

SENATE SPECIAL COMMITTEE ON BUDGET

June 24, 2002 Hearing Room E
4:00 P.M. Tapes 9 - 11

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

GUEST MEMBERS: **Sen. Joan Dukes**
 Sen. Bill Morrisette
 Sen. Mae Yih
 Sen. Frank Shields

STAFF PRESENT: **Teresa McHugh, Department of Administrative Services (DAS)**
 Patricia Nielsen, Administrative Support

MEASURE/ISSUES HEARD: **HB 5091-A Public Hearing**

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 9, A		
005	Chair Harper	Opens meeting at 4:05 p.m. Recesses the committee for 15 minutes.
010	Chair Harper	Reconvenes the committee at 4:24 p.m. Opens public hearing on HB 5091A, the omnibus disappropriations bill.
<u>HB 5091A – PUBLIC HEARING</u>		
	Chair Harper	Gives preliminary comments about Senate proposal which balances budget without raising taxes using four principles: <ul style="list-style-type: none">• Protect K-12 from further reductions• Minimize impact to priority programs by reducing, delaying or eliminating new/non-essential programs• Maintain adequate cash reserves• Consistent and fair
060	Sen. Gordly	Comments on lack of public notice for the meeting.
070	Sen. Beyer	Comments and explains principles further. Refers to page 2 of budget document (EXHIBIT A). Continues and gives examples. Discusses specific recommendations. Notes differences between House plan and this proposal.
200	Chair Harper	Continues to discuss details of proposal: <ul style="list-style-type: none">• Impact on K-12• Human services treated same as House plan• Public safety and corrections

		<ul style="list-style-type: none"> • Community colleges • Across-the-board cuts average 2.5% • Add some other funds, such as lottery funds
215	Sen. Beyer	Details differences between House and Senate proposals.
225	Chair Harper	Explains need to make proposed reductions.
235	Sen. Yih	Refers to written testimony (EXHIBIT D). Expresses constituent opinions which favor no new taxes and balancing budget without referring to voters. Recommends freezing budget at 6-30-02 levels, saving \$1.6 billion. Suggests delay of new programs.
295	Chair Harper	Responds.
305	Sen. Gordly	Asks about across-the-board cuts to state agencies.
310	Chair Harper	Explains this allows agencies flexibility to decide what cuts to make.
325	Sen. Gordly	Gives specific example of \$5 million cut to judicial branch, and asks if there is a need to repeal any statutes to deal with unintended consequences.
340	Chair Harper	Explains it will be up to each agency to bring up changes needed.
355	Sen. Carter	Asks about judicial budget, and judges which have now been elected. Expresses need for justice to be as equal as possible.
370	Chair Harper	Explains the delays. Discussion about what cuts were made.
410	Sen. Gordly	Asks for DAS examiner to appear.
TAPE 10, A		
005	Sen. Dukes	Inquires whether agencies will truly make across-the-board cuts instead of reducing program areas disproportionately.
010	Chair Harper	Answers that is the intent but there is no way to force them.
015	Sen. Dukes	Expresses concern over smaller agencies which do not receive much general fund money. Explains example of Department of Fish and Wildlife (ODFW), which receives only about 10% general funds. Asks if agency must cut only from those general fund programs.
030	Sen. Morrisette	Inquires about impact of loss of federal dollars.
035	Chair Harper	Explains.
053	Sen. Dukes	Discusses example of the Columbia River Estuary program.
056	Chair Harper	Responds.
059	Sen. Gordly	Discusses loss of federal funds due to cuts in mental health programs.
	Chair Harper	Comments on the federal match.
068	Norm Fox	Testifies in favor of the proposal. Refers to submitted material (EXHIBIT E). Discusses proposed budget cuts.
115	Paul Snider	Association of Oregon Counties (AOC) . Submits written testimony (EXHIBIT F). Discusses community corrections funding.
200	Jacqueline Zimmer Jones	Human Services Coalition of Oregon (HSCO) . Questions short-term fixes in budget proposal. Comments on “unspecified” cuts. Discusses specific recommendations: <ul style="list-style-type: none"> • Phase-in of Ballot Measure 88 • Adjust income tax • Cigarette, beer and wine taxes • Disconnect from federal economic stimulus package

267	Sen. Gordly	Asks whether these cuts fall disproportionately on the poor.
277	Zimmer Jones	Responds human services is a large portion of the general fund, which means human services is bound to take larger cuts.
290	Sen. Shields	Asks whether other states facing economic turndown are cutting human resources programs.
306	Zimmer Jones	Explains Oregon saves money by doing more things in the community. Continues many states are putting money into programs like Oregon's.
325	Sen. Carter	Asks about cuts to Medicaid-eligible community programs for seniors.
340	Zimmer Jones	Discusses.
350	Teresa McHugh	Department of Administrative Services (DAS).
353	Sen. Gordly	Asks how state agencies will absorb the across-the-board cuts.
355	McHugh	Explains DAS process: <ul style="list-style-type: none"> • Work with the agencies to identify statutory programs and appropriation programs • Have each agency submit their suggested reductions that fall within legal guidelines • Present recommendations to the Governor
		Refers to written material (EXHIBIT G).
TAPE 9, B		
020	Sen. Carter	Discusses examples of cuts to Pre-K, mental health planning services, safety net clinics and home care. Asks how to make sure the core of the program is kept intact and can do its statutory mission.
030	McHugh	Explains DAS first contacts agencies to make sure they do not spend un-allotted funds. Notes that at a certain point the agency will tell DAS whether a program could withstand cuts and still maintain its mission.
054	Sen. Dukes	Asks about disproportionate cuts due to federal and state mandates.
063	McHugh	Responds it is likely the Governor would follow statutory authority, and any program that is statutorily mandated would not be eliminated. Advises the submitted document is an earlier draft.
080	Sen. Carter	Asks about judicial hiring delay, after the voters have decided.
090	McHugh	Explains the Governor decides whether he has the legal authority to make the cuts, then takes the impact of the cuts into consideration.
104	Sen. Shields	Inquires whether agency directors have already considered what their cuts would be.
110	McHugh	Responds directors would want to look at the cuts and update their plans with additional information developed in the last few months.
123	Chair Harper	Recommends if a 4.2% decrease is needed, the smart way is to let the agencies do it.
140	Scott Gallant	Oregon Medical Association (OMA). Discusses cigarette, beer, and wine tax increases supported by the OMA. Expresses concern about additional cuts to human services, particularly the Oregon Health Plan (OHP).
218	Gordon Fultz	AOC. Testifies and explains concern about cumulative effect of cuts to human services made during the three special sessions. Recommends finding a way to stabilize the funding of these

		services in the future. Discusses direct services which have sustained cuts, including human services, regional and rural investments, and the community solutions and development office.
299	Chair Harper	Advises mental health planning funds may still be there.
305	Fultz	Explains counties are now planning for the upcoming fire season.
319	Gina Fuhrman	Association of Community Mental Health Programs. Reminds members of the time and effort that went into mental health planning. Discusses shortfall in mental health system and consequences of further cuts. Explains there is currently an unfunded mandate and some counties already took money from other programs for planning.
370	Chair Harper	Recommends making funding request to the Emergency Board.
375	Sen. Gordly	Advises she will resist any efforts to roll back or eliminate the legislation which was passed. Discusses failure to make an investment in mental health, and potential lawsuits around the state waiting to happen which will cost even more.
416	Sen. Shields	Asks about increased costs in some areas resulting from cuts to other areas.
TAPE 10, B		
020	Fultz	Suggests if programs are not funded, there will be increased costs reflected later.
027	Grattan Kerans	Oregon University System (OUS). Describes a budget note which directed OUS to return to the Emergency Board prior to the State Board of Higher Education increasing tuition. Advises a letter has been submitted to the Emergency Board to give notice of the plan to increase tuition (Exhibit I).
060	Sen. Carter	Asks what happens with the engineering programs.
065	Kerans	Discusses cumulative cuts of \$61 million to OUS, which would be apportioned among engineering and other programs. Advises tuition increases would not cover cuts, and doing all cuts in one year would exacerbate the effect.
091	Sen. Carter	Inquires how cuts and tuition increases will affect Oregon's nursing shortage.
095	Kerans	Discusses teacher shortage, engineer shortage, nurse shortage, while at the same time scholarship money and grant funds are reduced.
117	Sen. Yih	Asks about increasing tuition for out-of-state students to make up for reductions.
137	Kerans	Explains tuition increases are virtually guaranteed, but the board will decide once they see the magnitude of the cuts.
152	Sen. Dukes	Inquires about impact on enrollment if tuition is increased.
155	Kerans	Elaborates and advises that lower income students would likely be impacted first.
187	Mike Marsh	Oregon Department of Transportation (ODOT). Discusses reductions applied to train service. Describes work and investments to build ridership market, which would be lost after cuts. Advises the City of Eugene has similar concerns.
200	Jason Heuser	City of Eugene. Testifies in support of continued train funding: <ul style="list-style-type: none"> • Losing the second train weakens the link between communities • The timing is unfortunate, only months away from the revitalization of downtown Eugene train station

225	Sen. Gordly	Asks about loss of employment.
230	Marsh	Responds probably less than twenty.
250	Doug Barber	Willamette Dental Group. Discusses application of proposed cut to adult dental services under the OHP. Describes package of services based on escalating co-pays, but this proposal would take the package and apply to poorest of the poor who cannot afford those co-pays.
295	Jim Bunn	Northwest Dental Services. Elaborates on effect of cuts on adult dental services. Advises there is a possible \$2.6 million cost. Submits written testimony (EXHIBITS J, K).
330	Sen. Shields	Asks about loss of \$2.6 million in savings if the federal waiver is denied.
335	Bunn	Describes how Health Services Commission and dental providers identified savings with a 50% cut of non-categorical services. Notes that was submitted with the federal wavier application so if the waiver is approved those savings can be realized. Concludes those savings have already been counted, but the waiver has not yet been approved.
400	Barber	Returns on behalf of Oregon Association of Relief Nurseries. Discusses the 10% cut proposed for relief nurseries and disagrees with the suggestion that the workload has dropped.
TAPE 11, A		
010	Linda Ludwig	League of Oregon Cities. Recommends that Economic Development is a priority in addition to schools and human resources, because it brings businesses and jobs to Oregon. Advises this is what the community solutions office does, and there is a need to keep the tools we already have to stimulate the economy.
034	Bob Castagna	Oregon Catholic Conference. Testifies in opposition to several Department of Human Services proposed reductions: <ul style="list-style-type: none"> • Reduction of \$20,000 federal food stamp program outreach, risking a \$2 million loss of federal match • Employment related day care cut, which takes effect in one week • Not adding staff for case load increases, because if unemployed can't qualify for TANF due to insufficient number of caseworkers to process them, that in effect denies them the service • Proposed salary reductions
128	Lee Hazelwood	Senior advocate. Testifies in favor of Oregon Project Independence (OPI) and in opposition to funding cuts. Advises if the agency makes the cuts, this program will be badly hurt. Notes cuts to other senior mental health programs. Discusses funding for senior mental health projects.
170	Chair Harper	Asks if OPI program may be cut by the agency.
175	Hazelwood	Affirms.
177	Chair Harper	Reiterates it is the legislative intent for OPI to take only its 3-4% cut.
180	Tom Holt	Oregon State Pharmacists Association. Expresses concern about agency discretion for making cuts, which would endanger the Medicaid Program. Describes details of co-pay structure and difficulty of establishing a co-pay in the Medicaid program.

280
320

Tom Holt
Chair Harper

Continues and concludes.
Adjourns meeting at 6:35 p.m.

Submitted By,

Reviewed By,

Patricia Nielsen,
Committee Assistant

Marjorie Taylor,
Administrator

EXHIBIT SUMMARY

- A – Proposed Selective Program Reductions, staff, 6 pp**
- B – Agency and Program Prorated Reductions, staff, 6 pp**
- C – Senate Proposal, staff, 1 p**
- D – HB 5091A, written testimony, Sen. Yih, 1 p**
- E – HB 5091A, written testimony, N. Fox, 2 pp**
- F – HB 5091A, written testimony, P. Snider, 7 pp**
- G – HB 5091A, written testimony, T. McHugh, 16 pp**
- H – HB 5091A, written testimony, Sen. Carter, 1 p**
- I – HB 5091A, written testimony, G. Kerans, 1 p**
- J – HB 5091A, written testimony, J. Bunn, 1 p**
- K – HB 5091A, written testimony, J. Bunn, 1 p**