

**JOINT COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN SERVICES
Subcommittee Orientation Information**

INFORMATIONAL & PROCEDURAL ISSUES

Attendance

- The Subcommittee's meeting time is from 1 – 2:30 pm, Monday through Thursday. Please be in attendance at the 1:00 p.m. starting time. If you are unable to attend a meeting, please notify the Legislative Fiscal Office (LFO) at 986-1828.
- Occasional evening meetings may be scheduled to take public testimony on budget bills.

Subcommittee Rules

- The Subcommittee will use the Joint Committee on Ways and Means rules (attached p. 4-5).
- This Subcommittee has three Senate members and three House members. This means that two Senate members and two House members are required to make a quorum and report legislation from the Subcommittee to the Joint Committee. Senate and House Ways and Means Co-Chairs may also participate and vote when in attendance, as described in the rules.

Meeting Operations

- Subcommittee members, staff, presenters and audience members should turn off audible pagers, cell phones or other electronic devices.
- The microphones in this room are very sensitive, and may pick up side conversations.
- Most votes will be on a voice vote only, with the chair calling for any objections. If a roll call is needed, the committee assistant will call the roll.

Distribution of Materials

- Generally, all informational materials that are normally provided to members by LFO will be provided electronically. The files will be placed in the OLIS system where members of the Subcommittee will have access to them. LFO will send an email to members alerting them that the materials are available. Members may choose to access documents directly on their laptops at the dais, or may choose to print out materials and bring them to the meeting.

Agendas

- Meeting Notice is required 72 hours before the first public hearing on a House bill and 48 hours for subsequent public hearings and work sessions.
- Bills can be carried over to the next day in cases where the work is not completed, if the subcommittee chair announces that the bill will be carried over and it is carried over for the same purpose as originally scheduled (e.g., public hearing must be carried over as a public hearing).
- A daily agenda will be distributed in the Subcommittee for that day.
- A weekly agenda will be emailed to you each Friday for the following week. The weekly agendas for the first two weeks are attached (p. 6-7).

BUDGET HEARINGS AND WORK SESSION PROCESS

- Attached (p. 8) is a list of all budget bills assigned to this Subcommittee, with the LFO and Chief Financial Office (CFO) analysts and phone numbers, for each agency.
- The Subcommittee may also deal with:
 - Budget-related fee bills
 - Federal grant application requests
 - Agency reports
 - DHS and OHA 2011-13 budget rebalance plans
 - Substantive legislation with fiscal impact, as assigned by the Ways & Means co-chairs
- The Subcommittee will spend the first two months doing “Phase 1” budget hearings on each agency (or program for larger agencies). Each agency hearing will include the following:
 - LFO will introduce the agency and describe major policy and budget issues.
 - The agency will present, including:
 - Mission and goals
 - How the agency uses its budget, including major policy and budget issues
 - How the program has been performing
 - Outcomes expected from the budget request
 - Actions taken to improve program delivery
 - CFO will present a high-level summary of the Governor’s Budget
 - Public testimony

Phase 2 hearings will take place in April, and may not include all agencies. The purpose of this phase is to prepare for the work session by going over major budget issues and decisions that need to be made. There may also be special presentation topics.

Phase 3 will be the agency work sessions, and could start as early as mid-April for some agencies.

- The tentative order of Subcommittee budget hearings for Phase 1 is as follows:
 - Oregon Health Authority (OHA) overview
 - OHA Medical Assistance Programs
 - OHA Private Health Partnerships
 - OHA Public Employees’ Benefit Board/Oregon Educators Benefit Board
 - OHA Public Health
 - OHA Addictions and Mental Health
 - Psychiatric Security Review Board
 - Department of Human Services (DHS) overview
 - DHS Vocational Rehabilitation
 - DHS Developmental Disabilities
 - DHS Self-Sufficiency
 - DHS Child Welfare
 - DHS Aging and People with Disabilities
 - Long Term Care Ombudsman
 - OHA/DHS Central and Shared Services
 - Board of Nursing
 - Oregon Medical Board
 - Commission for the Blind

- Before each agency’s budget hearings begin, Subcommittee members will receive (electronically) a number of materials:
 - The Governor’s budget document for the agency. One paper copy will be available in HR F for reference.
 - Agency W&M presentation reference document
 - A copy of LFO’s 2013-15 Budget Review document
 - Agency presentation materials for that day (or period of days)

- The Subcommittee will use work sessions to review and act on budget issues and agency Key Performance Measures (KPMs). LFO will provide a summary memo and work session forms to Subcommittee members in advance of the work session. Based on the Subcommittee’s action, staff will develop proposed amendments to the budget bill. A budget report is prepared to document the Subcommittee’s recommendations for the budget for the Ways and Means Committee and the Senate and House members.

- Budget notes may be included in the budget report if essential to clarify or expand on administrative requirements directly related to the budget. Proposed budget notes should be channeled through the Subcommittee co-chairs and must be jointly approved by the Ways and Means co-chairs.

- The Subcommittee Chair will assign members to carry the Subcommittee’s recommendations to the Full Committee on Ways and Means and to the floor of each chamber. Carriers must be members of the Full Committee. LFO will prepare a summary “pony” of the budget bill for carriers for the Full Committee on Ways and Means and for each chamber. LFO will be at the side aisle (or at the member’s desk if asked) to provide staff support for floor discussions.

BUDGET INFORMATION

- Attached are several budget documents:
 - A graph showing the Human Services program area relative to the state budget (p. 9)
 - A one-page budget history for all agencies that will be heard in this Subcommittee (p. 10)
 - LFO’s 2013-15 Budget Review document for the Human Services program (p. 11-13)
 - A “Budget 101” presentation describing the two-year budget process and some basic budget terms (p. 14-26)

Joint Committee on Ways and Means

900 Court St. NE
H-178 State Capitol
Salem, Oregon 97301
Phone 503-986-1828
Fax 503-373-7807



Sen. Richard Devlin, Co-Chair
Rep. Peter Buckley, Co-Chair

Sen. Betsy Johnson, Co-Vice Chair
Rep. Nancy Nathanson, Co-Vice Chair
Rep. Dennis Richardson, Co-Vice Chair

**JOINT COMMITTEE ON WAYS AND MEANS
2013 SESSION**

COMMITTEE RULES

The Joint Committee will operate in accordance with the Oregon Constitution, House and Senate Rules, custom, usage and precedents, Mason's Manual of Legislative Procedure, and applicable statutory provisions.

1. The officers of the Joint Committee on Ways and Means shall consist of the Senate and House Co-Chairs and the Senate and House Co-Vice Chairs, who are appointed by the Senate President and the Speaker of the House, respectively. The Co-Chair of each Senate Subcommittee shall be appointed by the Senate President. The Co-Chair of each House Subcommittee shall be appointed by the Speaker of the House.
2. All meetings of the Joint Committee and Subcommittees shall be open to the public.
3. Voting by member of either the Joint Committee or Subcommittees shall be by roll call, if requested by any Committee member.
4. All meetings of the Joint Committee and Subcommittees shall be recorded. The audio records shall be indexed and shall be placed with the Oregon Archivist in accordance with Oregon Law.
5. In addition to the quorum requirements described in Rule 10, the Co-Chairs of the Joint Committee shall be deemed voting members of all Subcommittees when in attendance, unless the Co-Chair is an appointed member of the Subcommittee, in which case the Co-Vice Chair of the same chamber and same party affiliation shall be deemed a voting member of said Subcommittee when in attendance.
6. Hearing notices identifying an agenda of bills and subjects to be considered by the Joint Committee and Subcommittees shall be posted publicly in accordance with Senate and House rules, and the Joint Committee and Subcommittees shall not take action on any item not included in the posted notice. The Senate Co-Chair and the House Co-Chair shall approve all Joint Committee and Subcommittee agendas prior to posting.
7. Members of the Legislative Assembly and the general public shall be welcome to testify at Subcommittee meetings posted for "Public Hearing with Public Testimony." Members of the Legislative Assembly and the general public may testify before the Joint Committee upon the invitation of the Co-Chairs of the Joint Committee and the Co-Chairs of the Subcommittee that heard the bill, or at the invitation of a majority of the Senate members and a majority of the House members of the Joint Committee.

8. Joint Committee bills and resolutions are to be sent to the floor of either chamber without minority reports. All Committee members have the right to their own position in floor debate. If a member plans to oppose a Committee bill, the member should advise the Senate or House Co-Chair in advance of debate in their respective chamber.
9. A quorum for reporting legislation to the floor of either chamber shall be a majority of Senate members and a majority of House members. The affirmative vote of a majority of the appointed members of each chamber is required to report legislation out of committee. In the event of a tie vote, either among the Senate members or among the House members, the Senate President or the Speaker of the House, respectively, may attend as voting members of the Joint Committee.
10. A quorum for reporting legislation from any Subcommittee to the Joint Committee shall be a majority of appointed Senate members and a majority of appointed House members of that Subcommittee. The affirmative vote of a majority of the appointed Subcommittee members of each chamber is required to report legislation to the Joint Committee.
11. Bills and resolutions shall be assigned jointly by the Senate Co-Chair and House Co-Chair to the appropriate Subcommittee for consideration. A Subcommittee does not have the power to table or hold legislation, but must report it back to the Joint Committee for consideration. The Senate and House Co-Chairs may, at any time by joint action, remove a bill or resolution from a Subcommittee and assign it to another Subcommittee or to the Joint Committee.
12. Once a bill has been reported to the floor of either chamber and passed, it shall be, after return to the Joint Committee in the second chamber, automatically reported to the floor of the second chamber unless the Senate and House Co-Chairs decide jointly that such legislation may be held in Committee for further consideration.
13. In the event that the Joint Committee identifies a need for language to clarify or expand upon administrative requirements which are directly related to the execution of budgets during the fiscal period covered by the appropriation and expenditure limitation, such language may be included within the Budget Report for the bill. If the Joint Committee identifies the need for a statement of policy or administrative direction which goes beyond the criteria described above, such statement or directive shall be handled as a separate bill, a resolution, or by amendment to the appropriation bill.
14. Introduction of bills:
 - a) Appropriation bills and non-appropriation bills relating to fiscal matters may be introduced by the Joint Committee on Ways and Means at any date.
 - b) All bills for introduction must first be approved by a Subcommittee before being brought to the Joint Committee, unless permission for direct submission to the Joint Committee is granted jointly by the Senate and House Co-Chairs.
15. These rules may be changed by the affirmative vote of a majority of the appointed members of each chamber of the Joint Committee, provided at least one day's notice of any proposed change has been given in writing to each Committee member.

Adopted: February 5, 2013

**Joint Committee on
Ways and Means**

900 Court St. NE, Rm. H-178
Salem, OR 97301
503-986-1828



**Subcommittee on
Human Services**

Sen. Alan Bates, Co-Chair
Rep. Nancy Nathanson, Co-Chair
Sen. Elizabeth Steiner Hayward
Sen. Jackie Winters
Rep. Tim Freeman
Rep. Joe Gallegos

Linda Ames, Subcommittee Scheduler, 503-986-1816
Eric Sorenson, Subcommittee Assistant, 503-986-1823
WaysandMeans.HumanServicesSub@state.or.us

AGENDA

Week of February 4, 2013
1:00 – 2:30 p.m.
Hearing Room F

Monday, February 4

No Subcommittee meeting scheduled

Tuesday, February 5

No Subcommittee meeting scheduled

Wednesday, February 6

Informational Meeting

- Subcommittee Orientation

Thursday, February 7

Informational Meeting

- Governor's Budget Process
- Governor's Human Services Budget Overview

Public Hearing

HB 5030 – Oregon Health Authority

- Agency Overview

Friday, February 8

No Subcommittee meeting scheduled

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AGENDA

Week of February 11, 2013
1:00 – 2:30 p.m.
Hearing Room F

Monday, February 11

Public Hearing

- HB 5030 Oregon Health Authority
Medical Assistance Programs

Tuesday, February 12

Public Hearing

- HB 5030 Oregon Health Authority
Medical Assistance Programs

Wednesday, February 13

Public Hearing

- HB 5030 Oregon Health Authority
Medical Assistance Programs
Private Health Partnerships

Thursday, February 14

Public Hearing

- HB 5030 Oregon Health Authority
Public Employees' Benefit Board
Oregon Educators Benefit Board

Friday, February 15

No Subcommittee meeting scheduled

AGENCY**LFO ANALYST****CFO ANALYST****HUMAN SERVICES PROGRAM AREA**

HB 5003 - Blind, Commission for the	Linda Ames	Jim Carbone
HB 5030 – Health Authority, Oregon		
Addictions and Mental Health	Linda Ames	Kate Nass
Medical Assistance Programs/Oregon Health Plan	Linda Ames	Kate Nass
Private Health Partnerships	Linda Ames	Dustin Ball
Public Employees’ Benefit Board	Linda Ames	Dustin Ball
Oregon Educators Benefit Board	Linda Ames	Dustin Ball
Public Health	Linda Ames	Dustin Ball
Central and Shared Services	Linda Ames	Kate Nass
SB 5529 - Human Services, Department of		
Vocational Rehabilitation	Laurie Byerly	Kate Nass
Developmental Disabilities	Laurie Byerly	Blake Johnson
Self-Sufficiency	Laurie Byerly	Kate Nass
Supplemental Nutrition Assistance Program (SNAP)		
Temporary Assistance for Needy Families (TANF)		
Job Opportunity and Basic Skills (JOBS)		
Employment Related Day Care (ERDC)		
Child Welfare	Laurie Byerly	Kate Nass
Child Safety		
Substitute Care and Permanency/Adoptions		
Aging and People with Disabilities	Laurie Byerly	Blake Johnson
Infrastructure/Shared/Central Services	Laurie Byerly	Blake Johnson
HB 5024 - Long Term Care Ombudsman	Laurie Byerly	Blake Johnson
HB 5040 - Psychiatric Security Review Board	Linda Ames	Kate Nass

OTHER AGENCY BUDGETS

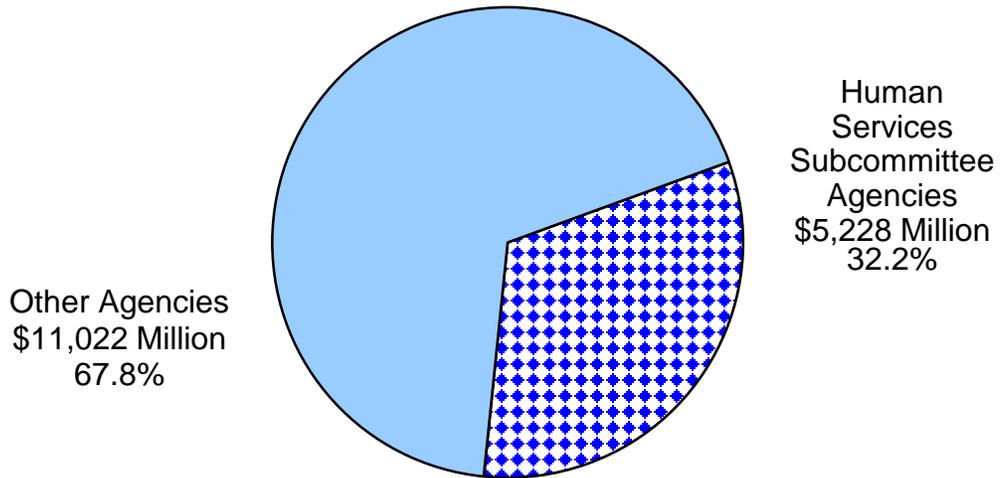
HB 5026 – Oregon Medical Board	Tim Walker	Dustin Ball
HB 5027 - Oregon State Board of Nursing	Tim Walker	Tamara Brickman

LFO ANALYSTS**BAM ANALYSTS**

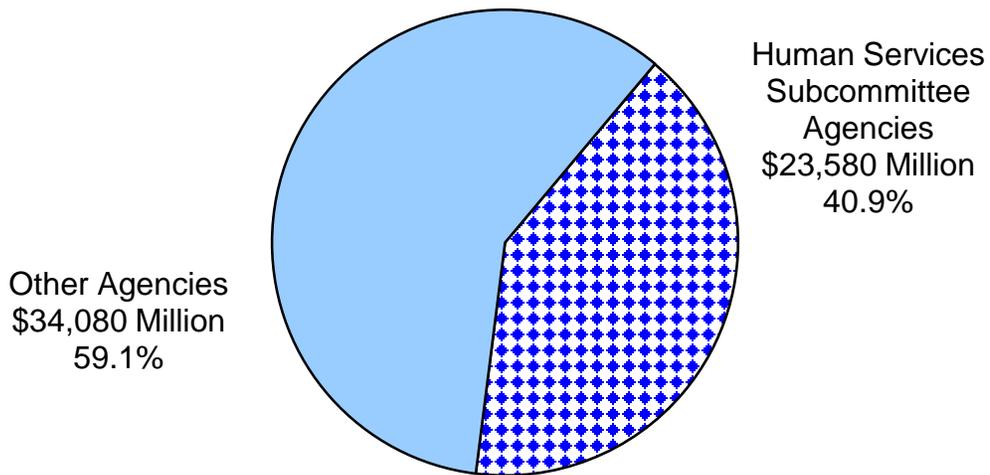
Linda Ames 986-1816
Laurie Byerly 986-1833
Tim Walker 986-1827

Dustin Ball 378-3119
Tamara Brickman 378-4709
Jim Carbone 378-3619
Blake Johnson 378-3195
Kate Nass 378-3742

Statewide General Fund - \$16,251 Million
2013-15 Current Service Level Expenditures



Statewide Total Funds - \$57,661 Million
2013-15 Current Service Level Expenditures



**Ways & Means Human Services Subcommittee
Human Services Program Area
Agency Budget History: 2009-11 Actuals to 2013-15 Governor's Budget**

Dollars in Millions

HUMAN SERVICES PROGRAM AREA AGENCIES	2009-11 Actuals			2011-13 Legislatively Approved Budget at December 2012			2013-15 Current Service Level (CSL)			2013-15 Governor's Budget		
	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds	FTE
Dept of Human Services (DHS)												
--Vocational Rehabilitation	14.3	73.3	222.31	15.9	79.7	220.28	16.6	84.2	220.28	16.4	83.4	220.28
--Developmental Disabilities	405.4	1,366.0	784.38	537.7	1,453.0	841.01	562.0	1,504.9	804.33	560.5	1,582.8	844.99
--Self-Sufficiency	381.0	3,104.5	2,288.64	303.9	3,410.8	2,065.71	450.5	3,505.4	2,071.59	394.2	3,504.3	2,053.77
--Child Welfare	271.4	705.3	2,316.10	393.5	803.9	2,326.09	429.2	860.5	2,332.40	458.0	900.5	2,554.27
--Aging and People with Disabilities	562.4	2,234.7	1,248.92	753.3	2,342.3	1,185.35	926.2	2,687.9	1,255.45	725.0	2,446.3	1,285.77
--Central & Shared Services ¹	156.7	344.1	633.97	176.1	498.1	673.00	176.8	492.0	680.09	178.1	476.9	716.02
Total DHS	1,791.3	7,828.0	7,494.32	2,180.4	8,587.7	7,311.44	2,561.4	9,134.9	7,364.14	2,332.1	8,994.2	7,675.10
Oregon Health Authority (OHA)												
--Public Health	46.0	482.6	682.08	34.4	510.6	686.82	39.2	524.3	685.32	38.8	531.9	688.21
--Addictions and Mental Health ²	579.0	852.0	2,123.20	660.1	1,059.2	2,316.99	720.9	961.0	2,298.22	678.4	1,084.6	2,254.89
--Medical Assistance Programs	710.8	5,483.0	231.38	869.5	6,857.8	428.96	1,695.6	8,277.2	490.73	1,145.5	10,248.6	486.85
--PEBB/OEBB	-	2,344.0	40.50	-	2,884.2	41.25	-	3,400.6	40.50	-	3,401.3	43.50
--Private Health Partnerships	18.9	422.0	51.25	7.0	805.1	42.36	38.2	736.5	59.75	26.5	461.2	59.75
--Central & Shared Services ¹	88.6	230.4	537.24	126.0	512.0	482.66	167.0	501.9	581.98	159.2	516.4	604.11
Total OHA	1,443.4	9,813.9	3,665.65	1,697.1	12,628.9	3,999.04	2,660.9	14,401.5	4,156.50	2,048.4	16,244.0	4,137.31
Commission on Children & Families ³	46.2	64.5	24.99	21.7	30.9	-	-	-	-	-	-	-
Office of Private Health Partnerships	-	-	-	-	-	-	-	-	-	-	-	-
Commission for the Blind	1.3	14.7	47.73	1.1	15.6	44.60	1.5	16.7	44.73	1.1	14.8	40.23
Psychiatric Security Review Board	1.2	1.3	6.89	2.1	2.3	11.76	2.6	2.6	12.00	2.6	2.6	12.00
Long Term Care Ombudsman	1.1	2.8	10.50	1.8	2.5	11.25	2.0	2.6	10.75	2.0	2.6	10.75
Program Area Total	3,284.5	17,725.3	11,250.1	3,904.2	21,268.0	11,378.1	5,228.3	23,558.3	11,588.1	4,386.1	25,258.2	11,875.4
OTHER AGENCIES												
Board of Nursing	-	12.2	48.75	-	14.0	46.75	-	13.8	43.80	-	14.7	47.80
Oregon Medical Board	-	9.4	40.46	-	10.0	38.79	-	10.7	38.79	-	10.6	38.79

¹ DHS and OHA Central & Shared Services expenditures for 2009-11 were part of the DHS Administrative Services Division. The DHS and OHA budgets have been adjusted to reflect the new Central & Shared Services structures and comparable historical information for those.

² Includes the budgets for Capital Improvements and Capital Construction.

³ During the 2011-13 biennium the Commission on Children and Families was eliminated, with its funding and programs transferred to the Early Learning Council/Youth Development in Governor's Office. The 2013-15 Governor's budget moves the programs into the Department of Education.

Human Services Program Area

The agencies in this program area provide cash and employment assistance, nutrition assistance, medical coverage, long-term care, and other support to low-income individuals and families, including Oregonians with disabilities; intervene in cases of child abuse and neglect; offer treatment services to persons with mental disorders, alcohol or drug addictions; regulate the state’s public health systems; supervise placements for those with mental illness who have been found guilty of committing a crime; and advocate for residents of long-term care facilities.

HUMAN SERVICES	2009-11 Actuals		2011-13 Leg. Approved		2013-15 Current Service Level		2013-15 Co-Chairs' Budget (1.0)		% Change 2011-13 LAB to 2013-15 CSL	
	GF/LF	TF	GF/LF	TF	GF/LF	TF	GF/LF	TF	GF/LF	TF
Blind, Commission for the	\$1.3	\$14.7	\$1.1	\$15.6	\$1.5	\$16.7	\$0.0	\$0.0	28.4%	6.8%
Children and Families, Commission on	\$46.2	\$64.5	\$21.7	\$30.9	\$0.0	\$0.0	\$0.0	\$0.0	-100.0%	-100.0%
Health Authority, Oregon	\$1,453.0	\$9,813.9	\$1,707.4	\$12,628.9	\$2,672.4	\$14,401.5	\$0.0	\$0.0	56.5%	14.0%
Human Services, Department of	\$1,791.3	\$7,828.0	\$2,180.4	\$8,587.7	\$2,561.4	\$9,134.9	\$0.0	\$0.0	17.5%	6.4%
Long Term Care Ombudsman	\$1.1	\$2.8	\$1.8	\$2.5	\$2.0	\$2.6	\$0.0	\$0.0	14.7%	7.2%
Psychiatric Security Review Board	\$1.2	\$1.3	\$2.1	\$2.3	\$2.6	\$2.6	\$0.0	\$0.0	23.4%	14.0%
HUMAN SERVICES TOTAL	\$3,294.1	\$17,725.3	\$3,914.6	\$21,268.0	\$5,239.8	\$23,558.3	\$0.0	\$0.0	33.9%	10.8%
Percent of State Budget	24.3%	30.9%	26.5%	35.0%	30.7%	40.9%	0.0%	0.0%		
State Government Employment	Positions	FTE	Positions	FTE	Positions	FTE	Positions	FTE	Positions	FTE
	11,907	11,250.08	11,585	11,378.09	11,738	11,588.12	0	0.00	1.3%	1.8%

Note: HB 4165 (2012) transferred funding from the Commission to the Office of the Governor for the Early Learning Council and the Youth Development Council.

Major Revenues	Budget Environment	Comparison by Fund Type																
<ul style="list-style-type: none"> Most General Fund is used to match or to meet state maintenance of effort requirements to receive Federal Funds. Current match rate is about 37% state funds and 63% Medicaid federal funds, on average. Other Funds include provider tax revenues, as well as health care premiums. About 55% of revenues come from federal sources. Along with Medicaid matching funds, these include Temporary Assistance to Needy Families (TANF) funds and Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits. 	<ul style="list-style-type: none"> Continued growth in caseloads. Health system transformation and the transition to Coordinated Care Organizations (CCO's). January 2014 expansion of Medicaid under the Affordable Care Act. Federal funding and policy constraints. Slow economic recovery. Provider and community partner infrastructure and capacity. 	<table border="1"> <caption>HUMAN SERVICES Revenue by Fund Type (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$3,294</td> <td>\$4,245</td> <td>\$10,186</td> </tr> <tr> <td>2011-13</td> <td>\$3,915</td> <td>\$6,181</td> <td>\$11,172</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$5,240</td> <td>\$5,297</td> <td>\$13,021</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	2009-11	\$3,294	\$4,245	\$10,186	2011-13	\$3,915	\$6,181	\$11,172	2013-15 CSL	\$5,240	\$5,297	\$13,021
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MAJOR CHALLENGES AND DECISION POINTS**Oregon Health Authority**

1. * Current provider taxes, including hospital tax and health insurance premium assessment (insurer tax), sunset September 30, 2013. This results in the loss of about \$650 million of hospital tax in 2013-15 and the loss of over \$100 million of insurer tax, compared to the resources available in 2011-13. The Governor's budget restores the hospital tax, but not the insurer tax.
2. * Under the Affordable Care Act, Oregon has the option to expand health coverage under Medicaid to all persons under 138% of Federal Poverty Level, effective January 2014. An estimated 225,000 adults would be added to the program during the 2013-15 biennium, at a cost of about \$1.9 billion. This expansion would be entirely federally funded through 2016 (with the exception of administrative costs).
3. Increases in mandated caseload in Medical Assistance Programs and in Addictions and Mental Health will cost about \$100 million state funds in 2013-15, based on the Fall 2012 forecast.
4. In July 2012, the Centers for Medicare and Medicaid Services (CMS) approved Oregon's Medicaid waiver allowing implementation of health system transformation, including CCO's. CMS agreed to invest \$1.9 billion in Oregon's system over five years. Resources expected during the 2013-15 biennium total \$910 million. Oregon has agreed to reduce the inflation of Medicaid per member health care costs by 2 percentage points during the 2013-15 beinnium.
5. The completion of the hospital in Junction City during the 2013-15 biennium is expected to require about \$79 million in additional bond proceeds. The hospital would be completed the end of 2014, in time to transition patients from the Portland facility before that lease ends in March 2015. The Governor's budget includes this bond revenue.
6. The Governor's budget includes \$3 million General Fund for operating the new Junction City facility for the last three months of the biennium. The Portland campus will close when the lease ends in March 2015. The Blue Mountain Recovery Center is scheduled to close January 2014, earlier than originally anticipated.
7. The Governor's budget includes a significant investment in community mental health and addictions services. About \$45 million General Fund is reinvested in the program. These are funds that would not be needed for current program level because of the expansion of Medicaid coverage in 2014. In addition, \$12.6 million General Fund is used to expand successful programs including the Early Assessment and Support Alliance (EASA) program, supported housing and peer-delivered services, supported employment, and the Intensive Treatment and Recovery Services (ITRS) program.

Department of Human Services

8. Several sources of Other Funds and Federal Funds revenue are no longer available for the 2013-15 DHS budget, driving a \$111 million General Fund budget increase to sustain programs, or a little over 5% of the 20% growth between biennia. Funding lost includes \$44 million in one-time TANF revenues, a \$5 million SNAP bonus, \$40 million in long term care facility provider taxes (June 30, 2014 sunset), and \$11 million in one-time excess Child Care Development Fund dollars.

The Governor's budget assumes the continuation of the Nursing Facility Provider tax and corresponding increases in Nursing Facility rates. In addition, the budget assumes that Oregon receives additional Medicaid funding through transition of many services into a State Plan K Amendment. To backfill one-time revenues, \$46 million General Fund is added in TANF.

9. About 6% of General Fund growth (\$138 million) is due to increases in mandated caseload based on the Spring 2012 forecast. The largest portion is being driven by the Aging and People with Disabilities program where both the number of client and cost per case are projected to grow. The 2013-15 adopted budget will need to reflect the Spring 2013 caseload forecast; it is quite likely further adjustments will be needed based on those projections.

The Governor's budget includes caseload growth of \$306 million total funds based on the Fall 2012 forecast, but does shift some programs to Other Funds and Federal Funds. It also includes transferring Medicare Buy-in programs to the Oregon Health Authority; the program is \$348 million total funds (\$126 million General Fund).

10. Ongoing efforts to modernize agency systems and business processes require significant investments in technology. In addition, DHS wants to replace aging physical infrastructure (personal computers and network hardware) to support these systems. The agency has identified a need of more than \$20 million in new General Fund to

cover technology expenditures in 2013-15. The Governor's budget includes about \$15 million General Fund in information technology investments for modernization, long term care infrastructure, electronic record keeping, and computer replacements.

11. The agency has also outlined more than \$60 million in new General Fund as being needed to address Child Welfare caseloads, address foster care federal formula changes, and account for various issues related to the Developmental Disabilities program.

The Governor's budget includes \$68.3 million General Fund for Child Welfare programs. Investments are made to improve staffing ratios, implement Differential Response, support localized child welfare services, and enhance outcomes for Tribal children.

The budget for Developmental Disabilities includes about \$30 million General Fund to expand family-to-family networks, increase integrated employment options, restore the Fairview Trust, and increase services supported by providers.

* See attachment for additional information on this item.



Oregon Budget Basics and Process Review

Legislative Fiscal Office



Oregon's Budget Policy

Based on principles of:

- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Planning for the short term and the long term, using consistent assumptions on demographics and trends
- Providing accountability at all levels for meeting program outcomes



Oregon Budget 101

- Oregon budgets on a biennial basis (July 1st of odd-numbered year to June 30th of next odd-numbered year)
- Adjustments to a biennium's budget made by the Emergency Board (interim) or the Legislature (even-year short session, special session, or next regular session)
- Article IX, Section 4, Oregon Constitution provides budgetary authority to the Legislature



Oregon Budget 101

- Appropriation bills generally agency specific (House bills in 5000, Senate bills in 5500 series)
- Oregon has about 100 agencies
- Range from small (\$16,000 biennial budget) to large (\$16 billion biennial budget)
- Budget for bonding and capital construction in bills separate from agency budget bills
- Article IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)



Oregon Budget 101

- Budget consists of four fund types (General Fund, Lottery Funds, Other Funds, Federal Funds)
- General Fund is “fungible”
- Lottery Funds dedicated to economic development, education, parks/salmon habitat
- Other Funds and Federal Funds dedicated by law for specific purposes
- Other Funds and Federal Funds broken into limited and non-limited categories



Oregon Budget 101

The Legislature:

- *Appropriates* General Fund
- *Allocates* Lottery Funds
- *Limits* the expenditure of Other and Federal Funds (with an expenditure limitation)

The Department of Administrative Services:

- *Allots* an agency's appropriation or expenditure limitation (quarterly spending plan)
- *Unscheduled* the portion of an agency's budget not available for expenditure



Oregon Budget 101

- Budget tracks expenditure categories:
 - **Personal Services** includes personnel costs (wages, PERS, benefits, social security, etc.)
 - **Services & Supplies** includes operation costs (travel, office supplies, rent, legal expenses, contracts, expendable property, etc.)
 - **Special Payments** includes revenue transfers and client or provider payments
 - **Capital Outlay** includes products with value of more than \$5,000, life of more than 2 years, used more than once



Oregon Budget 101

- **Capital Improvement** includes construction, remodel, improvement costs of less than \$1 million
- **Major Construction/Acquisition** (or Capital Construction) includes construction, remodel, improvement costs of more than \$1 million (\$3 million or more for OUS projects); established for a six-year period
- **Debt Service** includes principal and interest payments on bonds and certificates of participation
- Budget also tracks positions and FTE (full-time equivalent)



Oregon Budget 101

- Appropriation bills are the budgetary control
- Appropriation bills are session law (Oregon Laws)
- Appropriation bills are not detailed to the expenditure category level
- Appropriation bills are by fund type and may be total agency or detailed to program within agency
- Budget Reports provide information on the budget but do not have force of law
- Budget Notes are directives within the Budget Report



Oregon Budget 101

Budgetary Limits

- Revenues in Excess of Estimate (ORS 291.349 and Article IX, Section 14, Constitution) or the “kicker” law; if revenue exceeds close-of-session forecast by more than 2%, all revenue above forecast is returned to taxpayers (personal; corporate now goes to K-12)
- Appropriations Limit (ORS 291.357); budget cannot exceed 8% of the projected personal income; fiduciary and business activities excluded
- Full-Time Equivalent Positions (ORS 240.185); the number of state positions cannot exceed 1.5% of the state population, counted as FTE; exemptions for elective offices and Oregon University System

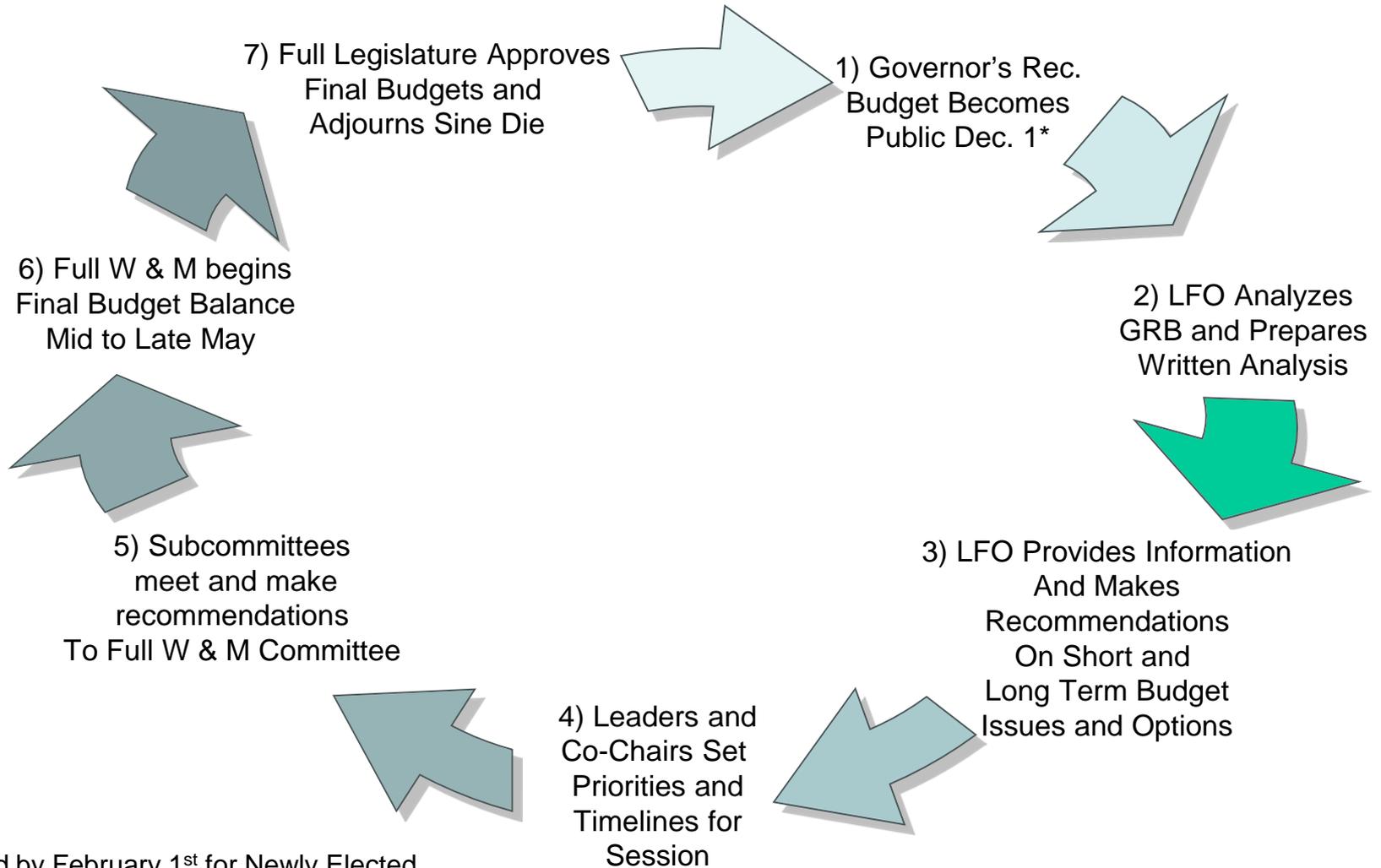


Oregon Budget 101

- Key Drivers of Budget Change:
 - Population Growth
 - Demographics
 - Inflation
 - Health Care Costs
 - Mandated Caseloads
 - Federal Policy Changes
 - Lawsuits
 - Initiatives
 - Rollup Costs
 - Replacement of One-Time Revenues
 - State Policy Decisions



Oregon Budget Process - Session



*Required by February 1st for Newly Elected Governor



Oregon Budget Process – Two Year

