

HB 3141 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Andrew Cohen, Renee Klein and Ali Webb, Dept of Administrative Services

Reviewed By: Michelle Deister, Ben Ruef and John Terpening, Legislative Fiscal Office

**Housing and Community Services Department
2021-23**

PRELIMINARY

Budget Summary

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ -	\$ -	\$ 9,751,584	\$ 9,751,584	100.0%
Total	\$ -	\$ -	\$ 9,751,584	\$ 9,751,584	100.0%

Position Summary

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	2.64	2.64

⁽¹⁾ Includes adjustments through January 2021

Summary of Revenue Changes

HB 3141 provides an additional \$9,751,584 Other Funds revenue to the Housing and Community Services Department (HCSD) in the 2021-23 biennium to expand the Energy Conservation Helping Oregonians (ECHO) weatherization program by allowing funding for manufactured housing replacement and changing energy sources from bulk fuels to electricity sources. Revenue will be generated from the public purpose charge assessed on the revenues of utility companies. The bill changes how the public purpose charge is allocated, resulting in a higher percentage of public purpose charge revenues being allocated to HCSD’s ECHO program. The reallocation provides the ECHO program approximately \$9.5 million in additional revenue. In addition, the Housing Development Grant Program (HDGP), HCSD’s low-income housing program, will also receive more revenue due to the reallocation of the public purpose charge. HDGP expects to receive approximately \$254,000 in additional revenue. Projected revenue in the 2023-25 biennium is estimated at \$12,975,284 Other Funds for both programs.

Summary of Transportation and Economic Development Subcommittee Action

The Subcommittee recommended an increase in Other Funds expenditure limitation of \$9,751,584 to HCSD and the establishment of three permanent positions (2.64 FTE) to carry out the provisions of the bill. The Oregon Department of Energy (ODOE) does not expect an expenditure impact in the 2021-23 biennium. ODOE may face increased information technology costs in a future biennium; however, the estimated amount of potential future costs is not known at this time.

Housing and Community Services Department

House Bill 3141 expands HCSD’s ECHO program and will require the establishment of program rules for a manufactured home replacement program and a heating source replacement program. The Department expects to deliver services through community action agencies (CAAs) using the existing network used for the current ECHO program; however, more research is needed to determine the optimal way to deliver

both the ECHO and HDGP program services. The measure provides \$9,751,584 Other Funds expenditure limitation in the 2021-23 biennium and will create ongoing expenditures in future biennia. The expected expenditures in the 2023-2025 biennium are \$12,975,284 Other Funds.

To carry out the provisions of the bill, HCSD will require three permanent full-time positions (2.64 FTE) in the 2021-23 biennium, for program management, fiscal compliance, and technical assistance. Staffing includes one Program Analyst 2 position responsible for designing new program elements, managing the program, overseeing grants, and tracking and reporting; one Program Analyst 2 position to add a dedicated training, technical assistance, and capacity building coordinator to assist CAAs and contractors; and one Accountant 3 position to process payments, oversee awards and spend-down rates, perform reconciliations, manage accounting structures, compile reports, and provide technical fiscal training to CAAs. The projected expenditures for administrative costs in the 2021-23 biennium are \$547,209 Other Funds and include Personal Services costs of \$501,358 Other Funds and services and supplies costs of \$45,851 Other Funds. Payments for services include special payments costs of \$9,204,375 Other Funds.

Projected expenditures in the 2023-25 biennium include personal services of \$564,027 Other Funds, services and supplies costs of \$47,660 Other Funds and special payments of \$12,363,597 Other Funds, resulting in total biennial costs of \$12,975,284 Other Funds.

Oregon Department of Energy

HB 3141 makes changes to the Schools Program and Self-Direct Program administered by ODOE. These programs were created to establish the annual public purpose expenditure standard for electric companies and Oregon Community Power to fund new cost-effective energy conservation projects, new market transformation efforts, cover above-market costs of new renewable energy resources and new low-income weatherization projects. The bill does not create new programs for ODOE, but does extend the Schools Program and the Self-Direct Program an additional 10 years (to 2036), reduces the public purpose charge from 3% to 1.5%, and slightly changes eligibility for the programs. ODOE will be responsible for adopting rules necessary for retail electricity consumers to obtain credits under the updated programs. The fiscal impact to ODOE is indeterminate at this time. ODOE will be able to absorb the initial additional workload with existing resources for program work; however, additional resources may be needed in future years to update information technology assets associated with the program to respond to changes made in this bill.

Public Utility Commission

House Bill 3141 requires PUC to engage in administrative rulemaking, establish, and monitor rate collection amounts. The public purpose charge would be collected by electric companies serving Oregonians and administered through the CAAs. PUC can implement these actions without additional budgetary resources.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Housing and Community Services Department
 Ali Webb - 503-400-4747

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 010 - Housing Stabilization Programs									
Personal Services	\$ -	\$ -	\$ 501,358	\$ -	\$ -	\$ -	\$ 501,358	3	2.64
Services and Supplies	\$ -	\$ -	\$ 45,851	\$ -	\$ -	\$ -	\$ 45,851		
Special Payments	\$ -	\$ -	\$ 9,204,375	\$ -	\$ -	\$ -	\$ 9,204,375		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 9,751,584	\$ -	\$ -	\$ -	\$ 9,751,584	3	2.64
SUBCOMMITTEE RECOMMENDATION	\$ -	\$ -	\$ 9,751,584	\$ -	\$ -	\$ -	\$ 9,751,584	3	2.64

PRELIMINARY