

# **ANNOTATED MINUTES**

Tuesday, January 20, 2004 - 9:00 AM  
Multnomah Building, Sixth Floor Commissioners Conference Room 635  
501 SE Hawthorne Boulevard, Portland

## **EXECUTIVE SESSION**

*Commissioner Lisa Naito convened the meeting at 9:08 a.m., with Commissioners Lonnie Roberts and Maria Rojo de Steffey present, and Vice-Chair Serena Cruz arriving at 9:09 a.m., and Chair Diane Linn arriving at 9:16 a.m.*

- E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(d). Only Representatives of the News Media and Designated Staff are allowed to Attend. Representatives of the News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Executive Session. No Final Decision will be made in the Executive Session. Presented by Gail Parnell and Kathy Short.

### ***EXECUTIVE SESSION HELD.***

*There being no further business, the meeting was adjourned at 9:40 a.m.*

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Tuesday, January 20, 2004 - 9:30 AM  
Multnomah Building, Sixth Floor Commissioners Conference Room 635  
501 SE Hawthorne Boulevard, Portland

## **EXECUTIVE SESSION**

*Chair Diane Linn convened the meeting at 9:40 a.m., with Vice-Chair Serena Cruz and Commissioners Lisa Naito, Lonnie Roberts and Maria Rojo de Steffey present.*

- E-2 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(h). Only Representatives of the News Media and Designated Staff are allowed to Attend. Representatives of the News Media and All Other Attendees are Specifically Directed Not to

Disclose Information that is the Subject of the Executive Session. No Final Decision will be made in the Executive Session. Presented by Agnes Sowle.

***EXECUTIVE SESSION HELD.***

*There being no further business, the meeting was adjourned at 9:53 a.m.*

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Tuesday, January 20, 2004 - 10:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

**BOARD BRIEFING**

*Chair Diane Linn convened the meeting at 10:10 a.m., with Vice-Chair Serena Cruz and Commissioners Lisa Naito, Lonnie Roberts and Maria Rojo de Steffey present.*

- B-1 Update on State Cuts Due to Ballot Measure 30. Presented by John Ball, Gina Mattioda, Karyne Dargan, Patricia Pate, Lillian Shirley, Lorenzo Poe, Mike Schrunk, Bernie Giusto and Joanne Fuller.

***KATHY TURNER, GINA MATTIODA, STEPHANIE SODEN, LILLIAN SHIRLEY, PATRICIA PATE, JOANNE FULLER, MIKE SCHRUNK, AND BERNIE GIUSTO PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION ON ISSUES INCLUDING: ANALYSIS OF HOUSE BILLS 2152 AND 5077; POTENTIAL STATE ACTION AFTER BALLOT MEASURE 30 ELECTION; AND BUDGET/SERVICES IMPACTS WITHIN THE COUNTY HEALTH, HUMAN SERVICES AND COMMUNITY CORRECTIONS DEPARTMENTS AND THE DISTRICT ATTORNEY AND SHERIFF'S OFFICE. ADDITIONAL BUDGET DISCUSSIONS TO BE SCHEDULED.***

*There being no further business, the meeting was adjourned at 11:20 a.m.*

Thursday, January 22, 2004 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

*Chair Diane Linn convened the meeting at 9:32 a.m., with Vice-Chair Serena Cruz and Commissioners Lisa Naito, Lonnie Roberts and Maria Rojo de Steffey present.*

***COMMISSIONER NAITO PRESENTED CHINESE NEW YEAR GREETINGS FOR THE YEAR OF THE MONKEY.***

### **REGULAR AGENDA** **PUBLIC COMMENT**

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

***ROGER TROEN AND CYNTHIA EARDLEY COMMENTS REGARDING ANIMAL EUTHANSIA, NO KILL POLICY, CAT SUMMIT MEETINGS AND ANIMAL SERVICES POLICIES. BOB LEIPPER COMMENTS REGARDING PLANNING COMMISSION AND LAND USE POLICIES RELATING TO COMPLAINTS, COSTS AND FEES, AND ENFORCEMENT.***

### **NON-DEPARTMENTAL**

R-1 Public Process and Board Appointment to the State Legislature to Fill Oregon State Senate, District 25 Vacancy from Republican Precinct Committee Approved Candidates: Ron Sunseri, John Lim and Ruth Hermance; and Adoption of a RESOLUTION Filling a Vacancy in the Legislative Assembly, Oregon State Senate, District 25

***CHAIR LINN EXPLAINED THE PROCESS, ADVISING THE THREE NOMINEES HAVE UP TO FIVE MINUTES TO SPEAK AND RESPOND TO***

**BOARD QUESTIONS, FOLLOWED BY PUBLIC TESTIMONY, BOARD COMMENTS AND VOTE BY WRITTEN BALLOT. COMMISSIONER ROBERTS MOVED AND COMMISSIONER ROJO SECONDED, PROCEDURAL RULES SPECIFYING THAT THE CANDIDATE WITH THE MOST VOTES BE APPOINTED, AND THAT IN THE CASE OF A TIE VOTE, A SECOND VOTE BE CONDUCTED BETWEEN THOSE TWO CANDIDATES TO DETERMINE A MAJORITY VOTE FOR PURPOSES OF APPOINTMENT. COMMISSIONER CRUZ STATED SHE FEELS THE MOTION IS NOT NECESSARY. MOTION UNANIMOUSLY APPROVED. RON SUNSERI, JOHN LIM AND RUTH HERMANCE PRESENTATIONS AND RESPONSE TO BOARD QUESTIONS. ROBERT PUNG AND BILL HAUGEN TESTIMONY IN SUPPORT OF JOHN LIM. BOARD COMMENTS. CLERK READ BALLOTS INTO RECORD AS FOLLOWS: COMMISSIONERS ROJO, NAITO, CRUZ AND LINN VOTED FOR JOHN LIM AND COMMISSIONER ROBERTS VOTED FOR RON SUNSERI. UPON MOTION OF COMMISSIONER ROBERTS, SECONDED BY COMMISSIONER NAITO, RESOLUTION 04-005 APPOINTING JOHN LIM TO FILL THE VACANCY IN LEGISLATIVE ASSEMBLY, OREGON STATE SENATE DISTRICT 25 WAS UNANIMOUSLY ADOPTED.**

*Commissioners Naito and Roberts were excused at 10:15 a.m. Commissioner Naito resumed participation in the Board meeting via speakerphone at 10:18 a.m.*

R-2 RESOLUTION in Support of Ballot Measure 30

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROJO SECONDED, APPROVAL OF R-2. YVONNE SCHUTT, WHITNEY BARRY, LIZ YOSHIHARA, JAY THIEMEYER, CAROLE SCHOLL, ALAN MALATERRE, ERIC MONTGOMERY, TYRONE WILLIAMSON, LAURA ROHOLT, PHYLLIS KAUFHOLD, OZZIE KELLY, HAYDEN STEPHENS AND JOHN HOLMES**

**TESTIMONY IN SUPPORT OF FUNDING FOR MENTAL HEALTH COVERAGE AND TREATMENT SERVICES, RESIDENTIAL TREATMENT CENTER SERVICES, AND COMMUNITY JUSTICE PROGRAMS, AND IN SUPPORT OF BALLOT MEASURE 30. COMMISSIONER ROJO THANKED ALL WHO CAME AND SHARED THEIR STORIES TODAY, ADDING SHE ONLY WISHES THE STATE COULD HEAR THEM. CHAIR LINN ADVISED THE COUNTY WILL REFUND A PORTION OF LOCAL MULTNOMAH COUNTY TAX IF MEASURE 30 PASSES AND COMMENTED IN SUPPORT OF MEASURE 30. COMMISSIONER CRUZ STATED THAT PEOPLE DIED AS A RESULT OF FAILURE OF MEASURE 28 LAST YEAR AND URGED ALL TO VOTE YES FOR MEASURE 30. COMMISSIONER NAITO THANKED ALL WHO CAME AND SHARED THEIR STORIES TODAY AND EXPRESSED CONCERN THAT DEFEAT OF MEASURE 30 WILL RESULT IN A STAGGERING LOSS OF MEDICAL AND MENTAL HEALTH CARE, EDUCATION AND PUBLIC SAFETY SERVICES. RESOLUTION 04-006 ADOPTED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.**

R-3 Authorizing Initiation of Legal Action Against Daniel Manuel Chuginterian

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROJO SECONDED, APPROVAL OF R-3. DAVID BLANKFELD EXPLANATION. AUTHORIZATION APPROVED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.**

R-4 Authorizing Initiation of Legal Action Against William David Owens, Jr.

**COMMISSIONER CRUZ MOVED AND COMMISSIONER NAITO SECONDED, APPROVAL OF R-4. DAVID BLANKFELD EXPLANATION. AUTHORIZATION APPROVED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.**

**DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES**

- R-5 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Comprehensive Framework Plan Policy 33C, Bicycle and Pedestrian Systems

***ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER ROJO MOVED AND COMMISSIONER CRUZ SECONDED, APPROVAL OF SECOND READING AND ADOPTION. NO ONE WISHED TO TESTIFY. ORDINANCE 1026 ADOPTED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.***

- R-6 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Comprehensive Framework Plan Policy 34, Trafficways, and the Accompanying Functional Classification of Trafficways Map(s)

***ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER CRUZ MOVED AND COMMISSIONER ROJO SECONDED, APPROVAL OF SECOND READING AND ADOPTION. NO ONE WISHED TO TESTIFY. ORDINANCE 1027 ADOPTED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.***

- R-7 RESOLUTION Adopting Multnomah County's Affirmative Action Plan for 2004-2006

***COMMISSIONER CRUZ MOVED AND COMMISSIONER ROJO SECONDED, APPROVAL OF R-7. ROBERT PHILLIPS AND ROBBIE BERG EXPLANATION. CHAIR LINN AND COMMISSIONER CRUZ COMMENTS IN SUPPORT AND APPRECIATION. PLAN APPROVED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.***

- R-8 RESOLUTION Establishing Fees and Charges for MCC 11.05 Land Use General Provisions, 11.15 Zoning, 11.45 Land Divisions, 37 Administration

and Procedures, 38 Columbia River Gorge National Scenic Area, and Repealing Resolution No. 02-104 [Continued from January 15, 2004]

**COMMISSIONER CRUZ MOVED AND COMMISSIONER NAITO SECONDED, APPROVAL OF R-8. CHUCK BEASLEY EXPLANATION. BOB LEIPPER TESTIMONY IN SUPPORT WITH CONDITIONS, INCLUDING CHARGING FEES FOR ACTUAL COSTS. RESOLUTION 04-008 ADOPTED, WITH COMMISSIONERS NAITO, CRUZ, ROJO AND LINN VOTING AYE.**

*There being no further business, the meeting was adjourned at 11:13 a.m.*

BOARD CLERK FOR MULTNOMAH COUNTY, OREGON

*Deborah L. Bogstad*



Multnomah County Oregon

# Board of Commissioners & Agenda

connecting citizens with information and services

## BOARD OF COMMISSIONERS

**Diane Linn, Chair**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-3308 FAX (503) 988-3093

Email: [mult.chair@co.multnomah.or.us](mailto:mult.chair@co.multnomah.or.us)

**Maria Rojo de Steffey, Commission Dist. 1**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-5220 FAX (503) 988-5440

Email: [district1@co.multnomah.or.us](mailto:district1@co.multnomah.or.us)

**Serena Cruz, Commission Dist. 2**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-5219 FAX (503) 988-5440

Email: [serena@co.multnomah.or.us](mailto:serena@co.multnomah.or.us)

**Lisa Naito, Commission Dist. 3**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-5217 FAX (503) 988-5262

Email: [lisa.h.naito@co.multnomah.or.us](mailto:lisa.h.naito@co.multnomah.or.us)

**Lonnie Roberts, Commission Dist. 4**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-5213 FAX (503) 988-5262

Email: [lonnie.j.roberts@co.multnomah.or.us](mailto:lonnie.j.roberts@co.multnomah.or.us)

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## JANUARY 20 & 22, 2004 REV

### BOARD MEETINGS

#### FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:00 a.m. Tuesday Executive Sessions
Pg 2	10:00 a.m. Tuesday Update on State Cuts Due to Ballot Measure 30
Pg 3	9:30 a.m. Thursday Public Process and Board Consideration and Vote on a Resolution Filling a Vacancy in the Legislative Assembly, Oregon State Senate, District 25
Pg 3	10:00 a.m. Thursday Resolution in Support of Ballot Measure 30
Pg 3	10:35 a.m. Thursday Second Readings and Possible Adoption of Proposed Ordinances Amending Comprehensive Framework Plan Policy 33C and Policy 34
Pg 3	10:40 a.m. Thursday Resolution Adopting Affirmative Action Plan for 2004-2006

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30  
Friday, 11:00 PM, Channel 30  
Saturday, 10:00 AM, Channel 30  
Sunday, 11:00 AM, Channel 30

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Tuesday, January 20, 2004 - 9:30 AM  
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## **EXECUTIVE SESSION**

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- 

Tuesday, January 20, 2004 - 10:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BOARD BRIEFING**

- B-1 Update on State Cuts Due to Ballot Measure 30. Presented by John Ball, Gina Mattioda, Karyne Dargan, Patricia Pate, Lillian Shirley, Lorenzo Poe, Mike Schrunk, Bernie Giusto and Joanne Fuller. ONE HOUR REQUESTED.

Thursday, January 22, 2004 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

### **REGULAR AGENDA - 9:30 AM**

### **PUBLIC COMMENT - 9:30 AM**

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### **NON-DEPARTMENTAL - 9:30 AM**

- R-1 Public Process and Board Appointment to the State Legislature to Fill Oregon State Senate, District 25 Vacancy from Republican Precinct Committee Approved Candidates: Ron Sunseri, John Lim and Ruth Hermance; and Adoption of a RESOLUTION Filling a Vacancy in the Legislative Assembly, Oregon State Senate, District 25
- R-2 RESOLUTION in Support of Ballot Measure 30
- R-3 Authorizing Initiation of Legal Action Against Daniel Manuel Chuginterian
- R-4 Authorizing Initiation of Legal Action Against William David Owens, Jr.

### **DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 10:35 AM**

- R-5 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Comprehensive Framework Plan Policy 33C, Bicycle and Pedestrian Systems
- R-6 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending Comprehensive Framework Plan Policy 34, Trafficways, and the Accompanying Functional Classification of Trafficways Map(s)
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and Procedures, 38 Columbia River Gorge National Scenic Area, and  
Repealing Resolution No. 02-104 [Continued from January 15, 2004]

# AGENDA PLACEMENT REQUEST

**BUD MOD #:**

**Board Clerk Use Only:**

**Meeting Date: January 20, 2004**

**Agenda Item #: B-1**

**Est. Start Time: 10:00 AM**

**Date Submitted: 01/19/04**

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**Requested Date:** January 20, 2004

**Time Requested:** 1 hour

**Department:** Chair's Office

**Division:** Budget Office

**Contact/s:** John Ball, Kathy Turner, Karyne Dargan

**Phone:** 988-5015

**Ext.:** x22457

**I/O Address:** 503/4

**Presenters:** Kathy Turner, Gina Mattioda, Patricia Pate, Lillian Shirley, Joanne Fuller, Mike Schrunk, Bernie Giusto

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**Agenda Title: Potential Impacts of Ballot Measure 30**

**NOTE: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide clearly written title.**

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**1. What action are you requesting from the Board? What is the department/agency recommendation?**

This is a briefing on the status of the State of Oregon's response to BM 30, and the potential impacts to Multnomah County programs. No action is required of the Board at this time.

**2. Please provide sufficient background information for the Board and the public to understand this issue.**

Two bills--HB 2152 and HB 5077--were passed by the 2003 Oregon Legislature and signed into law by the Governor: HB2152 is the state revenue package that includes a combination of income tax increases and reductions and eliminations of tax credits and deductions. It would generate \$792 million for the 2003-2005 and \$311.5 for 2005-2007. HB 5077 is referred to as the disappropriation bill and includes a section that reduces education, health and human services, and public safety budgets in the event that HB 2152 is referred to the ballot and defeated at the polls. HB 5077 identifies \$544.6 million of cuts, which would leave the State general fund out of balance by \$234.9 million. Signatures were gathered to refer most elements of HB 2152 (Ballot Measure 30) to the voters.

### 3. Explain the fiscal impact (current year and ongoing).

The Health and Human Services group and the Public Safety group will be presenting information regarding the potential impacts to state funded Multnomah County programs. This discussion is based on the latest information that we have received from the State. We continue to receive new information daily from State departments regarding their proposed reduction plans.

#### Agenda for Today's Presentation

Introduction

Legislative Update

- Health & Human Service
  - i. OHP Implications for Service Delivery
  - ii. OHP Implications for ITAX
  - iii. What's not affected
- Public Safety Group
  - Department of Community Justice
  - District Attorney
  - Sheriff
- Implications for the FY 2004 and FY 2005 budgets
- Board Review of Resolution Supporting BM 30 – Comments, Additions

The following is additional information submitted by departments to help describe impacts to funding, programs, services and clients.

## Health & Human Services Impact of BM 30

### Health Department

#### • **Maintaining Capacity to Provide Clinical Services to Uninsured County Residents**

- If Ballot Measure 30 is not approved, Oregon Health Plan Standard coverage will probably be cut and 11,490 Multnomah County residents will lose OHP eligibility.

About 4,000 of these people have been our clients and over the past year. They will go from Medicaid-paid clients to uninsured, reducing reimbursements and increasing the need for General Fund. Without OHP coverage, over 7,000 County residents will place significant pressure on our clinical system to service more uninsured.

Keeping our current level of service to the uninsured without Ballot Measure 30 creates a significant gap between budgeted revenues and expenses.

- DHS' list of recommended budget cuts if Ballot Measure 30 is not approved could also impact Multnomah County: No replacement of the Medically Needy Program impacts our ability to provide medications to the uninsured. Elimination of OHP coverage for 2,000 low-income pregnant women and 1,700 newborns. Elimination of OHP coverage for dental and vision care for 125,000 adults; in Multnomah County this means 28,000 adults will lose dental services.

- **County General Funds support clinical services and medications for uninsured residents.**
  - The current budget for Health's integrated clinical services & medications totals \$68.5 million. The \$68.5 million is made up of \$19 million General Fund, \$6 million grants and \$43.5 million in reimbursements.
  - Of the \$19 million in County General Funds, about \$12 million supports Corrections Health and \$7 million supports services to the uninsured.
  - A 5.8% CSL reduction the Health's County General Fund allocation reduces the number of uninsured residents we can serve and/or the level of Corrections Health services.
  
- **Maintaining a Strong Public Health Infrastructure**
  - Over three years of County General Fund reductions, we have struggled to maintain core public health functions. An increased role for public health in emergency preparedness and planning brought in additional dollars but we still have many unreimbursed expenses.
  - Placing community health promotion, partnerships and planning on a wider range of agendas will result in a decrease in the community's burden of morbidity. It is imperative to continue the community dialogue and actions around environmental health that are starting to show achievement and success.
  - The Health Department has provided valuable data that the community, not just the County, can use to make public policy decisions. Examples are Environmental Health Report, EMS, and Hospital trends and costs.

## **County Human Services**

Supporting material will be handed out on Tuesday, 1/20/04.

## **Commission on Children, Families & Community**

Supporting material will be handed out on Tuesday, 1/20/04.

## **Public Safety Impact of BM 30**

### **Department of Community Justice**

- **Streams of Offenders**  
Public safety funding should continue to be prioritized toward the Highest Risk offender, i.e. dangerous, violent, person-to-person crimes. This approach was developed as a unified approach by the DA, Sheriff, and DCJ for the FY 2004 budgets and resulted in programs that were supported by each entity of the public safety system.

- **ITAX Funding**

Previous funding reductions meant that programs targeted toward lower level offenses were eliminated. With the addition of ITAX funding, the criminal justice system in Multnomah County was able to restore some of these cuts and provide a continuum of public safety programs. If County General Fund or State resources are lost, then programs targeting mid-level offenders would be eliminated, leaving intact programs for the higher and lower risk offenders, and creating a gap in the middle.

- **Community Corrections Opt-Out**

The failure of BM 30 will mean the loss of \$17,808,420 in statewide community corrections funds and will trigger the opportunity for counties to Opt Out and return that responsibility to the State. Multnomah County's portion of the reduction is \$4,561,842.

The disappropriation bill (HB5077) does not cover the entire projected shortfall if BM 30 fails, so there is uncertainty regarding how the State will cover the additional dollars. An option would be for the Governor to impose an additional across the board reduction, which is projected in the range of 2.7%, (\$691,000) for Multnomah County.

There is agreement among the criminal justice partners that Multnomah County does a better job than the State could do of providing correctional services which reflect local priorities, are more collaborative, and effective.

- **Public Safety Reflects a Balanced Approach**

The District Attorney's Office, Sheriff's Office, and Department of Community Justice have worked in a collaborative manner to deliver each of these separate, but equally important, public safety programs. Funding recommendations were developed and supported for adequate funding of common programs within these three agencies.

Within DCJ, funding reductions over the last 18 months have followed best practices that demonstrate public safety occurs within a balanced approach of Supervision, Services, and Sanctions.

Further cuts will threaten the ability of public safety to continue providing public safety services. We are the point where continued cuts to programs may reduce their effectiveness and mean that elimination is better than dilution. While the local criminal justice system has prioritized violent offenses, this will require examination of policy decisions regarding caseload sizes, additional case banking, and loss of specialized units.

- **The Impact on our Outside Partners**

Reductions have already occurred, and further cuts are contained in BM 30 for, public safety partners including alcohol and drug treatment, mental health, the Courts, and Indigent Defense. In the case of treatment services, these will compound the cuts made by DCJ.

As for the Courts and Indigent Defense, state cuts could mean that the ability to process criminal cases is reduced drastically or eliminated altogether. For example, at the current spending levels, defense attorneys would not be appointed on any cases beyond April or May 2005.

- **Juvenile Division Cuts**

The Juvenile Division has already taken cuts of approximately 35% in state funding. The manner in which additional cuts would be implemented for the Oregon Youth Authority and Oregon Criminal Justice Commission are yet to be determined, so the local impact is unknown.

## **District Attorney**

- **Loss of County Revenue (Dept. of Justice Funding)**

The loss of Deputy District Attorney Supplement amounts to approximately \$87,000 in the current fiscal year and \$174,000 during next fiscal year.

- **Loss of Jail Space for Sentencing Offenders (corrections funding)**

This loss of jail space at both the state and local level means there are fewer alternatives for people who need to be incarcerated. As pointed out by the corrections grand jury, the county currently has a severe shortage of jail beds for some very dangerous people.

- **Loss of Community Justice Services**

With the loss of jail beds more people will be put on probation at a time when probation and parole will be losing money and positions. The cuts to correction funding at the Department of Community Justice and the Sheriff's Office could result in a hole in the continuum of prosecution services in Multnomah County. While the most violent crimes and the lowest level crimes would continue to be covered, programs that address mid-level offenders would be at risk.

- **Cuts to State Courts and Indigent Defense**

If the court does not appoint attorneys, the state cannot prosecute those cases. We may again have to set many cases over for attorneys to be appointed. This creates an incredible strain on the system.

- **Cuts to Oregon State Police (Forensic Service)**

Our office relies exclusively on the forensic unit of the Oregon State Police for our scientific investigations. This includes DNA, trace evidence, drug testing and a variety of other vital services.

- **Cuts to Oregon Youth Authority and Oregon Health Plan**

This will create a real problem with how we address juveniles. Under Measure 11 we often are able to plea the case and have the youth sent to the Oregon Youth Authority. With the loss of state funds this may be substantially curtailed. Programs that aid juveniles and are relied upon by our Office will face cuts. Currently these programs are under funded.

- **Cuts to Department of Administrative Services for Extradition**

This cut would cause a tightening of the criteria under which alleged perpetrators would be returned to the State of Oregon and Multnomah County for prosecution. The State already limits incoming extraditions to untried A & B felony cases. Further reductions would again raise the bar and result in fewer alleged felons prosecuted in the County.

## **Sheriff's Office**

- **Further Erosion of the Public Safety System**

The failure of BM 30 will set the stage for further erosion of the systemic management of the public safety system and its ability to manage its offender population. Through the collaborative approach of the District Attorney's Office, the Department of Community Justice and the Sheriff's Office, those offenders entering the criminal justice system have been much more efficiently managed and evaluated.

- **Sheriff's Office Cuts**

The Sheriff's Office budget will be reduced by about \$940,000 per year, totaling \$1.8 million for the biennium of 2003-2005 or the equivalent of closing two dormitories or about 114 beds at Inverness Jail per year. The timing of the BM 30 creates an extraordinary challenge in that a significant portion of the 1st year shortfall will have been committed, and to some extent already spent, to housing offenders. Thus we are left with managing the biennial shortfall over the remaining months of fiscal year 2004 and the full fiscal year 2005. Corrections facilities are composed of large incremental segments. These segments have very little variability and must be operated as "all or nothing". In other words, there is no financial advantage to operating a corrections dormitory at half its capacity because it takes the same amount of resources to operate at half capacity as at full capacity.

The failure of BM 30 could be the beginning of a cascading set of financial shortfalls that could seriously damage the Sheriff's Office's ability to house and manage high risk offenders in our community. BM 30, combined with the projected general fund shortfall for FY 2005 and the uncertainty of state funding for the courts and public defenders may trigger a series of events.

- **Wapato**

The totality of funding shortfalls in the state and general fund projected in FY 2005 makes it probable that the new Wapato Jail will not open in FY 2005 even to test its warranty. This 525-bed facility combined with the current vacancies means that 869 beds or 35% of the jail capacity in Multnomah County will remain empty due to a lack of funding.

- **Alternatives to Hard Beds**

The looming financial problems have prompted the Public Safety Group to explore greater use of the current Electronic Monitoring program. This promises to be a cost-effective hard bed alternative to effectively managing and holding accountable low level offenders.

4. **Explain any legal and/or policy issues involved. N/A**

5. **Explain any citizen and/or other government participation that has or will take place. N/A**



Department of Business and Community Services

**MULTNOMAH COUNTY OREGON**

**Finance & Budget Division**

**Dave Boyer, Chief Financial Officer**

**501 SE Hawthorne, Suite 400**

**Portland, Oregon 97214**

**(503) 988-3883 phone**

**(503) 988-4570 fax**

**TO: Board of County Commissioners**

**FROM: Karyne Dargan, Budget Office**

**DATE: January 20, 2004**

**SUBJECT: Potential Impacts Ballot Measure 30  
Addendum – Commission on Children, Families and  
Communities**

○ **Cuts to Crisis/Relief Nurseries**

The County has two crisis/relief nurseries, and the 10% reduction will be \$97,098 for the 14-month period beginning May 1. These are intervention/prevention programs for children six weeks to six years and are contracted through community-based agencies. The programs strengthen vulnerable families at serious risk of abusing or neglecting their children or of permanently losing custody. The reductions will mean 20 less children are served in the Therapeutic Classroom Model, closing one classroom and causing another not to open. Also 40 less home visits to families would occur. Other reductions to occur between the two agencies include: mental health and family support services will be reduced, as will the number of families receiving intensive hands-on parenting education, and outreach services.

○ **Cut to Healthy Start**

During the past two years, Healthy Start has been incrementally reduced from the funding level of 80% for first-birth families. The proposed cut is 4%, which will result in funding at the 47% level. This new reduction means that 105 first-birth, high-risk families will not receive intensive home visiting services that are provided through community-based agencies. Since Healthy Start funds for FY 04 are not fully appropriated yet, current service levels will not have to be reduced. This cut takes effect May 1.



**Public Affairs Office**  
**MULTNOMAH COUNTY OREGON**

501 SE Hawthorne Blvd., Ste. 600  
Portland, Oregon 97214  
(503) 988-6800

January 20, 2004

To: Board of Commissioners

From: Gina Mattioda and Stephanie Soden  
Public Affairs Office

Copy: Auditor, District Attorney, and Sheriff

Re: Analysis of HB 2152 and HB 5077

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Two critical bills were passed by the 2003 Oregon Legislature and signed into law by the Governor: HB 2152 and HB 5077. HB 2152 is the state revenue package that includes a combination of income tax increases and reductions and eliminations of tax credits and deductions. HB 5077 is referred to as the disappropriation bill and includes a section that reduces education, health and human services, and public safety budgets in the event that HB 2152 was referred to the ballot and defeated at the polls.

**HB 2152 – STATE REVENUE PACKAGE**

HB 2152 is the state revenue package passed that generates \$792 million in general funds for 2003-2005 and \$311.5 million for 2005-2007. Revenue raising strategies in the package include:

	<u>2003-2005</u>	<u>2005-2007</u>
Increase income tax	\$544.6	\$156.7
Eliminate elderly medical deduction	\$42.0	\$44.5
Eliminate SUV depreciation deduction	\$4.7	\$4.3
Reduce extraterritorial income deduction	\$18.0	\$18.0
Reduce corporate tax credit	\$16.4	\$ -8.7
Increase corporate minimum tax	\$73.4	\$76.3
Reduce corporate dividend subtraction	\$38.4	\$21.9
Reduce property tax discount	\$43.0	\$0
Establish long-term care provider tax	\$12.5	\$0
<u>Extend 10-cent cigarette tax</u>	<u>\$ -1.0</u>	<u>\$ -1.5</u>
HB 2152 Total	\$792.0	\$311.5

**BALLOT MEASURE 30**

Signatures were gathered to refer most elements of HB 2152 (called Ballot Measure 30) to the ballot for a vote of the people. Ballot Measure 30 includes all revenue raising strategies included in HB 2152 *except the establishment of a long-term care provider tax*, which is expected to generate \$12.5 million in the 2003-2005 biennium.

HB 2152 Total	\$792.0	\$311.5
Long-term care provider tax	\$-12.5	\$0
Measure 30 Total	\$779.5	\$311.5

The text for Measure 30 is below. On the February 3, 2004 ballot, Oregonians will support or oppose the following statement certified by the Secretary of State:

*Enacts temporary personal income tax surcharge; increases, changes corporate, other taxes; avoids specific budget cuts*

Yes vote: preserves the HB 2152 tax increases and tax law changes included in the referendum and avoids \$544.6 million in cuts outlined in HB 5077 (disappropriation bill).

Result: \$779.5 million in general fund revenues remain passed into law and in the state budget.

No vote: retains pre-HB 2152 tax rates and laws (with the exception of the establishment of the long-term care provider tax that will still generate \$12.5 million in new money) and triggers \$544.6 million in budget cuts outlined in HB 5077.

Result: HB 5077 (disappropriation bill) goes into effect, implementing \$544.6 million in identified cuts. In addition, the state general fund falls out of balance by \$234.9 million.

Measure 30 Total	\$779.5 million
Reductions from HB 5077	\$544.6 million
Shortfall from Measure 30 rejection	\$234.9 million

**HB 5077 – DISAPPROPRIATION BILL**

Section 88 of HB 5077 states that if HB 2152 is referred to the ballot and defeated by voters, \$544.6 million in direct cuts would occur in the following manner:

Education	\$298.9 million
K-12	\$284.6 million
Higher education	\$14.3 million
Healthcare and Human Services	\$187.6 million
Department of Human Services	\$187.6 million
Public safety services	\$58.1 million
Prisons and parole	\$24.7 million
Courts	\$23.7 million
Juvenile corrections/state police	\$9.7 million

(In addition, the state could lose additional federal matching funds for programs such as the Oregon Health Plan. The indirect, system-wide impacts could also be significant. For example, if indigent defense funding at the state level is reduced, courts throughout the state are impacted, as well as counties' ability to fight crime.)

As mentioned earlier, if Measure 30 fails, the state budget falls out of balance by \$234.9 million. This is because rejection of Measure 30 would eliminate nearly every revenue raising provision in the tax package (HB 2152), but only \$544.6 million in cuts, as required by HB 5077, the disappropriation bill, would go into effect.

Any revenue that is forecasted to come in above the Close of Session forecast would count against the total state shortfall \$234.9 million. In December 2003, the revenue forecast was \$69.7 million higher than what was expected when the Legislature adjourned last August. Moderate increases in revenues are expected in the March 2004 forecast and future quarterly revenue forecasts, which could continue to fill the outstanding \$234.9 million shortfall. The Legislative Fiscal Office is counting these increases in revenue forecasts, in addition to the ending balance (or reserve), against the \$234.9 million shortfall. Therefore, the shortfall resulting from Measure 30's rejection has been reduced.

Shortfall from Measure 30 rejection:	\$234.9 million
Close of Session ending balance:	\$ -57.1 million
<u>New revenue since close of session (December 2003 forecast):</u>	<u>\$ -69.7 million</u>
New shortfall from Measure 30 rejection:	\$108.1 million

The Public Affairs Office will continue to monitor discussions and analysis occurring at the state level regarding Ballot Measure 30 and report back to the Board of Commissioners on new developments. In the meantime, please do not hesitate to contact either of us if you have any questions or concerns.



**Public Affairs Office**  
**MULTNOMAH COUNTY OREGON**

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501 SE Hawthorne Blvd., Ste. 600  
Portland, Oregon 97214  
(503) 988-6800

January 20, 2004

To: Board of Commissioners

From: Gina Mattioda and Stephanie Soden, Public Affairs Office

Copy: Auditor, District Attorney, and Sheriff

Re: Information on Potential State Action

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**Overview:**

There continues to be an enormous amount of uncertainty on what type of state action will occur after the results of Ballot Measure 30 are known. It appears that the Governor is using the Ballot Measure 30 election cycle as a time to discuss his desires for and focus of the 2005-2007 biennium rather than potential ramifications of state cuts if the measure fails.

His administration is stating that this is an opportunity to show Oregonians how government spends their money as well as the need for "financial" reform. News accounts have reported on "The Oregon Equation:  $O=C+E^2$ ," complete details of this equation and policy framework have been included in your board packets. Essentially this equation claims that if we have healthy children and a healthy economy and environment, then we'll have a healthy Oregon.

State agencies released to the media, advocacy groups, and many other interested parties, lists of potential cuts should Ballot Measure 30 fail. Proposed cuts include eliminating Oregon Health Plan coverage to more than 52,000 people, dramatically increasing college tuition, and county programs and services that will be discussed by departments and our budget office. On Tuesday, January 13, the Governor strongly expressed without hesitation that cuts will go into effect. An article from the Salem Statesman Journal wrote the following; "I'm saying that disappropriation is going into effect and that's it." Earlier accounts had hinted that the Governor may develop and release his own plan; perhaps picking and choosing certain state agencies cuts.

**Pending/Outstanding Financial Issues:**

As outlined in the memo entitled "Analysis of HB 2152 and HB 5077," an additional \$108.1 million shortfall will exist if Ballot Measure 30 fails. It continues to be unclear how the Governor or Legislature would address this shortfall. A primary issue facing them is that significant cuts to education, public safety, and social services: \$544.6 million total as outlined in HB 5077 would take effect in May 1, 2004. Reducing state budgets by an additional \$108.1 million could further dismantle or eliminate certain state programs.

However in news accounts the Governor has said the remaining gap could be filled “largely” with state budget reserves. Such reserves have been identified as an anticipated increase in tax collections and other actions, which haven’t been outlined. By law the Governor has until June 30, 2005, to assure the budget balances and he has been quoted as saying there is time to figure out how to fill the remaining shortfall. The Department of Administrative Services (DAS) has revealed that the 2005-07 biennium includes a shortfall of \$1 billion.

Nevertheless potential options to addressing this remaining shortfall depend on the March revenue and economic forecast along with future forecasts throughout the interim.

If the March revenue forecast *does not* fill the \$108.1 million gap:

- The Governor or Legislature could still call a special session to make additional budget cuts or borrow from future revenues. The Governor has stated he isn’t willing to borrow from future revenues.
- The Governor could make across-the-board cuts totaling \$108.1 million.

If the March revenue forecast *exceeds* the \$108.1 million gap:

- The state’s shortfall disappears. The Legislature and Governor would no longer have to address the \$108.1 million, but they may reevaluate the \$544.6 million in cuts outlined by HB 5077, the disappropriation bill.

### **Special Session(s):**

If Ballot Measure 30 fails and lawmakers are faced with a significant budget shortfall, gathering for a special session to quickly resolve these financial issues could be tremendously difficult, if not impossible. Most legislators are fearful of an open-ended special session and believe an agreement needs to be developed and fleshed out, before entering the State Capitol.

HJR 42 requires the Legislature to return in June for a special session to approve any legislation passed by the Joint Interim Committee on Tax Reform. Despite the HJR mandate, legislators don’t anticipate such reform. There is talk that the special session will put forth a proposal to build a “rainy day” reserve fund, perhaps by reducing state income-tax kicker rebates in the future. If a proposal was passed in a June session, such a proposal would be a constitutional amendment and would be placed on a future ballot.

### **Impact on Kicker Law:**

The kicker law for refunding individual state income taxpayers is not likely to be triggered in the 2003-2005 biennium. This is because future revenue collections would need to unexpectedly grow by \$779.5 million before the kicker would kick.

# Impact of Measure 30 Failure on Multnomah County's Department of County Human Services



Briefing to Board of County Commissioners  
by Patricia K. Pate, DCHS Director

January 20, 2004



# MULTNOMAH COUNTY OREGON



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**DEPARTMENT OF COUNTY HUMAN SERVICES**

Patricia K. Pate, Director  
421 SW 6<sup>TH</sup> Ave, Suite 700  
Portland, Oregon 97204  
(503) 988-3691  
FAX: (503) 988-3379

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Maria Rojo de Steffey	District 1 Commissioner
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## Executive Summary

The State Department of Human Services has released a draft plan for actions necessary to meet the disappropriation targets that would be triggered by the failure of Ballot Measure 30. Within Multnomah County's Department of County Human Services (DCHS), the cuts are exclusive to the Mental Health and Addictions Services Division, but because the eliminations and reductions are primarily through the Oregon Health Plan (OHP), many DCHS clients served by the Developmental Disabilities Division, Aging and Disabilities Services Division, and Domestic Violence Coordinator's Office will experience negative effects as well.

If Ballot Measure 30 fails, there will be three kinds of effects.

**Direct effects:**

Elimination of OHP Plus coverage for adult outpatient mental health and chemical dependency coverage, elimination of coverage for non-mandated children, discontinuation of Lottery-funded gambling addiction programs, and a reduction in child welfare System of Care flex funds will cost Multnomah County over \$16,200,000 per year and result in a loss of at least 29 FTE.

**Indirect effects:**

Elimination of OHP coverage for clients in OHP Standard and pregnant women slightly above the poverty level and OHP Plus adult prescription drug benefits will eliminate the County's ability to provide care aimed at avoiding costly hospitalizations. This will shift the responsibility for payment of psychiatric hospitalization from the State (through OHP) to the County (for patients who cannot pay their own bills). By law, counties are the "payor of last resort" and it is estimated that the liability for Multnomah County will be at least \$600,000 to \$1 million annually.

**Contractor effects:**

Nearly all of the reductions listed above will have an effect on the contract and subcontract provider agencies in Multnomah County. Providers will lose almost \$12 million in direct State funds or in subcontracted funds from the County. It is estimated that well over 200 FTE will be lost in the private sector.

The Multnomah County Income Tax (ITax) recently approved by the voters will not address the cuts to Multnomah County if Ballot Measure 30 fails. The ITax funds designated for the Mental Health and Addiction Services Division were to partially fill the gap left by last year's State funding cuts, and the ITax funding is a vital piece of our current system. The ITax funding was never meant to be a safety net for the entire system. The analogy is simple:

Imagine that our Mental Health and Addiction Services Division is a house. Prior to last year, funding from the State allowed the County to have a mental health and addictions system – like a three story house with a foundation paid for by the County and three stories and the roof paid for by the State. The clients of Multnomah County need many more services than just three stories could hold, but that is what we had available in funding from the State.

State funding cuts last year removed the roof and one story – the ITax funding restored the roof and the County served clients with even less - two stories and a roof. Ballot Measure 30 removes the final two stories and the County will be left with a foundation – and with a roof paid for by the ITax. The ITax was never expected to pay for the wholesale demolition that is Ballot Measure 30.

## **The Human Face of Funding Cuts**

“John” was a middle aged, chronically mentally ill man who received mental health services including housing, case management, and medication. These services were paid for by his OHP Plus coverage and provided by Multnomah County’s Department of County Human Services in the Mental Health and Addictions Services Division.

John was stable for four years. He became the house guardian at his group home. He was a role model and a friend to many who looked to him for guidance and support. By all measures, he was a success story.

John lost all of his mental health benefits - including his medication benefits - due to budget cuts. He admitted to his friends that he was frightened about the loss of his medication. He told his neighbor, “You better watch out for me. I don’t have my meds anymore. I might start acting kind of crazy.”

Within two weeks everyone noticed a marked change in John’s behavior. One week later, he was dead of a self-inflicted gunshot wound.

**Target Cut from State of Oregon Department of Human Services:  
Eliminate OHP Plus coverage for adult outpatient mental health and chemical  
dependency services**

- Fiscal impact: • \$16 million cut to Multnomah County DCHS through the loss of OHP revenue.
- FTE impact: • 26 Multnomah County FTE within these areas:  
 MHASD  
     Call Center  
     Safety Net  
     Quality Management  
     Division Management  
     Division Operations  
 DCHS  
     Department Administration  
 DCBS  
     Business Services
- Service change: • All outpatient mental health services for OHP qualified adults in Multnomah County will end.
- Number of clients affected: • 5,400 chronic mentally ill adults served per month will lose their mental health treatment and case management services. Many of these clients will also lose housing, medications, and be at significant risk of incarceration, hospitalization, and death. In total, 25,000 Multnomah County adults will be disenrolled from mental health and addiction service coverage.
- Effect on contractors: • \$10 million will be cut from outpatient and crisis system mental health providers. Many adult mental health outpatient service providers will be at grave financial risk.
- Cascade (cost-shift) effect: • There will be a significant increase in mental health related crises, emergency holds, inpatient psychiatric hospitalizations, suicides, homelessness and criminal justice system involvement among individuals identified as having a chronic mental illness.

Psychiatric hospitalizations are the most costly component of any mental health service delivery system. Our current system for managing and avoiding inpatient psychiatric hospitalization (the Call Center and Safety Net programs) will be defunded. This will increase the County's financial risk, as it is the payor of last resort for hospitalizations. For those 25,000 individuals who lost OHP Standard coverage last year and whose hospitalization is currently covered by CareOregon, the costs will shift to the County. The risk is estimated to be between \$600,000 and a million dollars per year.

**Target Cut from State of Oregon Department of Human Services:  
Reduce child welfare System of Care flex funds**

- Fiscal impact:
- \$120,000 cut to Multnomah County DCHS.
- FTE impact:
- 1.8 FTE Alcohol and Drug Evaluation Specialists (Multnomah County Local 88 positions).
- Service change:
- Three “Family Support Team” specialists work with substance-abusing families referred to the State Child Protective Services Division. These teams are made up of an Alcohol and Drug Evaluation Specialist, Public Health Nurse, and Family Unification Specialist. These teams will lose their Alcohol and Drug Evaluation Specialist. More children will be removed from their homes and it will take longer to reunite children with their parents.
- Number of clients affected:
- 150 families per year will not receive services.
- Effect on contractors:
- None.
- Cascade (cost-shift) effect:
- More children will be placed in foster care and will stay there longer.

**Target Cut from State of Oregon Department of Human Services:  
Elimination of coverage for non-mandated children**

- Fiscal impact:
- \$40,606 cut to Multnomah County DCHS.  
\$466,969 contracted to local organizations will be cut.
- FTE impact:
- 1.0 FTE Mental Health Consultant (Multnomah County Local 88 position)
- Service change:
- Children who need mental health and addiction services will not receive them.
- Number of clients affected:
- 2,959 Multnomah County children and youth will be disenrolled from the Oregon Health Plan.
- Effect on contractors:
- Subcontractors will lose \$466,969 and eight FTE.
    - Morrison Child and Family Services will lose \$289,521 and 5 FTE.
    - Cascadia Behavioral Healthcare will lose \$93,394 and 2 FTE.
    - Trillium Family Services will lose \$46,697 and 1 FTE.
    - Other providers will lose \$37,357.
- Cascade (cost-shift) effect:
- Children with mental health and substance abuse disorders will have increased involvement with the criminal justice system. These children also will increase the use of costly services such as psychiatric hospitalization, residential treatment services, and special education programs.

**Target Cut from State of Oregon Department of Human Services:  
Discontinue Lottery-funded gambling addiction programs**

- Fiscal impact:
- \$39,738 cut to Multnomah County DCHS.  
\$861,076 contracted to local organizations will be cut.
- FTE impact:
- .5 FTE Gambling Coordinator (Multnomah County Local 88 position).
- Service change:
- Gambling treatment, outreach, and public awareness activities in Multnomah County will be eliminated.
- Number of clients affected:
- Annually, 600 gamblers and family members will not receive professional counseling and treatment services.
- Effect on contractors:
- Subcontractors will lose a total of \$861,076 and 14.2 FTE.
    - Cascadia will lose \$652,986 and 10.7 FTE.
    - OHSU Behavioral Health Clinic will lose \$124,348 and 2.0 FTE.
    - Tualatin Valley Centers will lose \$55,516 and 1.0 FTE.
    - ChangePoint will lose \$25,044 and .5 FTE.
    - Direct Pay providers will lose \$3,182.
- Cascade (cost-shift) effect:
- There will be an increased demand on mental health and domestic violence systems, an increase in problem-related gambling behavior in Multnomah County, and increased law enforcement involvement and incarceration.

**Target Cut from State of Oregon Department of Human Services:  
Elimination of OHP coverage for pregnant women between 133% to 185% of  
the Federal Poverty Level**

- Fiscal impact:
- No County funds lost.  
\$21,984 cut annually from provider system.
- FTE impact:
- No Multnomah County FTE lost.
- Service change:
- Pregnant women who are abusing substances or have mental illness lose access to substance abuse and mental health treatment services.
- Number of clients affected:
- 267 Multnomah County pregnant women will be disenrolled from the Oregon Health Plan.
- Effect on contractors:
- Contractors will lose \$21,984 annually and 1 FTE.
- Cascade (cost-shift) effect:
- There will be increased ill effects for newborns of mothers who have substance abuse and/or mental health disorders. Fetal Alcohol Syndrome (FAS) and low birth weight are associated with prenatal exposure to maternal substance abuse and maternal depression. Nationally estimated total lifetime cost for the care of one FAS child is \$750,000 to \$1.4 million dollars. The average hospital cost for low birth weight infants is \$22,500 per child. In addition, this funding cut shifts the responsibility for psychiatric hospitalization from OHP to the County.

**Target Cut from State of Oregon Department of Human Services:  
Reduce OHP Plus coverage for adult prescription drugs**

- Fiscal impact: • No County funds lost. This is a reduction in money paid to provide OHP Plus members with a prescription drug benefit.
- FTE impact: • No Multnomah County FTE lost.
- Service change: • OHP Plus Members will be restricted in their access to mental health drugs.
- Number of clients affected: • 50,000 enrollees in Multnomah County.
- Effect on contractors: • Contractors won't have the ability to prescribe the necessary mental health medications.
- Cascade (cost-shift) effect: • An increase in the number of people without mental health medications will increase the use of Multnomah County crisis services and emergency room visits. More mentally ill adults will end up in the criminal justice system.

**Target Cut from State of Oregon Department of Human Services:  
Eliminate all OHP coverage for clients currently in OHP Standard**

- Fiscal impact: • No County funds lost.
- FTE impact: • No Multnomah County jobs lost.
- Service change: • Clients currently in OHP Standard will lose their hospitalization benefit for psychiatric in-patient care and medications. In addition, they lose their physical health coverage.
- Number of clients affected: • 25,000 adults will lose health insurance, medications, and inpatient psychiatric care in Multnomah County.
- Effect on contractors: • None.
- Cascade (cost-shift) effect: Mentally ill persons losing medications, psychiatric hospital care, and health care will be at significant risk of mental health deterioration, homelessness, and death. More mentally ill adults will end up in the criminal justice system or in hospitals at County expense. By Oregon law, counties are the “payor of last resort,” which means that the County must pay for those who are hospitalized and cannot pay their own bills. This funding cut shifts the responsibility for payment from the OHP to the County. It is estimated that the liability for Multnomah County will be at least \$600,000 to \$1 million annually.

## Effect of Measure 30 Cuts on Subcontractors in the Private Sector

If Ballot Measure 30 fails, nearly all of the reductions listed in the State Department of Human Services targets plan will have an effect on contract and subcontract provider agencies in Multnomah County. Providers will lose almost \$12 million directly from the State or in subcontracted funds from the County. It is estimated that well over 200 FTE will be lost in the private sector from mental health and addiction services cuts alone.

The providers who will receive the majority of these cuts are:

- Oregon Health Sciences University
- Cascadia Behavioral Healthcare Inc.
- Morrison Center
- Trillium Family Services
- Tualatin Valley Centers
- Lutheran Family Service
- Albertina Kerr
- InAct
- DePaul

### Outpatient Providers

- Providers will lose more than \$10 million in adult mental health treatment revenue, resulting in the likely closure of multiple clinics. Because of clinic closures, even adults and children with coverage will not have a clinic to go to for treatment. Culturally specific services targeting multiple ethnic, cultural, and language groups will be lost. Providers will lose at least 180 FTE.
- Providers will lose \$507,576 in Children's mental health treatment revenue resulting in the closure of one clinic and a loss of eight FTE.
- Providers will lose \$202,000 for twenty-four hour Crisis Respite beds for mentally ill adults, placing the twelve-bed Crisis Respite Program at risk of closure.
- Providers will lose \$1 million for Safety Net Crisis services including Mobile Outreach Service and the Urgent Walk-in Clinic.
- Providers will lose \$318,000 for in-home crisis wraparound services for mentally ill adults and families resulting in a loss of six FTE.
- Providers will lose OHP alcohol and drug revenue currently provided through Care Oregon representing a large proportion of total alcohol and drug services revenue structure. This will result in the likely closure of multiple treatment sites and the loss of significant FTE. This impact is not included in the current FTE loss estimation.
- Providers will lose \$881,076 in gambling treatment representing a loss of 14.4 FTE.
- The loss of revenue and resultant clinic closures will place other critical services including housing for chronically mentally ill adults and crisis services at risk of closure.

*Please note that the following represents preliminary recommendations only. The material has not yet been analyzed or approved by the DAS Budget and Management division (BAM) or by the Governor's Office.*

Theresa McHugh, Deputy Director  
Department of Administrative Services  
155 Cottage St NE  
Salem, OR 97301-3966

Dear Theresa:

Enclosed is the preliminary draft plan from the Department of Human Services for actions necessary to meet the disappropriation targets, as well as for the loss of tobacco revenue (10 cents of the tobacco tax dedicated to the Oregon Health Plan), should Measure 30 fail.

The enclosed, organized by cluster, begins with a statement of the disappropriation targets established by the Legislature. Next, although the department has not yet submitted a formal rebalance plan to the Emergency Board, we then apply to those targets the net problems and savings currently projected to accrue within the individual clusters (a separate explanation of major contributors is also enclosed). Finally, we identify recommended actions to meet the "net" target for each cluster. Recommended actions to meet the targets include the following:

- Discontinue the regular Emergency Assistance program;
- Discontinue day care assistance to students;
- Reduce child welfare System of Care flex funds;
- Reduce funding for longer-term adult acute psychiatric care;
- Reduce mental health and substance abuse services for families under the Children's Plan;
- Discontinue lottery-funded gambling addiction programs;
- Discontinue funding for Juvenile Diabetes Data System;
- Reduce children's Emergency Medical Services;
- Do not implement prescription drug assistance for low-income elderly and persons with disabilities not otherwise eligible for the OHP (MEDS program);
- Do not implement expansion of the Children's Health Insurance Program from 185% to 200% of the federal poverty level (FPL);
- Eliminate all OHP coverage for clients currently in OHP Standard;
- Eliminate OHP coverage for pregnant women between 133% and 185% of the FPL;
- Eliminate OHP Plus coverage for adult dental, adult vision and adult therapies;
- Eliminate OHP Plus coverage for adult outpatient mental health and chemical dependency services;

- Eliminate OHP coverage for remaining non-mandated children;
- Reduce OHP Plus coverage for adult prescription drugs.

Because of the structure of the disappropriation bill, along with the loss of tobacco tax revenues included in the measure, the most significant reductions occur within the Health Services cluster, which is predominantly the budget for the Oregon Health Plan (OHP).

In pricing the OHP actions, we are assuming that we would work with the federal government to allow us to keep the structure of the OHP (such as the prioritized list), even while temporarily reducing those eligible for coverage. Because of the need for those negotiations, followed by the actions necessary to undertake them, we anticipate that the OHP changes would not occur until August 1, 2004.

Reductions in the OHP often result in offsetting costs to other programs within the department, so we have included a separate matrix that identifies and estimates such offsetting costs. For clarity, the recommended actions we would propose to offset those costs are listed separately in the preliminary draft plan.

The additional recommended actions needed by other clusters to meet the costs incurred because of loss of OHP coverage are as follows:

- Eliminate funding for System of Care (results in increased foster care caseloads);
- Establish household income threshold for no-parent households in TANF and limit to 150% FPL; and
- Restrict support service payments for TANF clients.

Because of significant savings in the budget for the Seniors and People with Disabilities (SPD) cluster, no management actions were necessary neither to meet the SPD disappropriation target nor to cover the additional costs incurred from the loss of OHP coverage.

The final recommended action on the list of OHP reductions, a \$25.6 million General Fund reduction in prescription drugs, is the "balancer". We do not yet know how or if we could achieve those savings. It is also likely that such a significant reduction in prescription drug coverage will result in costs that could easily exceed those savings, such as in long-term care, mental health and within the OHP itself (e.g. loss of drug coverage would increase the use of mandated Medicaid services, such as physician and hospital).

Because of the significant reductions to the OHP required to achieve the "net" target for the Health Services cluster, we are recommending that additional actions be considered to avoid needing to make the most severe reductions in the OHP. We have identified the following recommended actions to offset some of the OHP reductions:

- Transfer rebalance savings remaining in the SPD budget (\$18.6 million);
- Utilize special hospital appropriation originally intended to help support a hospital benefit for the OHP Standard population (\$8 million); and
- Not restore medical and long-term care coverage for persons in levels 12 and 13 (\$9.4 million in SPD, \$1.6 million in Health Services).

Let me speak specifically to the last recommended action (levels 12 and 13). Because of significant savings projected in the SPD budget, SPD would not be required to take any additional management actions to meet its disappropriation targets. Although the Legislature approved funding to restore coverage for levels 12 and 13, that action has not yet been approved by the federal Centers for Medicare and Medicaid Services (CMS), consequently the estimated 1200 people who might benefit from that coverage are not currently receiving services. At the same time, in order to meet the net Health Services target, we would be severely restricting critical OHP services (such as prescription drugs and mental health and chemical dependency treatment) to the remaining adults on OHP Plus, including tens of thousands who are elderly or persons with disabilities. We believe it is more important that we try to preserve some of those services than to add coverage for those who are not currently receiving it.

In addition, revenues from the taxes imposed on hospitals and Medicaid managed care organizations, originally intended to help support costs of the OHP Standard population, would be available to offset some of the OHP reductions.

Because of the complexity of the DHS budget and the short timeframe to present an initial plan, we will continue to refine our estimates of the potential savings and costs associated with the actions we have identified.

Sincerely,  
Jean I. Thorne  
Director  
Enclosures