

# HOUSE SPECIAL SESSION COMMITTEE ON BUDGET RESTORATION

## 5<sup>th</sup> Special Session

September 4, 2002 Hearing Room 343  
1:00 p.m. Tapes 4 - 9

**MEMBERS PRESENT:** Rep. Ben Westlund, Chair  
Rep. Richard Devlin  
Rep. Cedric Hayden  
Rep. Betsy Johnson  
Rep. Susan Morgan

**STAFF PRESENT:** Monica Brown, Legislative Fiscal Office  
Susan Jordan, Legislative Fiscal Office  
Annetta Mullins, Committee Assistant

**MEASURE/ISSUES HEARD: Public Hearing**  
**Possible Budget Reductions**

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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.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 4 Side A</b>		
003	Chair Westlund	Calls meeting to order at 1:15 p.m. for the purpose of hearing suggestions for possible budget reductions. Invites everyone to testify on how reductions have impacted budgets and what additional reductions would do to specific programs.
023	Chair Westlund	Introduces Monica Brown, new staff in Legislative Fiscal Office.
030	Rep. Johnson	Comments that she understands that DAS has given instructions to agencies to prepare highly detailed analyses of what the budget cuts would do to their programs. Asks if this committee will have the opportunity to hear that information.
038	Chair	Responds that if the agencies would like to comment on the reductions as requested by the Executive Branch, he will hear that testimony. Adds that the committee also wants to hear what additional budget reductions would mean to the agencies, departments or commissions.
043	Kingsley Click	State Court Administrator. Comments on impacts to the Judicial branch that have been the result of the past four special sessions. Overall it has been an 8.9 percent decrease. About \$35 million in cuts to the Judicial Department, about \$11.5 million for operations, \$1.2 million to the jury and interpreter program, \$22.3 million for indigent defense.
060	Click	Explains that public service has been lost with those reductions, courts have cut hours and 10 percent of workforce. The courts have a priority listing of types of cases they try to handle, mainly on public safety and children. Further cuts, while not part of the Governor's across-the-board cuts for the Executive Branch, they did prepare for Legislative Fiscal Office a likely scenario if the

Judicial Branch were to take similar cuts. The Judicial Branch is funded 95 by percent General Funds and they do not have back-fill sources. With an across-the-board cut of \$482 million, it would be about 4.7 percent cut for the Judicial Branch and would have an impact of about 20 percent in eight months.

- 102 Click Explains that the cut of \$10.5 million for Operations is roughly 350 staff, and combined with the 150 being held open, that is one-third of the court's work force statewide. Court locations are set by statute. Also the duties of the courts are set by statute and the Constitution. Some clients may not get due process. As a result of the across-the-board cuts, cases have been prioritized and focus on public safety. Under this scenario of the cut in work force there would be 9-10 weeks of closure to account for loss of personnel dollars—approximately 350 people. That would be achieved either through layoffs, furloughs, or other combinations. While filings might happen, nothing would happen with small claims, non-person misdemeanors, landlord-tenant violations, traffic, fish and wildlife and other citations, and probate.
- 142 Click Explains they calculate there would be about \$20 million in lost revenues.
- Click Bottom line is support for the public would not be there. People would not have civil access and criminal cases would not be processed in the same way. Attorneys are having trouble getting restraining orders and there have been delays in the juvenile justice courts. Courts have responded saying they thought they could hold on for six or seven months but they say they cannot maintain in the long term.
- 172 Chair Westlund Asks if there has been any thought of shutting down certain levels of functions that citizens have come to rely on.
- Click Responds yes and explains.
- 203 Rep. Hayden Comments he does not understand the 20 percent reduction in the remaining eight months of the biennium if the \$482 million were to be implemented. Asks if they would have a 4.7 percent cut from the biennial budget, and if it is pressed into one-third of the time, whether the impact would be three times the 4.7.
- 200 Chair Explains how the differences appear in each agency depending on the agency budget.
- 218 Rep. Hayden Asks if Click will share the least injurious actions if they have to make further reductions.
- 250 Nancy Miller Director of Court Program and Services, Office of State Court Administrator. Comments that anything that could have been done has already been done; they are not at a point of less injurious any more.
- Rep. Hayden Asks that they compare less injurious to releasing prisoners. Asks if there is something else.
- Miller Responds they are looking at the small claims, landlord tenant cases. Those impact the business community.
- 262 Rep. Morgan Asks witnesses to talk about roll up costs being greater the later we are in the biennium. Asks if they have information to show how much of what they are looking at is attributable to higher payroll costs.
- 295 Click The information is not on the level of cuts they have taken but

310	Rep. Morgan Click	she can get the information from Budget and Management; personnel costs are 97 to 98 percent of their budget. Requests that they provide information on the personnel costs. States that the only amount that has been added since the Legislatively Approved Budget (LAB) is the distribution of the salary funds and benefits funds from last session. The Judicial Branch received \$8 million. Adds that they are still at the cut level with that \$8 million added in.
330	Click	Explains that in the remaining months, only \$700,000 is attributed to staff salary changes. Adds that the \$10.5 million in the last eight months would represent a 19.7 percent cut to operations. Many things in their budget are non-reducible. Judicial salaries cannot be reduced during the term. Only thing left is people and reduction of salaries.
357	Rep. Morgan  Click	Asks if a greater share of what they pay to other agencies is lumped into the last of the budget cycle. Responds, no and explains.
375	Chair Westlund Click	Asks how many people have been pink-slipped. Responds that 50 out of the 150 have been pink-slipped, and they started freezing positions last March.
391	Miller   Rep. Devlin	States she would like to comment on the potential of further reductions impacting the Juvenile Court processes. States that Oregon was recently found to be not in compliance in processing cases—they flunked the audit on the permanency hearings. Explains why DHS loses federal funds. Oregon is now under the Program Improvement Plan that is imposed by the federal government, and if we do not meet the requirements of the program, DHS can be assessed penalties. Asks whether they see people beginning to understand which cases would not be heard when they talked about guidelines for priority cases.
441	Click	Responds affirmatively. Explains that local courts try to design what will work best for their communities. Believes there needs to be statewide response so that the people who use the courts know.
<b>TAPE 5, A</b> 025	Joe Linden	Oregon Criminal Defense Lawyers Association. Comments that in the first three special sessions \$22 million or 14 percent of the budget was cut. That means that the system runs out of money next April if it continues to operate as it is operating today. Suggests a way to change the system would be to stop prosecuting certain types of cases to reduce the demand on the fund. Adds that additional cuts would only accelerate the date the crisis occurs. The system will need money in January or soon after.
047	Rep. Hayden  Linden	Asks if they can they defer some of the cases for 60 days in April. Responds that any case that carries a possibility of incarceration must be provided with defense counsel at the time the defendant is brought before the court. You can try to find a way to not prosecute individuals and that is a local decision. District attorneys are elected to prosecute people who have broken the law. If Oregon wants to have a tough criminal justice system, we must have an adequately funded defense system. That includes

078	Ozzie Rose	<p>law enforcement, prosecution, court, correctional, and juvenile justice funding. When one piece such as indigent defense is under funded it brings the other pieces to a halt.</p> <p>Confederation of Oregon School Administrators. States that what will happen will be different in all the school communities because there are different situations because of 150 years of decisions they have made. The most commonly talked about response among the superintendents is they don't know what to do now because of the uncertainty. Thinks that there will probably be shorter school years, which is the most reasonable response. Thinks what happens will depend on each school district and the situation. The worst case scenario will be closing schools in mid-April. The districts say they will run until they are out of money, which is a subjective term. Questions what "out of money" means to different districts. Comments on alternative scenarios and decisions that each district must make.</p>
139	Rep. Johnson Rose	<p>Asks Rose to talk about the economy in the small towns.</p> <p>Responds that in most of the communities the school district is the number one to four largest employer. States they had a study done by EcoNorthwest that says for every job in the schools, something like 1.8 jobs are available in the community. In four to eight counties, the school districts represent 14 percent or more of the payroll in the county.</p>
181	Chair Westlund  Rose	<p>Comments that four or five districts have elected to open the school year a week later. Asks why a district would start the school year a week late.</p> <p>Responds that those communities are making decisions based on lack of certainty.</p>
204	Rep. Devlin	<p>Comments there are always disagreements about the amount of cuts. States that one district in his area, when they thought the cuts would be about \$2.1 or \$2.2 to the district, was cutting \$5million from their budget. Asks if it is fair to say that the \$5.2 million that was talked about last July was not adequate to hold those districts harmless.</p>
231	Rose	<p>Responds that districts must plan for the increased costs, health insurance and energy costs, PERS. They have to try to build reserves. Each district handles their reserves differently. The \$5.2 million was not allowing for a large increase.</p>
248	Rep. Hayden Rose	<p>Asks if teachers are paid on a nine- or 12-month basis.</p> <p>Explains how the teachers are paid, and how that benefits the districts.</p>
262	Rep. Hayden	<p>Asks if they would like to go back to local control property tax system.</p>
267	Rose	<p>Responds he doesn't want to go back totally to a property tax system where there were huge inequities between districts. Believes there needs to be a couple more dollars of property tax available to school districts. States that the local elections created a discussion between the total communities about their schools. We don't have that discussion any more.</p>
289	Rep. Hayden Rose	<p>Asks if the equalization formula was a benefit or curse.</p> <p>Responds that we now have a much fairer system to all the kids in the state.</p>
310	Rep. Hayden	<p>Asks Rose what he thinks about summer school, year-round school starting in July to help those who could not get done by</p>

		April.
317	Rose	Responds that he said schools would start shutting down in April if they choose that route. Adds that some schools may go all year if they can make it. States that the new budget does not seem to be a lot larger than the current one and doesn't know how to divide the funding for the years. States that if a district loses 15 to 30 days this spring, efforts will be made to make sure the kids pass the tests.
319	Rep. Hayden	Asks if they would ever run out of money if they start summer school July 1.
	Rose	Responds he thinks they would run out the next spring. It depends on what the legislature does between January and June 2003.
357	Rep. Morgan	Asks what kinds of discussions COSA is having about solutions or changes in the way things are designed because the "money follows the student" doesn't work very well.
370	Rose	Responds that enrollments in 160 of 190 districts are declining. It is very difficult for very small and declining districts. Explains that declining enrollment in the larger districts eats up the percentages for the small districts.
423	Rose	States that 18 bills were introduced to adjust the formula. Each benefited the person who introduced the bill at the expense of other districts.
440	Rose	States that the declining issue won't be solved until there is more funding. State he is not recommending this, but the state could reduce the number of school districts but that has social implications.
<b>TAPE 4, B</b>		
020	Rep. Morgan	Districts cover small geographical areas and they split positions, and have division of things so they can better use their resources. Asks if the money can be split up.
032	Rose	States there is no problem with districts sharing the money; there is no prohibition against it.
	Rep. Morgan	Comments on efforts of districts in her legislative district to share funds.
079	Rose	Responds that Oregon has never addressed equity on the infrastructure side, only on the operations side.
114	Chair Westlund	Comments he never thought about the consequences of not having the local elections and the conversations between the schools, the concepts, principles and values of public education in a community.
149	Kathryn Weit	Oregon Developmental Disabilities Coalition. States that the proposed cuts include the elimination of 101 group homes. That means over 400 individuals with developmental disabilities, mental retardation, will be kicked out of their homes.
173	Rep. Morgan	Asks how many staff are in each home.
	Weit	Responds it depends on the extent of the individuals' disabilities in the homes.
	Rep. Morgan	Asks if there are three staff persons for each person.
	Weit	Explains staffing levels.
217	Weit	Adds that also the support services would be cut.
229	Weit	States they are also looking at the elimination of the family support services that are provided in the home to allow the family to keep the member in the home so the family can sleep.

241	Weit	States they are also looking at the elimination of psychiatric services, in-home support for people with physical disabilities, and services for those receiving general care needs.
250	Rep. Morgan	Asks Weit to provide information on the big picture of total care and the percentage of cuts on the lowest needs for services.
	Weit	Responds that she can provide the data. <b>NOTE: The information requested by Rep. Morgan and submitted by Ms. Weit is hereby made a part of these minutes (EXHIBIT G).</b>
285	Chair Westlund	Asks if these people came from Fairview.
	Weit	Explains that all the individuals from Fairview are now living in small group homes. For the most part, they fall into the categories of more significant needs and would not likely be the individuals cut. These are the one who came out many years ago. They are also the individuals whose needs are increasing because of aging.
305	Chair Westlund	Asks what levels they are talking about, whether it is range 15-17 under Medicaid.
	Weit	Defers the questions to the Department of Human Services staff.
322	Rep. Devlin	Asks if it would be fair to say that if this many facilities are closed, recreating the facilities might be a lot more difficult than replacing the dollars in the future.
	Weit	Responds that the cuts would not be cost effective. People may end up in more expensive facilities. Many of the homes are older homes in smaller communities. Many of the people would go through the system of civil commitment and more expensive options.
370	Kate Dickson	Deputy Superintendent, Oregon Department of Education (ODE). States that budget reductions of \$482 million has an implication of \$12.8 million for ODE. Much of the resources are grant-in-aid to school districts. The ODE overall budget is approximately \$270 million. Of that \$270 million, about \$235 million goes directly to school districts for grant-in-aid. Explains concern for grant-in-aid budget. \$82 million goes directly to serve early childhood special education children. They also have regional programs that are to serve the special education population. Children from multiple school districts are served by the regional programs because they have high-cost and low-incidence special needs. Currently about \$32 million is spent on the program and they would be looking at about a six percent reduction. States those costs will have to be picked up by the school districts because these students are on IEPs and the services must be provided.
426	Dickson	Explains they will also take cuts in their hospital programs, long term care and treatment programs, and the Oregon Pre-K Program.
<b>TAPE 5, B</b> 001	Doug Wilson	Assistant Director for Finance and Policy Analysis, Department of Human Services. Presents reduction projections for the Department of Human Services ( <b>EXHIBIT A</b> ). Explains they prepared this document last week in response to the Governor's request for \$12.8 million of cuts to the Department of Human Services under his reductions. States they were instructed to make proportional reductions based on the appropriations for

		each line in their budget.
032	Bobby Mink	Director, Department of Human Services (DHS). Comments that DHS serves more than 800,000 Oregonians or one-fourth of the Oregon population every year. The department serves the most needy and vulnerable people in the state. Ten percent of the 800,000 individuals will receive six or more services. In some of the eastern and southern Oregon counties DHS serves 40 percent of the populations.
	Mink	States that last session the DHS budget was \$8.5 billion total funds, about \$2.5 billion General Funds. Eighty percent of that is direct payout into the communities to doctors, hospitals, nursing homes, assisted living facilities, foster parents, county mental and public health programs, developmental disabilities in the counties, the AAAs. In addition to the 80 percent that is paid out, another 16 percent pays for the field staff and institutional staff in the branch offices, the Oregon State Hospital, and the hospitals at Portland and Pendleton. Less than four percent of the budget is associated with administration in Salem.
	Mink	Comments on effects on local economies.
092	Rep. Johnson	Asks how the cuts were arrived at.
	Mink	Explains that because of the Governor's constitutional and legal limitations, the cuts are across-the-board. Explains how staff and interest groups worked together.
116	Rep. Johnson	Asks at what point in the circle of advisers the local governments get to comment on it.
	Mink	States that DHS has a local government advisory committee and the department has shared with them the budget building process and how they would reduce the budget. The advisory committee includes county commissioners, AOC, and different human services representatives. Also, seniors, the disabled, health services and family groups have a part in it.
168	Rep. Morgan	Asks for an estimation of social services if the paradigm could be changed in southern and eastern Oregon.
	Mink	Responds he believes the clue is in the services they provide. There is a lack of jobs. Because the population is so sparse the state cannot afford to have the same services there as in the Valley. Practitioners do not have enough work in those areas.
228	Rep. Morgan	Asks if they have data on how case loads have changed.
	Mink	Responds that the department does not have data except for the last few years.
248	Rep. Morgan	Asks how they would suggest making cuts if the parameters of cuts were lifted.
	Mink	States they would take a look at programs that are more regional in nature, and ask if they can afford to do it in only one region. The problem is the programs are all needed. It is too difficult a question to answer.
270	Mink	Explains there are more advocates suing state government for services across the nation and they are winning because there is a right to some of these services. Believes they would have looked at the places where they have to look. Twenty-five percent of the budget is in the health plan and they would focus there. Twenty-five percent of the budget is in senior services and they would look at those. Sixteen percent is in mental health services and they would focus there. The committee just heard testimony

		about the developmentally disabled population. Adds there was recently a \$40 million settlement around developmental disabilities and inadequate services for that population. Cutting those services would be very, very hard.
300	Wilson	Comments that DHS is being sued because the population cannot get the services. Because of the nature of the settlements, these cuts will challenge them to stay out of court, most likely around child welfare, developmentally disabilities, and welfare. Most programs are tied to the federal government; 40:60 percent match. States that it will be difficult to meet the Maintenance of Effort (MOE) agreement. They have not done the analysis yet because they have not seen what the other agencies are doing.
346	Wilson	States that DHS depends on local governments for delivery of services in the DD systems, a large part of the mental health system, AAAs for senior and disabled long-term care system, and public health. They cannot avoid raising havoc with those systems with these types of cuts.
	Rep. Johnson	Comments her county commissioner and incoming chair of AOC just came in and she wants to make sure he knows she is advocating on behalf of local governments.
	Wilson	Explains that cuts in the mental health system is causing a backlog of people in jail because the system is not getting to them.
378	Wilson	Reviews budget reduction <b>(EXHIBIT A)</b> .
<b>TAPE 6A</b>		
021	Wilson	Continues presentation of budget reductions <b>(EXHIBIT A)</b> .
034	Rep. Morgan	Asks where Oregon is on the waiver request.
	Wilson	Responds he will provide an update on the process.
074	Wilson	Continues explanation of cuts. Two thirds of OHP participants are categorical and were previously served through Medicaid and Medicare programs. Others are 100 percent or less of the poverty level.
096	Rep. Hayden	Asks what happens to the people if 60 lines in the list are eliminated..
	Wilson	Responds that if eligibility were cut to a certain group, they would start hitting safety net clinics and hospitals and other programs to get the care they cannot live without.
118	Rep. Hayden	Asks what the difference is in benefits between the OHP and fee-for-service Medicaid.
121	Wilson	States that managed care was around before the OHP and there is still a sizeable fee-for-service program under the OHP. Under capitation OHP does pay an eight percent administration fee to the plans.
138	Rep. Hayden	Asks if it is less expensive to have capitation in the health plan or the fee-for-service Medicaid.
	Wilson	Responds that he believes the OHP is more preventive in nature than the old fee-for-service.
163	Wilson	Reviews cuts for seniors and nursing homes, spousal pay, restructuring of special needs program, OPI would be eliminated for the rest of the biennium <b>(EXHIBIT A, pages 3-5)</b> .
195	Rep. Hayden	Comments he now understands that with federal funds, the cost of the care to Oregon is one-half.
222	Rep. Morgan	Asks what the status is of the waiver for independent living.
	Wilson	Responds that he believes some people are operating under the



		waiver but will provide additional information.
217	Wilson	Continues review of reductions ( <b>EXHIBIT A, page 6</b> ).
283	Rep. Johnson	Asks where the list is of the undefined DHS cuts as a result of the \$6.5 budget reductions in Special Session 3.
254	Wilson	Responds that it will be reported to the next E-Board meeting.
264	Wilson	Continues review of cuts ( <b>EXHIBIT A, pages 6-7</b> ).
306	Rep. Johnson	Comments that trying to calculate the community costs in trying to move people in the mental health system is probably incalculable. Asks if there are facilities that receive those patients for the Portland psychiatric unit.
315	Wilson	Responds that they assume under this cut they would put the people into the existing facility, but they are very constrained at the State Hospital. States that before the State Hospital in Salem can be expanded, significant funds will have to be put into new structure or remodeling; they are close to the capacity now.
343	Mink	Comments that if services are cut to the 800,000 people DHS serves, most of them will not go anywhere. They will be in the communities somewhere and it will be a tremendous burden on the county sheriffs, municipal police departments, and Oregon State Police trying to figure out what to do with people who are not taking their medications.
361	Rep. Johnson	Asks what items in the DHS budget are prophylactic and try to stop the number from increasing.
370	Mink	Responds that preventative programs that used to be DHS have long since been cut and there aren't many of those. States that they have tried to put back the Oregon Children's Plan and the tobacco program.
392	Wilson	Adds that many of the preventative dollars are in the budget but they have not been able to invest them. States that many programs are interrelated. Alcohol and substance abuse is a key prevention/intervention issue because many of the program services stem back to substance abuse.
420	Rep. Hayden	Asks if there are statistical scientific bases for the impact, and who determines them, and why was there not this impact before the programs existed. States he assumes the reason is drug abuse.
434	Wilson	States there were people not receiving services, or were receiving services from hospitals and charitable providers. Believes there have been some major societal changes, i.e. families took care of their family members.
	Rep. Hayden	Comments there are more homeless people and more crime since we have the programs.
<b>TAPE 7, B</b>		
025	Rep. Devlin	Comments that a large percentage of those served by DHS are children. States that without health care and nutritional assistance, there could be more significant problems than we have right now.
037	Wilson	Continues review of reductions ( <b>EXHIBIT A, pages 8-10</b> ).
087	Rep. Johnson	Asks if DHS can determine if there are private sector providers who can pick up some of the services that are listed in these cuts, and how the department can monitor compliance at the local level.
135	Chair Westlund	Suggests the solution would be additional money.
141	Wilson	States that in the area of alcohol and substance area, they would reduce the residential bed capacity from 608 to 511. Adds that A

		& D services are also part of the OHP, the outpatient dollars for Medicaid clients are part of the OHP and some of those would have already been cut as part of the OMAP cuts.
149	Wilson	Reviews cuts on vocational rehabilitation ( <b>EXHIBIT A, page 13</b> ).
156	Mink	Explains that with the cut of \$75,000 General Funds they will lose almost \$1.4 million additional dollars because of the 4:1 match.
172	Wilson	Reviews administrative support systems cuts ( <b>EXHIBIT A, page 14</b> ).
199	Mink	Explains impact of cuts of administrative support systems in DHS.
213	Committee	Wilson and Mink continue discussion on reductions of administrative services in DHS.
244	Karen Brazeau	Director, Oregon Youth Authority (OYA). Introduces Karen Olsen, Manager of OYA Business Services. Submits information on budget cuts to OYA, explains services, and reviews budget cuts ( <b>EXHIBIT B</b> ).
307	Brazeau	Continues presentation ( <b>EXHIBIT B, page 5</b> ).
331	Brazeau	Reviews budget cut information ( <b>EXHIBIT B, pages 6 - 8</b> ).
358	Rep. Johnson	Comments that the worst offenders are in the close custody beds. Asks if those facilities were offered up for closure prior to other facilities being offered, or did the budget cuts wipe out OYA.
367	Brazeau	Explains that the cuts that were offered up were offered in a balanced way. Explains how the system works when the youth are moved into the field and usually placed in out-of-home placement.
392	Brazeau	Explains impact of cuts shown on page 7 ( <b>EXHIBIT B</b> ).
431	Rep. Johnson	Asks why they have selected the rural programs to be cut.
439	Brazeau	Explains that it is blow to rural communities. The Warrenton facility employs 83 and puts a payroll of \$245,000 a month into the community. The reason for the selection is at MacLaren the cost per day can be significantly cheaper than the Warrenton facility. Adds that Hillcrest is the only facility where they house young women.
<b>TAPE 6B</b>		
036	Rep. Johnson	Asks to see the cost benefit analysis used to make the decisions on the cuts.
056	Rep. Johnson	Asks to see the moth-ball costs also.
060	Chair Westlund	Comments that it is not the director's responsibility to look at the economic impact on the community.
071	Rep. Johnson	Responds that we should try to figure out how to do restorations instead of closing facilities.
073	Rep. Morgan	Asks for more detail about what is involved in closing each facility and detail on what each line item is worth so the committee can look at it in terms of total dollars.
082	Brazeau	Responds they can provide the details.
083	Brazeau	Explains impacts shown on page 8 ( <b>EXHIBIT B</b> ).
100	Brazeau	Continues explanation of cuts shown on page 8 ( <b>EXHIBIT B</b> ).
119	Brazeau	Explains effect of cuts for the biennium ( <b>EXHIBIT B, page 9</b> ).
136	Rep. Morgan	Asks if the assumption is that the beds are full all the time.
	Brazeau	Responds that the beds are full all the time.
151	Rep. Johnson	Asks what happens to the kids—what is the recidivism.
	Brazeau	Responds that the agency is getting better at being able to track

		<p>them. OYA is tracking them one year out and looking for the reason for their return. The return rate is about 30 percent. States she will send members their report that was just completed.</p>
184	Rep. Devlin Brazeau	<p>Asks how the cutbacks would impact county juvenile facilities. Responds that the youths cannot stay in county facilities because the law prevents long-term stays in detention. Judges can commit the youth to the state.</p>
219	Rep. Morgan Brazeau	<p>Asks if the recidivism rates are falling nationally. Responds she does not know. It is difficult to compare because people measure it in different ways. The return rate for new crimes is in the mid-teens. They do know the highest rate is within the first six months or first year.</p>
235	Lee Hazelwood	<p>Senior Advocate. Speaks in support of retaining funding for Oregon Project Independence (OPI):</p> <ul style="list-style-type: none"> <li>• Has been working for OPI for the last 20 years and saved the state a tremendous amount of money.</li> <li>• To cut funding for the last year of the biennium would total almost \$7 million; the OPI budget was \$13.7 million, the 1999 level.</li> <li>• Normally OPI clients are notified 60-90 days before services are cut so they can try to make arrangements somehow; if these cuts are effective October 1, the notification time is very short.</li> <li>• A lot of the OPI money is spent at the local level.</li> <li>• Asks that the legislature give serious consideration to restoring the moneys.</li> <li>• Comments on dedicated staff in DHS and their willingness to provide information in a short time.</li> </ul>
382	Lieutenant Ron Rucker	<p>Oregon State Police. Explains that the \$8.8 million eliminates 185 positions in the department, 131 sworn officers and 54 professional positions. During the series of special session, the department has lost 41 sworn officers and 30-32 professionals. There would also be five positions lost in Fish and Wildlife, 26 in criminal, some in the forensic laboratory, and 41 in Human Resources.</p>
416	Rep. Morgan	<p>Asks that they provide details to LFO so the information can be distributed.</p>
433	Rucker	<p>Explains that layoffs in the department will occur by seniority. Explains services that will not be provided. Adds that they will also have to redeploy a good number of employees to balance things geographically. This will reduce the number to one-half the number of people in the Patrol Division in 1980. Believes this \$8.8 million represents the dismantling of the State Police.</p>
<b>TAPE 7, B</b>		
051	Rep. Johnson	<p>Asks if they have talked to the counties about the impact this will have.</p>
060	Rucker	<p>Responds they are meeting frequently with the OACP, the Sheriff's Association, the Governor's Public Safety Policy and Planning Council, and are putting together a law enforcement leadership forum. Comments on the murder case in Klamath</p>

089	Rep. Johnson	Falls and the impact the State Police had in solving the case. Asks what OSP's mothball costs would be including the BPSST expansion.
115	Rucker	Responds that the department has a lot invested in training and a lot of agencies in and outside Oregon would like to hire the troopers if they are laid off. States the department needs the trained people desperately so the State Police can accomplish its mission. Will provide a dollar figure on what they think it costs to train and deploy a person.
122	Gordon Fultz	Association of Oregon Counties (AOC). Introduces Paul Snider and AOC Vice President, Tony Hyde. Explains that \$750 million of the state General Fund per biennium goes to counties. Seventy percent of that goes to public safety and human services. The counties, for the most part, must tell people the services are not available if the cuts occur. The counties are also concerned about the impacts of the various systems on each other. Submits handout prepared by Jane O'Keefe on effect of funding cuts <b>(EXHIBIT C)</b> .
167	Fultz	Comments on effects of cuts to human services program at the county level, including the federal matches that the counties lose: <ul style="list-style-type: none"> <li>• Babies First.</li> <li>• Communicable disease outbreaks.</li> <li>• Alcohol and drug services.</li> <li>• Mental health services.</li> <li>• Demands for services are highest over the last year.</li> <li>• Counties are the major provider of services.</li> </ul>
233	Paul Snider	AOC. Comments on effects of cuts to law enforcement in the early 80s. The State Police had to cover patrol for the county sheriffs' office. The State Police had a different funding source than today. States there are agreements with the State Police, sheriffs, and city police about who has responsibility. The sheriffs do not have the capacity to pick up the slack if the State Police are cut. <p>Comments that in the third special session, the counties talked about the population forecast cuts in community corrections. The explanation that came to the legislature from the Community Corrections Funding Committee has to do with the interrelationship. One of the reasons why that forecast was going down was because several counties', especially Multnomah and Marion, budget cuts were reducing the capacity of their county jails. Including those two counties the jail bed capacity went down 500 beds as of July 1, 2002.</p> <p>Sheriff's have reduced the length of stays on sanctioned offenders and that drove down the numbers in community corrections. There was no workload reduction in community corrections; the workload is as least as high as it was before but the capacity to deal with the offender population is shrinking at the local level. Under the Department of Corrections' cuts for institutions, the department has said it will have to close institutions and move a significant number of the population into parole and probation without providing the funding to community</p>

corrections to handle the workload. Adds that Karen Brazeau, OYA, said the same thing.

States that the options the counties would have to deal with the problem would be very restricted.

322 Snider Comments on relationship of cuts on human services and public safety programs.

367 Tony Hyde AOC. Comments on cuts to the State Police and the impact on the county:

- Columbia County depends on the State Crime Lab in Portland.
- Not sure they can prosecute murder cases with the proposed cuts.
- Closure of OYA facility in Warrenton would close the county youth facility.
- Last Friday AOC agreed to collectively support an income tax surcharge, bonding, and some cuts to have a balanced package.

418 Rep. Morgan Comments that the root cause of the problem Oregon is in is the economy. Asks what the legislature can do to facilitate an economic recovery.

436 Hyde Responds that their handout includes significant jobs (**EXHIBIT C**). The unemployment rate is 7.9 percent in Columbia County; cutting jobs only adds to the problem.

#### **TAPE 8, A**

027 Rep. Morgan Comments on need to reenergize the private sector. Cautions people who think government can sustain the economy.

054 Hyde Comments that he focuses most on economic development in his job and agrees with Rep. Morgan. Also thinks this is the time when human services and law enforcement and public safety are most needed.

060 Westlund Asks what the legislature can do to improve the economic conditions.

072 Hyde Responds that out migration in Columbia County is their biggest problem because they not only lose their economic base, they also lose the social infrastructure. States that the most valuable tools they have are the economic development tools that are coming out of the Office of Economic and Community Development (OECD).

084 Rep. Morgan Comments on bureaucracies around state agencies that add costs and time to a permitting process. Asks what Hyde thinks the impact of cutting back on regulations would be.

098 Hyde Comments on process relating to a request for development of wetlands and ball parks in Columbia County and indecisions that may take two years and \$20,000 to solve.

142 Rep. Morgan Comments she believes Community Solutions Team is an excellent way of doing things but it is indicative of the problems one faces bureaucratically.

165 Fultz Advises members that AOC has provided the numbers of people served in the programs and the potential losses of personnel (**EXHIBIT C**).

172 Ellen Lowe Columbia Willamette United Way. Comments on expectations that these local organizations will pick up the slack in the budget

reductions.

- Their 87-member agencies work with over 2,000 agencies within the area served by Columbia-Willamette United Way. Those agencies are experiencing the same kinds of things. Columbia Willamette did become a conduit for some dollars that left the state after the September 11, 2001 terrorist acts; however, they are hoping to meet their goal this year.
- United Way dollars are a fraction of the dollars the agencies have. Many are partners with the state in providing services.
- The cuts of COLA impacted them. The community-based not-for-profit agencies also need stability in order to provide some stability to the people they are trying to serve. The cutbacks sometimes interfere with the trust level.
- Each agency would say their ability to fill the void is somewhat limited.
- Programs on pages 11 and 12 of information from DHS (**EXHIBIT A**) relate to the system of care. These are services to children and their at-risk families. Hopes the committee thinks about the “system of care.”
- Proposed budget reductions break agreements and thinks it would be tragic to have to go to the courts to do what is right.
- System of care includes the same families as the Columbia-Willamette United Way serves.
- Urges committee to look at everything as being a system.

305 Rick Crager

Chief Financial Officer, Oregon Housing and Community Services. Presents explanation of cuts thus far and impact of proposed cuts (**EXHIBIT D**). Explains that top row of figures is specific to the across-the-board cuts, and the bottom row is more specific to the next biennium at 10 and 30 percent levels.

379 Crager

Continues presentation (**EXHIBIT D**).

434 Crager

States the agency has lost, in General Fund reductions, 100 percent of the Housing Development Guarantee account, 52 percent of the Emergency Housing account, and the remainder of the programs translates into 5.24 percent.

441 Rep. Morgan

Asks if the Home Ownership Assistance program provides loans or grants.

Crager

Responds they are grants that go out to the community action programs across Oregon.

447 Rep. Morgan

Asks if the agency tracks the success rate of how many people are able to sustain homeownership.

Crager

States they have put a tracking mechanism in place but cannot give any historical data.

470 Rep. Morgan

States she is interested in the Homeownership Assistance program.

Crager

Responds that the program provides shelter care, emergency shelter assistance. States they are moving to a model where they can do more transitional housing.

507 Chair Westlund

Asks what the 45.5 percent General Fund reduction means in

		dollars.
510	Crager	Responds it would be a 5.14 percent reduction.
<b>TAPE 9A</b>		
053	Craig Campbell	Chair, State Commission on Children and Families. Submits report and explains budget reductions for the commission <b>(EXHIBIT E)</b> . States that the total cuts represent \$2.848 million. With the \$4.175 million reduced in previous special session, the total reductions total \$7.014 million (12.1%) in the commission's overall General Fund budget.
086	Donna Middleton	Director, State Commission for Children and Families. Comments that one program, Court Appointed Special Advocates, was not mentioned by Campbell. The program would have a two percent cut but any money that comes out of the programs is significant. States the programs do raise some money but most of their funds come from other state systems as well as the commission and some of those state systems are talking about reductions.
100	Campbell	Explains that the commission has three primary responsibilities: coordinating comprehensive planning among the state and local partners around services to children and families, and to ensure there is a system of services that is designed for early childhood prevention. The services that are being cut are directly related to those services. The services are being provided to families before they get into trouble with SCF. The third responsibility is to make sure they provide whatever information they have to the legislators as policy makers. States they have just completed a full set of comprehensive planning processes in the 36 counties and can provide the executive summaries of each, which identify what the communities believe their service priorities are.
125	Middleton	Emphasizes that these are the resources before things happen. Hopes the committee weighs prevention. Adds that the counties also get other donations for these programs.
154	Bret West	Assistant Commissioner for Community Colleges. Submits testimony he presented to the Governor <b>(EXHIBIT F)</b> . States that 97 percent of the General Fund money their office receives goes out to the community colleges through the funding formula. About one and one-half percent is left behind for administration. Currently nine FTE are funded through General Funds. With a \$19.7 million cut to the Community College Support Fund they believe that at least 14,000 people will not be able to attend a community college and it is quite likely the number could be 40,000. Explains that the choices on how the cuts will be administered locally will be made by the local boards. With the \$14 million cut in the second special session the community colleges had to raise tuition by about 12 percent.
		Explains that the community colleges also have to make choices about the high cost programs, the professional technical programs. Those will be decisions they have to make if the \$19 million cut goes through.
217	Andrea Henderson	Executive Director, Oregon Community College Association. Comments on effects on services that community colleges provide. Reviews Blue Mountain Community College's Impact on Reductions in State Funding <b>(EXHIBIT F, page 3)</b> .
256	Rep. Hayden	Asks what level of federal funding is available in grants and

	West	loans for the truly needy students. Responds that he does not know the exact answer, but generally financial aid is only available to full-time students. It is the part-time students who get cut out and most community college students are part-time students. States they will do research and report back.
306	Chair Westlund West	Asks how many classes fall into personal enrichment. Responds it would be about eight percent; most are computer courses, usually one-day courses. Also in that group is the English as a second language program, defensive driving courses for seniors, and other safety and health courses like CPR, etc.
324	Chair Westlund	Asks how many of those courses would be listed in the catalog of the 17 institutions and would last the duration of the term.
331	West	States that most of the courses that would be in the catalog would also include hobby and recreation courses, which by law are excluded from using state funds to support. Most of the courses listed in the schedule as self-improvement type courses are not full term courses.
350	Chair Westlund	Thanks everyone for participating in the meeting.
357	Chair Westlund	Adjourns meeting at 5:35 p.m.

Submitted By,

Reviewed By,

Annetta Mullins  
Administrative Support

Marjorie Taylor,  
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**EXHIBIT SUMMARY**

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- A – Possible Budget Reductions, Doug Wilson, 14 pp**
- B – Possible Budget Reductions, Karen Brazeau, 10 pp**
- C – Possible Budget Reductions, Gordon Fultz, 4 pp**
- D – Possible Budget Reductions, Rick Crager, 1 p**
- E – Possible Budget Reductions, Craig Campbell, 2 pp**
- F – Possible Budget Reductions, Bret West, 4 pp**
- G – Possible Budget Reductions, Kathryn Weit, 1 p**