human resources, information systems, and the procurement office. The ODOT Headquarters Division includes the ODOT Director, Deputy Director for Central Services, budget services, the Office of Civil Rights, and the Office of the Director (including the Assistant Director, Government Relations, Communications, and Business Management).

The Governor’s Budget for Central Services is \$240.3 million total funds, which includes \$240.0 million Other Funds and \$0.3 million Federal Funds and continues support for existing programs. Central Services is primarily funded by the Department’s operating divisions through an assessment mechanism. Each division is assessed a prorated share of the Central Services operating costs, excluding the Financial Services Fuels Tax Program. Fuels Tax Program costs are recovered from gross Motor Fuels Taxes and Weight-mile Taxes.



# CONSUMER AND BUSINESS SERVICES AGENCIES

## Consumer and Business Services Program Area Budget

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$11,279,003	\$14,715,771	\$13,383,318
Lottery Funds	0	0	0
Other Funds	302,537,081	381,022,744	391,422,630
Federal Funds	6,870,915	19,586,572	16,905,004
Other Funds (Nonlimited)	270,581,359	265,142,373	259,665,740
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$591,268,358</b>	<b>\$680,467,460</b>	<b>\$681,376,692</b>
Positions	1,410	1,460	1,460
Full-time Equivalent	1,392.79	1,440.36	1,447.81

### OVERVIEW

Consumer and Business Services agencies work to protect consumers and workers, and to promote a positive business climate in the state. Agencies within the Consumer and Business Services Program Area include:

- Department of Consumer and Business Services – Protects consumers and workers in matters of workers compensation, occupational safety and health, financial services, insurance and state building codes, while supporting a positive business climate.
- Bureau of Labor and Industries – Protects people’s rights in workplaces, career schools, housing and public accommodations; enforces wage and hour laws; promotes the development of a skilled workforce; and provides training to employers.
- Public Utility Commission – Works to ensure that safe and reliable utility services are provided to consumers at equitable and reasonable rates through regulation while promoting the development of competitive markets; and regulates customer rates and services of investor-owned electric, natural gas, and telephone utilities, as well as certain water companies.
- Regulatory boards – Protects customers of various professional services; ensures that only qualified people are licensed or bonded; and sets and ensures standards of conduct.

## GOVERNOR'S BUDGET AND KEY INVESTMENTS

The Governor's Budget contributes to the physical and financial well-being of consumers by funding strategic legislative reforms designed to adapt to changes in the business environment across a variety of fields. It also invests in consumer protection by adding investigative staff to ensure the quality and timeliness of complaint investigations. In addition, the budget also supports quality customer service, increases transparency, and supports the timely processing of license applications.

The Governor's Budget for the Consumer and Business Services Program Area agencies is \$681 million total funds. This is a 0.1 percent change from the 2015-17 Legislatively Approved Budget (LAB). The slight deviation from the 2015-17 LAB represents a culmination of statewide decreases and strategic investments in information technology system upgrades. Nonlimited Other Funds expenditures are decreased by two percent.

Other Funds provide roughly 96 percent of the budget for this program area. Just two percent of the program area's budget is General Fund. The General Fund is \$13.4 million, mostly within the Bureau of Labor and Industries and a miniscule amount in the Department of Consumer and Business Services; the General Fund portion represents a decrease of nine percent from 2015-17 Legislatively Approved Budget. All regulatory boards are funded entirely with Other Funds, derived primarily from licensing fees.

# Oregon Board of Accountancy

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	2,296,152	2,506,638	2,605,045
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$2,296,152</b>	<b>\$2,506,638</b>	<b>\$2,605,045</b>
Positions	8	8	8
Full-time Equivalent	8.00	8.00	7.50

## OVERVIEW

The Oregon Board of Accountancy regulates the practice and performance of services provided by licensed accountants. The Board evaluates the qualifications of candidates, manages the exam applications and grades, issues and renews licenses, and investigates complaints. Approximately 9,000 certified public accountants, municipal auditors, public accountants, and accounting firms are overseen by the Board.

## RECOMMENDED BUDGET

The Governor's Budget is \$2.6 million Other Funds. This is a four percent increase from the 2015-17 Legislatively Approved Budget. The budget adjusts the pay class of the two investigator positions that are required to be Certified Public Accountants and decreases the receptionist to a half time position in recognition of efficiencies in license processes that the Board has been able to implement.

## REVENUE

The Board is funded entirely with Other Funds revenues, license (new and renewal), application and exam fees comprise 95 percent of all revenue collected by the Board. The remaining revenue is from civil penalties and sales income for public records requests, data processing information and verification of licensure.

## Board of Chiropractic Examiners

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,459,441	1,931,737	2,027,538
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,459,441</b>	<b>\$1,931,737</b>	<b>\$2,027,538</b>
Positions	6	6	6
Full-time Equivalent	4.88	5.10	5.10

### OVERVIEW

The Board of Chiropractic Examiners' mission is to serve the public, regulate the practice of chiropractic, promote quality and ensure competent ethical health care. To ensure public safety, the Board establishes practice guidelines, conducts rulemaking, sets requirements for the issuance and renewal of licenses, ensures licensees complete continuing education requirements, reviews investigative cases and takes disciplinary or other action where appropriate.

The Governor appoints the seven-member board that includes five chiropractic physicians and two public members. The Board's staff performs background checks on applicants for licensure, issues and renews licenses, investigates complaints, and monitors disciplined licensees. The Board's program keeps Oregonians safe by providing access to consumer protection and setting high standards for licensure designed to help ensure clients receive quality services.

### GOVERNOR'S BUDGET

The Governor's Budget for the Board of Chiropractic Examiners is \$2.0 million Other Funds. This is a 5.0 percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes six positions, which represents no change from the 2015-17 LAB. The budget continues programs at current levels, including licensing over 1,900 Doctors of Chiropractic and 1,500 Chiropractic Assistants.

## **REVENUE SUMMARY**

The Board is funded entirely with Other Funds revenue generated from fees paid for professional licenses, examinations and miscellaneous revenue. The Board receives approximately 95 percent of its revenue from fees for licensure and the remaining revenues are from sales of lists, mailing labels, and various fines.

# Construction Contractors Board

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	12,949,609	15,051,664	15,365,522
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$12,949,609</b>	<b>\$15,051,664</b>	<b>\$15,365,522</b>
Positions	69	62	63
Full-time Equivalent	69.00	62.00	63.00

## OVERVIEW

The Construction Contractors Board regulates construction contractors and promotes a competitive business environment through testing and licensing contractors, investigating complaints, adjudicating claims and educating customers and contractors. The agency focuses on contractor accountability and protects the public interest relating to improvements to real property. The Board consists of nine members appointed by the Governor, including six contractors, one elected representative of local government and two public members.

## GOVERNOR'S BUDGET

The Governor's Budget for the Construction Contractors Board is \$15.4 million total funds. This is a two percent increase from the 2015-17 Legislatively Approved Budget. Currently, the agency has roughly 36,500 licensees, down from a peak of approximately 39,000 in 2011. The agency expects flat revenue growth over the 2015-17 biennium. The budget adds a position to assist with planning and implementation for the Department's IT projects; the funding comes from a lower ending fund balance, estimated at 13 months of expenditure. The Governor's Budget supports 63 positions.

## REVENUE SUMMARY

The Construction Contractors Board relies entirely on Other Funds from contractor license fees, complaint processing fees and civil penalty payments. While the agency does not receive any General Fund, 80 percent of the civil penalty revenue is sent to the General Fund. This contribution to the General Fund is projected at \$0.7 million for the 2017-19 biennium.

## Department of Consumer and Business Services

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$1,823,000	\$400,181
Lottery Funds	0	0	0
Other Funds	192,183,248	248,539,771	252,680,202
Federal Funds	3,063,362	17,320,682	14,928,611
Other Funds (Nonlimited)	188,939,459	197,626,507	202,093,186
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$384,186,069</b>	<b>\$465,309,960</b>	<b>\$470,102,180</b>
Positions	923	960	966
Full-time Equivalent	913.68	952.76	959.20

### OVERVIEW

The Department of Consumer and Business Services (DCBS) is Oregon's largest business regulatory and consumer protection agency. The agency administers programs that protect consumers and workers while supporting a positive business climate in the state. The Department's five main areas of regulation are:

- Workers Compensation
- Occupational Health and Safety (OSHA)
- Finance and Insurance
- Oregon Health Insurance Marketplace
- Building Codes

### GOVERNOR'S BUDGET

The Governor's Budget for DCBS is \$470.1 million total funds. This is a one percent increase from the 2015-17 Legislatively Approved Budget. The budget supports all current agency programs, makes targeted staffing investments to increase workplace safety and continues health insurance support for the Compact of Free Association Islanders (COFA). The budget for the Oregon Health Insurance Marketplace is reduced to reflect changes to the program's operations since it was transferred to the agency and includes other reductions in Central Services to account for the consolidation of administrative services within the Department of Administrative Services. The Governor's Budget also supports legislative concepts to regulate the loan servicing and financial advising industries in Oregon.

## REVENUE SUMMARY

DCBS receives its revenues from over 500 dedicated fees, assessments and charges. The Department receives some Federal Funds and limited General Fund to support COFA Islander health insurance premiums. DCBS' Division of Financial Regulation collects retaliatory taxes from out-of-state insurance companies, which it transfers to the General Fund. In addition, the difference between the revenues and expenditures of the Securities Program, within the Division of Financial Regulation, are transferred to the General Fund. Other General Fund transfers include fines collected by the Insurance Division and the Mortgage Lending Program. The total transfer to the General Fund is estimated at \$159.5 million for the 2017-19 biennium.

The agency's two largest revenue sources are the Workers' Benefit Fund Assessment and the Workers' Compensation Premium Assessment. For the Workers' Benefit Fund, employers and employees each will contribute 2.8 cents per hour worked to support the services included in the 2017-19 Governor's Budget; this is a decrease from the 3.3 cents per hour in calendar year 2016. For the Workers' Compensation Premium Assessment, most employers will pay an assessment of 6.8 percent on workers' compensation premiums to support the programs included in the 2017-19 Governor's Budget, an increase from the current rate of 6.2 percent of premiums in calendar year 2016.

## AGENCY PROGRAMS

### Workers' Compensation Accounts (Nonlimited)

DCBS administers the Self-insured Employer Adjustment Reserve account and the Self-insured Employer Group Adjustment Reserve account. These self-insured reserve funds are part of the regulatory framework that ensures the safety, soundness and availability of the labor market. They protect injured workers who work for one of the more than 10 percent of employers that choose to self-insure their workers' compensation liability. If a self-insured employer becomes insolvent or otherwise defaults on its workers' compensation obligations, the applicable fund pays for workers' compensation benefits for the employer's injured workers. The Workers' Compensation Nonlimited Account has a projected ending balance of \$5.2 million Other Funds and there are currently no budgeted expenditures for this program.

### Workers' Benefit Fund

The Workers' Benefit Fund protects the financial safety of both workers and employers. The Fund pays for some income replacement benefits to workers and pays incentives to employers to keep injured workers at work and return workers to physically appropriate work. The Governor's Budget for this program is \$197.1 million Other Funds. This funding level is a three percent increase from the 2015-17 Legislatively Approved Budget. The programs of the Workers' Benefit Fund are funded by a cents-per-hour assessment paid half by the employer and half by the employee, investment income, and civil penalties.

### Workers' Compensation Board

The Workers' Compensation Board is an independent adjudicatory agency within DCBS, which ensures that Oregon workers, employers and insurers have an efficient, effective and expeditious mechanism by which to resolve disputes under the Workers' Compensation Act and the Oregon Safe Employment Act. The Governor's Budget for this program is \$24.8 million Other Funds. This is a five percent increase from the 2015-17 Legislatively Approved Budget, which continues current program operations. The

program is supported by an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage. The program operates with 83 positions. Board proceedings move disputes into an administrative forum, reducing prolonged and costly litigation.

### **Workers' Compensation Division**

The Workers' Compensation Division administers, regulates and enforces requirements to protect workers, provides medical care for injuries and diseases, and provides timely and accurate wage-replacement benefits when workers are harmed. The Governor's Budget for this program is \$46.4 million Other Funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget, which continues current program operations. The program is supported by a combination of assessments paid by employers on the premiums they pay to their insurer for workers' compensation coverage, investment income, civil penalties and the cents-per-hour assessment. The program operates with 185 positions. The Workers' Compensation Division ensures that employers provide workers' compensation coverage for their employees, as well as treatment and benefits to help injured workers return to work and to resolve disputes quickly, fairly and with as little litigation as possible.

### **Oregon Occupational Safety and Health Division**

Oregon Occupational Safety and Health Division administers the Oregon Safe Employment Act passed in 1973 and has regulatory authority over most Oregon employers. The division reduces the cost of workers' compensation insurance and indirect costs of injuries and illnesses by making sure the workplace is safe. The Governor's Budget for this program is \$56.6 million total funds. This is a twelve percent increase from the 2015-17 Legislatively Approved Budget, which adds additional OSHA inspection and consultation capacity to reduce the number of work related injuries and deaths. The program receives its funding through an assessment paid by employers on the premiums they pay to their insurer for workers' compensation coverage, grants from the U.S. Department of Labor OSHA, investment income and civil penalties issued for violations of the Oregon Safe Employment Act. The program operates with 211 positions.

### **Division of Financial Regulation**

The Division of Financial Regulation protects Oregonian's access to financial products and services through education, regulation and consumer assistance. The division oversees the safety and soundness of banks, trusts and credit unions and the financial solvency of insurance institutions. The division licenses finance and insurance professionals and ensures products and services comply with applicable laws and rules. The division also regulates mortgage lending and a large variety of non-depository financial service providers. The division was formed from the merger of the Insurance Division and the Division of Finance and Corporate Securities. The Governor's Budget for this program is \$47.2 million Other Funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget for the two prior divisions. The Governor's Budget adds resources to enhance the oversight of loan servicers and financial advisors.

### **Health Insurance Marketplace**

The Oregon Health Insurance Marketplace (OHIM) helps Oregonians enroll in health insurance plans that best fit their health and financial needs. OHIM became part of the department in July 2015 when Senate Bill 1 (2015) took effect, closing Cover Oregon and transferring responsibilities for the health insurance exchange to DCBS. The Governor's Budget for this program is \$18.3 million total funds. This

includes an investment of \$0.4 million in the COFA Islander Premium Assistance Program, enough to support an anticipated 500 participants. It reduces the Other Funds budget to match the lower needs of the Health Insurance Marketplace program, specifically lower needs for IT contracts and Attorney General fees related to the program as it existed within Cover Oregon. The net impact is a 38 percent decrease from the 2015-17 Legislatively Approved Budget. The program operates with 22 positions. The program is funded primarily through a per member, per month assessment on each medical and dental policy sold to Oregonians through Healthcare.gov.

### **Building Codes Division**

The Building Codes Division adopts construction codes for 13 specialty areas, licenses trade workers and businesses and oversees a statewide inspection system of local government services to protect property and building occupants. The division ensures safe and efficient building construction while supporting a positive business climate. The Governor's Budget for this program is \$36.8 million total funds. This is a three percent increase from the 2015-17 Legislatively Approved Budget and maintains current services. The program is funded from building permits, licensing and inspection fees and surcharges on permits. The program operates with 127 positions. Building Codes also provides building code services directly to certain local governments. Contractors, designers and inspectors working in a statewide, uniform regulatory environment support public safety and a stronger, more competitive construction market.

### **Central Services Division**

The Central Services Division includes the Director's Office, Central Services, Employee Services, Communications and the Assessments Section, which administers the Workers Benefit Fund Assessment and the Workers Compensation Premium Assessment. The Governor's Budget for this program is \$43.0 million total funds. This is a five percent increase from the 2015-17 Legislatively Approved Budget and reflects the transfer of payroll and information security positions to the Department of Administrative Services, along with the centralization of legal fees within the division. Central Services is funded by revenue transfers from other areas within DCBS and also receives a grant from the U.S. Department of Labor to conduct an annual survey of work-related injuries and illnesses and to collect data for the census on fatal occupational injuries. The program operates with 162 positions.

## Board of Licensed Professional Counselors and Therapists

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,007,274	1,540,904	3,478,518
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,007,274</b>	<b>\$1,540,904</b>	<b>\$3,478,518</b>
Positions	4	6	11
Full-time Equivalent	3.50	4.50	11.00

### OVERVIEW

The Governor's Budget supports an administrative merger of the Board of Licensed Professional Counselors and Therapists and the Board of Psychologist Examiners. Beginning in October of 2013, the Board of Licensed Professional Counselors and Therapists and the Board of Psychologist Examiners entered into an Interagency Agreement to establish a pilot project to share the same executive director and analyst. The Boards agreed to cooperate and share resources, however maintain their independence as health regulatory boards; this merger is supported through a legislative concept for consideration in the 2017 Legislative Session.

The mission of the Board of Licensed Professional Counselors and Therapists (BLPCT) is to protect the health and well-being of Oregon citizens by setting a strong ethical standard of practice through the regulation of counselors and marriage and family therapists. BLPCT's activities protect the public through licensing and rulemaking. The Governor appoints the eight-member board including three licensed professional counselors, two licensed marriage and family therapists, one university graduate school faculty member and two public members.

The mission of the Oregon Board of Psychologist Examiners (OBPE) is to promote, preserve, and protect the public health and welfare by ensuring the ethical and legal practice of psychology. The practice of psychology includes rendering or offering to render supervision, consultation, evaluation or therapy services to individuals, groups or organizations for the purpose of diagnosing or treating behavioral, emotional or mental disorders. The Governor appoints the nine-member board including six psychologists and three public members.

## GOVERNOR'S BUDGET

The Governor's Budget for the agency represents two separate, autonomous boards. The Governor's Budget for the agency is a total of \$3.5 million Other Funds to support both boards. This is a 21 percent increase from the 2015-17 Legislatively Approved Budget (LAB) for the combined budget of the two agencies. The budget includes 11 positions (11.00 FTE), which represents a combined decrease of one position from the 2015-17 LAB. The Governor's Budget invests in an upgraded online database system and co-located office for the two boards.

## REVENUE SUMMARY

The Boards are supported by Other Funds revenues primarily generated from licensing and renewal application fees, examinations, and other miscellaneous sources.

## AGENCY PROGRAMS

### Board of Licensed Professional Counselors and Therapists

The Board sets requirements for voluntary licensure, establishes Board policies, investigates complaints against licensees and takes disciplinary or other action where appropriate. It also appoints and reviews the work of the Executive Director. Staff perform background checks on applicants for licensure, issue and renew licenses, investigate complaints and monitor disciplined licensees. The Board's programs keep Oregonians safe by ensuring clients receive high quality services and appropriate treatment of mental illness and dysfunctional behavior by setting high standards for license requirements. Highly qualified and experienced counselors and therapists will also contribute towards better outcomes in the mental health system. The budget for the BLPCT is \$2.1 million Other Funds.

The BLPCT is supported by Other Funds revenues primarily generated from annual licensing and renewal application fees charged to professional counselors, marriage and family therapists, and registered interns. The Board also collects revenues for criminal background checks, which are passed through to the Oregon State Police. The Governor's Budget increases licensee and intern renewal fees by \$40; the increased fee would total \$165 and \$120, respectfully.

### Board of Psychologist Examiners

The OBPE sets requirements for licensure, establishes Board practices, reviews investigative cases and takes disciplinary or other action when appropriate. Board staff issue and renew licenses, review continuing education standards and compliance, investigate complaints and monitor disciplined licensees. The Board's programs keep Oregonians safe by ensuring clients receive high quality services and appropriate treatment of mental illness and dysfunctional behavior by setting high standards for license requirements. Highly qualified and experienced psychologists and psychologist associates will also contribute towards better outcomes in the mental health system. The budget for the Board of Psychologist Examiners is \$1.4 million Other Funds.

OBPE is supported by Other Funds revenues generated from licensing fees, examinations, and other miscellaneous sources, including civil penalties and sales publications.

## Oregon Board of Psychologist Examiners

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,034,599	1,323,155	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,034,599</b>	<b>\$1,323,155</b>	<b>\$0</b>
Positions	4	6	0
Full-time Equivalent	3.50	4.50	0.00

### OVERVIEW

The mission of the Oregon Board of Psychologist Examiners (OBPE) is to promote, preserve and protect the public health and welfare by ensuring the ethical and legal practice of psychology. The practice of psychology includes rendering or offering to render supervision, consultation, evaluation or therapy services to individuals, groups or organizations for the purpose of diagnosing or treating behavioral, emotional or mental disorders. The Governor appoints the nine-member board including six psychologists and three public members.

The Board sets requirements for licensure, establishes Board practices, reviews investigative cases and takes disciplinary or other action when appropriate. Board staff issue and renew licenses, review continuing education standards and compliance, investigate complaints and monitor disciplined licensees. The Board's programs keep Oregonians safe by ensuring clients receive high quality services and appropriate treatment of mental illness and dysfunctional behavior by setting high standards for license requirements. Highly qualified and experienced psychologists and psychologist associates will also contribute towards better outcomes in the mental health system.

### GOVERNOR'S BUDGET

The Board of Psychologist Examiners has been reestablished as the Oregon Board of Psychology within the agency structure of the Board of Licensed Professional Counselors and Therapists.

# Oregon Board of Dentistry

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	2,650,838	3,043,804	3,331,212
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$2,650,838</b>	<b>\$3,043,804</b>	<b>\$3,331,212</b>
Positions	7	8	8
Full-time Equivalent	7.00	8.00	8.00

## OVERVIEW

The mission of the Oregon Board of Dentistry is to assure the citizens of the state receive the highest possible quality of oral health care. The Board of Dentistry is charged with the regulation of the practice of dentistry and dental hygiene through the setting of standards for entry to practice, examination of applicants, issuance and renewal of licenses and enforcement of the standards of practice. The Board is composed of 10 members appointed by the Governor and confirmed by the Senate for four-year terms. There are six dentists, one of whom must be a dental specialist, two dental hygienists and two public members. The Board's programs keep Oregonians safe by ensuring patients receive quality dental services by setting high standards for license requirements.

## GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Board of Dentistry is \$3.3 million Other Funds. This is a nine percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes eight positions (8.00 FTE), which represents no change in positions from the 2015-17 LAB. The budget supports the licensing of approximately 8,000 dentists and dental assistants and 4,400 dental hygienists during the 2017-19 biennium.

## REVENUE SUMMARY

The Oregon Board of Dentistry is supported by Other Funds revenue generated primarily from examination fees and licensing and renewal application fees charged to dentists and dental hygienists. Less than six percent of the Board's revenue is from miscellaneous revenues generated from the sale of documents and records, late fees, interest and civil penalties.

# Board of Medical Imaging

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	765,176	943,259	926,165
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$765,176</b>	<b>\$943,259</b>	<b>\$926,165</b>
Positions	3	3	3
Full-time Equivalent	3.00	3.00	3.00

## OVERVIEW

The mission of the Board of Medical Imaging is to promote, preserve and protect the public health, safety and welfare of Oregonians while undergoing medical imaging studies performed by licensees for the purpose of medical diagnosis and therapy. The Governor appoints the 12-member board, consisting of four licensed physicians who represent different medical specialties (at least one radiologist and at least one licensed medical imaging specialist), three public members, and one member from each of the five major medical imaging modalities (MRI technology, nuclear medicine technology, radiation therapy, radiology therapists, and limited x-ray machine operators). The Board’s program keeps Oregonians safe; ensuring patients receive high quality services while undergoing medical imaging studies by setting high standards for license requirements. Highly qualified health care providers also contribute towards better health care outcomes.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Board of Medical Imaging is \$0.9 million Other Funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget (LAB). The budget includes three positions (3.00 FTE), which represents no change from the 2015-17 LAB. The budget supports existing services, including the licensing of roughly 6,000 individuals and allows for the issuing of a permit to practice Bone Densitometry in Oregon.

## REVENUE SUMMARY

The Board is funded entirely by Other Funds primarily from revenues for limited scope examinations, as well as initial licensing and renewal application fees.

# Oregon Mortuary and Cemetery Board

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,417,530	2,117,529	2,076,329
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,417,530</b>	<b>\$2,117,529</b>	<b>\$2,076,329</b>
Positions	6	7	7
Full-time Equivalent	5.71	7.00	7.00

## OVERVIEW

The Oregon Mortuary and Cemetery Board is responsible for licensing and regulating the practice of individuals and facilities engaged in the care, preparation, processing, transportation and final disposition of human remains. The Board’s licensees include funeral service practitioners, embalmers, apprentices, interns, pre-need sales people, funeral establishments, immediate disposition companies, cemeteries and crematories. The Board consists of 11 members appointed by the Governor. The Board keeps people safe by providing consumer protection for potentially vulnerable, grieving individuals, protecting them from deceptive practices or unsafe services.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Oregon Mortuary and Cemetery Board is \$2.1 million Other Funds. This is a two percent decrease from the 2015-17 Legislatively Approved Budget (LAB). The budget includes seven positions (7.00 FTE), which represents no change in positions from the 2015-17 LAB. The budget supports existing services, including licensing approximately 2,400 practitioners and facilities across the state. It also provides for the administration of the Indigent Disposition Fund and performance of auditing and document review necessary to protect pre-need death care consumers.

## REVENUE SUMMARY

The Board is funded solely by Other Funds revenue from license and examination fees and the death registration filing fee.

# Board of Naturopathic Medicine

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	641,218	733,291	783,643
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$641,218</b>	<b>\$733,291</b>	<b>\$783,643</b>
Positions	3	3	3
Full-time Equivalent	2.50	2.50	3.00

## OVERVIEW

The mission of the Board of Naturopathic Medicine is to protect the public by licensing and regulating naturopathic physicians, including certifying practitioners qualified to perform natural childbirth. The Governor appoints the seven-member board, which includes five licensed naturopathic physicians and two public members. The Board determines the qualifications and fitness of applicants for licensure; establishes standards of professional responsibility, practice, and continuing education for licensees; and conducts hearings on complaints concerning violations of those standards to determine the appropriate sanction when a violation is found. The Board’s program keeps Oregonians safe by providing access to consumer protection and setting high standards for licensure designed to ensure patients receive quality services.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Board of Naturopathic Medicine is \$0.8 million Other Funds. This is a seven percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes three positions (3.00 FTE), which represents a 0.50 FTE increase from the 2015-17 LAB. The Governor’s Budget makes an investment in investigative staff and funds existing operations, including licensing over 1,100 naturopathic physicians.

## REVENUE SUMMARY

The Board is funded solely by Other Funds revenue primarily from license, certification, and examination fees. Less than 10 percent of the Board’s revenue is from miscellaneous revenue generated by fines, forfeitures, and sales income.

## Oregon Occupational Therapy Board

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	366,776	473,797	492,431
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$366,776</b>	<b>\$473,797</b>	<b>\$492,431</b>
Positions	2	2	2
Full-time Equivalent	1.25	1.50	1.50

### OVERVIEW

The Board's mission is to protect the public by supervising occupational therapy practice, and assuring safe and ethical delivery of occupational therapy services in Oregon. The Board consists of five members appointed by the Governor, including three licensed occupational therapists and two public members. The Board develops policy and sets standards of practice; reviews applications and issues licenses to qualified applicants; investigates complaints; takes appropriate disciplinary action when violations are found to have occurred; and monitors and enforces continuing education requirements. The Board's programs keep people safe, including children, senior citizens, and people with disabilities, by providing access to consumer protection and setting high standards for licensure designed to ensure clients receive high quality services.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Occupational Therapy Board is \$0.5 million Other Funds. This is a four percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes two positions (1.50 FTE), which represents no change from the 2015-17 LAB.

### REVENUE SUMMARY

The Board is funded solely by Other Funds revenue primarily from license application and renewal fees.

# Board of Examiners for Speech-Language Pathology and Audiology

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	543,636	679,792	688,032
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$543,636</b>	<b>\$679,792</b>	<b>\$688,032</b>
Positions	2	3	3
Full-time Equivalent	2.00	2.50	2.50

## OVERVIEW

The Board of Examiners for Speech-Language Pathology and Audiology protects the public by licensing and regulating the performance of speech-language pathologists, speech-language pathology assistants, and audiologists. The Governor appoints the seven-member board, consisting of two audiologists, two licensed speech-language pathologists, one medical doctor who holds board certification from the American Board of Otolaryngology, and two public members. The Board’s program keeps people safe, including children, senior citizens, and people with disabilities, by providing access to consumer protection and setting high standards for licensure designed to help ensure clients receive high quality services.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Board of Examiners for Speech-Language Pathology and Audiology is \$0.7 million Other Funds. This is a one percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes three positions (2.50 FTE), which represents no change from 2015-17 LAB. The budget supports existing services, including processing an estimated 2,500 license applications and renewals.

## REVENUE SUMMARY

The Board of Examiners for Speech-Language Pathology and Audiology is funded solely by Other Funds revenues, primarily from application, initial license and renewal fees. The remaining revenue is generated through delinquent fees, civil penalties, interest income and sales of mailing lists.

## Oregon State Veterinary Medical Examining Board

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	686,186	928,782	926,052
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$686,186</b>	<b>\$928,782</b>	<b>\$926,052</b>
Positions	3	4	4
Full-time Equivalent	2.75	3.50	3.50

### OVERVIEW

The Oregon State Veterinary Medical Examining Board regulates the veterinary professions in Oregon through enforcement of the Veterinary Practice Act. The Governor appoints the eight-member board, consisting of five members licensed to practice veterinary medicine, surgery and dentistry in Oregon, two public members and one certified veterinary technician. The Board investigates consumer complaints and takes appropriate remedial or disciplinary action. The Board's program provides access to consumer protection designed to ensure veterinary care conforms to medical standards and practices and is consistent with the best interests of the public and ensure animal euthanasia in public and private shelters is conducted humanely.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon State Veterinary Medical Examining Board is \$0.9 million Other Funds. This is a slight decrease from the 2015-17 Legislatively Approved Budget (LAB). The budget includes four positions (3.50 FTE), which represents no change in positions from the 2015-17 LAB. The budget supports existing services, including the licensure of approximately 4,000 licensees.

### REVENUE SUMMARY

The Board is funded solely by Other Funds revenue. Ninety-nine percent of the Board's revenue is from application, examination, and license fees, while the remaining revenue is from the sale of license lists and collection of civil penalties.

## Bureau of Labor and Industries

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$11,279,003	\$12,892,771	\$12,983,137
Lottery Funds	0	0	0
Other Funds	9,331,143	11,622,212	12,149,078
Federal Funds	1,462,377	1,539,652	1,254,435
Other Funds (Nonlimited)	975,996	1,236,000	1,281,732
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$23,048,519</b>	<b>\$27,290,635</b>	<b>\$27,668,382</b>
Positions	99	107	102
Full-time Equivalent	97.30	103.31	100.98

### OVERVIEW

The Bureau of Labor and Industries' mission is to protect employment rights, advance employment opportunities, and protect access to housing and public accommodations free from discrimination.

The Commissioner for the Bureau of Labor and Industries is a publically elected official. Under the Commissioner's leadership, the agency strives to promote and support the economy and jobs by: developing a highly skilled, competitive workforce in Oregon through partnerships with government, labor, business and education; protecting the rights of workers and citizens to equal, nondiscriminatory treatment; encouraging and enforcing compliance with state laws relating to wages, hours, terms and conditions of employment; and advocating for policies that balance the demands of the workplace and employers with the protections of workers and their families.

BOLI consists of four divisions:

- Commissioner's Office – develops policy, strategic planning, partnerships with local, state and federal governments and the general public and provides overall administrative and management services. The Technical Assistance for Employer program provides Oregon employers with education and training resources through multiple media platforms.
- Civil Rights – enforces laws prohibiting unlawful discrimination in employment, housing, public accommodation, and career schools. These protections are provided on the basis of race, color, national origin, sex, religion, age, marital status, sexual orientation, disability, and injured worker status. Protection is also provided against retaliation for filing civil rights complaints, and for reporting illegal activity (“whistleblower” protection) or violation of family leave laws.
- Wage and Hour – enforces laws relating to wages and hours worked (including prevailing wage rates on public works contracts) and terms and conditions of employment; investigates claims and complaints from workers involving wages and working conditions, including the minimum wage and

overtime; protects children in the workplace; enforces regulations pertaining to private employment agencies; calculates prevailing wage rates for public works projects; and licenses and regulates farm and forest labor contractors.

Apprenticeship and Training – registers and regulates apprenticeship training programs and certifies journey workers through collaboration with business, labor, government and education partners promoting the development of a highly skilled workforce.

## **GOVERNOR'S BUDGET**

The Governor's Budget for the Bureau of Labor and Industries is \$27.7 million total funds. This is a one percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 102 positions (100.98 FTE) and supports current agency programs.

## **REVENUE SUMMARY**

Core agency functions are funded predominately with General Fund and Other Funds. Other Funds make up just over 48 percent of the agency's revenue mostly through the collection of unemployment insurance taxes paid by employers each biennium. Other Funds also come from employers' participation in purchasing publications; attending seminars and workshops; civil rights actions; and, the Workers' Benefit Fund, Wage Security Fund, and Prevailing Wage and Oregon Occupational Safety and Health Administration contracts. General Fund revenue supports the demand for services from the agency's outreach efforts.

## **AGENCY PROGRAMS**

### **Commissioner's Office and Program Support Services**

The Commissioner's Office provides leadership, planning, policy direction and public outreach services for the Bureau of Labor and Industries. This office oversees all agency programs and ensures advancement of the agency's mission.

The Technical Assistance for Employers program provides Oregon employers with education and training resources. The program delivers these services through direct responses to telephone and website inquiries from employers, and by providing public seminars, workshops and customized training sessions. In addition, the agency publishes a monthly newsletter, handbooks, and workplace posters. The unit fields approximately 25,000 telephone and website inquiries and conducts an average of 225 public and customized seminars during the 2016 fiscal year. The increase in inquiries from the prior fiscal year (18,000 inquiries in FY 2015) was predominately due to recent labor law changes around Oregon's Sick Time Law requirements.

The Fiscal Services unit is responsible for processing monetary awards to wage claimants and civil rights claimants and ensuring timely payment for Oregonians who unlawfully lost wages or were unlawfully discriminated against.

The Administrative Prosecution unit provides adjudication and alternative dispute resolution of contested wage and hour, civil rights complaints, prevailing wage violations, farm and forest labor contractor violations and licensing matters, and child labor violations.

The Governor's Budget for this program is \$7.7 million total funds. This is a one percent increase from the 2015-17 Legislatively Approved Budget. The program includes 25 positions.

### **Civil Rights Division**

The Civil Rights Division protects Oregonians from unlawful discrimination by investigating allegations of civil rights violations in workplaces, career schools, housing and public accommodations. In addition to enforcing Oregon laws prohibiting discrimination, the unit has contracts for processing civil rights cases with the U.S. Equal Employment Opportunity Commission and the Oregon Occupational Safety and Health Administration.

The Division responds to more than 40,000 civil rights inquiries each year. Ninety percent of the complaints received are employment-related and the remaining ten percent involve housing, public accommodations and career schools. The enforcement of civil rights laws affords Oregonians the opportunity to become part of a resilient economy and virtuous circle of prosperity by ensuring equal access to jobs, promotions, and work environments free from discrimination and harassment.

The Governor's Budget for this program is \$5.7 million total funds. This is a seven percent increase from the 2015-17 Legislatively Approved Budget. The division has 30 positions.

### **Wage and Hour Division**

The Wage and Hour Division is responsible for the administration and enforcement of the state laws regarding minimum wage; overtime and wage collection; child labor; farm, forest and construction labor; prevailing wages; and sick time. The division also enforces regulations pertaining to private employment agencies, conducts wage surveys and publishes prevailing wage rates to be paid to workers employed on public works contracts. It also licenses and regulates farm, forest and construction labor contractors.

There are approximately 1.7 million workers employed in Oregon and approximately 1,600 wage claims each year. Government enforcement of wage and hour laws is an integral part of creating prosperity and opportunity for Oregonians.

The population served is largely made up of unrepresented, low-income "at risk" employees who are vulnerable to exploitation, including children, migrant farm workers, and non-English speakers, who lack the ability and resources to defend themselves against unscrupulous employers. Among the classes of workers who routinely seek the division's services are terminated and unpaid workers who assign their wage claims to the state; teenagers and working minors who are protected under child labor laws; and farm workers, through the regulation of farm/forest labor contractors and camps.

The division's enforcement efforts assist disadvantaged workers to strive and break barriers in emerging industry sectors. This, in turn, helps reduce the income inequality gap, and offers businesses the workforce needed to expand in international markets.

The Governor's Budget for this program is \$9.2 million total funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget. The division has 31 positions.

### **Apprenticeship and Training Division**

The Apprenticeship and Training Division promotes the development of a highly skilled, competitive workforce in a variety of occupations and trades. The division provides technical assistance to employers, labor unions, and government and education partners to increase training and employment opportunities by promoting apprenticeship. The division works with local apprenticeship committees

statewide to ensure quality training and equal employment opportunities, particularly for veterans, women and minorities engaged in technical and craft occupations. The program supports the statewide economy and jobs by doing the following:

- reducing the income inequality gap;
- assisting with wages exceeding the per capita national average;
- promoting Oregon's middle-class growth and inclusiveness; and
- promoting minority and women-owned businesses to win a larger portion of state contracts.

As of June 2016, there were 7,187 active apprentices and 4,296 employers participating in 141 approved programs in the state. Registered apprenticeship is an industry-driven training program for high-skill technical and craft occupations. The combination of on-the-job training and classroom instruction prepares individuals for employment while learning advanced skills.

The \$2.1 million interagency agreement between the Bureau of Labor and Industries and the Oregon Department of Transportation for the Heavy Highway Supportive Services program targets outreach, recruitment, retention and supportive services to individuals interested in careers in the heavy highway constructions trades. The division also contracts with the U.S. Department of Veterans Affairs to provide apprenticeship training services for qualified veterans.

The Governor's Budget for this program is \$5.0 million total funds, which primarily consists of \$2.9 million General Fund, \$2.1 million Other Funds and a small amount of Federal Funds. This is a 10 percent decrease from the 2015-17 Legislatively Approved Budget. The division has 16 positions.

## Oregon Medical Board

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	9,777,175	11,605,454	13,077,638
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$9,777,175</b>	<b>\$11,605,454</b>	<b>\$13,077,638</b>
Positions	38	39	41
Full-time Equivalent	37.79	38.79	41.00

### OVERVIEW

The mission of the Oregon Medical Board is to protect the health, safety, and well-being of Oregon's citizens by regulating the practice of medicine in a manner promoting quality care. The Board is responsible for the licensure and regulation of medical doctors, doctors of osteopathic medicine, podiatric physicians, physician assistants and licensed acupuncturists. The Governor appoints the 12-member board including seven medical doctors, two doctors of osteopathy, one doctor of podiatry and two public members not employed in the medical field. The Board sets requirements for licensure, establishes board policies, reviews investigative cases and takes disciplinary action where appropriate.

The Board keeps Oregonians safe by ensuring patients receive quality medical services from licensed individuals who meet rigorous standards aimed at preventing harm caused by the practice of medicine by unqualified persons. Ensuring only highly-qualified individuals are licensed to practice medicine also contributes towards better health care outcomes.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Medical Board is \$13.1 million Other Funds. This is a 13 percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes 41 positions (41.00 FTE), which is an increase of two positions from the 2015-17 LAB. The budget continues programs at the current level, including the licensing and registration of approximately 16,571 medical doctors and doctors of osteopathic medicine, 202 podiatric physicians, 1,668 physician assistants, and 1,482 licensed acupuncturists. Additionally, the budget adds one position to ensure the Board continues to receive high quality investigative information upon which it bases disciplinary decisions and one position to oversee the integration of the Interstate Medical Licensure Compact.

## REVENUE SUMMARY

The Oregon Medical Board is solely funded by Other Funds revenue. The Board receives approximately 98 percent of its revenue from fees for licensure and registration of the following groups: medical doctors, doctors of osteopathy, podiatrists, physician assistants and acupuncturists. Approximately two percent of the Board's revenue is derived from sales of lists, directories, or labels; from fees for license verification; and from fines or forfeitures imposed as disciplinary measures.

## Oregon State Board of Nursing

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	13,507,035	15,573,363	16,938,043
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$13,507,035</b>	<b>\$15,573,363</b>	<b>\$16,938,043</b>
Positions	48	48	49
Full-time Equivalent	47.80	47.80	48.90

### OVERVIEW

The Oregon State Board of Nursing safeguards the public's health and well-being by regulating the practice of nurses and nursing assistants. The Board sets standards for the nursing practice, guidelines for education programs, and minimum competency levels for entry into the professions it regulates. The Board also imposes discipline upon licensees who violate the Oregon Nurse Practice Act.

The Board consists of nine members appointed by the Governor, which includes: two public members, four Registered Nurses (RN), one Licensed Practical Nurse (LPN), one Certified Nursing Assistant (CNA) and one Nurse Practitioner. The four RN members represent the following areas of nursing practice: one nurse educator, one nurse administrator, and two direct-care non-supervisory nurses. The Board's program keeps Oregonians safe by helping to ensure patients receive quality health care services by setting high standards for license requirements. Highly qualified health care providers also contribute towards better health care outcomes.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon State Board of Nursing is \$16.9 million Other Funds. This is a nine percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes 49 positions (48.90 FTE), which represents a one position (1.10 FTE) increase from the 2015-17 LAB. The Governor's Budget funds Board operations at the current level and supports the licensing and registration of more than 62,000 registered and practical nurses and 4,500 advanced practice nurses.

## **REVENUE SUMMARY**

The Oregon State Board of Nursing is primarily supported by Other Funds revenue generated from examination, licensing and renewal application fees charged to Registered Nurses, Licensed Practical Nurse, Nurse Practitioners, Certified Registered Nurse Anesthetists, Clinical Nurse Specialists, Certified Nurse Assistants and Certified Medication Aides. Additional Other Funds revenue sources include the sale of documents, employer subscription fees and civil penalties.

# Oregon Board of Pharmacy

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	5,599,379	7,057,070	7,530,291
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$5,599,379</b>	<b>\$7,057,070</b>	<b>\$7,530,291</b>
Positions	19	20	20
Full-time Equivalent	19.00	20.00	20.00

## OVERVIEW

The Board of Pharmacy’s mission is to promote, preserve, and protect the public health, safety and welfare by establishing high standards in the practice of pharmacy and in the distribution of pharmaceutical drugs in Oregon. The Board licenses and disciplines its professionals, as well as regulates drug outlets and the distribution of drugs. The Board is made-up of five practicing pharmacists, two pharmacy technicians and two public members. The Board licenses and regulates county health clinics, manufacturers, wholesalers, pharmacies, pharmacists, pharmacist interns and technicians, controlled substances, and hospital drug rooms, in addition to a variety of other drug related occupations and facilities.

The Board protects Oregon consumers by regulating the practice of pharmacy and the commerce of drugs from manufacturer to the end user. Ensuring Oregon has an adequate and safe drug supply and only highly qualified persons engage in the practice of pharmacy also contributes towards better health care outcomes.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Board of Pharmacy is \$7.5 million Other Funds. This is a seven percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes 20 positions (20.00 FTE), which represents no change in positions from the 2015-17 LAB. The Governor's Budget supports new investments in a licensing software upgrade and an academic/regulatory fellowship.

## **REVENUE SUMMARY**

The Board of Pharmacy is primarily supported by Other Funds revenue generated from examination, licensing and renewal application fees charged to pharmacists, pharmacy technicians, pharmacy interns and various types of drug outlets. The Board also receives revenues from miscellaneous charges including delinquent license fees, charges for printing and mailing laws and rules, photo copying, civil penalties, re-inspection fees and interest income.

## Public Utility Commission

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	37,395,874	45,429,873	45,748,827
Federal Funds	2,345,176	726,238	721,958
Other Funds (Nonlimited)	80,665,904	66,279,866	56,290,822
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$120,406,954</b>	<b>\$112,435,977</b>	<b>\$102,761,607</b>
Positions	126	129	126
Full-time Equivalent	124.63	126.60	125.13

### OVERVIEW

The Public Utility Commission's (PUC) mission is to ensure Oregon utility customers have access to safe, reliable and high-quality utility services at just and reasonable rates. The Commission completes their mission through robust and thorough analysis and independent decision-making conducted in an open and fair process. The Commission regulates customer rates and services of investor-owned electric, natural gas and telephone utilities, as well as certain water companies, allowing regulated companies an opportunity to earn an adequate return on their investment. There are nearly 3.2 million customers of utilities regulated by the Commission. The Governor appoints three Commissioners (including the Commission Chair) to the Commission and the Commission is broken down into four programs:

- Utility Regulation - which has professional staff that analyzes all utility filings, builds factual records in contested case proceedings, investigates and recommends policy options, inspects utility facilities and undertakes many other activities needed for the Commission to carry out its mission and serve ratepayers.
- Residential Services Protection - which consists of four programs with operations aimed at ensuring accessible and affordable basic phone service for all Oregonians.
- Policy and Administration - which encompasses several divisions and sections for administration, hearings, consumer services and information systems.
- Board of Maritime Pilots - which is an independent board that is the licensing and administrative entity for state maritime pilots.

## GOVERNOR'S BUDGET

The Governor's Budget is \$102.8 million total funds. This is approximately a nine percent decrease from the 2015-17 Legislatively Approved Budget (LAB) primarily driven by lower pass through funds related to a decrease in the number of land lines registered in Oregon. It funds 126 positions, a net decrease of three positions from the 2015-17 LAB.

## REVENUE SUMMARY

The Commission is funded primarily by Other Funds from Utility Fees, the Residential Service Protection Fund (RSPF), the Oregon Universal Service Fund and the Public Purpose Charge. The Commission also receives Federal Funds from the United States Department of Transportation for the Natural Gas Pipeline Safety Program.

## AGENCY PROGRAMS

### Utility Regulation

The Utility Regulation program conducts research and analysis, as well as provides the Commission with technical support. It ensures private utilities provide safe, reliable, and high-quality service at reasonable rates and promotes effective competition in utility industries. The program is broken down into four units:

- Energy Rates, Finance and Audit Division
- Energy Resources and Planning Division
- Telecommunications and Water Division
- Utility Safety, Reliability, and Security Division

The program staff conduct many tasks such as reviewing financing and budgeting issues, conducting financial and general audits and monitoring utility safety practices. Total revenue collected by Oregon investor-owned utilities is approximate \$4 billion per year, and investor-owned electric utilities account for approximately 66 percent of electricity sold in the state and 74 percent of electric customers in Oregon. The Governor's Budget allows the program to maintain current operations level.

### Residential Service Protection

The Residential Service Protection Fund (RSPF) consists of four programs aimed at ensuring accessible and affordable basic phone service for all Oregonians. The programs provide assistance to:

- Low-income Oregonians who require assistance with paying for monthly phone service
- Oregonians with disabilities that need adaptive telecommunications equipment to communicate effectively on the phone
- Oregonians with medical hardships who must have phone access at all times

- Oregonians with hearing or speech disabilities with the ability to place or receive calls through specially trained relay operators

The Governor's Budget for this program reduces Other Funds to align the agency with current expenditure trends. In addition, the program will be able to expand the surcharge of seven cents for the Oregon Telecommunications Relay Service (OTRS) to those customers of Voice-over-Internet-Protocol (VoIP) with access to OTRS.

### **Policy and Administration**

The Policy and Administration Program encompasses the Office of the Chief Operating Officer, the Commission, Commission Services, Administrative Hearings, Central Services, Information Systems, Human Resources and RSPF for administrative purposes only. The Commission is an independent policy-making body that makes final determinations on utility rates and service matters and provides direction to the agency and regulated utilities. The Administrative Hearings Division (AHD) of the program consists of three members, including a Commission Chair, all of whom are appointed by the Governor. The Governor's Budget will give the program the opportunity to invest in a new filing and e-discovery system. The new system will allow the agency to provide an integrated, unified, and efficient solution for stakeholders to conduct business with the Commission.

### **Board of Maritime Pilots**

The Oregon Board of Maritime Pilots is an independent occupational licensing and regulatory agency for state maritime pilots. The Board's mission is to protect public health, safety, and welfare by ensuring that only the best-qualified persons are licensed to pilot vessels in Oregon's four pilot-required areas, including Yaquina Bay, Coos Bay, the Columbia River and the Willamette River. A maritime (or marine) pilot is a local navigational and ship-handling expert who directs the course and speed of vessels based upon knowledge of wind, weather, tides, currents, and local geography. Pilots are essential to Oregon's maritime commerce, directing the transit of vessels that call on the ports of Coos Bay, Yaquina Bay, Astoria, Kalama, Longview, Vancouver and Portland since 1846 or preceding statehood. The Board qualifies pilot applicants as well as selects pilot trainees and apprentices. The Board was transferred from the Oregon Department of Transportation (ODOT) to PUC by the 2007 Legislature to accommodate its rate setting abilities better. The Governor's Budget for this program allows the board to maintain their current level of service with a slight reduction to expenses to account for relatively flat revenues from the Board's fees.

Any maritime incident involving a pilot that occurs within Oregon's four pilot-required areas is investigated by the Board to determine its cause and the consequences. Since 2001, there has been an average of four maritime incidents per year. The vast majority of these incidents occurred on the Columbia and Willamette River.

# Oregon Real Estate Agency

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	6,587,706	7,159,101	7,844,653
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$6,587,706</b>	<b>\$7,159,101</b>	<b>\$7,844,653</b>
Positions	30	29	29
Full-time Equivalent	29.50	29.00	29.00

## OVERVIEW

The mission of the Oregon Real Estate Agency (OREA) is to provide quality protection for Oregon consumers of real estate, escrow and land development services, balanced with a professional environment conducive to a healthy real estate market. The agency is responsible for the licensing and continuing education; and the enforcement of Oregon's real estate laws applicable to brokers, property managers, and real estate firms. The agency also provides oversight for escrow agents, campground contract brokers, subdivisions, timeshares and condominium developments. The agency approves courses and develops curriculum requirements for its licensees, administers real estate examinations, audits licensees and investigates complaints made concerning its licensees and regulated activities.

The agency's activities encompass efforts to prevent financial losses among consumers and real estate purchasers. With the implementation of an electronic licensing system (eLicense), the agency has realigned its organizational structure and endeavored to prioritize compliance and oversight. Going forward, the agency intends to increase the number of audits of Clients' Trust Accounts from 100 per quarter to 150 per quarter and increase the percentage of brokers who have undergone a compliance review. Additionally, the agency is providing increased oversight in continuing education requirements through periodic audits.

## GOVERNOR'S BUDGET

The Governor's Budget is \$7.8 million total funds. This is approximately a ten percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget enables the Commission to continue existing levels of service and funds 29 positions so the Commission can continue to carry out its mission.

## REVENUE SUMMARY

The agency's revenues are exclusively Other Funds and principally derived from annual licensing and business registration fees. License (new and renewal), application and exam fees comprise upwards of 97 percent of all revenue collected by the agency. The remaining revenue is derived from charges for services, fines, and forfeitures—a portion of which is transferred to the General Fund. As a result of the 2008 economic recession, real estate licenses dropped by 30 percent and have recovered by approximately 15 percent or 21,000 individual licensees. New revenues from increased fees will allow the agency to sustain critical Services and Supplies, while building a modest operational contingency reserves.

## Oregon State Board of Licensed Social Workers

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,248,425	1,500,640	1,705,951
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,248,425</b>	<b>\$1,500,640</b>	<b>\$1,705,951</b>
Positions	6	6	6
Full-time Equivalent	6.00	6.00	6.00

### OVERVIEW

The mission of the Oregon State Board of Licensed Social Workers (BLSW) is to protect the citizens of Oregon by setting a strong standard of practice and ethics through the regulation of social workers. The Governor appoints the seven-member board that includes three Licensed Clinical Social Workers (LCSW), one member representing one of the other license categories and three public members. The Board sets policy, writes and adopts rules, renews licenses annually and audits continuing education as part of the renewal process. In 2016, the Board projected to license approximately 6,000 licensees.

The Board has the authority to discipline licensees and to deny, suspend, revoke or refuse to renew a certificate or license. Staff is responsible for issuing and renewing licenses, investigating complaints, and monitoring disciplined licensees. The Board keeps Oregonians safe by ensuring patients receive high quality services and appropriate treatment of dysfunctional behavior by setting high standards for license requirements. Highly qualified social workers contribute towards better outcomes in the mental health system.

### GOVERNOR'S BUDGET

The Governor's Budget for the Oregon State Board of Licensed Social Workers is \$1.7 million Other Funds. This is a 14 percent increase from the 2015-17 Legislatively Approved Budget (LAB). The budget includes six positions (6.00 FTE), which represents no change from the 2015-17 LAB. The budget supports an investment in an eLITE database software licensing program to allow the agency to process both new license applications and renewals online as well as accept online payments for both types of applications.

## **REVENUE SUMMARY**

The Board is funded solely by Other Funds, primarily from fees paid for professional licenses. During the 2017-19 biennium, the Board is anticipating to receive approximately 95 percent of its revenue from fees for licensure and the remaining revenues are from fines, forfeitures and sales income.

## State Board of Tax Practitioners

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,088,661	1,260,908	1,047,460
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,088,661</b>	<b>\$1,260,908</b>	<b>\$1,047,460</b>
Positions	4	4	3
Full-time Equivalent	4.00	4.00	2.50

### OVERVIEW

The Board of Tax Practitioners protects consumers by ensuring Oregon tax practitioners are competent and ethical in their professional activities. The Board provides licenses to people who have demonstrated competence, professionalism, and ethical standards established by the Board. The Board coordinates education for practitioners with the administration of competency exams to new applicants to ensure practitioners have a solid comprehension of the state and federal tax code before being issued a license. The Board monitors the continuing education requirements by reviewing and approving courses that will enhance the licensee's knowledge of tax law. Also, the Board provides compliance oversight by investigating complaints, potential violations of the laws and rules governing tax preparation.

### GOVERNOR'S BUDGET

The Governor's Budget is approximately \$1.0 million total funds. This is a 17 percent decrease from the 2015-17 Legislatively Approved Budget. The budget enables the Board to continue existing levels of service and funds three positions while reducing operations costs. Operations costs are reduced due to a decline in the licensee base, increased office efficiencies, and a new compliance database system to streamline compliance oversight. The Board anticipates a flat to minimal growth in licensure for the upcoming biennium.

The Board regulates approximately 3,600 individual licensees and 1,200 business licensees. The Board is empowered to investigate complaints alleging fraudulent, deceptive or dishonest tax preparation practices by licensees and unlicensed persons, and to take disciplinary action when appropriate. Compliance efforts also include education, mediation and legal proceedings. Close coordination with the Oregon Department of Revenue and Oregon Department of Justice has facilitated complaint investigations, identification of suspicious tax returns, joint legal actions under *the Unlawful Trade Practices Act* and increased consumer awareness. Consumer outreach activities include issuance of fraud

alerts online and in local media as well as the development of tax form booklets aimed at improving tax compliance within communities of interest.

## **REVENUE SUMMARY**

The Board of Tax Practitioner's is funded through Other Funds, which are mainly from annual licensing and business registration fees. The Boards' fees, application and exam fees comprise about 86 percent of all revenue for the agency. The remaining revenue is from civil penalties fines and forfeitures, and interest.



# ADMINISTRATION AGENCIES

## Administration Program Area Budget

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$198,238,602	\$240,387,035	\$240,313,094
Lottery Funds	15,481,181	20,850,147	25,766,705
Other Funds	1,291,390,755	1,477,414,585	1,491,680,745
Federal Funds	7,192,945	11,399,318	10,366,665
Other Funds (Nonlimited)	9,179,313,613	9,995,562,715	11,123,476,837
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$10,691,617,096</b>	<b>\$11,745,613,800</b>	<b>\$12,891,604,046</b>
Positions	2,921	3,056	3,056
Full-time Equivalent	2,827.72	2,949.40	2,948.83

### OVERVIEW

The Administration Program Area includes statewide elected officials, commissions, and state agencies. The program area provides policy direction and core services throughout state government, including:

- Guiding state operations and ensuring accountability of public officials and state agencies.
- Providing central support services for various state agencies.
- Managing elections and tax collections activities.
- Regulating the sale and distribution of alcoholic beverages and marijuana.
- Working to increase diversity and eliminate barriers to equity in governance.
- Managing the state's financial investments.

### GOVERNOR'S BUDGET AND KEY INVESTMENTS

The 2017-19 Governor's Budget for the Administration Program Area agencies is \$12,891.6 million total funds, which represents a 9.7 percent increase from the 2015-17 Legislatively Approved Budget. The majority of the budget reflects Non-limited Other Funds expenditures, which typically cannot be avoided, stopped, or reduced by agency action – for example, employee retirement benefits. The remaining expenditures are limited and total \$1,768.1 million, which represents a 10 percent increase over the 2015-17 Legislatively Approved Budget. These expenditures are primarily Other Funds (84 percent) supported by assessment and fee revenue.

The following are key highlights in how the Governor's Budget invests in administrative improvements and efficiencies:

- *Oregon Department of Revenue.* The budget supports the continuation of the Core Systems Replacement project and will give the agency the opportunity to enhance its operations and its core technology. The project improves business operations and paves the way for modernized business processes.
- *Oregon Advocacy Commission Office (OACO).* Investments in the agency will strengthen the OACO's ability to encompass opportunities for inter-agency collaboration, answer the call for equity-focused policy research, improve legislative advocacy, and address the challenges of a dynamic media landscape. Joint policy research among the state's four Advocacy Commissions with key state partners helps identify and focus on strategic priorities to address some of Oregon's statewide challenges for communities of color and women.
- *Transparency.* Within the Oregon Department of Administrative Services and Oregon Government Ethics Commission, the budget will create opportunities for implementation of new systems and business processes. The budget also invests in a Public Records Advocate and Advisory Council aimed at improving matters relating to public records requests and best practices. The budget seeks to enhance accountability and transparency statewide with key legislation, staffing, and resources.

## Department of Administrative Services

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$11,901,158	\$16,073,778	\$10,690,991
Lottery Funds	12,448,190	16,641,096	21,956,472
Other Funds	900,683,866	914,137,817	900,400,564
Federal Funds	0	0	0
Other Funds (Nonlimited)	151,359,848	272,104,653	129,493,838
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,076,393,062</b>	<b>\$1,218,957,344</b>	<b>\$1,062,541,865</b>
Positions	822	841	895
Full-time Equivalent	802.94	826.40	890.75

### OVERVIEW

The Department of Administrative Services (DAS) is the central administrative agency of Oregon state government. DAS provides management oversight and technical and administrative support to state government. The agency is the state's enterprise provider of accounting, finance, budgeting, purchasing, human resources, information technology, facilities, fleet and publishing and distribution services. DAS also provides leadership and policy direction statewide for agencies who provide their own services in these domains. Enterprise customers oversee DAS' rate methodology, rate development and performance through Customer Utility Boards (CUBs). The CUBs give enterprise customers a voice regarding the cost, type, quality and quantity of services delivered and provide a forum for information sharing between state agencies and DAS.

DAS leads the pursuit of excellence in state government by maintaining effective processes, providing accurate information to make state government accountable by creating and maintaining a consistent management framework and holding agencies responsible, and by delivering support services provided most efficiently from a central government agency.

The DAS budget houses the Economic Development Fund, the Education Stability Fund, the Parks and Natural Resources Fund and the Oregon Education Fund. Lottery proceeds flow through these funds to state agencies. In addition, DAS manages the collection and distribution of tobacco settlement funds, and oversees outstanding appropriation and pension bonds.

DAS distributes funds to mass transit districts. State agencies pay these funds instead of payroll or transit taxes under ORS 291.407. DAS also distributes a variety of funds, including Federal Funds, to Oregon cities and counties. Other distributions to cities and counties include portions of Oregon Liquor Control Commission revenues, cigarette taxes, amusement device taxes and video poker receipts.

## GOVERNOR'S BUDGET

The Governor's Budget for DAS is \$1,062.5 million total funds. This is a 13 percent reduction from the 2015-17 Legislatively Approved Budget, which is due to reductions to DAS services to meet lower available General Fund and Lottery Funds revenues, and due to less capital finance activity planned in the Department's budget. Funding has been added to acquire a new statewide Human Resource Information System and to increase staff in certain areas to enhance the Department's ability to respond to increased workload associated with customer demand for services.

The Department will distribute \$141.4 million Other Funds from the Tobacco Settlement Funds Account. The bulk of those funds will be transferred to the Oregon Health Authority to help fund the Oregon Health Plan in addition to paying the debt service on the outstanding Oregon Opportunity bonds that were issued on behalf of the Oregon Health and Science University.

The budget also includes debt service payments on outstanding Article XI-Q pension obligation bonds. Funding for the payments is provided by state agencies. The budget includes Lottery Funds distributions to county fairs from the County Fair Account, and continues lottery debt service on outstanding bonds for Oregon Public Broadcasting and Southern Oregon Public Broadcasting.

## REVENUE SUMMARY

The Department is financed primarily through two sources of Other Funds: assessments on state agencies and fees for services charged to state agencies for program usage. Agency assessments rely on several variables for statewide services that cannot reasonably be attributed to individual cost items. The source of Other Funds received by DAS from assessed agencies is a combination of General Fund, Other Funds and Federal Funds.

General Fund supports a portion of corrections population forecasting activities in the Office of Economic Analysis. In addition to revenues used to fund DAS operations, the agency serves as a pass-through for certain statewide revenues. DAS receives the quarterly transfer from the Oregon Lottery and makes constitutional and legislative distributions to state agencies and local governments. DAS receives and transfers a variety of other payments on behalf of other entities. Finally, DAS also tracks and distributes tobacco settlement money received from the Tobacco Master Settlement Agreement.

## AGENCY PROGRAMS

### Office of the Chief Operating Officer

The Office of the Chief Operating Officer (COO) leads the Department of Administrative Services and provides statewide operations and policy leadership. The COO coordinates work teams and initiatives across jurisdictional and agency boundaries with a goal of achieving transformative, long-term change and developing an agile organization that can meet current and future challenges. The Office of Economic Analysis, which is run by the State Economist, also resides in this office.

The COO plays a crucial role in developing statewide solutions and providing policy leadership. The COO brings together state agencies to develop long-term strategic policies, statewide initiatives, performance management, communication and budget processes through the convening of the Enterprise Leadership Team. This shared leadership model creates a mechanism for governance and management of state government as an enterprise.

The Governor's Budget for this program is \$21.7 million total funds, including \$0.9 million General Fund and \$20.7 million Other Funds. This is a six percent increase from the 2015-17 Legislatively Approved Budget. The division has 62 positions. The Governor's Budget invests in two Public Records Advocate positions to address the growing demand in public records requests and seeks to increase transparency in state government.

### **Chief Financial Office**

The Chief Financial Office (CFO) provides direct oversight of agency fiscal performance and is an integral part of assisting the Governor and the Chief Operating Officer in managing state government. CFO oversees the state's biennial budget process, oversees the preparation of the state's annual financial statements and the overall accounting policies of the state, and works with the State Treasurer to administer the state's debt financing and capital planning. Through the work of these sections, CFO provides oversight and guidance to state agencies, helping to ensure agency compliance with the law and the Governor's policy goals.

The Governor's Budget for this program is \$13.9 million Other Funds. This is a sixteen percent decrease from the 2015-17 Legislatively Approved Budget. The division has 42 positions. The budget reduces various operational costs and assessments. The budget provides funding to work with agencies to develop a long range capital and facility management plan.

### **Office of the State Chief Information Officer**

The Office of the State Chief Information Office (OSCIO) provides enterprise policy leadership, planning and oversight to state government in enterprise information resource management. The OSCIO was established as a result of House Bill 3099, during the 2015 Legislative Session. OSCIO sets statewide IT policy and implements the state's IT governance framework for new projects, providing project planning, quality assurance, vendor management, and oversight through the Stage Gate process. Working with various state agencies and the Enterprise Leadership Team (ELT), the CIO reviews and assesses information technology initiatives that have the potential for generating significant program related operating efficiencies or cost reductions on a statewide basis.

The OSCIO is responsible for providing information security services for the enterprise in accordance with Executive Order 16-13 in September 2016, which will centralize information security functions, technology, and optimize information security.

The Governor's Budget for this program is \$66.2 million Other Funds. This is a 30 percent increase from the 2015-17 Legislatively Approved Budget. The division has 105 positions. The Governor's Budget enhances the operations of this program with the transfer of 36 positions and related expenses from other state agencies in regards to Executive Order 16-13.

## **Oregon State Chief Information Officer (OSCIO) – State Data Center**

The Enterprise Technology Services transitioned to Office of the State Chief Information Officer - State Data Center (SDC) in the 2015-17 biennium. The SDC is the leading supplier and expert in managed computing technology for Oregon state government. These services offer flexibility and choices aimed at meeting the varying needs and sizes of government customers. The SDC focuses on maximizing the value of state technology investments so the business of government runs efficiently, securely, and reliably.

The Governor's Budget for this program is \$146.9 million Other Funds. This is an eight percent reduction from the 2015-17 Legislatively Approved Budget. The division has 156 positions.

## **Chief Human Resource Office**

The Chief Human Resources Office (CHRO) provides the enterprise-wide policy leadership necessary to maintain a reliable and qualified workforce for the state of Oregon. The Office's centralized policy functions enable executive branch agencies to share resources and expertise with which to manage their human resource assets and capital in a cost-effective way.

The Chief Human Resources Office and Enterprise Human Resource program combined operationally under the state's Chief Human Resources Office, but maintain separate funding and budgeting.

The Governor's Budget for this program is \$33.0 million Other Funds. This is a 199 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes funding for a new Human Resource Information System which will improve human resource and budget decision making, provide consistent human resource data, create efficiencies through streamlined processes and electronic document storage, reduce or eliminate a large number of redundant systems, and improve the state's ability to maintain system compliance with regulations and related statutes. The budget also reflects a reorganization between CHRO and Enterprise Human Resource Services. The division has 73 positions.

## **Enterprise Human Resource Services**

Enterprise Human Resource Services (EHRS) under the leadership of the CHRO provides human resource services and data systems to agencies to attract, select, and maintain a reliable and qualified workforce for the state enterprise. The program promotes effective and efficient use of the workforce and reduces employment litigation risk while ensuring accountability to workplace conduct and performance standards.

Enterprise Human Resource Services maintains the human resource database that contains personnel and position information for approximately 37,000 employees and over 41,000 positions in all three branches of state government, and historical employment records for state government going back over 50 years. EHRS also administers the iLearnOregon online learning management system and the eRecruit automated state employment recruitment system.

The Governor's Budget for this program is \$2.2 million Other Funds. This is a 70 percent decrease from the 2015-17 Legislatively Approved Budget. The division has seven positions. A majority of the funding decrease is due to an internal reorganization of many programs between EHRS and CHRO to reflect new reporting relationships and the combined leadership of both

programs. This funding level supports human resource management functions for 17 small agencies plus DAS, serving nearly 1,200 employees.

### **Enterprise Asset Management**

Enterprise Asset Management is comprised of the Facilities Services program, the Statewide Fleet Administration and Parking Services program, and the Oregon Surplus Property program. The core focus of these programs is property management, both real and personal, for the benefit and optimal use of state government enterprise-wide to support agencies space, travel, and operational needs. Enterprise Asset Management is responsible for cost-effective, quality, and efficient asset life-cycle management, acquisition, operation, maintenance, and disposal. These are value-added services that allow state agencies and some local governments to focus on their primary missions.

Enterprise Asset Management operates and maintains 43 DAS-owned buildings and services nine other state-owned buildings with over three million square feet throughout Oregon. These facilities include general government offices, forensic crime and health labs, computer data centers, printing operations, and the Executive Residence. The program maintains a portfolio of 650 private sector leases covering 4.6 million square feet of office, storage, special use facilities, and 300 DAS-controlled state leases covering 2.4 million square feet of office and storage space. The program owns and operates 4,200 vehicles used by 112 state agencies and local government customers. The program also manages 4,600 parking spaces located in Salem, Portland, and Eugene.

The Governor's Budget for this program is \$93.8 million total funds, which is a seven percent decrease from the 2015-17 Legislatively Approved Budget. The budget was reduced to reflect lower available revenues to support EAM services. The division has 197 positions. The budget provides funding to support program operations while reducing various services and supplies in order to maintain a balanced budget.

### **Enterprise Goods and Services**

Enterprise Goods and Services supports its customers by providing services in publishing and distribution, risk management, procurement services, shared financial services, and financial business systems. The division focuses on providing assistance through responsive customer service, operational efficiency, flexible delivery, and continuous performance improvement.

The Governor's Budget for this program is \$195.5 million total funds, including \$90.7 million Other Funds and \$104.8 million Other Funds Nonlimited. This is approximately a one percent increase from the 2015-17 Legislatively Approved Budget. The division has 240 positions. The budget provides funding to maintain current levels of service as well as funding for a continuation of a program to better manage the IT procurement process.

### **Business Services**

Business Services provides budget, business continuity, performance management, and data analysis services for the agency. This program is also responsible for DAS' records management, information security, and administrative rules programs. It coordinates rate development; calculates rates, fees, and assessments; performs financial analysis for DAS divisions; develops

the statewide price list of goods and services; and prepares and monitors the Department of Administrative Services biennial budget.

The Governor's Budget for this program is \$12.6 million Other Funds. This is approximately a 73 percent increase from the 2015-17 Legislatively Approved Budget. The increase reflects the centralization of DAS' state government service charges within the division. The division has 13 positions.

### **Capital Improvements**

The Capital Improvements program is responsible for remodeling and renovation projects that cost less than \$1.0 million for DAS owned property. The purpose of the program is to maintain health and safety standards both inside and outside of the buildings, keep buildings in compliance with new building code and ordinance requirements, maintain Capitol Mall buildings and grounds, adjust or modify existing mechanical and electrical programs to minimize energy consumption, upgrade building grounds, evaluate and conserve maximum efficiency and use of state owned buildings, and adapt buildings to required occupancy changes.

The Governor's Budget for this program is \$4.6 million Other Funds; no positions are budgeted in this division.

### **Capital Construction**

The DAS Capital Construction program manages the acquisition or construction of any structure or group of structures, all land acquisitions, assessments, improvements or additions to an existing structure which is to be completed within a six-year period with an aggregated cost of one million or more, as well as planning for proposed future Capital Construction projects.

The Governor's Budget for this program is \$9.3 million Other Funds, and provides support for planning for a seismically resilient structure to protect critical state government operations in the event of an earthquake.

### **Miscellaneous Distribution**

In accordance with legislative directives, DAS receives and distributes certain federal, lottery, and state moneys to state agencies and local governments. The Governor's Budget for this program is \$24.7 million Other Funds Nonlimited for payment of mass transit assessments.

### **DAS Debt Services**

This program includes debt service payments that are specific to DAS. Payments are for Certificates of Participation, State Energy Loan Programs, and Article XI-Q Bonds. The Governor's Budget for this program is \$15.4 million total funds.

### **Bonds**

The Bonds program includes payments of specific amounts as directed by law. Payments are made on Article XI-Q Bonds and Oregon Appropriation Bonds. The Governor's Budget for this program is \$390.9 million Other Funds.

### **Special Governmental Payments**

This program includes payments of specific amounts from the General Fund and from other sources as directed by law. Payments include debt service payments for Southern Oregon Public Television, Oregon Historical Society, Mill Creek, and Go! Oregon. There is also \$3.4 million Lottery Funds to support county fair programs across the state.

The Governor's Budget for this program is \$31.7 million total funds, including \$9.8 million General Fund and \$22.0 million Lottery Funds.

## Advocacy Commissions Office, Oregon

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$424,918	\$626,557	\$852,490
Lottery Funds	0	0	0
Other Funds	3,342	42,189	20,000
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$428,260</b>	<b>\$668,746</b>	<b>\$872,490</b>
Positions	2	3	3
Full-time Equivalent	2.00	2.50	3.00

### OVERVIEW

The mission of the Oregon Advocacy Commissions Office (OACO) is to promote equity, leadership and public policy. The OACO accomplishes their mission by providing administrative support to the Oregon Commissions on Asian and Pacific Islander Affairs (OCAPIA), Black Affairs (OCBA), Hispanic Affairs (OCHA), and the Oregon Commission for Women (OCFW). The four Commissions function independently and statute charges the Commissions with monitoring the impact of legislation and state programs on their respective constituencies and with working to establish economic, social, legal, and political equality in Oregon.

### GOVERNOR'S BUDGET

The Governor's Budget is approximately \$0.9 million total funds. This is approximately a 30 percent increase from the 2015-17 Legislatively Approved Budget. It funds three positions and increases one position to permanent full-time status. The Governor's Budget investment in the OACO will support the agency's ability to sustain the increasingly active Commissions, embrace opportunities for inter-agency collaboration, meet the demand for equity-focused policy research, improve legislative advocacy and address the challenges of a changing media landscape. In addition, the investment in staffing will allow the Advocacy Commissions to research complex equity related data and complete strategic projects with research interns, national best practices, and work with key partners.

## REVENUE

OACO's core operations are funded with General Fund. While OACO and the four Commissions also benefit from donation funds, these represent a small fraction of OACO's overall budget—typically less than five percent. Donation funds received are dedicated by statute to the Commission to which the donation was made and must be expended in accordance with the conditions and purposes of the donation.

# Employment Relations Board

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$2,031,615	\$2,460,956	\$2,768,739
Lottery Funds	0	0	0
Other Funds	1,955,487	2,066,561	2,268,301
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$3,987,102</b>	<b>\$4,527,517</b>	<b>\$5,037,040</b>
Positions	13	13	13
Full-time Equivalent	13.00	13.00	13.00

## OVERVIEW

The Employment Relations Board resolves disputes concerning employment relations for an estimated 3,000 different employers and 250,000 employees in public and private employment within the state. The Board is a three-member panel appointed by the Governor and approved by the Senate. The agency performs the following four primary functions within its programs:

- Administers the collective bargaining law that covers public employers and employees of the State of Oregon and its cities, counties, school districts, fire and other local governments.
- Assists public employers and employees in resolving labor disputes through mediation, interest-based bargaining and problem-solving training and facilitation.
- Hears and decides appeals from state employees concerning personnel actions.
- Administers the collective bargaining law concerning private employers who are not covered by the National Labor Relations Act.

The Employment Relations Board participates in the process of redefining state government's relationships with the people, local governments and institutions with which it partners by promoting workplace stability and reducing workplace disputes that may disrupt public services.

## GOVERNOR'S BUDGET

The Governor's Budget for the Employment Relations Board is \$5.0 million total funds, an 11 percent increase from the 2015-17 Legislatively Approved Budget. The budget supports continuing 13 positions.

The Board will launch its internal case management system and develop its web-based electronic filings (e-filing) system during the 2017-19 biennium. This new system will allow the agency to streamline its

administrative support duties, while allowing complaints, exhibits and other pertinent case materials to be filed online, viewed internally and externally, throughout the process, by staff and other parties.

## REVENUE SUMMARY

The agency is funded by General Fund and Other Funds. The agency receives Other Funds by charging fees to resolve disputes and support labor relations functions conducted on behalf of local government. State government-related activities are supported by Other Funds through an assessment to state agencies.

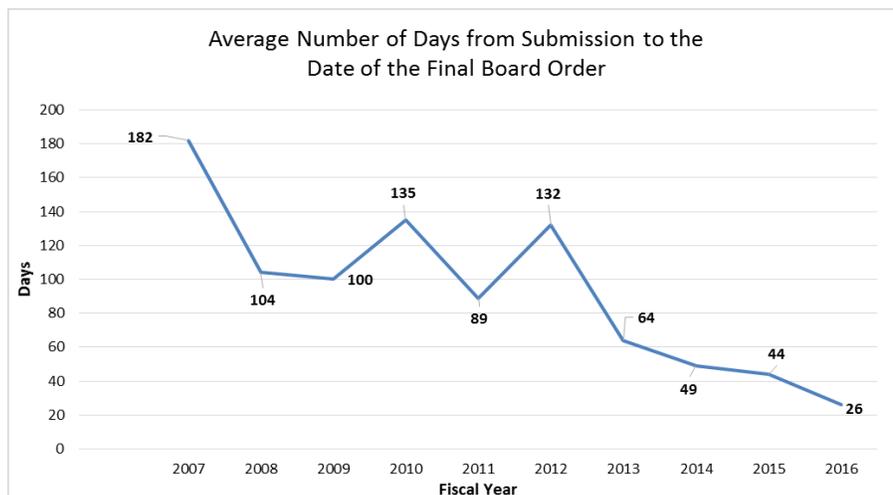
Approximately 40 percent of the agency’s budget is funded through the state assessment. The agency’s mediation functions and contested cases are funded by fees from local government. General Fund is used to balance the costs. The budget supports the restructure of mediation, arbitrator application and renewals fees.

## AGENCY PROGRAMS

### Administration

The three-member Board issues final agency orders in declaratory rulings, contested case adjudications of unfair labor practice complaints, representation matters, appeals from state personnel actions and related matters. The Board administers state labor laws covering private sector employees exempt from the National Labor Relations Act. The board chair is the agency administrator.

Since 2012, the composition of the Board has changed and new board members have addressed time limit issues for issuance of recommendation and final orders. In past years, the average time from submission to the date of final board order had been 182 days. In the past three years, the Board averaged 40 days to give final orders. This represents a 22 percent reduction in average processing time.

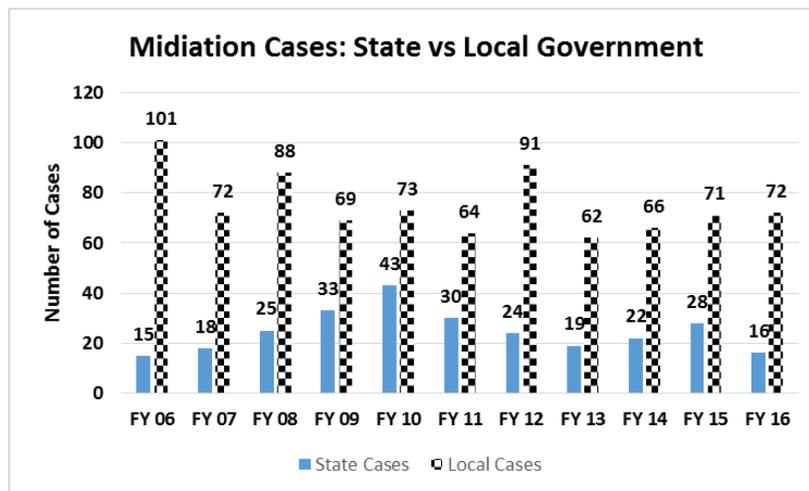


The Governor’s Budget for this program is \$2.6 million total funds; \$1.4 million General Fund and \$1.2 million Other Funds. The division has five positions.

## Conciliation Services Office (Mediation)

The Conciliation Service Office provides mediation and conciliation services to resolve the following:

- collective bargaining disputes
- contract grievances
- unfair labor practices
- state personnel relations law appeals
- 



Challenges faced by mediators in achieving settlements revolve around difficult economic situations within the state. The division provides training in the following areas:

- methods of alternative dispute resolution
- interest-based collective bargaining (IBB)
- labor management cooperation
- problem-solving techniques
- other similar programs designed for the specific needs of the parties
- During Fiscal Years 2015 and 2016, agency staff provided training and ongoing facilitation to nine strike permitted groups and one strike prohibited group. All nine strike permitted groups reached resolution using IBB or a facilitated IBB process.

These training programs contribute to streamlining services to foster collaboration; improve government engagement, transparency and accountability; and utilize and accelerate best practice and partnerships where possible.

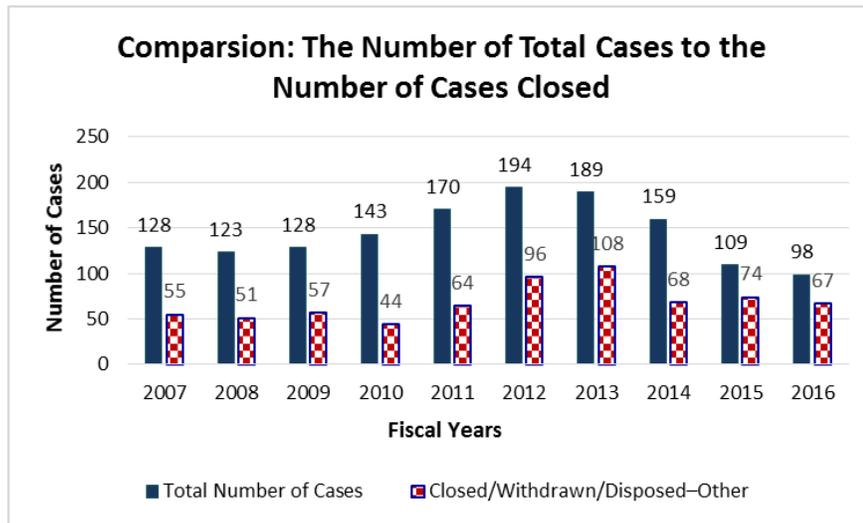
The Governor's Budget for this program is \$1.1 million total funds; \$0.6 million General Fund and \$0.5 million Other Funds. The division has four positions.

## Hearings

Administrative Law Judges conduct contested case hearings on the following:

- unfair labor practice complaints filed by state and local government labor/management representatives
- all state personnel appeals
- representation matters referred by the elections coordinator that require a hearing

After a contested case hearing, the Administrative Law Judge issues recommended orders that parties can appeal to the Board. Cases such as complaints involving back pay obligations are expedited as needed.



When possible, the division works with opposing parties to reach a mutually agreeable settlement without a hearing, refers cases to the agency's Conciliation Service Office for mediation and expedites cases as needed. The delivery of these services to Oregonians improves government engagement, transparency and accountability.

The Governor's Budget for this program is \$1.3 million total funds; \$0.7 million General Fund and \$0.6 million Other Funds. The division has four positions.

# Oregon Government Ethics Commission

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	1,989,415	2,789,379	2,715,584
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,989,415</b>	<b>\$2,789,379</b>	<b>\$2,715,584</b>
Positions	8	9	9
Full-time Equivalent	7.88	8.88	9.00

## OVERVIEW

The mission of the Government Ethics Commission is to impartially and efficiently administer and enforce Oregon’s government ethics laws for the benefit of Oregonians. The Commission is empowered to investigate claims involving the use of public office for financial gain, failure to declare conflicts of interest, violation of rules governing executive session and receipt of gifts over allowable limits. Rather than trying to prohibit the inevitable conflicts of interest that emerge within the context of citizen representation, Oregon’s ethics laws often seek to provide increased transparency and voter accountability.

The Commission is responsible for:

- Conducting investigations into alleged violations of Oregon Ethics laws
- Interpreting and applying Oregon Ethics law within adjudicatory proceedings
- Providing education and training on Oregon Ethics law to public officials, public bodies, and lobbyists
- Managing mandatory filings, such as Statements of Economic Interests (SEIs)

## GOVERNOR’S BUDGET

The Governor’s Budget is \$2.7 million total funds. This is approximately a three percent decrease from the 2015-17 Legislatively Approved Budget, which is driven by phasing out one-time costs that had been included in the 2015-17 biennium. There are an estimated 200,000 public officials under the Commission’s jurisdiction, the vast majority serving at the local government level. Increasing reliance on staff advice, increased complaints, and continuing uncertainty regarding the conduct of executive sessions have contributed to the Commission’s workload. The agency has implemented a new Electronic Filing System and is developing a new Case Management System for 2017. The Governor’s Budget allows the agency to implement the new systems to improve workload, increase efficiency, and increase

government transparency for the people of Oregon due to the growing caseload and demand for government transparency.

## **REVENUE SUMMARY**

The Commission was historically funded almost entirely by General Fund. With the passage of Senate Bill 10 (2007) and beginning in the 2009-11 biennium, the agency's funding transitioned to an Other Funds assessment model. Its operating costs are equally shared between state agencies and local government entities, comprising approximately 1,700 jurisdictions. State agencies are assessed based upon their number of full-time equivalent positions. Consequently, a portion of the assessment revenue originates as General Fund. The agency sends out assessment bills to state agencies and local government entities annually.

# Office of the Governor

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$11,189,877	\$12,773,672	\$13,185,013
Lottery Funds	3,032,991	4,209,051	3,810,233
Other Funds	2,326,520	3,249,297	3,438,138
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$16,549,388</b>	<b>\$20,232,020</b>	<b>\$20,433,384</b>
Positions	56	63	58
Full-time Equivalent	55.50	61.67	57.50

## OVERVIEW

The Governor is vested with the executive power of the state and charged with faithful execution of the laws. She provides Executive Branch agencies with leadership and direction – ensuring responsiveness to the needs of Oregonians, efficient and effective management and statutory compliance. Her appointment power extends to most agency heads within the Executive Branch, and includes the membership of various boards, commissions, committees and task forces. As the superintendent of public education, the Governor works to ensure that Oregonians are equipped with the knowledge and skills for rewarding careers. The Governor also reviews all legislative enactments and proposes a statewide budget to the Legislative Assembly. She is supported by the Office of the Governor.

Policy advisors and policy staff within the Office of the Governor work within the following programs:

- Diversity, Equity and Inclusion/Affirmative Action
- Economic and Business Equity
- Energy
- Housing and Human Services
- Marijuana
- Public Safety
- State Resilience Officer
- Veterans
- Education
- Health Care
- Jobs and Economy
- Natural Resources
- Regional Solutions
- Transportation
- Workforce and Labor

In addition to policy development, the Office of the Governor coordinates federal affairs for state agencies, directs and monitors affirmative action efforts within state agencies, staffs the Arrest and Return program and maintains a Citizen Representative Office – ensuring Oregonians receive assistance in resolving outstanding issues with state agencies. The Administration also includes a Chief of Staff, Legislative Director, Legal Counsel, Communications Office and Office of Executive Appointments.

## **GOVERNOR'S BUDGET**

The Governor's budget includes \$13.2 million General Fund, \$3.8 million Lottery Funds and \$3.4 million Other Funds, for a total funds budget of \$20.4 million. This is a one percent increase from the 2015-17 Legislatively Approved Budget. The budget funds 58 positions, a net decrease of five positions from the previous biennium.

## **REVENUE SUMMARY**

The Office of the Governor relies on a combination of General Fund, Other Funds and Lottery Funds. General Fund is the primary funding source for the Office. Lottery Funds are the funding source for the Regional Solutions program. Other Funds includes revenue transfers from other agencies. These transfers finance the Diversity, Equity and Inclusion programs. The Diversity and Inclusion program is funded from the transfer from the Department of Administrative Services, Chief Human Resources Office assessment. The Business Equity program is funded from assessments on agencies that have capital construction funded in their budgets and also receives funds from sponsoring conferences.

# Oregon Liquor Control Commission

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	151,299,015	181,706,250	202,793,906
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$151,299,015</b>	<b>\$181,706,250</b>	<b>\$202,793,906</b>
Positions	234	268	266
Full-time Equivalent	226.47	255.33	264.00

## OVERVIEW

The Oregon Liquor Control Commission (OLCC) administers Oregon’s Liquor Control Act and Cannabis Regulation. It promotes the public interest through the responsible sale and service of alcoholic beverages and recreational marijuana products. Functionally, the OLCC manages the business of making packaged distilled spirits and recreational marijuana products available to adults over the age of 21.

Oregon is one of 17 control states (besides Maryland where control varies by county) where the state maintains the exclusive right to sell packaged distilled spirits. The OLCC contracts with private agents to operate retail liquor stores, licenses private businesses, such as grocery stores, to sell packaged beer and wine, and licenses restaurants, bars and taverns to sell alcohol by the glass. OLCC ensures that only qualified people and businesses are licensed to sell and serve alcoholic beverages. Additionally, to control underage drinking and alcohol problems, the Commission conducts liquor law enforcement, outreach education, publicity and communications.

In November 2014, Oregon voters approved Ballot Measure 91 legalizing the sale and use of recreational marijuana in Oregon. The Commission is tasked with regulating the manufacturing, distribution and sale of recreational marijuana products to ensure public safety and consumer protection. Particular focus has been placed on efforts to prevent the sale of recreational marijuana products to minors and to help ensure there is no diversion of recreational marijuana outside of the regulated market.

In addition to regulating Oregon’s liquor and cannabis industries, the OLCC is also charged with overseeing Oregon’s bottle bill. The agency recently announced the redemption value on containers will increase from five cents to 10-cents beginning on April 1, 2017, as is required by statute when the redemption of containers falls below 80 percent.

## GOVERNOR'S BUDGET

The Governor's Budget for the Oregon Liquor Control Commission is \$202.8 million total funds. This is a 12 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 266 positions. The Governor's Budget will support the following agency programs:

- Distilled Spirits – Purchases, warehouses and distributes bottled distilled spirits in Oregon.
- Public Safety Services – Regulates the manufacture, distribution and sale of alcoholic beverages and provides management of personnel who oversee the production, processing, and sale of recreational marijuana while encouraging the development of Oregon's economy.
- Administration and Support – Provides policy, management, financial, information technology and communication services to the agency.
- Marijuana Regulation – Regulates the manufacture, distribution and sale of recreational marijuana products to ensure public safety and consumer protection while encouraging the economic development of the industry.
- Store Operating Expense – Contains the funding to pay Oregon's independent liquor agents who operate liquor stores for the state.
- Capital Improvement – Provides preventative maintenance, repairs and upgrades to OLCC-owned buildings and grounds.

In April 2016, the Commission took its first step to meet population growth and customer convenience needs by approving 14 new liquor locations in the Portland Metro area. The OLCC recently began phase 2 of the expansion efforts and began accepting applications aimed at adding 10 new retail liquor locations in Benton, Lane and Linn counties. It is anticipated that phase 2 will be completed by the end of 2016 and the Commission will continue expansion efforts in other areas of the state throughout the 2017-19 biennium. As a result of expansion efforts, the total number of liquor outlets is expected to grow from 248 (prior to expansion) up to 310 by the end of the 2019. The Governor's Budget includes funding to support this expansion effort.

## REVENUE SUMMARY

### Alcohol Related Revenues

The OLCC receives revenues from multiple sources; the three major contributors are the sale of distilled spirits, privilege taxes on malt beverages and wines, and licensing fees. After subtracting the cost of distilled spirits, freight, a reserve for encumbrances and the agency's operating expenditures, surplus proceeds from sales, taxes, fees and fines are allocated as follows:

Privilege taxes on beer and wine sales: Two cents per gallon of wine tax is distributed to the Oregon Wine Board; the balance is allocated 50 percent to fund Oregon Health Authority addiction and mental health programs, 28 percent to the General Fund, 10 percent to cities based on population, five percent to counties based on population, and seven percent to cities based on a revenue sharing distribution formula.

Revenues from liquor sales, license fees, civil penalties and fines, and miscellaneous revenues are allocated 56 percent to the General Fund, 20 percent to cities based on population, 10 percent to counties based on population, and 14 percent to cities based on a revenue sharing distribution formula.

As a result of expansion efforts, it is anticipated that revenues from the sale of distilled spirits in Oregon increase by three percent during the 2017-19 biennium. The Governor's Budget also includes an increase to alcohol licensing fees while maintaining the current fee for service permits.

On August 19, 2016, the Commission voted to extend its \$0.50 surcharge on distilled spirits through June 30, 2019. Based on the current OLCC forecast, this surcharge is expected to generate an additional \$36.5 million in revenue during the 2017-19 biennium, which amounts to a net of \$32.8 million after adjustments for cost incurred on OLCC. Furthermore, Senate Bill 501 (2015) amended the statutory language related to the distribution of liquor revenue (ORS 471.810) to direct any revenue from Commission imposed per bottle surcharges to the General Fund.

The Governor's Budget proposes to increase the current surcharge on distilled spirits from \$0.50 per bottle to \$1.00 per bottle beginning July 1, 2017 and extending through June 30, 2019.

### **Marijuana Related Revenues**

OLCC's Marijuana Program is funded solely from marijuana application and license/permit fees and fines. Revenues support the marijuana program as well as the program's proportional share of agency-wide shared management, support staff, and expenses. While recreational marijuana tax proceeds were authorized to fund any OLCC marijuana related budget shortfall during the 2015-17 biennium, the program must be fully funded by license and application fees beginning in the 2017-19 biennium.

## **AGENCY PROGRAMS**

### **Distilled Spirits**

The Distilled Spirits program operates a Milwaukie Distribution Center that safeguards \$40 million worth of vendor-owned spirits inventory. The program centrally purchases, warehouses and distributes bottled distilled spirits liquor stores, making more than 2,000 distilled spirit items available through the state at a uniform pricing. As designed by the Oregon Liquor Control Act, the state controlled system generates significant revenue but avoids practices that would promote excessive consumption. The Distilled Spirits program plays a linchpin role in the alcoholic beverage industry by providing jobs through the entire supply chain. The program also boosts the general level of distilled spirits production and related employment in Oregon by providing shelf space to Oregon distillers that otherwise may have difficulty gaining a market presence.

The Governor's Budget for the Distilled Spirits program is \$25.9 million Other Funds. This is a four percent decrease from the 2015-17 Legislatively Approved Budget. The program operates with 68 positions. Reductions in the Distilled Spirits program are primarily related to phase-out of one-time costs in the prior biennium to upgrade the Conveyor system at OLCC's distribution center and increase shipping capacity. The budget also provides additional resources to support retail expansion efforts.

## **Public Safety Services**

The Public Safety program regulates the manufacturing, distribution and sale of alcoholic beverages while encouraging the development of Oregon's economy. The program focuses on ensuring the legal sale and service of alcohol to responsible adults and minimizing alcohol-related risks to society. The program supports healthy businesses and employment for tens of thousands of people in Oregon's hospitality and alcoholic beverage industries. During the 2017-19 biennium, the program will provide oversight of more than 17,000 licensees, including restaurants, bars, grocery and convenience stores—plus over 260 liquor stores and 145,000 service permittees throughout the state. Additionally, OLCC will oversee licensees in the marijuana program including: producers, processors, wholesalers, retailers, laboratories, and researchers, as well as issue up to 18,000 marijuana worker permits.

The Governor's Budget for Public Safety Services is \$19.6 million Other Funds. This is a five percent increase from the 2015-17 Legislatively Approved Budget. The program operates with 94 positions. The Governor's Budget maintains the operations of this program and shifts positions within the agency to align their duties within agency-wide support functions.

## **Administration and Support**

The Administration and Support program provides policy, management, financial, information technology, and communications services to the agency. The program supports other agency programs in a cost effective manner, develops and maintains regulatory rules, and enables programs to efficiently supply and support local businesses.

The Governor's Budget for this program is \$21.9 million Other Funds. This is a 13 percent increase above the 2015-17 Legislatively Approved Budget. The program operates with 75 positions. The Governor's Budget maintains the operations of this program and shifts positions within the agency to align their duties within agency-wide support functions.

## **Marijuana Regulation**

The Marijuana Regulation Program regulates the manufacturing, distribution and sale of recreational marijuana products to ensure public safety and consumer protection while encouraging the economic development of the industry. It implements all agency responsibilities and strategies related to recreational marijuana licensing, education and enforcement with a focus on preventing the sale of recreational marijuana products to minors and to help ensure there are no diversions of recreational marijuana outside of the regulated market.

The Governor's Budget for this program is \$8.0 million Other Funds. This is an 18 percent decrease from the 2015-17 Legislatively Approved Budget. This decrease is primarily related to the shifting of positions within the agency to align their duties within agency-wide support functions. The program operates with 29 positions. The Governor's Budget maintains the operations of this program and provides additional resources for enforcement needs in the Southern Oregon Region.

## **Store Operating Expense**

The OLCC appoints liquor agents, who are independent business people or businesses, to operate liquor stores for the state; the Store Operating Expense program contains the funding to pay these agents for their service. The program supports retail sales agent entrepreneurs (liquor agents) and the jobs they

create throughout the distilled spirits supply chain. Liquor agents are an important component to the success of Oregon's tourism, restaurant, bar, and hospitality industries.

The Governor's Budget for this program is \$127.2 million Other Funds. This is a 24 percent increase from the 2015-17 Legislatively Approved Budget, which maintains an average payout percentage to liquor agents of 8.93 percent. Compensation paid to liquor agents includes the agents' take-home pay and funding to operate the stores, including paying their employees. This program does not include positions.

### **Capital Improvements**

The Capital Improvements program provides effective stewardship of OLCC-owned buildings and grounds, including its Milwaukie Distribution Center warehouse. The program provides preventative maintenance, repairs and upgrades to its facilities, mainly through contracting services with private sector businesses. The Governor's Budget for this program is \$0.2 million Other Funds. This is 95 percent decrease from the 2015-17 Legislatively Approved Budget. This large decrease represents a phase-out of one-time limitation given in 2015-17 to repair existing roof structures and safeguard inventory stored at OLCC facilities. These facilities serve the public, host monthly commission meetings, and house the operational needs of the OLCC's Distilled Spirits and Public Safety programs. This program does not include positions.

## Public Employees Retirement System

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	81,931,164	107,769,491	109,143,993
Federal Funds	0	0	0
Other Funds (Nonlimited)	9,027,953,765	9,723,458,062	10,993,982,999
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$9,109,884,929	\$9,831,227,553	\$11,103,126,992
Positions	372	380	378
Full-time Equivalent	369.18	380.00	378.00

### OVERVIEW

The Public Employees Retirement System (PERS) is responsible for administering retirement programs for more than 900 public employers, including state, school, and local government workers. The agency manages a number of programs, including the Tier One-Tier Two Retirement programs, the Oregon Public Service Retirement Program (OPSRP) and the Individual Account Program (IAP), three health insurance programs, Social Security Administration activities and a deferred compensation program.

### GOVERNOR'S BUDGET

The budget represents a 13 percent total funds increase from the 2015-17 Legislatively Approved Budget (LAB). It includes an almost 1.3 percent increase in limited Other Funds, related to operations, and a 13.1 percent increase in Nonlimited Other Funds benefit payments. The Governor's Budget has two fewer positions than the 2015-17 LAB for a total of 378.

## REVENUE SUMMARY

PERS provides administrative support to a number of programs and related retirement activities. Every program account and activity has dedicated revenue sources authorized by statute. Revenue sources include investment earnings, contributions, and fees from employers and public employees.

The majority of the agency's revenue (73.4 cents out of every dollar) is generated from investment earnings. Employers provide 20.8 cents and PERS members contribute 5.8 cents.

## AGENCY PROGRAMS

### Tier One and Tier Two

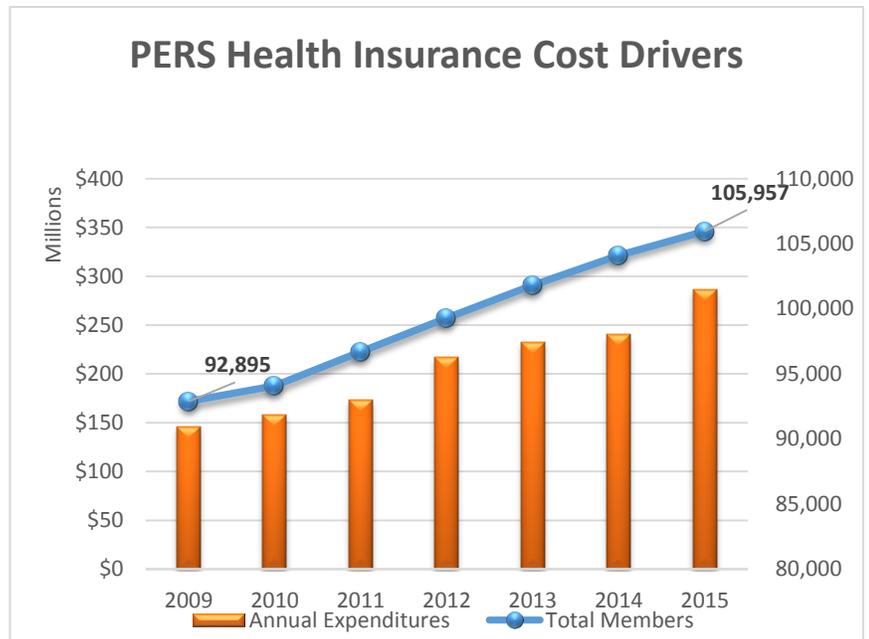
Active Tier One-Tier Two membership totals approximately 102,000 non-retired members and 134,000 retirees and beneficiaries receiving monthly retirement benefits. The number of retirees in Tier One-Tier Two has increased 14 percent since the 2015-17 Legislatively Adopted Budget. Because the plan was closed to new members as of August 29, 2003, the number of Tier One and Tier Two active members has and will continue to represent a smaller share of the total active PERS membership.

The Tier One-Tier Two Plan program unit accounts for employee and employer contributions and interest earnings related to the plans, and reflects the retirement payments made to Tier One-Tier Two retirees. Revenues in this program unit no longer include employee contributions as those are directed to the IAP unit. Funds are transferred from plan assets included in this program unit to various other program units to pay for agency administrative activities and to the Debt Service program unit to pay for debt on outstanding Certificates of Participation. This program unit is made-up entirely of \$9.1 billion of Nonlimited Other Funds expenditures.

### Retirement Health Insurance

PERS serves as a group sponsor providing health insurance services to more than 60,000 retired members and dependents. PERS works with insurance carriers to design benefit packages, determine specifications, solicit proposals, analyze carrier responses, and award contracts. PERS uses a third-party administrator to provide insurance services directly to members. Revenues come from member paid insurance premiums, employer contributions, return on investments and federal sources, such as the Centers for Medicare and Medicaid Services.

This program unit is made-up entirely of \$815.1 million Nonlimited Other Funds expenditures, an almost 46 percent increase from 2015-17 Legislatively Approved Budget.



As the number of retirees increases, coupled with the rising cost of insurance premiums, the costs of the PERS Health Insurance program also continues to rise.

### **Oregon Public Service Retirement Pension**

The Oregon Public Service Retirement Program (OPSRP) is designed to provide a benefit that approximates 45 percent of a member's final average salary for a 30-year public service career (general services). It is funded solely by employer contributions and investment earnings. OPSRP now has over 133,000 non-retired members, more than either the Tier One or Tier Two plans. This program unit is made-up entirely of \$39.0 million Nonlimited Other Funds expenditures.

### **Individual Account Program**

The Individual Account Program (IAP) is the defined contribution component of the PERS retirement plan. The IAP has no guaranteed payment or return. The IAP requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account. At retirement, members will receive the balance of this account, including accrued earnings. As of December 31, 2015, there were 251,417 active IAP accounts. Funds are transferred from plan assets included in this program unit to various other program units to pay for agency administrative activities and to the Debt Service program unit to pay for debt on outstanding Certificates of Participation. This program unit is made-up entirely of \$1.1 million Nonlimited Other Funds expenditures.

### **Central Administration**

Central Administration, in conjunction with the PERS Board, provides the central direction, planning, and leadership for PERS. The division consists of the executive director, deputy director, Internal Audits and Social Security program. The Governor's budget for Central Administration totals \$3.9 million Other Funds and 10 positions.

### **Benefits Payment Division**

The Benefit Payments Division houses the Benefit Application and Intake and Processing section, as well as the Retirement Services and Specialty Services sections. The division is responsible for processing all incoming benefit applications and related documents, as well as calculating and establishing service retirement, disability, and death benefits. Responsibilities also include determining eligibility for disability retirements, administering divorce decrees, and validating beneficiaries. The budget for this division adds one additional Retirement Counselor position to handle the increasing numbers of retirements. The total budget for the Benefits Payment Division is \$15.2 million Other Funds and 80 positions.

### **Financial and Administrative Service Division**

The Financial and Administrative Services Division provides comprehensive financial and administrative services to the agency. This includes financial accounting, reporting, and tax services for all PERS' Trust and agency fund activities, including the Retirement Fund, Deferred Compensation funds, Benefit Equalization Fund, health insurance programs, and Social Security program. The division is responsible for agency fiscal operations duties, including the receipt,

posting, and deposit of over \$1.7 billion annually in member and employer contributions and the disbursement of approximately \$3.6 billion annually in member and beneficiary benefits.

Other fiscal activities include preparation, maintenance, and reporting of the agency's biennial budget, coordination of actuarial services, fiscal analysis, accounts receivable, accounts payable, contracts, and procurement. Financial and Administrative Services also contains the Facilities Services section, which manages office supplies, general building maintenance, shipping and receiving, and other various ancillary tasks. Human Resources, Retiree Health Insurance and Deferred Compensation programs are also located within the division. The budget for this unit moves the daytime custodial position for the PERS building from the Department of Administrative Services' budget to the PERS budget. The total budget for Financial and Administrative Services Division is \$23.3 million Other Funds and 62 positions.

### **Information Services Division**

The Information Services Division provides technical support to all divisions of the agency. Information Services ensures agency staff have the appropriate tools and automation necessary to perform their duties and provide customer service to members, employers, and other stakeholders. The division supervises the development and operation of PERS' complex IT systems and supports the many desktop computers used by staff. Help Desk support, installation and training, software development, application support, database management, network support, and quality assurance all fall under Information Services responsibilities. In addition, the Imaging and Information Management unit within the Business Information and Technology section maintains records from numerous sources. The total budget for the Information Services Division is \$35.9 million Other Funds and 73 positions.

### **Customer Services Division**

The Customer Services Division provides the window for member, employer, and public interaction with PERS. One of the larger PERS divisions, Customer Services answers member queries from the Online Member Services (OMS) internet tool, an in-house phone team, and in person where it conducts group and individual counseling through various retirement planning sessions. The division is also responsible for producing benefit estimates and member account statements. Additionally, it houses the Membership and Employer Relations section. This section enrolls and manages member data and accounts and also handles employer reporting, training, outreach and communication including the annual reconciliation process. The total budget for the Customer Services Division is \$23.4 million Other Funds and 127 positions.

### **Policy, Planning and Communications Division**

The Policy, Planning, and Communications Division provides services related to legislative policy, rulemaking, legal counsel coordination, legal services, agency determination review and contested case activities including compliance with state and federal statutes, rules, and court decisions. This division also includes all strategic operational planning for both short and long-range goals, enterprise-wide project management, and process improvement initiatives. Communication of all events and activities are provided to internal staff, PERS members and the local media through a variety of sources. The Governor's Budget continues the current program level. It totals \$7.4 million Other Funds and 26 positions.

# Oregon Racing Commission

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	5,146,512	6,276,229	6,416,751
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$5,146,512</b>	<b>\$6,276,229</b>	<b>\$6,416,751</b>
Positions	15	14	14
Full-time Equivalent	13.27	12.27	12.27

## OVERVIEW

Established in 1933 as part of the Pari-Mutuel Wagering Act, the mission of the Oregon Racing Commission is to regulate all aspects of the pari-mutuel industry in Oregon for the benefit of citizens, licensees, participants and the State of Oregon. The Commission oversees horse racing at Portland Meadows Racetrack as well as five County Fair race sites, including Union, Grants Pass, Prineville, Tillamook and Burns. The Commission works to uphold a safe and fair racing environment by licensing race participants, oversight of pari-mutuel wagering operations, and monitoring of rules for horse racing.

## GOVERNOR'S BUDGET

The Governor's Budget is \$6.4 million total funds. This is approximately a two percent increase from the 2015-17 Legislatively Approved Budget. The budget enables the Commission to continue existing levels of service and funds 14 positions.

The Commission provides a safe and fair racing environment. Stewards provide onsite monitoring of race meets and ensure fair competition. Veterinarian staff work to ensure that equine competitors are "racing sound" and not exposed to unnecessary risk of injury. The Commission also may sanction licensees, including jockeys, for alcohol or controlled substance violations.

A 2013 study by ECONorthwest found the horseracing industry contributed more than \$202 million to the Oregon economy. Also, the Commission distributes a portion of racing proceeds through the Racing Development Fund to support facility investments and support local community Summer Fair race meets. Funds for racing development are estimated at \$2.6 million for the 2017-19 biennium.

## REVENUE

The Commission is funded fully with Other Funds and revenue is derived from its share of wagering receipts, license fees and licensee fines. Under current statute, one-third of the funds that come to the Commission from pari-mutuel wagering of the multi-jurisdictional hubs are allocated to the state General Fund. The remaining two-thirds of the proceeds are distributed to the racing industry participants to support and develop race meets throughout the Oregon.

# Department of Revenue

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$160,778,293	\$193,187,720	\$197,607,383
Lottery Funds	0	0	0
Other Funds	49,798,657	134,486,949	119,596,893
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$210,576,950</b>	<b>\$327,674,669</b>	<b>\$317,204,276</b>
Positions	1,063	1,087	990
Full-time Equivalent	1,009.28	1,020.68	905.42

## OVERVIEW

The Department of Revenue (DOR) administers more than 30 tax programs, including the state’s Income and Property Tax programs. It collects more than 95 percent of the state’s General Fund, oversees the county property tax function, and collects and distributes taxes and fees for other state agencies and local governments. The Department also operates two tax relief programs for the elderly and persons with disabilities who rent or own their homes. These are the Nonprofit Homes for the Elderly Program and the Senior Citizens and Disabled Citizens Property Tax Deferral Program.

## GOVERNOR’S BUDGET

The Governor’s Budget total funds expenditures for 2017-19 are three percent lower than the 2015-17 Legislatively Approved Budget, due to reductions to meet General Fund constraints, using some administrative efficiencies and the ramp-down of the Department’s Core System Replacement project. The budget also makes a number of investments to strengthen revenue collections, including staffing in the Other Agency Accounts section and resources to implement a data matching program with financial institutions and to handle outstanding receivables from small state agencies. Two technology improvements, including the finalization of the Core System Replacement project, are included in the Governor’s Budget. Finally, investments were made to ensure the successful transition of the Core System Replacement project into full operations in 2017-19.

DOR delivers its services through the following programs:

- Property Tax Division
- Personal Tax and Compliance Division
- Business Division
- Multistate Tax Commission

- Nonprofit Housing for the Elderly (formerly the Elderly Rental Assistance Program)
- Senior Property Tax Deferral
- Core System Replacement
- Executive Division
- Program Management Office/General Services Division
- Administrative Services
- Debt Service

## REVENUE SUMMARY

DOR is dependent upon General Fund to support its main programs and functions. The Other Funds revenue in the agency’s budget is derived from administrative charges to various tax, fee, assessment, collections, and other programs. Time and activity studies are used to determine each program’s administrative costs and corresponding charges. Revenue from interest paid on delinquent property taxes and from a document recording fee are used to help administer the Property Tax program. Article XI-Q bonds issued by the state are used to pay for the cost of replacing the agency’s core information technology applications and updating its business processes.

## AGENCY PROGRAMS

### Property Tax Division

The Property Tax Division consists of five major program areas: (1) Cadastral Information Systems, (2) Industrial and Utility Valuation, (3) Review of County Administration, (4) Forestland Valuation and Timber Taxes, (5) Senior and Disabled Citizen Property Tax Deferral Program. This division is supported primarily by General Fund revenues. Most Other Funds revenues are from the County Mapping and County Assessment Funding programs. Document recording fees, plus a portion of the interest collected on delinquent property tax payments support the Department’s appraisal of industrial sites and utility and transportation companies, as well as the department administration of the county grant process.

The Governor’s Budget for Property Tax is \$54.2 million total funds and 85 positions. This represents no increase above the 2015-17 Legislatively Approved Budget. This reflects reductions to the division’s Other Funds revenue sources.

### Personal Tax and Compliance Division

The Personal Income Tax and Compliance division has program responsibility for the Personal Income Tax and the Nonprofit Housing for the Elderly programs. It also provides enforcement and collection services for the Personal Income Tax Program and for TriMet and Lane Transit District Self-Employment taxes. This section is supported primarily by General Fund revenues. In addition, the Department’s Other Funds programs are charged for a share of the Department’s administrative costs. Personal Tax and Compliance Other Funds expenditures are primarily for the administration of Tri-Met and Lane County Transit Self-Employment Tax programs.

The 2017-19 Governor's Budget is \$69.1 million total funds and 387 positions. This is a three percent decrease from the 2015-17 Legislatively Approved Budget. The program is reducing vacant positions and finding efficiencies to meet General Fund constraints.

### **Business Division**

The Business Division administers several tax programs, including Corporation Income and Excise taxes, Employer Income Tax Withholdings, Transit Payroll Taxes, Fiduciary, Inheritance, Other Agency Accounts, Cigarette Tax, Marijuana Tax, Other Tobacco Products Tax, and other Special Programs.

The Business Division's program responsibilities include collection of delinquent business taxes. These include income taxes withheld by employers and sent to the Department, corporation taxes, and local transit district taxes. Another activity of the Business Division is collecting debts owed to other agencies. The division also audits corporation income and excise tax returns, fiduciary returns, and transit self-employment tax returns.

This section is supported by General Fund and by charges to Other Funds programs for their share of the Department's administrative expenses. The Governor's Budget for the Business Division is \$37.9 million total funds and 209 positions. This is one percent decrease from the 2015-17 Legislatively Approved Budget, which reflects reductions taken to meet General Fund constraints. The budget includes investments to increase collections staff, to handle additional collections workload related to a proposed change in when smaller departments send their uncollected receivables to Revenue, and resources for a data-matching program with financial institutions.

### **Multistate Tax Commission**

The Multistate Tax Commission is an organization composed of 17 states joined in an effort to promote uniformity in state taxation of corporate income. By adopting the Multistate Tax Compact, the member states attempt to eliminate double taxation, bring about full accountability, and reduce the risk of federal legislation restricting state taxation.

Member states are assessed operational expenses of the Multistate Tax Commission each year. Assessments are proportional to the total amount of all income tax revenue received by each state. A continuous Multistate Tax Commission revolving account provides for deposit of revenue received from Multistate Tax Commission audits and payments of the Multistate Tax Commission assessments. Account balances in excess of \$150,000 are transferred to the General Fund on June 30 of each year. The Governor's Budget for this activity is \$0.3 million Other Funds.

### **Nonprofit Homes for the Elderly Program**

The Nonprofit Homes for the Elderly Program funds a property tax exemption for certain nonprofit homes for the elderly. This program reimburses counties for the tax exemption.

Administration of the Elderly Rental Assistance program was transferred to the Oregon Department of Housing and Community Services during the 2016 legislative session. The Governor's Budget is \$3.4 million General Fund, the average biennial amount distributed to counties over the last 5 years.

### **Senior Property Tax Deferral**

The Department administers the Senior Citizens' Property Tax Deferral program, the Senior Citizens' Special Assessment Deferral program, and the Disabled Citizens' Property Tax Deferral program. These programs pay the property taxes and special property assessments for qualified senior and disabled

citizens in exchange for a lien against the property in the amount of the deferred taxes. The deferred taxes are repaid when either the participant no longer lives in their home, sells the home, or the participant dies. The programs expenditures are for staff to administer the program and for payments to counties. The program has a total funds budget of \$32.6 million, an increase of four percent over the 2015-17 Legislatively Approved Budget and 13 positions.

### **Core System Replacement**

The Core System Replacement is a staged project with the goal of replacing most of the agency's core IT systems with a modern integrated system. The agency's tax programs will be transitioned over to the new system in four phased roll-outs. The final rollout for the program is scheduled to be completed in December 2017. The 2017-19 Governor's Budget is \$14.2 million total funds and 34 positions. The majority of the project costs are Other Funds, supported by Article XI-Q bond revenue. The General Fund appropriation pays for Enterprise Technology Services fees, and contract maintenance and non-bond fund eligible services and supplies.

### **Executive Division**

The Executive Division staff provide overall leadership and direction for the agency's programs and divisions. They also coordinate the Department's legislative and rule-making activities. The Communications unit provides the means for the agency to educate and communicate with taxpayers, stakeholders and external partners. This unit creates forms and publications, maintains the Department's website, and handles media contact. The Human Resources unit provides general oversight of the agency's relationship with its more than 900 employees.

This division is supported primarily by General Fund revenues. In addition, the Department's Other Funds programs are charged for a share of the Department's administrative costs. These revenues are received by the Executive Division as Other Funds. The Governor's Budget is \$8.6 million total funds and 35 positions. This is a one percent decrease from the 2015-17 Legislatively Approved Budget, and reflects reductions taken to meet General Fund constraints.

### **Program Management Office/General Services Division**

This program unit accounts for two functions:

- Certain agency-wide service expenditures and fees are managed centrally for operational efficiency. Such expenditures and fees include postage, Attorney General expenses, county property lien recording and release fees, private collection firm fees and merchant fees.
- The Program Management Office leads and facilitates the ongoing transformation of people, processes, and technology. The main functions in the PMO include project management, portfolio reporting, process improvement, and metrics.

The Governor's Budget is \$15.1 million total funds and 14 positions. This is three percent below the 2015-17 Legislatively Approved Budget and reflects reductions taken to meet General Fund constraints.

### **Administrative Services**

The Administrative Services Division provides a broad range of services through its four sections: Information Technology Services, the Processing Center, and Finance. This division is supported

primarily by General Fund revenues. In addition, its Other Funds revenues represent expenses charged to various Other Funds programs for the agency's administrative costs.

It provides critical business supports necessary to achieve the mission of the agency. The 2017-19 Governor's Budget is \$56.3 million total funds and 213 positions. This is one percent over the 2015-17 Legislatively Approved Budget and represents investments in technology to ensure the performance of the Processing Center.

### **Debt Service**

This program unit includes the total cost of all debt service for the agency. The \$25.5 million total funds Governor's Budget represents a 94 percent increase over the 2015-17 Legislatively Adopted Budget. The debt service is for the Core System Replacement project and the Property Valuation System project.

# Secretary of State

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$8,597,817	\$9,949,390	\$12,695,247
Lottery Funds	0	0	0
Other Funds	46,081,409	56,279,809	60,923,652
Federal Funds	2,832,662	6,277,676	5,194,107
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$57,511,888</b>	<b>\$72,506,875</b>	<b>\$78,813,006</b>
Positions	200	213	227
Full-time Equivalent	198.61	210.96	226.89

\*The Governor makes no recommendation for this budget, as it is not under executive control. For statutory purposes, the Governor included \$9,688,764 million General Fund, \$60,592,065 Other Funds, and \$5,123,932 Federal Funds, for a total amount of \$75,404,761 in her budget as a placeholder.

## OVERVIEW

The Secretary of State is an elected constitutional office. Its duties include:

- Interpreting, applying, and enforcing election laws.
- Publishing the Voters’ Pamphlet.
- Auditing state agencies’ financial operations and program performance.
- Publishing the state’s administrative rules.
- Storing and preserving public records.
- Making records accessible to the citizens of Oregon.
- Providing registration and other services to Oregon businesses.

The office has increased its services to citizens and other customers over recent years, particularly through the use of technology. The agency’s requested budget continues that effort.

## REQUESTED BUDGET

The Agency Requested Budget is \$79 million total funds. This is about nine percent higher than the 2015-17 Legislatively Approved Budget (LAB). The requested budget funds position reclassifications and new positions in the Administration, Elections, and Corporation Divisions to enhance the Secretary of State’s core functions.

In addition to funding positions, the agency's requested budget funds development and enhancement of the Oregon Centralized Voter Registration (OCVR) system in anticipation of the exhaustion of federal Help America Vote Act funds. With an emphasis on technology, the agency requests funding for an end-to-end procurement system that will interface with common systems used by state agencies and expands the integration of the ORESTAR (Oregon Elections System for Tracking and Reporting)/OCVR to include additional shareable information between the systems. Lastly, the requested budget funds continuous Oregon Motor Voter payments to counties and increases General Fund support for costs associated with Election Night Reporting.

## **REVENUE SUMMARY**

The Secretary of State uses General Fund to cover part of its operational costs, specifically for the Elections and Administration divisions. The Secretary of State also transfers revenue from Voters' Pamphlet fees, election filing fees, and business registration fees to the General Fund. The agency collects Other Funds revenues from document sales and fees for service, such as charges to state agencies for audits. The agency administers the State Election Fund as required by the Help America Vote Act, which consists of amounts appropriated or otherwise made available by Congress and the Oregon Legislative Assembly for carrying out mandates and activities involved in administering the Help America Vote Act.

# Oregon State Library

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
General Fund	\$3,314,924	\$3,626,974	\$3,556,345
Lottery Funds	0	0	0
Other Funds	5,653,370	6,440,443	6,843,628
Federal Funds	4,360,283	5,121,642	5,242,733
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$13,328,577</b>	<b>\$15,189,059</b>	<b>\$15,642,706</b>
Positions	41	42	42
Full-time Equivalent	39.26	40.26	40.04

## OVERVIEW

The Oregon State Library’s mission is to provide quality information services to Oregon state government; provide reading materials to blind and print-disabled Oregonians; and to provide leadership, grants, and other assistance to improve local library services for all Oregonians. To achieve this mission, the Library operates the following four programs:

- Library Support and Development – provides grants and assistance to improve local libraries.
- Talking Books and Braille Library – circulates library materials in audio and Braille formats to Oregonians who are blind or have disabilities preventing them from reading printed materials.
- Government Information and Library Services – provides research assistance to state government.
- Administration – supports the Library Board and provides basic business services, such as budget.

## GOVERNOR’S BUDGET

The Governor’s Budget for the Oregon State Library is \$15.6 million total funds. This is a three percent increase from the 2015-17 Legislatively Approved Budget. The Governor’s Budget includes 42 positions. The budget provides sufficient funding to continue existing operations with a decrease in the Ready to Read grant program due to General Fund constraints.

## REVENUE SUMMARY

Revenue includes General Fund, which provides 23 percent of the agency’s funding. Assessments levied against state agencies provide 39 percent of the funding. Federal Funds from the Library Services and Technology Act provide about 34 percent of available resources. The remaining four percent of revenue comes from charges for services, donations, interest and sales income.

## **AGENCY PROGRAMS**

### **Administration**

The Administration unit provides policy, fiscal, program and management leadership and support for the agency. The unit also works with constituency groups and the Board of Trustees to assure responsive service delivery. The unit includes a biennial budget of \$2.1 million total funds and eight positions. This unit is supported by General Fund, Other Funds and Federal Funds. The Other Funds are primarily from the assessment of state agencies, but also include rent and sales income. Federal Funds come from the Library Services Technology Act. The 2017-19 budget proposal continues existing services.

### **Library Support and Development**

The Library Development Services unit supports approximately 1,775 public, academic and school libraries throughout Oregon. The unit administers the state Ready to Read grant program to public libraries. The unit also administers the federal Library Services and Technology Act grants to make all of Oregon's library resources available to every citizen and to demonstrate new and innovative services for citizens. The unit includes a biennial budget of \$7.0 million total funds and eight positions. The Ready to Read program is reduced due to General Fund revenue constraints. This adjustment results in a Library Development budget that is 2.8 percent lower than the 2015-17 Legislatively Approved Budget for the program.

### **Talking Books and Braille Library**

The Talking Books and Braille Services program supplies reading material to Oregonians who are blind or have other disabilities preventing them from reading conventional printed materials. In the 2015-16 fiscal year, the program supplied materials to 5,266 individuals. Total circulation during the year was over 418,555 books and materials, an average of 1,674 per workday. Last year, volunteers contributed a total of 907 hours. The unit includes eight positions and a recommended biennial budget of \$1.9 million total funds. The 2017-19 budget proposal continues existing services.

### **Government Information and Library Services**

The Government Research and Electronic Services program unit provides information services to Oregon state government. In the 2015-16 fiscal year, the Library responded to 7,864 requests for information from state agencies, served 26 percent of state employees who are registered users of the State Employee Information Center website, and served 834,919 users of the Library mailing list service. The program provides special information services to Oregonians in the areas of state government publications, Oregon history and genealogy, census information, and grant information. In the 2015-17 biennium, the program distributed 10,231 state government publications to designated state documents depository libraries throughout Oregon. The Governor's Budget is \$4.6 million total funds and 18 positions. Funding is by a state agency assessment. The 2017-19 budget proposal continues existing services.

# Oregon State Treasury

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$0	\$1,687,988	\$4,810,025
Lottery Funds	0	0	0
Other Funds	44,521,998	62,170,171	78,324,369
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$44,521,998</b>	<b>\$63,858,159</b>	<b>\$83,134,394</b>
Positions	95	123	161
Full-time Equivalent	90.33	117.45	148.96

\* The Governor makes no recommendation for this budget, as it is not under executive control. For statutory purposes, the Governor included \$77,450,922 Other Funds, and \$1,963,369 General Funds for a total funds of \$79,414,291 in her budget as a placeholder.

## OVERVIEW

The State Treasurer, a statewide elected constitutional official, is the Chief Financial Officer for the state with responsibility for the sound management of the state’s financial resources. The Treasury is a multi-billion dollar cash, debt and investment management center that provides these services to all Oregon state agencies and hundreds of Oregon local government entities.

## REQUESTED BUDGET

The Agency Request Budget for the State Treasurer is \$83.1 million total funds. This is a 30 percent increase over the 2015-17 Legislatively Approved Budget. The budget continues all programs at their current level and provides for enhancements for the Investment Division, Oregon Savings Retirement Board, and the Achieving a Better Life Experience (ABLE) program.

The Treasury Services Division adds 38 positions. These new positions address the disparity of staffing levels and other operational resources when comparing Oregon’s model to other similarly sized pension funds. Objectives include providing better protection of Oregon’s investments and a reduction in overall investment costs paid to third-party service providers. This includes resources for cyber security, business systems renewal, ACH business systems, core banking business systems, and the cash management systems transition.

Oregon 529 Savings Network Division adds resources needed to promote the College Savings and ABLE plans throughout Oregon.

The Oregon Retirement Savings Board adds four positions and resources needed to develop and implement the Retirement Savings Plan.

## REVENUE SUMMARY

The ongoing operations of the State Treasurer are financed entirely with Other Funds. Some of the revenue comes from investment administrative fees. Other revenues come from the direct billing of customers for actual costs of banking services, bond and coupon redemption services, and bond issuance activities. Banks and credit unions pledging collateral for the protection of public fund deposits pay the cost of operating the Public Funds Collateralization Program. Program administrative fee revenues and network investment plan managers fund the College Savings Network. The Oregon Retirement Savings Board is currently under a General Fund loan and will be operated, in the near future, using Other Funds from administrative fees on the program assets.

## AGENCY PROGRAMS

### Treasury Services

This program area is made-up of four operating divisions:

- The Investment Division manages, on behalf of Oregonians, a portfolio with a market value of over \$89 billion. The division manages the Oregon Public Employees Retirement Fund, the State Accident Insurance Fund, the Oregon Short Term Fund, and numerous smaller funds such as the Common School Fund and the Oregon Growth Account.
- The Cash Management Program, located within the Finance Division, provides cash management and investment operational support services to all state agencies and hundreds of local government entities, including cities, counties, schools, and special districts. The division manages over \$14 million financial transactions annually - including cash deposits, electronic fund transfers, and check issuances - with over \$230 billion flowing in and out of the division each year.
- The Public Funds Collateralization Program, located within the Finance Division, governs the collateralization of public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The program is responsible for all public funds held by state agencies and all local government deposits.

The Debt Management Division provides central coordination and issuance approval for all state-issued debt and authority bonds. It serves as the state's liaison to the major bond rating agencies working to improve Oregon's bond rating. Activities include coordinating the timing of various state agency bond sales, securing credit ratings, preparing documents, providing for the delivery of bonds, and assisting with the signing and closing of bond issues. The division also monitors local and national bond markets, as well as financial and economic trends impacting bond issuance structures and interest rates.

### **Oregon 529 College Savings Network**

The Oregon 529 College Savings Network operates to increase the ability of Oregon families and individuals to save for qualified higher education expenses through flexible investment options that offer state and federal tax benefits. The program will administer the Achieving a Better Life Experience Act of 2014 (ABLE) savings plan. ABLE accounts provide tax-advantaged savings accounts for individuals and their families to save for qualified disability expenses without losing their federal and state benefits. The Oregon ABLE Savings plan is currently in development and will be launched soon.

### **The Oregon Retirement Savings Board**

The State Treasurer or designee serves on the Oregon Retirement Savings Board and the Board works to establish a contribution retirement plan for persons employed for compensation in the state of Oregon (ORS 178.00-178.205). This program will provide eligible employees with automatic enrollment, payroll deduction and automatic annual contribution escalation, all on a flexible, opt-out basis. House Bill 2960 (2015) called for the establishment of a state-sponsored retirement savings plan. The plan is governed by an appointed board and will be run by a private-sector provider, with a minimum employer role. The plan will be made available to Oregonians beginning in phases, starting with a pilot group on July of 2017. It is anticipated that the plan may be made available to over one million Oregonians, which is over half the working population and a quarter of all residents in Oregon.



# LEGISLATIVE BRANCH AGENCIES

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## Legislative Program Area Budget

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Agency Request</b>
General Fund	\$83,704,010	\$104,193,009	\$111,627,766
Lottery Funds	0	0	0
Other Funds	40,321,797	40,748,339	7,231,458
Federal Funds	0	0	0
Other Funds (Nonlimited)	10,353,864	1,220,428	1,061,091
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$134,379,671</b>	<b>\$146,161,776</b>	<b>\$121,112,690</b>
Positions	650	654	658
Full-time Equivalent	428.52	431.77	443.57

### OVERVIEW

The Legislative Assembly, including its members and their employees, the Commission on Indian Services and five supporting agencies comprise the Legislative Branch. The supporting agencies provide administrative services and specialized analysis, and include the Legislative Administration Committee, the Legislative Counsel Committee, the Legislative Policy and Research Office, the Legislative Fiscal Office and the Legislative Revenue Office.

### REQUESTED BUDGET

The requested budgets for the seven agencies within the Legislative Branch maintain program operations at existing levels.

### GOVERNOR'S ADJUSTMENT

The Legislative Assembly and supporting agencies comprise a separate and independent branch of state government over which the Governor exercises no budgetary authority. Notwithstanding, the Governor is required by statute to submit a balanced budget for all of state government. For this reason, the Governor's Budget reflects a General Fund reduction to the legislative branch agencies in order to balance the state budget.

## Legislative Administration Committee

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$31,561,859	\$40,648,641	\$33,925,779
Lottery Funds	0	0	0
Other Funds	36,469,633	35,435,025	2,972,132
Federal Funds	0	0	0
Other Funds (Nonlimited)	9,758,752	597,932	390,658
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$77,790,244</b>	<b>\$76,681,598</b>	<b>\$37,288,569</b>
Positions	142	142	85
Full-time Equivalent	100.65	100.65	71.16

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$29,859,153 General Fund, \$2,947,536 Other Funds and \$381,754 Other Funds Nonlimited for a total funds budget of \$33,188,443 in her budget as a placeholder. All reductions to legislative branch agencies to balance the state budget were taken in this program.

### OVERVIEW

The Legislative Administration Committee appoints an administrator to direct and manage services and support systems for the Legislative Assembly and other legislative branch agencies. Services include staffing for information systems and technology support, building operations and maintenance for the State Capitol, accounting, payroll, personnel functions, and providing information to Legislators and the public.

### REQUESTED BUDGET

The Agency Request Budget is \$37.3 million total funds. This is approximately a 51 percent reduction from the 2015-17 Legislatively Approved Budget. However, the reduction primarily reflects elimination of \$30.0 million Other Funds associated with the issuance of General Obligation Bonds for capital construction. The requested budget allows the Committee to continue at existing program levels.

### REVENUE SUMMARY

The General Fund supports 91 percent of the Committee's requested expenditures. The agency also receives Other Funds revenues for rent of office space, parking fees and other items. Nonlimited Other Funds are from the Capitol Gift Shop and the Property and Surplus Stores account.

# Legislative Assembly

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Agency Request</b>
General Fund	\$36,056,735	\$44,159,222	\$46,348,363
Lottery Funds	0	0	0
Other Funds	62,126	223,530	26,570
Federal Funds	0	0	0
Other Funds (Nonlimited)	88,971	96,360	115,520
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$36,207,832</b>	<b>\$44,479,112</b>	<b>\$46,490,453</b>
Positions	422	423	423
Full-time Equivalent	251.27	251.52	251.52

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$46,118,804 General Fund, \$26,520 Other Funds and \$113,996 Other Funds Nonlimited for a total funds budget of \$46,259,320 in her budget as a placeholder.

## OVERVIEW

The Legislative Assembly represents the voice of the people, providing a forum for agenda setting, deliberation and determination of public policy. It is tasked with revising and enacting laws pertaining to the health, education and general welfare of Oregonians. The Legislative Assembly is also responsible for balancing the state’s biennial budget. In ultimately deciding the allocation of state moneys amongst agencies and programs, the Legislature establishes state policy priorities. In addition to enacting laws, influencing public policy and balancing the budget, Legislators also review administrative rules drafted by state agencies. An additional responsibility is the Senate’s confirmation of certain executive appointments made by the Governor.

The Legislature meets in a longer session every odd-numbered year and enacts a biennial budget. In November 2010, voters approved shorter annual sessions that meet during even-numbered years. During the interim, interim committees examine specific topics or program areas and a Joint Committee, the Emergency Board, is appointed to meet periodically to address certain fiscal issues that cannot be put off until the next regular session. The Emergency Board has limited authority, so there are fiscal circumstances that can require the full Legislature to meet in a special session to ensure the budget remains balanced.

The Legislative Assembly budget includes salaries and per diem for legislative members and their staff, the leadership and caucus offices, the Secretary of the Senate, the Chief Clerk of the House, session staff and Senate Executive Appointments. The portion of the Legislative Assembly budget to cover the costs for members is divided to reflect session and interim activities as well as Senate and House costs. The remainder of the budget which covers the costs of leadership offices and the Office of the Secretary of the Senate and the Office of the Chief Clerk of the House is provided for the normal biennial period.

## **REQUESTED BUDGET**

The Agency Request Budget is \$46.5 million total funds. This is just under a five percent increase from the 2015-17 Legislatively Approved Budget. The requested budget allows the Assembly to continue at existing program levels.

## **REVENUE SUMMARY**

The General Fund supports 99.7 percent of the Legislative Assembly budget. The Assembly receives Other Funds revenues from charging customers for the duplication of legislative materials and miscellaneous receipts. The Assembly also receives Nonlimited Other Funds for use of the House and Senate lounges by legislative members during session.

# Legislative Commission on Indian Services

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Agency Request</b>
General Fund	\$391,128	\$507,807	\$539,068
Lottery Funds	0	0	0
Other Funds	1,688	6,784	7,035
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$392,816</b>	<b>\$514,591</b>	<b>\$546,103</b>
Positions	2	2	2
Full-time Equivalent	2.00	2.00	2.00

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$539,068 General Fund and \$7,035 Other Funds for a total funds budget of \$546,103 in her budget as a placeholder.

## OVERVIEW

Established in 1975, the Legislative Commission on Indian Services was created to improve services to Indians in Oregon and to provide a forum where Indian concerns could be raised and considered. The Commission:

- Compiles information on services available to Indians, assesses state programs and services and advises on matters relating to the preservation and protection of Indian historic and archaeological resources.
- Must be consulted on matters related to the preservation and protection of fish, wildlife, historic, and archaeological resources.

The 13-member Commission is appointed by the President of the Senate and Speaker of the House of Representatives for two-year terms. The Commission members select their own officers to serve one-year terms of office.

## REQUESTED BUDGET

The Agency Request Budget is \$546,103 total funds. This is approximately a six percent increase from the 2015-17 Legislatively Approved Budget. The requested budget enables the Commission to continue existing levels of service.

## **REVENUE SUMMARY**

The Commission receives most of its budget from the General Fund. Other Funds revenue is from registration and other fees derived from sponsorship of special meetings. The funds are used to cover costs associated with the events.

## Legislative Counsel Committee

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$9,505,417	\$11,569,054	\$12,745,700
Lottery Funds	0	0	0
Other Funds	1,119,499	1,552,105	1,638,291
Federal Funds	0	0	0
Other Funds (Nonlimited)	506,141	526,136	554,913
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$11,131,057</b>	<b>\$13,647,295</b>	<b>\$14,938,904</b>
Positions	55	57	57
Full-time Equivalent	45.60	47.60	47.60

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$12,712,581 General Fund, \$1,638,283 Other Funds and \$55,707 Other Funds Nonlimited for a total funds budget of \$14,902,571 in her budget as a placeholder.

### OVERVIEW

Overseen by the Legislative Counsel Committee, the Office of the Legislative Counsel provides legal and publication services to the Legislative Assembly and its members and other state agencies. The office drafts measures and amendments for Legislators, legislative committees, statewide elected officials and state agencies. The office provides legal advice to Legislators and legislative committees. It prepares indexes and tables for all measures introduced during legislative sessions and publishes and distributes the 21-volume Oregon Revised Statutes every two years. Finally, the office reviews all administrative rules adopted by state agencies to determine if they are consistent with the agencies' enabling statute.

Due to the politically sensitive nature of drafting bills and writing legal opinions, the Office strives to avoid any appearance of political involvement, bias, or policy preference.

### REQUESTED BUDGET

The Agency Request Budget is \$14.9 million total funds. This is just over a nine percent increase from the 2015-17 Legislatively Approved Budget. The requested budget allows the Committee to continue at existing program levels.

## REVENUE SUMMARY

The General Fund supports 85 percent of Legislative Counsel Committee's expenditures. Other Funds are derived from sales of the Oregon Revised Statutes, Oregon Laws, bill drafting services and other Legislative Counsel publications. A small portion of the publication sales income is expended as limited Other Funds and used to defray part of the agency's General Program expenses related to Oregon Revised Statutes publication editing. The balance of the publication sales income is expended as Nonlimited within the Oregon Revised Statutes Publications Program.

## Legislative Fiscal Officer

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$3,633,365	\$4,571,581	\$4,989,962
Lottery Funds	0	0	0
Other Funds	2,668,851	3,530,895	3,779,805
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$6,302,216</b>	<b>\$8,102,476</b>	<b>\$8,769,767</b>
Positions	21	22	22
Full-time Equivalent	21.00	22.00	22.00

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$4,972,830 General Fund and \$3,778,407 Other Funds for a total funds budget of \$8,751,237 in her budget as a placeholder.

### OVERVIEW

The Legislative Fiscal Office (LFO) is a permanent, nonpartisan legislative service agency. The LFO workload changes between legislative sessions and the interim. During sessions, budget analysis and the number of bill introductions and amendments are the primary driver of workload for the agency. The Office:

- Provides research, analysis and evaluation of state expenditures, financial affairs, program administration and agency organization.
- Makes recommendations and works with the Legislative Assembly to balance the state's biennial budget.
- Reports to the Joint Committee on Ways and Means during legislative sessions, the Emergency Board and the Interim Joint Committee on Ways and Means between sessions.
- Determines the fiscal impact of all legislative measures and, when applicable, publishes fiscal impact statements that accompany bills through the legislative process.

The Office also spends a significant amount of time educating and providing information to members, legislative staff, and other stakeholders about the budget process and current budget issues.

## **REQUESTED BUDGET**

The Agency Request Budget is \$8.8 million total funds. This is an eight percent increase from the 2015-17 Legislatively Approved Budget. The requested budget enables LFO to continue existing levels of service.

## **REVENUE SUMMARY**

The General Fund supports 57 percent of the Legislative Fiscal Office's expenditures. Other Funds revenue is derived from a portion of the Central Government Service Charge assessment associated with the work of the office.

# Legislative Policy and Research Office

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$0	\$0	\$9,792,462
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,792,462</b>
Positions	0	0	61
Full-time Equivalent	0.00	0.00	41.29

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$9,792,462 General Fund in her budget as a placeholder.

## OVERVIEW

The Office of the Legislative Policy and Research Committee (LPRC) provides centralized, professional, and non-partisan research, analysis, and committee management services for the Legislative Assembly.

Senate Bill 1569 established LPRC in 2016 as a joint committee of the Legislative Assembly. LPRC is responsible for preparing and assisting in the preparation of legislative research, facilitating the development of legislative policy, and providing advice and assistance to legislative committees.

## REQUESTED BUDGET

The Agency Request Budget is \$9.8 million total funds. The requested budget supports the new Office and funds 61 positions.

## REVENUE SUMMARY

The Legislative Policy and Research Office is completely supported by General Funds.

# Legislative Revenue Officer

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$2,555,506	\$2,736,704	\$3,286,432
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$2,555,506</b>	<b>\$2,736,704</b>	<b>\$3,286,432</b>
Positions	8	8	8
Full-time Equivalent	8.00	8.00	8.00

\*The Governor makes no recommendation on this budget, since it is part of a separate branch of government. As part of the statutorily required balanced budget, the Governor included \$3,279,279 General Fund in her budget as a placeholder.

## OVERVIEW

The Legislative Revenue Office (LRO) provides non-partisan analysis to the Oregon Legislature on tax policy and school finance issues. The office provides staff assistance to the House and Senate Revenue Committees during legislative sessions and to interim revenue committees, task forces, and workgroups between sessions. Staff provides research for other members, representatives, and committees upon request. Additionally, staff prepare research reports and write revenue impact statements on initiatives, proposed legislation affecting state or local public finance, personal and corporate income taxes, property taxes, consumption taxes, school funding, and distribution of the State School Fund.

As with other committee staff, the work of the Legislative Revenue Officer changes between legislative sessions and the interim. During sessions, the number of bill introductions and amendments along with tax-related voter initiatives and legislative referrals is the primary driver of workload for the agency. During the interim, workload is driven by the number of revenue, school finance committee, task force, and workgroup meetings.

## REQUESTED BUDGET

The Agency Request Budget is \$3.3 million General Fund. This is a 20 percent increase from the 2015-17 Legislatively Approved Budget. The requested budget enables the Legislative Revenue Officer to continue existing levels of service.

## REVENUE SUMMARY

The Legislative Revenue Officer is completely supported by General Fund.



# JUDICIAL BRANCH AGENCIES

## Judicial Branch Summary

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$650,502,309	\$708,902,952	\$734,589,959
Lottery Funds	0	0	0
Other Funds	66,200,385	151,835,851	302,645,189
Federal Funds	1,067,674	1,606,769	1,331,915
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$717,770,368	\$862,345,572	\$1,038,567,063
Positions	1,956	1,999	2,043
Full-time Equivalent	1,838.89	1,860.44	1,899.25

\*The Governor makes no recommendation for this budget, as it is a separate branch of government. For statutory purposes, the Governor included \$734,589,959 General Fund, \$302,645,189 Other Funds and \$1,331,915 Federal Funds for total funds of \$1,038,567,063 in her budget as a placeholder.

### OVERVIEW

The mission of the Judicial Branch is to provide fair and accessible justice services, protect the rights of individuals, preserve community welfare, and inspire public confidence.

Three independent state entities compose the Judicial Branch program area. These entities provide policy, programs, administrative support and oversight for Oregon's judicial system and ancillary services.

### REQUESTED BUDGET

- Highlights of the Chief Justice's requested budget for the Judicial Department include:
- Maintaining current levels of court services and operating hours.
- Requesting permanent funding to maintain and support the Oregon eCourt system to make courts more accessible, efficient, and consistent.
- Requesting compensation increases for Oregon's statutory judges to appropriately recognize their authority and responsibilities, and make their salaries more comparable to State of Oregon attorneys and their judicial peers in the 13 Western states.
- Proposing and requesting funding to begin implementing a long-range plan to provide seismic and other upgrades to the Supreme Court building and circuit court facilities, and meet minimum security standards for all circuit courts.

Supporting judge and staff compensation and benefit adjustments with increases to resource levels improving timely services to the public and increase access to justice, especially in juvenile cases and family law cases, such as divorce and child custody.

Continuing funding for court operations and the continuation of the drug, mental health and domestic violence courts.

Continuing funding to maintain current levels of court collections, which benefit the General Fund, Criminal Fines Account, local governments, and crime victims.

Transmitting budget requests from the Oregon Law Commission for additional resources.

The Public Defense Services Commission's requested budget continues a three-biennium strategy of investments toward its goals. Highlights include:

Provides compensation for attorneys and administrative support staff on a salary schedule comparable to the salary schedules at the Department of Justice and other state agencies.

Provides for a rate increase for trial level defender attorneys.

Provides funding to expand improve representation in juvenile dependency cases, which ensures reasonable caseloads, improved compensation, and multidisciplinary representation for parents and children in the Oregon's Child Welfare system.

Provides funding to cover increased mandated caseload costs.

Provides funding to ensure there is quality representation across the state.

The Commission on Judicial Fitness requests funding for staff compensation changes for the 2017-19 biennium.

Overall, the requested Judicial Branch budget is a 23 percent increase from the 2015-17 Legislatively Approved Budget. The General Fund request is a ten percent increase from the 2015-17 Legislatively Approved Budget.

## **GOVERNOR'S ADJUSTMENTS**

The Judicial Branch agencies are a separate and independent branch of state government. The Governor does not have budgetary authority over them. The law, however, requires the Governor to submit a balanced budget for the state. For this reason, the Governor's Budget reduces the Judicial Branch's requested budget to \$734.6 million General Fund, \$1,038.6 million total funds. This funding level represents a four percent increase in General Fund from the 2015-17 Legislatively Approved Budget and a 21 percent increase in total funds.

# Oregon Judicial Department

	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Agency Request
General Fund	\$399,796,975	\$433,042,700	\$480,623,925
Lottery Funds	0	0	0
Other Funds	62,635,761	147,988,947	298,691,015
Federal Funds	1,067,674	1,606,769	1,339,352
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$463,500,410</b>	<b>\$582,638,416</b>	<b>\$780,654,292</b>
Positions	1,879	1,921	1,958
Full-time Equivalent	1,763.28	1,783.83	1,815.89

\*The Governor makes no recommendation for this budget, as it is a separate branch of government. For statutory purposes, the Governor included \$444,731,801 General Fund, \$298,535,282 Other Funds and \$1,331,915 Federal Funds for total funds of \$744,598,998 in her budget as a placeholder.

## OVERVIEW

The Judicial Department’s budget contains the resources necessary to operate a statewide court system in the Judicial Branch of Oregon state government. Effective January 1983, the Legislature created a unified, state-funded court system with general jurisdiction trial courts (circuit courts) located in all 36 counties of the state. (Municipal courts and justice courts, both with limited jurisdiction, still remain outside the state-funded system and are operated by cities and counties.)

The Chief Justice of the Supreme Court is the administrative head of the department with authority over the unified state court system operations, programs and functions. The Chief Justice appoints the State Court Administrator, who is responsible for assisting in administration and coordination. At the local judicial district level, the Chief Justice appoints presiding judges, who in turn appoint trial court administrators to assist in administering the daily operations of the individual courts.

The Judicial Department includes:

- Operations of the Oregon Supreme Court, Court of Appeals, the Tax Court and the Office of the State Court Administrator.
- Operations of the 36 circuit courts organized into 27 judicial districts statewide. These are general jurisdiction trial courts located in every county that rule on a full range of criminal, civil, juvenile, domestic relations cases and other matters.
- Administration of mandated payments for the cost of jurors, transcript costs for certain indigents in civil appeals, Americans with Disabilities Act compliance, and interpreters for non-English speaking and hearing-impaired persons in the courts.

Administration of centralized management and support functions, such as statewide systems for technological case management and information, budget and finance, legal counsel services, education and training, internal auditing, inter-branch and interagency relations, court operations program review, personnel rules and services, collection of court-imposed financial obligations, and a statutory citizen review board program that reviews permanency plans for children in out-of-home placements and makes recommendations to the circuit court judges on the feasibility and progress of these plans.

## **REQUESTED BUDGET**

The Chief Justice's agency request budget is \$780.7 million total funds. It includes \$480.6 million General Fund (including General Fund debt services), \$298.7 million Other Funds and \$1.3 million Federal Funds. This requested budget includes all programs and all policy packages submitted for legislative consideration. The requested budget is a 34 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 1,958 positions.

The Department has finished implementation of its modernization of technology and business processes of the trial courts, known as Oregon eCourt, and now requests permanent funding of positions to support technology, business processes, and testing improvements to that system that expand access to the courts. The request also supports a long-range plan to provide seismic and other upgrades to the Supreme Court building and circuit court facilities, and meet minimum security standards in all circuit courts. The budget includes judges and staff compensation and benefit adjustments, as well as funding court operations and continuing drug, mental health and domestic violence courts. The budget also requests additional judges and staff to improve timely services to the public and increase access to justice, especially for cases involving foster children and divorce, child custody, and other family law cases.

An increasing portion of the Judicial Department budget is passed through to other entities, primarily counties for courthouse replacement, court security, and other services.

Most of the operating costs are for personnel, located statewide as required by statute.

## **REVENUE SUMMARY**

The Judicial Department generates revenue for the General Fund from filing fees, trial and hearing fees, collections fees, and copy sales. Other Funds revenues also are generated by the Judicial Department and other entities from fines, assessments, sales of publications, access to the Oregon Judicial Case Information Network, drug court grants and grants from other state agencies to leverage federal funding sources. The Federal Funds revenues are from the Department of Health and Human Services for the Juvenile Court Improvement Project.

## Commission on Judicial Fitness and Disability

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Agency Request</b>
General Fund	\$196,415	\$405,775	\$294,824
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$196,415</b>	<b>\$405,775</b>	<b>\$294,824</b>
Positions	1	1	1
Full-time Equivalent	0.50	0.50	0.63

\*The Governor makes no recommendation for this budget, as it is a separate branch of government. For statutory purposes, the Governor included \$244,948 General Fund in her budget as a placeholder.

### OVERVIEW

The Commission on Judicial Fitness and Disability investigates complaints filed against Oregon judges. The Commission may recommend the Oregon Supreme Court discipline a judge for misconduct, including censure, suspend, or removal of a judge from the bench.

### REQUESTED BUDGET

The requested budget for the Commission on Judicial Fitness and Disability is \$0.3 million General Fund. This is 27 percent decrease from the 2015-17 Legislatively Approved Budget. The decrease is mostly attributable to one-time investigative and prosecutorial funding to the Commission for the 2015-17 biennium.

### REVENUE SUMMARY

The Commission on Judicial Fitness and Disability's entire budget is funded with General Fund.

# Public Defense Services Commission

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Agency Request</b>
General Fund	\$250,508,919	\$275,454,477	\$379,472,826
Lottery Funds	0	0	0
Other Funds	3,564,624	3,846,904	4,109,950
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$254,073,543</b>	<b>\$279,301,381</b>	<b>\$383,582,776</b>
Positions	76	77	84
Full-time Equivalent	75.11	76.11	82.73

\*The Governor makes no recommendation for this budget, as it is a separate branch of government. For statutory purposes, the Governor included \$289,613,210 General Fund and \$4,109,907 Other Funds for a total amount of \$293,723,117 in her budget as a placeholder.

## OVERVIEW

The Public Defense Services Commission (PDSC) is the judicial branch agency responsible for establishing and maintaining a public defense system. Their mission is to “ensure that eligible individuals have timely access to legal services, consistent with Oregon's standard of justice.”

The Public Defense Services Commission consists of three divisions:

- Appellate Division — provides direct legal services for representation on criminal appeals.
- Professional Services Account — contains funding used to pay the expenses for trial-level representation and appellate cases not handled by the Appellate Division.
- Contract and Business Services — administers the Public Defense Services Account, negotiates contracts, pays bills for trial-level representation and appellate cases not handled by the Appellate Division, and provides all administrative support for the office.

## REQUESTED BUDGET

The requested budget for the Public Defense Service Commission is \$383.6 million total funds. It includes \$379.5 million General Fund and \$4.1 million Other Funds. This is a 37 percent increase from the 2015-17 Legislatively Approved Budget. The budget includes 84 positions.

The requested budget funds the following:

- increased funding to expand the Parent Child Representation Program, which ensures reasonable caseloads, improved compensation, and multidisciplinary representation for parents and children in Oregon’s Child Welfare system;
- rate increases to allow providers to improve compensation and reduce caseloads;
- funding for case management system user licenses to ensure contract providers are able to effectively manage cases in an electronic environment, reduce paper costs, and efficiently collect and report to Oregon Public Defense Services critical data in a standardized format;
- compensation plan increases for the Office of Public Defense Services staff who are currently earning approximately two to 34 percent less than comparable employees in other state agencies; and
- funding to enhance the agency’s ability to monitor, support, and ensure quality representation across the state.

## **REVENUE SUMMARY**

The Commission is funded primarily with General Fund. Other Funds come from the Application and Contribution program, which is composed of application fees and contributions for services from people who can afford to pay for a portion of their defense services.



# EMERGENCY BOARD

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	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
General Fund	\$0	\$95,255,445	\$151,500,000
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$0</b>	<b>\$95,255,445</b>	<b>\$151,500,000</b>
Positions	0	0	0
Full-time Equivalent	0.00	0.00	0.00

## OVERVIEW

The Emergency Board acts to meet emergency needs when the Legislature is not in session. It can allocate money from the Emergency Fund to state agencies. It can also take other action on agency budget requests. The Governor’s budget provides a total of \$151.5 million for the Emergency Fund. The components of this are described below.

## GENERAL PURPOSE

The Governor’s budget proposes \$30 million for the General Purpose Emergency Fund. The Emergency Board can use this for any purpose during the biennium. Items that would be appropriate for consideration for this fund include situations in which the state must deal with unforeseen but critical needs, or when additional investment is critical to an agency or service.

## SPECIAL PURPOSE APPROPRIATIONS

The Governor’s budget sets aside \$100 million in the Emergency Fund for state employee compensation. The funds will help cover cost increases for health and benefit plans and wages for all state employees.

A \$10 million Special Purpose Appropriation (SPA) is included to cover bargained compensation changes for represented non-state employees including child care workers, home care workers and personal support workers.

The Governor will name a domestic violence working group focused on shelter care needs for survivors of domestic violence. The Governor’s budget includes a \$2.5 million SPA for the Department of Housing and Community Services for the purpose of providing housing and shelter to victims of domestic violence upon recommendations from this group.

There is a SPA of \$3,000,000 for the Department of Environmental Quality and the Military Department, Emergency Management Program. The SPA provides funding to enrich the State's capacity to respond to severe incidents, such as a train derailment, and help manage projects and provide direct and tailored technical assistance to state, city, county and tribal governments as it relates to Oregon's Hazard Mitigation Program.

Finally, there is \$6.0 million in the Emergency Fund for fire protection severity suppression resources in the Department of Forestry. The appropriation reimburses costs for the state's share of the purchase of catastrophic fire insurance and reimbursement for the agency's costs for seasonal aviation and ground-based emergency "initial attack" resources.

# STATE AND LOCAL SHARED SERVICES

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## INTRODUCTION

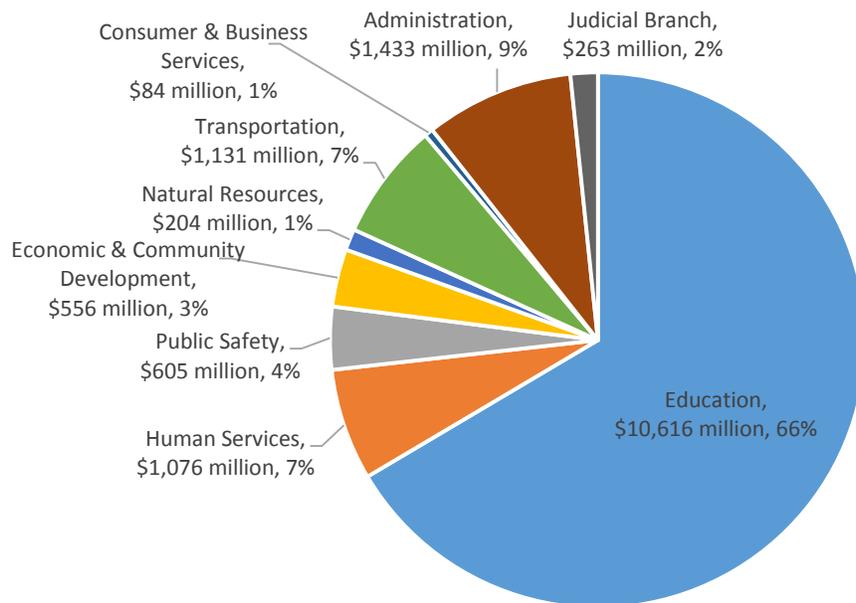
Revenue stability and the capacity of tax revenue to keep pace with economic expansion are pivotal issues for both state and local governments. Local governments depend on the property tax. The property tax is inelastic, which tends to make it a very stable revenue source. These revenues may not, however, grow fast enough to keep up with inflation and population growth.

The state depends heavily on the income tax. It is a more elastic source of revenue that increases or decreases as fast as or faster than the economy. Given the relatively gradual growth of the property tax and the volatility of the General Fund, revenue sharing is crucial to achieving a level of balance between state and local shared services.

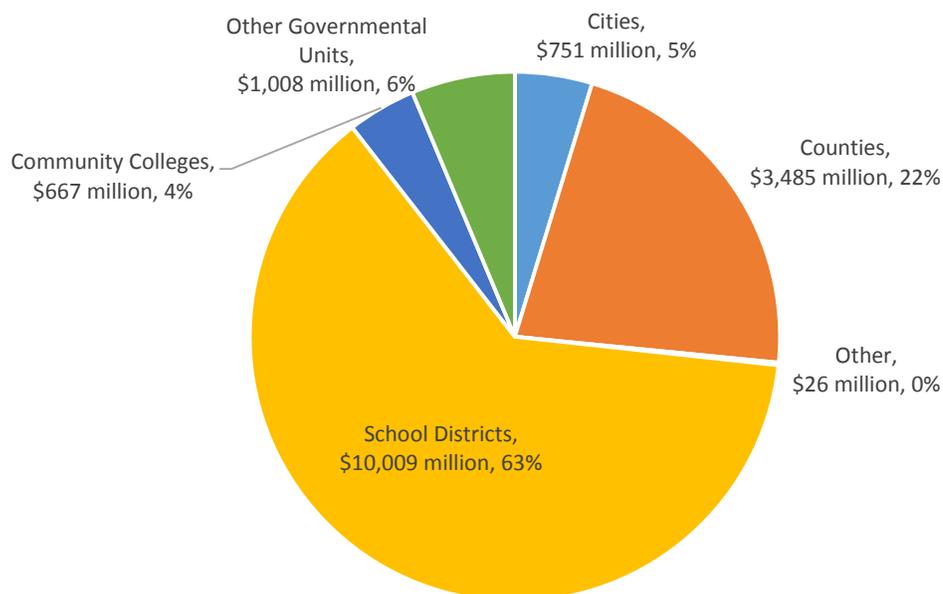
State services that benefit local governments and state funding of locally administered programs are vital connections. The most climactic example rises from the passage of Ballot Measure 5 in 1990. Before its passage, education was mainly funded locally, by the property tax through school districts. Since then, education has been principally financed by the income tax-driven state General Fund and has become the largest portion of the state budget.

The Governor recognized the importance of working locally to identify priorities, resolve problems, and pursue opportunities for improvement. The Governor's budget seeks to cultivate collaborative approaches to allocating state resources for critical services to constituents at both state and local levels of government. Coordinated efforts address common goals in the state and result in good inter-governmental partnerships.

## 2017-19 STATE AND LOCAL SHARED SERVICES BY PROGRAM AREA (\$15,968 MILLION)



## 2017-19 STATE AND LOCAL SHARED SERVICES BY RECIPIENT (\$15,968 MILLION)



The following narrative provides a sampling of state and local shared services but is not a complete documentation of all services. Services are both direct and indirect. Indirect services may not be reflected in state budgets. Individual agencies can be contacted for more information.

## BUDGET OVERVIEW

There are three primary types of shared services between state and local government:

- Funds paid by state agencies to local governments for locally administered programs (primarily county human services, public education, etc.).
- Revenues collected by state agencies and shared with local governments (shared revenues) for the purpose of funding local government services, such as the gas tax.
- Services delivered by state agencies that benefit local governments, for example, directly funding local infrastructure projects.

Resources to non-governmental units, individuals and tax relief are not included.

The 2017-19 Governor's budget contains \$15,968 million total funds in state and local shared services (see charts on the next page for specific program area distributions).

## ADMINISTRATION PROGRAM AREA

The Administration Program Area represents approximately nine percent of total shared services. Agency budgets apportion \$1,433 million total funds to local government. Examples of aid to local government include:

- Department of Administrative Services (DAS). The department administers a number of funds distributed to cities and counties in Oregon. In the 2017-19 biennium, transfers of revenue total more than \$262.8 million, excluding Lottery Funds. The support includes cigarette, tobacco and amusement tax revenues received from the Department of Revenue, as well as liquor and beer and wine taxes from the Oregon Liquor Control Commission. Federal Funds come from U.S. Land Sales, forest reserve rentals and leases, Taylor Grazing Act funds and mineral leases. Distributions to counties from video lottery proceeds pass through the Economic Development Fund.
- Oregon Liquor Control Commission (OLCC). A portion of liquor sales revenue, privilege tax revenue, and license fee revenue is transferred to local governments. Twenty percent of net liquor revenues and 10 percent of net privilege tax revenues are transferred to cities. Ten percent of net liquor revenues and five percent of net privilege tax revenues are transferred to counties. Fourteen percent of net liquor taxes and seven percent of net privilege tax revenues are transferred to city revenue sharing.
- Department of Revenue (DOR). For the 2017-19 biennium, approximately \$929 million will be distributed to counties from a variety of resources, which includes local transit tax money. Also, funds for property tax assessors to help counties maintain their assessment and collection programs. The department also collects and transfers revenues for programs such as the Electric Co-op, Emergency Phone, and Private Rail Car programs. Additionally, per House Bill 2041 (2015), cities and counties each receive ten percent of the proceeds of the marijuana tax dedicated to local law enforcement.
- Oregon State Library (OSL). The State Library provides resources to local governments in the form of Library Services and Technology Act (LSTA) competitive grants totaling \$5.1 million Federal Funds. These grants are distributed to city, county and other libraries across the state. In addition, nearly \$1.9 million General Fund in Ready-to-Read grants are distributed to public libraries throughout Oregon.

## ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

The Economic and Community Development Program Area includes three percent of total shared services and \$556 million total funds. Agencies in this area help provide economic and cultural enhancement. Examples of shared services include:

- Oregon Business Development Department (OBD). The department supports local infrastructure projects through technical assistance, grants, loans and bond financing. The department also administers the Community Development Block Grant program for the non-entitlement areas of the state (those local governments that do not receive a block grant directly from the United States Housing and Urban Development Department). The budget includes over \$486.5 million in Lottery Funds, Other Funds and Federal Funds in special payments to local governments and seismic grants for schools.
- Housing and Community Services Department (OHCS). The department provides approximately \$63.5 million to local government. The agency collaborates with community development corporations, community action agencies, housing authorities, and local governments and school districts to expand affordable housing, revitalize rural and distressed communities and low-income utility assistance.
- Department of Veterans' Affairs (ODVA). The Department of Veterans Affairs budget includes approximately \$5.8 million Lottery Funds for 34 county veterans' service organizations in a service-delivery partnership with counties.

## EDUCATION PROGRAM AREA

The Education Program Area represents 66 percent, or \$10,616 million, of all state resources to local government, more than any other program area. State aid to schools has grown significantly since Ballot Measure 5 (1990) amended the Oregon Constitution to reduce property taxes and required the state to replace property tax revenues lost by schools. The phase-in of Measure 5, as well as the replacement requirement, ended after the 1995-96 fiscal year. Measure 50, however, will continue to restrict the growth in property taxes, and the state has continued to provide increases in school funding. Some examples of shared services are:

- Department of Education (ODE). Almost 98 percent of the budget for ODE is for services to local governments. This aid consists of the State School Fund payments to local education districts, as well as numerous Grant-in-Aid programs. Additionally, the department provides grants to local governments for the delivery of services related to early childhood education and school readiness. This includes grants for pre-kindergarten and early education services and contracts with organizations in local service delivery areas to provide child care resource and referral services. The department also provides funding for Healthy Families and Relief Nurseries.
- Higher Education Coordinating Commission (HECC). Support for community colleges and local workforce programs is included in HECC. This includes Community College Support Fund payments to local community college districts; distribution of the federal Workforce Innovation and Opportunity funds to regional, county, or community service delivery agents; and distribution of state funding for local workforce and Oregon Youth Conservation Corps programs.

## HUMAN SERVICES PROGRAM AREA

The Human Services Program Area promotes health and safety. Agencies foster self-sufficiency and independence. State and local partnerships are vital in providing social supports. The program area represents seven percent of total shared services. The agencies provide \$1,076 million total funds to local governments.

Some examples of these services are:

- Department of Human Services (DHS). The department contracts with local government to provide a variety of developmental disability services and case management for seniors and people with disabilities. In addition, other local governmental units, like school districts, community action agencies and cities, also play key roles in providing or coordinating services. DHS distributes almost \$555.4 million for services to seniors and people with physical, intellectual, and developmental disabilities. The senior and disabled services system is primarily managed through contracts with local Area Agencies on Aging. The developmental disability program is managed through contracts with local brokerages and county offices.
- Oregon Health Authority (OHA). The Health Authority contracts with local governments to deliver a significant number of state services. These contracts include mental health payments for county-based Mental Health Organizations, alcohol and drug abuse treatment services, communicable disease testing, prenatal/parental services and various other public health initiatives. OHA distributes \$347 million for addiction and mental health programs and \$160.6 million for public health services.

## NATURAL RESOURCES PROGRAM AREA

The Natural Resources Program Area represents one percent of total shared services. Agencies apportion \$204 million total funds to local governments. Agencies in this program area manage, protect, and preserve Oregon's natural resources. This is done with the best interests of present and future generations in mind, with the goal of protecting a sound, diversified and sustainable economy. The Oregon Plan for Salmon and Watersheds is a cooperative endeavor among the state, local communities and the private sector. The agreement works toward improving and restoring salmon and steelhead runs, habitat and watershed health. Some examples of aid or shared services are: weed control, trail maintenance, recycling, and emergency preparedness.

- Department of Agriculture (ODA). The department coordinates with the Oregon Watershed Enhancement Board to award OWEB Lottery Funds grants for various cities, counties, and other local government entities for weed control activities consistent with past levels of support.
- Department of Energy (ODOE). The department assists local government through the State Home Oil Weatherization Program. The department also provides for the coordination of emergency response activities for the Hanford and Columbia Generating Station, and for assistance in evaluating energy facility siting applications. The budget includes approximately \$1.3 million in payments to local government.
- Department of Environmental Quality (DEQ). The agency provides a subsidy to the Lane Regional Air Pollution Authority. It also provides grants to improve solid waste planning and recycling, and loans for sewage treatment infrastructure.

- Forestry Department (ODF). The department manages some state forests for benefits to counties. These lands were transferred to the state in the early part of the 20<sup>th</sup> century. Revenues from these lands help support county operations and local school districts. Also, counties and schools receive a share of revenues from the harvesting of timber on forestland managed by the department on behalf of the State Land Board.
- Department of Land Conservation and Development (DLCD). Through its Grants program unit, the agency distributes funds to cities and counties. Grants are awarded to maintain, improve, and carry out comprehensive plans and land use regulations, and to help local governments meet the statutory obligation for periodic review of those plans. For the 2017-19 biennium, distributions under this program will likely total \$2.7 million total funds.
- Department of State Lands (DSL). The department transfers revenue to the Department of Education; this revenue becomes part of the funding for primary and secondary public schools (Kindergarten through 12<sup>th</sup> grade).
- Marine Board (OSMB). The Marine Board supports local communities through programs that support boating within their jurisdictions. The Boating Safety program provides \$9.3 million of state boater funds to assist with providing law enforcement in Oregon's waterways and boating education in local schools. This money is matched with \$3.9 million in federal money to support these programs. The Boating Facilities program provides engineering, environmental, and contract services to support facility construction grants, and provides \$7.0 million in direct grant assistance for construction and maintenance. The Marine Board leverages boater money with another \$2.1 million in federal funds for these projects.
- Oregon Parks and Recreation Department (OPRD). The department operates grant programs that provide funding to counties and other local governments for recreation and historic preservation. Each grant program has specific eligibility requirements. Some are designed for county governments only; others can include cities, counties, metropolitan service districts, park and recreation districts and port districts.

There are six recreational grant programs, five of which distribute grants primarily for outdoor recreation purposes. Two of the five are pass-through using Federal Funds. The other grant program assists local governments in the creation or preservation of veterans and war memorials.

Other grant programs include various types of historic preservation and heritage-related projects such as historic buildings and sites, archaeology, museums and cemeteries.

Parks recreational grants include:

- The County Opportunity Grant program (funding for recreational vehicle camping sites and funded through RV registration fees) distributes approximately \$1.6 million in grants.
- The All-Terrain Vehicle (ATV) program distributes about \$9.7 million in grants to local, state and federal entities. Grants are awarded for law enforcement and safety, acquisition and maintenance of trails and facilities, and other ATV-related purposes.

- The Local Government Grant Program provides approximately \$11.2 million, from the Lottery funded Parks and Natural Resources Fund, to local governments for the acquisition and development of outdoor park grounds and facilities.
- The federal Recreational Trail Grant Program distributes approximately \$7.1 million in grants. The majority of the grant funds are used by local governments for non-motorized trails.
- The federal Land and Water Conservation Funds are used by local governments for acquisition and development of local parks. This program distributes approximately \$2.9 million in grants.
- Grants for veteran and war memorials are funded at \$150,000.
- Parks historic preservation grants. Grants for historic resource programs, archaeology, museums and historic cemeteries are funded at about \$4.4 million.

## **PUBLIC SAFETY PROGRAM AREA**

The Public Safety Program Area provides four percent of all shared services with local government, or \$605 million total funds. Community Corrections funds 45 percent of the total. Agencies in the public safety area are responsible for ensuring the safety of Oregon’s people, property and natural resources. This is done through trained militia and law enforcement. It also includes prosecution and incarceration of juvenile and adult offenders. Some examples of shared services are:

- *Criminal Justice Commission (CJC)*. The Governor’s budget includes \$15.8 million General Fund for distribution to counties to fund specialty court grants. The budget also includes \$8.4 million Federal Funds distributed to counties as part of the Justice Assistance Grant, Byrne Grant and Residential Substance Abuse Treatment Grant programs.
- *Department of Corrections (DOC)*. The budget includes \$250 million total funds for grants to counties for supervision and treatment of state felony offenders on parole, probation, and post-prison supervision, and for management of felony offenders sentenced to incarceration for 12 or fewer months.
- *Department of Justice (DOJ)*. The department will distribute about \$28.2 million total funds to cities and counties for crime victim assistance and compensation. These funds come from the Criminal Fine and Account, penalties levied against defendants who were found guilty of committing certain crimes by the courts. Included in the total are \$16.7 million in Federal Funds and \$0.9 million in General Fund. The main programs responsible for the transfers include Prosecutor-based Victim Assistance Programs, Federal Victims of Crime Act Program, Child Abuse Multidisciplinary Intervention Program, Federal Violence against Women Act and the Restitution Pilot Program. The department also distributes \$16.3 million Federal Funds and \$4.6 million Other Funds to counties to fund the District Attorney (DA) cost of the Child Support Program. For the 2017-19 biennium, the department will also transfer \$2.2 million General Fund to the DAs to offset a funding reduction from passage of the federal Deficit Reduction Act of 2005.
- *Oregon Military Department (OMD)*. The Oregon Military Department provides a variety of services to local government during state emergencies. National Guard members assist in the design and construction of public improvement projects as part of their training activities. The 9-1-1, federal

emergency planning and management grants and homeland security grants will be distributed from the department. As a result, the department total is \$55.5 million for counties and \$78 million for cities.

- Oregon Youth Authority (OYA). OYA provides funds to juvenile departments to purchase services designed to prevent youth from re-offending and to provide focused gang-related programs. The amount is \$24.1 million General Fund.
- Department of Public Safety Standards and Training (DPSST). DPSST certifies and trains city and county police officers and state and local corrections, parole and probation, telecommunications and emergency medical dispatchers. It also certifies and provides training for volunteer and professional firefighters. The recommended budget covers continued provision of these services, at no cost to the sending governments or students. The budget includes \$0.3 million Other Funds for the Public Safety Memorial Fund, which provides immediate and long-term financial assistance for disabled public safety officers and their families, when public safety officers are injured in the line of duty. An additional \$6.3 million Federal Funds are expended, primarily to counties and primarily for High Intensity Drug Trafficking Area programs and drug enforcement coordination activities.

## **TRANSPORTATION PROGRAM AREA**

The Transportation Program Area distributions make up seven percent of total shared services, or \$1,131 million total funds.

- Department of Transportation (ODOT). Through *ConnectOregon*, the department provides funding to local governments for multi-modal transportation projects. The department also provides local governments with public transportation funding for the transportation of elderly individuals and individuals with disabilities. Finally, cities and counties receive revenue for highway construction. The funds received are Federal Funds, in addition to a portion of the fuels tax, weight-mile tax and driver licensing fees.

# CAPITAL BUDGETING

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## Capital Construction

Capital Construction projects are presented in appropriation bills separate from agencies' budget bills for ongoing operations. "Major Construction" projects are distinguished from "Capital Improvements" based on a cost of \$1.0 million or more and must receive approval by the Legislature before spending begins. Capital Improvements less than \$1.0 million do not require specific legislative approval and are included in an agency's operating budget.

The recommended major construction projects are included in one appropriation bill. Projects may be funded with proceeds from bonds that are repaid over time or on a "pay-as-you-go" basis (i.e. without borrowing). Sources for bond repayment and "pay-as-you-go" include General Fund, Other Funds, Lottery Funds and Federal Funds. Income taxes are the primary source of General Fund resources. Other Funds are moneys dedicated by Oregon Law or Constitution. Other Funds revenues are derived from a variety of sources including taxes on fuels, rents, fees for services, grants, and donations. Lottery Funds are net revenues derived from operations of the Oregon Lottery. Federal Funds are moneys from the U.S. Government to pay for specific projects such as armories and airport improvements. Important investments in this budget will:

- Improve and expand campus facilities at various public universities and community colleges to support the infrastructure needs of students and faculty in higher education.
- Provide funds for the Local Innovation and Fast Track (LIFT) housing program to acquire, construct, renovate and furnish affordable housing for low-income Oregonians.
- Make improvements to state office buildings and provide funding for capital renewal to address outstanding deferred maintenance needs and promote best practices in facilities management.

The following tables show the major capital construction projects proposed by the Governor for the 2017-19 biennium. The tables also show estimated major capital construction project costs for the four years in the subsequent two biennia as submitted by each agency. This data on projected future project costs is a required component of the Governor's Budget under Oregon law (ORS 291.224).

# Capital Construction & Acquisition Plans

## 2017-19 PROGRAM FUNDING REQUEST SUMMARY

Program Area	General Fund	Other Funds	Federal Funds	Total Funds
Education	-	440,049,997	-	440,049,997
Human Services	-	-	-	-
Public Safety	-	118,645,306	-	118,645,306
Economic and Community Development	-	87,450,000	-	87,450,000
Natural Resources	-	14,800,000	-	14,800,000
Transportation	-	6,832,500	4,792,500	11,625,000
Administration	-	9,329,431	-	9,329,431
<b>Total</b>	<b>\$ -</b>	<b>\$ 677,107,234</b>	<b>\$ 4,792,500</b>	<b>\$ 681,899,734</b>

## 2017-2019 RECOMMENDED MAJOR CONSTRUCTION/ACQUISITION PROJECTS

Description	General Fund	Other Funds	Federal Funds	Total
<b>Education</b>				
<b>Higher Education Coordinating Commission</b>				
Public Universities Capital Construction	-	349,800,000	-	349,800,000
Community College Capital Construction	-	75,249,997	-	75,249,997
Campus Safety & Security Universities & Community Colleges	-	15,000,000	-	15,000,000
<b>Total Higher Education Coordinating Commission</b>	-	440,049,997	-	440,049,997
<b>Education</b>	-	\$ 440,049,997	-	\$ 440,049,997
<b>Public Safety</b>				
<b>Military Department, Oregon</b>				
Regional Armory Emergency Enhancement	-	16,464,000	-	16,464,000
Jackson Armory Service Life Extension	-	3,597,502	-	3,597,502
Grants Pass Armory Service Life Extension	-	3,270,356	-	3,270,356
Future Readiness Center Sites	-	1,730,000	-	1,730,000
<b>Total Military Department, Oregon</b>	-	25,061,858	-	25,061,858
<b>Oregon Youth Authority</b>				
Capital Construction	-	50,089,914	-	50,089,914
<b>Total Oregon Youth Authority</b>	-	50,089,914	-	50,089,914
<b>Corrections, Department of</b>				
Capital Improvements and Renewal	-	31,293,534	-	31,293,534
Technology Infrastructure	-	12,200,000	-	12,200,000
<b>Total Corrections, Department of</b>	-	43,493,534	-	43,493,534
<b>Public Safety</b>	-	\$ 118,645,306	-	\$ 118,645,306
<b>Economic &amp; Community Development</b>				
<b>Housing &amp; Community Services Dept</b>				
Family Affordable Housing	-	60,000,000	-	60,000,000
Elderly & Disabled Multi-family Housing (Art. XI-1(2))	-	25,000,000	-	25,000,000
<b>Total Housing &amp; Community Services Dept</b>	-	85,000,000	-	85,000,000
<b>Oregon Department of Veterans' Affairs</b>				
Veterans' Home Capital Projects	-	2,450,000	-	2,450,000
<b>Total Oregon Department of Veterans' Affairs</b>	-	2,450,000	-	2,450,000
<b>Economic &amp; Community Development</b>	-	\$ 87,450,000	-	\$ 87,450,000
<b>Natural Resources</b>				
<b>Fish &amp; Wildlife, Oregon Department of</b>				
Deferred Maintenance	-	10,000,000	-	10,000,000
<b>Total Fish &amp; Wildlife, Oregon Department of</b>	-	10,000,000	-	10,000,000
<b>Forestry, Department of</b>				
State Forester's Office Building Renovation	-	3,000,000	-	3,000,000
Toledo Unit Facility Replacement	-	1,800,000	-	1,800,000
<b>Total Forestry, Department of</b>	-	4,800,000	-	4,800,000
<b>Natural Resources</b>	-	\$ 14,800,000	-	\$ 14,800,000
<b>Transportation</b>				
<b>Transportation, Oregon Department of</b>				
Ona Beach Replacement	-	6,300,000	-	6,300,000
<b>Total Transportation, Oregon Department of</b>	-	6,300,000	-	6,300,000

**2017-2019 RECOMMENDED MAJOR CONSTRUCTION/ACQUISITION PROJECTS  
(CONTINUED)**

Description	General Fund	Other Funds	Federal Funds	Total
<b>Aviation, Department of</b>				
McDermitt State Airport Runway and Taxi	-	120,000	1,080,000	1,200,000
Bandon Electrical, Gate, Obstruction Removal	-	192,500	1,732,500	1,925,000
Chiloquin Taxi and Fencing	-	110,000	990,000	1,100,000
Lebanon Taxi and Apron Rehabilitation	-	110,000	990,000	1,100,000
<b>Total Aviation, Department of</b>	-	532,500	4,792,500	5,325,000
<b>Transportation</b>	-	\$ 6,832,500	\$ 4,792,500	\$ 11,625,000
<b>Administration</b>				
<b>Administrative Services, Department of</b>				
Mission Critical Facility - Yellow Lot Bldg	-	9,329,431	-	9,329,431
<b>Total Administrative Services, Department of</b>	-	9,329,431	-	9,329,431
<b>Administration</b>	-	\$ 9,329,431	-	\$ 9,329,431
<b>GRAND TOTAL 2017-19 BIENNIUM</b>	-	\$ 677,107,234	\$ 4,792,500	\$ 681,899,734

## 2019-2021 ESTIMATED MAJOR CONSTRUCTION/ACQUISITION REQUIREMENTS

Description	General Fund	Other Funds	Federal Funds	Total
<b>Education</b>				
<b>Higher Education Coordinating Commission</b>				
Public Universities Capital Construction	-	350,000,000	-	350,000,000
Community College Capital Construction	-	75,000,000	-	75,000,000
<b>Total Higher Education Coordinating Commission</b>	-	425,000,000	-	425,000,000
<b>Education</b>	-	\$425,000,000	-	\$425,000,000
<b>Public Safety</b>				
<b>Military Department, Oregon</b>				
Klamath Falls Armed Forces Reserve Center	-	1,200,000	13,978,000	15,178,000
Boardman Multipurpose Machinegun Range	-	753,360	14,077,000	14,830,360
McMinnville Armory Service Life Extension	-	3,212,120	-	3,212,120
Salem Armory Service Life Extension	-	4,974,320	-	4,974,320
<b>Total Military Department, Oregon</b>	-	10,139,800	28,055,000	38,194,800
<b>Oregon Youth Authority</b>				
Facility Renovations and Improvements	-	54,851,320	-	54,851,320
Facility & Electronic Security Improvements & Planning	-	22,790,866	-	22,790,866
<b>Total Oregon Youth Authority</b>	-	77,642,186	-	77,642,186
<b>Corrections, Department of</b>				
Technology Initiatives - Intranet Portal	-	692,900	-	692,900
<b>Total Corrections, Department of</b>	-	692,900	-	692,900
<b>Public Safety</b>	-	\$ 88,474,886	\$28,055,000	\$116,529,886
<b>Transportation</b>				
<b>Transportation, Oregon Department of</b>				
South Coast Maintenance Station Phase 2	-	10,000,000	-	10,000,000
Planning Future Maintenance Station Projects	-	2,000,000	-	2,000,000
<b>Total Transportation, Oregon Department of</b>	-	12,000,000	-	12,000,000
<b>Transportation</b>	-	\$ 12,000,000	-	\$ 12,000,000
<b>Administration</b>				
<b>Administrative Services, Department of</b>				
New Building and Parking - Yellow Lot	-	104,500,000	-	104,500,000
Portland State Office Building Improvements	-	8,000,000	-	8,000,000
Revenue Building Renovation	-	1,196,000	-	1,196,000
<b>Total Administrative Services, Department of</b>	-	113,696,000	-	113,696,000
<b>Administration</b>	-	\$113,696,000	-	113,696,000
<b>GRAND TOTAL 2019-21 BIENNIUM</b>	-	\$639,170,886	\$28,055,000	\$667,225,886

Note: Funding in the Governor's Budget includes only those items identified in capital construction bills. This table presents estimated biennial construction costs for projects that would be considered for recommendation in 2019-21; they are not yet recommended in capital construction bills.

## 2021-2023 ESTIMATED MAJOR CONSTRUCTION/ACQUISITION REQUIREMENTS

Description	General Fund	Other Funds	Federal Funds	Total
<b>Education</b>				
<b>Higher Education Coordinating Commission</b>				
Public Universities Capital Construction	-	350,000,000	-	350,000,000
Community College Capital Construction	-	75,000,000	-	75,000,000
<b>Total Higher Education Coordinating Commission</b>	-	425,000,000	-	425,000,000
<b>Education</b>	-	\$425,000,000	-	\$425,000,000
<b>Public Safety</b>				
<b>Military Department, Oregon</b>				
Hillsboro Readiness Center	-	5,025,520	23,000,000	28,025,520
Warrenton Armory Service Life Extension	-	1,996,340	-	1,996,340
Ashland Armory Service Life Extension	-	2,881,640	-	2,881,640
<b>Total Military Department, Oregon</b>	-	9,903,500	23,000,000	32,903,500
<b>Oregon Youth Authority</b>				
Facility Renovations and Improvements	-	31,568,900	-	31,568,900
Facility & Electronic Security Improvements/Planning	-	1,425,242	-	1,425,242
<b>Total Oregon Youth Authority</b>	-	32,994,142	-	32,994,142
<b>Public Safety</b>	-	\$42,897,642	\$23,000,000	\$65,897,642
<b>Transportation</b>				
<b>Transportation, Oregon Department of</b>				
Toledo Maintenance Station Phase 2	-	7,200,000	-	7,200,000
East Salem Maintenance Station Phase 1	-	1,000,000	-	1,000,000
Planning Future Maintenance Station Projects	-	3,800,000	-	3,800,000
<b>Total Transportation, Oregon Department of</b>	-	12,000,000	-	12,000,000
<b>Transportation</b>	-	\$12,000,000	-	\$12,000,000
<b>Administration</b>				
<b>Administrative Services, Department of</b>				
Revenue Building Renovation	-	1,196,005	-	1,196,005
Labor & Industry Building Renovation	-	25,247,125	-	25,247,125
<b>Total Administrative Services, Department of</b>	-	26,443,130	-	26,443,130
<b>Administration</b>	-	\$26,443,130	-	\$26,443,130
<b>GRAND TOTAL 2021-23 BIENNIUM</b>	-	\$506,340,772	\$23,000,000	\$529,340,772

Note: Funding in the Governor's Budget includes only those items identified in capital construction bills. This table presents estimated biennial construction costs for projects that would be considered for recommendation in 2021-23; they are not yet recommended in capital construction bills.

# Bonded Debt Profile

## DEBT STRUCTURE AND AUTHORITY

The State of Oregon's borrowing programs consist of many different and separate authorizations, including both constitutional and statutory provisions. Constitutional authorizations permit issuance of general obligation bonds that are backed by the full faith and credit of the state. Statutory authorizations provide for the issuance of revenue bonds and conduit revenue bonds backed only by the moneys derived from operation of the particular enterprise for which the obligations were issued. Appropriation credits include Certificates of Participation authorized in ORS Chapter 283 and appropriation bonds which were authorized by Senate Bill 856 (2003), but are no longer outstanding. Both of these are special limited obligations of the state payable solely from funds appropriated by the Legislative Assembly. In addition to these constitutional and statutory limits, the Legislative Assembly approves the volume of bonds and finance agreements that may be issued under each authorization during a given biennium through the budgetary process.

The state's general obligation bond authority is based on the Real Market Value (RMV) of all taxable property in Oregon. Most constitutionally authorized general obligation bond programs have an issuance ceiling based on a percentage of RMV, ranging from 0.2 to 8.0 percent as shown in Table B. The most recent (January 1, 2015) certified statewide RMV is \$506.2 billion. The total outstanding general obligation debt at June 30, 2016 was approximately \$5.7 billion. Of the outstanding general obligation debt, 55 percent is structured to be self-supporting; that is, debt service is paid from various program revenues rather than from General Fund revenues. The remaining general obligation debt is General Fund supported.

Approximately 27 percent of the state's outstanding general obligation debt matures in five years, and 61 percent matures in 10 years. The entire debt matures within 32 years as shown in Table D, a schedule of aggregate debt service requirements for general obligation debt as of June 30, 2016. The maturity structure is affected most significantly by required principal payments for pension obligation bonds in 2017 through 2027.

Oregon's gross long-term debt at June 30, 2016 was \$10.3 billion, excluding conduit bonds. Compared to \$10.8 billion outstanding two years earlier, this represents a decrease of approximately four percent. This decline was primarily driven by the reduction in outstanding revenue bonds, as the pace of repayments on existing debt exceeded the pace of new debt issuance in the past two years.

## RECENT DEVELOPMENTS

The issuance of \$126.2 million of general obligation bonds under Article XI-P of Oregon's Constitution was authorized by the 2015 Legislature in the 2015-17 biennium. Article XI-P, adopted by voters in May 2010, allows debt to be issued to provide matching funds to finance the capital costs of school districts that have received voter approval for local general obligation bonds. Capital costs include costs associated with acquisition, construction, improvement, maintenance or furnishing school facilities. As authorized in Senate Bill 447 (Oregon Laws 2015, chapter 783), the enabling legislation, the Department of Education developed a grant program

to provide these matching fund grants in accordance with requirements for eligibility and award stipulated in the enabling legislation.

The first issuance of Article XI-P bonds to finance the Oregon School Capital Improvement Matching grant program was completed October 19, 2016 in the amount of \$43.2 million. This initial bond issuance will provide matching grant awards to several school districts for which local general obligation bond ballot measures were approved in the May 2016 election. The Governor's Budget assumes that approximately \$40.4 million of the total authorized XI-P bonds will not be issued in the current biennium; therefore, this amount has been added back to available General Fund debt capacity for the 2017-19 biennium. Given the current condition of many school district facilities and the anticipated demand for matching grant monies, this program may use a significant portion of the state's General Fund debt capacity in future biennia.

### **CURRENT 2015-17 BIENNIUM ISSUANCE**

The state is expected to issue approximately \$2.1 billion of bonds in the 2015-17 biennium, excluding pass through revenue bonds, COPs, and Other Financing Agreements. This is an increase of \$733.7 million from the amount issued in 2013-15. The change is primarily due to greater emphasis on funding grants for seismic rehabilitation of public education buildings and capital improvements for school districts across the state. In addition, a significant grant is funding the Oregon Health and Science University Cancer Institute expansion with proceeds of Article XI-G Higher Education bonds, a unique opportunity brought about by a significant donation to the university.

The program with the highest projected issuance in 2015-17 is the Article XI-Q general obligation bond program, which is used to finance state-owned or state-operated capital assets. Primary uses include public universities' capital projects, improvements to Oregon Youth Authority facilities, affordable housing, and several major information technology projects. The amount of bonds expected to be issued in 2015-17 by bond program is shown in Table A.

### **HIGHLIGHTS OF RECOMMENDED 2017-19 BIENNIUM ISSUANCE AUTHORITY**

The Governor's Budget takes into consideration debt capacity limits recommended by the State Treasurer's Office for both General Fund supported debt and Lottery Revenue bonds. Recommended levels of authority for 2017-19 debt issuance factor in capital needs over a six-year horizon to strategically focus investments and use debt capacity in a prudent and sustainable manner.

The state's capacity to issue General Fund supported debt is slightly higher than the prior biennium as a result of improving growth estimates for General Fund revenue, primarily personal income taxes. The Governor's Budget for 2017-19 includes authority to issue \$968.9 million of General Fund supported debt for various programs as shown in Table A. Significant investments include \$273.6 million for facility expansions and improvements at public universities, \$202.3 million to fund grants for seismic rehabilitation of public education and emergency services buildings, and \$120.1 million for matching grants for school district capital improvements. Also recommended for financing is \$130.8 million for state-owned facility

renovations, \$60.8 million for affordable housing needs, and \$66.8 million for replacement and implementation of various information technology systems such as core tax collection systems. In addition, \$102.8 million in general obligation bond authority is recommended to fund community college campus improvements, of which \$26.2 million is carryover authority for several projects authorized in prior biennia but not funded because matching funds are not yet available.

Lottery bond issuance capacity in 2017-19 will be comparable to the prior biennium. The Governor's Budget includes \$219.9 million in Lottery Revenue Bonds to fund a variety of projects including: multi-modal transportation (Connect Oregon VII), grants for water infrastructure and levee projects, preservation of affordable housing, and other infrastructure investments based on identified regional priorities. Lottery Bonds will also fund safety and security improvements at community college and public university campuses. Many of these investments will help to revitalize rural communities throughout Oregon.

In addition to the General Fund supported and Lottery Bond projects described above, the bond bill also includes amounts for self-supporting projects such as \$81.5 million for acquisition and construction of public university facilities. Other bonds that are not tax-supported are authorized for a variety of purposes including veterans' home loans and revenue bonds to finance both single-family mortgage loans and multi-family housing projects.

## **CREDIT RATING CONSIDERATIONS**

Most of Oregon's general obligation debt is paid from non-tax sources, that is, the debt is self-supporting. Because this debt has general obligation backing, some credit rating analysts may treat a portion of it as a General Fund liability, despite its self-supporting character and history.

The State of Oregon continues to be regarded by the capital markets as a well-managed issuer of debt, as evidenced by the state's general obligation debt credit ratings of AA+, Aa1, and AA+ by Standard & Poor's, Moody's Investor Service, and Fitch Investors Service respectively. The Lottery Revenue Bond program also continues to garner strong credit ratings of AAA and Aa2 by Standard & Poor's and Moody's Investors Services respectively.

Several factors are cited by the ratings agencies in maintaining Oregon's strong credit position. These include sound financial controls underscored by strong executive ability to reduce spending, maintenance of budget reserves, and favorable funding ratios in the state's pension system. Credit challenges include heavy reliance on volatile income tax, the "kicker" law which restricts the state's ability to manage income volatility, high debt ratios, and uncertainty created by the voter initiative process.

## **INTEREST RATES**

Oregon bond issuers typically pay lower interest costs when issuing tax-exempt municipal bonds in comparison to their national counterparts, due to their exemption from both federal and state income taxes and given that Oregon is a relatively high income tax state. Although volatility of interest rates over the last two years has been significant, a lack of stability in the global political environment has contributed to keeping interest rates low. During fiscal year 2016, the 20-year Oregon Bond Index for Aa-rated debt issues ranged from a high of 3.32 percent in July 2015 to a

low of 2.12 percent in June 2016. While rates varied weekly, the overall trend was slightly lower rates over the course of the year. From a historical perspective, the rate at year end was a record low for the 20-year Oregon Bond Index. Since then, rates dipped slightly lower to 2.03 percent in July 2016, but then increased to 2.49 percent by October 2016, still well within historically low territory. The state has taken advantage of this low interest rate environment to refinance existing debt at lower rates where permissible, achieving millions of dollars in debt service savings.

## State of Oregon Active Borrowing Programs

As previously noted, the state's borrowing programs include general obligation bonds (General Fund supported and self-supporting), revenue bonds (direct revenue and conduit), and appropriation credits. A description of each active authorization follows; inactive programs with no bonds outstanding and no issuance recommended are not included. Refer to Table B for constitutional and statutory debt limits.

### ACTIVE GENERAL OBLIGATION AUTHORIZATIONS – GENERAL FUND SUPPORTED

Higher Education Institutions and Community Colleges – Article XI-G. Under Article XI-G of the Oregon Constitution, the state may issue general obligation bonds to acquire, construct, improve, repair, and furnish buildings, structures, and land that the Legislative Assembly determines will benefit higher education institutions or community colleges. The bond proceeds fund grants to public universities and community colleges, and each grant recipient must certify it has matching funds available for the project, as required by Article XI-G. These bonds are repaid with General Fund appropriations and, in addition, are secured by the authority for an unlimited ad valorem tax levied on all taxable property in the State. While this authorization applies to both higher education and community colleges, the higher education portion of XI-G outstanding debt (\$527.7 million) greatly exceeds the community colleges portion (\$167.1 million) as of June 30, 2016. The combined total of XI-G bonded debt outstanding at June 30, 2016 was \$694.8 million.

Pollution Control – Article XI-H. Article XI-H authorizes debt issuance to finance pollution control facilities for any municipal corporation, city, county, or agency of the state. The bonds may be either General Fund supported or self-supporting from revenues generated by the program the bonds fund. Because bond proceeds are used for a variety of different pollution abatement projects, including “orphan” sites clean up, an increasing amount of the state's Pollution Control debt may become General Fund supported. Clean Water State Revolving Fund bonds are primarily Other Funds supported and Orphan Site bonds are primarily General Fund supported.

At June 30, 2016, \$36.6 million in Pollution Control bonded debt was outstanding; of this, \$15.4 million (42 percent) was General Fund supported. Under the Constitution, \$5.1 billion in pollution control bonds could be issued; however, the Legislature has limited the debt that may be issued under this authorization to \$260 million (ORS 468.195). This occurred, in part, because voters approved expanded use of this bonding authority in 1990 for pollution

control and disposal activities and exempted pollution control, disposal, and hazardous substance facilities from the self-supporting requirement.

Alternate Energy Projects – Article XI-J. This article authorizes debt issuance to provide loans for development of small scale local energy projects. Approximately 24 percent of outstanding bonds are General Fund supported while the remaining 76 percent are supported from project revenue streams. At June 30, 2016, outstanding bonds totaled \$194.0 million, of which \$46.6 million was General Fund supported.

Oregon Opportunity Bonds (OHSU) – Article XI-L. This article authorizes bonds to finance capital costs of the Oregon Health and Science University (OHSU) in an aggregate principal amount that produces net proceeds not to exceed \$200 million. The authorizing legislation contemplates the bonds may be paid from tobacco settlement revenues, but those revenues are not pledged to pay the bonds. Principal outstanding was \$97.9 million as of June 30, 2016.

Seismic Rehabilitation – Article XI-M/XI-N. Article XI-M authorizes the state to incur debt to finance seismic rehabilitation of public education buildings. This includes buildings owned by a public university, a school district, an education service district, or a community college district. Article XI-N authorizes the state to incur debt to finance seismic rehabilitation of public emergency services buildings such as hospitals, fire stations, and police stations used by a state, county, district, or municipal law enforcement agency. As of June 30, 2016, \$70.8 million in XI-M (public education buildings) and \$22.0 million in XI-N (emergency services buildings) bonds were outstanding.

Pension Obligation Bonds – Article XI-O. Article XI-O permits the state to incur debt to finance its pension liabilities and to pay the costs of issuing such debt. The article requires the State to pledge its full faith and credit and taxing power to pay such debt, but does not permit the State to pledge its ad valorem taxing power. House Bill 3659 (2003), the implementing legislation for issuance of Oregon's Pension Obligation Bonds, required the net proceeds of the bonds to be deposited in the Public Employees Retirement Fund. As of June 30, 2016, \$1.8 billion remains outstanding. Of this amount, \$1.2 billion (68 percent) is considered self-supporting debt and \$565.2 million (32 percent) is considered General Fund supported debt. The State does not currently anticipate issuing any additional XI-O Bonds.

School District Capital Costs – Article XI-P. Article XI-P authorizes debt issuance to provide matching funds to finance the capital costs of school districts that have received voter approval for local general obligation bonds. While no debt is outstanding at June 30, 2016, \$85.8 million of XI-P bonds are expected to be issued in 2015-17.

State Real and Personal Property – Article XI-Q. Article XI-Q bonds may be issued to acquire, construct, remodel, equip, or furnish real or personal property that is or will be owned or operated by the state, including infrastructure related to the property. ORS 286A.816 to 286A.826 establish the framework for the Article XI-Q Bond program which is administered by the Oregon Department of Administrative Services. At June 30, 2016, \$1.2 billion in Article XI-Q bonds were outstanding, of which \$1.0 billion (85 percent) is General Fund supported and \$184.6 million (15 percent) is self-supporting debt.

ODOT Highway Improvement Projects – Article XI, Section 7. This article prohibits the Legislative Assembly from authorizing debt in excess of \$50,000 other than for noted exceptions, one of which is to incur debt to build and maintain permanent roads. No bonds have been issued under this provision as of June 30, 2016; however, the issuance of \$35.5 million in General Fund supported general obligation bonds for Highway Improvement Projects is expected in 2015-17.

## **ACTIVE GENERAL OBLIGATION AUTHORIZATIONS – SELF-SUPPORTING**

Veterans' Affairs – Article XI-A. Under this article, the state may issue debt to finance farm and home loans for eligible veterans. These bonds are self-supporting from loan repayments, but carry the additional security of the Legislature's ability to levy an annual statewide property tax. At June 30, 2016, the Department of Veterans' Affairs had \$300.3 million in outstanding bonds.

Higher Education – Article XI-F(1). Article XI-F(1) allows the state to issue bonds for higher education building projects. Under the framework provided in ORS 286A.830 – 286A.863, the State uses bond proceeds to fund loans to public universities, and the loan repayments from universities are used by the State to pay debt service on the bonds. Therefore, bonds issued under this authority are self-supporting. If necessary, a statewide property tax may be used to provide for payment of this debt. On June 30, 2016, approximately \$1.2 billion was outstanding which represents 32 percent of the available constitutional debt limit.

Pollution Control – Article XI-H. As noted above, XI-H bonds may be issued to finance pollution control facilities for a municipal corporation, city, county, or state agency. Of the total \$36.6 million outstanding as of June 30, 2016, \$21.3 million (58 percent) is self-supporting debt.

Water Development Projects – Article XI-I(1). This article allows the state to incur debt to provide financing for loans for construction of water development projects for irrigation, drainage, fish protection, watershed restoration, and municipal uses and for the acquisition of easements and rights of way for water development. No Water Development bonds were outstanding as of June 30, 2016. However, the issuance of \$30.5 million in bonds is authorized in 2015-17.

Elderly and Disabled Housing – Article XI-I(2). The state may issue bonds to provide financing for multi-family housing for elderly low-income persons and for disabled persons. The Elderly and Disabled Housing program debt is self-supporting from project revenues and is backed by the state's general obligation pledge, which includes property taxing authority. As of June 30, 2016, approximately \$50.8 million of debt was outstanding.

Alternate Energy Projects – Article XI-J. This article authorizes debt issuance to provide loans for development of small scale local energy projects. Of the total \$194.0 million outstanding as of June 30, 2016, \$147.5 million (76 percent) is self-supported debt.

Pension Obligations – Article XI-O. As previously noted, the state is authorized to incur debt to finance the state's pension liabilities. As of June 30, 2016, \$1.8 billion remains outstanding. Of this amount, \$1.2 billion (68 percent) is considered self-supporting debt and \$565.2 million (32 percent) is considered General Fund supported debt. The State does not currently anticipate issuing any additional XI-O Bonds.

State Real and Personal Property – Article XI-Q. As noted above, XI-Q bonds may be issued to acquire, construct, remodel, equip, or furnish real or personal property that is or will be owned or operated by the state. Of the \$1.2 billion outstanding as of June 30, 2016, \$184.6 million (15 percent) is self-supporting debt and \$1.0 billion (85 percent) is General Fund supported debt.

## **ACTIVE REVENUE BOND AUTHORIZATIONS**

Single-Family and Multi-Family Housing. Oregon Housing and Community Services Department (OHCS) may issue revenue bonds to finance both single-family mortgage loans and multi-family housing projects. The sources of repayment for these bonds are pledged rental revenues, mortgage payments, and fees. ORS 456.661 limits total outstanding debt under these programs to \$2.5 billion. As of June 30, 2016, the amount outstanding for OHCS was \$883.2 million.

Highway User Tax. The Oregon Department of Transportation may issue highway user tax revenue bonds to provide proceeds for building and maintaining permanent public roads pursuant to Article IX, Section 3a of the Oregon Constitution, ORS 367.605 to 367.670, and ORS Chapter 286A. These bonds are not general obligation bonds; however, they are unlike other State revenue bonds because they are secured by tax proceeds from fuel sales and various other taxes or fees charged for vehicle use and licensing. The Constitution requires the revenues received to be used exclusively for public highways, roads, streets and roadside rest areas in the state. The total statutory authorization for Highway User Tax bonds is approximately \$3.2 billion. At June 30, 2016, approximately \$2.3 billion of bonds were outstanding, or about 53 percent of all direct revenue-bonded debt.

Lottery Revenue Bonds. In 1994, Oregon became the first state in the nation to issue revenue bonds backed solely by lottery gaming revenues. ORS 286A.560 to 286A.585 authorize the issuance of bonds and establish the framework for the Lottery Revenue Bond program which is administered by the Oregon Department of Administrative Services. Issuance of additional Lottery Revenue bonds is authorized through legislation as part of the budgetary process; the purposes, projects to be financed, and amount that may be issued are specified in the legislation. Although the maximum amount of debt that can be issued is not set by statute, the master indenture under which bonds are issued require an “additional bonds test” to ensure both historical and projected net lottery proceeds provide coverage of four times the maximum annual debt service on all outstanding bonds.

- As specified in Article XV(4), lottery proceeds may be used for creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon’s parks, beaches, watersheds and native fish and wildlife. Proceeds from Lottery Revenue bonds have been used for a variety of purposes including infrastructure improvements, state parks, expansion and refurbishment of school facilities, non-highway transportation infrastructure, watershed enhancements, development of affordable housing, and other purposes. The amount of outstanding Lottery Revenue bonds as of June 30, 2016 was \$1.1 billion, or about 25 percent of all direct revenue-bonded debt.

Business Development Department Bond Bank. The Oregon Business Development Department (OBDD) administers the Oregon Bond Bank, which was created by the consolidation of the Special Public Works Fund (SPWF) program and the Water Fund Program. The SPWF program provides loans to municipalities for construction and improvement of water, wastewater, and other local infrastructure. Under the Water Fund program, loans are provided to municipalities for safe drinking water projects and wastewater systems improvement projects.

Revenue bonds may be issued for the Oregon Bond Bank to finance loans for SPWF projects as authorized by ORS 285B.467 to 285B.479 and to finance Water Fund loans as authorized by ORS 285B.572 to 285B.599. In general, borrowers from the Oregon Bond Bank have pledged sources of repayment related to the project being financed. For example, water project loans are typically repaid with water system revenues, and sewer projects are generally repaid with sewer system revenues. In addition to these sources of repayment, each of the loans is repayable from the borrower's General Fund. The amount of bonds outstanding as of June 30, 2016 was \$56.5 million.

## **CONDUIT REVENUE BONDS**

Oregon Facilities Authority Bonds – ORS Chapter 289. The Oregon Facilities Authority (OFA) is empowered to issue bonds to assist with financing lands for health, housing, educational, and cultural uses and for construction and financing of facilities for such uses. All bonds issued by OFA are “conduit” or “pass-through” revenue bonds, which means the bonds do not constitute a liability of the State of Oregon, and no state revenues are pledged to repay the bonds. The OFA reviews proposed projects and makes recommendations to the State Treasurer whether to issue bonds, which are secured solely by payments from entities for which projects were financed. As of June 30, 2016, \$1.9 billion in bonds were outstanding. The Governor's Budget allows for \$1.35 billion in new issuance authority in the 2017-19 biennium. There is no recourse to the State for payment if any entities are unable to meet debt service requirements.

Industrial Development Bonds – ORS 285B.320 to 285B.371. The Oregon Business Development Department (OBDD) is authorized to issue conduit revenue bonds for the Industrial Development Bonds (IDB) program. Bond proceeds are loaned to private businesses to finance eligible manufacturing and solid waste disposal projects. OBDD may also issue a composite IDB to finance several projects, each of which would benefit from issuance cost savings by pooling a series of smaller individual issues. The bonds are secured solely by payments from private businesses on whose behalf bonds are issued. In addition to federal requirements relating to issuance of tax-exempt bonds, OBDD considers whether individual projects are cost effective to ensure public benefits outweigh public costs. The Governor's Budget includes an authorization of \$400 million for 2017-19. As of June 30, 2016, \$309.5 million of bonds were outstanding.

Beginning and Expanding Farmer Loan Program – ORS 285B.320 to 285B.371. The Oregon Business Development Department (OBDD) is authorized to issue conduit revenue bonds for the Beginning and Expanding Farmer Loan program to provide loans to beginning farmers to finance various agricultural projects. The bonds are secured solely by revenues of the

agricultural project. There are no bonds outstanding as of June 30, 2016. The Governor's budget includes a \$10 million authorization for 2017-19.

Housing Development Bonds – ORS 456.692. Oregon Housing and Community Services Department (OHCS) is authorized to issue conduit revenue bonds for the Housing Development Program. This multifamily housing program provides financing for developments in which a specified number of units are provided to low income households. Each bond issue finances a single development that is separately secured by revenues and assets pledged by the borrower. Similar to other state conduit revenue bond programs, as noted above, there is no recourse to the State for payment if the borrower is unable to meet debt service requirements. Bonds outstanding were \$304.0 million as of June 30, 2016. The Governor's Budget allows for \$250 million in new issuance authority in the 2017-19 biennium.

### **APPROPRIATION CREDITS**

ORS 283.085 to 283.092 allows the state to enter into financing agreements including lease-purchase agreements, installment sales agreements, and loan agreements to finance real or personal property and issue Certificates of Participation (COPs) evidencing these financing agreements, subject to Legislative approval. The principal amounts of such financing agreements are subject to maximum biennial issuance levels established by the Legislature. COPs are not debt and therefore cannot include a pledge of the state's full faith and credit. Instead, COPs are payable solely from funds appropriated or otherwise made available by the Legislative Assembly and therefore are considered an appropriation credit. Due to the superior credit of a general obligation bond over an appropriation credit, Article XI-Q bonds have essentially replaced COPs as the primary method of financing state owned or operated real/personal property. In addition, the state has taken advantage of historically low interest rates by refinancing outstanding COPs with XI-Q bonds, where possible, to achieve debt service savings. As of June 30, 2016, \$331.1 million in COPs remained outstanding.

In addition to COPs, appropriation credits include the appropriation bonds that were authorized by Senate Bill 856 (2003) and issued to help balance the state's budget for the 2001-03 biennium. The 2003 Appropriation Bonds were completely repaid in September 2013 and are no longer outstanding.

## Private Activity Bond Volume Cap

The Tax Reform Act of 1986 imposed a state-by-state volume cap on certain “private activity bonds.” The Private Activity Bond (PAB) Committee is a statutory body consisting of its Chair, a representative of the Office of the State Treasurer; a public member appointed by the Governor; and a representative of the Department of Administrative Services. The PAB Committee is charged with re-allocating a portion of the state’s PAB authority to various state and local issuers as appropriate under its rules and governing federal and state law. The Debt Management Division in the Office of the State Treasurer serves as staff to the PAB Committee. The volume cap authorizations for calendar year 2018 and 2019 are based on \$100 per capita and the 2015 Oregon population estimates.

The budget recommends the following allocation of private activity volume cap for calendar years 2018 and 2019:

Allocation Type	CY 2018	CY 2019
Industrial Development Bonds (OBDD)	40,000,000	40,000,000
Beginning and Expanding Farmer Loan Program (OBDD)	5,000,000	5,000,000
Housing and Community Services Department	125,000,000	125,000,000
Private Activity Bond Committee	232,897,700	232,897,700
<b>Total</b>	<b>\$ 402,897,700</b>	<b>\$ 402,897,700</b>

If an increase in the state's population, a sufficient increase in the region's Consumer Price Index, or a change in federal tax law result in an increase in the private activity bond limit above \$402,897,700, such excess shall be allocated to the Private Activity Bond Committee.

## Table A. Recommended State Bond Issuance Authorization

Each biennium, the Governor must recommend the maximum amount of General Obligation and Revenue Bonds, Certificates of Participation, and other financing agreements state agencies may issue (ORS 286A.035). The Governor must consider the prudent maximum amounts advised by the Office of the State Treasurer developed in accordance with ORS 286A.035(2). The Governor's recommendation for the 2017-19 biennium is shown below.

Program Designation	2013-15 Actual	2015-17 Estimated	Recommended 2017-19 Maximum Limit
<b>General Obligation Bonds (Constitutional Authority)</b>			
<b>General Fund Obligations</b>			
Higher Education Coordinating Commission (Art. XI-G)	100,865,000	92,450,000	121,690,000
Higher Education Coordinating Commission / CCWD (Art. XI-G)	59,415,000	24,251,350	102,795,250
Oregon Health and Science University (Art. XI-G)	-	200,035,000	-
Department of Environmental Quality (Art. XI-H) (40% for 2013-15; 0% for 2015-17; 51% for 2017-19)	1,616,000	-	10,300,000
Business Development Department (Art. XI-M)	13,880,000	176,870,000	161,680,000
Business Development Department (Art. XI-N)	12,950,000	30,440,000	40,580,000
Department of Education (Art. XI-P)	-	85,805,000	120,065,000
Department of Administrative Services (Art. XI-Q)	305,665,000	433,460,000	411,752,389
Department of Transportation (Art. XI, Section 7)	-	35,475,000	-
<b>Total General Fund Obligations</b>	<b>494,391,000</b>	<b>1,078,786,350</b>	<b>968,862,639</b>
<b>Dedicated Fund Obligations</b>			
Department of Veterans' Affairs (Art. XI-A)	10,000,000	55,000,000	120,000,000
Higher Education Coordinating Commission (Art. XI-F(1))	198,205,000	74,225,000	81,470,000
Department of Environmental Quality (Art. XI-H) (60% for 2013-15; 100% for 2015-17; 49% for 2017-19)	2,424,000	10,000,000	10,000,000
Water Resources Department Water Development (Art. XI-I(1))	-	30,520,000	-
Housing and Community Services Department (Art. XI-I(2))	-	-	25,000,000
Alternate Energy Bonds - SELP (Art. XI-J)	17,340,000	-	-
Department of Administrative Services (Art. XI-Q)	-	-	2,607,611
<b>Total Dedicated Fund Obligations</b>	<b>227,969,000</b>	<b>169,745,000</b>	<b>239,077,611</b>
<b>TOTAL ALL GENERAL OBLIGATION BONDS</b>	<b>\$ 722,360,000</b>	<b>\$ 1,248,531,350</b>	<b>\$ 1,207,940,250</b>

## Table A. Recommended State Bond Issuance Authorization (continued)

Program Designation	2013-15 Actual	2015-17 Estimated	Recommended 2017-19 Maximum Limit
<b>Revenue Bonds</b>			
<b><i>Direct Revenue Bonds</i></b>			
Housing & Community Services Single/Multi-Family Housing	92,280,000	220,000,000	300,000,000
Department of Transportation Highway User Tax	409,775,000	393,160,000	-
Business Development Department Oregon Bond Bank	-	-	30,000,000
Department of Administrative Services Lottery Revenue Bonds	116,750,000	213,125,000	219,915,000
<b>Total Direct Revenue Bonds</b>	<b>618,805,000</b>	<b>826,285,000</b>	<b>549,915,000</b>
<b><i>Pass-Through Revenue Bonds</i></b>			
Business Development Dept Industrial Development Bonds	14,000,000	200,000,000	400,000,000
Business Development Beginning & Expanding Farmer Loans	-	2,000,000	10,000,000
Oregon Facilities Authority	253,377,088	950,000,000	1,350,000,000
Housing and Community Services Department	99,103,296	198,000,000	250,000,000
<b>Total Pass-Through Revenue Bonds</b>	<b>366,480,384</b>	<b>1,350,000,000</b>	<b>2,010,000,000</b>
<b>TOTAL ALL REVENUE BONDS</b>	<b>\$ 985,285,384</b>	<b>\$ 2,176,285,000</b>	<b>\$ 2,559,915,000</b>
<b>Certificates of Participation &amp; Other Financing Agreements</b>			
Department of Administrative Services	\$ 6,487,815	\$ 46,500,000	\$ 10,000,000

Amounts do not include refundings.



## Table B Outstanding Long-Term Obligations and Authorizations

Purpose/Department	Constitutional or Statutory Provision	% Real Market Value {1}
<b>General Obligation Bonds</b>		
<b>General Fund Supported</b>		
General Purpose Bonds {2}	Article XI, Sec 7	0.0000%
ODOT Highway Improvement Projects	Article XI, Sec 7	1.0000%
State Power Development Bonds	Article XI-D	1.5000%
Forest Rehabilitation Bonds	Article XI-E	0.1875%
Higher Education & Community Colleges Facility Bonds {4} {5}	Article XI-G	0.7500%
Pollution Control Bonds (42% of total)	Article XI-H/ORS 468.195	1.0000%
Alternate Energy Project Bonds (24% of total)	Article XI-J	0.5000%
Oregon School Bond Guaranty	Article XI-K	0.5000%
OHSU/Department of Administrative Services {6}	Article XI-L	0.5000%
Seismic Retrofit - Public Education Buildings	Article XI-M	0.2000%
Seismic Retrofit - Emergency Service Bldgs	Article XI-N	0.2000%
Pension Obligation Bonds (32% of total)	Article XI-O	1.0000%
School District Capital Costs	Article XI-P	0.5000%
State Real and Personal Property (85% of total)	Article XI-Q	1.0000%
<b>Total General Fund Supported</b>		
<b>Self-Supporting</b>		
Veterans' Welfare Bonds {4}	Article XI-A	8.0000%
Higher Education Facility Projects XI-F Bonds {4}	Article XI-F(1)	0.7500%
Pollution Control Bonds (58% of total)	Article XI-H/ORS 468.195	1.0000%
Water Development Projects Bonds	Article XI-I(1)	1.5000%
Elderly & Disabled Housing Bonds	Article XI-I(2)	0.5000%
Alternate Energy Project Bonds (76% of total)	Article XI-J	0.5000%
Pension Obligation Bonds (68% of total)	Article XI-O	1.0000%
State Real and Personal Property (15% of total)	Article XI-Q	1.0000%
<b>Total Self-Supporting</b>		
<b>Total General Obligation Bonds</b>		
<b>Revenue Bonds</b>		
Single & Multi-Family Housing Programs	ORS 456.661	
ODOT Highway User Tax	ORS 367.620	
ODOT Transportation Infrastructure Bank	ORS 367.030	
Business Development Bond Bank	ORS Chapter 285B	
Lottery Revenue Bond Program	ORS 286A.560-585	
<b>Total Revenue Bonds</b>		

Constitutional Debt Limit {1}{2}	Statutory Debt Limit	Amount Outstanding {3}	Authorization Remaining
50,000	-	-	50,000
5,061,754,636		-	5,061,754,636
7,592,631,955		-	7,592,631,955
949,078,994		-	949,078,994
3,796,315,977		694,764,632	3,101,551,345
2,125,936,947	109,200,000	15,393,000	2,110,543,947
607,410,556		46,564,800	560,845,756
2,530,877,318		-	2,530,877,318
2,530,877,318	203,175,000	97,905,000	2,432,972,318
1,012,350,927		70,782,500	941,568,427
1,012,350,927		21,962,500	990,388,427
1,619,761,484		565,206,400	1,054,555,084
2,530,877,318		-	2,530,877,318
4,302,491,441		1,045,946,250	3,256,545,191
		<b>2,558,525,082</b>	<b>33,114,240,718</b>
40,494,037,092		300,250,000	40,193,787,092
3,796,315,977		1,213,834,349	2,582,481,628
2,935,817,689	150,800,000	21,257,000	2,914,560,689
7,592,631,955		-	7,592,631,955
2,530,877,318		50,810,000	2,480,067,318
1,923,466,762		147,455,200	1,776,011,562
3,441,993,153		1,201,063,600	2,240,929,553
759,263,195		184,578,750	574,684,445
		<b>3,119,248,899</b>	<b>60,355,154,242</b>
		<b>\$ 5,677,773,981</b>	<b>\$ 93,469,394,960</b>
	2,500,000,000	883,235,000	1,616,765,000
	3,240,000,000	2,257,365,000	982,635,000
	200,000,000	-	200,000,000
		56,470,000	-
		1,088,615,000	-
		<b>\$ 4,285,685,000</b>	<b>\$ 2,799,400,000</b>

## Table B Outstanding Long-Term Obligations and Authorizations (continued)

Purpose/Department	Constitutional or Statutory Provision	% Real Market Value {1}
<b>Conduit Revenue Bonds</b>		
Oregon Facilities Authority	ORS Chapter 289	
Industrial Development Revenue Bonds (OBDD)	ORS Chapter 285B	
Conduit Multi-family Housing Programs	ORS Chapter 456.692	
<b>Total Conduit Revenue Bonds</b>		
<b>Appropriation Credits</b>		
Certificates of Participation (COP)	ORS Chapter 283 & 286A	
Oregon Appropriation Bonds	SB 856 - 2003 Legislature	
<b>Total Appropriation Credits</b>		

Source: Oregon State Treasury, Debt Management Division.

NOTE: Totals may not agree with sum of components due to rounding. Authorization remaining is not applicable to all obligations.

1. Percentages listed are of Real Market Value (RMV) of all taxable real property in the state; the January 1, 2015 RMV was \$506,175,463,644.

2. The State of Oregon may not incur indebtedness exceeding \$50,000 without a constitutional amendment approved by the voters.

<b>Constitutional Debt Limit {1}{2}</b>	<b>Statutory Debt Limit</b>	<b>Amount Outstanding {3}</b>	<b>Authorization Remaining</b>
		1,933,053,298	-
		309,476,924	-
		303,992,849	-
		<b>\$ 2,546,523,071</b>	<b>N/A</b>
		331,055,000	-
	431,560,000	-	431,560,000
		<b>\$ 331,055,000</b>	<b>\$ 431,560,000</b>

3. Excludes refunded and defeased bonds.

4. Outstanding Veterans' Welfare and Higher Education GO debt reflect the proceeds amount of original issue discount bonds.

5. XI-G outstanding amount includes \$444.2 M for Public Universities, \$167.1M for Community Colleges and \$83.5 M for OHSU.

6. Authorized to finance capital costs of Oregon Health and Science University biotechnology research efforts.

## Table C. General Obligation Debt Summary

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Gross General Obligation (GO) Debt {1}	\$ 5,121,093,275	\$ 5,237,615,915	\$ 5,360,831,855	\$ 5,579,665,415	\$ 5,677,773,981
Revenue Supported GO Debt	\$ 3,208,123,823	\$ 3,166,406,756	\$ 3,126,895,296	\$ 3,187,147,931	\$ 3,119,248,899
Net GO Debt	\$ 1,912,969,452	\$ 2,071,209,159	\$ 2,233,936,559	\$ 2,392,517,484	\$ 2,558,525,082
Population {2}	3,883,735	3,919,020	3,962,710	4,013,845	4,072,100
Gross Debt per Capita	\$ 1,319	\$ 1,336	\$ 1,353	\$ 1,390	\$ 1,394
Net Debt per Capita	\$ 493	\$ 529	\$ 564	\$ 596	\$ 628
Real Market Value [RMV] {3}	\$ 434,429,247,553	\$ 421,591,001,829	\$ 433,473,027,209	\$ 469,478,740,724	\$ 506,175,463,644
Gross Debt as Percent of RMV	1.18%	1.24%	1.24%	1.19%	1.12%
Net Debt as Percent of RMV	0.44%	0.49%	0.52%	0.51%	0.51%
Total Personal Income {4}	\$ 145,083,738,000	\$ 152,371,092,000	\$ 154,869,026,000	\$ 163,653,000,000	\$ 173,412,000,000
Revenue Supported GO Debt as Percent of Total Personal Income	2.21%	2.08%	2.02%	1.95%	1.80%
Net GO Debt as Percent of Total Personal Income	1.32%	1.36%	1.44%	1.46%	1.48%

Source: State Treasury, Debt Management Division.

1. See Table B for detail of programs and amounts pertaining to revenue supported GO debt vs. net GO debt as of June 30, 2016.
2. Population figures are as of July 1 each year. Source: Department of Administrative Services, Office of Economic Analysis.
3. Real Market Value is as of January 1 of the preceding year. Source: Oregon Department of Revenue.
4. Personal income is on a calendar year basis for the preceding year. Source: Dept. of Administrative Services, Office of Economic Analysis.

## Table D. Aggregate General Obligation Debt Service

Fiscal Year	Principal	Interest	Total Requirements
2017	264,090,162	281,026,352	545,116,514
2018	283,732,240	268,735,614	552,467,854
2019	306,278,074	252,804,388	559,082,462
2020	328,394,966	238,722,116	567,117,081
2021	352,513,352	219,780,714	572,294,066
2022	345,695,187	202,237,304	547,932,491
2023	369,970,000	183,718,649	553,688,649
2024	380,845,000	165,072,511	545,917,511
2025	388,505,000	145,400,640	533,905,640
2026	415,630,000	124,777,755	540,407,755
2027	433,425,000	102,577,911	536,002,911
2028	171,435,000	79,426,341	250,861,341
2029	168,565,000	71,731,799	240,296,799
2030	165,315,000	64,053,812	229,368,812
2031	156,025,000	56,570,521	212,595,521
2032	149,990,000	49,659,283	199,649,283
2033	139,255,000	43,146,670	182,401,670
2034	136,175,000	36,983,032	173,158,032
2035	126,260,000	31,004,062	157,264,062
2036	120,005,000	25,266,175	145,271,175
2037	97,640,000	19,918,648	117,558,648
2038	96,415,000	15,323,316	111,738,316
2039	95,610,000	10,736,413	106,346,413
2040	63,660,000	6,799,332	70,459,332
2041	44,525,000	4,439,256	48,964,256
2042	38,065,000	2,565,440	40,630,440
2043	16,790,000	1,373,996	18,163,996
2044	15,660,000	639,325	16,299,325
2045	4,515,000	201,628	4,716,628
2046	2,380,000	64,492	2,444,492
2047	200,000	17,100	217,100
2048	210,000	7,481	217,481
<b>TOTAL</b>	<b>\$ 5,677,773,981</b>	<b>\$ 2,704,782,074</b>	<b>\$ 8,382,556,055</b>

NOTE: Totals may not agree with sum of components due to rounding.

Source: Oregon State Treasury, Debt Management Division.

## Table E. Summary of Debt Service Requirements for State Bonded Indebtedness by Fund

Description	2013-15 Actuals	
	TOTAL	COPS
<b>General Fund Supported</b>		
Human Services, Dept. of	12,912,237	8,823,675
Administrative Svcs, Dept of	6,647,281	6,606,063
Oregon Business Development Department	3,750,957	-
Justice, Dept of	455,299	-
Revenue, Dept of	1,321,412	-
Legislative Administration Committee	7,049,477	6,025,387
Judicial Dept	18,133,375	7,491,125
Military Dept, Oregon	8,275,623	5,280,169
Public Safety Standards & Training, Dept of	9,778,922	3,750,589
Veterans' Affairs, Oregon Dept of	498,471	-
Corrections, Dept of	129,626,843	63,045,525
Environmental Quality, Dept of	4,523,793	-
Oregon Youth Authority	1,632,429	662,977
Oregon Health Authority	68,398,944	50,466,254
Higher Education Coordinating Commission	-	-
Education, Dept of	-	-
Oregon Health and Science University	-	-
Forestry, Dept of	2,802,635	2,380,773
Fish & Wildlife, Oregon Dept of	354,767	354,767
Transportation, Oregon Dept of	-	-
Housing & Community Svcs Dept	-	-
<b>Total General Fund Supported</b>	<b>\$276,162,465</b>	<b>\$154,887,304</b>
<b>Lottery Funds Supported</b>		
Administrative Svcs, Dept of	8,778,810	-
Oregon Business Development Department	48,012,558	-

<i>2015-17 Leg Approved Budget</i>		<i>2017-19 Governor's Budget</i>	
<i>TOTAL</i>	<i>COPS</i>	<i>TOTAL</i>	<i>COPS</i>
3,863,400	-	9,243,778	-
6,757,997	6,757,997	7,332,455	5,576,536
11,412,400	-	50,312,992	-
5,200,979	-	12,497,254	-
12,709,466	-	25,027,346	-
6,917,060	6,917,060	12,873,776	2,673,530
18,508,525	-	20,426,495	-
9,697,828	5,163,120	12,036,639	3,289,961
9,550,476	-	9,795,963	-
2,618,940	-	1,344,281	-
127,675,455	57,157,166	115,077,804	28,012,176
3,858,012	-	4,911,681	-
6,266,509	1,018,721	13,718,225	510,208
65,015,140	37,629,218	67,710,170	28,608,550
130,624,436	6,251,166	180,982,711	5,220,550
-	-	21,263,098	-
8,522,485	-	26,061,385	-
2,357,872	2,096,315	2,933,358	1,250,777
352,595	352,595	1,303,685	174,217
2,772,669	-	34,544,038	5,433,343
-	-	8,571,532	-
<b>\$434,682,244</b>	<b>\$123,343,358</b>	<b>\$637,968,666</b>	<b>\$80,749,848</b>
12,777,096	-	18,612,472	-
45,114,206	-	51,171,865	-

## Table F. Capital Financing Six-Year Forecast Summary

ORS 291.216 requires the Governor's Budget to compare state agency capital financing needs to the State Debt Policy Advisory Commission's (SDPAC) six-year estimate of net debt capacity. The capital financing needs are in three categories: capital construction, equipment and technology, and grants and loans. Capital financing needs beyond 2017-19 are projections of agency needs, subject to change in the future. The SDPAC debt capacity estimate in the January 26, 2016 report was \$3.3 billion General Fund supported debt and \$734.7 million Lottery debt for the six-year period 2017-19 through 2021-23. The estimates in Table F reflect changes in debt capacity based on the December 2016 revenue forecast using the SDPAC model, applying a smoothed approach over the six year period.

Net tax supported debt includes three components: 1) General Fund supported debt; 2) Lottery Revenue Bond program; and 3) Transportation Department bonds. There are specific debt capacity estimates only for General Fund supported debt programs and the Lottery Revenue Bond program. The Transportation Department bond capacity is limited by Oregon law and in Article XI, Section 7 of the Constitution. The SDPAC also did not make capacity estimates for Non Tax-Supported Debt Programs. Debt capacity is based on legal limits in Oregon laws and the Constitution, sound program management, loan demand, need for capital projects, and appropriate reviews by the State Treasurer, the Governor, and the Legislative Assembly. This table shows projected debt issuance only for Non Tax-Supported Debt Programs. Conduit revenue bond programs are excluded from this table, as the SDPAC does not make specific capacity estimates for conduit revenue bonds.

General Fund Supported Debt	General Fund Repayment Source		
NET TAX-SUPPORTED DEBT PROGRAMS	2017-19	2019-21	2021-23
<b>SDPAC Estimated New Debt Capacity</b>	1,132,000,000	1,132,000,000	1,132,000,000
Projected Debt Capacity Carryforward Added Back	74,555,250	237,692,611	411,502,611
<b>Estimated Debt Capacity as Adjusted</b>	1,206,555,250	1,369,692,611	1,543,502,611
<b>GENERAL OBLIGATION BONDS</b>			
Art. XI-G Higher Education & Community Colleges			
Capital Construction - Public Universities	121,690,000	200,000,000	200,000,000
Capital Construction - Community Colleges	102,795,250	75,000,000	75,000,000
Art. XI-H Pollution Control (GF Supported Portion Only)			
Grants and loans	10,300,000	8,500,000	3,500,000
Art. XI-M & XI-N Seismic Rehabilitation			
Grants and Loans	202,260,000	150,000,000	125,000,000
Art. XI-P School Districts Capital Costs			
Grants and Loans	120,065,000	80,000,000	60,000,000
Art. XI-Q State Property (GF Supported Portion Only)			
Capital Construction	343,632,389	383,997,000	394,113,000
Equipment and Technology	68,120,000	60,693,000	42,500,000
<b>Less Total General Obligation Bonds (GF Portion Only)</b>	<b>968,862,639</b>	<b>958,190,000</b>	<b>900,113,000</b>
<b>Remaining Estimated General Fund Debt Capacity</b>	<b>\$ 237,692,611</b>	<b>\$ 411,502,611</b>	<b>\$ 643,389,611</b>

## Table F. Capital Financing Six-Year Forecast Summary (continued)

<b>Lottery Revenue Bond Program</b>	<b>Lottery Funds Repayment Source</b>		
NET TAX-SUPPORTED DEBT PROGRAMS	2017-19	2019-21	2021-23
<b>SDPAC Estimated New Debt Capacity</b>	208,200,000	208,200,000	208,200,000
Projected Debt Capacity Carryforward Added Back	11,715,000	-	-
<b><i>Estimated Debt Capacity as Adjusted</i></b>	219,915,000	208,200,000	208,200,000
<b>LOTTERY REVENUE BONDS</b>			
Department of Administrative Services			
Grants and Loans	219,915,000	208,200,000	208,200,000
<b>Less Total Lottery Revenue Bonds</b>	<b>219,915,000</b>	<b>208,200,000</b>	<b>208,200,000</b>
<b>Remaining Estimated Lottery Funds Debt Capacity</b>	\$ -	\$ -	\$ -

<b>Transportation Department Bonds</b>	<b>Other Funds Repayment Source</b>		
OTHER NET TAX-SUPPORTED DEBT PROGRAMS	2017-19	2019-21	2021-23
<b>GENERAL OBLIGATION BONDS</b>			
Debt Capacity - General Obligation Art. XI, Section 7			
Department of Transportation Capital Construction	5,061,754,636	5,061,754,636	5,061,754,636
	-		
<b>Remaining general obligation transportation debt capacity</b>	<b>5,061,754,636</b>	<b>N/A</b>	<b>N/A</b>
<b>REVENUE BONDS</b>			
Debt Capacity Limited by Statute			
Transportation Highway User Tax	1,182,635,000	1,182,635,000	1,182,635,000
Capital Construction	-		
Transportation Infrastructure Fund			
Grants and Loans	-		
<b>Less Total for Transportation Revenue Bonds</b>	<b>-</b>	<b>N/A</b>	<b>N/A</b>
<b>Remaining Transportation Revenue Debt Capacity</b>	\$ 1,182,635,000	N/A	N/A

<b>Debt Issuance Forecast</b>	<b>Other Funds Repayment Source</b>		
NON TAX-SUPPORTED DEBT PROGRAMS	2017-19	2019-21	2021-23
<b>GENERAL OBLIGATION BONDS</b>			
Veterans' Welfare (Art. XI-A)			
Grants and loans	120,000,000	130,000,000	140,000,000
Higher Education Facilities (Art. XI-F(1))			
Capital Construction	81,470,000	80,000,000	80,000,000
Pollution Control (Art. XI-H Other Funds Supported Only)			
Grants and loans	10,000,000	6,000,000	6,000,000
Elderly & Disabled Housing (Art. XI-I(2))			
Grants and loans	25,000,000	25,000,000	25,000,000
State Property (Art. XI-Q Other Funds Supported Portion Only)			
Capital Construction	2,607,611	30,000,000	25,000,000
Equipment and Technology	-	67,000,000	14,000,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<b>239,077,611</b>	<b>338,000,000</b>	<b>290,000,000</b>

## Table F. Capital Financing Six-Year Forecast Summary (continued)

### REVENUE BONDS

Single and Multi-family Housing Bonds			
Grants and loans	300,000,000	250,000,000	250,000,000
Business Development Department Oregon Bond Bank			
Grants and loans	30,000,000	30,000,000	30,000,000
<b>TOTAL REVENUE BONDS</b>	<b>330,000,000</b>	<b>280,000,000</b>	<b>280,000,000</b>
<b>Total Non Tax-Supported Debt Forecast</b>	<b>\$ 569,077,611</b>	<b>\$ 618,000,000</b>	<b>\$ 570,000,000</b>

# REVENUES

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## Revenue Summary

### CURRENT LAW PROJECTION

The Department of Administrative Services Office of Economic Analysis projects General Fund revenue of \$19,454.1 million for 2017-19. A beginning balance of \$64.6 million is anticipated for the new biennium, after a transfer of \$180.7 million is made to the Rainy Day Fund.

Personal income tax makes up the largest share of the General Fund. It accounts for about 89 percent of projected revenues. Corporate income taxes are about five percent of the total revenue amount. Other sources make up the remainder. The largest of the other sources are insurance taxes, estate taxes, and liquor apportionment transfer.

Personal income tax revenues in the 2017-19 Current Law Forecast total \$17,340.4 million, and corporate income tax revenues are expected to be \$988.8 million for the biennium.

New state Lottery revenues for the biennium are forecast to be \$1,232.2 million. The budget anticipates a beginning balance of \$46.7 million. Interest on the Education Stability Fund and Economic Development Fund provide an additional \$2 million of resources. Total resources are expected to be \$1,280.9 million for the 2017-19 biennium.

Dedicated distributions for the Education Stability Fund, the Parks and Natural Resources Fund, county economic development, county fairs, and problem gambling treatment will total \$465.3 million. There are two new dedicated distributions that were passed by the voters at the November 2016 general election. A dedicated distribution to the Veterans' Services Fund of 1.5 percent of net lottery proceeds, or \$18.5 million, is the result of the passage of Ballot Measure 96. The second new dedication is the result of the passage of Ballot Measure 99 where four percent, or \$22 million per year, is dedicated to the Outdoor Education Account. Funds dedicated for debt service on Lottery bonds will total \$270 million. In addition to these distributions, \$481.1 million will be available for allocation to education and economic development activities in the 2017-19 biennium.

### GOVERNOR'S RECOMMENDED REVENUE CHANGES

The Governor recommends continuing 10 corporate and personal income tax credits set to end in 2017-19. Several do not have a substantive effect on the General Fund and cumulate to about \$4.8 million.

The Governor's Budget proposes to increase the Cigarette Tax from \$1.33 per pack to \$2.18 per pack effective January 1, 2018. The increase is estimated to generate an estimated \$21.5 million for the General Fund per the Department of Revenue. The distribution formula will be in exact proportion to the existing distributions. The Governor's Budget also proposes to increase taxes on Other Tobacco Products, generating an estimated \$13.7 million for the General Fund, in the following ways:

- Increase the per cigar cap from \$0.50 to \$1.00;
- Increase the rate on moist snuff by \$0.89 per ounce; and,

- Increase the rate on all other tobacco products from 65 percent of the wholesale price to 75 percent of the wholesale price.
- The distribution formula will be in exact proportion to the existing distributions and are proposed to take effect in January 1, 2018.

The Governor proposes to eliminate the “Partnership Pass-through” which allows lower tax rates for non-passive partner income as well as the Interest Charge – Domestic International Sales Corporation (IC-DISC) dividend subtraction. The Department of Revenue estimates that the Partnership Pass-through elimination will increase Personal Income Tax revenue by \$177.0 million. Elimination of the IC-DISC dividend subtraction will result in an additional \$6.0 million in Personal Income Taxes. These changes are proposed to take effect January 1, 2018.

Finally, the Governor’s Budget proposes to increase General Fund revenue raised by the Oregon Liquor Control Commission by \$39.1 million in the following ways:

- Increase the surcharge on distilled spirits from \$0.50 per bottle to \$1.00 per bottle beginning July 1, 2017 and extending through June 30, 2019. On August 19, 2016, the Commission voted to extend its 50-cent surcharge on distilled spirits through June 30, 2019. This proposal doubles the surcharge and generates an estimated \$33.8 million in revenues dedicated to the General Fund.
- Increase alcohol licensing fees while maintaining the current fee for server permits. Fee’s would increase by 100 percent on July 1, 2017 and are anticipated to generate an additional \$5.3 for the General Fund.

The budget includes expected costs for the issuance of Tax Anticipation Notes (TANs). These notes are used by the State Treasurer during the biennium to help with General Fund cash flow. The total cost for the biennium is estimated at \$20.2 million.

When the Governor’s recommended revenue changes are incorporated into the revenue forecast, total General Fund revenues for 2015-17 will be \$19,772.7 million. This is a 9.7 percent increase over the latest forecast of General Fund resources for the 2015-17 biennium.



1.405	Rural Medical Practice	ORS 315.613/ 315.616/ 315.619	Sunsets 12-31-2017
	Governor's Recommendation: <b>Extend sunset.</b>		
1.413	Livestock Killed by Wolves	ORS 315.174(2)	Sunsets 12-31-2018
	Governor's Recommendation: <b>Extend sunset.</b>		
1.416	Qualified Research Activities	ORS 317.152	Sunsets 12-31-2017
	Governor's Recommendation: <b>Allow sunset.</b>		
1.417	Qualified Research Activities (Alternative)	ORS 317.154	Sunsets 12-31-2017
	Governor's Recommendation: <b>Allow sunset.</b>		
1.418	Long Term Rural Enterprise Zone Facilities	ORS 317.124	Sunsets 06-30-2018
	Governor's Recommendation: <b>Extend sunset.</b>		
1.419	Reservation Enterprise Zone	ORS 285C.309	Sunsets 12-31-2017
	Governor's Recommendation: <b>Extend sunset.</b>		
1.420	Electronic Commerce Enterprise Zone	ORS 315.507	Sunsets 12-31-2017
	Governor's Recommendation: <b>Extend sunset.</b>		
1.435	Alternative Energy Devices (Residential)	ORS 316.116	Sunsets 12-31-2017
	Governor's Recommendation: <b>Allow sunset.</b>		
1.438	Renewable Energy Development Contributions	ORS 315.326(1)	Sunsets 12-31-2017

Governor's Recommendation: **Allow sunset.**

1.439 Energy Conservation Projects ORS 315.331(1) Sunsets 12-31-2017

Governor's Recommendation: **Allow sunset.**

1.440 Transportation Projects ORS 315.336(1) Sunsets 12-31-2017

Governor's Recommendation: **Extend sunset.**

1.443 Production or Collections of Biomass ORS 315.141 Sunsets 12-31-2017

Governor's Recommendation: **Allow sunset.**

1.448 Fish Screening Devices ORS 315.138 Sunsets 01-01-2008

Governor's Recommendation: **Extend sunset.**

1.450 Fire Insurance ORS 317.122(1) Sunsets 12-31-2017

Governor's Recommendation: **Extend sunset.**

**Property Tax**

2.115 Alternative Energy System ORS 307.175 Sunsets 06-30-2018

Governor's Recommendation: **Extend sunset.**

## SCHEDULE I. SUMMARY OF GENERAL FUNDS REVENUES BY MAJOR SOURCE

	2013-15 Actuals	2015-17 Current Estimates	Percent of Total	2017-19 Current Law Forecast	Percent of Total	2017-19 Governor's Budget	Change from Current Law or Other Adjustment
<b>Taxes</b>							
Personal Income Taxes	\$13,756,780,988	\$15,645,744,000	87.1%	\$17,340,370,000	89.1%	\$17,527,305,000	186,935,000 (1)
Corporate Excise and Income Taxes	1,116,486,199	1,092,154,000	6.1%	988,825,000	5.1%	985,565,000	(3,260,000) (2)
Insurance Taxes	120,385,631	125,719,000	0.7%	126,084,000	0.6%	126,084,000	-
Estate Taxes	196,485,409	278,032,000	1.5%	249,015,000	1.3%	249,015,000	-
Cigarette Taxes	73,260,438	70,704,000	0.4%	65,545,000	0.3%	87,048,692	21,503,692 (3)
Other Tobacco Products Taxes	60,108,123	62,177,000	0.3%	64,920,000	0.3%	78,584,592	13,664,592 (4)
Other Taxes	12,014,570	1,773,000	0.0%	1,676,000	0.0%	1,676,000	-
<b>Fines and Fees</b>							
State Court Fees	119,799,212	115,347,000	0.6%	116,891,000	0.6%	116,891,000	-
Secretary of State Corporation Fees	58,216,875	64,061,000	0.4%	64,707,000	0.3%	64,707,000	-
Criminal Fines and Assessments	4,231,123	46,552,000	0.3%	60,532,000	0.3%	62,000,778	1,468,778 (5)
Securities Fees	23,663,641	23,600,000	0.1%	23,841,000	0.1%	23,841,000	-
<b>Charges for Services</b>							
	8,710,330	9,266,000	0.1%	8,152,000	0.0%	8,152,000	-
<b>Sales Income</b>							
	231,687,373	263,100,000	1.5%	294,213,000	1.5%	348,109,846	53,896,846 (6)
<b>Interest Earnings</b>							
	384,736	16,535,000	0.1%	30,279,000	0.2%	30,279,000	-
<b>Other</b>							
	7,751,043	10,365,000	0.1%	13,027,000	0.1%	(7,173,000)	(20,200,000) (7)
<b>One-time Transfers</b>							
	16,672,607	138,422,000	0.8%	6,000,000	0.0%	6,000,000	
<b>Total General Fund Revenues</b>	<b>\$15,806,638,298</b>	<b>\$17,963,551,000</b>	<b>100.0%</b>	<b>\$19,454,077,000</b>	<b>100.0%</b>	<b>\$19,708,085,908</b>	<b>\$254,008,908</b>

### Explanation of Recommended Changes:

- (1) Includes a \$1.54 million reduction for extending personal income tax credits that are scheduled to sunset in 2017-19. See the Tax Expenditure Report for a full list of sunset dates. Eliminates the "Partnership Pass-through" which allows lower tax rates for non-passive partner income; eliminates IC-DSC subtractions for exported products; and, enhances Financial Institution Data Matching by requiring financial institutions to provide data to collection agents at the Dept. of Revenue.
- (2) Includes a reduction for extending corporate tax credits that are scheduled to sunset in 2015-17. See the Tax Expenditure Report for a full list of sunset dates.
- (3) Increases the Cigarette Tax by \$0.85 per pack.
- (4) Increases the cap on taxes for cigars by \$0.50 per cigar; moist snuff by \$0.89 per can; and, all other tobacco products from 65% of the product to 75%.
- (5) Represents program cost changes in agencies that receive a percentage portion of CFA revenue. These changes increase CFA revenue to be deposited in the General Fund.
- (6) Extends a bottle surcharge, increases liquor license fees and reflects changes in the OLCC budget.
- (7) Includes a decrease for projected Tax Anticipation Note (TAN) issuance costs in the 2017-19 biennium.

# General Fund Summaries

## CASH BALANCES

	2017-19 GOVERNOR'S BUDGET
Beginning Balance	\$ 64,617,708
Current Revenues	<u>19,708,085,908</u>
Total Available Resources	\$19,766,703,616
Less: Expenditures	<u>(19,622,703,616)</u>
Balances Carried Forward	\$ 150,000,000

## GENERAL FUND REVENUES BY MAJOR SOURCE

	2013-15 ACTUALS	2015-17 LEGISLATIVELY APPROVED	% CHANGE (ACT/LAB)	2017-19 GOVERNOR'S BUDGET	% CHANGE (EST/GB)
TAXES	\$15,335,521,358	\$17,276,303,000	12.7%	\$19,055,278,284	10.3%
FINES AND FEES	205,910,851	249,560,000	21.2%	267,439,778	7.2%
CHARGES FOR SERVICE	8,710,330	9,266,000	6.4%	8,152,000	-12.0%
SALES INCOME	231,687,373	263,100,000	13.6%	348,109,846	32.3%
INTEREST EARNINGS	384,736	16,535,000	4197.8%	30,279,000	83.1%
OTHER	7,751,043	10,365,000	33.7%	(7,173,000)	-169.2%
ONE-TIME TRANSFERS	-	-		6,000,000	100.0%
<b>TOTAL *</b>	<b>\$15,789,965,691</b>	<b>\$ 17,825,129,000</b>	<b>12.9%</b>	<b>\$ 19,708,085,908</b>	<b>10.6%</b>

\* Does not include beginning balance

## SUMMARY OF GENERAL FUND EXPENDITURES BY CATEGORY

<i>Description</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Personal Services	2,450,104,586	3,226,324,742	32%	3,457,194,032	7%
Services & Supplies	1,240,282,769	1,331,142,939	7%	1,307,587,874	-2%
Capital Outlay	20,066,314	29,493,919	47%	21,118,377	-28%
Special Payments	10,498,265,238	13,052,989,681	24%	14,198,834,667	9%
Debt Service	276,162,326	434,682,244	57%	637,968,666	47%
Capital Improvement *	(4,097,591)	(4,568,415)	11%	(4,361,893)	-5%
<b>TOTAL</b>	<b>\$14,484,881,233</b>	<b>\$18,074,633,525</b>	<b>25%</b>	<b>\$19,622,703,616</b>	<b>9%</b>

\* For information only; amounts are included in appropriate categories above.

## SUMMARY OF GENERAL FUND EXPENDITURES BY PROGRAM AREA

<i>Program Area</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Education	6,869,030,365	9,308,086,439	36%	10,217,677,980	10%
Human Services	4,265,983,835	4,919,685,978	15%	5,354,213,804	9%
Public Safety	2,121,744,862	2,362,451,039	11%	2,447,955,094	4%
Economic & Community Development	38,281,595	64,244,901	68%	89,644,857	40%
Natural Resources	233,406,578	234,125,699	0%	214,295,357	-8%
Transportation	12,710,074	22,585,257	78%	51,858,051	130%
Consumer & Business Services	11,279,003	14,715,771	30%	13,383,318	-9%
Administration	198,238,602	240,387,035	21%	240,313,094	-0%
Legislative Branch *	83,704,010	104,193,009	24%	107,272,102	3%
Judicial Branch *	650,502,309	708,902,952	9%	734,589,959	4%
Miscellaneous Programs	-	95,255,445	100%	151,500,000	59%
<b>TOTAL</b>	<b>\$14,484,881,233</b>	<b>\$18,074,633,525</b>	<b>25%</b>	<b>\$19,622,703,616</b>	<b>9%</b>

\* See agency narrative section for complete Agency Request information.

# Lottery Funds

## INTRODUCTION

Oregon's Lottery proceeds are used in the education, economic and community development, human services, transportation, natural resources, and public safety program areas. Lottery Funds make up 5.0 percent of the state's General Fund and Lottery Funds expenditure budget.

The Oregon Lottery collects revenues from traditional and video lottery gaming. It pays player prizes and its administrative expenses out of these revenues and transfers the balance to the state. New state Lottery revenues for the biennium are forecast to be \$1,232.2 million. The beginning balance is anticipated to be \$46.7 million. Interest on the Economic Development Fund and the Education Stability Fund provide an additional \$2.0 million of resources. Total resources are expected to be \$1,280.9 million for the 2017-19 biennium.

Lottery Funds are transferred to the Administrative Services Economic Development Fund. That fund is distributed based on current law and legislative direction. The plan below includes recently passed ballot measures dedicating Lottery Funds, and proposed changes that the Governor's Budget makes:

- Local Government. Counties receive 2.5 percent of video poker proceeds, a total of \$40.8 million for 2017-19.
- Education. The Education Stability Fund receives 18 percent of total transfers. A total of \$221.8 million is expected to be deposited in the Education Stability fund in 2017-19. Interest on the Education Stability Fund, except for the Oregon Growth Account portion of the Fund, is divided between the Department of Education to pay debt service on education bonds (75 percent) and the Higher Education Coordinating Commission for education grants (25 percent).
- Education. Outdoor School Measure 98 (2016) dedicates to increase access to outdoor school for Oregon children. The Governor's Budget includes \$44.0 million for this purpose.
- Economic Development. Measure 96 (2016) dedicates 1.5 percent of Lottery Funds to services for veterans. This money will be used to expand veterans services through local governments, as well as to increase access to housing, healthcare and mental health for Oregon veterans.
- Natural Resources. The Parks and Natural Resources Fund receive 15 percent of total transfers. This amounts to \$184.8 million in 2017-19. The Oregon Constitution requires that half of this money be used for parks, ocean shore and public beach access, historic sites, and recreation areas. The other half must be used to help restore and protect wild salmon, watersheds, fish and wildlife habitat, and water quality. The Governor's budget uses the funds for projects in a number of state agencies.
- Human Services. The Problem Gambling Treatment Fund receives one percent of total transfers. This amounts to \$12.3 million in 2017-19.

- Local Government. The Department of Administrative services receives money for distribution to county fairs. By law, this amount equals one percent of total transfers up to a cap specified by statute. The Governor's balanced budget includes \$3.3 million for this purpose.

The rest of the Lottery Funds are available for allocation to agencies for Lottery bond debt service expenditures and other program purposes.

The Governor proposes to use the remaining Lottery funds for:

- The State School Fund.
- Debt service costs on outstanding and proposed bonds for education, transportation, economic development, and infrastructure activities.
- Economic development programs and agency operations.

The following tables show the state's Lottery Funds cash flow and each agency's Lottery Funds budget. Lottery expenditures are described in more detail in each agency's budget narrative.



## LOTTERY FUNDS CASH FLOW SUMMARY

	2015-17 Estimated Budget <sup>1</sup>	2017-19 Governor's Budget <sup>2</sup>
<b>ECONOMIC DEVELOPMENT FUND</b>		
RESOURCES		
Beginning Balance	<sup>3</sup> \$20,499,857	\$46,666,961
Anticipated Reversions		
REVENUES		
Transfers from Lottery		
Net Proceeds	1,231,843,376	1,232,210,881
Administrative Savings	0	0
Other Revenues		
Interest Earnings	9,424,627	2,000,000
Other		
Total Revenue	1,241,268,003	1,234,210,881
<b>TOTAL RESOURCES</b>	<b>1,261,767,860</b>	<b>1,280,877,842</b>
DISTRIBUTIONS / ALLOCATIONS		
Distribution of Video Revenues to Counties	(39,083,827)	(40,777,480)
Distribution to Education Stability Fund	<sup>6</sup> (221,731,808)	(221,797,959)
Distribution to Parks and Natural Resources Fund	(184,776,506)	(184,831,632)
Distribution for Outdoor School Fund	0	(44,000,000)
Distribution for Veterans' Services Fund	0	(18,483,163)
Distribution for Sports Programs	(8,240,000)	0
Distribution for Gambling Addiction	(11,348,753)	(12,322,109)
Distribution for County Fairs	(3,864,000)	(3,344,000)
Allocation to State School Fund	(447,703,907)	(388,075,645)
Debt Service Allocations	(225,477,038)	(268,233,029)
Other Agency Allocations	(72,875,060)	(67,561,838)
<b>TOTAL DISTRIBUTIONS / ALLOCATIONS</b>	<b>(1,215,100,899)</b>	<b>(1,249,426,855)</b>
<b>ENDING BALANCE</b>	<b>\$46,666,961</b>	<b>\$31,450,987</b>
<b>EDUCATION STABILITY FUND</b> (not including OGA or ORTDF)		
RESOURCES		
Beginning Balance	\$179,379,997	\$381,557,549
Revenues		
Transfer from the Economic Development Fund	<sup>7</sup> 203,810,998	199,618,163
Interest Earnings	4,984,335	18,571,059
Total Revenue	208,795,332	218,189,222
<b>TOTAL RESOURCES</b>	<b>388,175,329</b>	<b>599,746,771</b>
DISTRIBUTIONS		
Interest Distributions	(4,984,335)	(18,571,059)
Debt Service Allocations	0	(651,225)
<b>TOTAL DISTRIBUTIONS</b>	<b>(4,984,335)</b>	<b>(19,222,284)</b>
<b>ENDING BALANCE</b>	<b>\$383,190,994</b>	<b>\$580,524,487</b>
<b>PARKS AND NATURAL RESOURCES FUND</b>		
RESOURCES		
Beginning Balance	\$0	\$0
Revenues		
Transfer from the Economic Development Fund	184,776,506	184,831,632
Interest Earnings	0	0
Total Revenue		
<b>TOTAL RESOURCES</b>	<b>184,776,506</b>	<b>184,831,632</b>
<b>ALLOCATIONS</b>	<sup>5</sup> <b>(184,776,506)</b>	<b>(184,831,632)</b>
<b>ENDING BALANCE</b>	<b>\$0</b>	<b>\$0</b>

1. The 2015-17 Estimated Budget is based on the November 2016 forecast of 2015-17 resources.

2. The 2017-19 Governor's Budget is based on the November 2016 forecast of 2017-19 resources.

3. 2017-19 Beginning Balance is equal to 2015-17 ending balance.

4. Declared earnings on the non-Oregon Growth Account portion of the Education Stability Fund are distributed. The Oregon Education Fund receives 75 percent of the earnings to pay debt service on Education Lottery Bonds. The Student Assistance Commission receives the remaining 25 percent. Not all the earnings distributions in the Oregon Education Fund will be used for debt service in 2017-19 due to timing of payments.

5. Moneys from the Parks and Natural Resources Fund are continuously appropriated to the Parks and Recreation Department and the Oregon Watershed Enhancement Board. Agency expenditure limitation may include an amount related to carry forward in the agencies that is not represented here.

6. Assumes that EDF does not exceed 5% cap during biennium; otherwise this would trigger a diversion to the School Capital Matching Subaccount.

7. Only transfers to the Main ESF account - not the 5% to OGA

## 2017-19 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES

	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	Governor's Budget Expenditure Limitation	Ending Lottery Balance
<b>ECONOMIC DEVELOPMENT FUND</b>					
DEBT SERVICE COMMITMENTS					
Department of Education					
Outstanding bonds	-	-	-	-	-
Higher Education Coordinating Commission					
Outstanding bonds	43,597,409	57,380	-	43,654,789	-
Business Development Dept.					
Outstanding bonds	51,098,635	73,230	-	51,171,865	-
Housing and Community Services Dept.					
Outstanding bonds	16,213,891	18,525	-	16,232,416	-
Proposed bonds	849,114	0	-	849,114	-
Department of Transportation					
Outstanding bonds	120,509,847	134,375	-	120,644,222	-
Department of Administrative Services					
Outstanding bonds	18,612,472	0	-	18,612,472	-
Forestry Department					
Outstanding Bonds	2,603,405	3,190	-	2,606,595	-
Department of Energy					
Outstanding Bonds	3,018,470	5,160	-	3,023,630	-
State Parks and Recreation Dept.					
Outstanding Bonds	2,213,444	2,750	-	2,213,444	2,750
Water Resources Department					
Outstanding Bonds	6,029,664	3,180	-	6,032,844	-
Proposed bonds	2,516,570	-	-	2,516,570	-
Department of Environmental Quality					
Proposed bonds	970,108	-	-	970,108	-
OTHER ALLOCATIONS					
Higher Education Coordinating Commission					
Collegiate Athletics	-	-	-	-	-
Oregon Health Authority					
Gambling Addiction Treatment	12,322,109	-	-	12,322,109	-
Department of Education					
State School Fund	388,075,645	-	-	388,075,645	-
Department of Administrative Services					
Distribution to County Fairs	3,344,000	-	-	3,344,000	-
Office of the Governor					
Regional Solutions	3,810,233	-	-	3,810,233	-
Business Development Department					
Operations	6,699,830	-	-	6,699,830	-
Business, Innovation, and Trade	50,430,217	3,875,000	-	50,430,217	3,875,000
Infrastructure Financing Authority	1,195,145	250,000	-	1,195,145	250,000
Film and Video	1,026,413	-	-	1,026,413	-
Forestry Department					
Federal Forest Restoration	4,400,000	-	-	4,400,000	-
<b>TOTAL ECONOMIC DEVELOPMENT FUND</b>	<b>\$739,536,621</b>	<b>\$4,422,790</b>	<b>\$0</b>	<b>\$739,831,661</b>	<b>\$4,127,750</b>

## 2017-19 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES (CONTINUED)

	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	Governor's Budget Expenditure Limitation	Ending Lottery Balance
<b>EDUCATION STABILITY FUND /</b>					
<b>OREGON EDUCATION FUND</b>					
Higher Education Coordinating Commission					
Opportunity Grants	18,571,059	1,917,181	-	18,571,059	1,917,181
Department of Education					
Education Bonds Outstanding	651,225	-	-	651,225	-
<b>TOTAL EDUCATION STABILITY/OREGON EDUCATION FU</b>	<b>\$19,222,284</b>	<b>\$1,917,181</b>	<b>\$0</b>	<b>\$19,222,284</b>	<b>\$1,917,181</b>
<b>PARKS &amp; NATURAL RESOURCES FUND</b>					
Oregon Watershed Enhancement Board					
Capital and Operations	66,636,749	7,239,025	850,000	72,300,559	2,425,215
Department of Agriculture					
Capital and Operations	7,072,247	-	-	7,042,307	29,940
Department of Environmental Quality					
Capital and Operations	4,402,446	-	-	4,386,715	15,731
Department of Fish and Wildlife					
Capital and Operations	5,590,892	-	-	5,588,667	2,225
State Police					
Capital and Operations	8,321,594	-	-	8,271,355	50,239
Water Resources Department					
Capital and Operations	391,888	-	-	391,888	-
State Parks and Recreation Dept.					
Capital and Operations	91,581,651	27,495,346	-	101,749,118	17,327,879
Debt Service	834,165	834,165	-	834,165	-
<b>TOTAL PARKS &amp; NATURAL RESOURCES FUND</b>	<b>\$184,831,632</b>	<b>\$35,568,536</b>	<b>\$850,000</b>	<b>\$200,564,774</b>	<b>\$19,851,229</b>
<b>GRAND TOTAL</b>	<b>\$943,590,537</b>	<b>\$41,908,507</b>	<b>\$850,000</b>	<b>\$959,618,719</b>	<b>\$25,896,160</b>

## Combined General Fund and Lottery Funds Summary

	2017-19 CURRENT LAW			2017-19 GOVERNOR'S BUDGET		
	GENERAL	LOTTERY	TOTAL	GENERAL	LOTTERY	TOTAL
<b>BEGINNING CASH BALANCES</b>	\$ 64,617,708	\$88,575,468	\$ 153,193,176	\$ 64,617,708	\$88,575,468	\$ 153,193,176
<b>AVAILABLE REVENUES *</b>	\$19,454,077,000	\$960,256,739	20,414,333,739	\$19,708,085,908	\$960,256,739	20,668,342,647
<b>TOTAL RESOURCES</b>	\$ 19,518,694,708	\$ 1,048,832,207	\$ 20,567,526,915	\$ 19,772,703,616	\$ 1,048,832,207	\$ 20,821,535,823
<b>LESS EXPENDITURES</b>	(19,622,703,616)	(1,022,150,949)	(20,644,854,565)	(19,622,703,616)	(1,022,150,949)	(20,644,854,565)
<b>PROJECTED CASH BALANCE</b>	\$ (104,008,908)	\$ 26,681,258	\$ (77,327,650)	\$ 150,000,000	\$ 26,681,258	\$ 176,681,258
<b>NET CHANGE IN PROJECTED ENDING BALANCE</b>				\$ 254,008,908		\$ 254,008,908

\* Available Lottery revenue includes interest on the Education Stability Fund and agency carry forwards but it does not include video lottery transfers to counties or the Education Stability Fund.

# Non-General Fund Summaries

## CASH BALANCES

	2017-19 GOVERNOR'S BUDGET
BEGINNING BALANCES	\$ 90,493,543,664
CURRENT REVENUES	65,236,518,084
TOTAL RESOURCES AVAILABLE	\$ 155,730,061,748
LESS: TRANSFERS TO OTHER GOVERNMENTS EXPENDITURES **	(2,224,883,943) (53,719,581,750)
<b>BALANCES CARRIED FORWARD</b>	<b>\$ 99,785,596,055</b>

## NON-GENERAL FUND REVENUES BY MAJOR SOURCE

	2013-15 ACTUALS	2015-17 LEGISLATIVELY APPROVED	% CHANGE (ACT/LAB)	2017-19 GOVERNOR'S BUDGET	% CHANGE (LAB/GB)
TAXES	\$ 5,708,755,305	\$ 6,818,268,419	19.4%	\$ 7,771,976,982	14.0%
FEDERAL FUNDS	19,641,626,609	23,248,512,240	18.4%	22,427,404,401	-3.5%
FEDERAL FUNDS AS OTHER FUNDS	937,169,039	790,932,404	-15.6%	1,139,066,002	44.0%
DONATIONS AND CONTRIBUTIONS	3,336,331,664	3,565,354,090	6.9%	4,821,643,794	35.2%
OTHER	3,187,269,938	2,884,883,925	-9.5%	2,560,801,524	-11.2%
BOND SALES	2,778,058,957	2,415,508,124	-13.1%	2,092,583,961	-13.4%
INTEREST EARNINGS	12,378,515,645	14,889,141,388	20.3%	14,860,669,214	-0.2%
LIQUOR AND OTHER SALES INCOME	579,530,241	597,395,049	3.1%	664,820,366	11.3%
LOAN REPAYMENTS	630,184,703	533,907,051	-15.3%	493,615,491	-7.5%
LOTTERY DISTRIBUTIONS	1,061,129,097	1,184,579,256	11.6%	1,232,210,881	4.0%
CHARGES FOR SERVICES	3,103,866,051	5,022,530,612	61.8%	5,644,759,441	12.4%
LICENSES AND FEES	1,359,025,554	1,416,595,976	4.2%	1,526,966,027	7.8%
<b>TOTAL *</b>	<b>\$ 54,701,462,803</b>	<b>\$ 63,367,608,534</b>	<b>15.8%</b>	<b>\$ 65,236,518,084</b>	<b>2.9%</b>

\* Does not include beginning balance.

\*\* Excludes Non-Add expenditures.

## SUMMARY OF NON-GENERAL FUND EXPENDITURES BY CATEGORY

<i>Description</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Personal Services	3,295,811,045	3,822,286,312	16%	4,150,998,795	9%
Services & Supplies	5,064,139,627	5,726,727,774	13%	6,155,008,477	7%
Capital Outlay	272,207,737	406,051,204	49%	430,131,446	6%
Special Payments	32,090,580,144	39,791,220,516	24%	40,851,053,716	3%
Debt Service	3,278,981,859	2,198,285,444	-33%	2,132,389,316	-3%
Nonlimited Budget *	(18,090,192,115)	(17,116,637,566)	-5%	(17,589,480,480)	3%
Capital Improvement	(15,427,618)	(35,811,691)	132%	(31,754,927)	-11%
Capital Construction	(169,772,003)	(803,906,609)	374%	(711,309,734)	-12%
<b>TOTAL **</b>	<b>\$44,001,720,412</b>	<b>\$51,944,571,250</b>	<b>18%</b>	<b>\$53,719,581,750</b>	<b>3%</b>

\* Expenditures not limited by statute; included for informational purposes only.

\*\* Excludes Non-Add expenditures.

() Special reporting classifications; amounts are included in appropriate expenditure categories above.

## SUMMARY OF NON-GENERAL FUND EXPENDITURES BY PROGRAM AREA

<i>Program Area</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Education	1,881,926,236	3,338,561,262	77%	3,327,482,448	-0%
Human Services	21,474,032,272	26,300,365,225	22%	26,373,810,768	0%
Public Safety	717,678,649	1,045,620,918	46%	1,138,265,057	9%
Economic & Community Development	3,239,943,414	4,232,451,102	31%	4,424,986,634	5%
Natural Resources	1,399,300,575	1,728,581,670	24%	1,655,158,407	-4%
Transportation	4,632,172,972	3,591,802,305	-22%	3,858,877,378	7%
Consumer & Business Services	579,989,355	665,751,689	15%	667,993,374	0%
Administration	9,958,733,219	10,846,025,692	9%	11,959,585,453	10%
Legislative Branch *	50,675,661	41,968,767	-17%	9,445,127	-77%
Judicial Branch *	67,268,059	153,442,620	128%	303,977,104	98%
<b>TOTAL **</b>	<b>\$44,001,720,412</b>	<b>\$51,944,571,250</b>	<b>18%</b>	<b>\$53,719,581,750</b>	<b>3%</b>

\* See agency narrative section for complete Agency Request information.

\*\* Excludes Non-Add expenditures.

## Schedule II. Other Funds and Lottery Funds Revenue by Source

Description	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
<b>Taxes</b>			
Gross Receipts Business Taxes/Fees	4,798,961	4,000,000	5,600,000
Employment Taxes	2,145,819,527	2,169,234,815	2,092,715,141
Workers Comp Insurance Taxes	115,689,094	135,198,476	108,272,395
Other Employer -Employee Taxes	177,823,513	874,878,148	993,034,648
Cigarette Taxes	328,209,172	318,281,843	438,386,308
Other Tobacco Products Taxes	52,312,555	54,715,568	67,375,408
Amusement Taxes	-	3,280,000	3,800,000
Insurance Taxes	24,378,077	-	-
Eastern Oregon Severance Taxes	-	-	8,000
Western Oregon Severance Taxes	-	1,018,000	780,000
Other Severance Taxes	-	237,000	237,000
Forest Protection Taxes	40,870,547	107,148,596	49,339,905
Motor Fuels Taxes	1,003,001,575	1,087,115,619	1,161,604,620
Weight-Mile Taxes	554,620,727	608,108,654	632,833,231
Privilege Taxes	16,543,960	39,793,960	144,670,976
Other Selective Taxes	1,066,467,275	1,085,450,581	1,754,128,619
Other Taxes	576,397	164,949,466	167,258,530
<b>Total Taxes</b>	<b>\$5,531,111,380</b>	<b>\$6,653,410,726</b>	<b>\$7,620,044,781</b>
<b>Licenses and Fees</b>			
Business Lic and Fees	308,991,533	343,313,186	386,758,381
Non-business Lic. and Fees	167,316,905	83,506,263	80,800,245
State Court Fees	20,359,423	20,192,678	24,274,853
Hunter and Angler Licenses	94,810,340	108,173,000	119,244,000
Commercial Fish Lic and Fees	9,733,007	9,948,000	10,042,728
Public Utilities Fees	177,643,925	164,857,693	151,932,201
Power and Water Fees	8,190,588	8,085,138	9,447,423
Fire Marshal Fees	22,930,217	26,167,475	27,450,673
Park User Fees	47,759,802	45,231,678	52,145,721
Vehicle Licenses	594,786,781	604,511,664	638,755,114
Drivers Licenses	81,173,086	72,402,951	81,540,099
Transportation Lic and Fees	2,973,872	95,063,943	96,506,790
<b>Total Licenses and Fees</b>	<b>\$1,536,669,479</b>	<b>\$1,581,453,669</b>	<b>\$1,678,898,228</b>
<b>Federal Funds as Other Funds</b>			
Federal Revenues	935,766,603	789,521,066	1,137,585,246
Federal Revenues - Svc Contracts	1,402,436	1,411,338	1,480,756

## Schedule II. Other Funds and Lottery Funds

### Revenue by Source (continued)

Description	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
<b>Total Federal Funds as Other Funds</b>	\$937,169,039	\$790,932,404	\$1,139,066,002
<b>Charges for Services</b>			
Central Service Charges	-	-	4,000,000
Charges for Services	883,766,094	1,360,703,444	1,746,490,687
Admin and Service Charges	2,193,969,740	3,634,041,396	3,867,756,767
Care of State Wards	26,130,217	27,785,772	26,511,987
<b>Total Charges for Services</b>	<b>\$3,103,866,051</b>	<b>\$5,022,530,612</b>	<b>\$5,644,759,441</b>
<b>Fines, Rents and Royalties</b>			
Fines and Forfeitures	220,560,384	189,937,872	190,723,671
Rents and Royalties	126,885,054	121,582,784	126,468,399
<b>Total Fines, Rents and Royalties</b>	<b>\$347,445,438</b>	<b>\$311,520,656</b>	<b>\$317,192,070</b>
<b>Bond Sales</b>			
General Fund Obligation Bonds	416,704,725	1,266,937,032	1,319,434,854
Dedicated Fund Oblig Bonds	35,965,000	134,229,941	241,192,375
Lottery Bonds	103,594,228	184,038,816	201,956,732
Revenue Bonds	855,358,157	645,000,000	330,000,000
Refunding Bonds	1,364,686,847	185,285,000	-
Cert of Participation	1,750,000	17,335	-
<b>Total Bond Sales</b>	<b>\$2,778,058,957</b>	<b>\$2,415,508,124</b>	<b>\$2,092,583,961</b>
<b>Interest Earnings</b>			
Interest Income	\$12,378,515,645	\$14,889,141,388	\$14,860,669,214
<b>Sales Income</b>			
Sales Income	57,512,319	50,712,163	27,463,021
Liquor Sales	330,239,307	354,782,067	438,165,584
Pari-Mutuel Receipts	3,260,709	3,594,819	4,142,433
State Forest Lands Sales	178,927,446	178,720,000	190,360,328
Common School Lands Sales	9,590,460	9,586,000	4,689,000
<b>Total Sales Income</b>	<b>\$579,530,241</b>	<b>\$597,395,049</b>	<b>\$664,820,366</b>
<b>Donations and Contributions</b>			
Donations	13,426,081	26,400,926	27,698,990
Grants (Non-Fed)	10,556,856	6,662,198	8,144,804
Retirement System Contribution	3,312,348,727	3,532,290,966	4,785,800,000

## Schedule II. Other Funds and Lottery Funds

### Revenue by Source (Continued)

Description	2013-15 Actuals	2015-17 Leg Approved Budget	2017-19 Governor's Budget
<b>Total Donations and Contributions</b>	\$3,336,331,664	\$3,565,354,090	\$4,821,643,794
<b>Loan Repayment</b>			
Loan Repayments	207,829,975	176,109,398	179,859,181
Housing Div Loan Repayments	274,051,009	239,300,000	227,756,310
Veterans Loan Repayments	78,204,229	80,000,000	86,000,000
Sr Citizen Prop Tax Repayments	-	38,497,653	-
<b>Total Loan Repayment</b>	<b>\$560,085,213</b>	<b>\$533,907,051</b>	<b>\$493,615,491</b>
<b>Insurance Premium</b>			
Insurance Premiums	\$484,786,711	-	-
<b>Other</b>			
Other Revenues	2,839,824,500	2,573,363,269	2,243,609,454
Loan Proceeds	70,099,490	-	-
<b>Total Other</b>	<b>\$2,909,923,990</b>	<b>\$2,573,363,269</b>	<b>\$2,243,609,454</b>
<b>Lottery Distributions</b>	<b>\$1,061,129,097</b>	<b>\$1,184,579,256</b>	<b>\$1,232,210,881</b>
<b>Total Transfers In/Out</b>	<b>\$469,467,873</b>	<b>\$413,365,621</b>	<b>\$511,739,528</b>
<b>Total Other Funds and Lottery Funds Revenue</b>	<b>36,014,090,778</b>	<b>40,532,461,915</b>	<b>43,320,853,211</b>
Total Non Add Expenditures	706,248,007	872,476,890	909,853,553
Revised Total w/ NonAdd Exp Removed	35,307,842,771	39,659,985,025	42,410,999,658

## Schedule III. Receipts from the Federal Government

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>EDUCATION</b>			
Education, Dept of	2,668,698,673	1,430,967,932	1,446,241,057
Higher Education Coordinating Commission	305,450	130,892,102	138,065,657
Teacher Standards & Practices Comm	10,893	-	-
<b>EDUCATION TOTAL</b>	<b>\$2,669,015,016</b>	<b>\$1,561,860,034</b>	<b>\$1,584,306,714</b>
<b>HUMAN SERVICES</b>			
Commission for the Blind	12,657,747	15,869,273	15,868,008
Human Services, Dept. of	6,281,451,195	7,317,034,713	7,536,336,144
Oregon Health Authority	9,361,284,188	12,495,944,547	11,649,991,104
<b>HUMAN SERVICES TOTAL</b>	<b>\$15,655,393,130</b>	<b>\$19,828,848,533</b>	<b>\$19,202,195,256</b>
<b>PUBLIC SAFETY</b>			
Corrections, Dept of	6,032,829	6,923,281	5,457,833
Criminal Justice Comm, Oregon	5,860,135	6,919,757	6,406,600
Justice, Dept of	124,237,482	173,611,260	204,349,506
Military Dept, Oregon	153,411,508	283,776,065	271,313,275
Oregon Youth Authority	28,433,382	36,316,494	37,440,646
Police, Dept of State	6,111,880	9,539,904	10,515,462
Public Safety Standards & Training, Dept of	332,990	7,476,747	7,152,905
<b>PUBLIC SAFETY TOTAL</b>	<b>\$324,420,206</b>	<b>\$524,563,508</b>	<b>\$542,636,227</b>
<b>ECONOMIC &amp; COMMUNITY DEVELOPMENT</b>			
Employment Dept	393,008,959	257,950,709	230,918,470
Housing & Community Svcs Dept	222,405,705	232,434,238	245,063,593
Oregon Business Development Department	32,508,666	35,549,498	35,976,546
Veterans' Affairs, Oregon Dept of	319,371	3,305,303	1
<b>ECONOMIC &amp; COMMUNITY DEVELOPMENT TOTAL</b>	<b>\$648,242,701</b>	<b>\$529,239,748</b>	<b>\$511,958,610</b>
<b>NATURAL RESOURCES</b>			
Agriculture, Oregon Dept of	10,299,488	17,630,167	18,250,782
Energy, Dept of	2,580,667	3,383,408	2,590,058
Environmental Quality, Dept of	23,152,212	29,552,515	29,000,310
Fish & Wildlife, Oregon Dept of	110,913,186	142,766,627	147,754,824
Forestry, Dept of	16,872,306	35,063,741	33,703,825

## Schedule III. Receipts from the Federal Government (continued)

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>NATURAL RESOURCES</b>			
Geology & Mineral Industries, Dept of	4,370,000	5,806,423	5,854,090
Land Conservation & Development, Dept of	5,247,072	6,392,432	6,691,291
Lands, Dept of State	2,549,005	2,866,573	2,808,773
Marine Board, Oregon State	5,711,179	7,467,774	6,632,414
Parks & Recreation Dept	9,358,198	12,345,047	16,397,848
Water Resources Dept	670,833	1,312,338	1,871,695
Watershed Enhancement Board, Oregon	23,075,625	37,274,113	41,668,724
<b>NATURAL RESOURCES TOTAL</b>	<b>\$214,799,771</b>	<b>\$301,861,158</b>	<b>\$313,224,634</b>
<b>TRANSPORTATION</b>			
Aviation, Dept of	4,938,736	8,514,798	9,307,101
Transportation, Oregon Dept of	112,432,489	132,587,075	121,156,822
<b>TRANSPORTATION TOTAL</b>	<b>\$117,371,225</b>	<b>\$141,101,873</b>	<b>\$130,463,923</b>
<b>CONSUMER &amp; BUSINESS SERVICES</b>			
Consumer and Business Svcs, Dept of	3,399,835	17,863,185	14,957,602
Labor & Industries, Bureau of	1,570,605	1,565,000	1,050,000
Public Utility Commission	2,360,041	707,700	818,796
<b>CONSUMER &amp; BUSINESS SERVICES TOTAL</b>	<b>\$7,330,481</b>	<b>\$20,135,885</b>	<b>\$16,826,398</b>
<b>ADMINISTRATION</b>			
Administrative Svcs, Dept of	-	333,478,311	119,028,155
Governor, Office of the	(713,515)	-	-
Secretary of State	366,938	694,779	182,399
State Library	4,326,097	5,121,642	5,242,733
<b>ADMINISTRATION TOTAL</b>	<b>\$3,979,520</b>	<b>\$339,294,732</b>	<b>\$124,453,287</b>
<b>JUDICIAL BRANCH</b>			
Judicial Dept	1,074,559	1,606,769	1,339,352
<b>JUDICIAL BRANCH TOTAL</b>	<b>\$1,074,559</b>	<b>\$1,606,769</b>	<b>\$1,339,352</b>
<b>NET FEDERAL GOVERNMENT RECEIPTS</b>	<b>\$19,641,626,609</b>	<b>\$23,248,512,240</b>	<b>\$22,427,404,401</b>

# All Funds Summaries

## CASH BALANCES

	2017-19 GOVERNOR'S BUDGET
BEGINNING BALANCES	\$ 90,558,161,372
CURRENT REVENUES:	
GENERAL FUND	\$19,708,085,908
OTHER AND LOTTERY FUNDS	42,809,113,683
FEDERAL FUNDS	22,427,404,401
SUBTOTAL	84,944,603,992
TOTAL RESOURCES AVAILABLE	\$ 175,502,765,364
LESS: TRANSFERS TO OTHER GOVERNMENTS	
OTHER AND LOTTERY FUNDS	(2,224,883,943)
FEDERAL FUNDS	(119,028,155)
SUBTOTAL	(2,343,912,098)
EXPENDITURES **	
GENERAL FUND	(19,622,703,616)
LOTTERY FUNDS	(1,022,150,949)
OTHER FUNDS	(30,382,059,234)
FEDERAL FUNDS	(22,315,371,567)
SUBTOTAL	(73,342,285,366)
BALANCES CARRIED FORWARD	\$ 99,816,567,900

## ALL FUNDS REVENUES BY MAJOR SOURCE

	2013-15 ACTUALS	2015-17 LEGISLATIVELY APPROVED	% CHANGE (ACT/LAB)	2017-19 GOVERNOR'S BUDGET	% CHANGE (EST/GB)
TAXES	\$ 21,044,276,663	\$ 24,094,571,419	14.5%	\$26,827,255,266	11.3%
FEDERAL FUNDS	19,641,626,609	23,248,512,240	18.4%	22,427,404,401	-3.5%
FEDERAL FUNDS AS OTHER FUNDS	937,169,039	790,932,404	-15.6%	1,139,066,002	44.0%
DONATIONS AND CONTRIBUTIONS	3,336,331,664	3,565,354,090	6.9%	4,821,643,794	35.2%
OTHER	3,195,020,981	2,895,248,925	-9.4%	2,553,628,524	-11.8%
BOND SALES	2,778,058,957	2,415,508,124	-13.1%	2,092,583,961	-13.4%
INTEREST EARNINGS	12,378,900,381	14,905,676,388	20.4%	14,890,948,214	-0.1%
LIQUOR AND OTHER SALES INCOME	811,217,614	860,495,049	6.1%	1,012,930,212	17.7%
LOAN REPAYMENTS	630,184,703	533,907,051	-15.3%	493,615,491	-7.5%
LOTTERY DISTRIBUTIONS	1,061,129,097	1,184,579,256	11.6%	1,232,210,881	4.0%
CHARGES FOR SERVICES	3,112,576,381	5,031,796,612	61.7%	5,652,911,441	12.3%
LICENSES, FINES AND FEES	1,564,936,405	1,666,155,976	6.5%	1,800,405,805	8.1%
TOTAL *	70,491,428,494	81,192,737,534	15.2%	84,944,603,992	4.6%

\* Does not include beginning balance.

\*\* Excludes Non-Add expenditures.

## SUMMARY OF ALL FUNDS EXPENDITURES BY CATEGORY

<i>Description</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Personal Services	5,745,915,631	7,048,611,054	23%	7,608,192,827	8%
Services & Supplies	6,304,422,396	7,057,870,713	12%	7,462,596,351	6%
Capital Outlay	292,274,051	435,545,123	49%	451,249,823	4%
Special Payments	42,588,845,382	52,844,210,197	24%	55,049,888,383	4%
Debt Service	3,555,144,185	2,632,967,688	-26%	2,770,357,982	5%
Nonlimited Budget *	(18,090,192,115)	(17,116,637,566)	-5%	(17,589,480,480)	3%
Capital Improvement	(19,525,209)	(40,380,106)	107%	(36,116,820)	-11%
Capital Construction	(169,772,003)	(803,906,609)	374%	(711,309,734)	-12%
<b>TOTAL **</b>	<b>\$58,486,601,645</b>	<b>\$70,019,204,775</b>	<b>20%</b>	<b>\$73,342,285,366</b>	<b>5%</b>

\* Expenditures not limited by statute; included for informational purposes only.

\*\* Excludes Non-Add expenditures.

() Special reporting classifications; amounts are included in appropriate expenditure categories above.

## SUMMARY OF ALL FUNDS EXPENDITURES BY PROGRAM AREA

<i>Program Area</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>% Change (ACT/LAB)</i>	<i>2017-19 Governor's Budget</i>	<i>% Change (LAB/GB)</i>
Education	8,750,956,601	12,646,647,701	45%	13,545,160,428	7%
Human Services	25,740,016,107	31,220,051,203	21%	31,728,024,572	2%
Public Safety	2,839,423,511	3,408,071,957	20%	3,586,220,151	5%
Economic & Community Development	3,278,225,009	4,296,696,003	31%	4,514,631,491	5%
Natural Resources	1,632,707,153	1,962,707,369	20%	1,869,453,764	-5%
Transportation	4,644,883,046	3,614,387,562	-22%	3,910,735,429	8%
Consumer & Business Services	591,268,358	680,467,460	15%	681,376,692	0%
Administration	10,156,971,821	11,086,412,727	9%	12,199,898,547	10%
Legislative Branch *	134,379,671	146,161,776	9%	116,717,229	-20%
Judicial Branch *	717,770,368	862,345,572	20%	1,038,567,063	20%
Miscellaneous Programs	-	95,255,445	100%	151,500,000	59%
<b>TOTAL **</b>	<b>\$58,486,601,645</b>	<b>\$70,019,204,775</b>	<b>20%</b>	<b>\$73,342,285,366</b>	<b>5%</b>

\* See agency narrative section for complete Agency Request information.

\*\* Excludes Non-Add expenditures.

## Schedule IV. Summary of Detail Revenues by Program Area, Agency and Fund

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: EDUCATION</b>			
<b>Chief Education Office</b>			
General Fund Appropriation	21,008,299	13,357,142	11,443,979
All Funds Available for Exp	21,008,299	13,357,142	11,443,979
All Expenditures			
General Fund	20,421,275	13,357,142	11,443,979
Total Expenditures	20,421,275	13,357,142	11,443,979
Reversions	(587,024)	-	-
<b>Education, Dept of</b>			
Beginning Balance			
Other Funds	32,663,411	26,602,405	15,911,252
Federal Funds	30,055,279	-	-
Beginning Balance Adjustment			
Lottery Funds	460,282	572,810	-
General Fund Appropriation	6,776,595,798	7,502,946,508	8,324,300,203
Lottery Funds			
Interest Income	618,070	-	-
Other Funds Revenues			
Business Lic and Fees	945,840	509,791	3,377,291
Charges for Services	4,109,049	2,496,798	2,496,798
Admin and Service Charges	-	55,915	55,915
Fines and Forfeitures	240,598	-	-
Rents and Royalties	315,529	310,846	310,846
General Fund Obligation Bonds	-	125,000,000	168,902,315
Interest Income	101,596	20,000	20,000

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Education, Dept of**

Other Funds Revenues

Sales Income	471,556	32,868	32,868
Donations	1,264,649	17,500	17,500
Grants (Non-Fed)	735,665	-	-
Other Revenues	95,169,262	31,068,681	34,169,877

Federal Funds	2,675,357,174	1,437,947,199	1,453,220,324
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Transfers In

Lottery Funds	369,412,435	448,566,024	388,726,870
Other Funds	216,891,751	243,486,114	319,380,234
Federal Funds	713,515	-	-

Transfers Out

Lottery Funds	(708,942)	-	-
Other Funds	(37,265,714)	-	-
Federal Funds	(7,372,016)	(6,979,267)	(6,979,267)

All Funds Available for Exp	10,160,774,787	9,812,654,192	10,703,943,026
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All Expenditures

General Fund	6,772,941,172	7,502,946,508	8,324,300,203
Lottery Funds	369,745,182	449,138,834	388,726,870
Other Funds	221,247,369	393,405,459	516,608,480
Federal Funds	1,252,891,868	1,426,281,361	1,441,780,982

Total Expenditures	8,616,825,591	9,771,772,162	10,671,416,535
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Reversions	(3,654,626)	-	-
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Ending Balance

Lottery Funds	36,663	-	-
Other Funds	94,395,823	36,195,459	28,066,416

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Education, Dept of**

Ending Balance

Federal Funds	1,445,862,084	4,686,571	4,460,075
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**Higher Education Coordinating Commission**

Beginning Balance

Lottery Funds	-	-	1,917,181
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Other Funds	-	2,241,502	4,770,962
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Beginning Balance Adjustment

Lottery Funds	-	1,790,623	57,380
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Other Funds	-	(91,259)	-
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General Fund Appropriation	3,603,360	1,783,060,304	1,855,872,413
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Other Funds Revenues

General Fund Revenues	-	48,549	48,549
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Business Lic and Fees	649,552	-	-
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Non-business Lic. and Fees	-	792,695	792,695
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Charges for Services	660,850	2,485,367	2,313,367
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Admin and Service Charges	-	1,356,021	1,356,021
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General Fund Obligation Bonds	-	372,066,588	457,825,250
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Lottery Bonds	-	1,542,827	15,259,002
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Interest Income	10,581	80,082	80,082
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Donations	-	12,357,654	12,357,654
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Grants (Non-Fed)	-	74,000	664,784
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Other Revenues	4,042	232,008,141	218,713,772
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Federal Funds	301,815	131,162,102	138,335,657
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Transfers In

Lottery Funds	2,026,912	61,349,505	106,168,468
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Other Funds	59,609,024	10,087,898	13,944,551
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Federal Funds	512,417	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Higher Education Coordinating Commission**

Transfers Out

Other Funds	(249,264)	(542,290)	(7,857,775)
Federal Funds	(508,782)	(270,000)	(270,000)

All Funds Available for Exp	66,620,507	2,611,600,309	2,822,350,013
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All Expenditures

General Fund	3,105,531	1,783,060,304	1,855,872,413
Lottery Funds	-	62,406,155	106,225,848
Other Funds	1,548,369	631,201,143	689,084,015
Federal Funds	305,450	130,892,102	138,065,657

Total Expenditures	4,959,350	2,607,559,704	2,789,247,933
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Reversions	(497,829)	-	-
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Ending Balance

Lottery Funds	2,026,912	733,973	1,917,181
Other Funds	59,136,416	3,306,632	31,184,899

**Oregon Health and Science University**

Beginning Balance

Other Funds	214,600	-	-
Federal Funds	4,315,796	-	-

Beginning Balance Adjustment

Other Funds	76,523	-	-
Federal Funds	(4,315,796)	-	-

General Fund Appropriation	72,562,387	8,522,485	26,061,385
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Other Funds Revenues

General Fund Obligation Bonds	-	200,035,000	-
Other Revenues	-	7,779,418	7,922,028

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Oregon Health and Science University**

Transfers In

Other Funds	31,157,200	30,909,888	30,906,415
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All Funds Available for Exp

104,010,710	247,246,791	64,889,828
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All Expenditures

General Fund	72,562,387	8,522,485	26,061,385
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Other Funds	31,233,723	238,724,306	38,828,443
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Total Expenditures

103,796,110	247,246,791	64,889,828
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Ending Balance

Other Funds	214,600	-	-
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**Teacher Standards & Practices Comm**

Beginning Balance

Other Funds	1,075,468	1,171,981	1,198,000
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Beginning Balance Adjustment

Other Funds	-	-	500,000
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General Fund Appropriation

-	200,000	-
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Other Funds Revenues

Business Lic and Fees	3,925,863	5,465,600	7,218,016
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Admin and Service Charges	1,024,846	418,728	-
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Interest Income	-	-	1,000
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Transfers In

Other Funds	1,521,772	200,000	-
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Federal Funds	10,893	-	-
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Transfers Out

Other Funds	(1,521,772)	-	-
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All Funds Available for Exp

6,037,070	7,456,309	8,917,016
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Teacher Standards & Practices Comm**

All Expenditures			
General Fund	-	200,000	-
Other Funds	4,943,382	6,511,902	8,162,153
Federal Funds	10,893	-	-
Total Expenditures	<u>4,954,275</u>	<u>6,711,902</u>	<u>8,162,153</u>
Ending Balance			
Other Funds	1,082,795	744,407	754,863

**PROGRAM AREA: HUMAN SERVICES**

**Commission for the Blind**

Beginning Balance			
Other Funds	1,062,434	58,175	-
Federal Funds	4,182,472	-	-
Beginning Balance Adjustment			
Other Funds	-	31,302	-
General Fund Appropriation	1,598,027	3,691,540	3,152,344
Other Funds Revenues			
Interest Income	-	1,200	-
Sales Income	49,225	15,600	15,600
Donations	-	59,562	-
Other Revenues	926,121	1,184,445	1,336,742
Federal Funds	12,657,747	15,869,273	15,868,008
Transfers In			
Other Funds	1,128,816	-	-
Transfers Out			
Other Funds	(1,128,816)	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: HUMAN SERVICES**

**Commission for the Blind**

All Funds Available for Exp	20,476,026	20,911,097	20,372,694
All Expenditures			
General Fund	1,582,598	3,691,540	3,152,344
Other Funds	1,667,196	1,183,539	1,334,434
Federal Funds	12,683,970	15,827,037	15,868,008
Total Expenditures	15,933,764	20,702,116	20,354,786

Reversions	(15,429)	-	-
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Ending Balance			
Other Funds	370,584	166,745	17,908
Federal Funds	4,156,249	42,236	-

**Human Services, Dept. of**

Beginning Balance			
Other Funds	5,320,336	1,905,113	1,729,767

General Fund Appropriation	2,331,938,111	2,767,038,370	3,173,736,725
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Other Funds Revenues			
Other Selective Taxes	102,093,315	127,222,357	139,538,130
Business Lic and Fees	2,311,881	2,411,645	2,355,356
Non-business Lic. and Fees	1,295	-	-
Charges for Services	18,566	-	-
Admin and Service Charges	109,203,952	-	-
Care of State Wards	9,854,641	18,778,462	17,625,566
Fines and Forfeitures	490,239	-	-
General Fund Obligation Bonds	730,639	21,403	18,296,403
Interest Income	1,466,268	-	-

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
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**PROGRAM AREA: HUMAN SERVICES**

**Human Services, Dept. of**

Other Funds Revenues

Sales Income	26,638	-	-
Donations	162,405	-	-
Grants (Non-Fed)	1,637,847	-	-
Other Revenues	110,171,015	279,434,798	281,014,111
Loan Proceeds	20,000,000	-	-

Federal Funds	6,313,620,301	7,319,904,775	7,539,412,638
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Transfers In

Other Funds	124,213,562	105,555,896	95,856,262
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Transfers Out

Other Funds	(9,760,440)	(243,000)	(243,000)
Federal Funds	(32,698,467)	(2,870,062)	(3,076,494)

All Funds Available for Exp	9,090,802,104	10,619,159,757	11,266,245,464
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All Expenditures

General Fund	2,326,345,063	2,767,038,370	3,173,736,725
Other Funds	472,081,293	532,491,356	554,442,828
Federal Funds	6,207,920,071	7,317,034,713	7,536,336,144

Total Expenditures	9,006,346,427	10,616,564,439	11,264,515,697
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Reversions	(5,593,048)	-	-
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Ending Balance

Other Funds	5,860,866	2,595,318	1,729,767
Federal Funds	73,001,763	-	-

**Long Term Care Ombudsman**

Beginning Balance

Other Funds	80,517	25,000	226,642
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: HUMAN SERVICES**

**Long Term Care Ombudsman**

General Fund Appropriation	3,784,880	6,303,638	6,419,208
Other Funds Revenues			
Fines and Forfeitures	-	90,000	167,087
Transfers In			
Other Funds	715,965	638,334	633,028
All Funds Available for Exp	<u>4,581,362</u>	<u>7,056,972</u>	<u>7,445,965</u>
All Expenditures			
General Fund	2,510,888	6,303,638	6,419,208
Other Funds	670,166	737,480	894,922
Total Expenditures	<u>3,181,054</u>	<u>7,041,118</u>	<u>7,314,130</u>

Reversions	(1,273,992)	-	-
Ending Balance			
Other Funds	126,316	15,854	131,835

**Oregon Health Authority**

Beginning Balance			
Lottery Funds	343,446	-	-
Other Funds	432,576,415	16,736,254	2,192,230,821
Beginning Balance Adjustment			
Other Funds	-	495,705,682	17,683,441
General Fund Appropriation	1,933,995,531	2,139,964,413	2,167,928,460
Other Funds Revenues			
Other Selective Taxes	952,987,065	947,852,010	1,604,493,871
Business Lic and Fees	9,370,575	12,780,000	13,074,238

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: HUMAN SERVICES**

**Oregon Health Authority**

Other Funds Revenues

Non-business Lic. and Fees	13,460,027	16,747,558	16,747,558
Charges for Services	24,105,946	24,641,444	25,854,806
Admin and Service Charges	1,716,551,725	3,312,292,932	3,530,801,137
Care of State Wards	12,689,833	2,369,042	2,369,042
Fines and Forfeitures	275,946	112,152	112,152
Rents and Royalties	76,213	-	-
General Fund Obligation Bonds	84,735,698	32,665	-
Refunding Bonds	30,077,623	-	-
Cert of Participation	-	17,335	-
Interest Income	9,017,512	4,982,172	4,982,172
Sales Income	6,485,740	7,924,013	7,924,013
Donations	334,420	283,030	283,030
Grants (Non-Fed)	1,107,742	1,343,201	1,188,283
Loan Repayments	554,718	-	-
Insurance Premiums	74,865,860	-	-
Other Revenues	1,738,608,155	930,901,202	747,569,133
Loan Proceeds	50,000,000	-	-

Federal Funds	9,372,104,007	12,515,660,423	11,668,882,423
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Transfers In

Lottery Funds	10,592,542	11,348,753	12,322,109
Other Funds	1,011,121,649	520,305,446	655,244,453
Federal Funds	55,219	-	-

Transfers Out

Other Funds	(326,317,376)	(128,185,707)	(8,911,208)
Federal Funds	(10,875,038)	(19,715,876)	(18,891,319)

All Funds Available for Exp	17,148,901,193	20,814,098,144	22,641,888,615
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All Expenditures

General Fund	1,933,379,158	2,139,964,413	2,167,928,460
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**PROGRAM AREA: HUMAN SERVICES**

**Oregon Health Authority**

All Expenditures

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
Lottery Funds	10,591,632	11,348,753	12,322,109
Other Funds	5,407,081,290	5,925,795,632	6,603,470,971
Federal Funds	9,361,254,188	12,495,944,547	11,649,139,104

<b>Total Expenditures</b>	<b>16,712,306,268</b>	<b>20,573,053,345</b>	<b>20,432,860,644</b>
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Reversions	(616,373)	-	-
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Ending Balance

Lottery Funds	344,356	-	-
Other Funds	435,604,196	241,044,799	2,208,175,971
Federal Funds	30,000	-	852,000

**Psychiatric Security Review Board**

Beginning Balance

Other Funds	10,781	5,554	3,386
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General Fund Appropriation	2,372,291	2,688,017	2,977,067
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Transfers In

Other Funds	79,655	-	-
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<b>All Funds Available for Exp</b>	<b>2,462,727</b>	<b>2,693,571</b>	<b>2,980,453</b>
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All Expenditures

General Fund	2,166,128	2,688,017	2,977,067
Other Funds	82,466	2,168	2,248

<b>Total Expenditures</b>	<b>2,248,594</b>	<b>2,690,185</b>	<b>2,979,315</b>
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: HUMAN SERVICES**

**Psychiatric Security Review Board**

Reversions	(206,163)	-	-
Ending Balance			
Other Funds	7,970	3,386	1,138

**PROGRAM AREA: PUBLIC SAFETY**

**Corrections, Dept of**

Beginning Balance			
Other Funds	11,640,291	7,321,249	3,512,323
Federal Funds	2,303,352	-	93,679
Beginning Balance Adjustment			
Other Funds	2,472,890	-	4,940,369
General Fund Appropriation	1,484,533,867	1,593,133,894	1,682,348,321
Other Funds Revenues			
Federal Revenues	139,600	130,342	130,342
Charges for Services	10,485,144	11,982,267	14,205,733
Admin and Service Charges	623,255	510,974	228,254
Fines and Forfeitures	175,084	118,766	139,126
Rents and Royalties	300,298	289,840	289,840
General Fund Obligation Bonds	4,240,000	14,220,432	45,535,000
Refunding Bonds	4,714,565	-	-
Interest Income	50,837	12,994	12,994
Sales Income	2,497,399	1,785,295	1,983,190
Donations	107,183	14,045	14,045
Grants (Non-Fed)	352,135	194,618	194,618
Loan Repayments	-	34,563	34,563
Other Revenues	10,962,966	17,513,350	18,773,708

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Corrections, Dept of**

Federal Funds	6,032,829	6,923,281	5,457,833
Transfers In			
Other Funds	7,813,198	8,719,197	5,671,330
Transfers Out			
Other Funds	(2,793,312)	(3,533,001)	(457,485)
All Funds Available for Exp	<u>1,546,651,581</u>	<u>1,659,372,106</u>	<u>1,783,107,783</u>
All Expenditures			
General Fund	1,480,524,545	1,593,133,894	1,682,348,321
Other Funds	39,567,158	55,776,993	82,880,907
Federal Funds	8,294,397	6,829,602	5,352,287
Total Expenditures	<u>1,528,386,100</u>	<u>1,655,740,489</u>	<u>1,770,581,515</u>
Reversions	(4,009,322)	-	-
Ending Balance			
Other Funds	14,214,375	3,537,938	12,327,043
Federal Funds	41,784	93,679	199,225
<b>Criminal Justice Comm, Oregon</b>			
Beginning Balance			
Other Funds	690,608	200,000	543,386
Federal Funds	5,258,843	1,429,000	4,188,680
General Fund Appropriation	23,851,046	55,130,454	45,089,117
Other Funds Revenues			
Fines and Forfeitures	551,362	299,950	546,000
Interest Income	903	-	-

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
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**PROGRAM AREA: PUBLIC SAFETY**

**Criminal Justice Comm, Oregon**

Other Funds Revenues

Other Revenues	22,372	371,000	1,000
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Federal Funds	5,939,257	6,919,757	6,406,600
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Transfers Out

Federal Funds	(79,122)	-	-
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All Funds Available for Exp	36,235,269	64,350,161	56,774,783
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All Expenditures

General Fund	23,421,910	55,130,454	45,089,117
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Other Funds	862,857	864,015	1,012,274
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Federal Funds	7,606,902	6,937,604	10,168,330
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Total Expenditures	31,891,669	62,932,073	56,269,721
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Reversions	(429,136)	-	-
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Ending Balance

Other Funds	402,388	6,935	78,112
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Federal Funds	3,512,076	1,411,153	426,950
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**District Attorneys and their Deputies**

General Fund Appropriation	10,925,293	11,868,624	12,483,927
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All Funds Available for Exp	10,925,293	11,868,624	12,483,927
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All Expenditures

General Fund	10,916,597	11,868,624	12,483,927
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	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
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**PROGRAM AREA: PUBLIC SAFETY**

**District Attorneys and their Deputies**

Total Expenditures	10,916,597	11,868,624	12,483,927
Reversions	(8,696)	-	-
<b>Justice, Dept of</b>			
Beginning Balance			
Other Funds	66,301,274	38,075,897	46,849,729
Federal Funds	1,439,097	-	-
Beginning Balance Adjustment			
Other Funds	-	2,709,377	2,772,393
General Fund Appropriation	65,463,853	78,841,305	84,015,552
Other Funds Revenues			
General Fund Revenues	142,601	-	-
Business Lic and Fees	12,462,467	5,966,588	7,713,461
Federal Revenues	9,640,647	12,858,571	13,644,616
Charges for Services	140,023,269	178,939,895	207,520,793
Admin and Service Charges	26,151,752	-	-
Fines and Forfeitures	20,845,535	1,669,426	639,884
General Fund Obligation Bonds	3,505,000	18,625,000	15,535,000
Interest Income	56,785	39,898	60,390
Sales Income	60,534	20,000	20,021
Donations	47,754	27,000	47,758
Other Revenues	17,373,986	30,900,375	29,698,571
Federal Funds	124,237,482	173,611,260	204,349,506
Transfers In			
Other Funds	26,397,223	27,912,608	34,988,066

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Justice, Dept of**

Transfers Out

Other Funds	(8,142,105)	(1,510,763)	(77,798)
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All Funds Available for Exp

506,007,154	568,686,437	647,777,942
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All Expenditures

General Fund	63,337,324	78,841,305	84,015,552
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Other Funds	249,645,336	300,591,067	323,530,306
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Federal Funds	125,318,230	173,611,260	204,327,992
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Total Expenditures

438,300,890	553,043,632	611,873,850
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Reversions

(2,126,529)	-	-
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Ending Balance

Other Funds	65,221,386	15,642,805	35,882,578
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Federal Funds	358,349	-	21,514
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**Military Dept, Oregon**

Beginning Balance

Other Funds	12,147,627	17,662,353	15,588,496
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General Fund Appropriation

21,832,071	25,350,514	26,186,876
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Other Funds Revenues

Federal Revenues	187,432	740,000	376,200
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Charges for Services	4,413,783	2,442,000	2,132,680
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Rents and Royalties	2,949,957	2,978,144	3,009,720
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General Fund Obligation Bonds	8,644,258	18,410,000	23,715,000
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Refunding Bonds	75,953	-	-
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Interest Income	83,873	36,422	36,832
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Sales Income	3,589,021	11,126,571	101,571
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Donations	51,545	920,340	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Military Dept, Oregon**

Other Funds Revenues

Other Revenues	756,641	2,356,465	2,158,000
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Federal Funds

	154,556,680	285,256,595	272,879,078
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Transfers In

Other Funds	130,137,515	83,693,672	86,586,077
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Federal Funds	249,839	-	-
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Transfers Out

Other Funds	(54,648,219)	(355,593)	(633,406)
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Federal Funds	(1,395,011)	(1,480,530)	(1,565,803)
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All Funds Available for Exp

	283,632,965	449,136,953	430,571,321
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All Expenditures

General Fund	21,821,936	25,350,514	26,186,876
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Other Funds	102,530,767	125,538,822	126,938,416
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Federal Funds	151,411,508	283,776,065	271,313,275
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Total Expenditures

	275,764,211	434,665,401	424,438,567
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Reversions

	(10,135)	-	-
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Ending Balance

Other Funds	5,858,619	14,471,552	6,132,754
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Federal Funds	2,000,000	-	-
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**Oregon Youth Authority**

Beginning Balance

Other Funds	583,997	104,044	385,172
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Beginning Balance Adjustment

Other Funds	46,341	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Oregon Youth Authority**

General Fund Appropriation	275,459,280	298,387,030	314,297,631
Other Funds Revenues			
Charges for Services	68,295	94,303	94,303
Care of State Wards	3,585,743	6,638,268	6,517,379
Rents and Royalties	18,548	25,280	25,280
General Fund Obligation Bonds	5,063,754	50,165,059	50,915,000
Interest Income	11,187	-	-
Sales Income	578,225	905,000	905,000
Donations	932	103,580	103,580
Grants (Non-Fed)	85,318	-	-
Other Revenues	405,197	2,553,260	4,025,784
Federal Funds	-	36,316,494	37,440,646
Transfers In			
Other Funds	2,381,241	2,914,855	2,914,855
Federal Funds	28,433,382	-	-
Transfers Out			
Other Funds	(384,876)	-	-
All Funds Available for Exp	<u>316,336,564</u>	<u>398,207,173</u>	<u>417,624,630</u>
All Expenditures			
General Fund	267,119,142	298,387,030	314,297,631
Other Funds	12,165,807	63,399,605	63,982,253
Federal Funds	27,977,990	36,316,494	37,440,646
Total Expenditures	<u>307,262,939</u>	<u>398,103,129</u>	<u>415,720,530</u>
Reversions	(8,340,138)	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Oregon Youth Authority**

Ending Balance			
Other Funds	278,095	104,044	1,904,100
Federal Funds	455,392	-	-

**Parole & Post Prison Supervision, State Board of**

Beginning Balance			
Other Funds	25,491	27,549	35,637
General Fund Appropriation	4,539,720	8,040,916	9,119,820
Other Funds Revenues			
Fines and Forfeitures	1,165	5,072	5,072
Sales Income	3,618	5,258	5,258

All Funds Available for Exp	<u>4,569,994</u>	<u>8,078,795</u>	<u>9,165,787</u>
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All Expenditures			
General Fund	4,451,421	8,040,916	9,119,820
Other Funds	835	10,852	11,225

Total Expenditures	<u>4,452,256</u>	<u>8,051,768</u>	<u>9,131,045</u>
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Reversions	(88,299)	-	-
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Ending Balance			
Other Funds	29,439	27,027	34,742

**Police, Dept of State**

Beginning Balance			
Lottery Funds	344,456	475,446	-
Other Funds	15,303,113	20,692,505	13,660,110
Federal Funds	809,572	621,516	1,470,277

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Police, Dept of State**

Beginning Balance Adjustment

Other Funds	-	-	10,610,064
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General Fund Appropriation

240,382,479	282,147,826	264,617,887
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Other Funds Revenues

Business Lic and Fees	347,783	389,519	392,475
Non-business Lic. and Fees	1,230,387	1,527,259	1,315,479
Fire Marshal Fees	1,831,044	1,815,768	1,765,772
Charges for Services	30,592,051	33,555,028	37,075,278
Fines and Forfeitures	373,339	489,600	389,452
Rents and Royalties	65,847	548,711	-
Interest Income	51,380	-	-
Sales Income	63,218	181,049	156,450
Donations	17,275	24,368	24,368
Grants (Non-Fed)	-	66,678	5,500
Other Revenues	2,508,351	2,070,765	2,719,422

Federal Funds

6,111,880	9,539,904	10,515,462
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Transfers In

Lottery Funds	6,995,265	7,560,297	8,321,594
Other Funds	91,115,663	76,572,636	117,673,110
Federal Funds	432,000	224,241	231,597

Transfers Out

Other Funds	(31,478,410)	(15,587,607)	(37,025,782)
Federal Funds	(432,000)	(224,241)	(231,597)

All Funds Available for Exp

366,664,693	422,691,268	433,686,918
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All Expenditures

General Fund	240,373,065	282,147,826	264,617,887
Lottery Funds	6,734,971	8,010,065	8,271,355

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Police, Dept of State**

All Expenditures			
Other Funds	91,342,128	109,285,417	130,438,938
Federal Funds	5,456,068	9,780,941	11,514,234
<b>Total Expenditures</b>	<b>343,906,232</b>	<b>409,224,249</b>	<b>414,842,414</b>

Reversions	(9,414)	-	-
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Ending Balance			
Lottery Funds	604,750	25,678	50,239
Other Funds	20,678,913	13,060,862	18,322,760
Federal Funds	1,465,384	380,479	471,505

**Public Safety Standards & Training, Dept of**

Beginning Balance			
Other Funds	7,970,150	7,491,331	6,174,905
Federal Funds	29,824	-	810,580

Beginning Balance Adjustment			
Other Funds	-	-	531,242

General Fund Appropriation	9,788,298	9,550,476	9,795,963
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Other Funds Revenues			
Business Lic and Fees	2,288,155	2,184,020	2,162,717
Charges for Services	51,274	182,304	182,304
Admin and Service Charges	11,876	21,000	21,000
Fines and Forfeitures	30,019	30,000	30,000
Rents and Royalties	996,115	763,500	1,213,224
Refunding Bonds	415,460	-	-
Interest Income	1,758	3,000	3,000
Donations	-	2,000	2,000
Other Revenues	31,237	5,500	5,500

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Public Safety Standards & Training, Dept of**

Federal Funds	340,913	7,476,747	7,152,905
Transfers In			
Other Funds	30,651,623	38,465,533	41,207,209
Transfers Out			
Other Funds	(557,486)	(880,400)	(557,200)
Federal Funds	(7,923)	-	-
All Funds Available for Exp	<u>52,041,293</u>	<u>65,295,011</u>	<u>68,735,349</u>
All Expenditures			
General Fund	9,778,922	9,550,476	9,795,963
Other Funds	34,002,560	42,092,883	44,476,935
Federal Funds	331,601	6,666,167	6,792,409
Total Expenditures	<u>44,113,083</u>	<u>58,309,526</u>	<u>61,065,307</u>
Reversions	(9,376)	-	-
Ending Balance			
Other Funds	7,887,621	6,174,905	6,498,966
Federal Funds	31,213	810,580	1,171,076

**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Employment Dept**

Beginning Balance			
Other Funds	1,514,416,738	2,498,254,429	3,169,375,951
Federal Funds	4,032,629	-	-
Beginning Balance Adjustment			
Other Funds	1,295,765	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Employment Dept**

General Fund Appropriation	-	6,133,655	159,235
Other Funds Revenues			
Employment Taxes	2,145,819,527	2,169,234,815	2,092,715,141
Charges for Services	29,973,684	33,583,874	33,703,965
Fines and Forfeitures	22,969,789	27,241,515	14,833,329
Rents and Royalties	183,869	-	-
Interest Income	100,102,170	128,579,111	127,708,000
Other Revenues	49,348,845	59,169,992	30,567,786
Federal Funds	408,239,131	257,950,709	230,918,470
Transfers In			
Other Funds	1,271,443,847	1,636,128,842	1,549,442,710
Transfers Out			
Other Funds	(1,285,616,937)	(1,653,592,929)	(1,554,561,408)
Federal Funds	(15,230,172)	-	-
All Funds Available for Exp	<u>4,246,978,885</u>	<u>5,162,684,013</u>	<u>5,694,863,179</u>
All Expenditures			
General Fund	-	6,133,655	159,235
Other Funds	1,301,857,859	1,666,243,652	1,571,824,496
Federal Funds	397,041,588	257,548,380	230,349,059
Total Expenditures	<u>1,698,899,447</u>	<u>1,929,925,687</u>	<u>1,802,332,790</u>
Ending Balance			
Other Funds	2,548,079,438	3,232,355,997	3,891,960,978
Federal Funds	-	402,329	569,411

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Housing & Community Svcs Dept**

Beginning Balance			
Lottery Funds	19,215	-	-
Other Funds	374,723,024	362,600,290	389,578,990
Federal Funds	14,348	-	-
Beginning Balance Adjustment			
Lottery Funds	-	17,035	18,525
General Fund Appropriation	20,426,812	28,591,118	25,668,102
Lottery Funds			
Interest Income	28,756	-	-
Other Funds Revenues			
Non-business Lic. and Fees	7,164,345	6,287,623	932,606
Public Utilities Fees	68,408,700	67,508,233	65,079,405
Charges for Services	2,408,142	1,028,512	1,047,555
Admin and Service Charges	10,142,971	5,710,424	17,194,865
Fines and Forfeitures	48,800	50,000	48,808
General Fund Obligation Bonds	-	40,585,000	86,055,886
Lottery Bonds	8,106,787	25,414,657	10,000,000
Revenue Bonds	166,490,000	225,000,000	300,000,000
Refunding Bonds	16,882,836	185,285,000	-
Interest Income	109,738,055	138,521,145	83,262,814
Donations	-	8,000	-
Housing Div Loan Repayments	274,051,009	239,300,000	227,756,310
Other Revenues	3,909,347	1,730,748	5,057,417
Federal Funds	221,280,736	231,434,238	244,063,593
Transfers In			
Lottery Funds	9,512,070	11,659,434	17,063,005
Other Funds	630,894,826	615,745,862	506,012,260
Federal Funds	1,124,969	1,000,000	1,000,000

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Housing & Community Svcs Dept**

Transfers Out

Lottery Funds	(135,585)	-	-
Other Funds	(598,782,184)	(569,892,172)	(463,412,600)

All Funds Available for Exp	1,326,457,979	1,617,585,147	1,516,427,541
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All Expenditures

General Fund	20,355,205	28,591,118	25,668,102
Lottery Funds	9,413,639	11,676,469	17,081,530
Other Funds	806,257,727	1,006,885,495	900,969,377
Federal Funds	222,418,207	232,434,238	245,063,593

Total Expenditures	1,058,444,778	1,279,587,320	1,188,782,602
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Reversions	(71,607)	-	-
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Ending Balance

Lottery Funds	10,817	-	-
Other Funds	267,928,931	337,997,827	327,644,939
Federal Funds	1,846	-	-

**Oregon Business Development Department**

Beginning Balance

Lottery Funds	9,722,172	845,415	4,125,000
Other Funds	230,427,950	148,942,659	456,051,551
Federal Funds	10,852,205	9,755,957	12,497,696

Beginning Balance Adjustment

Lottery Funds	-	9,149,371	73,230
Other Funds	-	(644,733)	16,438,353

General Fund Appropriation	8,371,867	16,517,351	60,473,239
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Oregon Business Development Department**

Lottery Funds

Interest Income	785,643	-	-
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Other Funds Revenues

Business Lic and Fees	-	9,500	120,535
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Non-business Lic. and Fees	557	-	-
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Charges for Services	1,120,969	1,412,320	1,469,837
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Fines and Forfeitures	-	-	284,468
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Rents and Royalties	30,815	18,000	500,000
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General Fund Obligation Bonds	33,593,048	207,310,000	257,260,000
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Lottery Bonds	15,943,450	43,928,085	62,023,973
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Revenue Bonds	-	30,000,000	30,000,000
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Refunding Bonds	18,859,106	-	-
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Interest Income	37,157,602	36,681,836	52,705,240
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Donations	8,728,255	8,269,356	10,337,894
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Grants (Non-Fed)	824,239	460,000	700,000
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Loan Repayments	94,049,149	71,733,800	115,350,648
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Other Revenues	1,189,339	12,653,579	3,651,646
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Federal Funds	32,458,666	35,549,498	35,976,546
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Transfers In

Lottery Funds	185,349,283	108,634,569	110,450,240
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Other Funds	97,001,668	74,934,058	152,301,768
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Federal Funds	982,269	-	-
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Transfers Out

Lottery Funds	(80,473,648)	(5,339,361)	-
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Other Funds	(68,764,228)	(54,200,587)	(119,779,126)
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Federal Funds	(932,269)	-	-
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All Funds Available for Exp	637,278,107	756,620,673	1,263,012,738
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All Expenditures

General Fund	8,247,488	16,517,351	60,473,239
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Oregon Business Development Department**

All Expenditures

Lottery Funds	111,766,523	113,289,994	110,523,470
Other Funds	156,494,836	527,766,043	827,678,906
Federal Funds	29,226,631	40,101,139	40,969,130

Total Expenditures	305,735,478	697,674,527	1,039,644,745
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Reversions	(124,379)	-	-
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Ending Balance

Lottery Funds	3,616,927	-	4,125,000
Other Funds	313,667,083	53,741,830	211,737,881
Federal Funds	14,134,240	5,204,316	7,505,112

**Veterans' Affairs, Oregon Dept of**

Beginning Balance

Other Funds	200,546,758	246,609,577	151,940,326
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General Fund Appropriation	9,699,442	13,002,777	3,344,281
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Other Funds Revenues

Business Lic and Fees	159,000	150,000	150,000
Non-business Lic. and Fees	55,233	60,000	60,000
Charges for Services	1,225,462	68,308,697	87,936,871
Admin and Service Charges	35,138,671	-	3,218,547
Rents and Royalties	1,619,723	1,450,000	1,500,000
General Fund Obligation Bonds	-	-	2,540,000
Dedicated Fund Oblig Bonds	35,965,000	100,000,000	240,000,000
Interest Income	22,751,621	45,075,000	53,150,000
Sales Income	8,876	10,000	10,000
Donations	393,921	500,000	600,000
Loan Repayments	147,081	-	-

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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Veterans' Affairs, Oregon Dept of**

Other Funds Revenues			
Veterans Loan Repayments	78,204,229	80,000,000	86,000,000
Insurance Premiums	917,846	-	-
Other Revenues	570,979	1,050,000	1,099,945
Federal Funds	319,371	3,305,303	1
Transfers In			
Lottery Funds	-	-	18,483,163
Other Funds	75,707,841	186,644,327	240,388,695
Transfers Out			
Other Funds	(75,537,000)	(186,484,289)	(240,179,248)
Federal Funds	(279,371)	-	-
All Funds Available for Exp	<u>387,614,683</u>	<u>559,681,392</u>	<u>650,242,581</u>
All Expenditures			
General Fund	9,678,902	13,002,777	3,344,281
Lottery Funds	-	-	17,698,065
Other Funds	231,458,670	402,609,272	490,790,336
Federal Funds	40,000	3,305,303	1
Total Expenditures	<u>241,177,572</u>	<u>418,917,352</u>	<u>511,832,683</u>
Reversions	(20,540)	-	-
Ending Balance			
Lottery Funds	-	-	785,098
Other Funds	146,416,571	140,764,040	137,624,800

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Agriculture, Oregon Dept of**

Beginning Balance

Lottery Funds	209,666	-	-
Other Funds	22,265,641	21,409,630	27,911,794
Federal Funds	163,941	-	-

General Fund Appropriation	19,445,889	24,613,559	23,401,064
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Other Funds Revenues

Business Lic and Fees	28,323,925	28,321,592	33,469,784
Federal Revenues - Svc Contracts	1,402,436	1,411,338	1,480,756
Charges for Services	19,400,731	19,287,354	19,792,252
Admin and Service Charges	85,308	119,399	354,875
Fines and Forfeitures	282,227	256,983	279,111
Interest Income	252,508	240,829	246,674
Sales Income	113,249	37,000	7,178
Donations	1,332	-	-
Other Revenues	194,618	727,908	828,989

Federal Funds	11,639,165	20,493,394	19,550,782
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Transfers In

Lottery Funds	12,367,676	6,515,607	7,072,247
Other Funds	10,976,926	12,069,276	11,401,679

Transfers Out

Lottery Funds	(6,208,494)	-	-
Other Funds	(9,079,097)	(8,302,134)	(9,502,521)
Federal Funds	(1,339,677)	(2,863,227)	(1,300,000)

All Funds Available for Exp	110,497,970	124,338,508	134,994,664
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All Expenditures

General Fund	19,433,285	24,613,559	23,401,064
Lottery Funds	6,368,044	6,491,591	7,042,307

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Agriculture, Oregon Dept of**

All Expenditures			
Other Funds	49,871,107	62,478,730	68,706,936
Federal Funds	10,334,960	17,630,167	18,250,782
<b>Total Expenditures</b>	<b>86,007,396</b>	<b>111,214,047</b>	<b>117,401,089</b>

Reversions	(12,604)	-	-
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Ending Balance			
Lottery Funds	804	24,016	29,940
Other Funds	24,348,697	13,100,445	17,563,635
Federal Funds	128,469	-	-

**Columbia River Gorge Comm**

General Fund Appropriation	891,000	915,291	1,106,478
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All Funds Available for Exp	891,000	915,291	1,106,478
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All Expenditures			
General Fund	884,527	915,291	1,106,478

<b>Total Expenditures</b>	<b>884,527</b>	<b>915,291</b>	<b>1,106,478</b>
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Reversions	(6,473)	-	-
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**Energy, Dept of**

Beginning Balance			
Lottery Funds	291	-	-
Other Funds	40,400,392	35,915,592	28,745,896

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Energy, Dept of**

Beginning Balance			
Federal Funds	29,368	-	-
Beginning Balance Adjustment			
Lottery Funds	-	3,368	5,160
Other Funds	(1)	-	-
Federal Funds	(1)	-	-
Lottery Funds			
Interest Income	7,422	-	-
Other Funds Revenues			
Business Lic and Fees	5,091,725	8,279,729	6,505,363
Charges for Services	4,154,527	3,956,962	2,449,267
Admin and Service Charges	10,130,964	13,919,539	15,491,229
Fines and Forfeitures	403,722	2,150,959	5,700
General Fund Obligation Bonds	18,855,030	70,000,000	-
Lottery Bonds	10,809,048	-	-
Interest Income	21,144,300	27,510,115	90,091
Sales Income	1,515,639	-	748,125
Loan Repayments	37,586,616	43,307,264	-
Other Revenues	3,271,916	3,780,711	42,398
Federal Funds	3,325,351	4,243,153	3,461,528
Transfers In			
Lottery Funds	2,158,398	2,977,259	3,018,470
Other Funds	83,679,633	89,227,667	20,674,927
Federal Funds	-	104,000	-
Transfers Out			
Other Funds	(83,701,728)	(88,367,922)	(19,803,457)
Federal Funds	(744,684)	(963,745)	(871,470)
All Funds Available for Exp	158,117,928	216,044,651	60,563,227

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Energy, Dept of**

All Expenditures

Lottery Funds	2,166,048	2,980,496	3,023,630
Other Funds	116,599,827	175,930,949	35,318,204
Federal Funds	2,553,392	3,291,299	2,475,582

<b>Total Expenditures</b>	<b>121,319,267</b>	<b>182,202,744</b>	<b>40,817,416</b>
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Ending Balance

Lottery Funds	63	131	-
Other Funds	36,741,956	33,749,667	19,631,335
Federal Funds	56,642	92,109	114,476

**Environmental Quality, Dept of**

Beginning Balance

Lottery Funds	249,579	5,852	20,644
Other Funds	273,014,924	252,051,621	260,064,148
Federal Funds	1,354,661	15,000	-

Beginning Balance Adjustment

Lottery Funds	(11)	-	-
Other Funds	-	-	2,617,490

<b>General Fund Appropriation</b>	<b>30,961,259</b>	<b>37,982,047</b>	<b>42,388,442</b>
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Other Funds Revenues

General Fund Revenues	1,873,398	1,000,000	1,000,000
Business Lic and Fees	58,368,435	68,292,461	74,083,359
Non-business Lic. and Fees	26,996,140	28,404,452	27,805,476
Federal Revenues	33,298,022	30,000,000	30,000,000
Charges for Services	22,291,813	20,410,578	23,771,867
Admin and Service Charges	3,215,538	3,983,377	5,961,474
Fines and Forfeitures	241,447	158,800	255,000
General Fund Obligation Bonds	4,819,591	10,000,000	27,985,000
Lottery Bonds	-	-	10,227,251

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

Environmental Quality, Dept of

Other Funds Revenues

Interest Income	22,196,347	22,316,508	22,325,604
Loan Repayments	58,027,773	52,000,000	52,000,000
Other Revenues	2,376,200	990,230	11,410,400
Loan Proceeds	80,000	-	-

Federal Funds	26,461,929	32,814,587	32,405,315
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Transfers In

Lottery Funds	3,640,043	4,088,464	5,372,554
Other Funds	77,292,386	45,923,026	56,885,313

Transfers Out

Other Funds	(71,895,809)	(36,196,917)	(46,988,829)
Federal Funds	(3,309,717)	(3,262,072)	(3,405,005)

All Funds Available for Exp	571,553,948	570,978,014	636,185,503
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All Expenditures

General Fund	30,960,731	37,982,047	42,388,442
Lottery Funds	3,873,253	4,084,177	5,356,823
Other Funds	225,180,574	280,259,936	324,291,824
Federal Funds	24,266,508	29,567,515	28,994,638

Total Expenditures	284,281,066	351,893,675	401,031,727
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Reversions	(528)	-	-
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Ending Balance

Lottery Funds	16,358	10,139	36,375
Other Funds	287,015,631	219,074,200	235,111,729
Federal Funds	240,365	-	5,672

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Fish & Wildlife, Oregon Dept of**

Beginning Balance

Lottery Funds	388,423	-	-
Other Funds	30,810,738	23,010,441	41,625,239

Beginning Balance Adjustment

Lottery Funds	91,997	-	-
Other Funds	-	-	1,308,863

General Fund Appropriation

	17,665,411	31,046,604	28,871,697
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Other Funds Revenues

Hunter and Angler Licenses	94,810,340	108,173,000	119,244,000
Commercial Fish Lic and Fees	9,733,007	9,948,000	10,042,728
Park User Fees	1,066,879	1,246,000	1,458,000
Charges for Services	-	10,773,499	14,161,781
Fines and Forfeitures	1,722,272	-	-
Rents and Royalties	579,818	490,452	286,067
General Fund Obligation Bonds	-	-	10,215,000
Interest Income	306,391	16,200	-
Sales Income	4,313,280	5,007,995	3,275,251
Donations	341,614	-	-
Grants (Non-Fed)	3,369,005	-	-
Other Revenues	15,510,443	3,740,016	130,000

Federal Funds

	133,946,687	162,716,627	167,704,824
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Transfers In

Lottery Funds	8,774,992	4,917,581	5,590,892
Other Funds	72,931,869	81,694,942	84,989,739
Federal Funds	16,983,033	-	-

Transfers Out

Lottery Funds	(4,333,695)	-	-
Other Funds	(37,936,360)	(48,189,492)	(52,264,188)
Federal Funds	(40,016,534)	(19,950,000)	(19,950,000)

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Fish & Wildlife, Oregon Dept of**

All Funds Available for Exp	331,059,610	374,641,865	416,689,893
All Expenditures			
General Fund	17,165,916	31,046,604	28,871,697
Lottery Funds	4,921,717	4,917,581	5,588,667
Other Funds	157,781,817	180,243,703	194,502,621
Federal Funds	110,892,069	142,766,627	147,754,824
Total Expenditures	290,761,519	358,974,515	376,717,809

Reversions	(499,495)	-	-
Ending Balance			
Lottery Funds	-	-	2,225
Other Funds	39,777,479	15,667,350	39,969,859
Federal Funds	21,117	-	-

**Forestry, Dept of**

Beginning Balance			
Lottery Funds	2,652	-	-
Other Funds	37,074,730	4,596,493	-
Federal Funds	3,882,127	-	-
Beginning Balance Adjustment			
Lottery Funds	-	13,468	3,190
General Fund Appropriation	119,048,444	88,388,302	65,143,455
Lottery Funds			
Interest Income	6,932	-	-
Other Funds Revenues			
General Fund Revenues	35,771	-	-
Forest Protection Taxes	40,870,547	107,148,596	49,339,905

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Forestry, Dept of**

Other Funds Revenues

Business Lic and Fees	965,530	1,421,533	1,426,211
Park User Fees	114,989	-	-
Charges for Services	95,330,123	16,502,444	39,432,599
Fines and Forfeitures	300	-	-
Rents and Royalties	13,565,952	10,013,604	11,928,493
General Fund Obligation Bonds	-	2,200,000	4,910,000
Lottery Bonds	2,028,708	-	-
Refunding Bonds	8,445,104	-	-
Cert of Participation	1,750,000	-	-
Interest Income	382,594	-	-
Sales Income	1,189,894	469,112	401,637
State Forest Lands Sales	178,927,446	178,720,000	190,360,328
Common School Lands Sales	8,335,342	9,586,000	4,689,000
Donations	34,600	285,295	295,851
Grants (Non-Fed)	20,475	-	-
Loan Repayments	148,007	1,734,402	1,820,680
Other Revenues	1,678,874	54,849,568	41,147,139

Federal Funds	18,830,790	35,063,741	33,703,825
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Transfers In

Lottery Funds	5,470,513	7,540,628	7,003,405
Other Funds	152,768,396	70,478,815	64,475,937
Federal Funds	76,370	-	-

Transfers Out

Lottery Funds	(69,620)	-	-
Other Funds	(203,042,667)	(153,315,148)	(155,441,861)
Federal Funds	(2,034,854)	-	-

All Funds Available for Exp	485,838,069	435,696,853	360,639,794
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Forestry, Dept of**

All Expenditures

General Fund	118,966,690	88,388,302	65,143,455
Lottery Funds	5,130,718	7,554,096	7,006,595
Other Funds	292,929,620	286,598,792	244,000,610
Federal Funds	14,096,634	35,063,741	33,544,284

Total Expenditures

	431,123,662	417,604,931	349,694,944
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Reversions

(81,754)	-	-
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Ending Balance

Lottery Funds	279,759	-	-
Other Funds	47,695,095	18,091,922	10,785,309
Federal Funds	6,657,799	-	159,541

**Geology & Mineral Industries, Dept of**

Beginning Balance

Other Funds	678,707	585,555	1,844,443
Federal Funds	-	4,506	-

Beginning Balance Adjustment

Other Funds	-	761,558	-
Federal Funds	-	(4,506)	-

General Fund Appropriation

4,040,945	4,246,695	5,014,888
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Other Funds Revenues

Non-business Lic. and Fees	2,099,690	2,581,796	2,581,796
Charges for Services	2,156,118	3,802,524	3,802,524
Sales Income	136,466	165,000	-
Other Revenues	21,002	5,940	505,940

Federal Funds

7,419,672	6,229,819	5,854,090
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Geology & Mineral Industries, Dept of**

Transfers In

Other Funds	3,484,026	2,098,291	582,602
Federal Funds	1,498	-	-

Transfers Out

Other Funds	(164,800)	(1,400,635)	(307,500)
Federal Funds	(3,051,170)	(423,396)	-

All Funds Available for Exp

16,822,154	18,653,147	19,878,783
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All Expenditures

General Fund	4,040,945	4,246,695	5,014,888
Other Funds	7,732,500	6,207,283	7,389,278
Federal Funds	4,370,000	5,465,149	5,817,809

Total Expenditures

16,143,445	15,919,127	18,221,975
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Ending Balance

Other Funds	678,709	2,392,746	1,620,527
Federal Funds	-	341,274	36,281

**Land Conservation & Development, Dept of**

Beginning Balance

Other Funds	175,531	237,012	289,448
Federal Funds	51,768	-	-

Beginning Balance Adjustment

Other Funds	-	-	(40,000)
Federal Funds	(51,768)	-	-

General Fund Appropriation

12,462,786	13,583,719	12,948,322
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Other Funds Revenues

Business Lic and Fees	-	78,631	78,631
Charges for Services	16,352	32,791	21,441
Interest Income	134	-	-

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Land Conservation & Development, Dept of**

Other Funds Revenues

Sales Income	-	12,000	-
Other Revenues	3,582	-	12,000

Federal Funds	5,247,072	6,392,432	6,691,291
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Transfers In

Other Funds	565,330	654,433	489,349
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All Funds Available for Exp	18,470,787	20,991,018	20,490,482
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All Expenditures

General Fund	12,198,336	13,583,719	12,948,322
Other Funds	561,866	725,419	560,528
Federal Funds	5,247,072	6,392,432	6,691,291

Total Expenditures	18,007,274	20,701,570	20,200,141
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Reversions	(264,450)	-	-
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Ending Balance

Other Funds	199,063	289,448	290,341
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**Land Use Board of Appeals**

Beginning Balance

Other Funds	8,050	4,537	10,896
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General Fund Appropriation	1,573,758	1,817,836	1,928,942
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Other Funds Revenues

General Fund Revenues	58,300	103,100	103,100
Sales Income	5,025	35,000	35,000
Other Revenues	30,831	-	-

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**PROGRAM AREA: NATURAL RESOURCES**

**Land Use Board of Appeals**

Transfers Out

Other Funds	(58,300)	(103,100)	(103,100)
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All Funds Available for Exp

	1,617,664	1,857,373	1,974,838
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All Expenditures

General Fund	1,573,758	1,817,836	1,928,942
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Other Funds	30,252	28,641	33,700
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Total Expenditures

	1,604,010	1,846,477	1,962,642
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Ending Balance

Other Funds	13,654	10,896	12,196
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**Lands, Dept of State**

Beginning Balance

Other Funds	1,012,695,071	1,362,190,000	1,537,306,182
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Federal Funds	290,171	1,404,281	1,123,035
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General Fund Appropriation

	-	346,082	-
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Other Funds Revenues

Business Lic and Fees	41,151	-	-
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Non-business Lic. and Fees	1,777,927	800,000	800,000
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Federal Revenues	428,804	-	-
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Charges for Services	420,507	273,750	273,750
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Admin and Service Charges	131,177	130,000	130,000
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Fines and Forfeitures	140,095	190,000	190,000
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Rents and Royalties	10,824,527	9,500,000	9,500,000
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Interest Income	62,097,079	150,171,000	140,170,000
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Sales Income	122,264	120,000	120,000
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Common School Lands Sales	1,255,118	-	-
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Donations	100	12,000	12,000
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	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
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**PROGRAM AREA: NATURAL RESOURCES**

**Lands, Dept of State**

Other Funds Revenues

Grants (Non-Fed)	10,000	142,027	142,027
Other Revenues	174,209,174	72,062,956	72,062,956

Federal Funds	2,549,005	2,866,573	2,808,773
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Transfers In

Other Funds	10,859,493	147,100,771	142,404,743
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Transfers Out

Other Funds	(115,720,474)	(257,388,324)	(250,997,064)
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All Funds Available for Exp	1,162,131,189	1,489,921,116	1,656,046,402
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All Expenditures

General Fund	-	346,082	-
Other Funds	39,781,871	46,852,222	48,711,360
Federal Funds	2,475,172	2,067,484	1,723,318

Total Expenditures	42,257,043	49,265,788	50,434,678
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Ending Balance

Other Funds	1,119,510,142	1,438,451,958	1,603,403,234
Federal Funds	364,004	2,203,370	2,208,490

**Marine Board, Oregon State**

Beginning Balance

Other Funds	9,321,124	5,326,967	-
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Beginning Balance Adjustment

Other Funds	-	-	6,065,290
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Other Funds Revenues

Non-business Lic. and Fees	11,765,877	17,200,857	20,388,393
Fines and Forfeitures	111,497	99,336	103,011
Interest Income	73,663	40,931	83,460
Sales Income	6,700	5,800	2,000

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**PROGRAM AREA: NATURAL RESOURCES**

**Marine Board, Oregon State**

Other Funds Revenues

Donations	650	363	700
Other Revenues	357,720	314,502	185,910

Federal Funds	5,711,179	7,467,774	6,632,414
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Transfers In

Other Funds	25,724,591	25,847,710	27,833,469
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Transfers Out

Other Funds	(16,630,639)	(17,815,791)	(19,731,469)
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All Funds Available for Exp	36,442,362	38,488,449	41,563,178
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All Expenditures

Other Funds	24,438,979	26,498,709	29,421,308
Federal Funds	5,711,179	7,467,774	6,632,414

Total Expenditures	30,150,158	33,966,483	36,053,722
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Ending Balance

Other Funds	6,292,204	4,521,966	5,509,456
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**Parks & Recreation Dept**

Beginning Balance

Lottery Funds	20,016,014	11,260,699	26,948,608
Other Funds	33,246,711	27,985,110	26,954,445

Beginning Balance Adjustment

Lottery Funds	-	2,273,017	549,488
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General Fund Appropriation	980,000	-	-
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Lottery Funds

Interest Income	229,265	163,176	144,964
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**PROGRAM AREA: NATURAL RESOURCES**

**Parks & Recreation Dept**

Other Funds Revenues

Non-business Lic. and Fees	1,582,043	2,086,327	2,131,121
Park User Fees	46,577,934	43,985,678	50,687,721
Charges for Services	3,720,803	-	-
Rents and Royalties	2,568,592	-	-
Lottery Bonds	-	11,716,804	-
Interest Income	449,293	377,402	502,876
Sales Income	2,677,275	2,578,575	2,929,540
Donations	412,584	-	-
Grants (Non-Fed)	411,866	-	-
Other Revenues	2,148,733	8,199,058	7,865,517

Federal Funds	9,358,198	12,345,047	16,397,848
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Transfers In

Lottery Funds	79,584,683	90,202,834	95,938,688
Other Funds	54,532,932	48,843,515	48,731,828

Transfers Out

Lottery Funds	(43,198)	(1,409,046)	(1,364,447)
Other Funds	(16,764,644)	(18,993,216)	(15,780,373)

All Funds Available for Exp	241,689,084	241,614,980	262,637,824
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All Expenditures

General Fund	979,999	-	-
Lottery Funds	79,666,375	82,917,301	105,630,892
Other Funds	99,602,710	110,367,264	97,455,141
Federal Funds	9,358,198	12,345,047	16,397,848

Total Expenditures	189,607,282	205,629,612	219,483,881
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Reversions	(1)	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Parks & Recreation Dept**

Ending Balance			
Lottery Funds	20,120,389	19,573,379	16,586,409
Other Funds	31,961,412	16,411,989	26,567,534

**Water Resources Dept**

Beginning Balance			
Lottery Funds	822	-	-
Other Funds	3,224,917	12,610,866	3,461,046
Beginning Balance Adjustment			
Lottery Funds	-	3,115	3,180
Other Funds	-	-	26,050,000
General Fund Appropriation	27,256,741	31,185,564	33,492,069

Lottery Funds			
Interest Income	1,567	-	-
Other Funds Revenues			
General Fund Revenues	6,832	-	-
Non-business Lic. and Fees	1,000	-	-
Power and Water Fees	8,190,588	8,085,138	9,447,423
Charges for Services	1,958,768	2,203,870	1,680,102
Rents and Royalties	4,867	-	-
Dedicated Fund Oblig Bonds	-	30,520,000	-
Lottery Bonds	8,761,164	21,440,889	32,484,997
Refunding Bonds	2,296,497	-	-
Interest Income	71,739	200	2,103
Sales Income	332	-	-
Loan Repayments	47,586	1,201,865	2,480,290
Other Revenues	7,967	2,652,275	3,507,836
Federal Funds	674,508	1,312,338	1,871,695

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Water Resources Dept**

Transfers In

Lottery Funds	604,713	2,508,367	8,938,122
Other Funds	2,184,059	1,616,451	2,135,815
Federal Funds	463	-	-

Transfers Out

Lottery Funds	(32,351)	-	-
Other Funds	(5,073,263)	(4,024,252)	(4,439,171)
Federal Funds	(4,138)	-	-

All Funds Available for Exp

50,185,378	111,316,686	121,115,507
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All Expenditures

General Fund	27,202,391	31,185,564	33,492,069
Lottery Funds	571,605	2,511,482	8,941,302
Other Funds	9,996,972	74,253,832	74,271,553
Federal Funds	641,182	1,312,338	1,871,695

Total Expenditures

38,412,150	109,263,216	118,576,619
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Reversions

(54,350)	-	-
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Ending Balance

Lottery Funds	3,146	-	-
Other Funds	11,686,081	2,053,470	2,538,888
Federal Funds	29,651	-	-

**Watershed Enhancement Board, Oregon**

Beginning Balance

Lottery Funds	110,057	244,601	-
Other Funds	453,421	600,000	-

Beginning Balance Adjustment

Lottery Funds	-	349,000	7,239,025
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Watershed Enhancement Board, Oregon**

Beginning Balance Adjustment

Other Funds	-	-	1,320,000
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Lottery Funds

Interest Income	466,852	561,044	850,000
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Other Funds Revenues

Sales Income	45	-	-
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Donations	609,994	1,152,609	1,252,609
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Other Revenues	140	37,728	37,728
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Federal Funds	23,075,625	37,274,113	41,668,724
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Transfers In

Lottery Funds	166,059,296	95,184,716	99,442,057
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Other Funds	1,407,302	1,769,685	1,188,303
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Transfers Out

Lottery Funds	(107,755,521)	(29,423,221)	(32,805,308)
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Other Funds	(375,316)	-	-
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All Funds Available for Exp	84,051,895	107,750,275	120,193,138
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All Expenditures

Lottery Funds	57,997,623	62,482,687	72,300,559
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Other Funds	1,075,106	3,553,093	3,781,360
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Federal Funds	23,075,625	37,274,113	41,668,724
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Total Expenditures	82,148,354	103,309,893	117,750,643
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Ending Balance

Lottery Funds	883,061	4,433,453	2,425,215
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Other Funds	1,020,480	6,929	17,280
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: TRANSPORTATION**

**Aviation, Dept of**

Beginning Balance

Other Funds	3,022,261	1,595,855	2,106,792
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Beginning Balance Adjustment

Other Funds	(2,519,390)	-	-
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Other Funds Revenues

Motor Fuels Taxes	1,454	1,118	879
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Non-business Lic. and Fees	1,089,065	1,338,266	1,117,234
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Fines and Forfeitures	48	-	-
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Rents and Royalties	545,220	477,671	548,693
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Sales Income	8,194	-	-
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Donations	-	15	-
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Other Revenues	1,076,278	435,260	301,277
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Federal Funds	4,938,736	8,514,798	9,307,101
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Transfers In

Other Funds	9,170,716	15,546,289	19,935,316
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Transfers Out

Other Funds	(3,236,662)	(6,016,389)	(8,886,226)
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All Funds Available for Exp	<u>14,095,920</u>	<u>21,892,883</u>	<u>24,431,066</u>
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All Expenditures

Other Funds	6,079,744	12,370,913	12,744,603
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Federal Funds	4,938,736	8,514,798	9,307,101
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Total Expenditures	<u>11,018,480</u>	<u>20,885,711</u>	<u>22,051,704</u>
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Ending Balance

Other Funds	3,077,440	1,007,172	2,379,362
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**Transportation, Oregon Dept of**

Beginning Balance

Lottery Funds	105,541	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: TRANSPORTATION**

**Transportation, Oregon Dept of**

Beginning Balance			
Other Funds	426,420,147	503,926,946	436,443,290
Beginning Balance Adjustment			
Lottery Funds	(1,820)	463,162	134,375
Other Funds	97,455,301	-	50,000,001
General Fund Appropriation	12,710,074	22,585,257	51,858,051
Lottery Funds			
Interest Income	275,648	-	-
Other Funds Revenues			
Gross Receipts Business Taxes/Fees	4,798,961	4,000,000	5,600,000
Motor Fuels Taxes	1,003,000,121	1,087,114,501	1,161,603,741
Weight-Mile Taxes	554,620,727	608,108,654	632,833,231
Business Lic and Fees	14,518,109	5,384,568	5,414,998
Non-business Lic. and Fees	88,005,983	591,523	706,969
Vehicle Licenses	594,786,781	604,511,664	638,755,114
Drivers Licenses	81,173,086	72,402,951	81,540,099
Transportation Lic and Fees	2,973,872	95,063,943	96,506,790
Federal Revenues	876,172,297	745,707,153	1,093,434,088
Charges for Services	15,690,233	5,833,287	6,958,834
Admin and Service Charges	1,662,768	1,607,182	2,285,464
Fines and Forfeitures	10,498,976	2,321,541	2,557,463
Rents and Royalties	7,150,079	1,193,985	1,814,806
General Fund Obligation Bonds	-	35,000,000	-
Dedicated Fund Oblig Bonds	-	475,000	-
Lottery Bonds	57,945,071	55,879,734	71,961,509
Revenue Bonds	654,405,991	390,000,000	-
Refunding Bonds	1,226,619,624	-	-
Interest Income	15,541,493	10,099,740	17,416,155
Sales Income	35,137,398	22,518,704	13,172,249
Donations	58,200	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: TRANSPORTATION**

Transportation, Oregon Dept of

Other Funds Revenues

Loan Repayments	17,191,691	6,097,504	8,173,000
Other Revenues	21,261,627	14,691,182	10,792,115

Federal Funds	115,936,916	133,821,197	126,032,493
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Transfers In

Lottery Funds	92,263,649	107,020,978	120,509,847
Other Funds	3,626,592,855	2,923,346,611	2,829,102,920

Transfers Out

Other Funds	(4,429,681,652)	(3,743,511,524)	(3,511,216,636)
Federal Funds	(3,504,427)	(1,234,122)	(4,875,671)

All Funds Available for Exp	5,221,785,320	3,715,021,321	3,949,515,295
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All Expenditures

General Fund	12,710,074	22,585,257	51,858,051
Lottery Funds	92,643,018	107,484,140	120,644,222
Other Funds	4,416,078,985	3,331,635,434	3,595,024,630
Federal Funds	112,432,489	131,797,020	121,156,822

Total Expenditures	4,633,864,566	3,593,501,851	3,888,683,725
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Ending Balance

Other Funds	587,920,754	120,729,415	60,831,570
Federal Funds	-	790,055	-

**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

Accountancy, Board of

Beginning Balance

Other Funds	1,449,031	1,152,265	1,023,748
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Accountancy, Board of**

Other Funds Revenues

Business Lic and Fees	1,771,750	2,093,065	2,585,305
Fines and Forfeitures	220,843	110,237	122,760
Interest Income	73	1,530	7,200
Sales Income	889	1,805	900
Other Revenues	3,694	4,051	6,635

All Funds Available for Exp

3,446,280	3,362,953	3,746,548
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All Expenditures

Other Funds	2,296,152	2,506,638	2,605,045
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Total Expenditures

2,296,152	2,506,638	2,605,045
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Ending Balance

Other Funds	1,150,128	856,315	1,141,503
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**Construction Contractors Board**

Beginning Balance

Other Funds	4,901,381	3,080,877	7,706,929
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Beginning Balance Adjustment

Other Funds	-	-	1,453,583
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Other Funds Revenues

General Fund Revenues	834,719	1,080,000	734,607
Business Lic and Fees	14,507,420	11,610,408	13,744,812
Charges for Services	-	105,420	104,551
Fines and Forfeitures	279,839	338,640	278,720
Interest Income	963	1,000	1,045
Sales Income	-	8,700	3,582
Other Revenues	363,339	1,726,315	542,822

Transfers In

Other Funds	684,648	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Construction Contractors Board**

Transfers Out			
Other Funds	(1,519,367)	(1,080,000)	(734,607)
All Funds Available for Exp	<u>20,052,942</u>	<u>16,871,360</u>	<u>23,836,044</u>
All Expenditures			
Other Funds	12,949,609	15,051,664	15,365,522
Total Expenditures	<u>12,949,609</u>	<u>15,051,664</u>	<u>15,365,522</u>
Ending Balance			
Other Funds	7,103,333	1,819,696	8,470,522

**Consumer and Business Svcs, Dept of**

Beginning Balance			
Other Funds	152,047,217	180,985,562	239,807,259
Beginning Balance Adjustment			
Other Funds	-	-	1,383,290
General Fund Appropriation	-	1,823,000	400,181
Other Funds Revenues			
General Fund Revenues	145,363,212	144,323,249	151,392,959
Workers Comp Insurance Taxes	115,689,094	135,198,476	108,272,395
Other Employer -Employee Taxes	177,823,513	185,853,056	198,045,348
Insurance Taxes	24,378,077	-	-
Business Lic and Fees	79,966,776	102,595,768	106,779,058
Fire Marshal Fees	21,099,173	24,351,707	25,684,901
Federal Revenues	14,878,881	-	-
Charges for Services	1,930,897	1,948,738	2,237,631
Admin and Service Charges	4,358,238	3,728,954	3,836,640
Fines and Forfeitures	7,856,233	7,978,030	8,104,355
Interest Income	9,801,145	11,924,146	14,760,914

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Consumer and Business Svcs, Dept of**

Other Funds Revenues

Donations	1,250	-	-
Other Revenues	7,855,181	16,796,037	3,539,514

Federal Funds	3,399,835	17,863,185	14,957,602
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Transfers In

Other Funds	41,243,194	45,642,322	48,123,970
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Transfers Out

Other Funds	(222,290,801)	(213,678,048)	(226,409,806)
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All Funds Available for Exp	585,401,115	667,334,182	700,916,211
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All Expenditures

General Fund	-	1,823,000	400,181
Other Funds	381,122,707	446,166,278	454,773,388
Federal Funds	3,063,362	17,320,682	14,928,611

Total Expenditures	384,186,069	465,309,960	470,102,180
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Ending Balance

Other Funds	200,878,573	201,481,719	230,785,040
Federal Funds	336,473	542,503	28,991

**Health Related Licensing Boards**

Beginning Balance

Other Funds	2,576,424	2,334,290	3,142,051
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Beginning Balance Adjustment

Other Funds	-	170,845	-
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Other Funds Revenues

Business Lic and Fees	3,725,108	3,731,219	3,769,731
Non-business Lic. and Fees	1,013,808	59,824	55,422
Charges for Services	1,032	730	737
Fines and Forfeitures	202,294	86,892	87,761

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Health Related Licensing Boards**

Other Funds Revenues			
Interest Income	31,726	36,271	36,635
Other Revenues	33,848	25,625	25,665
Transfers In			
Other Funds	-	987,107	1,086,729
Transfers Out			
Other Funds	(48,496)	(45,400)	(197,162)
All Funds Available for Exp	<u>7,535,744</u>	<u>7,387,403</u>	<u>8,007,569</u>
All Expenditures			
Other Funds	4,420,522	5,876,450	5,892,652
Total Expenditures	<u>4,420,522</u>	<u>5,876,450</u>	<u>5,892,652</u>
Ending Balance			
Other Funds	3,115,222	1,510,953	2,114,917

**Labor & Industries, Bureau of**

Beginning Balance			
Other Funds	10,024,085	10,122,587	10,822,109
Federal Funds	605,104	229,028	351,644
General Fund Appropriation	11,837,518	12,892,771	12,983,137
Other Funds Revenues			
General Fund Revenues	69,006	-	-
Business Lic and Fees	3,535,948	3,299,600	3,299,600
Charges for Services	2,192,238	919,064	1,107,520
Fines and Forfeitures	124,742	56,000	56,000
Interest Income	48,476	75,000	75,000
Sales Income	580,995	525,000	575,800
Other Revenues	1,298,175	2,351,561	2,340,000

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Labor & Industries, Bureau of**

Federal Funds	1,570,605	1,565,000	1,050,000
Transfers In			
Other Funds	7,447,715	9,125,350	10,551,634
Federal Funds	216,160	245,643	269,260
Transfers Out			
Other Funds	(2,468,543)	(3,530,409)	(4,013,693)
Federal Funds	(216,160)	(245,643)	(269,260)
All Funds Available for Exp	<u>36,866,064</u>	<u>37,630,552</u>	<u>39,198,751</u>
All Expenditures			
General Fund	11,279,003	12,892,771	12,983,137
Other Funds	10,307,139	12,858,212	13,430,810
Federal Funds	1,462,377	1,539,652	1,254,435
Total Expenditures	<u>23,048,519</u>	<u>27,290,635</u>	<u>27,668,382</u>
Reversions	(558,515)	-	-
Ending Balance			
Other Funds	12,545,698	10,085,541	11,383,160
Federal Funds	713,332	254,376	147,209

**Licensed Prof Counselors and Therapists, Board of**

Beginning Balance			
Other Funds	321,761	283,313	803,055
Other Funds Revenues			
Business Lic and Fees	951,885	1,156,117	3,134,771
Non-business Lic. and Fees	235,443	334,995	212,224
Charges for Services	3,946	4,613	21,925
Fines and Forfeitures	19,480	12,788	37,563

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Licensed Prof Counselors and Therapists, Board of**

Other Funds Revenues			
Sales Income	-	-	136
Other Revenues	673	-	908
Transfers Out			
Other Funds	-	-	(22,290)
All Funds Available for Exp	<u>1,533,188</u>	<u>1,791,826</u>	<u>4,188,292</u>
All Expenditures			
Other Funds	1,007,274	1,540,904	3,478,518
Total Expenditures	<u>1,007,274</u>	<u>1,540,904</u>	<u>3,478,518</u>
Ending Balance			
Other Funds	525,914	250,922	709,774

**Licensed Social Workers, Board of**

Beginning Balance			
Other Funds	195,243	181,458	375,486
Beginning Balance Adjustment			
Other Funds	-	65,900	-
Other Funds Revenues			
Business Lic and Fees	1,360,256	1,433,122	1,586,760
Non-business Lic. and Fees	46,003	24,800	20,750
Fines and Forfeitures	7,740	25,000	25,000
Interest Income	3,690	3,000	4,630
Sales Income	1,775	2,000	2,000
Transfers Out			
Other Funds	-	-	(22,000)
All Funds Available for Exp	<u>1,614,707</u>	<u>1,735,280</u>	<u>1,992,626</u>
All Expenditures			
Other Funds	1,248,425	1,500,640	1,705,951

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Licensed Social Workers, Board of**

Total Expenditures	1,248,425	1,500,640	1,705,951
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Ending Balance			
Other Funds	366,282	234,640	286,675

**Nursing, Board of**

Beginning Balance			
Other Funds	3,779,104	3,052,619	3,952,183

Other Funds Revenues			
Business Lic and Fees	12,961,467	13,757,843	13,769,592
Non-business Lic. and Fees	40,035	26,000	26,000
Charges for Services	1,085,268	1,487,406	1,557,323
Fines and Forfeitures	91,214	220,000	180,000

Transfers In			
Other Funds	2,605,369	2,924,034	3,011,755

Transfers Out			
Other Funds	(1,660,333)	(1,958,072)	(1,922,706)

All Funds Available for Exp	18,902,124	19,509,830	20,574,147
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All Expenditures			
Other Funds	13,507,035	15,573,363	16,938,043

Total Expenditures	13,507,035	15,573,363	16,938,043
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Ending Balance			
Other Funds	5,395,089	3,936,467	3,636,104

**Oregon Board of Chiropractic Examiners**

Beginning Balance			
Other Funds	299,442	330,472	347,385

Beginning Balance Adjustment			
Other Funds	-	(72,628)	-

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Oregon Board of Chiropractic Examiners**

Other Funds Revenues			
Business Lic and Fees	31,960	29,700	43,863
Non-business Lic. and Fees	1,425,405	1,839,098	1,839,199
Charges for Services	846	1,093	1,200
Fines and Forfeitures	45,579	57,500	47,436
Sales Income	4,481	5,391	4,604
Other Revenues	4,694	4,356	4,170
Transfers Out			
Other Funds	-	-	(11,600)
All Funds Available for Exp	<u>1,812,407</u>	<u>2,194,982</u>	<u>2,276,257</u>
All Expenditures			
Other Funds	1,459,441	1,931,737	2,027,538
Total Expenditures	<u>1,459,441</u>	<u>1,931,737</u>	<u>2,027,538</u>
Ending Balance			
Other Funds	352,966	263,245	248,719

**Oregon Board of Dentistry**

Beginning Balance			
Other Funds	645,548	625,000	727,359
Other Funds Revenues			
Business Lic and Fees	2,536,341	3,141,260	3,350,000
Non-business Lic. and Fees	10,200	16,000	10,000
Charges for Services	17,108	-	17,500
Fines and Forfeitures	101,500	75,000	100,000
Interest Income	7,642	8,000	7,500
Other Revenues	45,286	55,000	50,000
Transfers Out			
Other Funds	(204,775)	(216,000)	(226,800)

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Oregon Board of Dentistry**

All Funds Available for Exp	3,158,850	3,704,260	4,035,559
All Expenditures			
Other Funds	2,650,838	3,043,804	3,331,212
Total Expenditures	2,650,838	3,043,804	3,331,212
Ending Balance			
Other Funds	508,012	660,456	704,347

**Oregon Board of Psychologist Examiners**

Beginning Balance			
Other Funds	678,318	786,445	-
Other Funds Revenues			
Business Lic and Fees	1,075,324	626,438	-
Non-business Lic. and Fees	397	-	-
Charges for Services	19,469	9,511	-
Fines and Forfeitures	27,925	8,125	-
Sales Income	578	31	-
All Funds Available for Exp	1,802,011	1,430,550	-
All Expenditures			
Other Funds	1,034,599	1,323,155	-
Total Expenditures	1,034,599	1,323,155	-
Ending Balance			
Other Funds	767,412	107,395	-

**Oregon Medical Board**

Beginning Balance			
Other Funds	4,240,657	4,357,323	6,059,826

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Oregon Medical Board**

Beginning Balance Adjustment

Other Funds	-	887,095	-
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Other Funds Revenues

Business Lic and Fees	12,118,821	12,090,130	13,318,618
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Charges for Services	61,131	72,070	92,554
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Fines and Forfeitures	200,887	120,359	173,634
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Sales Income	35,140	46,950	35,550
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Other Revenues	20,475	-	-
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Transfers Out

Other Funds	(1,103,208)	(1,118,106)	(1,221,531)
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All Funds Available for Exp

15,573,903	16,455,821	18,458,651
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All Expenditures

Other Funds	9,777,175	11,605,454	13,077,638
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Total Expenditures

9,777,175	11,605,454	13,077,638
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Ending Balance

Other Funds	5,796,728	4,850,367	5,381,013
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**Pharmacy, Board of**

Beginning Balance

Other Funds	3,858,398	4,622,723	3,970,352
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Beginning Balance Adjustment

Other Funds	-	-	302,500
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Other Funds Revenues

Business Lic and Fees	5,881,772	4,924,832	4,431,667
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Non-business Lic. and Fees	310,346	65,855	505,552
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Fines and Forfeitures	1,024,899	270,000	420,000
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Interest Income	50,077	35,000	48,000
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Other Revenues	56,851	29,700	39,700
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Transfers Out

Other Funds	(488,238)	(349,445)	(409,357)
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Pharmacy, Board of**

All Funds Available for Exp	10,694,105	9,598,665	9,308,414
All Expenditures			
Other Funds	5,599,379	7,057,070	7,530,291
Total Expenditures	5,599,379	7,057,070	7,530,291
Ending Balance			
Other Funds	5,094,726	2,541,595	1,778,123

**Public Utility Commission**

Beginning Balance			
Other Funds	31,930,586	25,931,272	23,565,534
Federal Funds	165,210	20,096	143,710
Other Funds Revenues			
Other Selective Taxes	11,386,895	10,376,214	10,096,618
Business Lic and Fees	628,920	712,902	699,248
Public Utilities Fees	109,235,225	97,349,460	86,852,796
Federal Revenues	-	85,000	-
Charges for Services	206,130	91,700	102,168
Fines and Forfeitures	132,782	84,815	97,494
Interest Income	179,202	180,200	68,484
Other Revenues	109,258	41,000	-
Federal Funds	2,520,252	847,309	960,008
Transfers In			
Other Funds	12,003,957	13,932,298	16,926,830
Transfers Out			
Other Funds	(11,843,746)	(13,877,689)	(16,785,618)
Federal Funds	(160,211)	(139,609)	(141,212)

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Public Utility Commission**

All Funds Available for Exp	156,494,460	135,634,968	122,586,060
All Expenditures			
Other Funds	118,061,778	111,709,739	102,039,649
Federal Funds	2,345,176	726,238	721,958
Total Expenditures	120,406,954	112,435,977	102,761,607
Ending Balance			
Other Funds	35,907,431	23,197,433	19,583,905
Federal Funds	180,075	1,558	240,548

**Real Estate Agency**

Beginning Balance			
Other Funds	1,978,073	1,461,966	363,637
Other Funds Revenues			
General Fund Revenues	118,285	50,262	90,000
Business Lic and Fees	5,601,933	6,065,545	8,150,232
Charges for Services	18,711	43,333	43,333
Fines and Forfeitures	54,730	67,169	254,850
Transfers Out			
Other Funds	(118,285)	(50,262)	(90,000)
All Funds Available for Exp	7,653,447	7,638,013	8,812,052
All Expenditures			
Other Funds	6,587,706	7,159,101	7,844,653
Total Expenditures	6,587,706	7,159,101	7,844,653
Ending Balance			
Other Funds	1,065,741	478,912	967,399

	<b>2013-15 Actuals</b>	<b>2015-17 Leg Approved Budget</b>	<b>2017-19 Governor's Budget</b>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Tax Practitioners, State Board of**

Beginning Balance			
Other Funds	550,297	404,960	242,350
Beginning Balance Adjustment			
Other Funds	-	-	64,435
Other Funds Revenues			
Business Lic and Fees	835,751	1,044,370	810,000
Fines and Forfeitures	57,352	58,000	55,000
Interest Income	3,405	3,500	3,050
Other Revenues	76,482	-	75,000
All Funds Available for Exp	<u>1,523,287</u>	<u>1,510,830</u>	<u>1,249,835</u>
All Expenditures			
Other Funds	1,088,661	1,260,908	1,047,460
Total Expenditures	<u>1,088,661</u>	<u>1,260,908</u>	<u>1,047,460</u>
Ending Balance			
Other Funds	434,626	249,922	202,375

**PROGRAM AREA: ADMINISTRATION**

**Administrative Svcs, Dept of**

Beginning Balance			
Lottery Funds	57,241,645	251,488,195	474,530,709
Other Funds	352,261,336	160,218,273	162,758,707
Federal Funds	941,357	-	-
Beginning Balance Adjustment			
Lottery Funds	38,883	20,175,543	27,949,910
Other Funds	(53,309,733)	25,501,895	8,910,241
Federal Funds	(941,357)	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Administrative Svcs, Dept of**

General Fund Appropriation	13,261,439	16,073,778	10,690,991
Lottery Funds			
Interest Income	1,702,261	7,556,265	20,571,059
Other Funds Revenues			
General Fund Revenues	8,709,585	10,673,682	10,875,381
Non-business Lic. and Fees	6,133,106	-	-
Central Service Charges	-	-	4,000,000
Charges for Services	378,984,083	336,283,088	333,363,854
Admin and Service Charges	92,166,025	150,315,129	175,258,917
Fines and Forfeitures	23,207	18,400	31,000
Rents and Royalties	84,349,457	92,808,753	95,172,430
General Fund Obligation Bonds	179,415,000	19,555,000	-
Lottery Bonds	-	24,115,820	-
Revenue Bonds	34,462,166	-	-
Refunding Bonds	46,460,598	-	-
Interest Income	11,292,624	4,810,000	4,527,796
Sales Income	4,926,426	6,500,000	6,558,696
Cost of Goods Sold	1,366,823	-	-
Loan Repayments	77,354	-	-
Other Revenues	521,077,614	696,970,851	555,480,169
Loan Proceeds	19,490	-	-
Federal Funds	-	333,478,311	119,028,155
Transfers In			
Lottery Funds	1,426,319,273	1,599,085,930	1,661,448,169
Other Funds	390,661,479	299,724,872	220,388,729
Transfers Out			
Lottery Funds	(1,206,676,310)	(1,387,134,128)	(1,454,131,996)
Other Funds	(517,835,923)	(481,085,873)	(407,437,037)
Federal Funds	-	(333,478,311)	(119,028,155)

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Administrative Svcs, Dept of**

All Funds Available for Exp	1,833,127,908	1,853,655,473	1,910,947,725
All Expenditures			
General Fund	11,901,158	16,073,778	10,690,991
Lottery Funds	12,448,190	16,641,096	21,956,472
Other Funds	1,052,043,714	1,186,242,470	1,029,894,402
Total Expenditures	<u>1,076,393,062</u>	<u>1,218,957,344</u>	<u>1,062,541,865</u>
Reversions	(1,360,281)	-	-
Ending Balance			
Lottery Funds	266,177,562	474,530,709	708,411,379
Other Funds	489,197,003	160,167,420	139,994,481
<b>Employment Relations Board</b>			
Beginning Balance			
Other Funds	842,279	390,000	603,607
Beginning Balance Adjustment			
Other Funds	-	154,736	-
General Fund Appropriation	2,061,040	2,460,956	2,768,739
Other Funds Revenues			
Business Lic and Fees	64,623	90,100	89,648
Charges for Services	240,680	142,404	164,497
Admin and Service Charges	1,433,826	1,501,440	2,056,320
Sales Income	20,246	4,905	12,638
All Funds Available for Exp	<u>4,662,694</u>	<u>4,744,541</u>	<u>5,695,449</u>

**PROGRAM AREA: ADMINISTRATION**

**Employment Relations Board**

All Expenditures

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
General Fund	2,031,615	2,460,956	2,768,739
Other Funds	1,955,487	2,066,561	2,268,301

Total Expenditures

	<u>3,987,102</u>	<u>4,527,517</u>	<u>5,037,040</u>
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Reversions	(29,425)	-	-
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Ending Balance

Other Funds	646,167	217,024	658,409
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**Governor, Office of the**

Beginning Balance

Lottery Funds	142,174	-	-
Other Funds	2,436,847	865,998	926,965
Federal Funds	717,294	-	-

Beginning Balance Adjustment

Lottery Funds	-	84,902	-
Other Funds	80,691	-	-
Federal Funds	(3,779)	-	-

General Fund Appropriation	11,386,541	12,773,672	13,185,013
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Other Funds Revenues

Non-business Lic. and Fees	112,075	75,000	75,000
Interest Income	8	-	-
Donations	71,164	40,001	40,001
Other Revenues	211,006	-	-

Transfers In

Lottery Funds	3,261,204	4,209,051	3,810,233
Other Funds	2,436,068	2,683,537	2,904,382

Transfers Out

Lottery Funds	(370,387)	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Governor, Office of the**

Transfers Out

Other Funds	(1,844,916)	-	-
Federal Funds	(713,515)	-	-

All Funds Available for Exp	17,922,475	20,732,161	20,941,594
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All Expenditures

General Fund	11,189,877	12,773,672	13,185,013
Lottery Funds	3,032,991	4,209,051	3,810,233
Other Funds	2,326,520	3,249,297	3,438,138

Total Expenditures	16,549,388	20,232,020	20,433,384
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Reversions	(196,664)	-	-
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Ending Balance

Lottery Funds	-	84,902	-
Other Funds	1,176,423	415,239	508,210

**Oregon Advocacy Commissions Office**

Beginning Balance

Other Funds	8,146	8,738	6,981
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General Fund Appropriation	425,525	626,557	852,490
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Other Funds Revenues

Donations	1,350	40,960	20,000
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All Funds Available for Exp	435,021	676,255	879,471
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All Expenditures

General Fund	424,918	626,557	852,490
Other Funds	3,342	42,189	20,000

**PROGRAM AREA: ADMINISTRATION**

**Oregon Advocacy Commissions Office**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
Total Expenditures	428,260	668,746	872,490

Reversions	(607)	-	-
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Ending Balance			
Other Funds	6,154	7,509	6,981

**Oregon Government Ethics Commission**

Beginning Balance			
Other Funds	594,608	1,086,882	647,355

Beginning Balance Adjustment			
Other Funds	-	70,645	-

Other Funds Revenues			
General Fund Revenues	31,377	30,000	30,000
Admin and Service Charges	1,285,074	2,184,174	2,724,954
Other Revenues	1,803	-	2,000

Transfers In			
Other Funds	1,727,600	-	-

Transfers Out			
Other Funds	(431,377)	(30,000)	(30,000)

All Funds Available for Exp	3,209,085	3,341,701	3,374,309
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All Expenditures			
Other Funds	1,989,415	2,789,379	2,715,584

Total Expenditures	1,989,415	2,789,379	2,715,584
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Ending Balance			
Other Funds	1,219,670	552,322	658,725

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Oregon Liquor Control Comm**

Beginning Balance			
Other Funds	1,500,000	1,499,999	1,500,000
Other Funds Revenues			
General Fund Revenues	247,384,775	277,633,486	348,110,845
Privilege Taxes	16,543,960	26,543,960	27,586,400
Business Lic and Fees	3,514,268	8,678,680	18,712,927
Charges for Services	6,000	6,000	6,000
Fines and Forfeitures	1,107,000	1,107,000	1,292,000
Sales Income	700,000	700,000	784,000
Liquor Sales	845,701,974	925,586,964	1,065,752,824
Liquor Cost of Goods Sold	(515,462,667)	(570,804,897)	(627,587,240)
Cost of Goods Sold	(12,730,046)	(14,264,646)	(15,968,000)
Other Revenues	25,000	3,017,647	25,000
Transfers In			
Other Funds	151,299,015	174,606,449	194,802,211
Transfers Out			
Other Funds	(586,790,264)	(651,104,392)	(810,117,610)
All Funds Available for Exp	152,799,015	183,206,250	204,899,357
All Expenditures			
Other Funds	151,299,015	181,706,250	202,793,906
Total Expenditures	151,299,015	181,706,250	202,793,906
Ending Balance			
Other Funds	1,500,000	1,500,000	2,105,451

**Public Employees Retirement System, Oregon**

Beginning Balance			
Other Funds	64,778,835,385	68,650,535,899	80,785,211,011
Beginning Balance Adjustment			
Other Funds	1,611,311,618	-	-

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Public Employees Retirement System, Oregon**

Other Funds Revenues

Charges for Services	3,146,274	491,988,495	760,247,000
Interest Income	11,949,469,587	14,298,953,101	14,316,699,150
Retirement System Contribution	3,312,348,727	3,532,290,966	4,785,800,000
Insurance Premiums	409,003,005	-	-
Other Revenues	49,577,581	567,001	50,000

Transfers In

Other Funds	75,753,111	104,770,889	105,318,631
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Transfers Out

Other Funds	(75,753,111)	(104,770,889)	(105,318,631)
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All Funds Available for Exp

	82,113,692,177	86,974,335,462	100,648,007,161
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All Expenditures

Other Funds	9,109,884,929	9,831,227,553	11,103,126,992
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Total Expenditures

	<u>9,109,884,929</u>	<u>9,831,227,553</u>	<u>11,103,126,992</u>
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Ending Balance

Other Funds	73,003,807,248	77,143,107,909	89,544,880,169
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**Racing Commission, Oregon**

Beginning Balance

Other Funds	796,084	736,660	1,249,775
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Other Funds Revenues

General Fund Revenues	1,302,598	1,067,335	1,170,611
Business Lic and Fees	1,956,840	1,786,000	1,318,800
Charges for Services	304,116	350,000	300,000
Fines and Forfeitures	11,650	15,000	10,000
Pari-Mutuel Receipts	3,260,709	3,594,819	4,142,433
Other Revenues	2,704	-	2,000

Transfers In

Other Funds	300,000	-	-
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Racing Commission, Oregon**

Transfers Out			
Other Funds	(1,602,598)	(1,067,335)	(1,170,611)
All Funds Available for Exp	6,332,103	6,482,479	7,023,008
All Expenditures			
Other Funds	5,146,512	6,276,229	6,416,751
Total Expenditures	5,146,512	6,276,229	6,416,751
Ending Balance			
Other Funds	1,185,591	206,250	606,257
<b>Revenue, Dept of</b>			
Beginning Balance			
Other Funds	33,375,272	34,601,223	90,539,461
Beginning Balance Adjustment			
Other Funds	-	874,747	22,440,501
General Fund Appropriation	166,486,971	193,187,720	197,607,383
Other Funds Revenues			
General Fund Revenues	15,205,180,955	17,133,268,836	18,990,540,830
Personal Income Taxes	201,418	-	-
Corp Excise and Income Taxes	374,979	-	-
Other Employer -Employee Taxes	-	689,025,092	794,989,300
Cigarette Taxes	328,209,172	318,281,843	438,386,308
Other Tobacco Products Taxes	52,312,555	54,715,568	67,375,408
Amusement Taxes	-	3,280,000	3,800,000
Eastern Oregon Severance Taxes	-	-	8,000
Western Oregon Severance Taxes	-	1,018,000	780,000
Other Severance Taxes	-	237,000	237,000
Privilege Taxes	-	13,250,000	117,084,576

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Revenue, Dept of**

Other Funds Revenues

Other Taxes	-	164,949,466	167,258,530
Business Lic and Fees	-	9,869,503	10,099,515
Admin and Service Charges	180,651,774	136,186,208	106,781,155
Fines and Forfeitures	32,589,529	26,234,660	17,121,578
General Fund Obligation Bonds	5,453,710	-	12,890,000
Interest Income	118,202	-	-
Donations	-	1,334,000	1,289,000
Sr Citizen Prop Tax Repayments	-	38,497,653	-
Other Revenues	3,677,550	28,776,603	31,085,808

Transfers In

Other Funds	92,776,610	55,844,328	61,229,572
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Transfers Out

Other Funds	(15,839,581,387)	(18,487,969,905)	(20,729,887,312)
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All Funds Available for Exp

261,827,310	415,462,545	401,656,613
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All Expenditures

General Fund	160,778,293	193,187,720	197,607,383
Other Funds	49,798,657	134,486,949	119,596,893

Total Expenditures

210,576,950	327,674,669	317,204,276
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Reversions

(5,708,678)	-	-
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Ending Balance

Other Funds	45,541,682	87,787,876	84,452,337
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**Secretary of State**

Beginning Balance

Other Funds	16,525,785	11,272,633	7,960,127
Federal Funds	10,008,158	7,371,520	5,516,216

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Secretary of State**

Beginning Balance Adjustment

Other Funds	(6,651,709)	2,438,043	1,018,739
Federal Funds	132,432	-	-

General Fund Appropriation	8,663,845	9,949,390	9,688,764
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Other Funds Revenues

General Fund Revenues	59,041,919	62,508,930	63,201,287
Business Lic and Fees	16,089,329	12,860,991	19,436,799
Non-business Lic. and Fees	2,760,518	2,646,335	2,676,771
Charges for Services	29,384,095	32,883,114	37,956,857
Sales Income	161,176	219,532	219,532
Donations	980	-	-
Grants (Non-Fed)	92,826	-	-
Other Revenues	-	2,686,478	1,013,990

Federal Funds	366,938	694,779	182,399
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Transfers In

Other Funds	15,041,490	16,106,423	18,449,332
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Transfers Out

Other Funds	(74,083,409)	(78,615,353)	(81,650,619)
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All Funds Available for Exp	77,534,373	83,022,815	85,670,194
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All Expenditures

General Fund	8,597,817	9,949,390	9,688,764
Other Funds	46,081,409	56,279,809	60,592,065
Federal Funds	2,832,662	6,277,676	5,123,932

Total Expenditures	57,511,888	72,506,875	75,404,761
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Secretary of State**

Reversions	(66,028)	-	-
Ending Balance			
Other Funds	12,281,591	8,727,317	9,690,750
Federal Funds	7,674,866	1,788,623	574,683

**State Library**

Beginning Balance			
Other Funds	2,196,842	3,372,596	920,656
Federal Funds	34,186	-	-

General Fund Appropriation	3,314,923	3,626,974	3,556,345
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**Other Funds Revenues**

Charges for Services	1,875	160,000	160,000
Rents and Royalties	9,615	-	-
Interest Income	2,057	4,300	4,300
Sales Income	2,734	50	50
Donations	219,427	450,000	450,000
Other Revenues	42,401	12,000	12,000

Federal Funds	4,326,097	5,121,642	5,242,733
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**Transfers In**

Other Funds	5,397,429	5,213,598	6,079,411
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All Funds Available for Exp	15,547,586	17,961,160	16,425,495
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**All Expenditures**

General Fund	3,314,924	3,626,974	3,556,345
Other Funds	5,653,370	6,440,443	6,843,628
Federal Funds	4,360,283	5,121,642	5,242,733

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**State Library**

Total Expenditures	13,328,577	15,189,059	15,642,706
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Reversions	1	-	-
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Ending Balance			
Other Funds	2,219,010	2,772,101	782,789

**Treasury, Oregon State**

Beginning Balance			
Other Funds	12,120,680	15,311,156	16,136,554
Beginning Balance Adjustment			
Other Funds	(212,437)	-	-

General Fund Appropriation	-	1,687,988	1,963,369
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Other Funds Revenues			
Charges for Services	47,205,592	46,213,005	74,913,801
Interest Income	19,631	20,070	-
Grants (Non-Fed)	-	500,000	-
Other Revenues	12,236	5,389,000	5,600,000

Transfers In			
Other Funds	31,897,877	34,675,922	38,067,794

Transfers Out			
Other Funds	(30,995,082)	(34,675,922)	(38,067,794)

All Funds Available for Exp	60,048,497	69,121,219	98,613,724
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All Expenditures			
General Fund	-	1,687,988	1,963,369
Other Funds	44,521,998	62,170,171	77,450,922

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Treasury, Oregon State**

Total Expenditures	44,521,998	63,858,159	79,414,291
Ending Balance			
Other Funds	15,526,499	5,263,060	19,199,433

**PROGRAM AREA: LEGISLATIVE BRANCH**

**Indian Svcs, Comm on**

Beginning Balance			
Other Funds	-	174	-
General Fund Appropriation	488,767	507,807	536,993
Other Funds Revenues			
Other Revenues	1,769	6,610	7,035
All Funds Available for Exp	490,536	514,591	544,028
All Expenditures			
General Fund	391,128	507,807	536,993
Other Funds	1,688	6,784	6,924
Total Expenditures	392,816	514,591	543,917
Reversions	(97,639)	-	-
Ending Balance			
Other Funds	81	-	111
<b>Legislative Administration Committee</b>			
Beginning Balance			
Other Funds	1,482,987	1,228,004	856,522

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: LEGISLATIVE BRANCH**

**Legislative Administration Committee**

General Fund Appropriation	34,695,320	40,648,641	29,859,153
Other Funds Revenues			
Charges for Services	7,756	2,792	14,000
Rents and Royalties	730,013	713,998	369,000
General Fund Obligation Bonds	34,323,997	30,000,000	-
Dedicated Fund Oblig Bonds	-	3,234,941	1,192,375
Refunding Bonds	9,839,481	-	-
Interest Income	148,516	-	-
Sales Income	611,319	1,392,711	793,748
Donations	4,932	3,000	1,000
Other Revenues	641,614	978,019	192,391
Transfers In			
Other Funds	1,169,551	-	-
Transfers Out			
Other Funds	(1,169,551)	-	-
All Funds Available for Exp	82,485,935	78,202,106	33,278,189
All Expenditures			
General Fund	31,561,859	40,648,641	29,859,153
Other Funds	46,228,385	36,032,957	3,329,290
Total Expenditures	77,790,244	76,681,598	33,188,443
Reversions	(3,133,461)	-	-
Ending Balance			
Other Funds	1,562,230	1,520,508	89,746

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: LEGISLATIVE BRANCH**

**Legislative Assembly**

Beginning Balance			
Other Funds	200,818	210,366	128,783
General Fund Appropriation	42,069,611	44,159,222	46,118,804
Other Funds Revenues			
Sales Income	88,491	163,294	147,334
Other Revenues	196	48,891	-
All Funds Available for Exp	<u>42,359,116</u>	<u>44,581,773</u>	<u>46,394,921</u>
All Expenditures			
General Fund	36,056,735	44,159,222	46,118,804
Other Funds	151,097	319,890	140,516
Total Expenditures	<u>36,207,832</u>	<u>44,479,112</u>	<u>46,259,320</u>

Reversions	(6,012,876)	-	-
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Ending Balance			
Other Funds	138,408	102,661	135,601

**Legislative Counsel Committee**

Beginning Balance			
Other Funds	965,781	1,015,064	1,228,123
Beginning Balance Adjustment			
Other Funds	311	-	-
General Fund Appropriation	10,427,834	11,569,054	12,712,581
Other Funds Revenues			
Charges for Services	263,205	200,000	200,000
Sales Income	1,724,211	1,736,600	1,732,500

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: LEGISLATIVE BRANCH**

**Legislative Counsel Committee**

Transfers In			
Other Funds	1,787,368	2,384,757	2,288,493
Transfers Out			
Other Funds	(1,787,368)	(2,384,757)	(2,288,493)
All Funds Available for Exp	<u>13,381,342</u>	<u>14,520,718</u>	<u>15,873,204</u>
All Expenditures			
General Fund	9,505,417	11,569,054	12,712,581
Other Funds	1,625,640	2,078,241	2,189,990
Total Expenditures	<u>11,131,057</u>	<u>13,647,295</u>	<u>14,902,571</u>

Reversions	(922,417)	-	-
Ending Balance			
Other Funds	1,327,868	873,423	970,633

**Legislative Fiscal Officer**

Beginning Balance			
Other Funds	2,484	-	469,105
General Fund Appropriation	3,888,952	4,571,581	4,972,830
Transfers In			
Other Funds	2,999,390	4,000,000	4,000,000
All Funds Available for Exp	<u>6,890,826</u>	<u>8,571,581</u>	<u>9,441,935</u>
All Expenditures			
General Fund	3,633,365	4,571,581	4,972,830
Other Funds	2,668,851	3,530,895	3,778,407

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: LEGISLATIVE BRANCH**

**Legislative Fiscal Officer**

Total Expenditures	6,302,216	8,102,476	8,751,237
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Reversions	(255,587)	-	-
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Ending Balance Other Funds	333,023	469,105	690,698
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**Legislative Policy and Research Office**

General Fund Appropriation	-	-	9,792,462
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All Funds Available for Exp	-	-	9,792,462
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All Expenditures General Fund	-	-	9,792,462
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Total Expenditures	-	-	9,792,462
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**Legislative Revenue Officer**

General Fund Appropriation	2,796,123	2,736,704	3,279,279
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All Funds Available for Exp	2,796,123	2,736,704	3,279,279
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All Expenditures General Fund	2,555,506	2,736,704	3,279,279
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Total Expenditures	2,555,506	2,736,704	3,279,279
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	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: LEGISLATIVE BRANCH**

**Legislative Revenue Officer**

Reversions	(240,617)	-	-
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**PROGRAM AREA: JUDICIAL BRANCH**

**Judicial Dept**

**Beginning Balance**

Other Funds	14,213,665	13,837,204	3,655,000
Federal Funds	70,396	-	-

**Beginning Balance Adjustment**

Other Funds	405,249	2,230,000	-
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General Fund Appropriation	402,434,862	433,042,700	445,785,309
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**Other Funds Revenues**

General Fund Revenues	119,812,358	123,942,908	119,051,837
Business Lic and Fees	105,050	70,416	85,000
State Court Fees	20,359,423	20,192,678	24,274,853
Federal Revenues	1,020,920	-	-
Charges for Services	4,289,183	3,561,000	5,499,529
Fines and Forfeitures	116,978,499	117,710,157	141,642,857
General Fund Obligation Bonds	33,325,000	53,710,885	136,855,000
Interest Income	98,536	-	-
Sales Income	957,270	715,000	715,000
Donations	559,565	496,248	550,000
Grants (Non-Fed)	1,909,738	3,881,674	5,249,592
Other Revenues	578,110	38,637,471	106,200,000

Federal Funds	1,074,559	1,606,769	1,339,352
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**Transfers In**

Other Funds	33,317,885	34,487,302	34,196,951
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<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: JUDICIAL BRANCH**

**Judicial Dept**

Transfers Out

Other Funds

(257,261,977) (261,343,840) (276,462,108)

All Funds Available for Exp

494,248,291 586,778,572 748,638,172

All Expenditures

General Fund

399,796,975 433,042,700 444,731,801

Other Funds

62,635,761 147,988,947 298,535,282

Federal Funds

1,067,674 1,606,769 1,331,915

Total Expenditures

463,500,410 582,638,416 744,598,998

Reversions

(2,637,887) - -

Ending Balance

General Fund

- - 1,053,508

Other Funds

28,032,713 4,140,156 2,978,229

Federal Funds

77,281 - 7,437

**Judicial Fitness and Disability, Comm on**

General Fund Appropriation

206,651 405,775 244,948

All Funds Available for Exp

206,651 405,775 244,948

All Expenditures

General Fund

196,415 405,775 244,948

Total Expenditures

196,415 405,775 244,948

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: JUDICIAL BRANCH</b>			
<b>Judicial Fitness and Disability, Comm on</b>			
Reversions	(10,236)	-	-
<b>Public Defense Svcs Comm</b>			
Beginning Balance			
Other Funds	550,199	550,199	593,722
General Fund Appropriation	253,165,468	275,454,477	289,613,210
Transfers In			
Other Funds	6,680,647	6,997,235	7,455,593
Transfers Out			
Other Funds	(3,072,500)	(3,291,980)	(3,544,845)
All Funds Available for Exp	<u>257,323,814</u>	<u>279,709,931</u>	<u>294,117,680</u>
All Expenditures			
General Fund	250,508,919	275,454,477	289,613,210
Other Funds	3,564,624	3,846,904	4,109,907
Total Expenditures	<u>254,073,543</u>	<u>279,301,381</u>	<u>293,723,117</u>
Reversions	(2,656,549)	-	-
Ending Balance			
Other Funds	593,722	408,550	394,563

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: MISCELLANEOUS PROGRAMS**

**Emergency Board**

General Fund Appropriation	-	95,255,445	151,500,000
All Funds Available for Exp	-	95,255,445	151,500,000
All Expenditures			
General Fund	-	95,255,445	151,500,000
Total Expenditures	-	95,255,445	151,500,000

# Current Service Level

## STATEWIDE SUMMARY OF 2017-19 BIENNIUM BUDGET

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>
2015-17 Leg Adopted Budget	40,732	38,617.25	68,982,928,513	17,984,668,302
2015-17 Emergency Boards	173	119.36	1,908,753,152	89,965,223
<b>2015-17 Leg Approved Budget</b>	<b>40,905</b>	<b>38,736.61</b>	<b>70,891,681,665</b>	<b>18,074,633,525</b>
<b>2017-19 Base Budget Adjustments</b>				
Net Cost of Position Actions				
Administrative Biennialized E-Board, Phase-Out	(490)	(161.04)	319,155,022	126,714,683
Estimated Cost of Merit Increase			6,444,809	6,143,423
Base Debt Service Adjustment			84,593,051	143,675,147
Base Nonlimited Adjustment			486,568,572	-
Capital Construction			(803,906,609)	-
<b>Subtotal 2017-19 Base Budget</b>	<b>40,415</b>	<b>38,575.57</b>	<b>70,984,536,510</b>	<b>18,351,166,778</b>
<b>Essential Packages</b>				
010 - Non-PICS Pers Svc/Vacancy Factor				
Vacancy Factor (Increase)/Decrease	-	-	46,365,026	33,361,831
Non-PICS Personal Service (Increase)/Decrease	-	-	37,159,431	18,649,568
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>83,524,457</b>	<b>52,011,399</b>
020 - Phase In / Out Pgm & One-time Cost				
021 - Phase - In	413	399.88	772,263,022	341,057,374
022 - Phase-out Pgm & One-time Costs	(16)	(23.67)	(1,485,689,656)	(116,457,519)
<b>Subtotal</b>	<b>397</b>	<b>376.21</b>	<b>(713,426,634)</b>	<b>224,599,855</b>
030 - Inflation & Price List Adjustments				
Cost of Goods & Services Increase/(Decrease)	-	-	2,847,003,181	1,108,897,784
State Gov't & Services Charges Increase/(Decrease)			32,532,979	29,183,033
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>2,879,536,160</b>	<b>1,138,080,817</b>
040 - Mandated Caseload				

<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
914,393,699	14,579,898,787	18,287,226,192	13,943,029,342	3,273,712,191
43,750,269	413,320,927	1,355,896,733	5,820,000	-
<b>958,143,968</b>	<b>14,993,219,714</b>	<b>19,643,122,925</b>	<b>13,948,849,342</b>	<b>3,273,712,191</b>

25,240,996	123,641,231	43,558,112	-	-
-	285,833	15,553	-	-
35,184,759	(14,903,449)	-	(83,619,379)	4,255,973
-	-	-	801,972,574	(315,404,002)
-	(769,018,305)	(34,888,304)	-	-
<b>1,018,569,723</b>	<b>14,333,225,024</b>	<b>19,651,808,286</b>	<b>14,667,202,537</b>	<b>2,962,564,162</b>

(231,960)	3,311,801	9,923,354	-	-
341,012	13,093,991	5,074,860	-	-
<b>109,052</b>	<b>16,405,792</b>	<b>14,998,214</b>	-	-

8,882,043	373,759,530	48,564,075	-	-
(70,346,183)	(925,396,177)	(348,489,777)	(25,000,000)	-
<b>(61,464,140)</b>	<b>(551,636,647)</b>	<b>(299,925,702)</b>	<b>(25,000,000)</b>	-

4,940,156	543,945,056	1,189,220,185	-	-
389,805	(6,410,763)	9,370,904	-	-
<b>5,329,961</b>	<b>537,534,293</b>	<b>1,198,591,089</b>	-	-

**STATEWIDE SUMMARY OF 2017-19 BIENNIUM BUDGET (CONTINUED)**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>
040 - Mandated Caseload	374	338.95	(446,769,802)	344,533,795
050 - Fundshifts and Revenue Reductions				
050 - Fundshifts	-	-	(330,056,036)	560,651,888
060 - Technical Adjustments				
060 - Technical Adjustments	12	22.59	816,486	534,360
<b>Subtotal: 2017-19 Current Service Level</b>	<b>41,198</b>	<b>39,313.32</b>	<b>72,458,161,141</b>	<b>20,671,578,892</b>

<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
-	12,175,470	(803,479,067)	-	-
20,001,803	(428,438,593)	(482,271,134)	-	-
201,807	259,810	(179,491)	-	-
<b>982,748,206</b>	<b>13,919,525,149</b>	<b>19,279,542,195</b>	<b>14,642,202,537</b>	<b>2,962,564,162</b>

STATEWIDE SUMMARY OF 2017-19 BIENNIUM BUDGET (CONTINUED)

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>
<b>Subtotal: 2017-19 Current Service Level</b>	<b>41,198</b>	<b>39,313.32</b>	<b>72,458,161,141</b>	<b>20,671,578,892</b>
070 - Revenue Reductions/Shortfall				
070 - Revenue Shortfalls	(141)	(141.18)	(60,622,373)	3,788,953
<b>Modified 2017-19 Current Service Level</b>	<b>41,057</b>	<b>39,172.14</b>	<b>72,397,538,768</b>	<b>20,675,367,845</b>
080 - E-Boards				
080 - May 2016 E-Board	42	38.10	12,770,229	10,354,550
081 - September 2016 Emergency Board	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>42</b>	<b>38.10</b>	<b>12,770,229</b>	<b>10,354,550</b>
<b>Subtotal Policy Packages</b>	<b>705</b>	<b>201.54</b>	<b>1,841,829,922</b>	<b>(1,063,018,779)</b>
<b>Total 2017-19 Governor's Budget</b>	<b>41,804</b>	<b>39,411.78</b>	<b>74,252,138,919</b>	<b>19,622,703,616</b>
Percentage Change From 2015-17 Leg Approved Budget	2.20%	1.74%	4.74%	8.56%
Percentage Change From 2017-19 Current Service Level	1.47%	0.25%	2.48%	-5.07%

<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
20,671,578,892	982,748,206	13,919,525,149	19,279,542,195	14,642,202,537	2,962,564,162
3,788,953	(129,948)	(48,652,110)	(15,629,268)	-	-
20,675,367,845	982,618,258	13,870,873,039	19,263,912,927	14,642,202,537	2,962,564,162
10,354,550	-	1,897,679	518,000	-	-
-	-	-	-	-	-
10,354,550	-	1,897,679	518,000	-	-
(1,063,018,779)	39,532,691	2,682,872,755	88,378,122	94,066,777	(1,644)
19,622,703,616	1,022,150,949	16,555,643,473	19,352,809,049	14,736,269,314	2,962,562,518
8.56%	6.68%	10.42%	-1.48%	5.65%	-9.50%
-5.07%	4.01%	18.94%	0.38%	0.64%	-

## Schedule V. Schedule of the Total Expenditures by Program Area, Agency and Fund

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: EDUCATION</b>			
<b>Chief Education Office</b>			
General Fund	20,421,275	13,357,142	11,443,979
<b>All Funds</b>	<b>20,421,275</b>	<b>13,357,142</b>	<b>11,443,979</b>
<b>Education, Dept of</b>			
General Fund	6,772,941,172	7,502,946,508	8,324,300,203
Lottery Funds	369,745,182	449,138,834	388,726,870
Other Funds	221,247,369	393,405,459	516,608,480
Federal Funds	1,252,891,868	1,426,281,361	1,441,780,982
<b>All Funds</b>	<b>8,616,825,591</b>	<b>9,771,772,162</b>	<b>10,671,416,535</b>
<b>Higher Education Coordinating Commission</b>			
General Fund	3,105,531	1,783,060,304	1,855,872,413
Lottery Funds	-	62,406,155	106,225,848
Other Funds	1,548,369	631,201,143	689,084,015
Federal Funds	305,450	130,892,102	138,065,657
<b>All Funds</b>	<b>4,959,350</b>	<b>2,607,559,704</b>	<b>2,789,247,933</b>
<b>Oregon Health and Science University</b>			
General Fund	72,562,387	8,522,485	26,061,385
Other Funds	31,233,723	238,724,306	38,828,443
<b>All Funds</b>	<b>103,796,110</b>	<b>247,246,791</b>	<b>64,889,828</b>
<b>Teacher Standards &amp; Practices Comm</b>			
General Fund	-	200,000	-
Other Funds	4,943,382	6,511,902	8,162,153
Federal Funds	10,893	-	-
<b>All Funds</b>	<b>4,954,275</b>	<b>6,711,902</b>	<b>8,162,153</b>
<b>Education Total</b>			
General Fund	6,869,030,365	9,308,086,439	10,217,677,980
Lottery Funds	369,745,182	511,544,989	494,952,718

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: EDUCATION**

**Education Total**

Other Funds	258,972,843	1,269,842,810	1,252,683,091
Federal Funds	1,253,208,211	1,557,173,463	1,579,846,639
<b>All Funds</b>	<b>\$8,750,956,601</b>	<b>\$12,646,647,701</b>	<b>\$13,545,160,428</b>

**PROGRAM AREA: HUMAN SERVICES**

**Commission for the Blind**

General Fund	1,582,598	3,691,540	3,152,344
Other Funds	1,667,196	1,183,539	1,334,434
Federal Funds	12,683,970	15,827,037	15,868,008
<b>All Funds</b>	<b>15,933,764</b>	<b>20,702,116</b>	<b>20,354,786</b>

**Human Services, Dept. of**

General Fund	2,326,345,063	2,767,038,370	3,173,736,725
Other Funds	472,081,293	532,491,356	554,442,828
Federal Funds	6,207,920,071	7,317,034,713	7,536,336,144
<b>All Funds</b>	<b>9,006,346,427</b>	<b>10,616,564,439</b>	<b>11,264,515,697</b>

**Long Term Care Ombudsman**

General Fund	2,510,888	6,303,638	6,419,208
Other Funds	670,166	737,480	894,922
<b>All Funds</b>	<b>3,181,054</b>	<b>7,041,118</b>	<b>7,314,130</b>

**Oregon Health Authority**

General Fund	1,933,379,158	2,139,964,413	2,167,928,460
Lottery Funds	10,591,632	11,348,753	12,322,109
Other Funds	5,407,081,290	5,925,795,632	6,603,470,971
Federal Funds	9,361,254,188	12,495,944,547	11,649,139,104
<b>All Funds</b>	<b>16,712,306,268</b>	<b>20,573,053,345</b>	<b>20,432,860,644</b>

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: HUMAN SERVICES**

**Psychiatric Security Review Board**

General Fund	2,166,128	2,688,017	2,977,067
Other Funds	82,466	2,168	2,248
<b>All Funds</b>	<b>2,248,594</b>	<b>2,690,185</b>	<b>2,979,315</b>

**Human Services Total**

General Fund	4,265,983,835	4,919,685,978	5,354,213,804
Lottery Funds	10,591,632	11,348,753	12,322,109
Other Funds	5,881,582,411	6,460,210,175	7,160,145,403
Federal Funds	15,581,858,229	19,828,806,297	19,201,343,256
<b>All Funds</b>	<b>\$25,740,016,107</b>	<b>\$31,220,051,203</b>	<b>\$31,728,024,572</b>

**PROGRAM AREA: PUBLIC SAFETY**

**Corrections, Dept of**

General Fund	1,480,524,545	1,593,133,894	1,682,348,321
Other Funds	39,567,158	55,776,993	82,880,907
Federal Funds	8,294,397	6,829,602	5,352,287
<b>All Funds</b>	<b>1,528,386,100</b>	<b>1,655,740,489</b>	<b>1,770,581,515</b>

**Criminal Justice Comm, Oregon**

General Fund	23,421,910	55,130,454	45,089,117
Other Funds	862,857	864,015	1,012,274
Federal Funds	7,606,902	6,937,604	10,168,330
<b>All Funds</b>	<b>31,891,669</b>	<b>62,932,073</b>	<b>56,269,721</b>

**District Attorneys and their Deputies**

General Fund	10,916,597	11,868,624	12,483,927
<b>All Funds</b>	<b>10,916,597</b>	<b>11,868,624</b>	<b>12,483,927</b>

**Justice, Dept of**

General Fund	63,337,324	78,841,305	84,015,552
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**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: PUBLIC SAFETY</b>			
<b>Justice, Dept of</b>			
Other Funds	249,645,336	300,591,067	323,530,306
Federal Funds	125,318,230	173,611,260	204,327,992
<b>All Funds</b>	<b>438,300,890</b>	<b>553,043,632</b>	<b>611,873,850</b>
<b>Military Dept, Oregon</b>			
General Fund	21,821,936	25,350,514	26,186,876
Other Funds	102,530,767	125,538,822	126,938,416
Federal Funds	151,411,508	283,776,065	271,313,275
<b>All Funds</b>	<b>275,764,211</b>	<b>434,665,401</b>	<b>424,438,567</b>
<b>Oregon Youth Authority</b>			
General Fund	267,119,142	298,387,030	314,297,631
Other Funds	12,165,807	63,399,605	63,982,253
Federal Funds	27,977,990	36,316,494	37,440,646
<b>All Funds</b>	<b>307,262,939</b>	<b>398,103,129</b>	<b>415,720,530</b>
<b>Parole &amp; Post Prison Supervision, State Board of</b>			
General Fund	4,451,421	8,040,916	9,119,820
Other Funds	835	10,852	11,225
<b>All Funds</b>	<b>4,452,256</b>	<b>8,051,768</b>	<b>9,131,045</b>
<b>Police, Dept of State</b>			
General Fund	240,373,065	282,147,826	264,617,887
Lottery Funds	6,734,971	8,010,065	8,271,355
Other Funds	91,342,128	109,285,417	130,438,938
Federal Funds	5,456,068	9,780,941	11,514,234
<b>All Funds</b>	<b>343,906,232</b>	<b>409,224,249</b>	<b>414,842,414</b>
<b>Public Safety Standards &amp; Training, Dept of</b>			
General Fund	9,778,922	9,550,476	9,795,963
Other Funds	34,002,560	42,092,883	44,476,935

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: PUBLIC SAFETY**

**Public Safety Standards & Training, Dept of**

Federal Funds	331,601	6,666,167	6,792,409
<b>All Funds</b>	<b>44,113,083</b>	<b>58,309,526</b>	<b>61,065,307</b>

**Public Safety Total**

General Fund	2,121,744,862	2,362,451,039	2,447,955,094
Lottery Funds	6,734,971	8,010,065	8,271,355
Other Funds	530,117,448	697,559,654	773,271,254
Federal Funds	326,396,696	523,918,133	546,909,173
<b>All Funds</b>	<b>\$2,984,993,977</b>	<b>\$3,591,938,891</b>	<b>\$3,776,406,876</b>

**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Employment Dept**

General Fund	-	6,133,655	159,235
Other Funds	1,301,857,859	1,666,243,652	1,571,824,496
Federal Funds	397,041,588	257,548,380	230,349,059
<b>All Funds</b>	<b>1,698,899,447</b>	<b>1,929,925,687</b>	<b>1,802,332,790</b>

**Housing & Community Svcs Dept**

General Fund	20,355,205	28,591,118	25,668,102
Lottery Funds	9,413,639	11,676,469	17,081,530
Other Funds	806,257,727	1,006,885,495	900,969,377
Federal Funds	222,418,207	232,434,238	245,063,593
<b>All Funds</b>	<b>1,058,444,778</b>	<b>1,279,587,320</b>	<b>1,188,782,602</b>

**Oregon Business Development Department**

General Fund	8,247,488	16,517,351	60,473,239
Lottery Funds	111,766,523	113,289,994	110,523,470
Other Funds	156,494,836	527,766,043	827,678,906
Federal Funds	29,226,631	40,101,139	40,969,130
<b>All Funds</b>	<b>305,735,478</b>	<b>697,674,527</b>	<b>1,039,644,745</b>

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ECONOMIC & COMMUNITY DEVELOPMENT**

**Veterans' Affairs, Oregon Dept of**

General Fund	9,678,902	13,002,777	3,344,281
Lottery Funds	-	-	17,698,065
Other Funds	231,458,670	402,609,272	490,790,336
Federal Funds	40,000	3,305,303	1
<b>All Funds</b>	<b>241,177,572</b>	<b>418,917,352</b>	<b>511,832,683</b>

**Economic & Community Development Total**

General Fund	38,281,595	64,244,901	89,644,857
Lottery Funds	121,180,162	124,966,463	145,303,065
Other Funds	2,496,069,092	3,603,504,462	3,791,263,115
Federal Funds	648,726,426	533,389,060	516,381,783
<b>All Funds</b>	<b>\$3,304,257,275</b>	<b>\$4,326,104,886</b>	<b>\$4,542,592,820</b>

**PROGRAM AREA: NATURAL RESOURCES**

**Agriculture, Oregon Dept of**

General Fund	19,433,285	24,613,559	23,401,064
Lottery Funds	6,368,044	6,491,591	7,042,307
Other Funds	49,871,107	62,478,730	68,706,936
Federal Funds	10,334,960	17,630,167	18,250,782
<b>All Funds</b>	<b>86,007,396</b>	<b>111,214,047</b>	<b>117,401,089</b>

**Columbia River Gorge Comm**

General Fund	884,527	915,291	1,106,478
<b>All Funds</b>	<b>884,527</b>	<b>915,291</b>	<b>1,106,478</b>

**Energy, Dept of**

Lottery Funds	2,166,048	2,980,496	3,023,630
Other Funds	116,599,827	175,930,949	35,318,204
Federal Funds	2,553,392	3,291,299	2,475,582
<b>All Funds</b>	<b>121,319,267</b>	<b>182,202,744</b>	<b>40,817,416</b>

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: NATURAL RESOURCES**

**Environmental Quality, Dept of**

General Fund	30,960,731	37,982,047	42,388,442
Lottery Funds	3,873,253	4,084,177	5,356,823
Other Funds	225,180,574	280,259,936	324,291,824
Federal Funds	24,266,508	29,567,515	28,994,638
<b>All Funds</b>	<b>284,281,066</b>	<b>351,893,675</b>	<b>401,031,727</b>

**Fish & Wildlife, Oregon Dept of**

General Fund	17,165,916	31,046,604	28,871,697
Lottery Funds	4,921,717	4,917,581	5,588,667
Other Funds	157,781,817	180,243,703	194,502,621
Federal Funds	110,892,069	142,766,627	147,754,824
<b>All Funds</b>	<b>290,761,519</b>	<b>358,974,515</b>	<b>376,717,809</b>

**Forestry, Dept of**

General Fund	118,966,690	88,388,302	65,143,455
Lottery Funds	5,130,718	7,554,096	7,006,595
Other Funds	292,929,620	286,598,792	244,000,610
Federal Funds	14,096,634	35,063,741	33,544,284
<b>All Funds</b>	<b>431,123,662</b>	<b>417,604,931</b>	<b>349,694,944</b>

**Geology & Mineral Industries, Dept of**

General Fund	4,040,945	4,246,695	5,014,888
Other Funds	7,732,500	6,207,283	7,389,278
Federal Funds	4,370,000	5,465,149	5,817,809
<b>All Funds</b>	<b>16,143,445</b>	<b>15,919,127</b>	<b>18,221,975</b>

**Land Conservation & Development, Dept of**

General Fund	12,198,336	13,583,719	12,948,322
Other Funds	561,866	725,419	560,528
Federal Funds	5,247,072	6,392,432	6,691,291

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: NATURAL RESOURCES</b>			
<b>Land Conservation &amp; Development, Dept of</b>			
All Funds	18,007,274	20,701,570	20,200,141
<b>Land Use Board of Appeals</b>			
General Fund	1,573,758	1,817,836	1,928,942
Other Funds	30,252	28,641	33,700
All Funds	1,604,010	1,846,477	1,962,642
<b>Lands, Dept of State</b>			
General Fund	-	346,082	-
Other Funds	39,781,871	46,852,222	48,711,360
Federal Funds	2,475,172	2,067,484	1,723,318
All Funds	42,257,043	49,265,788	50,434,678
<b>Marine Board, Oregon State</b>			
Other Funds	24,438,979	26,498,709	29,421,308
Federal Funds	5,711,179	7,467,774	6,632,414
All Funds	30,150,158	33,966,483	36,053,722
<b>Parks &amp; Recreation Dept</b>			
General Fund	979,999	-	-
Lottery Funds	79,666,375	82,917,301	105,630,892
Other Funds	99,602,710	110,367,264	97,455,141
Federal Funds	9,358,198	12,345,047	16,397,848
All Funds	189,607,282	205,629,612	219,483,881
<b>Water Resources Dept</b>			
General Fund	27,202,391	31,185,564	33,492,069
Lottery Funds	571,605	2,511,482	8,941,302
Other Funds	9,996,972	74,253,832	74,271,553
Federal Funds	641,182	1,312,338	1,871,695

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: NATURAL RESOURCES</b>			
<b>Water Resources Dept</b>			
<b>All Funds</b>	<b>38,412,150</b>	<b>109,263,216</b>	<b>118,576,619</b>
<b>Watershed Enhancement Board, Oregon</b>			
Lottery Funds	57,997,623	62,482,687	72,300,559
Other Funds	1,075,106	3,553,093	3,781,360
Federal Funds	23,075,625	37,274,113	41,668,724
<b>All Funds</b>	<b>82,148,354</b>	<b>103,309,893</b>	<b>117,750,643</b>
<b>Natural Resources Total</b>			
General Fund	233,406,578	234,125,699	214,295,357
Lottery Funds	160,695,383	173,939,411	214,890,775
Other Funds	1,025,583,201	1,253,998,573	1,128,444,423
Federal Funds	213,021,991	300,643,686	311,823,209
<b>All Funds</b>	<b>\$1,632,707,153</b>	<b>\$1,962,707,369</b>	<b>\$1,869,453,764</b>
<b>PROGRAM AREA: TRANSPORTATION</b>			
<b>Aviation, Dept of</b>			
Other Funds	6,079,744	12,370,913	12,744,603
Federal Funds	4,938,736	8,514,798	9,307,101
<b>All Funds</b>	<b>11,018,480</b>	<b>20,885,711</b>	<b>22,051,704</b>
<b>Transportation, Oregon Dept of</b>			
General Fund	12,710,074	22,585,257	51,858,051
Lottery Funds	92,643,018	107,484,140	120,644,222
Other Funds	4,416,078,985	3,331,635,434	3,595,024,630
Federal Funds	112,432,489	131,797,020	121,156,822
<b>All Funds</b>	<b>4,633,864,566</b>	<b>3,593,501,851</b>	<b>3,888,683,725</b>
<b>Transportation Total</b>			
General Fund	12,710,074	22,585,257	51,858,051

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: TRANSPORTATION**

**Transportation Total**

Lottery Funds	92,643,018	107,484,140	120,644,222
Other Funds	4,422,158,729	3,344,006,347	3,607,769,233
Federal Funds	117,371,225	140,311,818	130,463,923
<b>All Funds</b>	<b>\$4,644,883,046</b>	<b>\$3,614,387,562</b>	<b>\$3,910,735,429</b>

**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Accountancy, Board of**

Other Funds	2,296,152	2,506,638	2,605,045
<b>All Funds</b>	<b>2,296,152</b>	<b>2,506,638</b>	<b>2,605,045</b>

**Construction Contractors Board**

Other Funds	12,949,609	15,051,664	15,365,522
<b>All Funds</b>	<b>12,949,609</b>	<b>15,051,664</b>	<b>15,365,522</b>

**Consumer and Business Svcs, Dept of**

General Fund	-	1,823,000	400,181
Other Funds	381,122,707	446,166,278	454,773,388
Federal Funds	3,063,362	17,320,682	14,928,611
<b>All Funds</b>	<b>384,186,069</b>	<b>465,309,960</b>	<b>470,102,180</b>

**Health Related Licensing Boards**

Medical Imaging - OF	765,176	943,259	926,165
Mortuary Board - OF	1,417,530	2,117,529	2,076,329
Naturopathic Medicine - OF	641,218	733,291	783,643
Occupational Therapists - OF	366,776	473,797	492,431
Speech-Language Path. and Audio. - OF	543,636	679,792	688,032
Veterinary Medical Examiners - OF	686,186	928,782	926,052
<b>All Boards</b>	<b>4,420,522</b>	<b>5,876,450</b>	<b>5,892,652</b>

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Labor & Industries, Bureau of**

General Fund	11,279,003	12,892,771	12,983,137
Other Funds	10,307,139	12,858,212	13,430,810
Federal Funds	1,462,377	1,539,652	1,254,435
<b>All Funds</b>	<b>23,048,519</b>	<b>27,290,635</b>	<b>27,668,382</b>

**Licensed Prof Counselors and Therapists, Board of**

Other Funds	1,007,274	1,540,904	3,478,518
<b>All Funds</b>	<b>1,007,274</b>	<b>1,540,904</b>	<b>3,478,518</b>

**Licensed Social Workers, Board of**

Other Funds	1,248,425	1,500,640	1,705,951
<b>All Funds</b>	<b>1,248,425</b>	<b>1,500,640</b>	<b>1,705,951</b>

**Nursing, Board of**

Other Funds	13,507,035	15,573,363	16,938,043
<b>All Funds</b>	<b>13,507,035</b>	<b>15,573,363</b>	<b>16,938,043</b>

**Oregon Board of Chiropractic Examiners**

Other Funds	1,459,441	1,931,737	2,027,538
<b>All Funds</b>	<b>1,459,441</b>	<b>1,931,737</b>	<b>2,027,538</b>

**Oregon Board of Dentistry**

Other Funds	2,650,838	3,043,804	3,331,212
<b>All Funds</b>	<b>2,650,838</b>	<b>3,043,804</b>	<b>3,331,212</b>

**Oregon Board of Psychologist Examiners**

Other Funds	1,034,599	1,323,155	-
<b>All Funds</b>	<b>1,034,599</b>	<b>1,323,155</b>	<b>-</b>

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: CONSUMER & BUSINESS SERVICES**

**Labor & Industries, Bureau of**

General Fund	11,279,003	12,892,771	12,983,137
Other Funds	10,307,139	12,858,212	13,430,810
Federal Funds	1,462,377	1,539,652	1,254,435
<b>All Funds</b>	<b>23,048,519</b>	<b>27,290,635</b>	<b>27,668,382</b>

**Licensed Prof Counselors and Therapists, Board of**

Other Funds	1,007,274	1,540,904	3,478,518
<b>All Funds</b>	<b>1,007,274</b>	<b>1,540,904</b>	<b>3,478,518</b>

**Licensed Social Workers, Board of**

Other Funds	1,248,425	1,500,640	1,705,951
<b>All Funds</b>	<b>1,248,425</b>	<b>1,500,640</b>	<b>1,705,951</b>

**Nursing, Board of**

Other Funds	13,507,035	15,573,363	16,938,043
<b>All Funds</b>	<b>13,507,035</b>	<b>15,573,363</b>	<b>16,938,043</b>

**Oregon Board of Chiropractic Examiners**

Other Funds	1,459,441	1,931,737	2,027,538
<b>All Funds</b>	<b>1,459,441</b>	<b>1,931,737</b>	<b>2,027,538</b>

**Oregon Board of Dentistry**

Other Funds	2,650,838	3,043,804	3,331,212
<b>All Funds</b>	<b>2,650,838</b>	<b>3,043,804</b>	<b>3,331,212</b>

**Oregon Board of Psychologist Examiners**

Other Funds	1,034,599	1,323,155	-
<b>All Funds</b>	<b>1,034,599</b>	<b>1,323,155</b>	<b>-</b>

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

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<b>PROGRAM AREA: CONSUMER &amp; BUSINESS SERVICES</b>			
<b>Oregon Medical Board</b>			
Other Funds	9,777,175	11,605,454	13,077,638
<b>All Funds</b>	<b>9,777,175</b>	<b>11,605,454</b>	<b>13,077,638</b>
<b>Pharmacy, Board of</b>			
Other Funds	5,599,379	7,057,070	7,530,291
<b>All Funds</b>	<b>5,599,379</b>	<b>7,057,070</b>	<b>7,530,291</b>
<b>Public Utility Commission</b>			
Other Funds	118,061,778	111,709,739	102,039,649
Federal Funds	2,345,176	726,238	721,958
<b>All Funds</b>	<b>120,406,954</b>	<b>112,435,977</b>	<b>102,761,607</b>
<b>Real Estate Agency</b>			
Other Funds	6,587,706	7,159,101	7,844,653
<b>All Funds</b>	<b>6,587,706</b>	<b>7,159,101</b>	<b>7,844,653</b>
<b>Tax Practitioners, State Board of</b>			
Other Funds	1,088,661	1,260,908	1,047,460
<b>All Funds</b>	<b>1,088,661</b>	<b>1,260,908</b>	<b>1,047,460</b>
<b>Consumer &amp; Business Services Total</b>			
General Fund	11,279,003	14,715,771	13,383,318
Other Funds	573,118,440	646,165,117	651,088,370
Federal Funds	6,870,915	19,586,572	16,905,004
<b>All Funds</b>	<b>\$591,268,358</b>	<b>\$680,467,460</b>	<b>\$681,376,692</b>
<b>PROGRAM AREA: ADMINISTRATION</b>			
<b>Administrative Svcs, Dept of</b>			
General Fund	11,901,158	16,073,778	10,690,991
Lottery Funds	12,448,190	16,641,096	21,956,472

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: ADMINISTRATION</b>			
<b>Administrative Svcs, Dept of</b>			
Other Funds	1,052,043,714	1,186,242,470	1,029,894,402
<b>All Funds</b>	<b>1,076,393,062</b>	<b>1,218,957,344</b>	<b>1,062,541,865</b>
<b>Employment Relations Board</b>			
General Fund	2,031,615	2,460,956	2,768,739
Other Funds	1,955,487	2,066,561	2,268,301
<b>All Funds</b>	<b>3,987,102</b>	<b>4,527,517</b>	<b>5,037,040</b>
<b>Governor, Office of the</b>			
General Fund	11,189,877	12,773,672	13,185,013
Lottery Funds	3,032,991	4,209,051	3,810,233
Other Funds	2,326,520	3,249,297	3,438,138
<b>All Funds</b>	<b>16,549,388</b>	<b>20,232,020</b>	<b>20,433,384</b>
<b>Oregon Advocacy Commissions Office</b>			
General Fund	424,918	626,557	852,490
Other Funds	3,342	42,189	20,000
<b>All Funds</b>	<b>428,260</b>	<b>668,746</b>	<b>872,490</b>
<b>Oregon Government Ethics Commission</b>			
Other Funds	1,989,415	2,789,379	2,715,584
<b>All Funds</b>	<b>1,989,415</b>	<b>2,789,379</b>	<b>2,715,584</b>
<b>Oregon Liquor Control Comm</b>			
Other Funds	151,299,015	181,706,250	202,793,906
<b>All Funds</b>	<b>151,299,015</b>	<b>181,706,250</b>	<b>202,793,906</b>
<b>Public Employees Retirement System, Oregon</b>			
Other Funds	9,109,884,929	9,831,227,553	11,103,126,992

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: ADMINISTRATION</b>			
<b>Public Employees Retirement System, Oregon</b>			
All Funds	9,109,884,929	9,831,227,553	11,103,126,992
<b>Racing Commission, Oregon</b>			
Other Funds	5,146,512	6,276,229	6,416,751
All Funds	5,146,512	6,276,229	6,416,751
<b>Revenue, Dept of</b>			
General Fund	160,778,293	193,187,720	197,607,383
Other Funds	49,798,657	134,486,949	119,596,893
All Funds	210,576,950	327,674,669	317,204,276
<b>Secretary of State</b>			
General Fund	8,597,817	9,949,390	9,688,764
Other Funds	46,081,409	56,279,809	60,592,065
Federal Funds	2,832,662	6,277,676	5,123,932
All Funds	57,511,888	72,506,875	75,404,761
<b>State Library</b>			
General Fund	3,314,924	3,626,974	3,556,345
Other Funds	5,653,370	6,440,443	6,843,628
Federal Funds	4,360,283	5,121,642	5,242,733
All Funds	13,328,577	15,189,059	15,642,706
<b>Treasury, Oregon State</b>			
General Fund	-	1,687,988	1,963,369
Other Funds	44,521,998	62,170,171	77,450,922
All Funds	44,521,998	63,858,159	79,414,291
<b>Administration Total</b>			
General Fund	198,238,602	240,387,035	240,313,094

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**PROGRAM AREA: ADMINISTRATION**

**Administration Total**

Lottery Funds	15,481,181	20,850,147	25,766,705
Other Funds	10,470,704,368	11,472,977,300	12,615,157,582
Federal Funds	7,192,945	11,399,318	10,366,665
<b>All Funds</b>	<b>\$10,691,617,096</b>	<b>\$11,745,613,800</b>	<b>\$12,891,604,046</b>

**PROGRAM AREA: LEGISLATIVE BRANCH**

**Indian Svcs, Comm on**

General Fund	391,128	507,807	536,993
Other Funds	1,688	6,784	6,924
<b>All Funds</b>	<b>392,816</b>	<b>514,591</b>	<b>543,917</b>

**Legislative Administration Committee**

General Fund	31,561,859	40,648,641	29,859,153
Other Funds	46,228,385	36,032,957	3,329,290
<b>All Funds</b>	<b>77,790,244</b>	<b>76,681,598</b>	<b>33,188,443</b>

**Legislative Assembly**

General Fund	36,056,735	44,159,222	46,118,804
Other Funds	151,097	319,890	140,516
<b>All Funds</b>	<b>36,207,832</b>	<b>44,479,112</b>	<b>46,259,320</b>

**Legislative Counsel Committee**

General Fund	9,505,417	11,569,054	12,712,581
Other Funds	1,625,640	2,078,241	2,189,990
<b>All Funds</b>	<b>11,131,057</b>	<b>13,647,295</b>	<b>14,902,571</b>

**Legislative Fiscal Officer**

General Fund	3,633,365	4,571,581	4,972,830
Other Funds	2,668,851	3,530,895	3,778,407

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: LEGISLATIVE BRANCH</b>			
<b>Legislative Fiscal Officer</b>			
All Funds	6,302,216	8,102,476	8,751,237
<b>Legislative Policy and Research Office</b>			
General Fund	-	-	9,792,462
All Funds	-	-	9,792,462
<b>Legislative Revenue Officer</b>			
General Fund	2,555,506	2,736,704	3,279,279
All Funds	2,555,506	2,736,704	3,279,279
<b>Legislative Branch Total</b>			
General Fund	83,704,010	104,193,009	107,272,102
Other Funds	50,675,661	41,968,767	9,445,127
All Funds	<b>\$134,379,671</b>	<b>\$146,161,776</b>	<b>\$116,717,229</b>
<b>PROGRAM AREA: JUDICIAL BRANCH</b>			
<b>Judicial Dept</b>			
General Fund	399,796,975	433,042,700	444,731,801
Other Funds	62,635,761	147,988,947	298,535,282
Federal Funds	1,067,674	1,606,769	1,331,915
All Funds	463,500,410	582,638,416	744,598,998
<b>Judicial Fitness and Disability, Comm on</b>			
General Fund	196,415	405,775	244,948
All Funds	196,415	405,775	244,948
<b>Public Defense Svcs Comm</b>			
General Fund	250,508,919	275,454,477	289,613,210
Other Funds	3,564,624	3,846,904	4,109,907

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>PROGRAM AREA: JUDICIAL BRANCH</b>			
<b>Public Defense Svcs Comm</b>			
All Funds	254,073,543	279,301,381	293,723,117
<b>Judicial Branch Total</b>			
General Fund	650,502,309	708,902,952	734,589,959
Other Funds	66,200,385	151,835,851	302,645,189
Federal Funds	1,067,674	1,606,769	1,331,915
All Funds	<u>\$717,770,368</u>	<u>\$862,345,572</u>	<u>\$1,038,567,063</u>
<b>PROGRAM AREA: MISCELLANEOUS PROGRAMS</b>			
<b>Emergency Board</b>			
General Fund	-	95,255,445	151,500,000
All Funds	<u>-</u>	<u>95,255,445</u>	<u>151,500,000</u>
<b>Miscellaneous Programs Total</b>			
General Fund	-	95,255,445	151,500,000
All Funds	<u>-</u>	<u>\$95,255,445</u>	<u>\$151,500,000</u>
<b>PROGRAM AREA: ALL PROGRAM AREAS</b>			
<b>All Agencies</b>			
General Fund	14,484,881,233	18,074,633,525	19,622,703,616
Lottery Funds	777,071,529	958,143,968	1,022,150,949
Other Funds	25,775,182,578	28,942,069,056	31,291,912,787
Federal Funds	18,155,714,312	22,916,835,116	22,315,371,567
All Funds	<u>\$59,192,849,652</u>	<u>\$70,891,681,665</u>	<u>\$74,252,138,919</u>
<b>NON-ADD EXPENDITURES ** INCLUDED IN TOTAL EXPENDITURES</b>			
Administrative Svcs, Dept of	\$466,794,489	\$568,527,722	\$584,900,099
Employment Dept	\$26,032,266	\$29,408,883	\$27,961,329
Justice, Dept of	\$145,570,466	\$183,866,934	\$190,186,725

**SCHEDULE V. SCHEDULE OF TOTAL EXPENDITURES BY PROGRAM AREA, AGENCY, AND FUND  
(CONTINUED)**

<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
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**NON-ADD EXPENDITURES \*\* INCLUDED IN TOTAL EXPENDITURES**

Secretary of State	\$23,328,788	\$28,503,180	\$29,354,478
Treasury, Oregon State	\$44,521,998	\$62,170,171	\$77,450,922
<b>All Funds</b>	<b>\$706,248,007</b>	<b>\$872,476,890</b>	<b>\$909,853,553</b>

## Schedule VI. Summary of Total Expenditures by Category by Fund

	<i>Fund</i>	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>Personal Services</b>	General Fund	2,450,104,586	3,226,324,742	3,457,194,032
	Lottery Funds	74,772,039	86,341,437	105,702,676
	Other Funds	2,164,483,579	2,484,903,972	2,666,606,339
	Other Funds - NA	(314,694,072)	(372,608,489)	(425,173,650)
	Federal Funds	1,056,555,427	1,251,040,903	1,378,689,780
	<b>Total</b>		<b>\$5,745,915,631</b>	<b>\$7,048,611,054</b>
<b>Services &amp; Supplies</b>	General Fund	1,240,282,769	1,331,142,939	1,307,587,874
	Lottery Funds	55,411,686	43,643,423	52,233,323
	Other Funds	4,321,246,798	4,781,026,097	5,176,160,461
	Other Funds - NA	(362,732,899)	(465,433,581)	(449,276,815)
	Federal Funds	687,481,143	902,058,254	926,614,693
	<b>Total</b>		<b>\$6,304,422,396</b>	<b>\$7,057,870,713</b>
<b>Capital Outlay</b>	General Fund	20,066,314	29,493,919	21,118,377
	Lottery Funds	12,976,249	1,728,629	2,941,087
	Other Funds	234,259,307	352,896,749	411,621,127
	Other Funds - NA	(25,579,239)	(30,023,999)	(30,829,067)
	Federal Funds	24,972,181	51,425,826	15,569,232
	<b>Total</b>		<b>\$292,274,051</b>	<b>\$435,545,123</b>
<b>Special Payments</b>	General Fund	10,498,265,238	13,052,989,681	14,198,834,667
	Lottery Funds	440,158,115	595,937,571	591,260,404
	Other Funds - NA	(3,241,797)	(4,410,821)	(4,574,021)
	Other Funds	15,289,119,231	18,509,741,811	20,296,320,422
	Federal Funds	16,361,302,798	20,685,541,134	19,963,472,890
	<b>Total</b>		<b>\$42,588,845,382</b>	<b>\$52,844,210,197</b>
<b>Debt Service</b>	General Fund	276,162,326	434,682,244	637,968,666
	Lottery Funds	193,753,440	230,492,908	270,013,459
	Other Funds - NA	-	-	-
	Other Funds	3,059,825,656	1,941,023,537	1,831,350,885
	Federal Funds	25,402,763	26,768,999	31,024,972
	<b>Total</b>		<b>\$3,555,144,185</b>	<b>\$2,632,967,688</b>
<b>Total - All Expenditures</b>	General Fund	14,484,881,233	18,074,633,525	19,622,703,616
	Lottery Funds	777,071,529	958,143,968	1,022,150,949
	Other Funds	25,068,934,571	28,069,592,166	30,382,059,234
	Other Funds - NA	(706,248,007)	(872,476,890)	(909,853,553)
	Federal Funds	18,155,714,312	22,916,835,116	22,315,371,567
	<b>Total</b>		<b>\$58,486,601,645</b>	<b>\$70,019,204,775</b>

( ) Non-add expenditures displayed for information only; not included in totals.

## Schedule VII. Number of Full-Time Equivalent Positions by Program Area, Agency

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>EDUCATION</b>			
Chief Education Office	15.00	18.25	20.50
Education, Dept of	505.71	520.90	553.60
Higher Education Coordinating Commission	19.91	124.30	120.52
Teacher Standards & Practices Comm	19.00	24.88	26.00
<b>EDUCATION TOTAL</b>	<b>559.62</b>	<b>688.33</b>	<b>720.62</b>
<b>HUMAN SERVICES</b>			
Commission for the Blind	46.21	52.21	61.50
Human Services, Dept. of	7,484.69	7,908.04	8,076.56
Long Term Care Ombudsman	16.81	24.50	24.50
Oregon Health Authority	4,112.29	4,383.89	4,540.26
Psychiatric Security Review Board	11.00	11.00	11.00
<b>HUMAN SERVICES TOTAL</b>	<b>11,671.00</b>	<b>12,379.64</b>	<b>12,713.82</b>
<b>PUBLIC SAFETY</b>			
Corrections, Dept of	4,435.84	4,487.41	4,646.33
Criminal Justice Comm, Oregon	8.38	11.00	11.00
District Attorneys and their Deputies	36.00	36.00	36.00
Justice, Dept of	1,261.22	1,298.77	1,318.57
Military Dept, Oregon	478.55	408.01	424.82
Oregon Youth Authority	985.67	985.88	967.93
Parole & Post Prison Supervision, State Board of	15.66	26.00	28.00
Police, Dept of State	1,263.63	1,267.87	1,273.62
Public Safety Standards & Training, Dept of	132.72	146.91	148.21
<b>PUBLIC SAFETY TOTAL</b>	<b>8,617.67</b>	<b>8,667.85</b>	<b>8,854.48</b>
<b>ECONOMIC &amp; COMMUNITY DEVELOPMENT</b>			
Employment Dept	1,280.46	1,237.76	1,254.00
Housing & Community Svcs Dept	150.98	126.90	151.68
Oregon Business Development Department	130.88	136.32	134.00
Veterans' Affairs, Oregon Dept of	82.63	87.76	92.00
<b>ECONOMIC &amp; COMMUNITY DEVELOPMENT TOTAL</b>	<b>1,644.95</b>	<b>1,588.74</b>	<b>1,631.68</b>

**SCHEDULE VII. NUMBER OF FULL-TIME EQUIVALENT POSITIONS BY PROGRAM AREA, AGENCY  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>NATURAL RESOURCES</b>			
Agriculture, Oregon Dept of	350.54	378.84	391.08
Energy, Dept of	111.92	104.50	90.75
Environmental Quality, Dept of	710.09	730.31	748.82
Fish & Wildlife, Oregon Dept of	1,260.08	1,199.26	1,190.76
Forestry, Dept of	871.38	878.04	850.18
Geology & Mineral Industries, Dept of	49.16	41.16	42.92
Land Conservation & Development, Dept of	57.55	56.57	52.90
Land Use Board of Appeals	5.75	6.00	6.00
Lands, Dept of State	103.00	109.00	107.33
Marine Board, Oregon State	39.50	38.00	41.13
Parks & Recreation Dept	593.33	576.26	612.10
Water Resources Dept	153.81	163.25	171.72
Watershed Enhancement Board, Oregon	32.00	34.25	32.99
<b>NATURAL RESOURCES TOTAL</b>	<b>4,338.11</b>	<b>4,315.44</b>	<b>4,338.68</b>
<b>TRANSPORTATION</b>			
Aviation, Dept of	12.25	13.75	14.25
Transportation, Oregon Dept of	4,462.48	4,400.89	4,398.79
<b>TRANSPORTATION TOTAL</b>	<b>4,474.73</b>	<b>4,414.64</b>	<b>4,413.04</b>
<b>CONSUMER &amp; BUSINESS SERVICES</b>			
Accountancy, Board of	8.00	8.00	7.50
Construction Contractors Board	69.00	62.00	63.00
Consumer and Business Svcs, Dept of	913.68	952.76	959.20
Health Related Licensing Boards			
Mortuary Board	5.71	7.00	7.00
Naturopathic Medicine	2.50	2.50	3.00
Occupational Therapists	1.25	1.50	1.50
Medical Imaging	3.00	3.00	3.00
Speech-Language Path. and Audio.	2.00	2.50	2.50
Veterinary Medical Examiners	2.75	3.50	3.50
Labor & Industries, Bureau of	97.30	103.31	100.98

**SCHEDULE VII. NUMBER OF FULL-TIME EQUIVALENT POSITIONS BY PROGRAM AREA, AGENCY  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>CONSUMER &amp; BUSINESS SERVICES</b>			
Licensed Prof Counselors and Therapists, Board of	3.50	4.50	11.00
Licensed Social Workers, Board of	6.00	6.00	6.00
Nursing, Board of	47.80	47.80	48.90
Oregon Board of Chiropractic Examiners	4.88	5.10	5.10
Oregon Board of Dentistry	7.00	8.00	8.00
Oregon Board of Psychologist Examiners	3.50	4.50	-
Oregon Medical Board	37.79	38.79	41.00
Pharmacy, Board of	19.00	20.00	20.00
Public Utility Commission	124.63	126.60	125.13
Real Estate Agency	29.50	29.00	29.00
Tax Practitioners, State Board of	4.00	4.00	2.50
<b>CONSUMER &amp; BUSINESS SERVICES TOTAL</b>	<b>1,392.79</b>	<b>1,440.36</b>	<b>1,447.81</b>
<b>ADMINISTRATION</b>			
Administrative Svcs, Dept of	802.94	826.40	890.75
Employment Relations Board	13.00	13.00	13.00
Governor, Office of the	55.50	61.67	57.50
Oregon Advocacy Commissions Office	2.00	2.50	3.00
Oregon Government Ethics Commission	7.88	8.88	9.00
Oregon Liquor Control Comm	226.47	255.33	264.00
Public Employees Retirement System, Oregon	369.18	380.00	378.00
Racing Commission, Oregon	13.27	12.27	12.27
Revenue, Dept of	1,009.28	1,020.68	905.42
Secretary of State	198.61	210.96	226.89
State Library	39.26	40.26	40.04
Treasury, Oregon State	90.33	117.45	148.96
<b>ADMINISTRATION TOTAL</b>	<b>2,827.72</b>	<b>2,949.40</b>	<b>2,948.83</b>
<b>LEGISLATIVE BRANCH</b>			
Indian Svcs, Comm on	2.00	2.00	2.00
Legislative Administration Committee	100.65	100.65	71.16
Legislative Assembly	251.27	251.52	251.52

**SCHEDULE VII. NUMBER OF FULL-TIME EQUIVALENT POSITIONS BY PROGRAM AREA, AGENCY  
(CONTINUED)**

	<i>2013-15 Actuals</i>	<i>2015-17 Leg Approved Budget</i>	<i>2017-19 Governor's Budget</i>
<b>LEGISLATIVE BRANCH</b>			
Legislative Counsel Committee	45.60	47.60	47.60
Legislative Fiscal Officer	21.00	22.00	22.00
Legislative Policy and Research Office	-	-	41.29
Legislative Revenue Officer	8.00	8.00	8.00
<b>LEGISLATIVE BRANCH TOTAL</b>	<b>428.52</b>	<b>431.77</b>	<b>443.57</b>
<b>JUDICIAL BRANCH</b>			
Judicial Dept	1,763.28	1,783.83	1,815.89
Judicial Fitness and Disability, Comm on	0.50	0.50	0.63
Public Defense Svcs Comm	75.11	76.11	82.73
<b>JUDICIAL BRANCH TOTAL</b>	<b>1,838.89</b>	<b>1,860.44</b>	<b>1,899.25</b>
<b>STATE OF OREGON TOTAL FTE POSITIONS</b>	<b>37,794.00</b>	<b>38,736.61</b>	<b>39,411.78</b>

# Statutory Limits

## REVENUES IN EXCESS OF ESTIMATE (ORS 291.349)

This law was passed in 1979. It directs the state to give credits to taxpayers if certain conditions are met. Personal income taxpayers receive a credit if all other General Fund revenue is more than two percent above forecast. This is commonly known as the “kicker.” In November 2000, voters passed Measure 86 which places the “kicker” in the Oregon Constitution.

The calculation is based on the forecast issued at the end of each legislative session. Actual receipts collected for the two-year period are compared with this forecast. If revenue is two percent or more above the forecast, a credit is due to taxpayers. The Department of Administrative Services certifies the amount of any credit in September of odd-numbered years.

Individual taxpayers receive their credits in the form of a refund against the prior tax year. The Department of Revenue manages this process. The credit for individual taxpayers appears on tax forms for the year the biennium ends. If revenues received from corporate income and excise taxes is two percent or more above the forecast, the total amount of that excess is retained in the General Fund and used to provide additional funding for public education, specifically kindergarten through grade twelve.

The Governor’s Budget proposal for the next two years is based on the December 2014 revenue forecast. This forecast does not anticipate a kicker credit for individual taxpayers for 2015-17. The budget does not anticipate additional corporate and excise tax collections to be dedicated to the public education to benefit kindergarten through grade twelve programs.

## APPROPRIATIONS LIMIT (ORS 291.357)

The 2001 Legislature passed House Bill 3997 that set a new limit on state appropriations. It replaced ORS 391.355 that set limits only on the General Fund. The law places limits on all “governmental activities” as defined by the Governmental Accounting Standards Board. The budget cannot exceed eight percent of the projected personal income in Oregon. The income data comes from the U.S. Department of Commerce and is printed by the Oregon Department of Administrative Services. The law states that the final comparison shall be based on the last forecast before the Legislature adjourns.

- Personal Income - The December 2016 revenue forecast projects Oregon’s total personal income for the next biennium to be \$411.7 billion. Based on that figure, the eight percent limit is \$32.94 billion.
- Subject appropriations - By definition, certain activities are exempt from the statute. Fiduciary activities (retirement, unemployment, benefit funds, etc.) and business activities (loan programs, enterprise programs, etc.) are excluded.

For 2017-19, the Governor’s Budget, when adjusted as described above, totals about 7.98 percent of personal income.

## **FULL-TIME EQUIVALENT POSITIONS (ORS 240.185)**

This law limits the number of state positions. The limit equals 1.5 percent of the state's population in the previous year. This is counted on a full-time equivalent basis.

The Office of the Governor, the Secretary of State, the Treasurer of State, and the Judicial and Legislative Branch agencies are not counted under the limit. Some positions in the Employment Department are also exempted.

The state's population is estimated at 4,076,000 as of July 1, 2016, and 4,195,200 as of July 1, 2018. Using these numbers, the position cap is at 61,140 and 62,928 full-time equivalent at the beginning and end of the 2017-19 biennium.

The Governor's Budget includes 39,412 full-time equivalent positions. Of these, 3,310 are exempt from the limit. This puts the number of counted full-time equivalent positions at 36,102. This is well below the legal limit.



# GLOSSARY

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<b>Adaptation, adapt (in facilities)</b>	Changes to the interior arrangements or other physical characteristics of a facility or permanent installation of equipment enabling a building to be better used for its current purpose or adapted to a new one. Adaptation can include code compliance.
<b>Allocation</b>	An allocation is a cash transfer of either Lottery or Criminal Fine Account (CFA) funds to an agency by the Legislature. Allocated funds cannot be spent without expenditure limitation.
<b>Allotment</b>	An allotment is an agency's plan of estimated expenditures, revenues, cash disbursements, and cash receipts for each month of the biennium. It is used to monitor quarterly spending of an agency. Agencies must submit their allotment to the Department of Administrative Services each quarter for review. Upon approval, the requested funds are made available to the agency.
<b>Analyst</b>	The Department of Administrative Services Chief Financial Office (Budget and Management section) analyst assigned to an agency.
<b>Appropriated Funds</b>	A coding structure that reflects revenues and expenditures by funding source and purpose.
<b>Appropriation</b>	An amount of money from the General Fund approved by the legislature for a certain purpose.
<b>Authorization</b>	The substantive legislation that establishes the purpose and guidelines for a given activity and usually sets a limit on the amount that can be appropriated or spent. The authorization does not provide actual dollars for a program.
<b>Base Budget</b>	The starting point for budgeting. To budget for the upcoming biennium, the base budget begins with the current biennium Legislatively Adopted Budget

(LAB). The LAB is adjusted for Emergency Board, February even-year session, special session, and administrative actions through a designated date in the current biennium, and personal services changes from the Position Information Control System (PICS). The result is the base budget.

**Biennium**

A period of two fiscal years. Oregon state government's biennium runs from July 1 of an odd-numbered year through June 30 of the next odd-numbered year. Regular sessions convene twice per biennium: for 160 days in the odd-numbered year, and 35 days in the even-numbered year.

**Bond**

A debt instrument issued through a formal legal procedure and secured either by the pledge of specific properties or revenues or by the general credit of the state year.

**Budget Document**

The detailed material prepared by agencies as directed by the Department of Administrative Services Chief Financial Office for all phases of budget development.

**Budget Report**

Official report of the Joint Committee on Ways and Means for a bill that appropriates money or limits expenditures. The Budget Report includes the Committee's recommendations to the legislature on levels of revenues and expenditures.

**Capital Assets**

Tangible or intangible assets held and used in state operations which have a service life of more than one year and meet the state's capitalization policy. Capital assets of the state include land, infrastructure, improvements to land, buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in state operations.

**Capital Outlay**

Expenditures for the acquisition or major repair of fixed assets intended to benefit future periods. As an expenditure category, capital outlay is limited to items that: (i) are not consumed in the usual course of agency operations; (ii)

can normally be used more than once; (iii) have a useful life of more than two years; and, (iv) have an initial value of \$5,000 or more.

**Certificates of Participation (COP's)**

Tax-exempt government securities used to raise funds to improve and construct buildings or purchase equipment.

**Cross Reference Number**

A computerized table in ORBITS that specifies the organizational structure under which an agency builds and presents its budget. A Summary Cross Reference (SCR) is a program unit, and is composed of two or more Detail Cross References (DCRs).

**Construction**

Building, installing, or assembling a new structure. Adding to, expanding, altering, converting, or replacing a structure. Moving a structure to a new location. Includes site preparation and equipment installed and made part of the structure.

**Construction Costs**

Direct costs, including labor, materials, and equipment rental. For total related costs, see *Project Costs*.

**Current Service Level**

The calculated cost of continuing only current legislatively-approved programs into future biennia. For the upcoming biennium, Current Service Level begins with the current biennium Legislatively Adopted Budget. Added to it are Emergency Board actions, through May of the even number year, programs phased in, mandatory caseload increases, and other cost increases such as inflation. Subtracted are one-time costs, programs phased out, and pilot programs.

**Debt Service**

Expenditures for principal, interest, discounts, and premiums related to payment of state debt.

**Deferred Maintenance**

Facilities Maintenance that was not performed when it should have been or a backlog of activities that agencies deem necessary to bring facilities into good repair. Deferred maintenance is generally work that is left undone due to the

lack of resources or perceived lower priority than projects funded. Failure to perform deferred work may result in the progressive deterioration of the facility condition or performance, and if not addressed, will significantly increase restoration cost. It may also include maintenance needs resulting from unforeseen circumstances such as wind storms, premature failure of facilities components, etc.

**Emergency Board** The legislative committee with constitutional and statutory authority to make fiscal decisions for the legislature when the legislature is not in session.

**Emergency Fund** A fund from which the Emergency Board can provide General Fund appropriations to agencies for needs that arise after their budget is approved, or for programs approved but not funded during the legislative session.

**Essential Package** A package to adjust the base budget, not to request new programs or expansions. Essential Packages may adjust for one-time costs, programs phased in or out, vacancy factors, non-PICS Personal Services costs, inflation, price list cost changes, fund shifts, and mandated caseload changes. An agency's base budget, plus essential packages, is its current service level.

**Executive Branch** The branch of state government that carries out and enforces state laws. In common use, refers to all of state government outside the Legislative Branch and the Judicial Branch. Sometimes refers only to the governor and agencies that answer directly to the governor. Rarely used in statute. The state constitution actually names four “departments”: the Executive, Administrative, Judicial, and Legislative.

**Executive Service** Commonly used for certain unclassified or exempt employees. Most are department heads, administrators, and deputies; their executive assistants; and certain principal assistants.

**Expenditures** Decreases in net current financial resources. Expenditures include disbursements and accruals for the current period. Encumbrances are not included.

<b>Expenditure Limitation</b>	A spending limit set by the legislature identifying the maximum amount of Lottery Funds, Other Funds, or Federal Funds an agency may spend. Defined in an agency's budget. If an agency receives more Other Funds or Federal Funds than the Legislature approved them to spend, they must obtain an increase in their expenditure limitation from the Legislature or the Emergency Board in order to spend the revenue.
<b>Facility</b>	A building or structure, including utility and other support systems. A real property improvement. A campus or group of structures. See <i>Real Property Improvements</i> .
<b>Federal Funds</b>	Money a state agency receives directly from the federal government. It is spent under a Federal Funds expenditure limitation or as Nonlimited Federal Funds.
<b>Fee</b>	A fee is a charge, fixed by law, for the benefit of a service or to cover the cost of a regulatory program or the costs of administering a program for which the fee payer benefits. For example, professional license fees which cover the cost of administering and regulating that category of professions are fees. Other charges that are categorized as fees include tolls and tuition. Fees must be authorized in statute. The Legislature may set the rates in statute or authorize a state agency to set rates using administrative procedures.
<b>Financing Agreement</b>	Any agreement to finance real or personal property, which is or will be owned and operated by an agency. Includes lease-purchase, installment sale, or loan agreements and Certificates of Participation.
<b>Fiscal Year</b>	The state government fiscal year runs from July 1 of one calendar year to June 30 of the next. See <i>Biennium</i> .
<b>Full-Time Equivalent (FTE)</b>	The standard unit for budgeting positions. An FTE is the number of months in the biennium for which the position is budgeted, divided by 24.

One FTE equals one full-time position budgeted for the entire biennium. A permanent, part-time position budgeted for 12 months is 0.50 FTE. A full-time, limited duration position phased in 6 months after the start of the biennium (or budgeted for 18 months) is 0.75 FTE.

**General Fund**

Money available for the state budget that is not dedicated to a specific agency or purpose and that can be used for general purposes of state government. Most General Fund money in Oregon derives from personal and corporate income taxes. Some revenue from liquor, cigarettes, and other sources also go into the General Fund. See *Appropriation*.

**Governor's Budget**

The constitutionally-required budget recommended to the legislature by the Governor. The Governor first reviews and decides on agencies' requests for funding. The Governor's Budget must be submitted by December 1 of even-numbered years. A newly-elected Governor has until the following February 1 to publish a budget.

**Interagency Transfer**

A transfer of funds between agencies. Agencies must balance all interagency transfers before requesting an ORBITS audit.

**Joint Committee on Ways and Means**

A standing committee of senators and representatives appointed by their presiding officers. The Committee reviews the management and recommended budgets of entities that receive or administer state funds. It recommends the amounts of revenues and expenditures for the legislatures approved budget.

**Judicial Branch**

The branch of state government that interprets all state laws. Includes state courts. The Chief Justice of the Supreme Court is the chief executive of the branch.

**Legislative Branch**

The Legislative Assembly and its staff. The branch of state government that enacts state laws, grants agencies statutory powers and duties, and adopts the state budget. The Legislative Branch in Oregon consists of a Senate with

30 elected members and a House of Representatives with 60 elected members.

<b>Legislative Fiscal Office</b>	Analyzes and presents a wide range of budget and related data on state programs to the legislature. Staff to the Joint Ways and Means Committee and the state Emergency Board.
<b>Legislative Concept</b>	Relating to an agency or statute. Major or minor policy and program changes and non-policy technical adjustments or corrections to the current Oregon Revised Statutes. Approved concepts are sent to Legislative Counsel for bill drafting.
<b>Legislative Session</b>	The Legislative Assembly convenes annually in February. Sessions may not exceed 160 days in odd-numbered years and 35 days in even-numbered years. Five day extensions are allowed by a two-thirds vote in each house. Special sessions can occur at other times.
<b>Legislatively Adopted Budget</b>	The budget approved by the legislature during the regular legislative session. It sets maximum spending and staffing levels. It can be modified by actions of the Emergency Board or special sessions.
<b>Legislatively Approved Budget</b>	The legislatively adopted budget as modified by Emergency Board or other legislative action.
<b>Lottery Funds</b>	Money received by a state agency from lottery proceeds. The Legislature decides how much to provide and for what purpose. The state constitution restricts use of these funds. Lottery Funds include any of the following: (1) funds allocated to an agency by the legislature as Lottery Funds; (2) Lottery Funds revenue transfers between agencies, i.e., Lottery Funds transferred by an agency must be receipted by the receiving agency as Lottery Funds; (3) all interest earned on Lottery Funds while held by an agency. Lottery Funds lose their identity, for budget purposes, when expended. Ballot Measure 66 requires that

certain Lottery Funded agencies track and report Lottery Funds expenditures at a more detailed level.

<b>Maintenance</b>	Keeping property in good operating condition. Does not add value to or extend the economic life of a property. Commonly includes inspecting, calibrating, lubricating, and cleaning. Maintenance costs are categorized as Services and Supplies expenditures.
<b>Management Service</b>	Supervisory, confidential, or managerial employees excluded from collective bargaining.
<b>Modified Current Service Level</b>	Current service level less adjustment for revenue reductions.
<b>Non-limited Expenditures</b>	Expenditures for which the legislature defines purposes, but sets no dollar limits. They are subject to allotment control. The budget document describes them. The appropriation bill defines their allowed purposes. Revenue may be continuously appropriated for them. Their nature may be that they cannot be avoided, stopped, or reduced by agency action. Other factors often limit their ultimate costs.
<b>Other Payroll Expenses (OPE)</b>	Expenses other than salaries paid for state employees. These include retirement payments, Social Security taxes, and health insurance costs.
<b>ORBITS</b>	Oregon's Budget Information Tracking System (ORBITS) is a system used to prepare budget requests. It compiles, maintains, and reports revenue, expenditure, and position data for budget preparation and execution.
<b>Other Funds</b>	Money received by state agencies that does not come from the General Fund or from the federal government. Other Funds come from sources such as gasoline taxes, driver licenses fees, and fishing license fees. Other Funds may be dedicated, requiring the revenue to be spent for specific purposes. Examples of dedicated funds are park user fees dedicated to park programs

and gasoline taxes dedicated to highway programs. It is spent as Other Funds expenditure limitation or as Nonlimited Other Funds.

<b>Package</b>	A component of a program unit that presents proposed budget, policy, and program changes for an agency. The two types are essential and policy packages.
<b>Personal Services</b>	Employee gross compensation (salary, pay differentials, other payroll expenses). Includes state temporary personnel services.
<b>Position Information Control System (PICS)</b>	A computerized statewide database of authorized position details for budget preparation and execution.
<b>Planning Study (in capital budgeting)</b>	Provides enough data for full project development. Normally includes siting, feasibility, and preliminary design studies. Includes cost estimates and all else that is needed to do a capital project budget request.
<b>Policy Package</b>	A package that presents policy and program changes above or below the agency's current service level budget. An agency's total budget is the sum of its base budget, essential packages, and policy packages.
<b>Price List of Goods and Services</b>	Identifies projected state assessments and user fees. Compiled for budgeting by the Department of Administrative Services (DAS). Includes assessments and fees of DAS, Department of Justice, Correction Industries, Secretary of State, Treasurer of State, and Central Government Services (certain costs of the legislative assembly, Legislative Fiscal Office, Legislative Council, and Governor's Office). Also allocates other shared statewide costs for services of the PEBB Employee Assistance Program, State Library, Law Library, Government Ethics Commission, and Capitol Mall security functions.

<b>Program Unit</b>	A budget structure containing similar services or functions for deliberation of major policy issues and budget information. Agency activities may be grouped into one or more program units.
<b>Project Costs (in capital budgeting)</b>	The total of all necessary costs to construct the complete facility. Includes site acquisition, direct construction costs, furnishings, equipment, and contingencies allowance. Includes all indirect costs, such as design consultants, material testing services, special inspection services, project management, One Percent for Art, and others.
<b>Real Property Improvements</b>	Property that is fixed, immovable, and permanent. Real property includes land, structures affixed to the land, property affixed to the structures, and in some cases, trees etc., growing on the land. Includes sidewalks, landscaping, drives, tunnels, drains and sewers.
<b>Reclassification</b>	A change in position classification because duties, authority, and responsibilities are significantly changed, but the required knowledge and skills remain similar.
<b>Revenues</b>	Cash receipts and receivables of a governmental unit derived from taxes and other sources.
<b>Repairs</b>	Work done to restore worn or damaged property to normal operating condition. Repairs are usually Services and Supplies expenditures.
<b>Replacement (in capital budgeting)</b>	Putting one facility component in place of another to gain equal or greater performance or economy or to comply with codes. It performs the same function. Usually required by wear or by accidental damage.
<b>Salary Adjustment Allocations</b>	Money or limitation allocated by the Emergency Board to fund approved compensation plan increases.

<b>Services and Supplies</b>	Expenditures for business operations. Examples include personal service contracts, consumable materials, publishing, office supplies, travel, utilities, rent, and maintenance and repair of equipment and buildings.
<b>Space Planning</b>	Analyzing workflow, space, and equipment needs of work units to plan efficient equipment, furnishings, and support systems.
<b>Special Payments</b>	Budgeted transfers and payments where goods and services are not received in return. Paying out contributions, loans, deposits, or collections. Also, paying federal or state funds to eligible people, cities, counties, quasi-public agencies, and others.
<b>Special Session</b>	Meeting of the Legislature between regularly scheduled sessions. May be called by the Governor or the Legislature.
<b>State Agency or Agency</b>	Variouly defined in state statutes. Commonly, a department, office, board, or commission created by state law to carry out duties assigned by law. Agencies range in size from thousands of employees with billion dollar budgets to one employee with a tiny budget. They are funded by license and user fees, state and federal taxes, fines, and fees for service. Some agencies report to a board or commission.
<b>Unfunded Mandate</b>	A requirement that a lower level of government provides a program or performs an activity within existing resources. Under a federal mandate, the federal government may require a state or local government to provide a service and not provide additional federal funding to pay for it. Under a state mandate, the state may require a local government to provide a service. However, under the Oregon Constitution, a local government is not required to comply with certain new state mandates unless the state pays the costs of the new services. The Constitution provides exceptions.
<b>Vacancy Factor</b>	A calculation to project budget savings expected from staff turnover during the biennium.



# LEGISLATIVE BILL TABLES

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## 2017-19 Appropriation Bills

### AGENCY APPROPRIATION BILLS - ALPHABETICALLY BY AGENCY

Agency Name	House Bills	Senate Bills
Accountancy, Oregon Board of	HB 5001	
Administrative Services, Department of	HB 5002	
Advocacy Commissions Office, Oregon		SB 5501
Agriculture, Department of		SB 5502
Agriculture, Department of - Fee Bill		SB 5503
Aviation, Department of		SB 5504
Blind, Commission for the	HB 5003	
Bond Limit		SB 5505
Capital Construction		SB 5506
Chiropractic Examiners, State Board of		SB 5507
Chiropractic Examiners, State Board of - Fee Bill		SB 5508
Columbia River Gorge Commission		SB 5510
Construction Contractors Board		SB 5511
Consumer and Business Services, Department of		SB 5512
Corrections, Department of	HB 5004	
Counselors & Therapists, Board of Lic. Prof.		SB 5513
Criminal Fine Account	HB 5043	
Criminal Justice Commission	HB 5005	
Dentistry, Board of		SB 5514

Agency Name	House Bills	Senate Bills
District Attorneys and their Deputies		SB 5515
Education, Department of		SB 5516
Education, Department of - State School Fund		SB 5517
Emergency Fund	HB 5006	
Employment Department	HB 5007	
Employment Relations Board	HB 5008	
Energy, Department of	HB 5009	
Environmental Quality, Department of		SB 5518
Fish and Wildlife, Department of	HB 5010	
Forestry, Department of		SB 5519
Geology and Mineral Industries, State Department of	HB 5011	
Government Ethics Commission, Oregon		SB 5520
Governor, Office of the		SB 5521
Health Related Licensing Boards		SB 5523
Indian Services, Commission on		SB 5523
Legislative Administration Committee		SB 5523
Legislative Assembly		SB 5523
Legislative Counsel Committee		SB 5523
Legislative Fiscal Officer		SB 5523
Legislative Revenue Officer		SB 5523
Higher Education Coordinating Commission		SB 5524
Higher Education Coordinating Commission - Fee Bill		SB 5525
Housing and Community Services Department	HB 5012	

Agency Name	House Bills	Senate Bills
Human Services, Department of		SB 5526
Judicial Department	HB 5013	
Judicial Fitness	HB 5014	
Justice, Department of	HB 5015	
Labor and Industries, Bureau of	HB 5016	
Land Conservation and Development, Department of		SB 5527
Land Use Board of Appeals		SB 5528
Legislative Agencies	HB 5017	
Library, Oregon State	HB 5018	
Licensed Prof Counselors and Therapists, Board of	HB 5020	
Licensed Social Workers, Board of		SB 5509
Liquor Control Commission, Oregon	HB 5019	
Long Term Care Ombudsman	HB 5021	
Lottery Allocation		SB 5529
Lottery Bond		SB 5530
Marine Board, Oregon State	HB 5022	
Medical Board, Oregon	HB 5023	
Military Department		SB 5532
Nursing, Oregon State Board of	HB 5024	
Oregon Business Development Department	HB 5025	
Oregon Health Authority	HB 5026	
Oregon Health Authority - Fee Bill	HB 5027	
Parks and Recreation Department	HB 5028	

Agency Name	House Bills	Senate Bills
Parole & Post Prison Supervision, State Board of	HB 5029	
Pharmacy, Board of	HB 5030	
Police, Department of State	HB 5031	
Psychiatric Security Review Board	HB 5032	
Public Defense Services Commission	HB 5033	
Public Employees' Retirement System		SB 5534
Public Safety Standards and Training, Department of	HB 5034	
Public Utility Commission	HB 5035	
Racing Commission	HB 5036	
Real Estate Agency	HB 5037	
Revenue, Department of		SB 5535
Secretary of State		SB 5536
State Lands, Department of		SB 5537
Tax Practitioners		SB 5538
Teacher Standards and Practices Commission	HB 5038	
Tobacco Settlement Funds Account Allocation		SB 5539
Transportation, Department of		SB 5540
Treasury, Oregon State		SB 5541
Veterans' Affairs, Department of	HB 5039	
Water Resources, Department of		SB 5542
Watershed Enhancement Board	HB 5040	
Watershed Enhancement Board - Local Grants	HB 5041	
Youth Authority, Oregon	HB 5042	

