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LOBBYIST REPORT -- SEPTEMBER 10, 1998

REVENUE FORECAST UPDATE:

According to the state economist the Asian crisis is having a negative impact on the Oregon state economy. This impact has already shown up as the state economist just issued a more conservative revenue forecast. Accordingly he now expects the total revenues available to the state during the 1999-2001 biennium has decreased by about \$178.4 over the previous forecast. Note. However, this still represents a \$1.1 billion (11.4%) increase over the amount of revenue available during the 1997/2001 Biennium.

Here is what he is projecting:

Estimated Resources (in millions)	
Beginning Balance *	401.1
General Fund Resources	9,908.0
Lottery Resources	<u>502.8</u>
	10,811.9

* GF	\$395.6
LF	<u>5.5</u>
T	\$401.1

There is some good news contained within this forecast. First, this forecast presumes that federal pensioners have been paid the money (\$306.1 million) that the state owes them. Second, if Oregon's economy continues to soften then the 2% kicker will not go into effect. At this point the revenue forecast shows that the corporate kicker will not occur, and the personal kicker is only 2.2% higher than what was projected last

May.

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What does all of this mean? Not much yet, because the Governor's Recommended Budget will be prepared on what the state economist projects in the November '98 forecast. If he thinks the state economy will be stronger, then the revenue projection will go up, or on the other hand if he thinks it will soften, then the projection will go down.

As matters stand right now, the Governor can fund all state agency programs at their continuing service level, pay the funds due federal pensioners, make an SAIF repayment, provide for the Emergency Fund, have a 2% ending balance and still have some funds left over.

DHR BUDGET UPDATE:

The DHR Agency Request Budget has been officially submitted to the Governor's budgeteers, IE, the Department of Administrative Services (DAS). In regards to the State General Fund, the DHR base budget has increased by 27.5% (\$501.6 million) over the 1997-2001 budget.

	General Fund (In millions of dollars)
1997-99 Legislatively Approved Budget	\$1,896.5
Base Budget Adjustments	<u>20.9</u>
1999-01 Base Budget	1,917.4
Personal Services Adjustments	2.4
Onetime costs, phase-ins & phase-outs	92.4
Inflation and Price List Adjustments	153.3
Mandated Caseload Adjustments	99.7
Fund Shifts and Revenue Reductions	<u>153.7</u>
Total Adjustments to Base Budget	501.5
General Fund Current Service Level	\$2,418.9

DHR has also proposed a significant number of Policy Packages. I have attached a copy of their request. As you will see if the Governor chooses to add very many of

these proposals to the budget, the DHR budget will grow even bigger.

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HOUSING BUDGET UPDATE:

The Oregon Department of Housing and Community Services (HCS) has also submitted its budget to DAS. Needless to say its General Fund budget is much, much smaller than is DHR's. Some of the increases they made requested as policy packages, however, are very significant. The highlights of their policy packages are:

- Request for a \$1,286,970 increase in the State Homeless Assistance Program (SHAP) and a \$2,320,500 increase Emergency Housing Account (EHA). If adopted this would bring the SHAP biennial appropriation up to about \$3.8 million and EHA up to about \$7.2 million.
- Request a \$160 million to be appropriated to the *Housing Trust Fund*. If adopted the corpus of the Housing Trust Fund would rise up to \$175.5 million.

Request a \$2,000,000 increase in funding for food and nutrition programs. If adopted the biennial appropriation for food and nutrition programs would grow to about \$2.7 million.

Now that the agency budgets have been submitted to DAS we will witness a virtual "information blackout" until the Governor releases his budget in December.

Major DHR Budget Initiatives in 1999-01 Agency Request Budget

Packages not necessarily in priority order.

Description	Division	Millions of Dollars	
		GF	TF
<i>Alcohol and Drug Initiatives</i>			
Major statewide initiative to increase funds for prevention, early intervention & access to treatment of substance abuse problems.	A&D	38.5	38.5
Juvenile justice system coordination and "wraparound" services demonstration projects (substance abuse related) for high risk youth & their families.	A&D	11.6	11.6
Establishes drug-free housing for persons completing alcohol and other drug abuse treatment who would otherwise be required to return to an environment and lifestyle patterns which led to their addiction.	A&D	4.9	9.7
Expand Family Support Teams to additional counties including funds for enhanced A & D evaluation.	A&D/SCF	2.0	4.2
<i>Employment Initiatives</i>			
Employment initiative for people with mental illness. One of the major barriers to fully addressing their needs is the lack of stable employment.	MH	2.3	2.3
Employment initiative for elderly & disabled clients who want to work.	SDSD	8.9	10.8
System to better match employers with VRD clients to enable more employment opportunities for clients.	VRD	0.3	1.4
Provide additional services to employed and former TANF clients which focus on helping clients retain employment and progress in their careers. The costs of this package is offset by anticipated caseload savings in TANF (250 cases) and ERDC (1,000 cases). (TANF funds)	AFS	0.0	0.0
<i>Children's Safety Net and Other Children's Programs</i>			
Strengthen existing and expand the number of local community safety nets.	SCF	1.2	2.0
Implementation of requirements of the federal Adoptions and Safe Families Act of 1997.	SCF	14.5	25.4

Millions of Dollars

Description	Division	GF	TF
Provider Wages			
Increase funding for provider wages and other community based provider compensation including: (1) SCF's Foster Care, personal care nurses and private adoption agencies; (2) selected mental health facilities; and (3) SDSD's client employment providers (CEPs), Adult Foster Care homes, and Residential Care Facilities (RCFs). This group of packages also includes increased residential treatment services for SCF clients.	Various Divisions	12.6	25.5
Revise the day care rate structure to reflect market rate changes, increase client access to providers, and increase flexibility in the monthly limit on hours and other restrictions to better reflect client needs. (TANF funds)	AFS	0.0	5.6
Quality of Care for DHR Clients			
Increases safety of DD clients in community settings by increasing technical assistance and training to counties for investigation of abuse & neglect.	DD	0.2	0.3
Increase state staff to sufficiently monitor mental health service providers.	MH	0.4	0.4
Staff enhancement at OSH (e.g. nurses) to address issues raised during HCFA & Health Division licensing reviews. Also included are resources for Eastern Oregon Psychiatric Center in Pendleton.	MH	4.1	4.3
Supporting Community Based Services			
Backfill of existing School Based Health Centers.	HD	1.0	1.0
Increase support for local health agencies for communicable diseases.	HD	3.7	3.2
Add 30 community beds (MH & DD) to ease PSRB crowding at OSH.	MH	1.2	2.0
Additional housing capacity for persons with mental illness (200 persons).	MH	0.5	0.5
Expand local secure residential capacity for persons with mental illness to reduce crowding and wait lists for hospital services.	MH	1.6	2.8
Additional funding for county mental health programs including resources for crisis services, medication, & outpatient treatment.	MH	6.6	6.7
Provide funds to move toward equity between the state and Area Agencies on Aging (AAA's).	SDSD	1.9	4.0

Millions of Dollars

Description	Division	GF	TF
<i>DHR Infrastructure Improvements</i>			
Continuation of DHR's Year 2000 including carry-forward of 97-99 costs.	DO	8.4	16.7
Begin project to replace Medicaid Management Information System (MMIS).	OMAP	0.6	4.1
Improve desktop support for DHR including creation of local area experts. Resource need and FTE will be reduced as assessment of current staff is complete.	DO	7.4	14.8
Provide additional staff resources for local Volunteer Program field offices.	DO	0.8	1.6
<i>Oregon Health Plan Issues</i>			
Increase payments to manage care plans and fee-for-service providers for culturally competent interpreters.	OMAP	5.0	12.4
Cost and impact of enhanced outreach of OHP & CHIPS.	OMAP/AFS		

Other DHR Budget Initiatives in 1999-01 Agency Request Budget

Packages not necessarily in priority order.

Description	Division	Millions of Dollars	
		GF	TF
Adult and Family Services Division			
Currently day care copay costs are limited to no more than 10% of income for families with incomes up to 120% of the federal poverty level. This would expand this 10% limit to all families below 150% of the federal poverty level. (TANF funds)	AFS	0.0	8.7
Provide incentive grants and technical assistance for three to five model projects to create a community center in school facilities. (TANF funds)	AFS	0.0	0.5
AFS in conjunction with SCF will work with local Domestic Violence groups to develop and provide service models designed to meet local needs. Focus will be on job retention and self-sufficiency. (TANF funds)	AFS	0.0	2.2
Enable 108,000 youth to receive life skills training from teachers trained in a curriculum developed by Gil Botvin to address a wide range of risk and protective factors by teaching general personal and social skills. (TANF funds)	AFS	0.0	1.0
Provide flexible funding to interested counties to support coalition building and the Governor's Action Agenda (including teen pregnancy responsible sexual behavior, family planning services, etc.). (TANF funds)	AFS	0.0	1.5
Increase self-sufficiency services to youth that are at high risk of remaining in the public assistance system without intervention. (TANF funds)	AFS	0.0	3.7
State Office for Services to Children and Families			
Address safety issues for case managers & other staff.	SCF	1.2	2.0
Enhance SCF's capacity to place children in permanent settings, including subsidized guardianship and augmenting Independent Living Programs.	SCF	1.9	2.1

Millions of Dollars

Description	Division	GF	TF
<i>Health Division</i>			
Partial backfill (30%) of lost federal revenue for monitoring of HIV prevalence.	HD	0.3	0.3
Backfill for reduced federal Maternal and Child Health Block Grant revenue.	HD	0.6	0.6
Resources for purchase of vaccines as recommended by Advisory Committee on Immunization Practices.	HD	2.0	2.0
Expansion of School Base Health Center System.	HD	2.4	2.4
Establish new initiative for prevention & management of chronic diseases.	HD	2.0	1.9
Expand school-based dental sealant program to an additional 10 counties.	HD	0.6	0.6
Provide funding for health related technical assistance and consultation services to multicultural populations throughout the state.	HD	0.2	0.4
Home visits by public nurse or other local staff. Must coordinate with CCF.	HD	5.6	5.6
<i>Mental Health and Developmental Disability Services Division</i>			
Upgrade/replace laboratory & pharmacy systems	MH	0.3	0.3
Develop plan to replace current tracking system for DD population	DD	0.3	0.3
Capital improvements & deferred maintenance over amount included in base budget.	MH	4.1	4.1
MHDDSD portion of 12 bed regional treatment facility for dual diagnosis (substance abuse and mental illness) clients.	MH	1.7	2.8
Increases local funding for counties (10%) for program support of MH & DD programs.	DD	0.8	1.1
Expansion of 1997 package for in home supports for families taking care of clients with complex medical & behavioral needs.	DD	1.3	3.2

Description	Division	Millions of Dollars	
		GF	TF
<i>Senior and Disabled Services Division</i>			
Prevention initiative for early intervention to delay or prevent need for long-term care services.	SDSD	2.6	2.6
Development of specialized & culturally sensitive system of referral & treatment for seniors with substance abuse problems, including staff training and development of treatment models.	SDSD/A&D	0.9	1.5
Increase capacity to monitor and train the expanding ALF & RCF provider network.	SDSD	0.5	1.0
Increased rates for Assisted Living Facilities (ALF) for wage increases.	SDSD	0.4	1.0
Increase SDSD's Estates Administration Unit -- collection of Other Funds resources offsets GF need.	SDSD	-1.2	0.3
Increase the number of Supplemental Security Income (SSI) Liaisons to assist GA clients before eligible for SSI. Increases OF resources offsetting GF need.	SDSD	-2.9	1.6
<i>Vocational Rehabilitation Division</i>			
Backfill for Workers Comp funds which have been used for workplace injury related VRD clients in the past.	VRD	0.5	2.3
Increase the capacity of Oregon's Independent Living Center network.	VRD	0.3	0.3
<i>Office of Alcohol and Drug Abuse Programs</i>			
Develop 12 bed regional treatment facility for dual diagnosis (substance abuse & mental health) clients.	A&D	1.1	1.1
<i>Office of Medical Assistance Programs</i>			
Funds for continuing the safety net health clinic program established by the 1997 Legislature -- waiting for OOHPPR findings.	OMAP	4.5	4.5
Funding to address loss of revenue for medical education at OHSU and other teaching hospitals.	OMAP	7.0	17.3

Millions of Dollars

Description	Division	GF	TF
Office of the Director			
Provide additional Volunteer Manager positions in areas of state where the program does not have sufficient presence.	DO	0.4	0.8
Expand Personnel Services for divisions including recruitment, training, and personnel officer resources.	DO	0.8	2.3
Provide for strategic planning for DHR's Information Systems (post Y2K).	DO	1.0	3.0