

2017-19 Legislative Approved
FTE = 35.26
Pos = 35

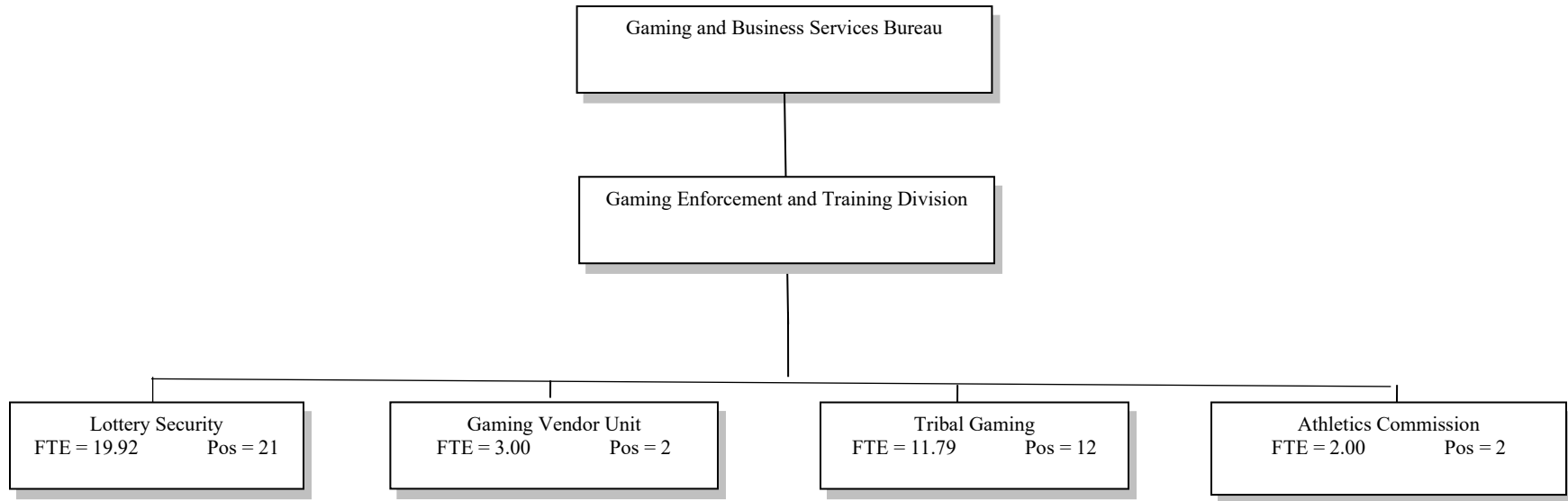
2019-21 CSL
FTE = 35.26
Pos = 35

2019-21 Agency Request
FTE = 37.14
Pos = 37

2019-21 Governor's Budget
FTE = 36.26
Pos = 36

2019-21 Legislatively Adopted
FTE = 36.26
Pos = 36

2021-23 Organization Chart – Gaming Enforcement



2019-21 Legislative Approved
FTE = 36.26 Pos = 36

2021-23 CSL
FTE = 36.71 Pos = 37

2021-23 Agency Request
FTE = 36.71 Pos = 37

2021-23 Governor's Budget
FTE = 36.71 Pos = 37

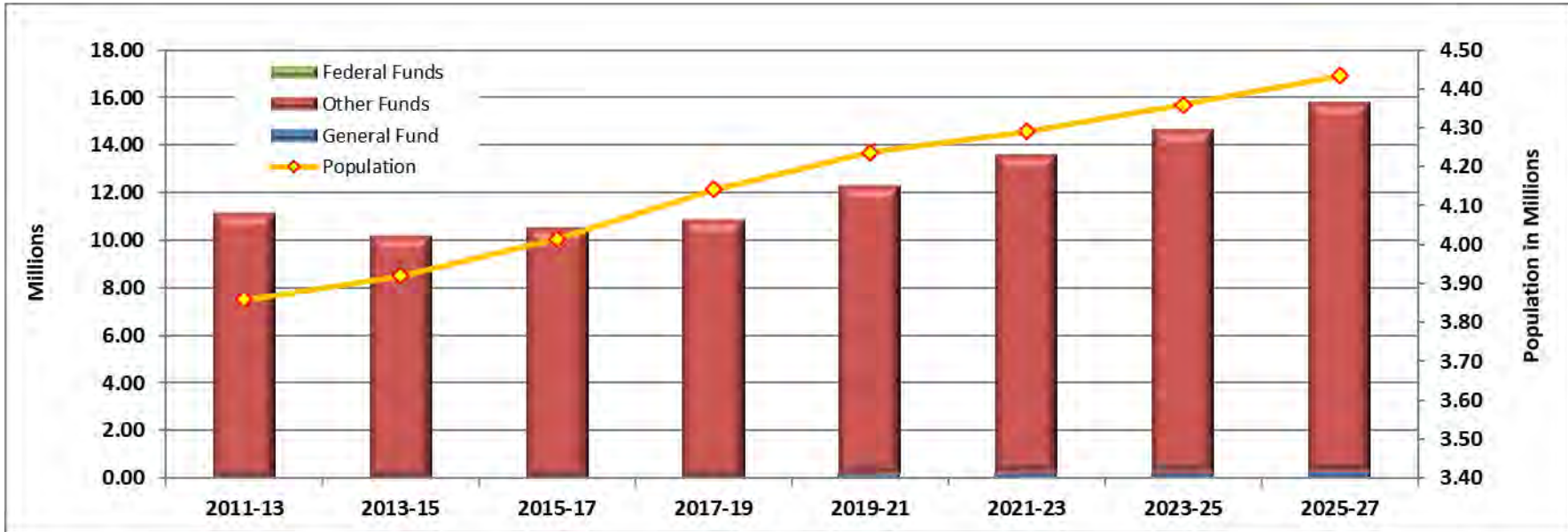
2021-23 Legislative Adopted
FTE = 36.71 Pos = 37

Oregon State Police: Gaming Enforcement Division

Primary Outcome Area: A Thriving Statewide Economy

Secondary Outcome Area: Healthy and Safe Communities

Program Contact: Major Joel Lujan, 503-934-0261



Program Overview

The Oregon Department of State Police (OSP) - Gaming Enforcement Division (GED) assures the economic viability of the revenue streams gained from Oregon gaming and ring or cage sports that directly support key strategies of the Economy and Jobs 10-year Vision. This revenue helps to create sustainable business development and allows for a robust economic environment and long term economic prosperity. Revenue assurance is obtained through a strong regulatory framework designed to protect the fairness, integrity, security, and honesty (F.I.S.H) of Oregon’s gaming and ring or cage sports industry. This framework is implemented through individual Sections of the GED focused on specialized disciplines.

Program Funding Request

The Gaming Enforcement Division funding at Legislative Adopted Budget for the 2021-23 Biennium is \$231,666 (GF) and \$13,340,238 (OF). Total funds request for the Gaming Enforcement Division is \$13,571,904. The four programs that make up this total are: Lottery Security \$7,623,631 (OF), Oregon Athletic Commission \$231,666 (GF) and \$351,604 (OF), Tribal Gaming \$4,112,483 (OF), and Vendor Investigations \$1,252,520 (OF).

Program Description

The Gaming Enforcement Division has four stand-alone Sections:

1. **Lottery Security Section (LSS).** Per the Oregon Revised Statutes, the Oregon State Lottery is required to contract with the OSP to provide for the necessary security services. The **Lottery Security Section (LSS)** fulfills this through an Inter-Agency Agreement (IAA). The LSS unit is staffed with 19.92 FTE, both sworn and professional staff, to ensure physical, logistical, and regulatory security related to the lottery's retailer network, its state-operated lottery games and vendors, in accordance with Oregon Revised Statutes and Oregon Administrative Rules.
2. **Tribal Gaming Section (TGS).** The Indian Gaming Regulatory Act (IGRA) sets forth federal policy regarding Indian gaming and provides a statutory basis for the operation of Class III Gaming between the nine federally recognized Tribes in Oregon. The relationship between the State and the Tribes rests on mutual trust and the recognition that each has a duty to protect the public's trust through separate, responsibilities set forth in the Tribal-State Compacts. The Tribal-State Compacts provide the State of Oregon, acting through the Oregon State Police, **Tribal Gaming Section**, with important monitoring and oversight responsibilities to assure the fairness, integrity, security and honesty of the Class III Gaming. The TGS is staffed with 11.79 FTE, both sworn and professional staff.
3. The **Oregon State Athletic Commission (OSAC)** is made up of a five-member board appointed by the OSP Superintendent and is directed by an administrator. The Commission, through the administrator, regulates unarmed combat sports and entertainment wrestling including licensing, medical clearance, official training and oversight, event regulation, and other regulatory duties in accordance with Oregon Revised Statute and Oregon Administrative Rules. The unit is comprised of a single full-time administrator, a Compliance Specialist 2, and nine part-time temporary medical personnel to oversee care of competitors. Officials are all independent contractors.
4. The **Vendor Investigations Section (VIS)** is required through Tribal-State Compacts and the Oregon State Lottery's Inter-Agency Agreement. The section's role is to assure the fairness, integrity, security and honesty of all Tribal Class III gaming and Oregon Lottery games. This section provides due diligence by conducting background investigations and ensuring continual compliance by vendors who wish to conduct business in Oregon, prior to and after executing a contract or an agreement with the Tribes and the Oregon State Lottery. This includes everything from organizational capabilities, financial strength, and product security, to individual background checks. Three FTE of sworn staff maintain oversight of these requirements.

Major cost drivers for this industry continue to be the advancement of technology and the physical growth of the industry. Technology calls for increased expertise training, and for the expansion of duties. The State is constrained by its delivery method for these services through new requirements set forth in the Oregon Constitution, law, and Tribal-State Compacts. However, the OSP-GED continues to make quality improvements and meet these new demands by operational efficiencies.

Program Justification and Link to 10-Year Outcome

The revenue and economic benefits derived from the gaming industry, which the OSP-GED protects, directly and indirectly supports strategies: S-2—Be More Effective from the Bottom Up, and S-3—Focus on Oregon’s Long-Term Economic Prosperity and Resiliency, including Create a Fertile Economic environment. The impact of the revenue to sub-strategies of the creation of a fertile economic environment for business, supporting entrepreneurship, and highly-skilled individuals, and the support of all levels of education and training are significant to the 10-year outcome for Economy and Jobs. This is evident of the revenue generated by the industry: Since 1985, the Oregon Lottery has infused nearly \$7 billion into all levels of education and nearly \$3 billion into economic development within Oregon.

Additionally, new emerging industries within tribal lands employ a diverse workforce and, within some locales in Oregon, tribal governments through the revenue created by gaming, become the single largest employer and creator of new business. The tribal gaming industry has contributed millions to communities around the State of Oregon. Areas in which communities have benefited from tribal revenue funding include: education (sponsorships, boys and girls clubs), job development, community development – supporting the local fire department (search and rescue programs); county sheriff or police departments; health clinics (housing and development, new teen mothers), and supporting entrepreneurship (small business grants).

The success of the gaming industry in Oregon is dependent on brand integrity. If those who participate in Oregon gaming do not believe the industry is fair they will not play and revenue will be impacted. The protection of Oregon’s gaming integrity assures the above revenue contribution and thereby mitigates potential impact to the Economy and Jobs 10-Year Plan. This protection is accomplished by a regulatory schema assured through Compacts, the constitution, statutes, and rules that are administered by the OSP–GED.

Program Performance

As part of The Oregon State Police five-year Strategic Roadmap, OSP’s executive leadership has identified four key areas we must focus on to achieve the Department’s vision and mission: Develop Internal Capabilities, Collaboration, Stewardship and Transparency, and Continuously Improve Service Delivery.

The GED has developed a series of strategic goals based on these four themes. These goals are rolled into the overall all OSP strategic roadmap. These goals are intended to focus on the unique mission of our division and some of our challenges. As a Division, we are working on hiring and training the best employees and continuously improving our service. The goals are clearly articulated with stated performance indicators tied to dates with progress actively monitored and assurance that requirements set forth in law, Compacts and other regulations are successfully maintained.

Enabling Legislation/Program Authorization

Lottery Security Section, Oregon Constitution – Article XV and Oregon Revised Statute chapter 461

Tribal Gaming Section, Indian Gaming Regulatory Act (IGRA) – 100-497, 25 U.S.C. Tribal-State Compacts

Oregon Athletic Commission, Oregon Revised Statute – Chapter 463

Funding Streams

The OSP-GED is comprised of the following sections: the Lottery Security Section funded through the Oregon Lottery’s Inter-Agency Agreement (IAA); the Tribal Gaming Section funded through the Oregon Tribes according to the Tribal-State Compacts; the Vendor Investigations Section funded through the Oregon Lottery’s IAA and Oregon Tribal Vendors/Suppliers per Tribal-State Compact; and the Oregon State Athletic Commission funded through 6% gross revenue tax on events and licensing according to the Oregon Revised Statutes.

2021-23 Funding Proposal Compared to 2019-21

Legislative Adopted Budget had a decrease of \$167,688 Other Funds due to Rent Allocation Shortfall (POP #104) and Statewide adjustments (POP #810).

Gaming Enforcement Division Narrative

The purpose of the Gaming Enforcement Division is threefold. One is to assure the “fairness, integrity, security and honesty” of the Oregon Lottery by providing independent and specialized gambling security services to the Oregon State Lottery Commission. The second is to assure the “fairness, integrity, security and honesty” of Class III Gaming by providing the required independent Tribal-State Compact monitoring of the operations of the nine federally recognized tribes of Oregon. The last is to oversee and manage the Oregon State Athletic Commission (OSAC). The OSAC ensures the integrity and honesty of unarmed combat sports and entertainment wrestling in Oregon and it protects the interests of the athletes and the public concerning medical standards, fairness, financial fraud and event environmental safety.

Lottery Security Section:

The mission of the Lottery Security Section is to protect what has become a multi-billion dollar industry in Oregon by ensuring all Oregon Lottery gaming activities are conducted in a fair, honest, and secure manner with the highest level of integrity and in accordance with all Statutes, Administrative Rules, and management directives.

The Oregon State Police Lottery Security Section ensuring the fairness, integrity, security and honesty of the Lottery games and retailer network by ensuring criminal activities are not occurring and all aspects of the Lottery remain free of corrupt or criminal enterprises.

This is accomplished by:

- Lottery retailer background investigations focusing on identifying true ownership of the business and criminal activities within the business.
- Continued monitoring of Lottery retail network for integrity and criminal activities through undercover criminal operations and regulatory retailer investigations.
- Investigations to determine the validity of problem tickets.
- Criminal investigations involving loss or damage to the Oregon State Lottery.
- Lottery Vendor background investigations.
- Operations consists of fourteen Detectives spread throughout the state supervised by two Sergeants in Salem, a vendor background investigator and a part time Sergeant overseeing the vender unit. The unit is supported by a Governmental Auditor and supervised by a Lieutenant out of Salem.

Tribal Gaming Section:

The federal Indian Gaming Regulatory Act (IGRA) provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact. The oversight by the Oregon State Police - Tribal Gaming Section (OSP-TGS) is independent of the tribes to satisfy the third provision of the Indian Gaming Regulatory Act. Under the obligations found in the current Tribal State Compact agreements, the OSP-TGS is required to protect the integrity of casino gambling in Oregon. Additionally, the OSP-TGS is required to conduct monitoring/oversight of the tribal gaming operations to assure the fairness, integrity, security, honesty and full compliance with the established controls and Compact agreements.

There are nine federally recognized Native American Tribes in Oregon which have negotiated gaming compacts with the State. Of the nine Tribes with gaming compacts, eight currently have gaming operations. The Tribal Gaming industry has experienced significant growth since its inception and continues to generate tens of millions of dollars to the Native American Tribes of Oregon.

During the 2019-2021 biennium Sports Betting was originally introduced by the Oregon Lottery and three Tribal casinos soon followed. There are now three individual Tribal Sports Books being offered at three separated Tribal casinos. These Tribal Sport Books can offer sports wagering through in-person sales and in person kiosk sales. One Tribal Sports Book may be authorized to offer on-premise mobile sports wagering. However, TGS anticipates all methods of sports wagering to expand to almost all Tribal casinos in the next five years. This will require extensive Tribal compact negotiations and a requirement for the OSP TGS to analyze, develop, and expand necessary controls and processes to ensure the integrity of sports wagering in the Tribal casinos.

During the 2015-17 budget, the OSP-TGS was reduced by one non-sworn FTE position. While the gaming industry in Oregon continues to grow, the OSP-TGS has felt the effects from the reduction of this position. Currently OSP-TGS is staffed with 5 field agents in Oregon. The additional oversight and monitoring functions from the eliminated position have been redistributed to the two Field Agents that are assigned to the Salem office. With expansion of gaming technology and introduction of Sports Betting, it is vital to ensure OSP-TGS is staffed adequately to meet the monitoring and oversight requirements as outlined in the Tribal-State Compacts.

Vendor Investigation Unit:

The Vendor Investigation unit protects fairness, integrity, security, and honesty of Gaming in Oregon. This is accomplished by investigations of all vendors who have an influence on the games or gaming operations before they are allowed to contract with the Oregon Lottery and/or the Gaming Tribes of Oregon. The unit is comprised of one part time Sergeant, three OSP Detectives and assistance by Governmental Auditors for financial analysis and contractual compliance reviews.

Oregon State Athletic Commission Section:

The Oregon State Athletic Commission (OSAC) regulates unarmed combat sports and entertainment wrestling in order to protect competitors and the public from corruptive influences that can compromise the safety and integrity of ring sport promotions. The Commission Board is comprised of a five-member board appointed by the Superintendent. The unit is comprised of a full-time Administrator (PEM D), one Compliance Specialist II, and nine, part time, temporary, medical personal to oversee the care of competitors. All officials (referees, timekeepers, and inspectors) that work events are independent contractors. Each year, the Commission, through the administrator, regulates approximately twenty-five Mixed Martial Arts events, ninety Entertainment Wrestling events and, on average, four professional boxing events. OSAC has finished a complete re-write of ORS Chapter 463 in order to regulate unarmed combat sports in Oregon.

Gaming Services	2021-23 Agency Request			2021-23 Governor's Budget			2021-23 Legislatively Adopted		
	Total Funds	Pos.	FTE	Total Funds	Pos.	FTE	Total Funds	Pos.	FTE
BASE BUDGET:	13,463,842	37	36.71	13,463,842	37	36.71	13,463,842	37	36.71
ESSENTIAL PACKAGES:									
010 Vacancy/Non-PICS Personal Services Adjustments	126,309			126,309			126,309		
021 Phase - In									
022 Phase - Out									
031 Standard Inflation / SGSC	149,417			149,417			149,417		
032 Above Standard Inflation	24			24			24		
033 Exceptional Inflation									
050 Fund Shifts									
TOTAL ESSENTIAL PACKAGES	275,750	0	0.00	275,750	0	0.00	275,750	0	0.00
POLICY PACKAGES:									
096 Statewide Adjustment DAS Chgs				(102,191)					
097 Statewide AG Adjustment				(2,369)					
099 Microsoft 365 Consolidation				(7,176)			(7,176)		
103 Increased personnel salary costs	11,555			-					
104 Rent Allocation budget shortfall	(81,693)			-			(81,693)		
810 Statewide Adjustments							(78,819)		
TOTAL POLICY PACKAGES	(70,138)	0	0.00	(111,736)	0	0.00	(167,688)	0	0.00
TOTAL 2021-23 BUDGET	13,669,454	37	36.71	13,627,856	37	36.71	13,571,904	37	36.71

ESSENTIAL / POLICY PACKAGES:

PURPOSE:

The essential packages present budget adjustments needed to bring the base budget to Current Service Level (CSL), the calculated cost of continuing legislatively approved programs into the 2021-23 biennium.

010 Non-PICS Personal Services Adjustments

The vacancy factor was recalculated and adjusted by (\$569) General Fund and \$7,215 Other Funds. The package also adjusts the pension bond obligation (using amounts provided from DAS) by \$8,532 General Fund and \$111,131 Other Funds. Mass Transit was recalculated and adjusted to the maximum allowed amounts for General Fund and Other Funds. The remaining Non-PICS Personal Services accounts were inflated by the standard inflation factor of 4.3% (overtime, shift differential, other differential, temporaries, and unemployment) and includes an exception to differential account line by an additional 5.8%.

030 Inflation/Price List Adjustments

The Cost of Goods and Services increase totals \$88,887 Other Funds. This is based on the price list inflation factor of 19.43% for Attorney General charges, 5.7% for professional services and medical services, and the standard 4.3% biennial inflation factor increase in other services and supplies, capital outlay, and special payments.

This program has a net increase/(decrease) of \$60,554 Other Funds for State Government Service Charges, based on the Department of Administrative Services' price list.

090/800 Analyst Adjustments

Analyst adjustments total a net increase/(decrease) of (\$85,995) Other Funds. This includes the Package 099 for Microsoft 365 Consolidation adjustment of (\$7,176) Other Funds, and Package 810 for Statewide Adjustments of (\$78,819) Other Funds.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Gaming Enforcement Division
 Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	7,963	-	-	-	-	-	7,963
Total Revenues	\$7,963	-	-	-	-	-	\$7,963
Personal Services							
Temporary Appointments	-	-	3,953	-	-	-	3,953
Overtime Payments	-	-	6,636	-	-	-	6,636
All Other Differential	-	-	26,351	-	-	-	26,351
Public Employees' Retire Cont	-	-	6,770	-	-	-	6,770
Pension Obligation Bond	8,347	-	58,841	-	-	-	67,188
Social Security Taxes	-	-	2,827	-	-	-	2,827
Unemployment Assessments	-	-	534	-	-	-	534
Mass Transit Tax	185	-	5,219	-	-	-	5,404
Vacancy Savings	(569)	-	7,215	-	-	-	6,646
Total Personal Services	\$7,963	-	\$118,346	-	-	-	\$126,309
Total Expenditures							
Total Expenditures	7,963	-	118,346	-	-	-	126,309
Total Expenditures	\$7,963	-	\$118,346	-	-	-	\$126,309
Ending Balance							
Ending Balance	-	-	(118,346)	-	-	-	(118,346)
Total Ending Balance	-	-	(\$118,346)	-	-	-	(\$118,346)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	3,220	-	-	-	3,220
Out of State Travel	-	-	2,334	-	-	-	2,334
Employee Training	-	-	5,095	-	-	-	5,095
Office Expenses	-	-	1,353	-	-	-	1,353
Telecommunications	-	-	2,944	-	-	-	2,944
State Gov. Service Charges	-	-	60,554	-	-	-	60,554
Data Processing	-	-	4,956	-	-	-	4,956
Professional Services	-	-	1,406	-	-	-	1,406
Attorney General	-	-	6,520	-	-	-	6,520
Dues and Subscriptions	-	-	297	-	-	-	297
Facilities Rental and Taxes	-	-	12,044	-	-	-	12,044
Fuels and Utilities	-	-	663	-	-	-	663
Facilities Maintenance	-	-	435	-	-	-	435
Medical Services and Supplies	-	-	73	-	-	-	73
Agency Program Related S and S	-	-	903	-	-	-	903
Other Services and Supplies	-	-	34,351	-	-	-	34,351
Expendable Prop 250 - 5000	-	-	2,041	-	-	-	2,041
IT Expendable Property	-	-	2,191	-	-	-	2,191
Total Services & Supplies	-	-	\$141,380	-	-	-	\$141,380
Capital Outlay							
Automotive and Aircraft	-	-	8,037	-	-	-	8,037
Total Capital Outlay	-	-	\$8,037	-	-	-	\$8,037

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Expenditures							
Total Expenditures	-	-	149,417	-	-	-	149,417
Total Expenditures	-	-	\$149,417	-	-	-	\$149,417
Ending Balance							
Ending Balance	-	-	(149,417)	-	-	-	(149,417)
Total Ending Balance	-	-	(\$149,417)	-	-	-	(\$149,417)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
Medical Services and Supplies	-	-	24	-	-	-	24
Total Services & Supplies	-	-	\$24	-	-	-	\$24
Total Expenditures							
Total Expenditures	-	-	24	-	-	-	24
Total Expenditures	-	-	\$24	-	-	-	\$24
Ending Balance							
Ending Balance	-	-	(24)	-	-	-	(24)
Total Ending Balance	-	-	(\$24)	-	-	-	(\$24)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 096 - Statewide Adjustment DAS Chgs

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
State Gov. Service Charges	-	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 097 - Statewide AG Adjustment

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
 Pkg: 099 - Microsoft 365 Consolidation

Cross Reference Name: Gaming Enforcement Division
 Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
IT Expendable Property	-	-	(7,176)	-	-	-	(7,176)
Total Services & Supplies	-	-	(\$7,176)	-	-	-	(\$7,176)
Total Expenditures							
Total Expenditures	-	-	(7,176)	-	-	-	(7,176)
Total Expenditures	-	-	(\$7,176)	-	-	-	(\$7,176)
Ending Balance							
Ending Balance	-	-	7,176	-	-	-	7,176
Total Ending Balance	-	-	\$7,176	-	-	-	\$7,176

GAMING ENFORCEMENT DIVISION

Policy Option Package 103 – Increased Personnel Salary Costs – Not Recommended in Legislative Adopted Budget

Purpose: To request an agency-wide increase to the overtime line item budget to address normal overtime costs exceeding the standard 4.3% inflation. This package requests \$1,483,208 total funds agency-wide to address a budgetary shortfall associated with the projected increase to the Department’s 2021-23 overtime costs due to the 2019-2021 bargained pay increases.

The Gaming Enforcement Division funding request from this Policy Option Package is: Other Funds limitation: \$11,555.

Justification:

The 2019-21 biennium had multiple bargained pay increases including two cost of living adjustments (COLA’s) of 2.15% and 3%, and a new top step of approximately 4.75%. This increased base salaries by approximately 9.9%, which means that the same one hour of overtime now costs approximately 9.9% more in the 2021-23 biennium. Standard inflation for overtime is 4.3% leaving a 5.6% inflation shortfall.

As a public safety agency, specifically focused on police and fire operations, overtime hours are not easily controlled, or rather, should not be controlled. Oregon State Police (OSP) employees are first responders to the most difficult circumstances across the state, and therefore, incur overtime on a regular basis. The average number of overtime hours worked per month, per employee has remained relatively static for four biennia, averaging between 21.88 to 20.59 hours. The average cost per overtime hour has increased over the same time period from \$49.81 to \$65.42 due to bargained salary increases.

Package 103 requests the additional 5.6% inflation for the overtime line item to align the budget to reflect that the same amount of normal overtime will now cost approximately 9.9% more in the 2021-23 biennium.

How Achieved:

Based on the projected overtime costs for the 2021-23 biennium the agency-wide request adjusts the overtime line item budget by fund type as follows: \$879,238 General Fund, \$533,403 Other Funds limitation, and \$70,567 Federal Funds limitation to align the budget with the projected overtime costs for the agency.

Staffing Impact: None

Quantifying Results: N/A

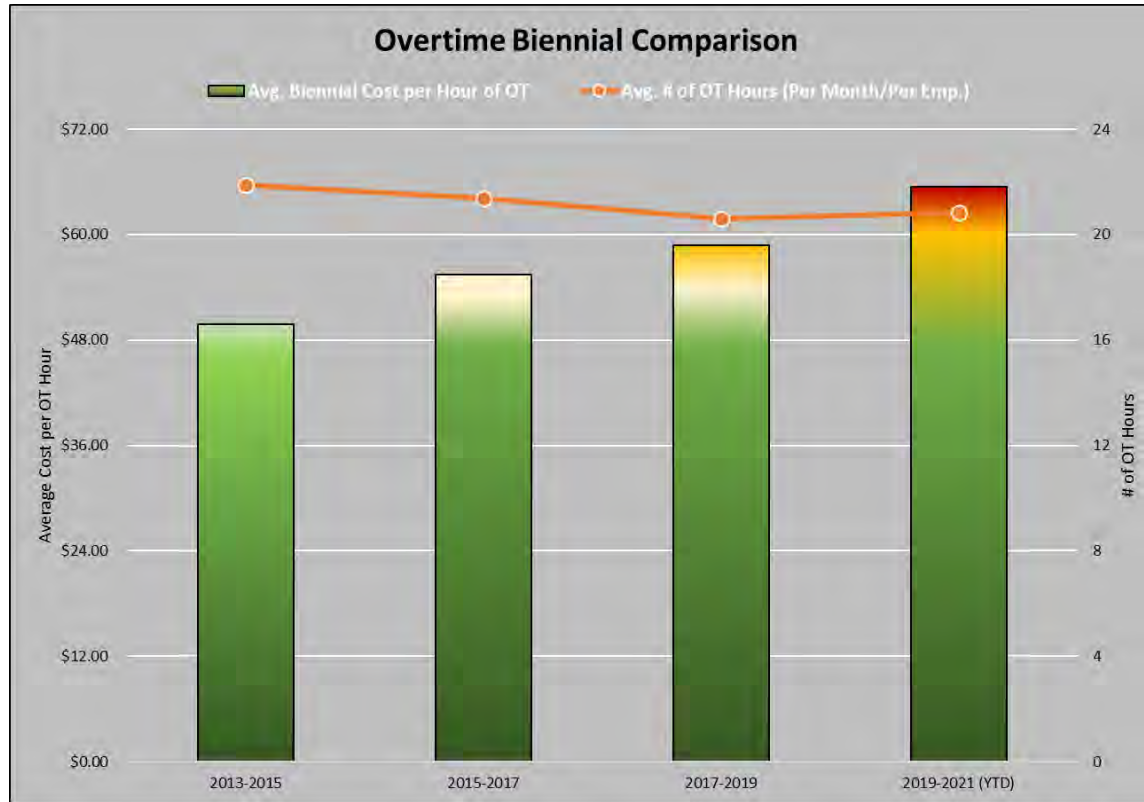
Revenue Source: Other Funds limitation: \$11,555.

	2021-23	2023-25
Expenditure Category	OF	OF
Personal Services – Overtime	\$11,555	\$11,555
Total POP #103	\$11,555	\$11,555

POP 103 Agency-wide summary:

Division	General Fund	Other Funds	Federal Funds	Total Funds
Administrative Services Division	\$10,744	\$1,760		\$12,504
Patrol Services Division	\$631,079	\$252,657	\$11,656	\$895,392
Fish and Wildlife Division	\$33,304	\$71,706	\$12,297	\$117,307
Criminal Investigation Division	\$59,205	\$173,836	\$11,743	\$244,784
Forensic Services Division	\$32,567	\$4,713	\$34,871	\$72,151
Office of State Medical Examiner	\$842	\$33		\$875
Agency Support Division	\$102,154	\$3,765		\$105,919
Criminal Justice Information Services	\$9,256	\$1,272		\$10,528
Gaming Enforcement Division		\$11,555		\$11,555
Office of State Fire Marshal	\$87	\$12,106		\$12,193
Grand Total	\$879,238	\$533,403	\$70,567	\$1,483,208

The chart below depicts the necessity to align the 2021-23 budget to fund overtime costs that exceed standard inflation.



The table below shows that the average number of overtime hours worked remains consistent, however the cost per overtime hour steadily increases due to bargained salary increases.

Biennium	Avg. # of OT Hours (Per Month/Per Emp.)	Avg. Biennial Cost per Hour of OT
2013-2015	21.88	\$49.81
2015-2017	21.36	\$55.48
2017-2019	20.59	\$58.81
2019-2021 (YTD)	20.84	\$65.42

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 103 - Increased personnel salary costs

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Overtime Payments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

GAMING ENFORCEMENT DIVISION

Policy Option Package 104 – Rent Allocation Budget Shortfall – Recommended in Legislative Adopted Budget

Purpose: To request an agency-wide adjustment of the rent line item budget that aligns individual division’s rent budget with their respective 2021-23 projected rent cost. This package has a net General Fund request of \$976,613 to address a budgetary shortfall associated with the allocation of the Department’s 2021-23 projected rent cost.

The Gaming Enforcement Division funding request from this Policy Option Package is: Other Funds limitation: (\$81,693)

Justification:

The agency recently updated the rent allocations for all facilities across the state using updated square foot information identifying the amount of space used by each division as well as the number and funding of personnel located at each of its facilities. The analysis used in preparation of this Policy Option Package compares the 2021-23 Current Service Level budget to the 2021-23 projected rent cost by division and fund type.

This methodology is consistent with the way the Department of Administrative Services (DAS) and other agencies allocate rent, which factors the Full Time Equivalent (FTE), associated funding streams, and square footage of each office. Programs that are primarily funded with dedicated other fund revenues have reduced their square footage within Oregon State Police (OSP) facilities which shifts the rent obligation to other funding streams.

How Achieved:

Based on the projected rent cost for the 2021-23 biennium the agency-wide request is to adjust the rent line item budget by fund type as follows: \$976,613 General Fund, (\$2,043,563) Other Funds limitation, and (\$246,311) Federal Funds limitation to align the budget with the rent obligations of the agency.

Staffing Impact: None

Quantifying Results: N/A

Revenue Source: Other Funds limitation: (\$81,693).

	2021-23	2023-25
Expenditure Category	GF	GF
Services & Supplies – Facilities Rent	(\$81,693)	(\$81,693)
Total POP #104	(\$81,693)	(\$81,693)

POP 104 Agency-wide summary:

Division	General Fund	Other Funds	Federal Funds	Total Funds
Administrative Services Division	\$273,341	(\$418,919)		(\$145,578)
Patrol Services Division	(\$821,737)	\$10,308		(\$811,429)
Fish and Wildlife Division	\$34,106	(\$35,475)	(\$246,311)	(\$247,680)
Criminal Investigation Division		\$222,727		\$222,727
Forensic Services Division	(\$246,416)			(\$246,416)
Office of State Medical Examiner	(\$6,303)			(\$6,303)
Agency Support Division	\$520,472	(\$133,878)		\$386,594
Criminal Justice Information Services	\$246,537	(\$6,054)		\$240,483
Gaming Enforcement Division		(\$81,693)		(\$81,693)
Office of State Fire Marshal		(\$623,966)		(\$623,966)
Grand Total	\$0	(\$1,066,950)	(\$246,311)	(\$1,313,261)

The Legislative Adopted Budget decreases Other Funds expenditure limitation by \$81,693. OSP recently evaluated its use of building space and updated the rent allocations for all facilities statewide. The reevaluation is consistent with the way the Department of Administrative Services allocates rent expense, based on FTE, funding source, and square footage at each location. Rent expense is re-allocated among the Agency's program areas, resulting in a net reduction of \$1.3 million in Other Funds and Federal Funds rent expense agency-wide.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
 Pkg: 104 - Rent Allocation budget shortfall

Cross Reference Name: Gaming Enforcement Division
 Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Rental and Taxes	-	-	(81,693)	-	-	-	(81,693)
Total Services & Supplies	-	-	(\$81,693)	-	-	-	(\$81,693)
Total Expenditures							
Total Expenditures	-	-	(81,693)	-	-	-	(81,693)
Total Expenditures	-	-	(\$81,693)	-	-	-	(\$81,693)
Ending Balance							
Ending Balance	-	-	81,693	-	-	-	81,693
Total Ending Balance	-	-	\$81,693	-	-	-	\$81,693

GAMING SERVICES DIVISION

Policy Option Package 810 – Statewide Adjustments

Justification:

The Statewide adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services’ assessments and charges for services and Attorney General rates.

This package reduces Other Fund by \$78,819.

Revenue Source: Other Funds

	2021-23	2021-23	2021-23	2021-23
Expenditure Category	GF	OF	FF	TF
Personal Services				\$ -
Services & Supplies		\$ (78,819)		\$ (78,819)
Capital Outlay				\$ -
Total	\$ -	\$ (78,819)	\$ -	\$ (78,819)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Police, Dept of State
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Gaming Enforcement Division
Cross Reference Number: 25700-009-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Tsfr From Marine Bd, Or State	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Services & Supplies							
State Gov. Service Charges	-	-	(41,617)	-	-	-	(41,617)
Data Processing	-	-	(567)	-	-	-	(567)
Attorney General	-	-	(2,233)	-	-	-	(2,233)
Other Services and Supplies	-	-	(34,402)	-	-	-	(34,402)
Total Services & Supplies	-	-	(\$78,819)	-	-	-	(\$78,819)
Total Expenditures							
Total Expenditures	-	-	(78,819)	-	-	-	(78,819)
Total Expenditures	-	-	(\$78,819)	-	-	-	(\$78,819)
Ending Balance							
Ending Balance	-	-	78,819	-	-	-	78,819
Total Ending Balance	-	-	\$78,819	-	-	-	\$78,819

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Gaming Services Division (SCR 009-00)								
Source	Fund	ORBITS Revenue Acct	2017-2019 Actual	2019-21 Legislatively Adopted	2019-21 Estimated	2021-23		
						Agency Request	Governor's	Legislatively Adopted
Oregon State Lottery agreement	OF	0410 – Charges for Services	6,990,286	8,114,640	8,221,720	8,413,866	8,413,866	8,413,866
Native American Tribal Gaming	OF	0410 – Charges for Services	3,032,006	3,735,543	3,873,993	4,169,666	4,169,666	4,169,666
Vendor Investigation Unit	OF	0410 – Charges for Services	1,001,271	1,118,260	1,286,243	1,330,000	1,330,000	1,330,000
Oregon Athletic Commission - 6% Gross Receipts	OF	0205 – Business licenses and fees	255,062	246,804	150,000	354,842	354,842	354,842
Surplus Sales	OF	0705 - Sales Income	936	-	-	-	-	-
Misc. Receipts (travel reimb, other)	OF	0975 – Other Revenues	24,028	38,359	4,680	-	-	-
Transfer Out – Intrafund Internal Cost Allocation	OF	2010 Tsfr Out - Intrafund	(752,849)	(758,639)	(752,849)	(758,639)	(758,639)	(758,639)
Total – OF:			10,550,740	12,494,967	12,783,787	13,509,735	13,509,735	13,509,735
Total - FF:			-	-	-	-	-	-
Total Available Revenue			10,550,740	12,494,967	12,783,787	13,509,735	13,509,735	13,509,735

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Police, Dept of State
2021-23 Biennium

Agency Number: 25700
Cross Reference Number: 25700-009-00-00-00000

<i>Source</i>	2017-19 Actuals	2019-21 Leg Adopted Budget	2019-21 Leg Approved Budget	2021-23 Agency Request Budget	2021-23 Governor's Budget	2021-23 Leg. Adopted Budget
Other Funds						
Business Lic and Fees	255,062	246,804	246,804	354,842	354,842	354,842
Charges for Services	11,023,563	12,968,443	12,968,443	13,913,532	13,913,532	13,913,532
Sales Income	936	-	-	-	-	-
Other Revenues	24,028	38,359	38,359	-	-	-
Transfer Out - Intrafund	(752,849)	(758,639)	(758,639)	(758,639)	(758,639)	(758,639)
Total Other Funds	\$10,550,740	\$12,494,967	\$12,494,967	\$13,509,735	\$13,509,735	\$13,509,735