

Lane County Budget Committee Questions

May 12, 2009 Responses

Lapse Rate

"Please describe the "lapse rate"? Who sets it? What is it currently? Who achieved it (all depts or funds) in FY 08-09?"

The "Lapse" expectation is addressed in Lane Manual, 4.010 and can be found in your FY 09-10 Proposed Budget on pages 35-37:

(5) Lapse Policy:

Goal: To maintain the integrity of financial planning models, provide accountability, and maintain reserve levels.

(a) Each department utilizing General Fund resources is expected to lapse 2% of net General Fund use. The lapse generally results from expenditures less than the total appropriated amount. However, revenues in excess of the budgeted amount can be used to offset expenditures for the net lapse calculation.

(b) If a department fails to meet the 2% lapse target by more than \$5,000, the department is expected to repay the shortfall to the General Fund within one year. At year-end, an interfund loan will be executed to cover the shortfall, which is subject to approval by the Board of Commissioners for approval. (Refer to Lane Manual 4.034-4.040).

(c) Under extraordinary circumstances, the Board of Commissioners may waive the lapse expectation for one or more departments.

Historically, General Fund departments had under-spent budgeted appropriations by approximately 2%, so that amount was built into the long range financial plans, and is now an expectation in order to maintain the integrity of the financial plan.

For FY 07-08, the lapse rate was increased to 3% based on Budget Direction (7-10-17-7). FY 08-09 is not complete yet, so it is unknown which departments achieved the required lapse for FY 08-09. For FY 07-08, all departments achieved the 3% lapse except the Sheriff's Office (2.5% achieved).

"What are the criteria for inter-fund loan requests? What are the impacts and pros/cons of using inter-fund loans?"

Interfund Loan policies can be found in Lane Manual 4.035 and are in compliance with ORS 294.460. Interfund loans can be used as a short-term financing resource to address cash flow needs in County operations or capital financing plans. There are two types of interfund loans:

Operating Interfund Loan – a loan made for the purpose of paying operating expenses. The loan must be budgeted and repaid no later than the end of the fiscal year subsequent to the period in which the loan was made.

Capital Interfund Loan – a loan made for the purpose of financing the design, acquisition, construction, installation or improvement of real or personal property and not for the purpose of paying operating expenses. Capital loans can not exceed 60 months in duration.

Both types of interfund loans must be authorized by an order of the Board of County Commissioners which states the loaning fund, the receiving fund, the purpose of the loan, a repayment schedule and the interest rate, or a statement that interest is not applicable.

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Interfund loans are not allowed to be made from Debt Service Funds or monies that are constitutionally restricted (for example, Road Fund).

Pros/Cons – Interfund loans serve as a cost-effective and efficient means of covering short-term cash flow needs. As compared with short-term borrowings from a financial institution, interfund loans can be processed quickly and at a lower cost without incurring legal fees, pledging assets to the institution as security, paying high interest rates and loan initiation fees. Care must be taken to ensure that the borrowing fund will have adequate resources for repayment and that the lending fund is left in an adequate cash position.

“What are the options for loaning Extension Services the \$244,000 in bridge funds they are requesting?”

I am not aware of any laws that would preclude a loan as long as the funding was from the General Fund and not a restricted source. Numerous elements would need to be considered such as: Do we anticipate the Extension Service will have the resources to repay the loan? What security, if any would be required? What recourse do we have if the loan is not repaid timely? And, from a larger policy perspective: Should the County be in the business of financing other agencies? Would we entertain loan requests from other agencies/non-profits? What would be the criteria for considering loan requests?

“Is there any chance we could pay the PERS Bond early even with a penalty?”

The short answer is No. The purchasers of those bonds paid a premium for non-callable bonds and we cannot liquidate the bonds prior to their due dates.

It is possible to “defease” bonds, by placing cash in a trust account to be used pay off the bonds. That option would require approval of the State Treasurer’s office after we submit evidence of savings realized, and in the current market there would be no savings realized.

PERS/PERS Bond

“PERS: Do I understand this correctly: All new employees are covered by OPSERP (sp) so they have a defined contribution benefit. Tier one and two members have a defined benefit, so the contribution can vary (and usually up) required of the employer. Over time won't we have less and less tier 1 and 2 employees and therefore a lower PERS obligation? And, someday won't we have only OPSERP employees?”

Correct, there is a difference in the contributions & retirement benefits for Tiers 1/2 versus OPSRP (Oregon Public Service Retirement Plan). OPSRP will provide up to 45% of final average salary and it is formula based and does not have an account balance. Tiers 1/2 have account balances and the average retirement benefit is moving towards 50% of final average salary under the Full Formula calculation - although it could be higher for those choosing the money match method (less favorable since the 2003 reforms). The amount of the employer contribution required for all plans is largely based on investment earnings and can go up or down depending on the market. Each member of all plans then also has an Individual Account Program (IAP) account which is estimated to provide 15-25% of final average salary, but in this account the member assumes all of the investment risk so there are no guarantees. One additional note on the plan differences is normal retirement ages under the plans are set as follows: Tier 1 age 58, Tier 2 age 60 and OPSRP age 65.

After August 23, 2003, all new employees (meaning new to PERS) are OPSRP members. Tier 1 was all employees hired prior to January 1, 1996, and Tier 2 was January 1, 1996 - August 28, 2003.

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This does mean that *eventually* the system will have only OPSRP members. This will take some time however. An example is someone hired at age 30 before the cutoff in 2003, who then works until age 60, would continue to be a Tier 2 member until 2033.

"What is the current PERS Bond liability?"

The PERS Bond principle balance is just over \$62.5 million. Interest through 2028 is just over \$77 million for a total PERS liability of \$139.5 million. Paying off the remaining \$1.565 million in callable bonds will reduce both of these amounts and those figures will be available after the payment is made at the end of FY 09-10.

Purchased Insurance

"Is this the share of the "self-insurance" by the county for ??? that each department pays and on what basis is it calculated? Why is General Expense so huge (\$44-45 million) and the departments total so relatively small (total \$1-2 million) for Purchased Insurance?"

The purchased insurance account line (512345) represents the general liability insurance for the County. The total to be paid by Departments in FY 09-10 is approximately \$1,222,865. It is based on #1 - claims experience which is billed to the fund where the claim occurred paid over a 5 year period (over \$840,000 of the total). #2 - the cost of operating the fund and maintaining reserves is then split between all funds (approx \$390,000).

The 512345 account is then used again over in General Expense for all of the premiums (health, dental, PERS, vision, life, etc., etc) paid OUT of the county - total of \$44,469,232. This is one of the cases where items are double counted because they appear once in the department and again in General Expense.

County Indirect Plan - County Counsel

"What is the hourly rate charged by County Counsel? How is it determined?"

Excerpt from the Lane County Full Cost Plan with hourly rate information provided by County Counsel.

The staff of the County Counsel's office advises the Board of County Commissioners, all other County elected officials, County departments, and other County employees governed by the Board of Commissioners in legal matters. The Counsel's office represents the County in civil actions, including grievances and administrative actions, when the County is a party, and defends or oversees contract defense for all suits brought against the County. The legal staff reviews County ordinances, orders, code amendments, resolutions, contracts, leases, and other legal documents and prepares or assists in the preparation of many of these documents. County Counsel also supervises the operation of the County Law Library. The department reviews and evaluates tort claims against the County. This support service includes six attorneys, one paralegal and one legal secretary as permanent staff.

- A. **Fixed Legal** - Every department with employees picks up a percentage (33%) of the cost. The use of a fixed cost gives departments an incentive to use the County Counsel in legal matters.

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- B. **Legal Services** - These allocations (67%) represent, proportionally, actual hours spent by the County Counsel and related clerical support on behalf of the various departments and agencies of the County.

There are very few circumstances where an actual hourly rate is charged by County Counsel. Those circumstances are limited to work done for HACSA, the Fair Events Center and the Fair Board, Assessment and Taxation bankruptcy proceedings, Management services foreclosure proceedings, and times when departments contract with other entities to do work that includes legal work, such as condemnations.

Current rates for the staff in County Counsel's office, which have not changed significantly since 2004, are:

Attorneys - billed out at \$101/hour – average rates in Eugene are \$150 - \$250

Secretary & Paralegal – billed out at \$56/hr – average rates in Eugene are \$75 - \$125

Clerk – billed out at \$19/hr – average rates in Eugene are \$25- \$50

ASSESSMENT & TAXATION

"How many permits did you work on in Florence last year? How many do you expect this year?"

579 accounts had field inspections for new permits, callbacks on partially completed permits from prior year, sales reviews, and owner requested inspections.

1,552 accounts were reappraised to bring real market value uniformity back into compliance with DOR standards. This also resulted in the discovery of omitted property that will add new taxable value to the 2009 tax roll.

This work was completed during a 2 week window in February 2009 and used 655 hours of appraiser time or an average of 3 properties per hour.

For the 2010 appraisal cycle, we expect there will be fewer brand new building permits to inspect, but we will continue to have callbacks on partially completed projects, sales reviews and owner requested inspections. After we finish our ratio study at the end of June we will know if we need to do any other reappraisal on the coast to ensure overall values are within DOR standards.

"Would you please ask Assessment & Taxation if they have an actual (as of May 1st when Property Taxes were due) COLLECTED PROPERTY TAX total, and if it is equal to the projection of \$33,459,340? If not, how much has been collected, is it up or down from the projection."

YTD 2008 Lane County Property Tax Proceeds transferred to Lane County Finance through April :
\$30,904,463.20

Property Tax payments are due May 15th, not May 1st, so there is still money coming in the door and we can have updated collection number at the end of May when we do the May distribution.

DEPARTMENT OF YOUTH SERVICES

"Could you provide data on the number of CBRs (capacity based releases) over the past 5 years?"

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2008 – 896
2007 – 1,030
2006 – 943
2005 – 1,165
2004 – 920

"Does every CBR youth go through a program like Phoenix/Pathways or do they wind up on the street?"

Most are returned to the community. Some are placed on electronic monitoring (we have 12 units available) but most are released to await their court date.

"Is the Phoenix program less expensive per client than DYS Detention?"

No, with the BRS federal reimbursements the cost of Phoenix is slightly more than detention.

"What are the outcomes with Phoenix or Pathways Programs?"

Phoenix outcomes = 75.5% reduction in re-offenses one year post completion - re-offense data are based on one year to be consistent with all other "budget" data. We can look at it for longer follow up periods

Pathways outcomes = 82.5% reduction in re-offenses on year post referral

"What is considered 'significant' when it comes to keeping Serbu grant?" (specific criteria)

John Serbu Youth Campus Funds are not to be used to supplant or replace county governmental funding. Serbu funds are to be available for the campus so long as the county maintains at a minimum the 1999-2000 year budget appropriation for services on the John Serbu Youth Campus and makes a good faith effort to use county funding to expand services on the John Serbu Youth Campus. If county funding must be diminished due to revenue reductions it is understood that the campus program may sustain a reduction in county funding no larger than the average reduction to other county functions.

"If you cut treatment programs, would this directly increase the number of offenders, and thus the cost of providing public safety at a much higher per client cost?"

It might not increase the number of offenders coming into the system but it would certainly increase the amount of re-offenses by youth already in the system. Substance abuse, sex offense, mental health, family and anger management treatment can be provided more economically and efficiently to youth before their behaviors become more habitual and ingrained. DYS maintains data regarding the cost avoided by our community with a reduction in recidivism and can supply this information for any of our programs.

HEALTH & HUMAN SERVICES

"Does HHS help promote gardening, and help people to grow their own food? How much money does HHS spend on this type of thing? We give 25% of Food for Lane County's budget, how much do they spend on growing food?"

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HSC only funds the operation of Food for Lane County's Food Distribution Center & Congregate Meals site and does not financially support the gardening project.

"If you cut treatment programs would this directly increase the number of offenders, and thus, the cost of providing public safety at a much higher per client cost?"

We have not seen studies that show the relationship between cutting treatment programs and "directly" increasing the number of offenders. However, there are many studies that show that substance abuse treatment of offenders reduces recidivism, i.e., less demand on the public safety system and less recycling of the same offenders through our treatment system.

In *The Effectiveness of Community-Based Sanctions in Reducing Recidivism* (Oregon Department of Corrections, September 5, 2002), there is a section called *Literature Review*. It states that:

"For reducing recidivism, treatment and rehabilitation are more likely to be successful than surveillance and enforcement. We would expect, therefore, that community-based sanctions, especially those that involve an appropriate treatment component, should be more effective at reducing recidivism than jail sanctions. In the absence of treatment services, alternative sanctions would likely result in no worse recidivism than jail for many offenders. Selection and assignment of appropriate offenders to appropriate sanctions, however is the key."

Access to treatment "on demand" is important when the client is ready for services. In addition to wanting to get clean and sober, a component of being ready for an offender could be the incentive to avoid jail time or other sanctions. For a client in the criminal justice system, the local public safety system has to have some appropriate sanctions, such as available beds, for non-compliant offenders. We haven't seen literature on what the balance would be between available treatment services v. jail beds.

"For HSC: If Eugene puts in \$200,000 and Springfield puts in \$20,000, what is Lane County's share? Isn't it traditionally the same as Springfield's share?"

The Human Service Commission current service level budget is short by \$166,434 to maintain the current service level in the Human Services & Housing programs. How could the amount needed for current services be raised from the partner jurisdictions? What would be Lane County's share?

The current service level could be supported if the City of Eugene would restore \$150,000 and the City of Eugene would restore the \$20,000 as requested.

A second approach would be based on the having each jurisdiction come up with an additional amount equal to their current percentage composition of general funds pledged to human services as follows: Eugene would come up with 60 percent or \$102,000 and Lane County come up with 34 percent or \$57,800 and Springfield come up with six percent or \$10,200..

If the cities are unable to come up with the funding, a third approach would have Lane County support the current service level by allocating another \$166,434.

Proposed Human Service Commission general fund contributions are adjusted in FY 10 as follows:

- Lane County is up by \$191,783 after continuing base and supplemental commitments made in FY 08-09. Lane County's general fund increase includes covering \$70,000 to continue the

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Safe and Sound Homeless Youth project that was previously funded with a three-year designated funding commitment from the City of Eugene.

- The City of Eugene's proposed general fund contribution is down \$200,000 when adjusted for one-time and short-term designated funding commitments.
- The City of Springfield's proposed general fund contribution is down \$20,000 when adjusted for one-time commitments.

Lane County's General Fund contribution to HSC is proposed at \$725,560. This is an increase of \$338,753; \$128,245 in funding for Veteran's Services and \$210,508 in base funding for Human Services and Housing. This increase does not reflect the FY 08-09 supplemental budget amount of \$146,970; therefore overall general fund usage over FY08-09 is actually \$191,783.

- The increase in general funds for the Veteran's program includes covering the loss of one-time State of Oregon carry over of \$77,935, the one-time Springfield contribution of \$20,000 and increases to existing expenses of \$30,310.
- After making adjustments for revenues and expenses, the proposed increase in general funds for Human Services partially covers a loss of \$376,942 in revenue generally for homeless youth and teen parents from the City of Eugene, State of Oregon and other grants and a one-time cost of doing business increase for Eugene-based service providers funded by the City of Eugene.

The City of Eugene's General Fund contribution to HSC is proposed at \$1,331,000. This is a reduction of \$200,000.

"If we close that very accessible senior flu clinic which I attended several years back at Willamalane Senior Center, do we not endanger some of these most vulnerable Lane County citizens to influenza caused deaths? How many influenza (flu) deaths has Oregon and Lane County experienced during the past several years and what has been the yearly average? In light of the newest pandemic potential, (H1N1) could we not be heightening the risks by keeping this importantly accessible flue clinic shuttered?"

By being creative and maximizing the limited resources we did still had a communicable disease team, and were able to provide a significant number of flu shots here in the annex and people who came in were very appreciative of that. The process was organized, smoothly run and people did not have to wait long to receive their shots, in spite of having cut an administrative assistant and Public Health nurse position.

In FY 07/08, we gave 3,529 flu shots. In FY 08/09, we gave 1,176 flu shots. Most flu shots in Lane County are provided by private physicians or public flu clinics. In the past years we have seen a decreasing request for public health to provide the flu immunizations from the public as many more outlets are providing the flu shots - grocery stores, Bi-Mart, Fred Meyer, etc. which often times is a much easier way for the elderly to receive their shots rather than coming here. Our belief is that seniors still have relatively easy access to inexpensive flu shots.

"Further, what exact staff cuts within HHS or HHS funded contracts relate to diminished capacity to diagnose and treat HIV infected citizens and thus weaken the prevention efforts with respect to lethal communicable transmitted disease? Is there a secondary nexus between I.V. drug users, chronic sex

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offenders and increased HIV transmissibility and, as such, do reductions in treating i.v. drug users and sex offenders exacerbate the prevention capacity of HHS?"

We cut a Community Service Worker and a Public Health Nurse position. In the HIV prevention program, we receive most of our funding for the CSW 2 position from the federal/state through our IGA with the state. We counsel and test those people who present at that highest risk for transmission of HIV and work collaboratively with HIV Alliance in counseling and testing as well as needle exchange. In regards to the "lethal communicable transmitted diseases, we are maintaining our legal obligation as mandated to follow up and do the surveillance and epidemiological work required on reportable communicable diseases. Having one less nurse this year has necessitated the staff to change from walk in clinics to appointments which I believe has been more beneficial to the people we serve. With such a limited staff in Communicable Disease, we are quickly overwhelmed when we have to go into our Incident Command System in order to respond to a public health emergency, such as these past two weeks adventure with H1N1.

Public Health and our subcontracted agency, HIV Alliance, continue to aim the bulk of our testing toward individuals in the highest risk groups. About 70% of the infection is in the MSM (men who have sex with men) community and about 20% is in the injection drug using community. Testing and referral remains available to both groups within Lane County.

We are not aware of any local HIV infection numbers from the convicted sex offenders. We are aware of numerous individuals who access needle exchange services at both HIV Alliance and Lane County Public Health who want treatment and have not been able to access it. Many are profoundly grateful that the needle exchange services are available and that because of this, they are taking one step toward reducing the chance that they become infected with - or pass to those that they care about - blood born infections such as HIV or hepatitis B and C. In FY 06/07 we had two CSWs who worked on both HIV and hepatitis testing and prevention. We now have 1 and have discontinued our hepatitis C testing service. (HIV Alliance is still able to provide some hepatitis C testing). In calendar year 2008 there were 655 cases of hepatitis C reported in Lane County

We have not seen good data on HIV and sex offenders. There is some literature on HIV testing requirements for sexual assaults, but we haven't seen studies on rates of positive results. What we do know about sex offenders is that their recidivism rates are much lower than other criminals. In the *Bureau of Justice Criminal Offenders Statistics* on line summary findings, you can see that 67.5% of persons released from prison (1994 study), were rearrested for felon or serious misdemeanor within 3 years. On sex offenders released from prison in the same year, 5.3% were rearrested for a new sex crime with 3 years. We don't know if this means that they were a lot less sexually active or just not getting caught.

Animal Services

"I am still unclear about the matter of LCAS paying two indirects for overhead charges- namely paying the County indirect and the HHS indirect. It is my understanding that prior to its move to HHS, LCARA did NOT pay Management Services any indirect. Is this true?"

This is correct. Management Services is hybrid department of part central services (facilities, finance) and part public service (clerk). It does not have a departmental indirect like the large departments of HHS, PW, C&F, and to some extent the SO.

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“Second, it is my understanding that LCARA, prior to being removed from Management Services, only paid the County an indirect. Is this true?”

When a part of Management Services, Animal Services would have paid its portion of Purchased Insurance, County Overhead Charges (this may be what you mean by county indirect), Direct/Information Services, PC Replacement just as it now does.

“How much more, in total indirect/overhead charges does LCAS now pay to both entities versus what it last paid for County indirect charges when last under Management Services authority?”

LCAS has budgeted \$66,249 or 3.3% of its total expenditures to cover personnel, payroll, finance, budget, contract management, supervision, and other administrative functions provided by the HHS Admin division and not by LCAS division staff. The General Fund portion of this charge is \$16,940 with the other LCAS funding streams accounting for the remainder.

“Why would Management Services not charge and need such a double-dipping extraction from LCAS's budget while HHS sees fit to take this money?”

Management Services is in the General Fund, as was Animal Services, and so charged the GF directly for administration. MS did not need to charge other funds/funders for administration of multi-million dollar service programs like major road projects or mental health services and so was not required to create an Administrative Indirect in order to recover those costs as is true for HHS and PW.

From my budget perspective, I do not agree with the categorization of 'double-dipping' as the LCAS division no longer directly provides these administrative functions and has a smaller managerial staff. Employees in HHS Admin do these tasks. It's being purchased once from HHS Admin.

HHS must charge the same rate for administrative services provided to all their programs or they jeopardize the right to charge the other funders for administration of those other programs. It's not a matter of HHS charging an amount they see fit - it is the LCAS portion of the total bill for the administration of all HHS programs based on the approved formula. This rate must apply to all programs if the department is to recover the cost of administration of federally and state funded programs in all its funds. It can not forgive any single program this administrative charge and still collect it from the state, feds, foundations, etc. who fund the rest of the department.

“In a nutshell, how much extra has the shift from Management Services to HHS cost the LCAS program and taken from ability to fund actual services to animals?”

None of the County indirect/overhead related costs are more or less than they would have been in MS. The difference is that LCAS is now purchasing some of its administration from HHS. This expense is offset to the degree the division does not need to hire/assign these duties to program staff. Further, due to the need to recover administrative costs for all other HHS programs, this is not a negotiable rate. If LCAS is a part of HHS, PW, or the SO for that matter, it will need to pay its share of administration of the department in which it exists.

- LCAS/HHS Admin Indirect responses provided by Jennifer Inman, Sr. Management Analyst

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SHERIFF'S OFFICE

"How much was spent on the Van Ornum case by the SO?"

Mr. Van Ornum booked in at 15:05 on 5/30/08 and was released about 5 hours later at 20:11. He was seen by Pretrial Services, who probably spent about an hour total on his case. He would have sat in the waiting room almost the entire time, would not have been dressed in or housed so the impact on the jail was very minimal.

Child Abuse

"How many children are abused each year? What is being done about this problem?"

"During 2007 Oregon's Department of Human Services received more than 63,500 reports of child abuse and neglect – one report every 10 minutes. DHS investigations of those reports confirmed that 10,716 Oregon children in 2007 were victims of child abuse or neglect. Almost half – nearly 50 percent – of those victims were younger than age 6. Most – nearly 75 percent – were abused by one of their parents." – 2007 Status of Children in Oregon's Child Protective System (<http://dhsforms.hr.state.or.us/Forms/Served/DE1535.pdf>)

Lane County government provides direct services and funds many more programs which address child abuse. Department of Children & Families funds and works to enhance the capacity of the following prevention and early intervention programs:

Primary prevention efforts:

- Healthy Start
- Head Start
- Family Resource Centers
- Enhancing Quality Child Care Programs
- Early Childhood Planning Team

Early intervention/prevention:

- Crisis Nurseries
- Family Support and Connections
- CHIP's work

Intervention (work to improve outcomes):

- Court Appointed Special Advocates
- Improving supports for Transition Age Youth with mental health needs
- Runaway Homeless Youth Initiative

- response from Dept of Children & Families