

SENATE SPECIAL COMMITTEE ON BUDGET

June 20, 2002 Hearing Room E
2:30 P.M. Tapes 4 - 6

MEMBERS PRESENT: **Sen., Steve Harper, Chair**
 Sen. Roger Beyer
 Sen. Peter Courtney
 Sen. Avel Gordly
 Sen. Ken Messerle

MEMBER EXCUSED: **None**

STAFF PRESENT: **Ken Rocco, Legislative Fiscal Office**
 Sheila Baker, Legislative Fiscal Office
 John Britton, Legislative Fiscal Office
 Robin LaMonte, Legislative Fiscal Office
 Steve Bender, Legislative Fiscal Office
 Larry Niswender, Legislative Fiscal Office
 Patricia Nielsen, Administrative Support

MEASURE/ISSUES HEARD: **HB 5091A - Work Session**

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 4, A		
005	Chair Harper	Calls the meeting to order at 2:39 p.m. Opens work session on HB 5091A, the omnibus disappropriation.
<u>HB 5091A – WORK SESSION</u>		
027	Sen. Courtney	Comments about responsibility to help the next legislature to carry the burden so members need to seek new revenue sources.
045	Sen. Gordly	Asks how the public will be engaged in the process. Comments work session is the starting point. Urges adequate public notice of meetings.
060	Chair Harper	Explains there is short public notice because of special session. Welcomes ideas and comments.
073	Sen. Gordly	Advocates for fuller public role in decision-making after criticism of the process.
100	Sen. Gordly	Requests response to her questions: <ul style="list-style-type: none">• Whether cuts fall disproportionately on the poor• Whether there is clear understanding of the possibility of jeopardizing the state's opportunity to leverage federal dollars
130	Chair Harper	Agrees.

135	Ken Rocco	Legislative Fiscal Office (LFO). Presents overview of House package. Refers to House Proposal (EXHIBIT A). Reviews the 2001-03 biennium additions to budget gap totaling \$879 million. Reviews solutions proposed by House plan. Reviews selective reductions (EXHIBIT B).
235	Rocco	Continues discussing across-the-board cuts (EXHIBIT B).
285	Sen. Beyer	Asks about breakdown of Emergency Fund (E-fund) reserve money.
300	Rocco	Explains. Continues discussion about Oregon Youth Authority receiving appropriation of \$1.3 million.
310	Sen. Courtney	Asks about \$38 million left in the E-fund and whether there is anything left for making adjustments in September.
320	Rocco	Responds there is nothing.
325	Sen. Courtney	Asks about fire season costs.
327	Rocco	Responds and explains.
335	Sen. Courtney	Inquires whether \$10 million is quite low for the E-fund.
337	Rocco	Agrees it is low.
340	Sen. Courtney	Asks about PERS item.
345	Rocco	Explains there was a disappropriation in expectation of the PERS bill, but the bill did not pass. Continues and discusses allocation of \$100 million to agencies from salary adjustments not given. Describes other Emergency Board (E-board) actions which are in this bill instead.
390	Sen. Gordly	Directs attention to human services program reductions.
400	Rocco	Refers to budget report and measure summary (EXHIBIT C).
TAPE 5, A		
010	Sen. Gordly	Asks about equitable distribution of budget cuts.
015	Rocco	Elaborates.
025	Sen. Gordly	Continues and asks about savings under budget note referring to freeze on hiring which restricts hiring to essential positions.
050	Rocco	Explains hiring freeze means many vacancies are being held open because of previous cuts, and budget note allows the assembly reports on which positions will be hired so the assembly can track savings.
060	Sen. Gordly	Asks when the Committee will find out.
062	Rocco	Explains it may be this weekend.
070	Sen. Gordly	Refers to human services portion which is reduced by \$156.2 million general fund and \$88.2 million federal funds. Asks about impact of loss of federal funding.
090	Sheila Baker	LFO. Explains \$88.2 million is a net number for federal funds, which includes a combination of increases and decreases.
110	Sen. Gordly	Asks for list to illustrate what is in the \$88.2 million reduction figure.
120	Baker	Offers to provide internal list to detail the line items.

125	Sen. Gordly	Continues and asks about \$4.5 million in special purpose appropriations to E-board for mental health planning.
135	John Britton	LFO. Explains the appropriations are moved out of the E-fund and into department budgets by this bill.
145	Sen. Gordly	Continues discussing co-payments for OHP clients.
150	Britton	Describes the three copayments approved by 2001 legislative assembly: <ul style="list-style-type: none"> • \$2 copay for generic medications • \$3 copay for brand name medications • Ambulatory copay Explains this removes some from the copay requirements.
165	Sen. Gordly	Inquires about assumptions supporting decreases in medical assistance program eligibility.
180	Britton	Explains the note is based on Department of Human Services (DHS) forecasts of case load, which hasn't changed much, but the mix of cases has changed.
190	Sen. Gordly	Asks about House discussions considering whether cuts in human services would fall disproportionately on programs serving the poor.
200	Britton	Responds.
205	Sen. Gordly	Asks who would not be served in food stamp outreach reduction.
215	Baker	Describes cross-over into Oregon Health Plan (OHP).
230	Sen. Gordly	Inquires about impact of reduction in employment-related day care.
240	Baker	Estimates 600 families would be impacted and offers more detail.
250	Sen. Gordly	Continues, referring to \$1.5 million reduction to indigent defense services.
265	Rocco	Describes result of \$48 million across-the-board cuts. Refers to Agency & Program reduction handout (EXHIBIT D).
290	Sen. Gordly	Asks about impact of cuts within the judicial department.
295	Robin LaMonte	LFO. Describes the reduction of service level in trial courts, including fewer hours the court offices are open.
315	Sen. Gordly	Refers to education reductions including a \$9 million reduction to community college support funds, and asks about self-improvement classes affected.
375	Steve Bender	LFO. Describes 3 categories of CC classes not affected by the cut: <ul style="list-style-type: none"> • Lower division university transfer courses • Professional technical classes leading to certificate programs • Developmental education classes such as GED and ESL Continues self-improvement classes are the only ones affected, and many are preserved: <ul style="list-style-type: none"> • Workforce related classes to help with employment options • Health/safety related
TAPE 4, B		
020	Sen. Courtney	Asks about potential undergraduate tuition increases.
030	Bender	Answers 1.6% is predicted. Explains implementation of cuts.
060	Sen. Courtney	Asks about across-the-board cut.
065	Bender	Responds and explains.

068	Sen. Courtney	Discussion of priority cuts.
080	Bender	Discusses across-the-board cuts.
095	Sen. Yih	Asks about effect on funding to increase graduates from engineering school meant to provide workers needed by high-tech companies.
105	Bender	Responds it is not restricted from being affected by the across-the-board cut. Explains there is some flexibility in making the cuts because the whole is lumped into one appropriation.
135	Sen. Yih	Recommends cutting more in administration, services and supplies than educational programs.
145	Sen. Courtney	Asks for details regarding State Police and Corrections.
155	Rocco	Advises agencies are not restricted or directed how to do cuts. Refers to selective reductions (EXHIBIT B).
175	Larry Niswender	LFO . Describes effect on State Police from second special session.
185	Sen. Courtney	Asks about forensic labs.
190	Niswender	Describes.
200	Sen. Courtney	Inquires about further cut which may take troopers off the road.
205	Rocco	Advises it is possible.
215	Sen. Courtney	Asks if LFO knows how the cuts will be made.
217	Niswender	Responds he doesn't know.
220	Sen. Courtney	Asks about SB 1145 (1995) cut to program.
228	Niswender	Answers it was \$1 million of \$4.5 million, and in this plan there is an additional \$1.6 million reduction.
240	Sen. Courtney	Inquires about details of effects on counties.
245	Niswender	Explains.
250		Discussion of bed space reductions due to budget cuts.
290	Niswender	Continues and explains inflationary allowance reduction based on reduced jail populations.
295	Sen. Courtney	Asks about reductions in bed space for corrections and institutions.
335	Niswender	Elaborates.
345	Sen. Courtney	Asks for details about reductions in transitional services.
350	Niswender	Explains it is one-third, or \$1.75 million from three areas.
369	Sen. Courtney	Inquires about gang funding.
372	Niswender	Explains it is not reduced.
375	Sen. Gordly	Asks about funding for domestic violence and sexual assault services grants.
380	Niswender	Responds the House plan did not reduce that funding.
400	Sen. Gordly	Requests explanation of summary reductions for administration.
410	Rocco	Explains they are about 10% of what was remaining in those appropriations.
420	Sen. Gordly	Discusses elimination of Oregon Progress Board.
430	Rocco	Explains the working document.
TAPE 5, B		
020	Sen. Gordly	Asks about Community Development office reduction.
022	Rocco	Explains there are no cuts except to the Racing Commission.
030	Sen. Yih	Inquires about proposed reduction to group homes.
045	Britton	Explains calculation of savings.
080	Chair Harper	Advises the Committee will hear an overview from Legislative Revenue in another work session.
105	Sen. Courtney	Asks for frame of reference including the other two special sessions.
125	Rocco	Explains LFO worked with agencies, and at some point selected

		cuts were limited and agencies were given discretion for across-the-board cuts.
135	Chair Harper	Asks for public testimony.
145	George Fultz	Association of Oregon Counties (AOC) . Expresses concern for counties who deliver human services.
160	Gina Furman	Director, Oregon Association of Community Mental Health Programs . Expresses concern about cuts to alcohol and drug programs which have already sustained \$2.7 million in cuts.
185	Chair Harper	Asks if the association would rather see specific program cuts.
188	Furman	Responds the clients should be considered.
195	Ralph Groener	American Federation of State, County, and Municipal Employees (AFSCME) . Represents most agencies. Offers perspective of three approaches: <ul style="list-style-type: none"> • Capital improvements funding • Support House plan • Educate the public about the budget process
375	Sen. Messerle	Agrees and summarizes efforts toward economic development.
400	Groener	Responds and suggests simplifying fees and regulations.
TAPE 6, A		
005	Chair Harper	Disagrees about property tax reductions, because they are an advantage for people who keep the money.
010	Groener	Suggests broadening the base.

020	Bruce Bishop	Oregon Association of Hospitals and Health Systems. Testifies and reiterates concern over reductions of \$3 million in diagnostic related group (DRG) payments to hospitals, because it is disproportionate to specific hospitals. Continues there is a federal match so it becomes a total \$7.5 million reduction in Medicaid funding.
050	Paul Snider	AOC. Urges the Committee to keep in mind the property tax. Discusses SB 1145 which created certain expectations.
090	Chair Harper	Advises the Committee will meet again at 10 a.m. tomorrow morning. Adjourns the meeting at 4:38 p.m.

Submitted By,

Reviewed By,

Patricia Nielsen,
Committee Assistant

Marjorie Taylor,
Administrator

EXHIBIT SUMMARY

A – House Proposal for budget reductions, staff, 1 p

B – Proposed Special Session 3 Selective Program Reductions, staff, 4 pp

C – HB 5091A, Budget report and measure summary, staff, 29 pp

D – Agency and Program proposed reductions, staff, 7 pp