

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 1st Special Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON SPECIAL SESSION

MEASURE: HB 5101

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Winters

Action: Do Pass as Printed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Exc:

Prepared By: Ken Rocco, Legislative Fiscal Office

Reviewed By: Legislative Fiscal Office Staff

Meeting Date: October 1, 2013

Agency

Various Agencies

Biennium

2013-15

Budget Summary

	<hr/> 2013-15 Legislatively Adopted Budget <hr/>	<hr/> Committee Recommendations <hr/>	<hr/> Percentage Change from Legislatively Adopted Spending Level <hr/>
<u>Education Program Area</u>			
<u>Community Colleges and Workforce Development</u>			
General Fund	\$ 481,408,441	\$ 15,000,000	3.12%
<u>Department of Education – State School Fund</u>			
General Fund	\$ 6,222,625,891	\$ 100,000,000	1.61%
<u>Oregon University System</u>			
General Fund	\$ 727,927,876	\$ 25,000,000	3.43%
<u>Human Services Program Area</u>			
<u>Department of Human Services</u>			
General Fund	\$ 2,247,307,600	\$ 10,000,000	0.44%
<u>Oregon Health Authority</u>			
Other Funds	\$ 1,972,206,670	\$ 10,000,000	0.51%

	2013-15 Legislatively Adopted Budget	Committee Recommendations	Percentage Change from Legislatively Adopted Spending Level
--	---	------------------------------	---

Transportation Program Area

Department of Transportation

General Fund	\$ 2,060,000	\$ 5,000,000	242.72%
--------------	--------------	--------------	---------

Miscellaneous Program Area

Emergency Board

General Fund - Special Purpose Appropriations			
Senior Services	\$ 0	\$ 26,000,000	100.00%

Summary of Revenue Changes

House Bill 5101 appropriates additional General Fund and provides additional Other Funds expenditure limitation for revenue increases that were approved during the 2013 1st Special Session. The sources of these revenues are included in HB 3601.

Summary of Joint Committee on Special Session Action

House Bill 5101 is an omnibus budget reconciliation bill implementing actions needed to adjust legislatively adopted budgets due to the additional projected General Fund and Other Funds revenue provided to six agencies as part of an overall legislative plan for the 2013 1st Special Session.

Education Program Area

Department of Community Colleges and Workforce Development

The Committee approved an additional \$15 million General Fund for the Community College Support Fund for community college districts. This additional funding brings the total amount of General Fund appropriated for general purpose payments to Community Colleges to \$465 million and will be distributed to the 17 community colleges through the existing distribution mechanism. The Committee adopted the following budget note:

Budget Note

In adopting this appropriation for the Community College Support Fund for community college districts, the Legislature intends that the additional \$15 million will be distributed to the 17 community colleges to freeze or limit the increases in tuition and fees for the second year of the biennium to the extent possible given the amount of additional funding available.

Oregon Department of Education – State School Fund

An additional \$100 million is recommended for the State School Fund bringing the total General Fund appropriation for the 2013-15 biennium to \$6,322,625,891 and the total funds amount for the State School Fund to \$6,650,400,826. This additional \$100 million will be distributed to school districts and Education Service Districts (ESDs) through the statutorily established education distribution formula for the fiscal year beginning July 1, 2014 (second school year of the biennium).

In adopting this additional funding for the State School Fund, the Legislature intends that the \$100 million General Fund for the second school year of the biennium be used by school districts to hire additional teachers and/or other educational professionals in order to decrease class sizes and to add back days to the school year in order to increase instructional time for students.

Oregon University System

The Committee increased the General Fund appropriation for public university support by \$25,000,000 with direction that the money be used to reduce resident undergraduate tuition increases at the state's seven public universities. The Committee adopted the following budget note to limit tuition increases on resident undergraduate students:

Budget Note:

In adopting the additional funding for the Oregon University System, the Legislature intends that increases in the base rates per credit hour paid by resident undergraduate students for the Winter 2014 and Spring 2014 terms on all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU) may not exceed an average of 2%. For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 4.3% for the Winter and Spring 2014 terms. For the 2014-15 academic year, the Legislature intends that there be no increases in the base rates per credit hour paid by resident undergraduate students at all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU). For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 2.2% for the 2014-15 academic year.

Human Services Program Area

Department of Human Services

The Committee added a total of \$10 million General Fund to the Department of Human Services' (DHS) 2013-15 legislatively adopted budget for Oregon Project Independence (OPI), which brings program funding up to just under \$20 million General Fund and essentially doubles program capacity. OPI, which is entirely state-funded, helps seniors 60 years and over live independently and safely in their own homes by providing individualized personal care, housekeeping, and case management support. Program funding has either decreased or remained flat over the last three biennia, while costs associated with transportation, administration, and direct services increased during the same timeframe.

For future distribution to programs or activities supporting seniors, the Committee set aside \$26 million General Fund in a special purpose appropriation to the Emergency Board. Potential investments include augmenting services to seniors administered by local Area Agencies on Aging, backfilling Quality of Care Fund dollars, improving services for older adults with mental illness, and supporting efforts associated with

SB 21 (2013), which requires planning to improve and strengthen Oregon's publicly funded long term care system. Specific decisions regarding the programs or activities to be funded are anticipated to be made during the 2014 legislative session.

Oregon Health Authority

HB 3601 includes a graduated tax increase in the cigarette tax that is dedicated to funding community mental health services through the Oregon Health Authority. The increase is expected to provide at least \$20 million of revenue during the 2013-15 biennium for these programs.

The Committee added a total of \$10 million Other Funds expenditure limitation to the Oregon Health Authority's (OHA) 2013-15 legislatively adopted budget for the following investments in community mental health programs:

- \$5.8 million Other Funds expenditure limitation to fully fund the mental health system for children and young adults for 18 months of the biennium, consistent with the agency proposal for that investment during the 2013 legislative session. This investment is expected to include funding for school access to mental health, system of care and wraparound, parent child interaction therapy, young adult co-occurring disorder treatment, Oregon Psychiatric Access Line for Kids, and a youth sex trafficking program.
- \$4.2 million Other Funds expenditure limitation to provide additional community based, coordinated services to individuals in crisis with mental health and co-occurring mental health and substance abuse disorders, in order to avoid costlier levels of care such as hospitalization or the criminal justice system.

The remaining \$10 million of revenue will be available for additional investments in adult community mental health services later in the biennium, such as supported housing and peer delivered services. The decisions regarding the specific programs to be funded are anticipated to be made during the 2014 legislative session. The agency will review options to provide housing and related necessary support services for people with mental illness, including a rental assistance/support model, and a model to build additional housing using public-private partnerships, and will report on options and recommendations to the Joint Committee on Ways and Means during the 2014 legislative session.

The agency will provide an update on the program activities and outcomes realized with the additional funding, as part of the anticipated report on the implementation of the program investments in the community mental health system included in the 2013-15 adopted budget. That report is required by September 2014 per a budget note in HB 5030 (2013).

Transportation Program Area

Department of Transportation

The agency's 2013-15 legislatively adopted budget includes \$2 million General Fund for senior and disabled transportation. The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. To help offset projected declines in program non-General Fund revenue sources (cigarette taxes and identification card fees) and to provide additional resources for the Department's Elderly and People with Disabilities Transportation Program, the Committee added \$5 million General Fund. The additional resources are expected to be used to maintain the existing system and improve services wherever possible. Funding should also allow communities to match federal resources to help support local projects. Potential projects include continuing the current Veterans' Transportation Pilot project which is only funded through June 2014, developing small volunteer transportation programs to supplement area services, and allowing contractors to operate more hours providing more riding opportunities per day.

Miscellaneous Program Area

Emergency Board

The Committee appropriated \$26 million General Fund to the Emergency Board, as a special purpose appropriation, for allocation to state agencies for senior services. Additional information regarding potential use of these dollars is in the DHS section of this budget report narrative.