

2008 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3626 **STATUS:** A-Engrossed
SUBJECT: Public Financial Administration
GOVERNMENT UNIT AFFECTED: Various
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DATE: February 21, 2008

EXPENDITURES: See Analysis.

REVENUES: See Analysis.

EFFECTIVE DATE: On passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS:

Department of Human Services

The bill contains three components that affect the Department of Human Services (DHS). First, the bill directs the department to implement policies that offer incentives to long-term community-based care providers for entering into Medicaid contracts with the department so that clients may remain in residential settings best suited to their needs. It directs the agency to consider in its initial licensing process for community-based care providers a variety of criteria including the provider's history of regulatory compliance, need in the local community, and willingness of the license applicant to serve underserved populations and to provide Medicaid services. The bill ends an existing moratorium on building new assisted living facilities but allows current applicants to build without being subject to new licensing rules. The bill requires DHS to assess Medicaid capacity of residential care facilities and adult foster homes, establish capacity targets, and to report to the Legislature on its assessment. These requirements have no fiscal impact.

Second, the bill includes language establishing a grant program to improve access to and the effectiveness of, health care delivery for families. The goals of the program are to improve preventive health services, increase access to primary care for families, provide new access to health care for

children, explore alternative models for reimbursement of health care services, and to collect evaluation information. It directs DHS to award grants for two projects—one of which must be awarded to a project that serves a rural area. An appropriation of \$500,000 for this grant program is included in SB 5556.

Third, HB 3626-A includes a directive to the department to conduct an assessment and evaluation of the community mental health care component of the mental health care delivery system in Oregon. The assessment shall include an analysis of the gap between the number of Oregonians who need community mental health services and the number who actually receive services, an evaluation of community mental health needs of particularly vulnerable populations, and a catalog of the information that agencies and local governments use to evaluate the performance of community mental health care providers. The gap analysis must include a separate analysis of the gap between the demand for community mental health care services by veterans returning from Iraq, Afghanistan, and other hostile fire areas, and the community mental health services provided by the United States Department of Veterans Affairs. The department must provide a written report of the assessment to the Senate Interim Committee on Health and Human Services and the House Interim Committee on Health Care no later than October 1, 2008. The assessment will cost \$150,000 General Fund and an appropriation for that amount is included in SB 5556.

Department of Higher Education

The bill requires the Department of Higher Education to submit two reports to the Joint Committee on Ways and Means, in the 2009 and 2011 regular sessions, which include information on the University of Oregon arena capital construction project (included in SB 5555) and the University of Oregon Athletic Department budget. This component of the bill has no fiscal impact.

Oregon Military Department

The bill contains three components affecting the Oregon Military Department. Federal Funds expenditures of the Department subject to limitation will increase, because expenditures of Department funds that are currently not limited in law would become subject to legal limitation under this bill. To accommodate this, the Joint Committee on Ways and Means included additional Federal Funds expenditure limitation in SB 5556.

As amended, the bill allows proposed real property sales of the Military Department to be reported to the Legislature during special legislative sessions. Under current law the Department is only allowed to report to the Legislature during a regular session, or to the Emergency Board otherwise.

The bill establishes a continuously appropriated account within the Oregon Disaster Response Fund entitled the Oregon Local Disaster Assistance Loan Account. This account is for loans to local governments and school districts, either in full or in part, for the local entities share of matching funds for federally declared disasters. The bill also creates a Local Disaster Assistance Review Board to approve any loans from the account. The new account is funded with a \$500,000 General Fund appropriation and a corresponding \$500,000 Other Funds expenditure limitation in SB 5556.

Oregon Department of Veterans' Affairs

The bill creates a Small Business Repair Loan Program in the Department of Veterans' Affairs. Loans are limited to small business owners returning from military deployment and a maximum of \$20,000 per loan. The Department expects to use existing staff resources to process the loans. Seed money for the loan program is provided by a \$300,000 General Fund appropriation in SB 5556.

Legislative Assembly

The bill repeals sections 2, 3, and 5 of chapter 911, Oregon Laws 2007 (Enrolled Senate Bill 994). SB 994 was the program change bill for the 2007 regular session as adopted by the Joint Committee on Ways and Means. As such, SB 994 was not an appropriation bill. The Governor issued single item vetoes (“line item vetoes”) on these three sections of SB 994, in apparent violation of section 15a, Article V of the Oregon Constitution, which limits the Governor’s power to issue single item vetoes to appropriation bills (or to an emergency clause in any bill). HB 3626, as amended, repeals the three sections that the Governor attempted to veto. There is no fiscal impact since the executive branch has been operating as if the vetoes were valid.