

# Administration

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	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$168,709,042	\$188,588,058	\$207,386,891
Lottery Funds	7,238,518	7,463,376	7,986,080
Other Funds	1,085,052,970	1,244,908,058	1,363,072,357
Federal Funds	10,268,918	13,792,309	11,819,825
Other Funds (Nonlimited)	5,533,684,914	6,475,732,819	8,069,325,028
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$6,804,954,362</b>	<b>\$7,930,484,620</b>	<b>\$9,659,590,181</b>
Positions	3,136	3,071	3,118
Full-time Equivalent	2,891.00	2,955.23	3,031.55

### Overview

The Administration Program Area includes statewide elected officials, commissions, and state agencies. They provide policy direction and core central services to agencies, including:

- Directing state operations and ensuring accountability of public officials and agencies.
- Providing central support services for some state agencies.
- Managing elections and tax collections activities.
- Regulating the sale of alcoholic beverages.
- Working to eliminate social barriers due to race and gender.

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## Recommended Budget

The Governor's recommended budget is \$9.7 billion total funds. This is a 21.8 percent increase from the 2007-09 Legislatively Approved Budget and a 17.7 percent increase from the 2007-09 essential budget level. The large increase in the total funds budget is primarily driven by the addition of the Oregon Educators Benefit Board to the Department of Administrative Services. The Program Area budget includes \$207.4 million General Fund. This is a 10 percent increase from the 2007-09 Legislatively Approved Budget and a 4.5 percent increase from the 2007-09 essential budget level.

The key elements of the 2009-11 Governor's Recommended Budget are as follows:

- Public Employees Retirement System (PERS) employer contribution rates have continued to decline. This is the result of the Governor's initiative to reform PERS and preserve a stable and fair defined-benefits retirement plan for public employees. For the 2009-11 biennium, system-wide rates, not including employee contributions or adjusting for employer side accounts (funded with pension obligation bonds), are expected to be 4.7 percent for Tiers One and Two and 4.31 percent for Oregon Public Service Retirement Plan (OPSRP) general service and 7.02 percent for OPSRP police and fire. These are reduced from 2007-09 rates of 7.76 percent, 9.28 percent and 12.55 percent respectively. As recently as spring 2006, Tier One and Two rates in excess of 20 percent were anticipated. The current volatility in the investment market could negatively impact PERS rates in the 2011-13 biennium, as investment returns constitute about 80 percent of system revenues.
- The Department of Revenue has been provided with additional resources for payroll tax and personal income tax collections and filing enforcement and other agency account collections. Also, the Tobacco Task Force, with dedicated staff from the Department of Justice and the Department of State Police, is discontinued. Investigation and prosecution of tobacco tax evasion will henceforth occur on an ad hoc basis.
- The Oregon Liquor Control Commission has been provided with additional resources in the distribution center to handle increases in liquor sales. This is expected to generate additional revenues to the state, cities and counties.

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## DEPARTMENT OF ADMINISTRATIVE SERVICES

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$9,816,287	\$11,224,298	\$12,739,565
Lottery Funds	5,563,992	5,345,158	5,696,801
Other Funds	792,263,504	915,527,275	1,012,936,423
Federal Funds	470,721	0	0
Other Funds (Nonlimited)	129,537,046	185,054,384	1,580,404,534
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$937,651,550	\$1,117,151,115	\$2,611,777,323
Positions	1,032	962	994
Full-time Equivalent	898.52	946.76	987.00

### Overview

The Department of Administrative Services (DAS) operates as the central administrative agency for Oregon state government. It delivers those support services that can most effectively and efficiently be provided by a central government agency. DAS also provides management oversight and direction on behalf of the Governor.

The agency's operational divisions include:

- The Director's Office provides leadership and support to DAS divisions and to state agencies. The Director's Office also houses the Office of Economic Analysis, which provides the state's economic and revenue forecasts, criminal justice population projections and demographic forecasts.
- The Budget and Management Division creates and enforces statewide budget standards. It monitors agencies to ensure that funds are spent within legal and budgetary requirements. The division prepares the Governor's recommended budget. It also helps to coordinate statewide bonded debt programs, including Certificates of Participation (COP), Tax Anticipation Notes and Lottery Revenue Bonds.
- The State Controller's Division provides state financial and accounting services, policies and controls.
- The Enterprise Information Strategy and Policy Division provides statewide information technology management and oversight. The division also oversees the E-government program, geographic information systems, information technology security activities and business continuity planning.
- The Human Resource Services Division maintains the state's personnel and compensation systems. The division also negotiates with unions and provides training and recruitment services.

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- The Public Employees Benefit Board manages health and benefit plans for state employees. The goal is to provide high-quality plans at an affordable cost.
- The Oregon Educators Benefits Board created by Senate Bill 426 (2007), designs contracts for and manages health, dental, vision and other benefit plans for most of Oregon's school district employees.
- The Facilities Division builds and maintains state structures, including landscaping activities. It also negotiates leases for state agencies. The division pays utility costs for all the buildings it owns or manages.
- State Services Division provides services in five primary areas. The division acts as the state's insurance agent. It buys insurance and manages the state's self-insurance. It investigates and resolves claims against the state and its employees. It also helps the state find ways to minimize risk and related costs. This division operates the state's purchasing, motor pool, surplus property and printing and mailing services.
- The Oregon Progress Board monitors the state's 20-year strategic vision, Oregon Shines. The twelve-member panel, chaired by the Governor, is made up of citizen leaders and reflects the state's social, ethnic and political diversity.
- The State Data Center (SDC) was created in 2005 as the result of the Computing and Network Infrastructure Consolidation (CNIC) project. The project centralized the state's 12 largest data centers into a single entity. The goals of the SDC are to reduce costs while maintaining or improving service levels, improving security and recoverability, increasing returns on information technology investments, and freeing agencies from information technology infrastructure management to focus on their core programmatic issues.

The DAS budget houses the Economic Development Fund, the Education Stability Fund, the Parks and Natural Resources Fund and the Oregon Education Fund. Lottery proceeds flow through these funds to state agencies. In addition, DAS manages the collection and distribution of tobacco settlement funds, and oversees outstanding appropriation and pension bonds.

DAS distributes funds to mass transit districts. State agencies pay these funds instead of payroll or transit taxes under ORS 291.407. DAS also distributes a variety of funds, including Federal Funds, to Oregon cities and counties. Other distributions to cities and counties include portions of Oregon Liquor Control Commission revenues, cigarette taxes, amusement device taxes and video poker receipts.

### **Recommended Budget**

The Governor's recommended budget for DAS is \$2.6 billion total funds. This is a 134 percent increase from the 2007-09 Legislatively Approved Budget, which is mostly due to the increase of non-limited authority for the Oregon Educators Benefit Board (OEBB) to provide the OEBB with the authority to pass-through insurance premiums on behalf of its members.

The budget provides the Human Resource Services Division with staff and resources to conduct a complete assessment of the state's current and future needs for its classification and compensation systems and explore options for addressing immediate compensation concerns.

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The budget adds staff within the Facilities Division to enhance the divisions ability to respond to increased workload associated with more demand for critical life/safety issues relating to state facilities.

The Capital Construction program budget reflects cost estimates for various projects, including several conservation projects to further the Governor's Climate Change initiative and achieve savings for state agency energy expenditures.

Within the DAS budget, the Governor provides \$250,000 General Funds to Oregon Public Broadcasting (OPB) for operations; \$1 million to Oregon Legal Aid; \$1.25 million to the Oregon Historical Society (OHS); \$1 million to the Portland Art Museum; and \$1 million to the Pendleton Round-up.

The department will distribute \$192.1 million Other Funds from the Tobacco Settlement Funds Account. The bulk of those funds will be used to pay debt service on outstanding state appropriation bonds, as well as outstanding Oregon Opportunity bonds that were issued on behalf of the Oregon Health and Science University.

The recommended budget also includes debt service payments on outstanding Article XI-O pension obligation bonds. Funding for the payments is provided by state agencies. The budget includes Lottery Funds distributions to county fairs from the County Fair Account, and continues Lottery debt service on outstanding bonds for OPB and Southern Oregon Public Broadcasting.

### Revenue

The department is financed primarily through two sources of Other Funds: proportional assessments on state agencies and fees for service charged to state agencies for program usage. Agency assessments rely on several variables, ranging from full-time equivalent positions, dollar volume, funding limitation and square footage of office space occupied or utilization of resources. The source of Other Funds received by DAS from assessed agencies is a combination of General Fund, Other Funds and Federal Funds.

Capital Improvement and Capital Construction projects are financed out of the Capital Projects Fund. The fund receives the majority of its funding from the "depreciation" component of Uniform Rent and Service Agreements. Certificates of Participation are usually used for larger construction projects.

General Fund supports a portion of corrections population forecasting activities in the Office of Economic Analysis. A General Fund appropriation will also support payments to the Federal government for charges related to pension rates.

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## OREGON ADVOCACY COMMISSIONS OFFICE

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$175,365	\$401,494	\$492,415
Lottery Funds	0	0	0
Other Funds	72,102	103,785	106,691
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$247,467	\$505,279	\$599,106
Positions	4	2	2
Full-time Equivalent	2.18	2.00	2.00

### Overview

The Oregon Advocacy Commissions Office is a state agency created by the Governor and the 2005 Legislature through passage of Senate Bill 359. The agency was created to provide staff support to the four advocacy commissions, each of which will otherwise continue to function independently. The four advocacy commissions are: Commission on Asian Affairs, Commission on Black Affairs, Commission on Hispanic Affairs and Commission for Women. Each of these commissions is charged in statute with monitoring the impact of legislation and state programs on their respective constituencies, and with working to establish economic, social, legal and political equality in Oregon.

### Recommended Budget

The recommended budget consists of \$492,415 General Fund and \$106,691 Other Funds. This is almost a 19 percent increase from the 2007-09 Legislatively Approved Budget. The General Fund will finance two staff positions and the per-diem costs to the 36 non-legislative members, and provide for Services and Supplies needed for daily operations. The budget adds General Fund dollars to fund the agency administrator position at the top step of the salary range. The Other Funds will fund Services and Supplies related to agency programs. The recommended budget maintains current level of operations.

### Revenue

Core agency functions are funded with General Fund. It is anticipated that the individual commissions will raise Other Fund revenues through donations and grants for their programs.

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## EMPLOYMENT RELATIONS BOARD

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$1,449,843	\$1,659,340	\$1,858,241
Lottery Funds	0	0	0
Other Funds	1,351,934	1,617,304	1,838,728
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$2,801,777	\$3,276,644	\$3,696,969
Positions	12	13	13
Full-time Equivalent	12.00	13.00	13.00

### Overview

The Employment Relations Board works to resolve disputes concerning labor relations for an estimated 3,000 different employers and 250,000 employees in public and private employment in the state. The agency performs the following three primary functions:

- Administers the collective bargaining law that covers public employees of the State of Oregon and its cities, counties, school districts and other local governments.
- Hears and decides appeals from state employees concerning personnel actions.
- Administers the collective bargaining law concerning private employers who are not covered by the National Labor Relations Act.

### Recommended Budget

The Governor's recommended budget is nearly \$3.7 million total funds. This is about 12.8 percent higher than the 2007-09 Legislatively Approved Budget. The recommended budget funds existing operations with a minor enhancement to the agency's information technology assets.

### Revenue

General Fund supports the majority of the Local Government Labor Relations program. This program also receives fees for services. The State Government Labor Relations program is supported through an assessment on state government agencies per employee per month.

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## OREGON GOVERNMENT ETHICS COMMISSION

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$636,522	\$1,063,541	\$465,697
Lottery Funds	0	0	0
Other Funds	3,262	3,368	1,397,604
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$639,784	\$1,066,909	\$1,863,301
Positions	3	6	9
Full-time Equivalent	3.00	5.79	9.00

### Overview

The Oregon Government Ethics Commission:

- Interprets and applies Oregon Government Ethics Commission's laws, lobby regulation and public meetings laws.
- Reviews public official and lobbyist conduct for all citizens of the state.
- Educates public officials and lobbyists on the provisions of the Government Ethics Law, the Public Meetings Law and lobbying regulations.

The 2007 Legislature passed Senate Bill 10 and House Bill 2595, which implemented a number of ethics law reforms that increased reporting requirement for public officials, lobbyists, and lobbying entities.

### Recommended Budget

The Governor's recommended budget for the Commission is \$1.9 million total funds. This is nearly a 75 percent increase from the 2007-09 Legislatively Approved Budget. During 2007, the Legislature adopted comprehensive reforms to Oregon's ethics laws. The breadth of these reforms resulted in confusion on the part of some people under the commission's jurisdiction and may have led to unintended ethics law violations.

Continuing actions taken part way through the 2007-09 biennium, the recommended budget adds sufficient resources to the Commission to fix this problem. The recommended budget:

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- Adds three positions to educate pro-actively public officials and lobbyists on the new ethics law requirements.
- Continues one position at a higher classification to handle expanded investigation duties.
- Increases Attorney General funding for the rising number and complexity of ethics cases.

### **Revenue**

With the passage of ethics reform by the 2007 Legislature came a new funding mechanism for the agency beginning with the 2009-11 biennium. The agency's General Fund will be replaced with assessments charged to state agencies and local government entities. The remaining General Fund in the budget for 2009-11 is for cash flow purposes as the agency transitions to the new funding model. All General Funds will be eliminated in 2011-13.

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## OFFICE OF THE GOVERNOR

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$8,168,306	\$11,325,892	\$12,612,969
Lottery Funds	1,674,526	2,118,218	2,289,279
Other Funds	973,742	2,618,987	2,849,661
Federal Funds	62,943	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$10,879,517	\$16,063,097	\$17,751,909
Positions	46	64	62
Full-time Equivalent	45.50	62.56	62.00

### Overview

The Office of the Governor provides leadership and direction to state agencies that are in the executive branch. The office includes:

- Program area policy advisors.
- Affirmative Action program.
- Minority, Women and Emerging Small Business (MWESB) advocacy.
- Executive Appointments.
- Citizens' Representative Office.
- Extradition services for all law enforcement agencies.
- Economic Revitalization Team.
- Federal Office.

The Governor's policy staff work in the areas of education and workforce, natural resources, economic development, health and human services, public safety, transportation and intergovernmental liaison.

### Recommended Budget

The Governor's recommended budget of \$17.8 million total funds is an 11 percent increase from the 2007-09 Legislatively Approved Budget. The recommended budget continues all services of the Governor's Office. It also includes a new program that will use fee revenue to pay for the return of certain individuals that have committed a crime.

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## Revenue

Most of the Office of the Governor is financed with General Fund. Several staff members are funded with resources transferred from other state agencies. The Affirmative Action program and the Minority, Women and Emerging Small Business program are financed by state agency assessments. Funding for the Economic Revitalization Team is from Lottery Funds. A new fee will pay the costs of returning certain individuals from other states that have committed a crime.

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## OREGON LIQUOR CONTROL COMMISSION

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	115,365,891	124,318,211	134,837,952
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	8,271,000
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$115,365,891	\$124,318,211	\$143,108,952
Positions	225	233	240
Full-time Equivalent	215.46	225.68	232.72

### Overview

The Oregon Liquor Control Commission (OLCC) works to promote the public interest through the responsible sale and service of alcoholic beverages. The OLCC envisions balancing services to stakeholders (both internal and external), revenue optimization, and social responsibility. It accomplishes its mission by working to:

- Educate the industries and individuals who manufacture and sell alcoholic beverages and the public who may want to consume them.
- Work in partnership with local governments, other agencies, private industry and members of the public to achieve a high quality of life in Oregon, free of the dangers of alcohol misuse.
- Make alcohol available to legal users through quality customer service.
- Provide optimal revenue in support of state and local governments.

Oregon is one of the 18 states (besides two counties in Maryland that are control districts) that sell hard liquor through state-controlled stores. Private agents contract with OLCC to operate 243 liquor stores in the state.

### Recommended Budget

The Governor's recommended budget is \$143.1 million total funds. This is 15 percent higher than the 2007-09 Legislatively Approved Budget. The budget:

- Adds six positions in the distribution center to handle increases in liquor sales.
- Increases funding for agents' compensation due to anticipated increases in sales.

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- Increases funding to pay for bank transaction fees for increased credit card and debit card sales. The budget also converts these costs from Other Funds to Nonlimited Other Funds.
- Makes one limited-duration Liquor Regulatory Specialist position permanent to continue timely processing of liquor license applications.
- Adds two permanent positions in the Administrative Policy and Process Division to address the need for additional technical resources.
- Provides funding to conduct a feasibility study to explore replacing the current merchandising business system over future biennia.

Of the total recommended budget \$48.2 million is for agency operations, \$86.6 million is to compensate liquor agents for their retailing services for the state, and \$8.3 million is to pay the bank transaction fees and rental charges for bank card processing equipment in the liquor stores.

Liquor agents are paid on commission, which stays at 8.88 percent of sales on average. Agent commissions are expected to increase over 14 percent from the 2007-09 approved budget, based on increased liquor sales.

### Revenue

The major sources of income for this agency are:

- Liquor sales income.
- Taxes on beer and wine sales.
- License fees.
- Fines and other income.

After paying its operating costs, the agency distributes the remaining revenues as follows:

- Liquor net receipts - 56 percent to the General Fund, 20 percent to cities, 10 percent to counties and 14 percent to city revenue sharing.
- Beer and wine tax receipts - 50 percent to the Department of Human Services Office of Alcohol and Drug Abuse Programs, 28 percent to the General Fund, 10 percent to cities, 5.0 percent to counties and 7.0 percent to city revenue sharing.

Liquor license fees are transferred in the same way as liquor net receipts.

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### PUBLIC EMPLOYEES RETIREMENT SYSTEM

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	80,167,511	86,960,346	83,696,720
Federal Funds	0	0	0
Other Funds (Nonlimited)	5,401,795,835	6,286,947,122	6,476,885,664
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$5,481,963,346	\$6,373,907,468	\$6,560,582,384
Positions	401	401	362
Full-time Equivalent	386.71	394.88	361.55

#### Overview

The Public Employees Retirement System (PERS) is responsible for administering retirement programs for public employees. PERS distributes approximately \$2.8 billion in retirement benefits annually. PERS manages the Tier One and Tier Two Retirement plans, the Oregon Public Service Retirement Plan (OPSRP), the Individual Account Program (IAP), retiree health insurance programs, Social Security Administration functions and a deferred compensation program.

Approximately 890 public employers in Oregon participate in the retirement programs administered by PERS. This includes all state agencies, all public school districts, and the majority of local government entities – making PERS the provider of retirement programs for the vast majority of public employees in the state.

Tier One and Tier Two program membership totals approximately 171,700 non-retired members and 105,300 retirees and beneficiaries receiving monthly benefits. These programs were closed to new members August 29, 2003, corresponding to the passage of House Bill 2020 (2003).

The OPSRP program was created for employees entering the system after August 2003 and currently has about 43,500 members. OPSRP includes both defined benefit and defined contribution type components. The defined benefit component is funded solely by employer contributions and any earnings. It is designed to generally provide a benefit that approximates 45 percent of a member's final average salary after 30 years of service. The defined contribution component requires PERS members to contribute an amount equal to six percent of eligible salary to an IAP account. At retirement, members will receive the balance of this account, either as a lump-sum or in equal installments over a specified period. All active Tier One-Tier Two members are also participants of the IAP plan, as their employee contributions after January 1, 2004 are directed to their IAP account rather than the employee account associated with the Tier One-Tier Two programs.

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Operationally, the agency is organized into six primary functional areas:

- Central Administration manages other divisions, as well as internal audit, human resources, Social Security Administration, deferred compensation and health insurance programs. It also supports the agency's governing board.
- The Customer Service Division provides education, counseling and communication services and manages employer reporting activities and member demographics, employment and account data.
- The Benefit Payment Division provides retirement benefit estimates and calculates and issues retirement, death and disability benefits.
- The Fiscal Services Division provides business and central support services to the entire agency.
- The Information Services Division provides data processing services for the agency. The division also manages all agency records, including both computerized data and physical records. It has the primary responsibility for replacement of the legacy information management system.
- The Policy, Planning, and Legislative Analysis Division coordinates legal services and contested cases. It manages administrative and business rules, as well as legislative analysis.

## Recommended Budget

The Governor's recommended budget for the agency is \$6.6 billion total funds. This is a 2.9 percent increase from the 2007-09 Legislatively Approved Budget (LAB). The increase is primarily due to growth in retirement payments; operations costs are increased by 1.3 percent from the prior biennium. The budget includes resources to complete the transition from the agency's legacy data system, improve business practices and processes, address increasing workload demands and continue to contract for outside legal counsel. The recommended budget has 39 fewer positions than the LAB, due to the elimination of limited-duration positions established to comply with the *Strunk* and *City of Eugene* cases and other work.

As a result of the PERS statutory changes, improved investment returns, deployment of \$1.6 billion in reserves, and revisions in actuarial methodologies, PERS' unfunded actuarial liability (UAL) has been reduced from an estimated \$11 billion as of December 31, 2003 under pre-reform assumptions, to \$1.5 billion as of December 31, 2007. Side accounts of \$7.7 billion, funded from the sale of pension obligation bonds by state and local employers, are not reflected in that UAL valuation. Including side accounts shows the system with a \$6.2 billion surplus. Employers debt service obligations on the pension obligation bonds are not included in this figure.

As a result of the UAL reduction, employer contributions have declined. For the 2009-11 biennium, system-wide rates, not including employee contributions, are 4.70 percent for Tiers One and Two, 4.31 percent for OPSRP general service and 7.02 percent for OPSRP police and fire. These are reduced from 2007-09 rates of 7.76 percent, 9.28 percent and 12.55 percent respectively. As recently as spring 2006, Tier One and Two rates in excess of 20 percent were anticipated.

The current volatility in the investment market could negatively impact PERS rates in the 2011-13 biennium, as investment returns constitute about 80 percent of system revenues.

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## Revenue

PERS is funded entirely with Other Fund revenues. Principal revenue sources include investment earnings on the PERS trust fund, employer contributions, member contributions and fees. Employee contributions are now credited to Individual Account Program accounts. Employer contributions are credited primarily to individual employer accounts or employer pools as appropriate. A portion of the employer contribution is also credited to Retirement Health Insurance Accounts that provide premium subsidies for eligible retirees per statutory directives. Historically, the largest source of revenue for the PERS system has been investment earnings. It is from this source that the PERS operating budget is funded. Net earnings, if any, are then distributed to member, employer and various reserve accounts.

Revenues to fund administrative activities for deferred compensation programs come largely from participant fees. For the 2009-11 biennium, this fee will be 0.08 percent of participant assets held in the trust. Participant contributions, all of which are voluntary, and interest earnings are credited to their accounts and are eventually returned to participants, often at retirement.

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## OREGON RACING COMMISSION

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	4,983,295	5,658,842	6,114,165
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$4,983,295	\$5,658,842	\$6,114,165
Positions	16	16	16
Full-time Equivalent	13.22	14.52	14.52

### Overview

The Racing Commission licenses race meets and participants. It currently regulates live and simulcast horse racing; and has the authority to regulate greyhound racing again if a race meet is established. It also oversees off-track betting sites and multi-jurisdiction totalizator operations, known as hubs. These hubs allow subscribers to place race bets over the telephone or the Internet.

### Recommended Budget

The Governor's recommended budget for the commission is \$6.1 million Other Funds. This is an 8.0 percent increase over the 2007-09 Legislatively Approved Budget. The budget maintains current service levels and provides no additional resources.

### Revenue

The commission's operations are entirely funded with Other Funds. One-third of hub revenues, along with other revenues exceeding the agency's operating budget, are transferred to the General Fund. The estimated transfer for 2009-11 totals \$1.4 million. After expenses and transfers, the agency is left with an estimated ending balance of \$481,336 Other Funds. This amount is approximately two months of operating expenses.

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## DEPARTMENT OF REVENUE

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$134,178,423	\$147,877,511	\$164,559,971
Lottery Funds	0	0	0
Other Funds	29,164,504	34,153,829	34,825,005
Federal Funds	0	0	0
Other Funds (Nonlimited)	220,487	231,313	263,830
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$163,563,414	\$182,262,653	\$199,648,806
Positions	1,076	1,048	1,084
Full-time Equivalent	997.34	968.22	1,016.90

### Overview

The Department of Revenue's (DOR) major duties are to collect taxes pursuant to the state's tax laws. The agency:

- Administers the state income tax program.
- Helps counties assess and collect property taxes.
- Collects and distributes taxes and fees for other state agencies and local governments.
- Operates three tax relief programs for low-income, elderly persons who rent or own their homes, and low-income, disabled individuals who own their homes.

The agency also represents the State of Oregon on the Multistate Tax Commission, which works to make corporate income taxation more uniform between states.

### Recommended Budget

The Governor's recommended budget for DOR is \$199.6 million total funds. This budget is an increase of 9.6 percent over the 2007-09 Legislatively Approved Budget. The increase is the result of inflation and a few selected enhancements. These enhancements include additional resources for payroll tax and personal income tax collections and filing enforcement and other agency account collections. The Tobacco Task Force, with dedicated staff from the Department of Justice and the Department of State Police, is discontinued. Investigation and prosecution of tobacco tax evasion will continue on an ad hoc basis as needed.

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## Revenue

The department transfers most of the money it collects to other users. It goes to the General Fund, other state agencies and local governments. The department uses General Fund to pay for most of its operations. Other Fund revenues are generated from the services it provides to other governmental units. This includes collection, mapping, assessment and taxation services.

DOR transfers personal and corporate income taxes, and inheritance taxes to the General Fund. Some of the state's cigarette and other tobacco taxes go to the General Fund, cities, counties and the Department of Transportation. Other cigarette tax revenues are dedicated for the Oregon Health Plan and tobacco use reduction programs. These go to the state agencies that run those programs.

The department collects tax revenue from electric cooperatives, private railcar companies and rural telephone exchanges. It collects and distributes local transit taxes to the Tri-Met and Lane County Transit Districts.

The department collects and distributes 9-1-1 tax receipts. It also collects and transfers Criminal Fine and Assessment Account revenue as directed by law.

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## SECRETARY OF STATE

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Agency Request*
General Fund	\$11,413,725	\$11,679,030	\$13,580,109
Lottery Funds	0	0	0
Other Funds	32,004,815	38,566,820	42,147,509
Federal Funds	5,747,937	9,156,577	7,075,303
Other Funds (Nonlimited)	-34	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$49,166,443	\$59,402,427	\$62,802,921
Positions	201	199	206
Full-time Equivalent	200.50	198.50	205.50

\*The Governor makes no recommendation for this budget, as it is not under executive control. For statutory purposes, the Governor included \$10,884,645 General Fund, \$41,827,664 Other Funds and \$7,065,409 Federal Funds, for a total amount of \$59,777,718 in his budget as a placeholder.

### Overview

The Secretary of State is an elected, constitutional office. Its duties include:

- Interpret, apply and enforce election laws.
- Publish the Voters' Pamphlet.
- Audit state agencies' financial operations and program performance.
- Publish the state's administrative rules.
- Store and preserve public records.
- Make the records accessible to the citizens of Oregon.
- Provide registration and other services to Oregon businesses.

The office has increased its services to citizens and other customers over recent years, particularly through the use of technology. The requested budget would continue that effort.

### Requested Budget

The agency request budget is \$62.8 million total funds. This is about 5.7 percent higher than the 2007-09 Legislatively Approved Budget. The requested budget funds a signature verification initiative, creates several positions, funds position reclassifications and provides for technological upgrades within the Information Systems Division.

# Administration

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## Revenue

The office uses General Fund to cover part of its operational costs, especially for the Elections Division and the Archives Division. It transfers revenue to the General Fund from Voters' Pamphlet fees and election filing fees. The 2003 Legislature passed House Bill 3656 which requires the agency to transfer to the General Fund \$30 of each business registry filing. The bill also requires the Corporation Division to transfer to the General Fund on July 1 of each year any unexpended or un-obligated balance from fees collected for business registry services. The agency collects Other Fund revenues from document sales and fees for service, such as charges to state agencies for audits.

# Administration

## STATE LIBRARY

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$2,870,571	\$3,356,952	\$3,773,388
Lottery Funds	0	0	0
Other Funds	6,615,839	6,788,821	7,184,804
Federal Funds	3,987,317	4,635,732	4,754,416
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$13,473,727	\$14,781,505	\$15,712,608
Positions	44	44	45
Full-time Equivalent	42.47	42.47	43.26

### Overview

The Oregon State Library:

- Provides research and reference assistance to state government.
- Circulates library materials in audio and Braille formats to Oregonians who are blind or have disabilities that prevent them from reading printed materials.
- Provides grants and assistance to help develop and improve local library services.

### Recommended Budget

The Governor's recommended budget of \$15.7 million total funds is a 6.3 percent increase from the 2007-09 Legislatively Approved Budget. Funding of one and one-half positions in Library Development Services is shifted from Federal Funds to General Fund in response to federal requirements. A part-time student worker position is established to assist in the Talking Book and Braille Services program. Other programs are continued at current levels.

### Revenue

General Fund is the main source of financing for the Talking Books and Braille Services and Ready-to-Read programs. Other Fund revenues come from state agency assessments, donations, grants and other miscellaneous income. Federal Funds from the Library Services and Technology Act support local library services.

# Administration

## OFFICE OF STATE TREASURER

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Agency Request*
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	22,086,571	28,590,470	35,456,940
Federal Funds	0	0	0
Other Funds (Nonlimited)	2,131,580	3,500,000	3,500,000
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$24,218,151	\$32,090,470	\$38,956,940
Positions	76	83	85
Full-time Equivalent	74.10	80.85	84.10

\* The Governor makes no recommendation for this budget, as it is not under executive control.

### Overview

The Treasurer of State is an elected constitutional office. The office is responsible for the sound management of state money and assets. The Treasury is a multi-billion dollar cash and investment management center.

The agency is made up of six program areas:

- The Investments Program manages the investments of the Oregon Public Employees Retirement Fund, the State Accident Insurance Fund, the Common School Fund and numerous smaller funds.
- The Oregon Short Term Fund Program provides state agencies and local governments access to the agency's investment staff for the investment of cash not required to meet immediate demands.
- The Banking Program provides centralized banking services for all state agencies and over 1,500 local government accounts.
- The Debt Management Program provides central coordination and issuance approval of state agency and authority bonds for Oregon.
- The Collateral Pool Program oversees the collateralization of all public funds on deposit with qualified financial institutions. It is responsible for all public funds held by state agencies and deposited to Treasury accounts.
- The Oregon 529 College Savings Network offers tax-advantaged, flexible investment options to help Oregon families save for their college education expenses.

# Administration

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## **Requested Budget**

The requested budget for the agency is \$39.0 million total funds. This is a 21.4 percent increase over the 2007-09 Legislatively Approved Budget. The recommended budget continues all programs at their current level and provides for enhancements, including a new debt management system.

## **Revenue**

The Treasurer of State is financed entirely with Other Funds. Revenues come from investment administrative fees, payments from state agencies and banks for banking services, reimbursements from state agencies for bond and coupon redemption and bond issuance costs, fees for certain services provided to local governments and administrative fees from program participants.