

What has caused the General Fund growth since 1989?

Primary

Population

Initiatives

Policy decisions

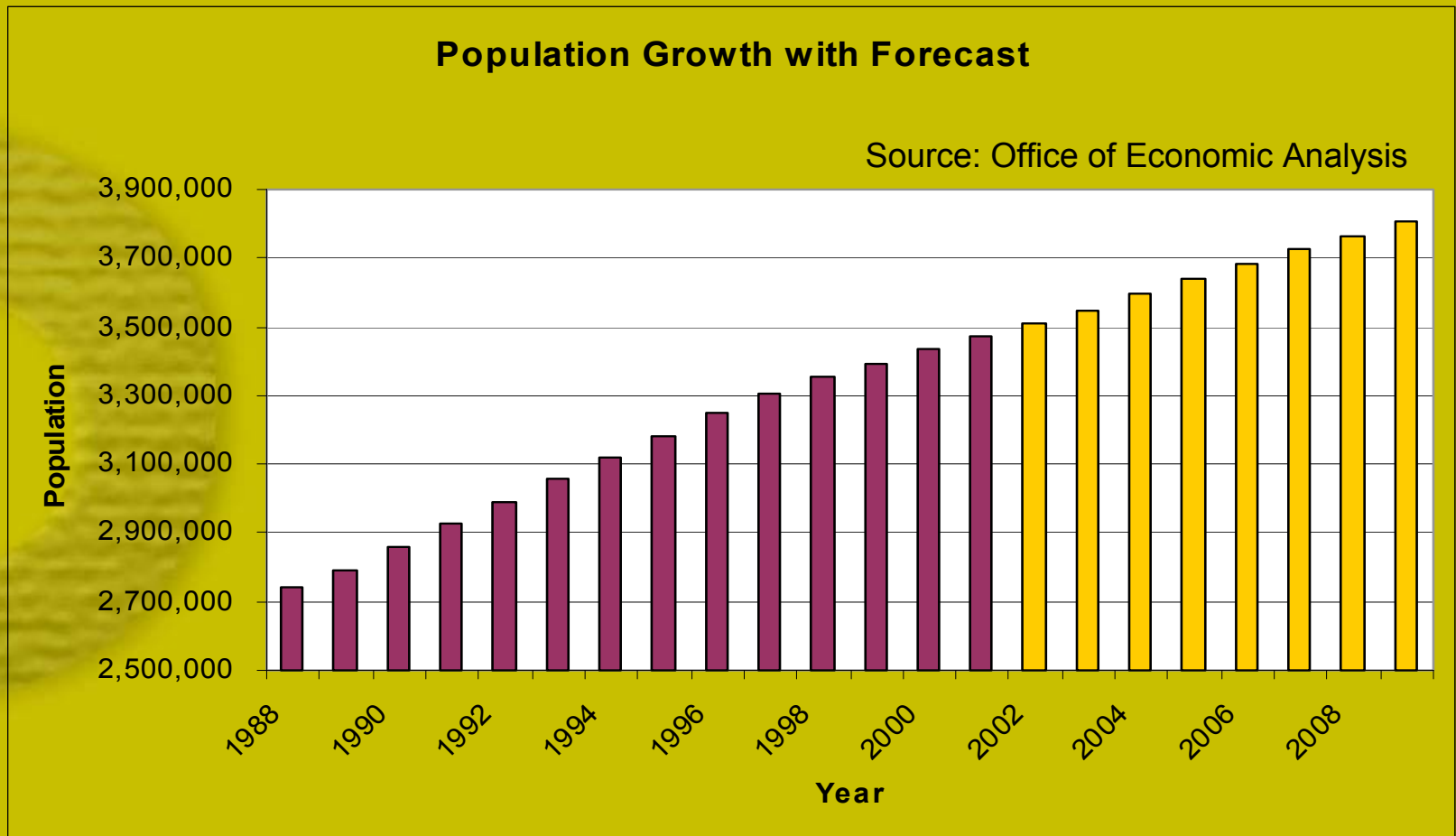
Secondary

Inflation

Lawsuits

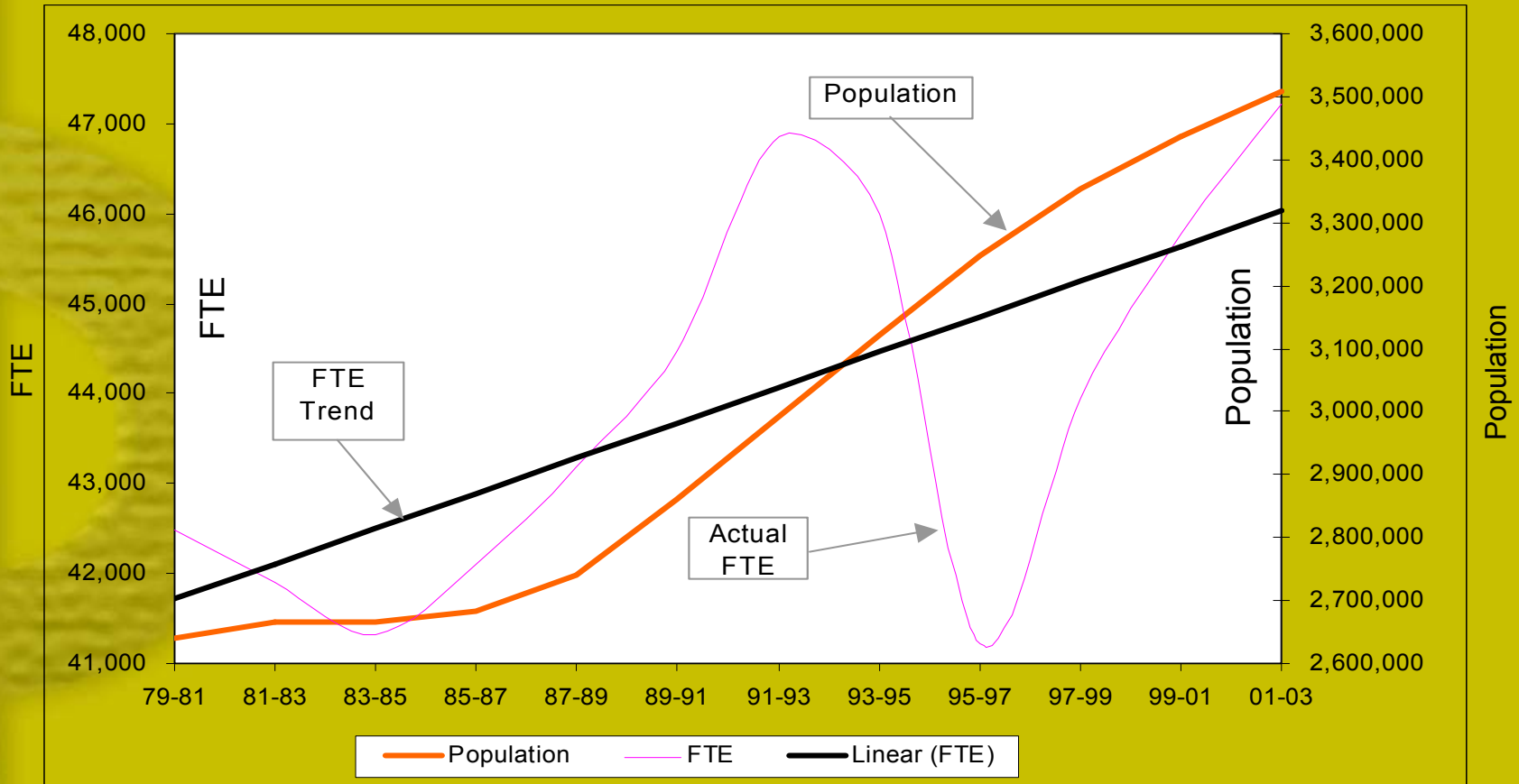
Population Growth

Oregon's population has grown nearly 28 percent since 1989.



Population vs. Full Time Equivalent

State government employees (FTE, Full Time Equivalent) have increased at a significantly lower rate than the population.



Source: Legislatively Adopted Budgets and Census Bureau

Inflation

General Inflation:

According to the US Department of Labor, Bureau of Labor Statistics, it takes \$1.52 today to equal the buying power of \$1.00 in 1988.

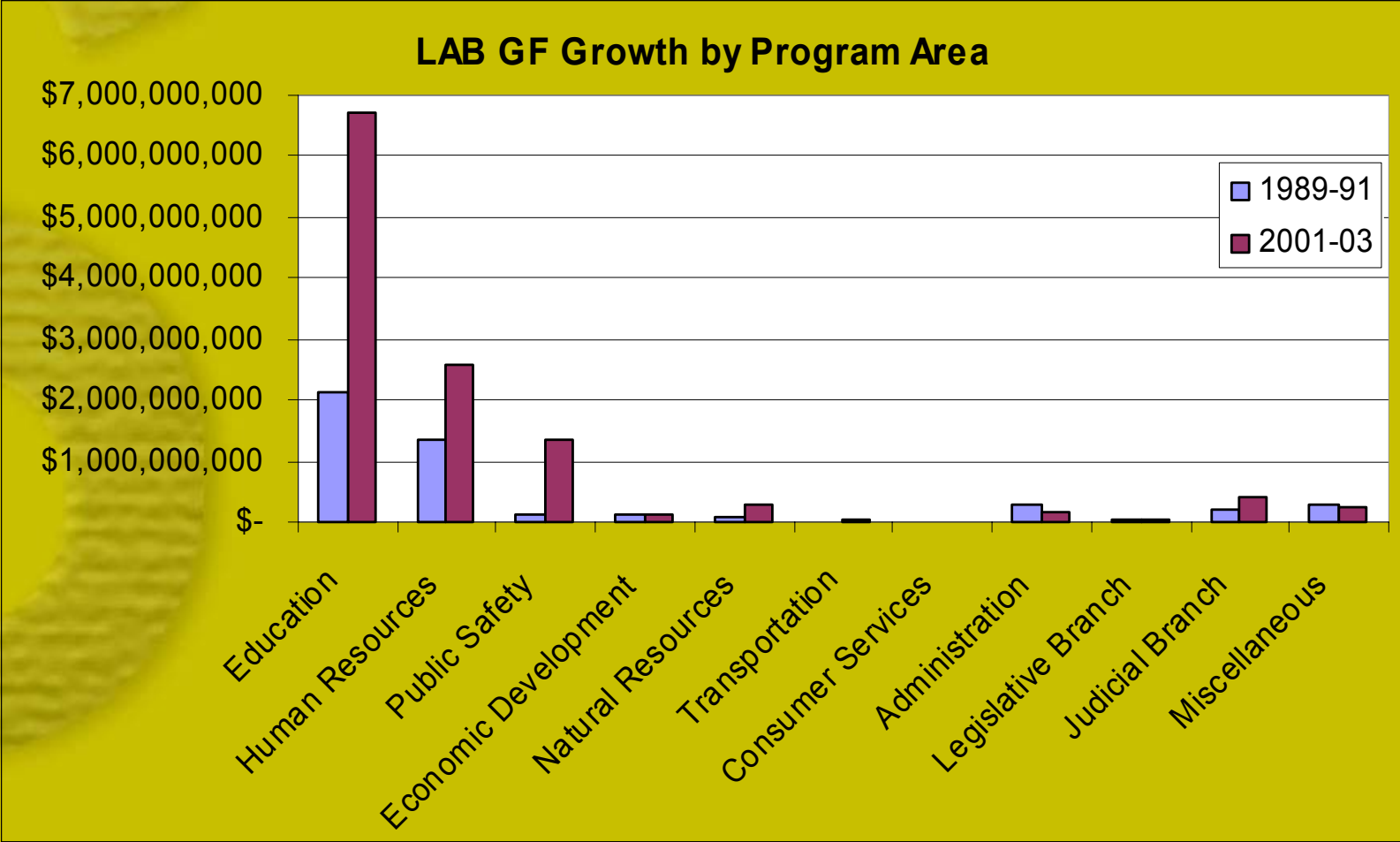
Medical Inflation

Despite factoring medical inflation into economic indexes, medical costs inflate at a higher rate than traditional inflation.

The more employees an agency has, the more the agency is affected by increasing medical costs. Closed custody agencies (Corrections & OYA) are doubly affected.

General Fund Increase by Program Area

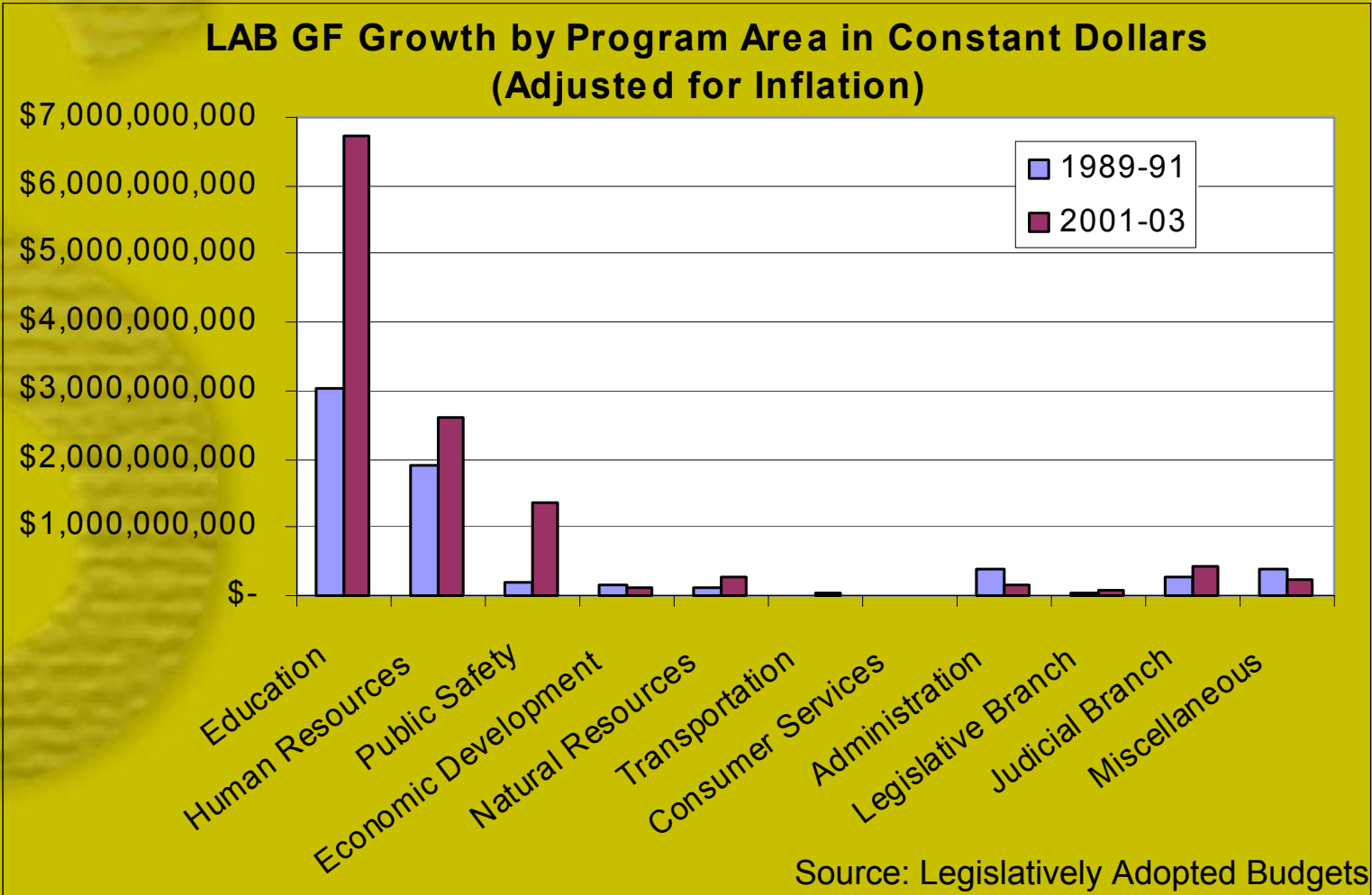
1989-91 vs. 2001-03



Source: Legislatively Adopted Budgets

GF Increase in Constant Dollars by Program Area (Adjusted for Inflation)

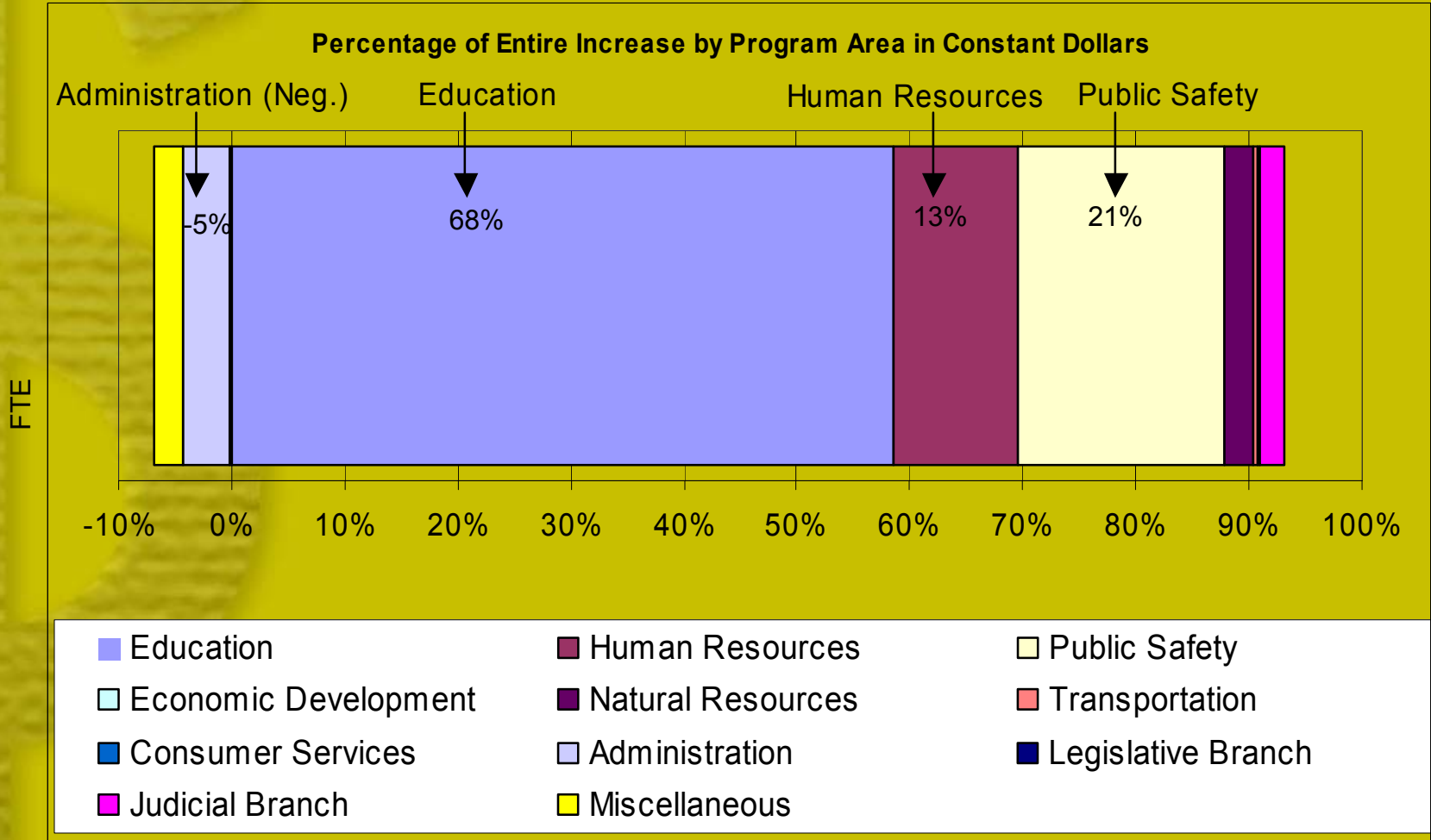
1989-91 vs. 2001-03



General Fund Percentage of Entire Increase by Program Area in Constant Dollars

1989-91 vs. 2001-03

Source: Legislatively Adopted Budgets



Initiatives: Property Taxes

Measure 5

Measure 5 replaced the previous local levy-based property tax system. The measure phased in the new rate over three biennia beginning with \$15 per \$1000 with the final rate reaching \$5 per \$1000 of real market value.

Measure 5 also required the state to replace school revenue lost as a result of decreased property tax base, placing a large demand on the income tax driven **General Fund**.

Measure 50

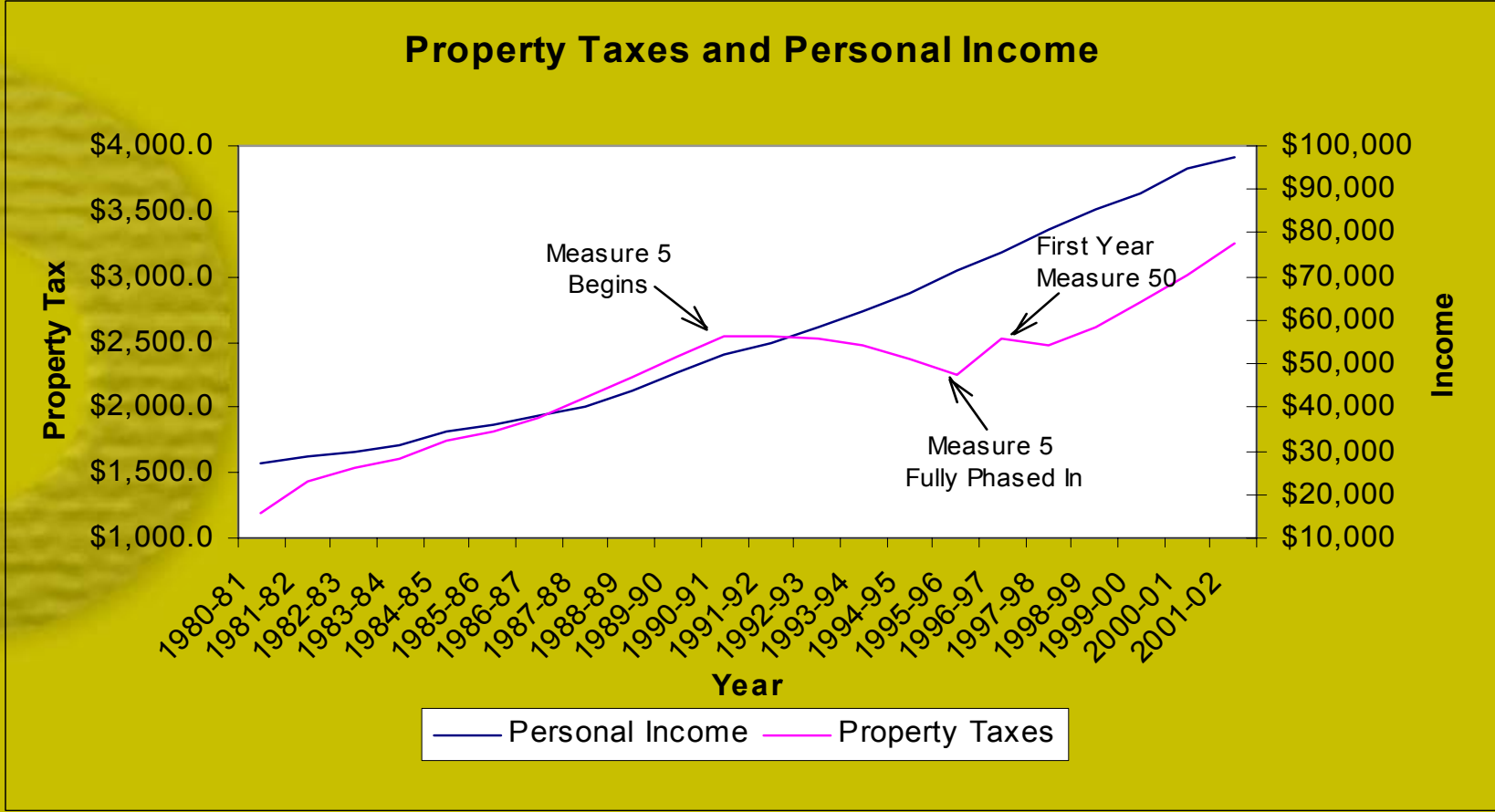
Measure 50 limits both the assessed value of the property and the property tax rate.

Initiatives: Property Taxes: Net Effect

Net Effect of Measures 5 and 50

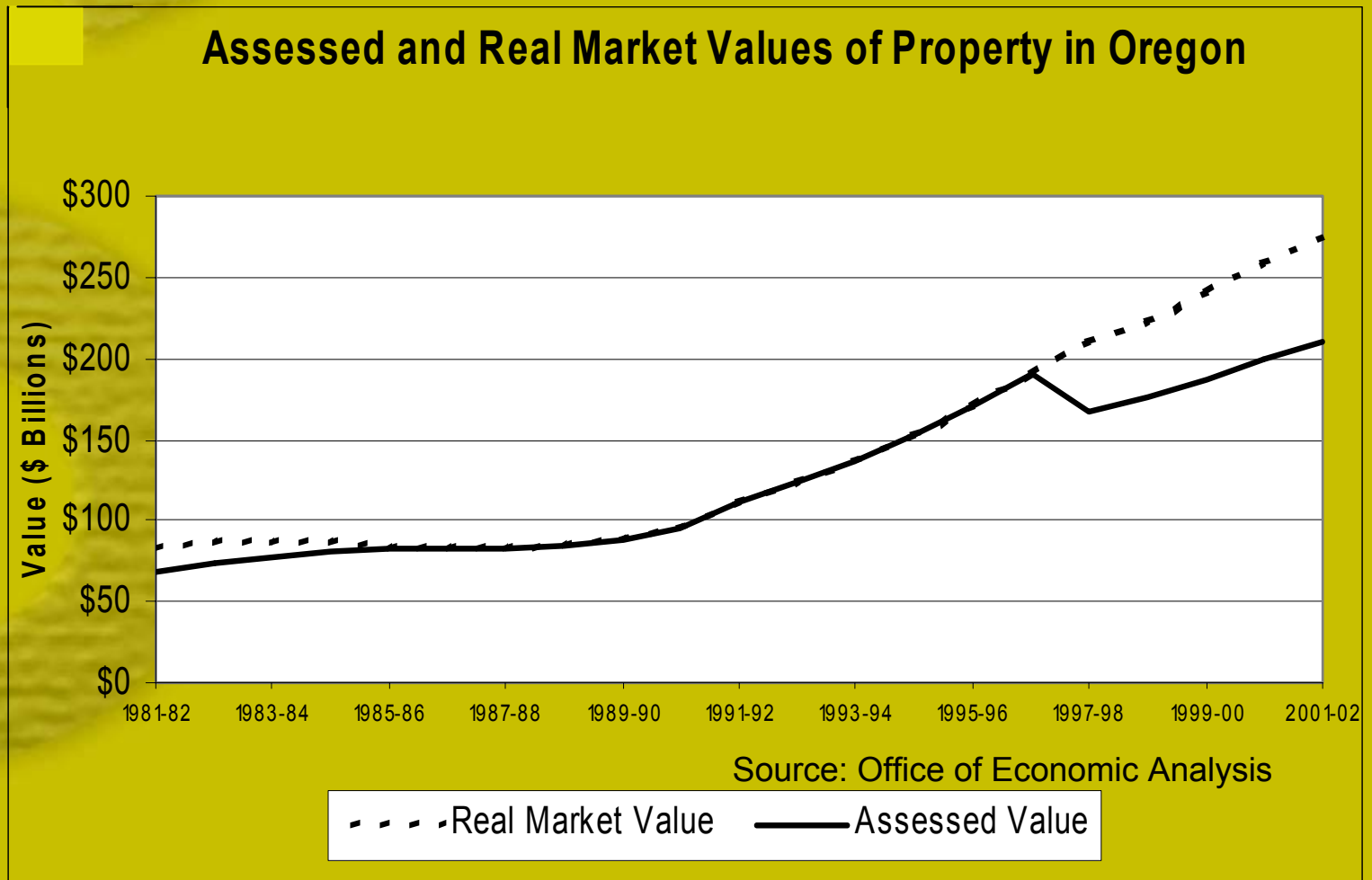
Lowered property tax collections, a main funding source for K-12 education.

Source: Office of Economic Analysis



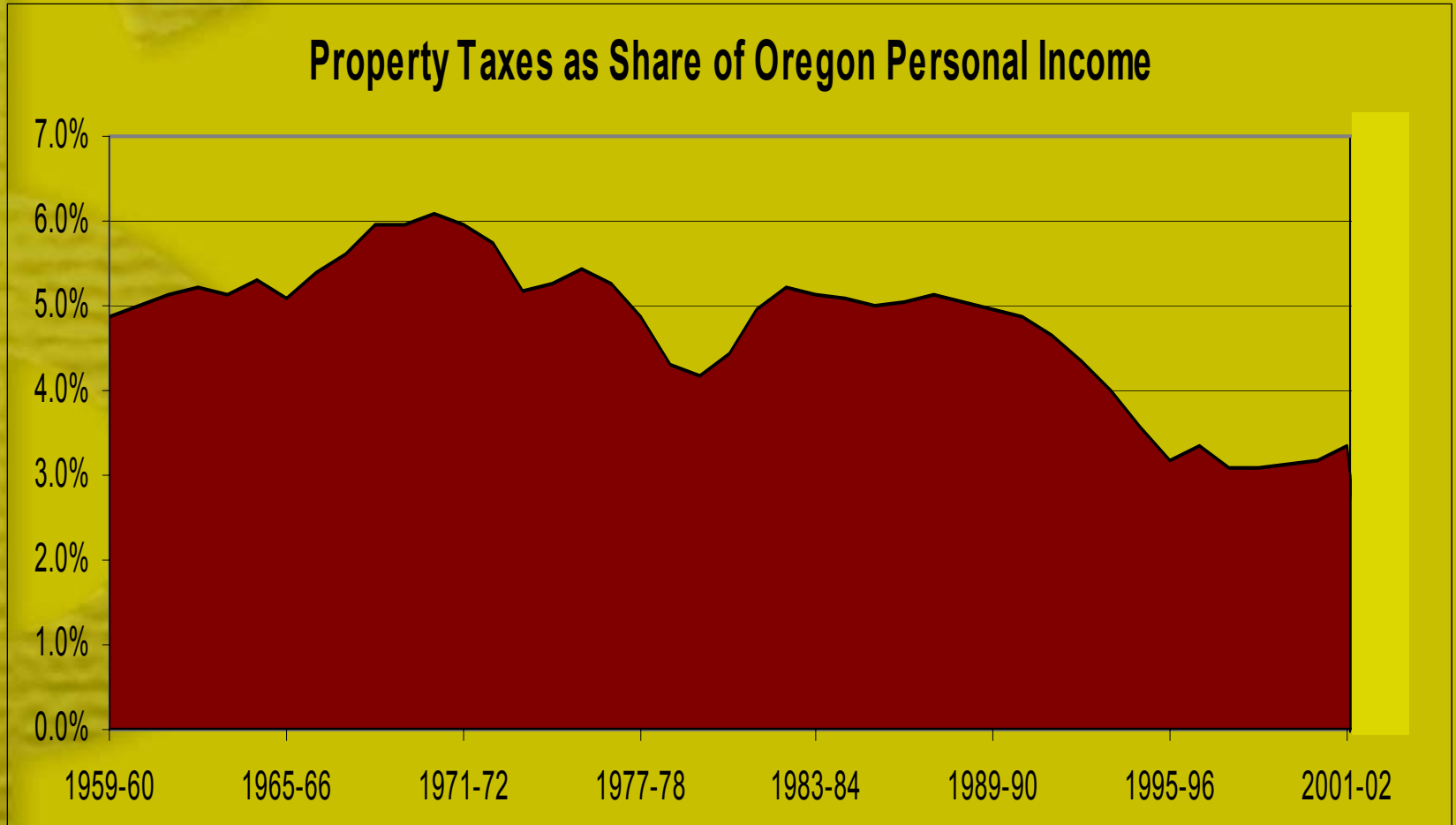
Initiatives: Property Taxes: Valuation

Property valuation effect from Measures 5 and 50



Initiatives: Property Taxes: Versus Income

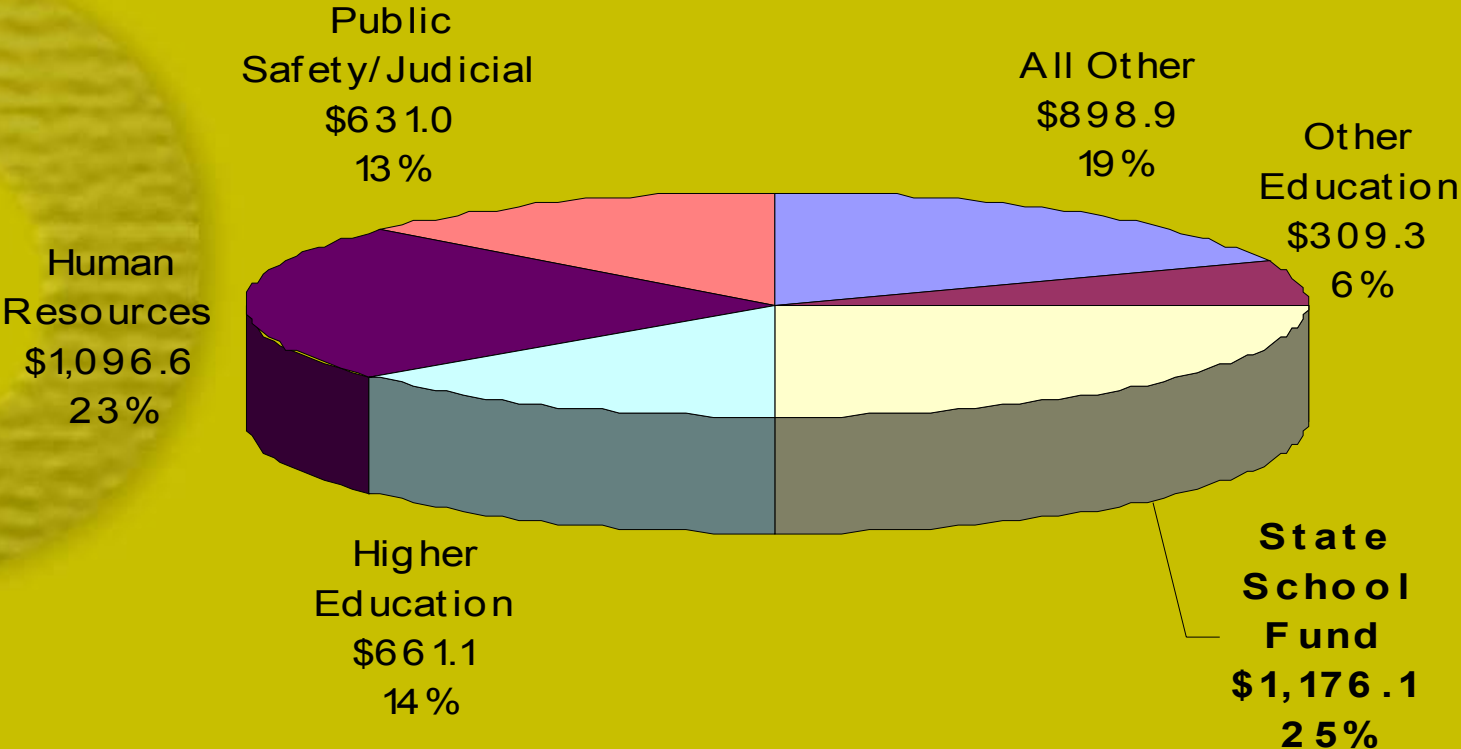
Property taxes as a share of Oregon personal income



Initiatives: Property Taxes: Education in 1989-91

Education: State School Fund in 1989-91

General/Lottery Fund Expenditures
Total: \$4,773.0 Million

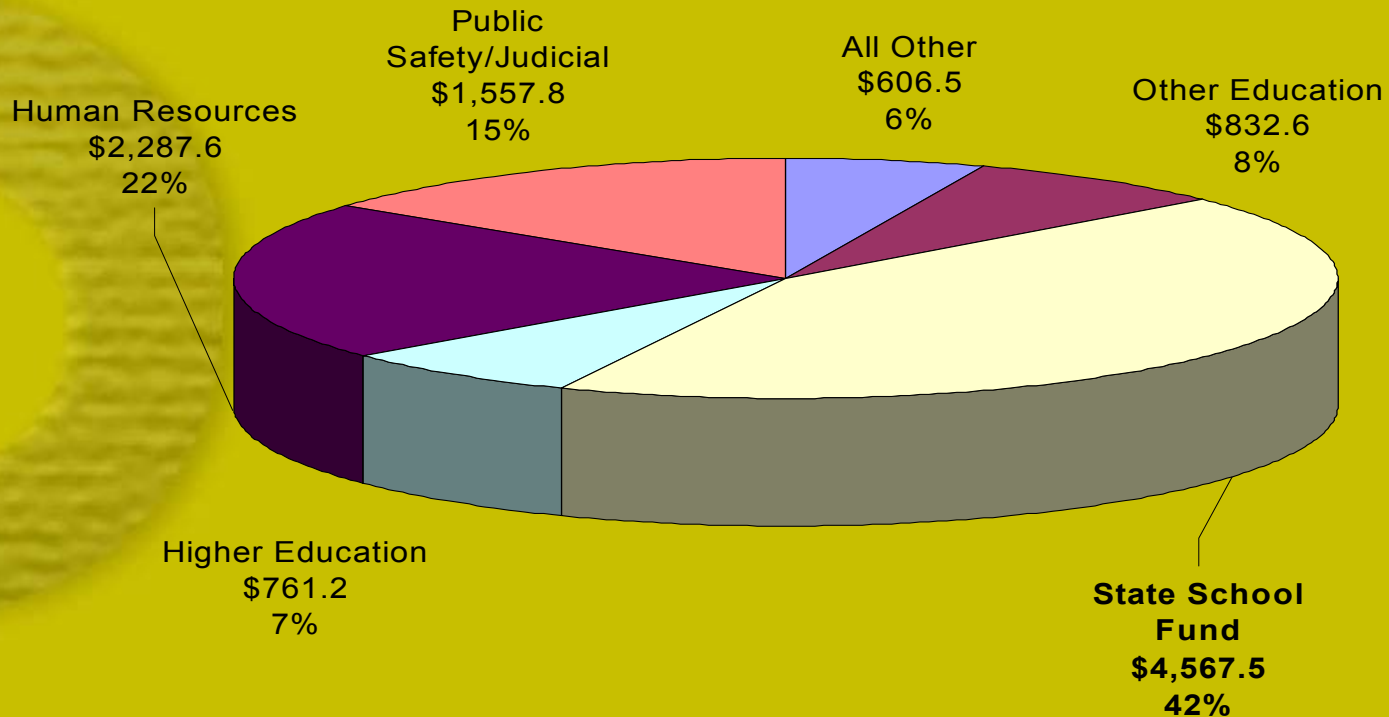


Initiatives: Property Taxes: Education in 1999-01

Education: State School Fund in 1999-2001

General/Lottery Fund Expenditures

Total: \$10,613.2 Million



School Bonding

School Bonds

Schools have used bonding significantly in the last two biennia, obligating debt service payments from the Lottery Fund for 15 years and incurring over 143 million dollars in interest payments.

Debt Service for Education in 1999-2003			
Bond	Debt Service	Principal	Interest
1999 A	230,853,073	159,030,000	71,823,073
1999 B	188,624,998	124,000,000	64,624,998
2001A	23,242,812	16,471,125	6,771,687
Totals	442,720,883	299,501,125	143,219,758

Initiatives: Prisons

Measure 11: Mandatory Minimum Sentences

The adult prison population has more than doubled between July 1989 and July 2002. It is currently forecasted to increase by 36% over the next decade.

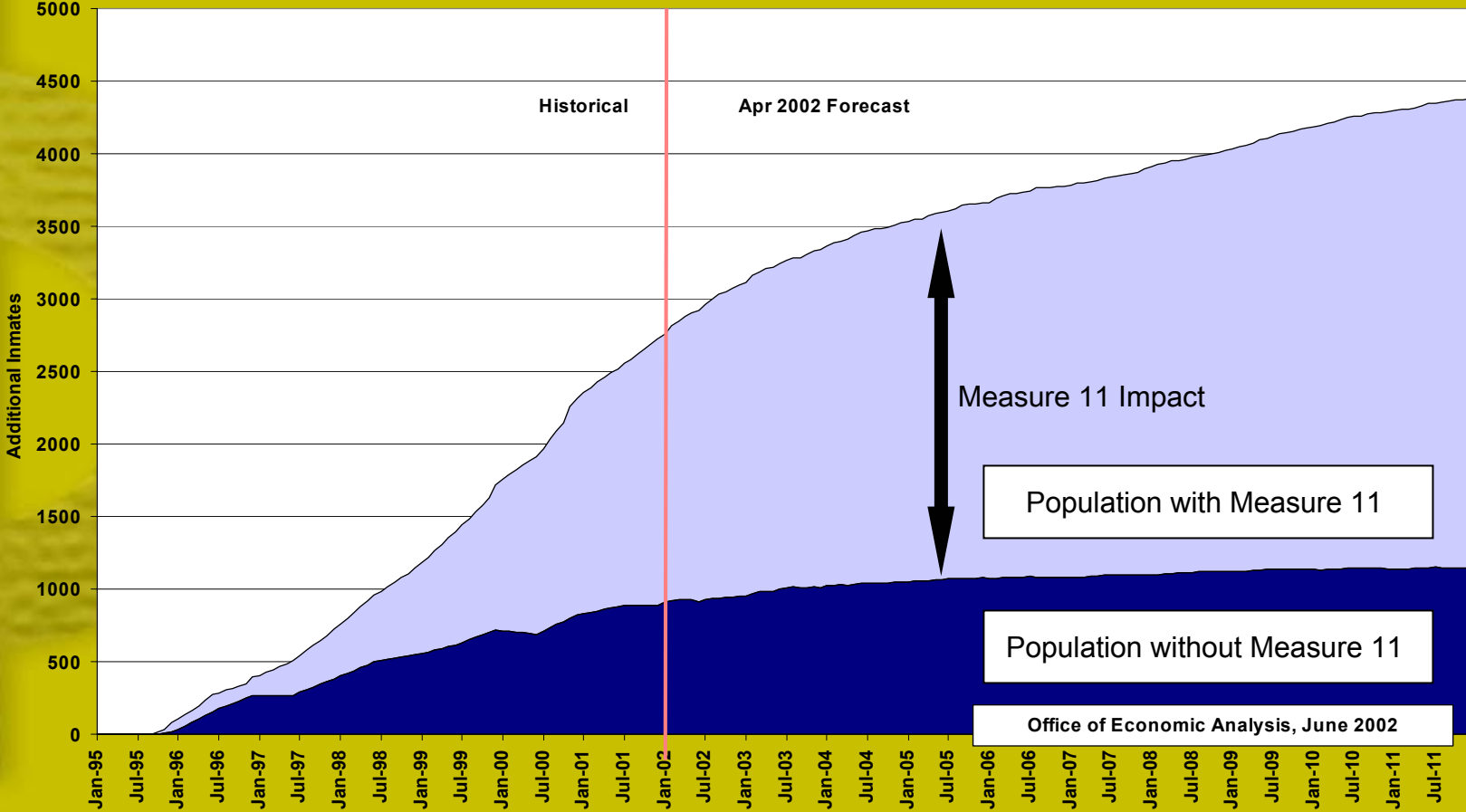
Measure 11 accounts for most of the prison population growth from 1995 to the present. Other factors include adopting sentencing guidelines, a slightly increased tendency toward prison sentences rather than probation or local control for some offenders.

The Department of Corrections estimates that it costs the department \$62.24 per day, per inmate. For every 1,000 prisoners, the state pays \$45,466,320 per biennium.

Initiatives: Prisons: Measure 11 Impact

Measure 11: Mandatory Minimum Sentences

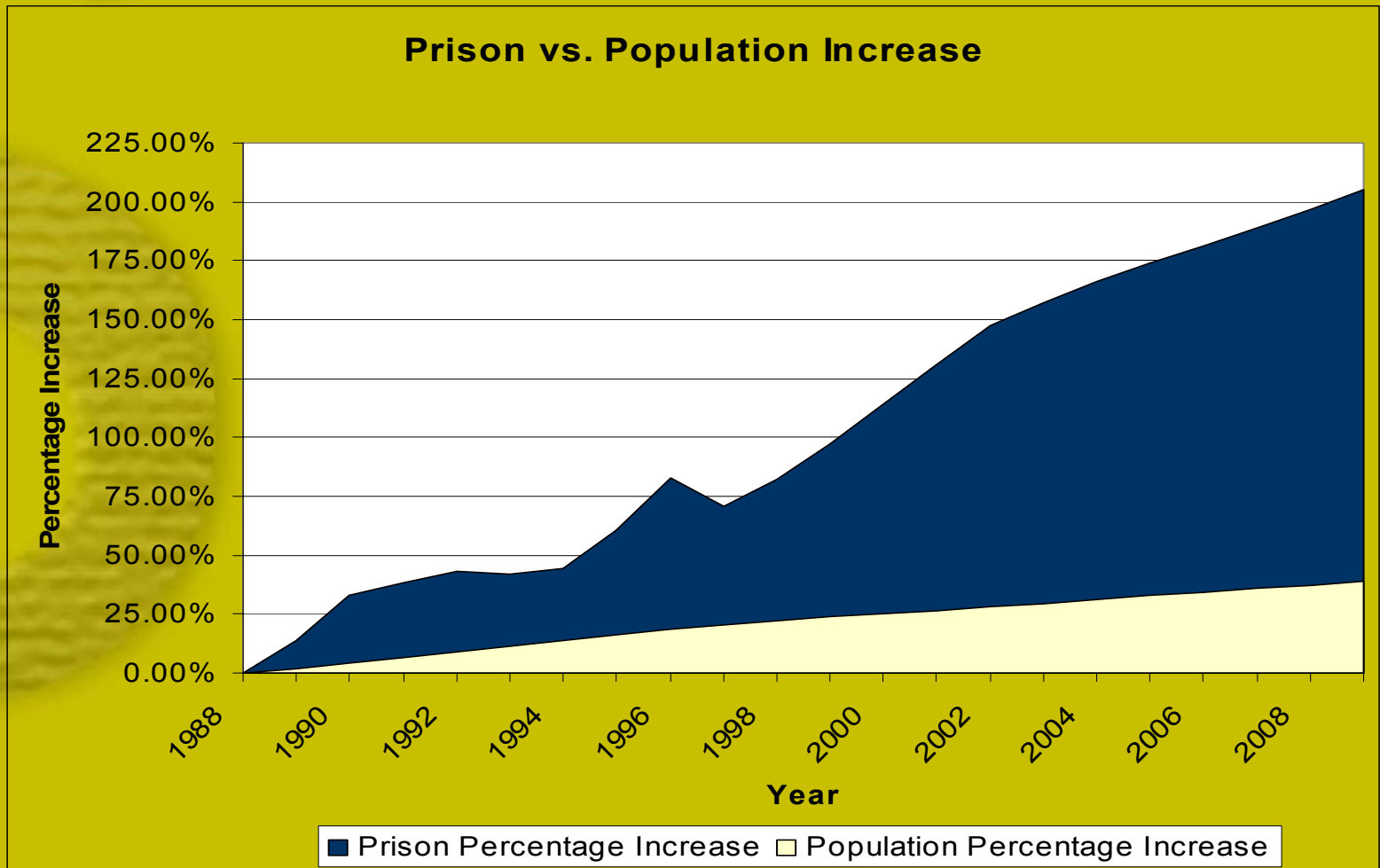
Estimated Impact of Measure 11 on Oregon's Prison System



Office of Economic Analysis, June 2002

Initiatives: Prisons: Population v. Prisoners

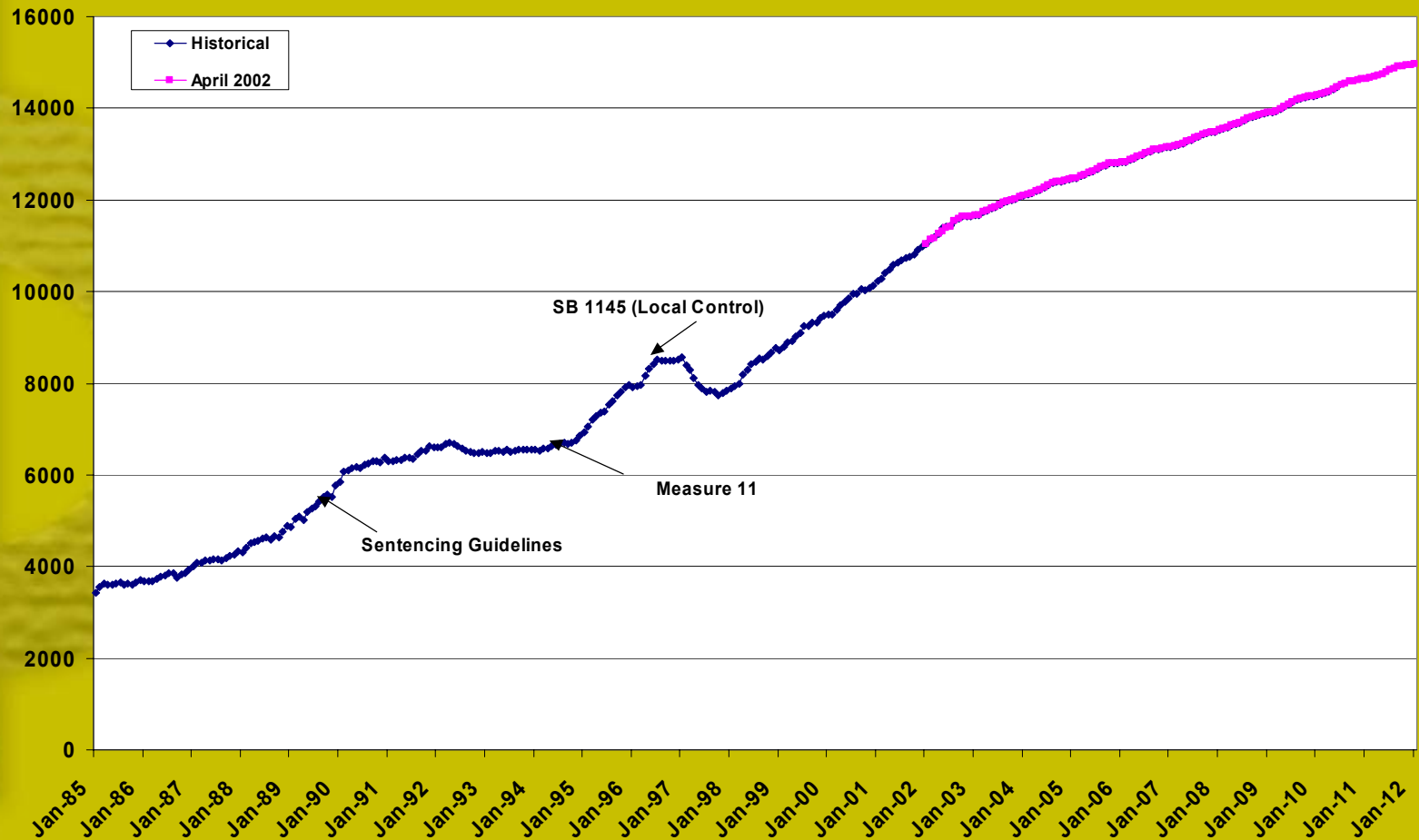
Measure I I: Mandatory Minimum Sentences



Initiatives: Prisons: Population History and Forecast

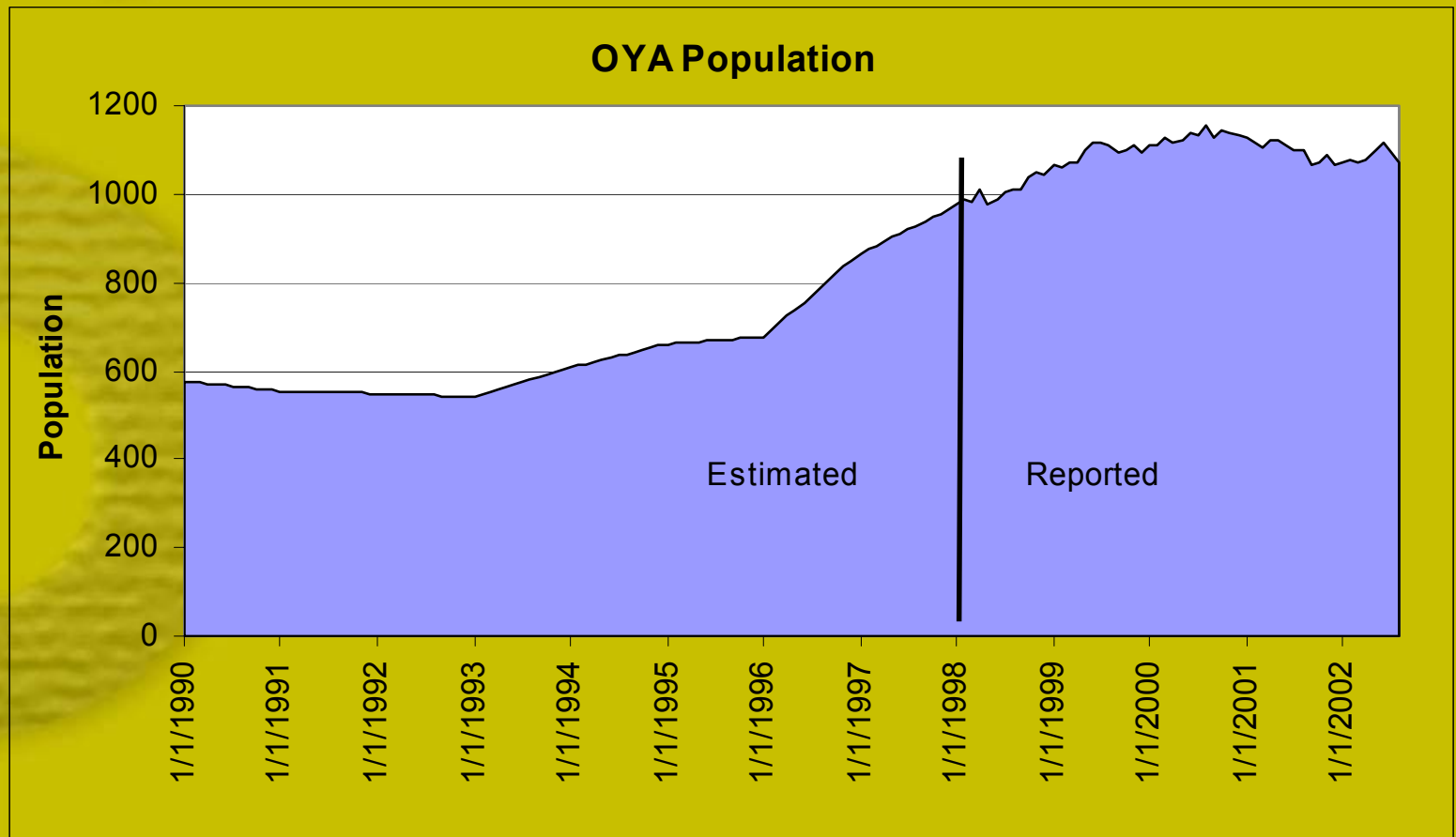
Measure 11: Mandatory Minimum Sentences

Historical and Forecast Prison Population



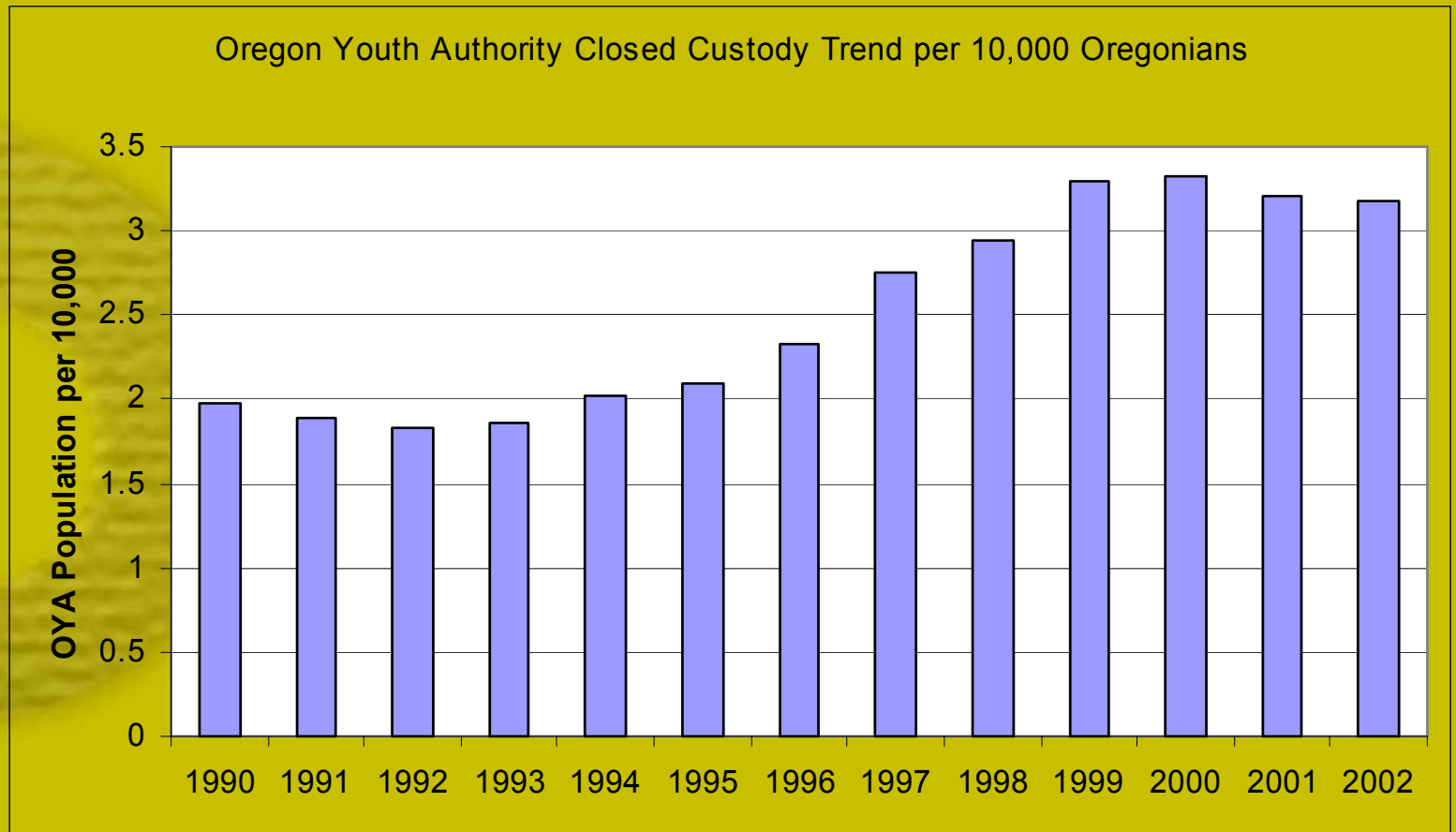
Oregon Youth Authority Growth

Oregon Youth Authority Caseload Growth



Oregon Youth Authority Growth

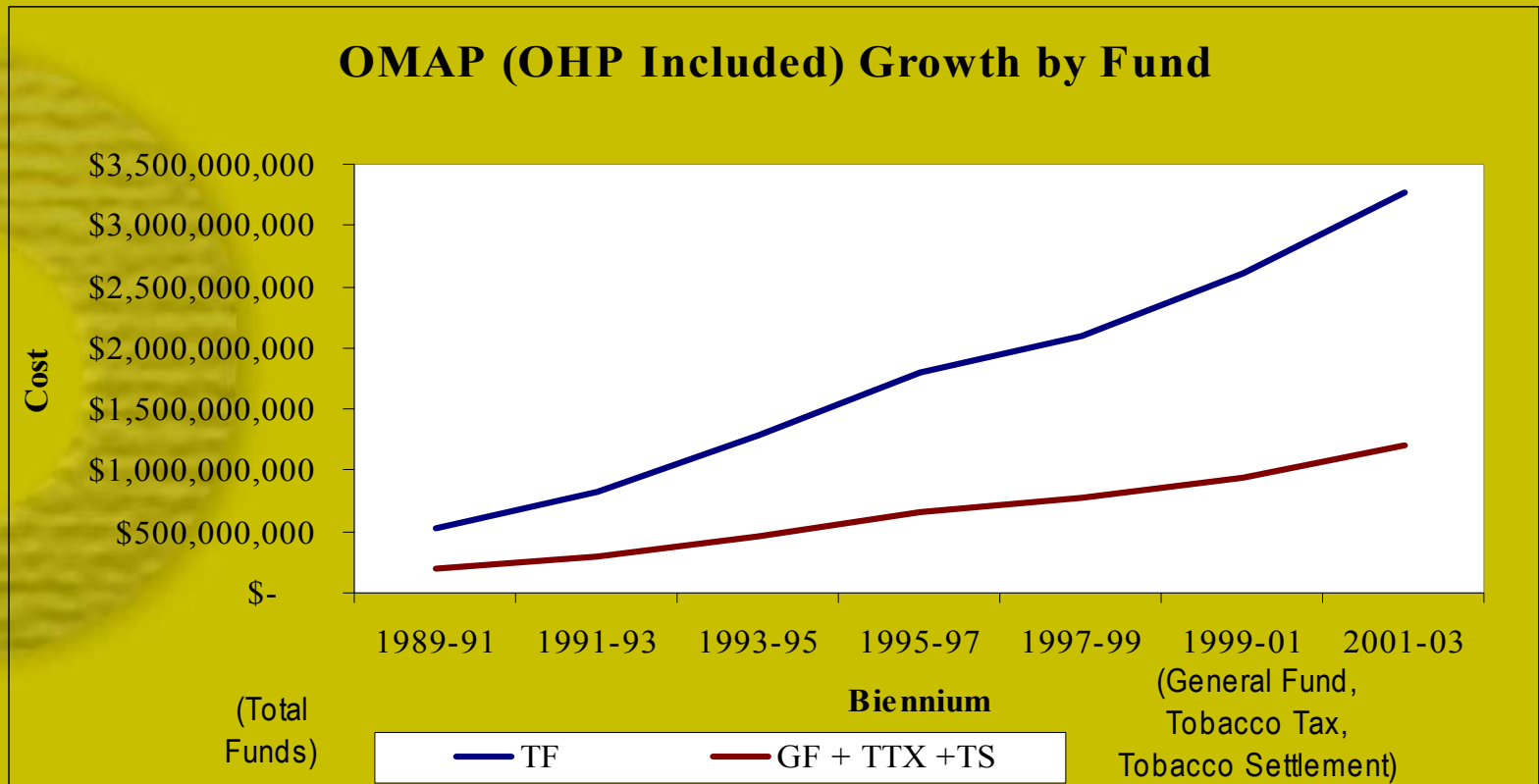
Oregon Youth Authority vs. General Population



Policy Decisions

Oregon Health Plan (OHP)

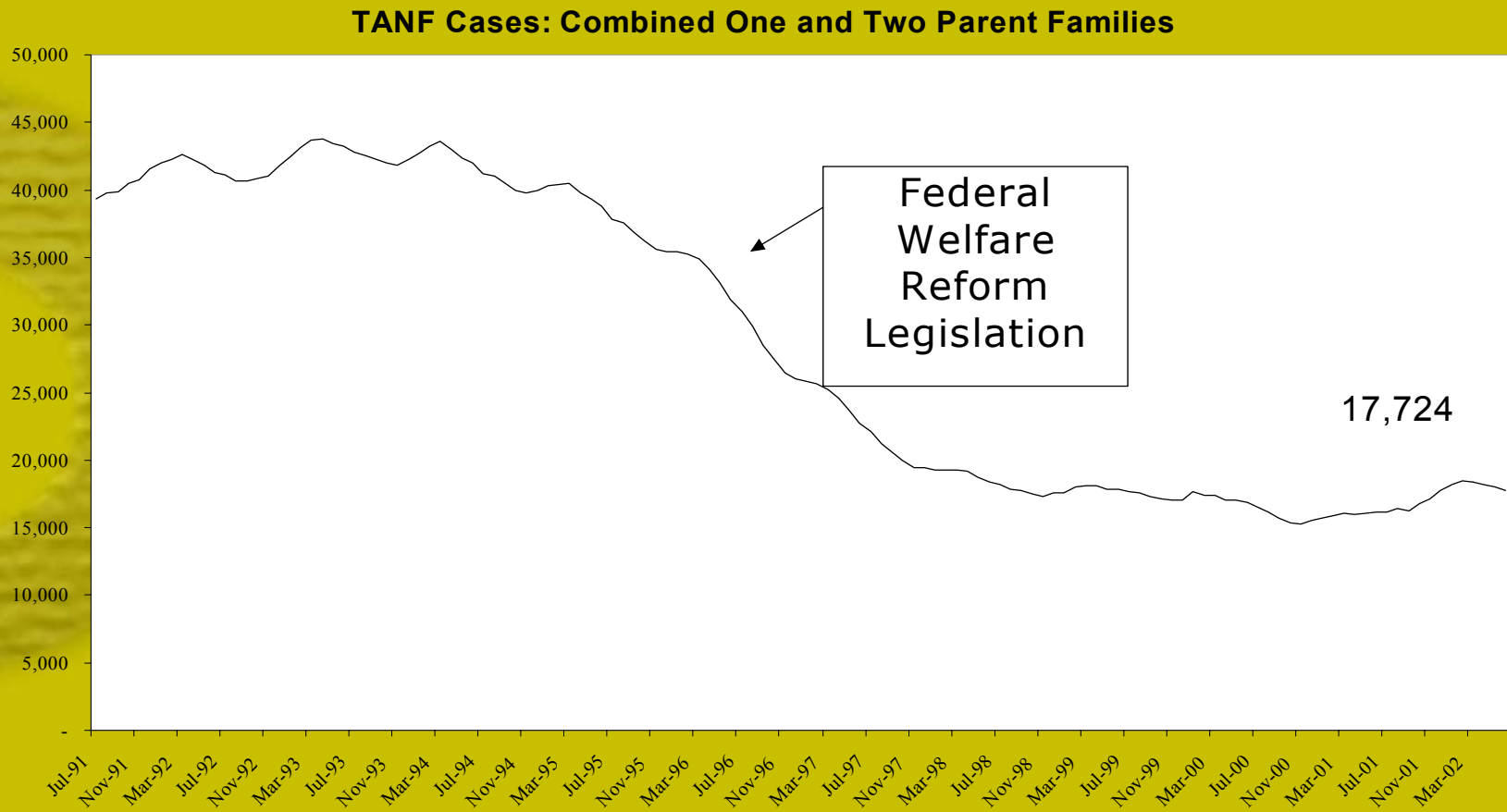
The Office of Medical Assistance Programs budget has increased significantly since 1989-91. The General Fund and tobacco funded portion has increased from approximately \$201 million to \$1.21 billion.



Policy Decisions

Temporary Assistance to Needy Families

Welfare Reform of 1996 caused reduction in caseloads; small increase can be seen in 2002 due to recession.



Lawsuits

Staley v. Kitzhaber

***Staley* is a claim that the state settled. The settlement dictates certain spending on access for people with disabilities; in 2001-03, *Staley* added \$43.3 million in General Fund costs. This will increase in 2003-05 to \$67.7 million.**