

**State of Oregon**

**Emergency Board**

**October 27 – 28, 2005**

## EMERGENCY BOARD LETTERS

Item	Agency	Subject	General Fund	Other Funds	Federal Funds	Lottery Funds	Pos/ FTE	Analyst
<b>ELECTED OFFICIALS</b>								
1	Dept. of Education	Allocation of the special purpose appropriation for Early Intervention/Early Childhood Special Education caseload	4,893,114	--	--	--	--	Ames
2	Dept. of Education	Increase Other Funds expenditure limitation by \$2.0 million and establish two positions to create the Oregon Virtual School District	--	2,000,000	--	--	2/1.5	Ames
<b>TRANSPORTATION</b>								
3	Aviation	Construction of the Aviation Salem Office Building		1,900,000				Upadhyay
4	Dept. of Transportation	Report on timeline and cost to provide electronic real-time access to driving records for insurance industry						Freels
<b>CONSUMER AND BUSINESS SERVICES</b>								
5	Board of Pharmacy	Requests spending authorization for Federal Funds awarded through grant	--	--	50,000	--	--	Opsommer
<b>ADMINISTRATION</b>								
6	Dept. of Administrative Services	Oregon Health Policy and Research - Acceptance of a federal grant extension (federal funds limitation)	--	--	397,467	--	1 Pos/ 0.50 FTE	Upadhyay
7	Dept. of Administrative Services	Report on recent changes to the compensation plan and position allocations	--	--	--	--	--	Upadhyay
8	Dept. of Administrative Services	State Data Center - CNIC project update report	--	--	--	--	--	Upadhyay
9	Oregon Liquor Control Commission	Establish three liquor regulatory specialist positions per Governor's veto letter on HB 2056	--	283,995	--	--	3 pos/ 2.50 FTE	Upadhyay
<b>HUMAN RESOURCES</b>								
10	Dept. of Human Services and Dept. of Justice	Allocation of the special purpose appropriation for legal representation of child welfare caseworkers in juvenile court proceedings involving child protective services	2,500,000	--	--	--	--	Freels
11	Dept. of Human Services	2003-05 Closeout: GF increased need of \$60 m due to problems & savings since May E Board. Therefore, the department will only revert \$17.7 m of the \$77.7 that was loaned in May.	--	--	--	--	--	Teschner
12	Dept. of Human Services	DHS requests that a capital construction project be established and approval to convert 6th floor of OSH-Portland to psychiatric treatment space	--	--	--	--	--	Teschner
13	Dept. of Human Services	Request approval to apply for a NIOSH grant to help determine feasibility of an epidemiological study	--	--	--	--	--	Teschner
14	Dept. of Human Services	Status report update on MMA implementation	--	--	--	--	--	Teschner
15	Insurance Pool Governing Board	Request special purpose appropriation to cover existing enrollments in FHIAP for remainder of the biennium. Increase OF limitation for federal matching funds that will be received from DHS for Medicaid & CHIP match on FHIAP expenditures.	2,904,487	7,183,177	--	--	--	Teschner
<b>PUBLIC SAFETY</b>								
16	Oregon Military Dept.	Funding to administer the Oregon National Guard Reintegration Program and enhance the Public Affairs Program	266,980	--	--	--	3 Pos./ 2.25 FTE	Upadhyay
17	Oregon Military Dept.	Establish a Fiscal Analyst 1 position at Kingsley Field Air Base	--	--	98,186	--	1 Pos/ 0.83 FTE	Upadhyay
18	Oregon Military Dept.	Report on the Katrina and Rita emergency responses	--	--	--	--	--	Upadhyay
19	Oregon Military Dept.	Funding for administration of the State Defense Force	49,934	--	--	--	1 Pos./ 0.42 FTE	Upadhyay
20	Oregon Youth Authority	Funding as recommended in final report of the Youth Safety and Abuse Prevention Review Committee. Budget note in HB 5125-B requires final report to Interim Judiciary at its first meeting.	724,832	--	33,667	--	5/3.38 Total 4/2.63 PF 1/0.75 LD	Gilbert
21	Oregon State Police	Interoperability planning placeholder.	893,660	--	2,495,432	--	6/4.66LD	Gilbert
<b>ECONOMIC AND COMMUNITY DEVELOPMENT</b>								
22	OECD	Authorization to apply for federal EPA grant	--	--	--	--	--	Pearson
23	OECD	Increase Lottery Funds expenditure limitation to pay debt service on bonds	--	--	--	718,297	--	Pearson
<b>NATURAL RESOURCES</b>								
24	Dept. of Land Conservation and Development		--	--	--	--	--	Upadhyay
25	Dept. of Agriculture	Request for a General Fund appropriation to support an agricultural labor analysis study, with an additional request for a \$2 million reservation in the General Purpose Emergency Fund pending results of the study	80,000	--	--	--	--	Freels
26	Dept. of Forestry	Retroactive authorization to apply for a federal Fire Prevention and Safety grant from the Department of Homeland Security	--	--	--	--	--	Freels
27	Dept. of Forestry	Report on the 2005 fire season and the department's use of severity resources	--	--	--	--	--	Freels
28	Dept. of State Lands	Increase Other Funds expenditure limitation for Bend office space	--	60,000	--	--	--	Pearson
29	Dept. of State Lands	Increase Federal Funds expenditure limitation for two EPA grants. Establish Limited Duration positions to do grant work.			550,559		5/5.0	Pearson
30	Dept. of State Lands	Retroactive authorization to apply for federal National Oceanic and Atmospheric Administration grant to restore Olympia oysters	--	--	--	--	--	Pearson
31	Dept. of State Lands	Increase Federal Funds expenditure limitation for USFWS grant for Elliot State Forest Habitat Conservation Plan	--	--	446,261	--	--	Pearson
<b>TOTALS</b>			<b>\$ 7,419,893</b>	<b>\$ 9,427,172</b>	<b>\$ 4,071,572</b>	<b>\$ 718,297</b>		

**Budget  
and  
Management  
Analyses**

**October 2005**

**Department of Human Services and Department of Justice****Analyst: Freels**

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**Request:** Allocate \$2,497,924 from the special purpose appropriation made to the Emergency Board; increase Federal Funds expenditure limitation by \$2,156,619; and, establish 32 permanent full-time positions (24.00 full-time equivalent), phased-in on January 1, 2006, for child welfare staffing and legal representation for the Department of Human Services.

Increase Other Funds expenditure limitation by \$1,551,389 and establish 10 permanent full-time positions (7.5 full-time equivalent), phased-in on January 1, 2006, for child welfare legal representation in the Department of Justice.

**Recommendation:** Approve the request.

**Discussion:** Passage of the federal Adoption and Safe Families Act in 1997 limited the time and increased the legal requirements for the Department of Human Services (DHS) to seek permanency for children in the child welfare system.

Using the least cost approach to implement this federal mandate, DHS limited the use of legal services from the Department of Justice and used mostly DHS caseworkers to provide much of the legal work and representation in court proceedings for these cases. This lack of legal representation means DHS caseworkers must devote significant time away from case management to address complex legal issues, a task for which generally they are untrained. This has caused delays in services to children and their families and can result in a longer stay for children in the foster care system. Further, there is a potential liability for the DHS workers practicing law without a license.

The Governor included resources for more DHS staffing and DOJ legal representation in his 2005-07 Recommended Budget. During the legislative budget hearings on this subject, however, there were concerns raised with the proposed solution. The Governor's plan increased DOJ legal representation from about five percent to about 15 percent of these child welfare cases. Further, the plan eliminated some DHS caseworkers to finance additional paralegal positions. At the request of the House Budget Committee a different approach was developed, but during the legislative session the budget committee did not have sufficient time to fully review this approach. Rather, they appropriated a \$2.5 million special purpose appropriation to the Emergency Fund for consideration of this issue at a meeting of the Emergency Board.

DHS and DOJ are bringing forward this plan for increased DOJ legal representation and staffing, and are requesting allocation of the \$2.5 million special purpose appropriation. The revised plan addresses legislative concerns. First, DHS and DOJ developed comprehensive criteria to assist in determining what cases and issues will be referred to DOJ for legal review and consultation, and potential legal services. Second, no DHS caseworkers are eliminated. This approach will increase the availability of legal advice and legal representation provided to DHS in child welfare cases, and will increase the ability of DHS caseworkers to provide quality service to

clients. The Department wants to implement this plan during the 2005-07 biennium, effective January 1, 2006 and report to the 2007 Legislature on the results.

Total cost of the revised plan is \$4.65 million, with \$2.5 million from the special purpose appropriation and \$2.15 million from matching federal funds. The Plan also includes establishment of 32 positions (24.00 full-time equivalent) in DHS and 10 positions (7.50 full-time equivalent) in DOJ. A cost and staffing comparison of the original and revised plans are provided below.

<b>DHS Positions</b>	Original Plan	Revised Plan
Caseworker	-28	0
Support Staff	- 3	0
Supervisor	4	2
Paralegals	49	20
Support Staff	20	10
Total Positions	42	32
Position Cost	\$3,286,521	\$2,252,658
Services and Supplies	\$ 259,613	\$ 850,496
DOJ legal services	\$4,207,301	\$1,551,389
Total Cost	\$7,753,435	\$4,654,543

<b>DOJ Positions</b>	Original Plan	Revised Plan
Supervising Attorney	2	1
Attorneys	10	4
Paralegals	3	2
Legal Secretaries	4	3
Total Positions	19	10
Total Cost	\$4,207,301	\$1,551,389

The requested DOJ positions augment the existing team of attorneys assigned to child dependency cases. Currently there are 3.6 attorneys and one legal secretary working in Portland, and four attorneys, one paralegal and two legal secretaries working in Salem on child welfare issues. The requested staff will be located in Portland and Eugene to more efficiently provide statewide services.

### **Legal Reference:**

Allocation of \$298,992 from the special purpose appropriation made to the Emergency Board by chapter 713, section 7(1), Oregon Laws 2005, to supplement the appropriation made by chapter 713, section 1(1), Oregon Laws 2005, for the Department of Human Services, Department Wide Support Services, for child welfare legal representation for the 2005-07 biennium.

Allocation of \$2,198,932 from the special purpose appropriation made to the Emergency Board by chapter 713, section 7(1), Oregon Laws 2005, to supplement the appropriation made by chapter 713, section 1(2), Oregon Laws 2005, for the Department of Human Services, Children, Adults and Families, for child welfare legal representation for the 2005-07 biennium.

Increase the Federal Funds expenditure limitation established by chapter 713, section 4(1), Oregon Laws 2005, for the Department of Human Services, Department Wide Support Services, by \$298,992 for the 2005-07 biennium.

Increase the Federal Funds expenditure limitation established by chapter 713, section 4(2), Oregon Laws 2005, for the Department of Human Services, Children, Adults and Families, by \$1,857,627 for the 2005-07 biennium.

Increase the Other Funds expenditure limitation established by chapter 694, section 2, Oregon Laws 2005, for the Department of Justice, General Counsel, by \$1,551,389 for the 2005-07 biennium.

**1**  
**Department of Education**  
**Analyst: Ames**

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**Request:** Allocate \$4,893,114 from the special purpose appropriation made to the Emergency Board for caseload growth in the Early Intervention/Early Childhood Special Education program.

**Recommendation:** Approve the request.

**Discussion:** When approving the 2005-07 budget for the Early Intervention/Early Childhood Special Education program (EI/ECSE), the 2005 Legislative Assembly set aside \$4,893,114 in a special purpose appropriation to be used for costs related to caseload increases during the biennium. The agency was directed to return to the Emergency Board to report on updated caseload numbers and Federal Funds, and request any of the special purpose appropriation that was needed.

Caseload increases for the 2005-07 biennium were originally forecast to be about two percent per year, which was slightly higher than actual growth rates at the time the budget was built. After growing consistently at a five or six percent increase per year for several years, the number of children served in 2002-03 increased only two percent, and caseload actually fell by 0.3 percent for 2003-04. However, the growth in the program began to pick up during last school year, and caseload increases during 2005-07 are now expected to be around five percent per year. The agency believes the increases are due to programs being more diligent about identifying eligible children. With the reauthorization of the Individuals with Disabilities Education Act (IDEA), the federal agency has put more emphasis on identification of children. The state agency has also worked with programs as a result of the declining caseloads during the last biennium.

A total of 8,560 children were served in the program last year. While caseload estimates for 2005-07 are still very preliminary, an assumption of five percent increase per year is consistent with growth rates in the program before the downturn in 2002-03 and 2003-04. This would mean that over 400 additional children would be added to the program each year during the biennium.

There has also been an increase in estimated Federal Funds for the EI/ECSE program since the budget was built. Current estimates of Federal Funds for the 2005-07 biennium are about \$33 million, a \$3 million increase from the original estimate. However, this is still an estimate for both 2005-06 and for 2006-07. In particular, there is concern that federal funds will be reduced for educational programs in order to pay for other federal priorities such as hurricane relief.

The combination of higher growth in caseloads than originally anticipated and the possible increase in Federal Funds has resulted in a total estimated need for additional General Fund of about \$12 million for the biennium. The allocation of the \$4.9 million special purpose appropriation at this time will allow programs to meet a portion of the increased costs that are expected over the biennium. As more information becomes available on Federal Funds and

caseloads, the agency expects to return to the Emergency Board with updates and potentially requests for additional resources.

**Legal Reference:** Allocation of \$4,893,114 from the special purpose appropriation made to the Emergency Board by chapter 789, section 11(1), Oregon Laws 2005, to supplement the appropriation made by chapter 789, section 2(1), Oregon Laws 2005, for early intervention services and early childhood special education programs for the 2005-07 biennium.

**Withdrawn by Agency**

**Oregon Military Department**  
**Analyst: Upadhyay**

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**Request:** Increase Federal Funds expenditure limitation by \$98,186 and establish one permanent, full-time Fiscal Analyst 1 position (0.83 full-time equivalent) to support the Civil Engineering Squadron at Kingsley Field in Klamath Falls.

**Recommendation:** Approve the request.

**Discussion:** The Oregon Military Department is requesting an increase of \$98,186 Federal Funds expenditure limitation to establish one permanent, full-time Fiscal Analyst 1 position (0.83 full-time equivalent) to support the Civil Engineering Squadron at Kingsley Field in Klamath Falls. \$10,000 of the requested expenditure limitation increase is for Services and Supplies.

The Fiscal Analyst 1 position will provide accounting and budgeting services. The position will also act as a liaison between base activities and the agency's Financial Administration Division. The National Guard Bureau has authorized 100 percent federal funding for this position. The agency was notified of the federal funding authorization in August 2005, well after the agency's budget hearings.

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 673, section 3(1), Oregon Laws 2005, for the Oregon Military Department, by \$98,186, for the 2005-07 biennium.

**16**  
**Oregon Military Department**  
**Analyst: Upadhyay**

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**Request:** Allocate \$266,980 from the State Emergency Fund and establish three permanent positions (2.25 full-time equivalent) to administer the Oregon National Guard Reintegration Program and enhance the Public Affairs Program.

**Recommendation:** Approve the request, modified as follows: Allocate \$248,617 from the State Emergency Fund and establish three permanent positions (2.08 full-time equivalent).

**Discussion:** The Oregon Military Department is requesting an allocation of \$266,980 General Fund from the State Emergency Fund for the following purposes:

- \$206,701 General Fund for administration of the Oregon National Guard Reintegration Program. The funds would be used to establish two permanent, full-time Administrative Specialist 2 positions (1.83 full-time equivalent) and to pay for related Services and Supplies expenditures.
- \$60,279 General Fund to enhance the Public Affairs Program. The funds would be used to establish one permanent, part-time Public Information Representative 1 position (0.42 full-time equivalent) and to pay for related Services and Supplies expenditures.

Oregon National Guard Reintegration Program Request: This program assists Oregon National Guard members returning from long-term war zone deployments in reintegrating back into civilian life. Since 2001, the Oregon National Guard has mobilized over 70 percent of its force. The processes and frustrations experienced by the returning veterans in applying for assistance and making their transition back to normalcy has created a greater need for a central service and clearing house of support and assistance.

At present, the National Guard Bureau provides funding for two federal employees for the Reintegration Program in Oregon, which is not sufficient to cover all the counties. Due to the high demand for these services, the Oregon Military Department currently has two additional temporary employees working for this program and has been paying for them with armory rental revenues. The armory rental revenues are needed to pay for the growing armory maintenance needs. Approval of this request would provide the agency with resources to establish two permanent, full-time positions to work in this program.

The two requested positions would assist returning Oregon National Guard members in addressing issues concerning family reintegration, emotional, financial or spiritual counseling, assistance with the various veterans benefit plans and the complex processes associated with them, reintegration back into civilian life, medical counseling and therapies, job search, and other areas that will assist these individuals with getting to the normalcy of civilian life. The positions would also assist in contacting survivors of members killed in the line of duty to identify and mitigate hardships, and direct them to the appropriate federal and state agencies to acquire veterans' services.

The analyst recommends approval of this request with a modification that \$188,338 General Fund of the requested \$206,701 General Fund be approved. The recommended funding will enable the agency to establish two permanent, full-time equivalent Administrative Specialist 2 positions (1.66 full-time equivalent) starting November 1, 2005.

Public Affairs Program Request: The staffing in the Public Affairs Program has dropped from four and a half state positions and one federal position in 1995 to one state position and one federal position. The agency states that workload has increased four fold during this time. As a result, the agency currently has a temporary employee working for this program and has been paying for this position with General Fund appropriation for Services and Supplies. Approval of this request would provide the agency with resources to establish one permanent, part-time position to work in this program.

The requested Public Information Representative 1 position would work to insure that the agency is properly communicating with Army and Air Guard members as well as the public. The primary functions of this position include maintaining information resource material and files, and consulting with the Oregon National Guard leadership regarding sensitive and controversial issues to assure correct and consistent responses to inquiries. The position will also track, review, and report to leadership on legislative activity, research and prepare background studies and special reports, and respond to written or telephone inquiries about the Oregon National Guard activation, mobilization and reintegration activities.

The cost of the position is \$60,279 General Fund.

**Legal Reference:** Allocation of \$248,617 from the State Emergency Fund to supplement the appropriation made by chapter 673, section 1(1), Oregon Laws 2005, for the Oregon Military Department Administration, for the 2005-07 biennium.

**14**  
**Department of Human Services**  
**Analyst: Teschner**

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**Request:** Report on the implementation of the Medicare Prescription Drug Program.

**Recommendation:** Acknowledge receipt of report.

**Discussion:** The federal Medicare Modernization Act (MMA) of 2003 created the voluntary Medicare Prescription Drug program, called Medicare Part D, to provide a prescription drug benefit for individuals receiving Medicare. The benefit takes effect January 1, 2006. At that time, Oregon will no longer be eligible for federal Medicaid matching funds for clients who have dual eligibility in both Medicare and Medicaid. Dual eligible beneficiaries will receive their drug benefit through Medicare unless they opt out.

The Department of Human Services (DHS) was requested by the 2005 Legislative Assembly to report on a regular basis to the Emergency Board regarding the implementation of the Medicare Prescription Drug Program. To date, DHS has accomplished the following:

- All federal deadlines for submission of data and State Plan Amendments have been met.
- Over 2,500 staff, providers and other stakeholders have received training.
- Plans are in place to assist all 54,000 dual eligible clients who are losing Medicaid coverage on January 1, 2006.
- The “clawback” payments to the federal government will be made on schedule and estate recovery on amounts sent on behalf of dual eligible clients will be performed.
- A benefit package for the dual eligible clients that covers drugs excluded from the Medicare program has been designed.

However, some significant concerns remain including:

- DHS expects many dual clients auto-enrolled into a Prescription Drug Plan (PDP) will need to change plans if it does not meet their needs. Every client affected will receive assistance, but recent staff reductions and short federal timelines have made this a greater challenge. The possibility of clients dropping the Medicare Prescription Drug coverage and being without any drug coverage is also a concern.
- Almost all dual eligible clients will be required to make co-payments for prescription drugs. Many clients may be unable to make the required co-payments and, therefore, may not receive their prescriptions. This may lead to the client’s medical deterioration, forcing them into more expensive care settings.
- The state has been required to establish a new eligibility system for the Medicare subsidy and also to provide outreach and screening for various DHS programs to Medicare subsidy applicants. This is a new workload for the coming year and may increase caseloads for food stamps, medical programs and long-term care. This may also create a significant workload for local DHS offices and Area Agencies on Aging.

**15**  
**Insurance Pool Governing Board**  
**Analyst: Teschner**

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**Request:** Report on the status of negotiations with the federal Centers for Medicare and Medicaid Services (CMS) regarding the request for flexibility in meeting the Family Health Insurance Assistance Program's (FHIAP) Maintenance of Effort (MOE) requirement.

**Recommendation:** Acknowledge receipt of report.

**Discussion:** During the 2005 Legislative session, the General Fund budget of the Insurance Pool Governing Board (IPGB) was reduced by \$4.0 million to establish a Special Purpose Appropriation (SPA) of the same amount to the Emergency Board. This was done to allow Oregon to pursue a change in the Oregon Health Plan (OHP) 2 waiver regarding the FHIAP MOE. Currently, the MOE agreement requires that the state expenditures for FHIAP during the five-year waiver period must equal or exceed the level of expenditures before the waiver. The MOE is calculated using the 2002 state fiscal year expenditure level as the base. The 2005 Senate Subcommittee on Budget directed IPGB to report to the Emergency Board on the status of the negotiations with CMS at the November 2005 meeting.

If CMS allows Oregon to count expenditures in the state's Children's Health Insurance Program (CHIP) or Oregon Health Plan (OHP) Standard towards the FHIAP MOE, then some or all of the \$4.0 million SPA could be allocated to the Department of Human Services (DHS) for CHIP or OHP Standard. The Department of Human Services submitted a letter to CMS in early October outlining the following four options the state proposes as counting towards the FHIAP MOE:

- Increase the number of adults that can be covered under OHP Standard by \$1,800 at a cost of \$4.0 million.
- Extend the eligibility period from six months to 12 months for children eligible for CHIP adding 9,600 children at a cost of \$3.7 million.
- Increase the income limit for children in FHIAP and CHIP to 200 percent of the federal poverty level. This would increase the CHIP caseload by 1,400 children at a cost of \$0.5 million.
- Eliminate the current CHIP asset limit of \$10,000 adding 130 children at a cost of \$50,000.

At this time, CMS isn't prepared to provide any indication of their position. If CMS decides to give Oregon flexibility in meeting FHIAP MOE, then a recommendation will be made to the Emergency Board to allocated \$3.7 million of the SPA to DHS for the purpose of extending the eligibility period from six months to 12 months for children eligible for CHIP. If CMS denies the request for flexibility, the SPA will be allocated to IPGB.

The agency will return to the January 2006 meeting of the Emergency Board with an update on the negotiations with CMS. In the meantime, IPGB has created a reservation list and is not accepting applications for FHIAP.

**Department of Administrative Services**  
**Analyst: Teschner/Kleiner**

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**Request:** Authorization to apply for a grant of \$275,000 over two years from the Center for Disease Control and Prevention (CDC) National Institute for Occupational Safety and Health (NIOSH) Exploratory/Development Grant Program to help identify the environmental and workplace health risks among welding, soldering and pipe fitting workers.

**Recommendation:** Approve the request.

**Discussion:** The Department of Human Services (DHS) is requesting approval to apply for a \$275,000 grant from NIOSH in response to a request from the Plumbers, Steamfitters and Marine Fitters Local Union 290 and the Department of Consumer and Business Services Oregon Occupational Safety and Health Division (OR-OSHA) to help determine the feasibility of conducting a formal epidemiological assessment of illness and disability among their member workers who perform tasks such as welding, soldering and pipe fitting. This grant does not require any matching state funds. The grant application is due by January 6, 2006.

The Plumbers, Steamfitters and Marine Fitters Local Union 290 and OR-OSHA are concerned about large numbers of union member workers retiring early due to disability and who experience early death after retiring. So, they approached the Environmental and Occupational Epidemiology Section (EOE) of DHS which tracks illness and injuries that are linked to exposures people face from their environment and the workplace. DHS utilizes this information in order to identify patterns of conditions that can be changed through appropriate interventions.

The Department requests authorization to apply for the NIOSH grant. If successful, DHS will use these funds to work with other state agencies, employers, industrial associations, labor unions, and workers' compensation insurers, among many others to identify sources of data that may be used to provide information about the illnesses and exposures experienced by union members. The data sources include union data, medical data, vital records data and workers' compensation data. The grant funds will be used to analyze these data to determine if patterns of illness can be prevented or reduced and whether a formal epidemiological study is warranted.

**12**  
**Department of Human Services**  
**Analyst: Teschner**

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**Request:** Report on the construction project to convert the 6<sup>th</sup> floor of the Oregon State Hospital-Portland to psychiatric treatment space.

**Recommendation:** Acknowledge receipt of report.

**Discussion:** In November 2004, the Emergency Board authorized the Department of Human Services (DHS) to evaluate the current structure and future role of the Oregon State Hospital (OSH) within the state's mental health care system. This was in response to great concern with a rising forensics census and overcrowding at the State Hospital. The resulting report – Framework Master Plan Phase I – was released May 16, 2005. It identified risks and deficiencies of the current facilities and specific sites on the Salem Campus that are at seismic risk. The structure most at seismic risk is the 41 Building which houses 100 forensic patients.

After a review of alternatives by DHS, the most cost effective and timely alternative was to convert the 6<sup>th</sup> floor of the OSH-Portland building to psychiatric treatment space. Currently, the 6<sup>th</sup> floor is not being used for patient care. Once converted, an estimated 28 to 32 civilly committed patients would be relocated from OSH-Salem to the converted 6<sup>th</sup> floor of OSH-Portland. This in turn would free up space to relocate approximately 30 forensic patients from the 41 building into a ward at OSH-Salem. The remaining 70 forensic patients will continue to be housed in the 41 building until other alternatives become available.

The Department is preparing a Request for Proposals for an architect or engineer to provide drawings, construction specifications and professional cost estimates for the conversion. The contract is expected to be from \$50,000 to \$75,000 with the conversion construction costs ranging from \$525,000 to \$950,000. These costs are not included in the Department's budget. Funding for the project will most likely be addressed through a rebalance. The entire project from design to occupation is expected to take about a year to complete. The Department plans to return to the Emergency Board when final costs and timelines are determined.

**11**  
**Department of Human Services**  
**Analyst: Teschner**

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**Request:** Transfer General Fund appropriations; increase Other Funds expenditure limitation by \$17,467,242; decrease Federal Funds expenditure limitation by \$56,080,817; and increase non-limited Federal Funds by \$4,874,774 to close out the 2003-2005 biennium for the Department of Human Services.

**Recommendation:** Approve as requested with the following modifications:

- Transfer General Fund appropriations.
- Increase Other Funds expenditure limitation by \$22,557,098.
- Request the Department of Administrative Services to unschedule \$22,834,735 General Fund and \$56,080,817 Federal Funds Department-wide.
- Do not increase Nonlimited Federal Funds as the increase was done through the administrative allotment process in June.

**Discussion:** The Department of Human Services is requesting approval to rebalance financial resources for a closeout of the 2003-05 biennium. These changes reflect adjustments needed since the last 2003-05 rebalance plan in May 2005. Caseload, cost, revenue issues and the completion of the final Medicare Upper Payment Limit (MUPL) resolution have led to changes in the Department's budget overall.

The Department's May 2005 rebalance plan implemented in House Bill 5077 included a \$77.7 million General Fund appropriation as a temporary measure to cover cash flow timing issues with tobacco tax and provider tax receipts. The cash flow problem occurs at the end of the biennium and is created by a time lag between expenditures and the receipt of the revenue. The General Fund was to be reverted after the biennium closed and revenues were received. However, General Fund expenditures were approximately \$54.9 million above the need projected at the May 2005 rebalance. As a result, the overall General Fund reversion is estimated at \$22.8 million. The Department of Administrative Services will unschedule these funds for later reversion.

The major issues within the closeout include:

- Caseload Changes. Across the Department, caseload changes net a savings of \$7.8 million General Fund. The total OHP actuals caseload has increased since May 2005 primarily due to Temporary Assistance to Needy Families (TANF). The Department has found that the non-cash assistance portion of TANF population continues to increase. In addition, the Substitute Care programs in child welfare have increased. On the other hand, costs related to childcare, domestic violence and In-home care for seniors have declined resulting in General Fund savings.
- Cost Allocation. A change in the time reporting methodology to determine the level of Federal participation in administrative costs results in a General Fund need of \$24.9 million. The new methodology implemented for 2003-05 revealed that the Department's estimate of federal cost sharing in the administrative costs of Department-Wide Support Services;

Children, Adults and Families; and Seniors and People with Disabilities had been overestimated.

- Revenue Issues. Other Funds shortfalls create a General Fund need of \$28.6 million. The majority of the shortfall was within the In-home care program for seniors. Client employed provider benefit revenues were less than anticipated. The Department's original request included a General Fund backfill of \$7.1 million to cover a Tobacco Tax shortfall of \$7.1 million. Since the letter was written and submitted, the Department of Revenue transferred an additional \$5.1 million of Tobacco Tax receipts to DHS. Therefore, the General Fund need has been reduced to \$2.0 million.
- MUPL. The final negotiated settlement has resulted in a net payback to the federal government of about \$15.9 million General Fund.

Following is a more detailed analysis of the closeout by operational cluster.

#### Children, Adults and Families

The closeout decreases the budget for Children, Adults and Families (CAF) by \$0.1 million General Fund, \$0.1 Other Funds and \$2.4 million Federal Funds.

#### Highlights:

- Caseload increases in Foster Care and Statewide Residential Treatment along with a realignment of Other Funds and Federal Funds resulted in a need for \$7.9 million General Fund. However, costs decreased in Employment Related Daycare, the Refugee program, Youth Investment, Tribal Programs and Purchased Adoptions. These savings along with the use of Temporary Assistance for Needy Families (TANF) carry forward funds reduces the need for General Fund by \$11.4 million. The net impact of these changes in CAF results in a savings of \$3.5 million General Fund.
- A single cost allocation plan with new time reporting methodology was implemented at the beginning of the 2003-05 biennium. As result, the federal share of administrative costs in CAF has decreased by \$3.4 million creating a General Fund backfill need of \$3.4 million.

#### Community Human Services

The closeout decreases the budget for Community Human Services (CHS) by \$0.1 million General Fund, \$2.1 million Other Funds and \$3.0 million Federal Funds.

#### Highlights:

- Other Fund revenues related to overpayment and third party recoveries, and Care of State Wards were less than anticipated in the May 2005 rebalance plan by \$2.1 million resulting in need for \$2.1 million General Fund.
- Overall administrative expenditures were less than projected reducing the need for General Fund by \$2.2 million and Federal Funds by \$3.0 million.

#### Health Services

This cluster received an additional General Fund appropriation of \$64.8 million to address cash flow issues at the May 2005 rebalance, but has had a net increased need of \$7.9 million General Fund since the rebalance. As a result, the closeout for Health Services (HS) nets a General Fund

savings of \$56.9 million and \$1.6 million Other Funds and an increase of \$10.9 million Federal Funds.

#### Highlights:

- Medical caseload increases are slightly higher than projected for the May 2005 rebalance. The primary drivers continue to be the growth in TANF, Aid to the Blind and Disabled (AB-AD) and the Children's Health Insurance Program (CHIP). The Department's Client Caseload Forecasting Team has found that TANF and AB-AD clients are staying in the program longer. This results in greater numbers accumulating in the monthly caseload counts. The overall increase in these caseloads creates a need for \$6.2 million General Fund.
- Revision to the Tobacco Tax Revenue forecast results in a shortfall of \$2.0 million Other Funds creating a need for \$2.0 million General Fund.
- Unused funds within Public Health create a savings of \$0.4 million General Fund. These funds are not tied to a specific program but have been carried forward from the 2001-03 biennium. However, part of the savings is offset by additional legal costs related to the Death with Dignity challenge currently before the U.S. Supreme Court. The net General Fund savings is \$0.3 million.

#### Seniors and People with Disabilities

This cluster received an additional General Fund appropriation of \$13.0 million to address cash flow issues at the May 2005 rebalance, but has had a net increased need of \$28.4 million General Fund since the rebalance. As a result, the closeout for Seniors and People with Disabilities (SPD) nets a General Fund cost of \$15.4 million, an increase of \$32.6 million Other Funds and a decrease of \$48.9 million Federal Funds.

#### Highlights:

- In-Home Care Workers–Client Employed Provider (CEP) program benefits costs were less than anticipated by about \$10.1 million General Fund and caseloads were lower than anticipated resulting in additional savings of \$7.1 million General Fund. However, these savings were offset by significantly lower CEP revenue than anticipated at the May 2005 rebalance. This results in a net cost of \$5.9 million General Fund and a decrease of \$14.6 million Other Funds and \$35.8 million Federal Funds. The closeout also includes additional Personal Care costs of \$0.9 million General Fund, \$0.2 million Other Funds and \$1.7 million Federal Funds within the In-Home Care program.
- Caseload costs for nursing facilities were slightly higher than anticipated at the May 2005 rebalance resulting in a General Fund need of \$1.0 million. In addition, changes to the collection of provider taxes through House Bill 2147 results in a reduction of Other Funds and an increased General Fund need of \$1.6 million. These costs are offset by higher than anticipated other fund revenues resulting in a General Fund savings of \$2.3 million. The net impact results in a need for \$0.4 million General Fund and increases of \$0.6 million Other Funds and \$1.6 million Federal Funds.
- Older Americans Act program adjustments include corrections for over claiming of federal revenue. This is a cleanup of an accumulated error dating back to 1992 and results in a General Fund cost of \$2.5 million.

- Cost per case is lower than anticipated in Community Facilities resulting in a \$1.4 million General Fund savings.
- In the final resolution of MUPL, the state had a net payback to the federal government of \$15.9 million General Fund. The closeout includes increased Other Funds limitation of \$47.9 million for revenue received from providers and a reduction in Federal Funds limitation of \$15.1 million which is the net of the disallowance and approved final claims.
- A single cost allocation plan with new time reporting methodology was implemented at the beginning of the 2003-05 biennium. As result, the federal share of administrative costs in SPD has decreased creating a General Fund backfill need of \$3.7 million.

#### Department-wide Support Services

The closeout increases the budget for Department-wide Support Services (DWSS) by \$18.8 million General Fund and decreases Other Funds by \$6.3 million and Federal Funds by \$12.6 million.

#### Highlights:

- Interest costs associated with end of biennium borrowing for cash flow and suspense account exceeded levels projected at the May 2005 rebalance resulting in a General Fund cost of \$1.0 million.
- A single cost allocation plan with new time reporting methodology was implemented at the beginning of the 2003-05 biennium. As result, the federal share of administrative costs in DWSS has decreased creating a General Fund backfill need of \$17.8 million.

#### **Legal Reference:**

1. Transfer General Fund appropriations made by chapter 726, section 1, Oregon Laws 2003, for the 2003-05 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(1) Department-wide Support Services	\$ +18,847,743
(2) Children, Adults and Families	\$ -65,963
(3) Community Human Services	\$ -133,643
(4) Health Services	\$ -56,905,883
(5) Seniors and People with Disabilities	\$ +15,423,011

2. Increase or decrease the Other Funds expenditure limitations established by chapter 726, section 2, Oregon Laws 2003, for the 2003-05 biennium as follows:

(1) Department-wide Support Services	\$ -6,260,353
(2) Children, Adults and Families	\$ -66,781
(3) Community Human Services	\$ -2,086,514
(4) Health Services	\$ -1,608,112
(5) Seniors and People with Disabilities	\$ +32,578,858

3. Increase or decrease the Federal Funds expenditure limitations established by chapter 726, section 4, Oregon Laws 2003, for the 2003-05 biennium as follows:

<b><u>Subsection</u></b>	<b><u>Amount</u></b>
(1) Department-wide Support Services	\$ -12,587,390
(2) Children, Adults and Families	\$ -2,440,539
(3) Community Human Services	\$ -3,037,141
(4) Health Services	\$ +10,889,770
(5) Seniors and People with Disabilities	\$ -48,905,517

**20**  
**Oregon Youth Authority**  
**Analyst: Gilbert**

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**Request:** Allocate \$724,832 from the State Emergency Fund, increase Federal Funds expenditure limitation by \$33,667, establish four permanent, positions (2.63 full-time equivalent), and one limited-duration full-time position (0.75 full-time equivalent) to implement the recommendations of the Youth Safety and Abuse Prevention Review Committee.

**Recommendation:** The Department of Administrative Services will make a recommendation on the day of the Emergency Board Subcommittee meeting.

**Discussion:**

Background

In response to issues related to sexual abuse of youth offenders by a former Oregon Youth Authority (agency) juvenile parole and probation officer, the agency convened the Youth Safety and Abuse Prevention Review Committee (Committee) in early 2005. The Committee's charge was to review the specific circumstances around sexual abuse charges against a parole and probation officer and a foster home service provider. Following the review, the Committee was to make recommendations to the agency that would prevent future repetitions of the alleged abuse.

The Committee presented preliminary findings and provisional recommendations to the Legislature in June, 2005. Subsequently, the agency's budget, House Bill 5125, included a budget note directing the agency to report to the Joint Legislative Judiciary Committee at its first meeting in the 2005-07 interim to present the final report and recommendations of the Committee and to discuss agency plans to implement the recommendations. The budget note also instructed the agency to request resources from the Emergency Board no later than January 2006, should additional resources be needed to execute the recommendations. At that time (June 2005), the agency estimated needing around \$825,000.

At this writing, the Committee's final report is being reviewed by Committee members for approval, such that the report is expected to be made public a few days before the October 2005 meeting of the Emergency Board. An interim Judiciary Committee has not yet been named to receive, hear, and approve the report. Rather than waiting for Judiciary Committee review, however, the agency is bringing this request forward now in recognition of the Legislature's interest in youth safety.

The following section lays out the Committee's expected recommendations and the agency's implementation plan and funding request. The position classifications have been reviewed with Department of Administrative Services Human Resources Services Division. This work is eligible for indirect federal match, i.e., the percentage of time an administrative position with responsibilities that span all activities would spend on field/community-related activities.

Committee Recommendations and agency implementation plan

**1. Improve hiring practices** by requiring supplemental testing, a background investigation, and a post-employment-offer psychological examination for employees who will have contact with youth.

- The agency has identified a supplemental applicant testing system, the expense to score the test, as well as an estimate of the number of psychological evaluations expected to be required for the remainder of the biennium, based on average turnover.
- There is a request for one-time funding for a contractor to develop standard selection packets. Standard selection packets will ensure that each parole/probation office or facility involved in hiring staff that will interact with youth will use the same materials for consistency across the agency.

Hiring	General Fund	Federal	Total	Pos	FTE
Testing system	\$15,198	\$3,177	\$18,375		
Psychological exams	9,782	2,318	12,100		
Contractor to develop hiring packets	19,402	4,598	24,000		
<b>Total</b>	<b>\$44,382</b>	<b>\$10,093</b>	<b>\$54,475</b>	<b>0</b>	<b>0.00</b>

**2. Increase employee training** to enhance knowledge, skills, and abilities and to measure comprehension.

- This element includes catch-up training for foster care certifiers, supervisory, leadership, and field level staff.
- There is also an ongoing training element for all the forgoing levels and for foster care parents.
- Finally, there is training addressing boundaries and grooming for residential and foster care providers and for parole and probation officers.

Training	General Fund	Federal	Total	Pos	FTE
Supervisory, Personnel Mgt	\$27,835	\$965	\$28,800		
Leadership	55,574	1,926	57,500		
Field Staff Basics	26,443	917	27,360		
Foster Care Certifiers	4,833	167	5,000		
Foster Care Parent In-Service	28,995	1,005	30,000		
Grooming/Boundaries	2,508	86	2,592		
<b>Total</b>	<b>\$146,186</b>	<b>\$5,066</b>	<b>\$151,252</b>	<b>0</b>	<b>0.00</b>

**3. Create an investigative office** within the agency to receive and investigate all complaints against the agency or any agency employee.

- Here the agency assumes the need for two full-time permanent inspectors to carry out the Committee’s recommendation. It is estimated that ten background checks per year would be required.
- The total cost includes setting up a toll-free incoming phone line for people will complaints to us.
- Note: Subsequent to the agency’s original request, a further review of position classification resulted in the conclusion that Operations/Policy Analyst 3 would be a better fit than the Inspector 3 classification requested. The increase in 2005-07 is around \$26,000 total funds.

Investigations	General Fund	Federal	Total	Pos	FTE
Inspectors	\$168,748	\$5,848	\$174,596	2	1.50
Services and Supplies	43,068	1,492	44,560		
Toll free phone line	3,269	113	3,382		
<b>Total</b>	<b>\$215,085</b>	<b>\$7,453</b>	<b>\$222,538</b>	<b>2</b>	<b>1.50</b>

**4. Create an Ombudsman office** external to the agency, to provide another access – non-agency - for complaints. The Ombudsman should report directly to the Governor.

- In this section the agency requests one full-time permanent Operations and Policy Analyst 3. The ombudsman will conduct exit interviews with youth, family, and staff in addition to serving as an Inspector General for complaints that come to that office, rather than directly to the agency.
- Also requested is one half-time Administrative Specialist 1, together with Services and Supplies.

Ombudsman	General Fund	Federal	Total	Pos	FTE
Operations/Policy Analyst 3	\$102,626	\$3,557	\$106,183	1	0.75
Admin Specialist 1	36,889	1,279	38,168	1	0.38
Services and Supplies	36,166	1,253	37,419		
<b>Total</b>	<b>\$175,681</b>	<b>\$6,089</b>	<b>\$181,770</b>	<b>2</b>	<b>1.13</b>

**5. Review and update policies.**

- This Committee recommendation contemplates a significant policy manual restructure to focus on a separate section for field youth services. The agency needs to develop the guidance and policies for field services in a short time frame, concentrating on safety and security, health and mental health, programming, justice, reintegration, foster care, substitute care, and individual services.
- The plan for developing this comprehensive procedural manual requires an 18-month limited duration Operations/Policy Analyst 3 together with a contract with the Council of Juvenile Correctional Administrators for technical assistance.

<b>Policies</b>	<b>General Fund</b>	<b>Federal</b>	<b>Total</b>	<b>Pos</b>	<b>FTE</b>
Operations/Policy Analyst 3 (Limited Duration)	\$124,160	\$4,303	\$128,463	1	0.75
Contract with Council of Juvenile Correctional Administrators	19,338	662	20,000		
<b>Total</b>	<b>\$143,498</b>	<b>\$4,965</b>	<b>\$148,463</b>	<b>1</b>	<b>0.75</b>

**21**  
**Oregon State Police**  
**Analyst: Gilbert**

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**Request:** Allocate \$893,660 from the State Emergency Fund for positions and planning work associated with upgrading Oregon's wireless communication system and for emergency management public education. Increase Federal Funds expenditure limitation by \$2,495,432 for equipment and supplies for the federally-funded Integrated Wireless Network. Establish six limited-duration, full-time positions (4.66 full-time equivalent) for wireless communication system planning and education.

**Recommendation:** Approve the request, modified as follows: Allocate \$651,420 from the State Emergency Fund for positions and planning work associated with upgrading Oregon's wireless communication system and for emergency management public education. Increase Federal Funds expenditure limitation by \$2,495,432 for equipment and supplies for the federally-funded Integrated Wireless Network. Establish four limited-duration, full-time positions (3.08 full-time equivalent) positions for wireless communication system planning and education.

**Discussion:** Recent terrorist and natural disasters have focused a bright light on the issue of public safety entities' ability to communicate rapidly and effectively with one another, i.e., interoperability. During the aftermath of the September 11, 2001 terrorist attack in New York City, for example, firefighters were not able to communicate directly by radio with police officers. Similarly, during the first-response and recovery efforts associated with this year's hurricanes Katrina and Rita, local, state, and federal radio communications systems could not communicate quickly with one another, leading to inefficient, highly criticized rescue activity.

Additionally, the Federal Communications Commission (FCC) has recognized the need to reorganize communications frequencies and spectrum allocation among all wireless users. Until late last year, the deadline for that public safety frequency reorganization was 2018. An FCC order issued December 20, 2004, changed the public safety deadline to 2013. The loss of five years in which to comply with federal regulations increases the urgency around achieving interoperability in Oregon.

This request addresses four issues associated with wireless communication in Oregon.

1. State agencies' aging and incompatible systems.
2. The Federal Communications Commission's radio frequency reorganization for spectrum compatibility.
3. Interoperability among federal, tribal, state, and local public safety entities.
4. Daily state emergency operations communication and education.

## **1. Aging, incompatible state systems – Oregon Wireless Interoperability Network**

Issue: Statewide improvement in the ability of public safety professionals to exchange voice and/or data communications on demand, in real time, and when needed is imperative to achieve what is known as interoperability. Oregon's public safety communications infrastructure is rapidly aging, out of production, and at risk of failing. Agencies report searching for replacement parts on E-Bay. There is an urgent need to replace and modernize this statewide infrastructure to avoid probable system failure. Not only is the infrastructure outdated, it is not interoperable. Oregon's four agencies that use the public safety communications infrastructure – Oregon State Police (OSP), the Department of Transportation (ODOT), the Department of Forestry (ODF), and the Department of Corrections (DOC) – cannot communicate on demand and in real time.

Actions so far: House Bill 2101 (2005) vests all responsibility related to public safety wireless in Oregon Emergency Management (OEM), directing OEM to coordinate the communications work of public safety agencies in the state. In addition, the bill formally establishes the State Interoperability Executive Council (SIEC) in statute; the SIEC already existed having been created in 2002 by executive order. While OEM's charge is to develop a public safety wireless infrastructure replacement plan (Plan), SIEC's charge is to develop an interoperable communications plan. Similar councils have been formed in many other states in response to local needs for a coordinated approach to interoperability and in response to federal guidelines. SIEC subcommittees specifically address technology, planning, finance, and local partnerships. In addition, the four state agencies directly involved in achieving lateral interoperability work on planning and implementation as part of the State Wide Infrastructure Investment Group, or SWIIG. The system resulting from this planning will be the Oregon Wireless Interoperability Network (OWIN). Roll-out of the complete system is expected to be complete by 2012 and will be accomplished in four phases:

- Design/Engineering (2005-07)
- Implementation in:
  - Eastern Oregon (July 2007-January 2009)
  - Southwest Oregon (January 2009- July 2010)
  - Northwest Oregon (July 2010- January 2012)

Investment so far: House Bill 2101 provides expenditure limitation to support a contract to produce a business case, an implementation strategy, and a professionally engineered conceptual design of the entire system. A Request for Proposal was developed and opened in September 2005; it closed October 12 and a team is currently evaluating the responses. Homeland Security funding will pay for the not-to-exceed \$1 million cost.

To facilitate the work expected from the contractor, OSP and ODOT are lending leadership and coordination staff. The Department of Forestry is also being asked to lend support staff. These four positions will aid in inventory assessment and asset identification. In addition, Homeland Security Federal Funding has been identified to support two technicians who began work in early October. The total value of loaned and federally supported staff and services and supplies is about \$938,000 in the 2005-07 biennium. All staff is loaned on a limited-duration basis.

Request: The agency requested five limited-duration positions (3.87 full-time equivalent) and \$763,090 General Fund to support personal services, services and supplies, and capital outlay. All positions begin December 1, 2005 except for the Communications Engineer that begins February 1, 2006. These positions are needed for the first of four phases to implement OWIN. The positions include:

- The Emergency Communications Section (ECS) Director, a Principal Executive Manager F. Duties include supervising the technical staff of the newly-created ECS within OSP's Office of Emergency Management (OEM); support, as required, the development of OWIN, to encompass all state, local, tribal and federal public safety agencies in the state; and representing the state in technical standards setting activities. In addition, this position will act as a consolidation manager to develop the means to pull ODOT and OSP staff together for operational efficiencies.
- One Drafting Technician, a Facilities Engineer 2. This position designs specialized engineering projects for OWIN, including layouts, schematics, block diagrams, and component and circuit layouts to assist telecommunications engineers and technicians in complying with the integration and consolidation of Oregon's wireless systems.
- One Communications Engineer, an Information Systems Specialist 8. This position will study, design, and engineer the digital microwave and digital voice communications equipment and systems for OWIN.
- One Executive Support Specialist 1 to coordinate FCC licensing, land use information, and siting data, in addition to providing confidential administrative support for the ECS managers and technical staff.
- One Office Specialist 2 to provide clerical and secretarial support for the section.

Recommendation: Three positions (2.29 full-time equivalent) and \$520,850 General Fund. Subsequent to the Emergency Board request being submitted, ODOT agreed to lend the ECS Director position, using a vacant position currently in their budget. Forestry will be encouraged to lend the Office Specialist position leaving the Drafting Technician, Communications Engineer, and Executive Support Specialist in this recommendation.

## **2. Federal Communications Commission**

Last year the FCC changed the deadline for public safety radio pool licensees to migrate to a spectrally efficient technology, meaning that public safety entities are to move to narrowband technology, freeing up spectrum that is needed by other users. The deadline had been 2018; in December the FCC changed it to January 1, 2013. Failure to comply could result in states' public safety responders not being licensed. Attempting to use illegal licenses would result in a penalty of \$10,000 per day for every day of illegal operation. OSP alone has about 200 affected licenses, which would make any penalty significant.

Public safety jurisdictions across the country have been attempting to improve interoperability both laterally and vertically for a number of years, starting well before the events of September 11, 2001 put a sharper focus on the problems that arise from the lack of interoperability. Daily crisis situations could be better managed with counties, for instance, having the ability to communicate with neighboring counties and with State Police. Thus, Oregon would need to take the actions described in the first section of this recommendation regardless of the change in the

FCC deadline. This section is included to explain the urgency caused by the reduction in the time in which Oregon's project needs to be completed.

The four-phase schedule to complete OWIN includes a one-year period at the end to accommodate work that may not be completed timely, ensuring that Oregon will comply with the FCC deadline. It is not known if the FCC would consider softening the deadline in specific circumstances.

### **3. Interoperability among various levels of public safety first-responders**

While designing a system to achieve wireless communication interoperability among appropriate state agencies, it is crucial to plan for federal and local entities to attach to the system as well. The federal government's Integrated Wireless Network (IWN) project is a joint project of the US Department of Justice (USDOJ), US Department of Homeland Security, and the US Department of Treasury to update nationwide encrypted wireless communications for law enforcement and homeland security.

IWN wants to use some of Oregon's existing communications buildings and state microwave circuits in order to reliably control the IWN system. Oregon, in turn, needs to upgrade and enhance the equipment in order to comply with federal guidelines and to provide the services IWN has requested.

Oregon has entered into a Memorandum of Understanding (MOU) with USDOJ to develop a microwave backbone along the Interstate 5 corridor between Salem and Medford. USDOJ will transfer funds to Oregon through the Office of Emergency Management to purchase equipment and buildings for 12 specified sites.

Recommendation: Increase the Federal Funds expenditure limitation for OEM in the amount of \$2,495,432 in capital outlay to make the purchases specified in the MOU.

### **4. Ongoing state operations**

Issue: With each disaster, especially in Oregon but also outside Oregon, the need for a Public Information position in OEM becomes more apparent. The position would be the voice of OEM during active natural or man-made disasters. Currently this work falls to whoever can answer the phone, which has the potential to result in mixed or inconsistent state messages. In calmer times this position would develop and disseminate educational programs to other government levels, schools, and the public. The position is needed to work with federal, state, local, and tribal public safety agencies to work toward enhanced, consistent communications.

Action so far: Depending on which staff are available, the public communications effort is managed on an as-needed or if-possible basis, by staff whose jobs are more specifically aligned to preparing for and recovering from emergencies.

Request: One limited-duration Public Affairs Specialist 3 (0.79 full-time equivalent) to provide the public specific and pertinent information regarding all emergencies. The request assumes a December 1, 2005 start date at second step within the salary range as well as about \$23,000 for services and supplies. A minor adjustment is made in Personal Services to reflect the correct salary amount.

Recommendation: Approve the request as adjusted.

**Financial Summary**

<b>General Fund Recommendation</b>	<b>Personal Services</b>	<b>S&amp;S</b>	<b>Capital Outlay</b>	<b>Total</b>	<b>Pos.</b>	<b>FTE</b>
Aging Systems	\$ 293,889	\$ 196,961	\$ 30,000	\$ 520,850	3	2.29
Communications Position	107,920	22,650	-	130,570	1	0.79
<b>Total</b>	<b>\$ 401,809</b>	<b>\$ 219,611</b>	<b>\$ 30,000</b>	<b>\$ 651,420</b>	<b>4</b>	<b>3.08</b>

<b>Loaned and Federal Fund-supported staff Resources</b>				<b>\$937,913</b>	<b>6</b>	<b>4.46</b>
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<b>Federal Resources</b>				<b>\$2,495,432</b>		
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<b>Total Investment</b>				<b>\$4,084,765</b>		
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**Legal Reference:** Allocation of \$651,420 from the State Emergency Fund to supplement the appropriation made by chapter 718, section 1(5), Oregon Laws 2005, for the Oregon Department of State Police, Office of Emergency Management for the 2005-07 biennium.

Increase the Federal Funds expenditure limitation established by chapter 718, section 3(5), Oregon Laws 2005, for the Oregon Department of State Police, Office of Emergency Management, by \$2,495,432 for the 2005-07 biennium.

**Department of Administrative Services****Analyst: Upadhyay**

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**Request:** Increase Federal Funds expenditure limitation by \$397,467 for grant related research activities.

**Recommendation:** Approve the request.

**Discussion:** The Department of Administrative Services, Office for Oregon Health Policy and Research (OHPR) is requesting an increase of \$397,467 Federal Funds expenditure limitation to expend state planning grant dollars recently awarded by the Health Research Services Administration.

In March 2005, OHPR secured approval from the Ways and Means Subcommittee on General Government to seek this grant. In August 2005, OHPR received word that it had been awarded the grant. The grant dollars will be used to plan a sustainable program to reduce the number of individuals without health insurance. Specifically, the grant dollars will be used for the following purposes:

- Provide economic and actuarial analysis to develop additional options for covering adults and children in the Oregon Health Plan and in the Family Health Insurance Assistance Program (FHIAP).
- Provide planning and technical assistance to communities to assist them in developing local models for providing access to health care.
- Provide technical support to improve the collection of health insurance coverage information within the Oregon Population Survey regarding regional, racial, and ethnic community data.
- Provide a strategic plan for outreach and enrollment of those children already eligible but not enrolled in Medicaid, State Children's Health Insurance Program, or FHIAP.

OHPR plans on using \$61,872 of the grant dollars to fund a limited-duration Research Analyst 3 position which will be requested administratively.

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 601, section 5, Oregon Laws 2005, for the Department of Administrative Services, by \$397,467, for the 2005-07 biennium.

5  
**Board of Pharmacy**  
**Analyst: Opsommer**

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**Request:** Approval to receive and expand a grant from the U.S. Department of Justice for the planning of a controlled substance prescription drug reporting program (PDRP). Establish an associated Federal Funds expenditure limitation of \$50,000.

**Recommendation:** Approve the request.

**Discussion:** The agency received approval during the January 2004 Emergency Board session to apply for the grant, which is funded through the Harold Rogers Prescription Drug Monitoring Program. The grant, in the amount of \$350,000 was awarded July 23, 2004. In 2005 Senate Bill 180 was introduced to legislatively authorize the establishment of the PDRP. However, Senate Bill 180 did not make it out of the Senate Subcommittee on Human Services. Therefore the grant period ended with no funds being spent.

The agency asked the grantor for and received a one year extension terminating July 31, 2006 for the use of funds. The extension requires the agency to begin planning for the implementation of the program per adopted legislation during the next session. Planning includes: working to educate stakeholders statewide; coordinating the stakeholders' coalition; evaluating ways to enhance the proposed program, such as identifying treatment options, providing public education and encouraging involvement of law enforcement officials with the stakeholders' coalition. If the agency successfully and appropriately shows the \$50,000 in planning funds were utilized they will be eligible for another extension to retain the remaining \$300,000 funds for the 2007-09 biennium, at which time the agency would submit a legislative concept.

PDRP's are systems in which data for controlled substance prescriptions dispensed in the state are submitted to a central database administered by an authorized state agency. These programs help prevent and detect the diversion and abuse of pharmaceutical controlled substances, particularly at the community pharmacy level where no other information collection system exists. The U.S. Department of Justice, Bureau of Justice Assistance grant focuses on providing assistance for states that want to establish a PDRP.

Oregon is the only state in the Northwest that does not have such a program. The Oregon Board of Pharmacy is often asked for this data by practitioners concerned about individual patients as well as by public health researchers. States with PDRP's have the ability to collect and analyze prescription dispensing data more efficiently than states without such programs, where the collection of prescription information requires the manual review of individual pharmacy files which is a time consuming and invasive process. The increased efficiency of a PDRP allows for the early detection of abuse and possible trends in and sources of diversion. The PDRP could also enhance the capacity of professional regulatory and law enforcement agencies to identify individuals in violation of the state and federal controlled substance laws. Analyzing the data collected also allows for the identification of outmoded prescribing practices, which may result in the development of new educational programs for medical professionals.

These programs are not intended to interfere with legitimate medical use of controlled substances and every effort is made to this end.

**Legal Reference:** Establishment of an expenditure limitation of \$50,000 for the Board of Pharmacy for the payment of expenses from Federal Funds collected or received for the biennium beginning July 1, 2005, for planning of a prescription drug reporting program.

**3**  
**Oregon Department of Aviation**  
**Analyst: McGee**

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**Request:** Increase a 2003 Other Funds Capital Construction expenditure limitation by \$1.9 million for construction of a new aviation office building in Salem.

**Recommendation:** Approve the request as modified: increase the Other Funds Capital Construction expenditure limitation by \$1.9 million, establish an Other Funds Debt Service expenditure limitation, and transfer \$112,050 Other Funds from the agency's existing expenditure limitation for operations to the new debt service expenditure limitation.

**Discussion:** The Oregon Department of Aviation (ODA) is requesting an increase of \$1.9 million Other Funds in a capital construction expenditure limitation established by the 2003 Legislature for construction of a new headquarters facility in Salem. The ODA headquarters will be collocated with the Oregon Military Department's (OMD) Salem Army Aviation Facility and Weapons of Mass Destruction/Civil Support Team Facility on 4.5 acres along the east side of McNary Field. OMD's purchase of the property was approved by the Emergency Board at its September 2004 meeting. At its November 2004 meeting, the Emergency Board approved construction of the OMD components of the facility, to replace a mobile office trailer being used for Army Aviation operations and provide space for the new Weapons of Mass Destruction program.

ODA's headquarters will occupy approximately 5,300 square feet in a 45,000 to 49,000 square foot one-story facility. A separate 4,800 square foot industrial building will be constructed for ODA shop, equipment, and parts storage. Mechanical, heating and cooling, and main electrical systems will service both ODA and OMD components of the facility. On-site parking will be shared. Differing hours of use and security needs may require separate entrances, rest rooms, and other common areas. The \$1.9 million budget requested by ODA includes a proportional share of architectural and engineering fees, construction costs, site preparation, and on-site utilities costs as well as the entire cost of the industrial building and ODA furnishings and equipment.

ODA currently owns and occupies a 1950's era facility south of the McNary Field control tower. The agency reported to the 2003 Legislature that systems and structures were failing. An architectural evaluation performed at that time recommended that replacement would be more cost-effective than remodeling. The Capital Projects Advisory Board also recommended replacement of the facility. The 2003 Legislature established a \$1 Other Funds Capital Construction expenditure limitation pending further evaluation of siting and design components. ODA and OMD were encouraged by the 2005 Legislature to pursue collocation options.

Construction costs will be funded through the sale of Certificates of Participation (COPs). Debt service on the COPs, estimated at \$112,050 in the 2005-07 biennium and \$312,345 in 2007-09, would be paid with revenues from aircraft fuel taxes and various fees. The Department of Administrative Services recommends establishment of a new Other Funds expenditure limitation

for debt service and transfer of \$112,050 from the agency's existing Other Funds expenditure limitation for operations. This action is necessary to comply with accounting and budget policy.

Costs of issuance of the COPs is estimated at \$65,000 and would be paid with COP proceeds. ODA has sufficient Other Funds expenditure limitation to absorb the cost of issuance of the COPs. .

ODA plans to explore a land exchange with OMD and the city of Salem to allow it to own its portion of the new facility. If the exchange is successful, OMD will only bill ODA for janitorial and other maintenance costs.

**Legal Reference:** Increase the Other Funds Capital Construction expenditure limitation established by chapter 623, section 1(2)(b), Oregon Laws 2003, for the Department of Aviation, by \$1,899,999.

Establishment of an expenditure limitation of \$112,050 for the payment of expenses from fees, moneys, or other revenues, including Miscellaneous Receipts, excluding lottery and federal funds, collected or received from the biennium beginning July 1, 2005, for debt service.

Transfer of \$112,050 Other Funds limitation made by chapter 578, section 1(1), Oregon Laws 2005, for the 2005-07 biennium to the newly established Other Funds debt service expenditure limitation.

**31**  
**Department of State Lands**  
**Analyst: Pearson**

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**Request:** Approval to receive and expend a grant from the US Fish and Wildlife Service for Habitat Conservation Plan revision work and increase Federal Funds expenditure limitation by \$446,261.

**Recommendation:**

Approve as requested.

**Discussion:** On July 18, the Department of State Lands (DSL) received approval from the 2005 Legislature to apply for a federal grant from the US Fish and Wildlife Service (USFWS); this grant would support work on revising the Elliot State Forest Habitat Conservation Plan. A news release from the USFWS on September 27 indicated that the DSL application was successful, so the agency is requesting an increase in expenditure limitation to carry out the grant work.

The revised Habitat Conservation Plan should be completed within the 2005-07 biennium, and is expected to be finished by September 2006. Existing Federal Funds expenditure limitation for the Common School Fund program is committed to other grant expenses, or is requested to be used for two US Environmental Protection Agency grants also before the Emergency Board in October 2005. So, the requested expenditure limitation increase is for the full grant amount of \$446,261. The federal grant funds will substitute for Common School Fund (CSF) dollars, leaving more dollars in the CSF than would otherwise have been possible.

The Oregon Department of Forestry (ODF) manages the Elliot State Forest, including the 91 percent of the forest owned by the CSF. This work is done through an interagency agreement, and it is expected that as ODF continues work on the Habitat Conservation Plan, DSL will use the federal grant funds to help pay for this work.

When the Department received approval to apply for the federal grant in July, notification of this legislative decision was in a letter. The letter stated:

LFO requests that, if the grant request is approved by the US fish and Wildlife Service, the Department of Administrative Services will unschedule \$584,594 Other Funds expenditure limitation currently budgeted for the Elliot State Forest Habitat Conservation Plan.

This request was based on the belief that DSL pays ODF through expenditures, but apparently the payment is made through a revenue transfer. So, the uncheduling originally intended will not take place, since revenue transfers are not controlled through the allotment process.

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 776, section 3(3), Oregon Laws 2005, for the Department of State Lands, Common School Fund, by \$446,261 for the 2005-07 biennium.

**Department of Education****Analyst: Ames**

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**Request:** Increase Other Funds expenditure limitation by \$2,000,000 and establish two permanent positions (1.50 full-time equivalent) for the creation of the Oregon Virtual School District.

**Recommendation:** Approve as requested, with the following modification: establish two permanent positions, one full-time and one half-time, effective January 1, 2006 (1.13 full-time equivalent).

**Discussion:** The Oregon Virtual School District was established by Senate Bill 1071 during the 2005 Legislative Session. The purpose of the district is to provide online courses to K-12 students across the state. The Department expects to contract with other public entities, potentially including Education Service Districts, school districts, public charter schools, and state institutions of higher education to provide online courses that meet academic content standards and other criteria developed by the State Board of Education.

The legislation provides \$2,000,000 from the State School Fund for the agency to use in its work to establish the Oregon Virtual School District. The funding will be transferred from the State School Fund to the new Oregon Virtual School District Fund. This Fund was created in such a way as to allow it to receive other sources of funding besides General Fund, if grants or donations become available for the program. For this reason, expenditures from the new Fund will be Other Funds expenditures. Therefore, the agency will need an additional Other Funds expenditure limitation in Operations to allow them to spend the \$2 million.

The agency expects to spend about \$1 million each year of the biennium. A large portion of this will be one-time expenditures to get the program off the ground. Department staff in the first year will work to establish the program framework, including connectivity, access, delivery options, a first-year evaluation, and quality assurance standards. Specifically, this includes development of the technology platform to provide connectivity and delivery of classes, development of class content, and the implementation of quality standards. A start-up version of the Oregon Virtual School District will be ready to launch in September 2006. The second year of implementation will focus more on the further development of content and partnerships, and administration of the program.

The agency requires additional staffing to implement the new program. Consistent with the fiscal impact provided during the legislative session, the agency has requested a permanent full-time Education Program Specialist 2 position and a permanent half-time Office Specialist 2 position. The agency's request includes the two positions for the full 24 months of the biennium, or 1.50 full-time equivalent positions. After further discussion with the agency, the new positions will not be hired until January 1, 2006, so the request can be reduced to 1.13 full-time equivalent positions.

**Legal Reference:** Increase the Other Funds expenditure limitation established by chapter 789, section 3(1), Oregon Laws 2005, for the Department of Education, Operations, by \$2,000,000 for the 2005-07 biennium.

**29**  
**Department of State Lands**  
**Analyst: Pearson**

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**Request:** Approval to receive and expend two grants from the US Environmental Protection Agency for wetlands-related work and increase Federal Funds expenditure limitation by \$550,559.

**Recommendation:**

Approve as requested, with the following modifications: establish 3.75 FTE to reflect an estimated starting date of December 1, 2005, and request that DAS unschedule the limitation pending final determination of the amount actually needed.

**Discussion:** The Department of State Lands (DSL) applied for two federal grants this past summer. The two grants were available from the United States Environmental Protection Agency (EPA) and relate to the recently-approved State Programmatic General Permit and to wetlands restoration. DSL received notice in early August that its application was successful, so the agency is requesting an increase in expenditure limitation and the establishment of five limited duration positions to carry out the grant work.

Three of the limited-duration positions (3.00 full-time equivalent) will conduct monitoring under the State Programmatic General Permit to see what impacts might occur in practice. The positions are a Natural Resource Specialist 3, a Natural Resource Specialist 4, and an Office Specialist 1. This is a pilot project involving the state and tribes and is funded through the EPA's Wetland Demonstration Program grant.

The remaining two limited duration positions (2.00 full-time equivalent) will develop a non-regulatory wetland restoration program. The positions are both Natural Resource Specialist 3's. This project should also increase coordination between state and federal programs.

DSL is requesting the minimum Federal Funds expenditure limitation increase based on the size of the grant award, the portion that will be spent during the 2005-07 biennium, and the use of existing uncommitted expenditure limitation in its Legislatively Adopted Budget. The following table shows how the request amount was determined.

	<b>Federal Funds Expenditure Limitation</b>
<b>2005-07 EPA grant budget</b>	<b>848,880</b>
<i>2005-07 Legislatively Adopted Budget - Common School Fund Program</i>	<i>516,719</i>
<i>Amount obligated to other federal grants</i>	<i>218,398</i>
<i>Available Balance</i>	<i>298,321</i>
<b>Additional amount needed</b> <i>(EPA Grant budget less available balance)</i>	<b>550,559</b>

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 776, section 3(3), Oregon Laws 2005, for the Department of State Lands, Common School Fund programs, by \$550,559 for the 2005-07 biennium.

28  
Department of State Lands  
Analyst: Pearson

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**Request:** Increase Other Funds expenditure limitation by \$60,000 to relocate the Bend office.

**Recommendation:**

Approve as requested.

**Discussion:** The Department of State Lands conducts land management work out of an office in Bend. This location provides more efficient access to Common School Fund lands in Central Oregon. The Department has been leasing a total of 3,734 square feet from a local landlord to house seven base positions, three limited duration seasonal positions, and one manager as well as provide a limited amount of storage space. The Oregon Parks and Recreation Department also leases space at this location. This request is the result of the following three elements:

- ◆ Inadequate office space: Other agency staff also work out of the Bend office periodically; for example, the administrator of the Land Management Division uses the office one day a week while working on land management issues in the region. It's expected that the Bend office will continue to be a base of operations for DSL staff who are not assigned to the office, but work in the region regularly. Also, a new manager position has been added, GIS capacity is being added, and the office space has functioned as both storage and office space.
- ◆ Inadequate storage space: In addition, storage space under the current lease is inadequate. At 100 square feet, there is not enough room to store the equipment used in land management, such as two boats, an All-Terrain Vehicle, 50-lb bags of seed and other equipment. Specialized files such as land records also require more storage space than currently exists.
- ◆ Lease termination as of December 31, 2005: The landlord of the current space has decided to lease the space to another entity, and has terminated the lease. The notice of termination was received on June 1, 2005. DSL subsequently notified the Department of Administrative Services Budget and Management and Legislative Fiscal analysts, but because of the timing of the notification and the legislative budget process, it was not possible to address the lease termination in the Department's 2005-07 Legislatively Adopted Budget.

The Department looked at 19 properties in Bend that combined office and warehouse functions. A property that combined these functions and met other criteria including location, accessibility, parking, security and overall cost has been found. The request for the space, along with moving costs, was submitted to the Department of Administrative Services Facilities Division for review. Upon review, Department of Administrative Services Facilities Division determined that the request for additional space appeared reasonable given the number of positions and people using the office, equipment storage, and other special needs such as land record files, as well as the implementation of GIS in the office. The increase in Other Funds expenditure limitation is based

on the items listed in the following table and would come from Common School Fund ending balance:

	Existing Lease	Proposed Lease	Difference
Total Square Footage	3,734	6,259	2,525
Total Monthly Cost	6,007	7,801	1,794
Total Cost 2005-07*	144,170	176,462	32,292
One Time Costs			
<i>Tenant Improvements</i>		16,408	16,408
<i>office move</i>		2,000	2,000
<i>furniture purchase</i>		2,000	2,000
<i>phone/voice /data</i>		7,300	7,300
<b>Total E-board Request*</b> <i>(sum of total cost 2005-07 and one time costs)</i>			<b>60,000</b>

Because of the tight timeline for the move, the Department of Administrative Services Facilities Division continues to work with DSL to secure space. Without the requested increase in expenditure limitation, the Department will have to absorb the additional cost within its existing budget; this would result in reductions in the Department's ability to meet its fire suppression and rehabilitation commitments with the Bureau of Land Management. It would also result in a 50 percent reduction in budgeted resources for archaeological surveys on land the Department hopes to sell this biennium to benefit the Common School Fund.

**Legal Reference:** Increase the Other Funds expenditure limitation established by chapter 776, section 2(3), Oregon Laws 2005, for the Department of State Lands, Common School Fund programs, by \$60,000 for the 2005-07 biennium.

**Withdrawn by Agency**

**Economic and Community Development Department**  
**Analyst: Pearson**

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**Request:** Increase Lottery Funds expenditure limitation by \$718,297 for debt service expenditures related to the bonding for the North Bend Airport district.

**Recommendation:** Approve as requested, with the following modification: Increase Other Funds expenditure limitation by \$718,297 and ask the Department of Administrative Services to unschedule it until the bonds have been sold and the Legislative Fiscal Office and Budget and Management Division agree on the final debt service need for this biennium.

**Discussion:** The 2005 Legislature approved Senate Bill 152 which authorized the use of lottery bonds to fund a new passenger terminal at the North Bend Airport. The maximum principal amount of the lottery bonds may not exceed \$10 million, and bond issuance is dependent upon the executive director of the Coos County Airport District certifying in writing and documenting to the Director of the Oregon Economic and Community Development Department (OECDD) that:

- ◆ All necessary construction permits have been obtained and
- ◆ The district will have sufficient funding to complete the project.

This request to increase OECDD's Lottery Funds expenditure limitation by \$718,297 is based on the estimated debt service that would be due in the 2005-07 biennium if a \$6 million bond sale were made in the fall of 2005. The request was made as something of a placeholder, because of uncertainty regarding the certification and verification at the time the Emergency Board requests were due on October 3. In order to keep the potential bond sale alive, the request was made with the understanding that a report would follow on the certifications and funding verifications.

Funding for the passenger terminal project is estimated to come from the bond sale, Federal Aviation Authority dollars, and a loan to the airport district from the OECDD Special Public Works Fund. The estimated cost of the passenger terminal is about \$18.7 million. Federal funds should pay for about 16 percent of this cost, the Special Public Works Fund loan contributing about 32 percent, and the remaining 52 percent supplied by bond proceeds.

OECDD will likely verify the funding for the \$18.7 million by October 27<sup>th</sup>. Also, as of October 12<sup>th</sup> OECDD hoped to verify the Airport District's cash flow and finalize the Special Public Works Fund loan award by October 27<sup>th</sup>. Based on this expectation, and ongoing work on meeting the certification/verification requirements of Senate Bill 152, the request to provide the department with additional Lottery Fund expenditure limitation is recommended.

**Legal Reference:** Increase the Lottery Funds expenditure limitation established by chapter 783, section 3(6), Oregon Laws 2005, for the Oregon Economic and Community Development Department, for debt service, by \$718,297 for the 2005-07 biennium.

**Department of Administrative Services**  
**Analyst: Kleiner**

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**Request:** Report on implementation of compensation plan changes and position allocations as required by Oregon Revised Statutes 291.371.

**Discussion:** The Department of Administrative Services is required to report compensation plan and position allocation changes to the Legislature in accordance with ORS 291.371.

The current report implements 13 items:

1. Implements the agreement with the Association of Engineering Employees (AEE) for salaries and insurance. The major changes include two general increases in salary rates effective July 1, 2005 and December 1, 2006 of two percent of base salary or \$50 whichever is greater. The state will increase the state-paid insurance subsidy to meet increases in Public Employees Benefit Board plan premium costs for the plan year 2006 and increase the subsidy by up to 12 percent to meet any increases for plan year 2007. The state will increase eligible employee's salaries by one or more steps, depending on the eligibility date of the employee. There are also changes in differential pay, and establishment of new and revised classifications. The plan is entirely funded with Other Funds and Lottery Funds.
2. Implements the agreement with the Criminal Investigators' Association (CIA) for salaries and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund and Other Funds.
3. Implements the agreement with the Oregon Nurses' Association (ONA) for salaries, differentials, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds and Federal Funds.
4. Implements the agreement with the American Federation of State, County and Municipal Employees (AFSCME) for salaries, differentials, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds, Lottery Funds and Federal Funds
5. Implements the agreement with the American Federation of State, County and Municipal Employees (AFSCME) Department of Corrections Non-Security and Board of Parole for salaries, differential, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund and Other Funds.
6. Implements the plan for the Unrepresented Justice Attorneys for salaries and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by Other Funds.

7. Implements the agreement with Service Employees International Union Local 503 (SEIU) for salaries, differential, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds, Lottery Funds and Federal Funds.
8. Implements the agreement with the International Association of Firefighters (IAFF) Oregon Military Department, Portland Air National Guard for salaries, differentials, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded entirely with Federal Funds.
9. Implements the agreement with the International Association of Firefighters (IAFF) Oregon Military Department, Klamath Falls Air National Guard, for salaries, differentials, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded entirely with Federal Funds.
10. Implements the agreement with the Oregon State Police Officers' Association (OSPOA) for salaries, differential, and insurance. The major changes are identical to those reported item (1) above. The plan is funded by General Fund, Other Funds and Federal Funds.
11. Implements the agreement with the Mid-Valley Bargaining Council and State Teacher Education Association (STEA) for salaries, differentials, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds and Federal Funds.
12. Implements the plan for Classified and Unclassified Unrepresented employees for salaries and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds, Lottery Funds and Federal Funds.
13. Implements the plan for Executive Service, Unclassified Excluded, and Management Service employees for salaries, differential, and insurance. The major changes are identical to those reported in item (1) above. The plan is funded by General Fund, Other Funds, Lottery Funds and Federal Funds.

8  
**Department of Administrative Services**  
**Analyst: Kleiner**

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**Request:** Report on the Computing and Network Infrastructure Consolidation (CNIC) project.

**Discussion:** As required by the budget note in House Bill 5166, the Department of Administrative Services is submitting this report to provide an update on the Computing and Network Infrastructure Consolidation (CNIC) project.

The objective of the CNIC project is to improve the efficiency, effectiveness and security of state government information assets by consolidating the state's 12 largest data centers and networks which are currently operated independently into a single modern data center and network. The current independent operators include the Departments of Administrative Services, Human Services, Transportation, Revenue, Corrections, Consumer and Business Services, Veterans' Affairs, State Police, Housing and Community Services, Education, Forestry, and Employment.

#### Project History and Update

- The business case for consolidation of the state's 12 largest data centers and networks was presented to the Governor and adopted by the CNIC Governing Board in July 2004. The Joint Legislative Committee on Information Management and Technology and the Legislative Emergency Board approved the project and capital construction expenditures in September 2004.
- The Legislature approved \$7.9 million for further planning and development activities in March 2005. Accenture, LLP was retained to assist with information technology architecture and design.
- Completion of construction for the State Data Center along with the network and computing infrastructure design, the hiring of an administrator, consolidation of network equipment on hand and establishing connectivity, and detailed implementation planning initiation occurred in September 2005.
- During the next six months the State Data Center will consolidate the management of the CNIC agency network, begin moving computing infrastructure of the three largest agencies, and complete an analysis of 2003-05 agency technology and staffing procedures.

#### Project Budget

- **Capital Construction Budget:** To construct the State Data Center facility, the Legislature authorized \$20.32 million (\$16.3 million of which has been used through Sept. 26, 2005) in Certificates of Participation (COP) which will be retired over 25 years through the facilities rent revenue. Although construction costs are ongoing, they are expected to close within the legislatively-authorized budget.

- CNIC Project and State Data Center Operating Budget: For one-time consolidation costs, the Legislature authorized \$38.1 million in expenditure authority, which was COP-financed. For ongoing State Data Center operations, \$61.3 million was approved and is being financed by redirecting state agency funds budgeted for their individual data centers to the State Data Center as it becomes operational. Nearly half of the expenditure authority is currently unscheduled. So far in the 2005-07 biennium, \$0.5 million of the \$38.1 million approved for one – time consolidation has been spent. Also, \$4.2 million was spent in 2003-05.

**Withdrawn by Agency**