

Association of Oregon Counties
Legislative Committee

Monday, March 14, 2011
12:01 p.m.

Local Government Center
Salem, Oregon

Present: Commissioner Janet Carlson, Commissioner Tammy Baney, Commissioner Mary Stern, Commissioner Fred Warner, Commissioner Kathy George, Judge Mark Webb, Commissioner Chris Perry, Commissioner John Lindsey, Commissioner Bill Hansell, Commissioner Tony Hyde, Commissioner Faye Stewart, Commissioner Sam Brentano, Commissioner Leslie Lewis, Commissioner Mark Labhart, Commissioner Wayne Fording, Commissioner Mark Davidson, Commissioner Simon Hare, Commissioner Patricia Roberts, Commissioner Annabelle Jaramillo, Commissioner Linda Modrell, Commissioner Greg Malinowski, Judge Gary Thompson, Commissioner Diane McKeel, Commissioner Jay Dixon, Commissioner Dwight Ellis, Commissioner Don Lindly, Commissioner Earl Fisher, Commissioner Bill Hall, Commissioner Judy Shiprack, Assessor Scot Langton, Sheriff Jack Crabtree, Administrator Ralph Wyatt

Via telephone: Judge Steve Grasty, Judge Jeanne Burch, Commissioner Joe Laurence

Via videoconference: Commissioner CW Smith

Guests: Commissioner Peter Huhtala, Commissioner George Rhodes, Lisa Naito, Gillian Wesenberg, Bill Thomas, Andrew Olsen, Alex Cuyler, Barb Young, Troy Rayburn, Sarah Granger, Nancy Bennett, Claudia Black, Bobby Green, Gina Nikkel

Guests via videoconference: Commissioner John Rachor

Staff and consultants: Mike McArthur, Cara Fischer, Paul Snider, Mike Eliason, Ann Hanus, Art Schlack, Mark Nystrom, Gil Riddell, Eric Schmidt, Laura Cleland, Jennifer Mendenhall

President Carlson called the meeting to order at 12:01 p.m.

Agenda

Commissioner Tony Hyde moved to approve the agenda of March 14, 2011, with additions to 2.4 Human Services and 2.6 Governance, seconded by Commissioner Dwight Ellis. Motion carried.

Minutes

Commissioner Bill Hansell moved to approve the minutes of February 14, 2011, seconded by Commissioner Earl Fisher. Motion carried.

Action Items

Employee Relations Board budget

Mike Eliason presented Governance Committee's recommendation to keep the Employee Relations Board (ERB) as a state General Fund program in full. Second option would be to have

an equitable split between labor and management and an equal assessment to represented employees. Details still need to be worked out on the split. Commissioner Hansell pointed out that the usage of ERB is about 60 percent local governments and 40 percent state. In addition, the unions generate a large percentage of the cases that go before ERB. As counties already hold employees' dues for union membership, they could also hold an assessment for ERB out of payroll. Currently, the cost per state employee is \$1.70 and the cost per county employee is .60¢ for ERB.

Commissioner Fisher moved to approve the committee recommendation for Employee Relations Board funding with some stipulations, seconded by Commissioner Patricia Roberts. Motion carried. Commissioner John Lindsey and Judge Gary Thompson opposed.

HJR 26

Commissioner Fisher and Mike Eliason explained this is the League of Oregon Cities top priority. The bill gives local tax districts the option of having a 10-year operating levy, rather than a five-year operating levy. This levy would operate outside of the \$10 general government and \$5 school Measure 5 cap. There would also be the option to renew the levy after eight years. This bill would have to go to the voters, probably this fall. In September, Governance Committee placed the issue on their priority list as an "A/B. However, at the Governance Committee meeting during the AOC fall conference, several members were apprehensive, and the committee ended up not placing this bill on the AOC priority list.

The bill was taken to the Special Operations Committee prior to its first hearing, and the decision was made to take no position. Commissioner Fisher said he supports the bill, as he wants to give citizens the flexibility. Constituents keep asking him "why can't we do this for ourselves?" This gives the option for those who want to do something in their own local areas. Commissioner Leslie Lewis said she opposes the bill, not because of the 10-year levy, as it still needs to go to a vote of the people, but because of breaking Measure 5 limits of the \$5 and \$10 per thousand. Because these are property-by-property determinations, she thinks someone could vote for a local option levy and not realize just how much their taxes were going to go up.

Administrator Ralph Wyatt stated that the core issue is compression that Measure 5 injected. Linn County has a local law enforcement levy for 30 years, and it is reviewed every four years. Linn County stands to lose \$18 million in revenue every year. Linn County is losing \$2.2 million to compression this year. Fair market value and assessed value are getting closer in the housing market, so compression is looming larger and larger. Linn County estimates losing \$3 million next year. This bill would address the compression problem directly. The down side is not wanting to confuse the citizens into thinking that this is a Measure 5 issue. Mr. Wyatt likes the flexibility, but there is some danger to advocating this bill.

Mike McArthur stated that there are really two questions here, should the legislature refer this issue to the voters and should AOC support this bill. Commissioner Kathy George asked if super majorities are required for approval of this bill. Mike Eliason confirmed that bill only requires a simple majority. Commissioner Tony Hyde asked why the League of Oregon Cities is supporting

this bill. Commissioner Carlson advised that compression is bigger issue within city limits. Commissioner John Lindsey questioned that just because LOC is pursuing this, it does not mean it is right for AOC. He expressed a preference for shorter levies as they allow for adjustments.

Commissioner Hyde moved to support the legislative referral of HJR 26 to the voters, but take no position on the actual bill, seconded by Commissioner Fisher. Motion failed with 20 members in favor, and 12 opposed. (Note: AOC Bylaws require a 2/3 majority vote on legislative positions.)

Commissioner Fisher moved that AOC remain neutral on HJR 26, seconded by Commissioner Annabelle Jaramillo. Motion carried. Commissioners Patricia Roberts, John Lindsey, Simon Hare, Dwight Ellis, Chris Perry and George Rhodes opposed. Commissioner Joe Laurence abstained.

HB 2566

Gil Riddell advised that tribes want to be treated as local governments for property tax exemptions for their government buildings. There is not a big loss of revenue to counties (?) if this passes. Commissioner Bill Hansell stated that a tribe leased a property and discovered that they were not exempt from property taxes like local governments. Assessor Scot Langton recommended that AOC work closely with the Department of Revenue to minimize the unintended consequences of this bill.

Commissioner Hansell moved that federally recognized tribes that own or lease a piece of property outside of the established recognized reservation boundaries and used for the said tribe's governmental administration of services for that tribe would be exempt, with the same regulation that counties use, seconded by Commissioner Fisher. Motion carried. Commissioner John Lindsey and Sheriff Jack Crabtree opposed.

Human Services Committee bills

President Carlson advised that Commissioner Ann Lininger had resigned as chair of the Human Services Steering Committee, and Commissioners Kathy George and Bill Hall had been appointed co-chairs. Commissioner Hall reviewed the list of legislation attached to the committee packet and the additional handout.

Commissioner Hall moved to oppose HB 2398, support SB 105, support in concept with beer and wine allocation amendments HB 3110 and support SB 238, seconded by Commissioner Tammy Baney. Motion carried. Commissioner John Lindsey opposed.

Commissioner Hall moved to support HB 2110, HB 2231 and HB 2533 with the provision that existing allocation formulas be preserved, seconded by Commissioner Baney. Motion carried. Commissioners John Lindsey, Leslie Lewis, Kathy George, Wayne Fording and Judge Gary Thompson opposed.

Commissioner Hall moved to oppose HB 3293, to support HB 3536, support SB 196 with amendment stating no unfunded mandates, support HB 3533 and support HB 3037 as long as it does not require expansion of Oregon Project Independence without additional funding, seconded by Commissioner Roberts. Motion carried.

Commission on Children and Families (CCF) Task Force Recommendations

Commissioner Baney and Commissioner Carlson provided an overview of the work of the CCF Task Force, including a handout of task force recommendations. The recommendations encompassed the governor's Early Learning plan and legislation addressing the structure of local commissions. The task force work included principles to apply when considering legislation related to the children and families commission system. It also identified strengths of the early learning plan, along with areas of concern about the plan. The Human Services Steering Committee had reviewed the task force recommendations and proposed several changes to the task force principles. The first change was to add a statement to the areas of support that AOC supports "the vision of the governor for early childhood development and school preparedness." The second change was to add a statement that AOC supports "results-based outcomes." The third change was to add a statement that AOC supports "building on existing programs, infrastructure and expertise." With regard to legislation related to the structure of local commissions, the task force had recommended taking no position on HB 3101, 3256, and HB 3570, but to "apply the principles as a lens for AOC to evaluate support or opposition to the bills or amendments." The Human Services Steering Committee endorsed the task force recommendations, with the exception of supporting HB 3570 with technical amendments. The committee also added the following statement to the list of recommendations: "Endorse the work of local commissions, their structures and the relationship and partnerships they have built. In many rural counties, local CCFs are the only entities that coordinate services for children and families."

The Human Services Committee further recommended support of HB 3102 relating to Court-Appointed Special Advocates (CASA), in concept. Judge Jeanne Burch raised concerns about how HB 3102 would affect CASA in her county and expressed support for the CASA program. President Carlson advised that HB 3102 would move funding to the judicial department. However, according to legislative staff, there is a constitutional conflict and it may be amended to move the program to the judicial branch, possibly to the public defender's office. She said the program would not change locally. Further discussion included concerns raised with CASA being administered through the public defender's office.

Commissioners Carlson and Baney expressed appreciation for the work of the CCF Task Force.

Commissioner Jay Dixon moved to adopt the report as amended by the Human Services Committee, seconded by Commissioner Fisher. Motion carried.

SB 41

Mike Eliason stated that the Governance Committee recommended opposing SB 41 and HB 3319. This is the attorney general's rewrite of the public records law. There are three main parts to the bills. The first has to do with timelines dealing with public records requests. The second

pertains to the fees that can be charged to recoup costs. The third has to do with the exemptions from disclosure that exist. Current timeline states that public bodies must respond in a reasonable amount of time. This bill states that public bodies must acknowledge the request within two business days, fulfill the request within 10 business days, with the possibility of extending for 10 days. Any further extensions would require approval from the local district attorney. Fees currently are listed as reasonable costs for copies and staff time. Proposal now would be that public body could not charge more than three times the minimum wage, roughly \$25 per hour. There are 450 exemptions in the law currently. The attorney general classified the exemptions into 10 categories and eliminated duplicate exemptions. Currently, the bill only applies to state agencies for the next two years, but would apply to local government after that time.

Commissioner Fisher moved to oppose SB 41, seconded by Commissioner Hyde. Motion carried. Commissioner John Lindsey abstained.

Updates & Discussion

Steering Committee/Legislative Committee Meeting Times

President Carlson asked for the committee members' opinions as to how the change to steering committee and legislative committee times that took place in December is working.

Commissioners George and Hall stated that there was an interest in moving Human Services back to Fridays following the Local Government Advisory Council (LGAC) meeting.

Commissioner Don Lindly asked if there was a possibility of rotating committee start times so that those traveling a long distance end up with a later driving time on occasion. President Carlson pointed out that staff has to prepare for multiple meetings, so that could conflict with staff schedules. Additionally, this could cause confusion for some members. Commissioner Stern pointed out that last month Public Safety was not able to address all the bills in two hours. The decision was made to stay with the current schedule, but committees could meet at different times if desired by members.

NACo 2011 Annual Conference

Commissioner Dianne McKeel said workshops are coming together, some with sponsorships, for the annual conference. Commissioner Hansell advised that 20 counties have made pledges to sponsor the conference. So far, the total Oregon counties have raised is \$33,000. Commissioner McKeel thanked AOC staff for their assistance. Commissioner Hyde pointed out that Oregon currently has eight resolutions before NACo membership. Commissioner Hansell said that an agricultural tour and a wind energy tour are being discussed to highlight Oregon at the conference.

Health System Transformation Team

As an introduction to the topic of health care transformation, Mark Nystrom advised that approximately 16 percent of the state General Fund goes to publicly funded health care. The governor called together the Health System Transformation Team to develop concepts for integrated health care, given the need to reduce costs in the health care system supported with federal Medicare and Medicaid funds. The team has been meeting since February 2, 2011. The team consists of 43 members and includes state representatives, senators, physicians, dentists

and Gina Nikkel, executive director of AOCMHP. There are currently no county commissioners on the team. So far, the team has discussed innovative models of integration, elements of success, setting benchmarks, and drafting and refining legislative concepts. There is a legislative concept being developed by the Oregon Health Authority. Delivery system of Medicaid and Medicare in this state will fundamentally change. The design includes discussion of Regional Health Authorities. This governance model could include county commissioners and be based on the hospital referral systems.

Under the Regional Health Authorities would be one or more Accountable Care Organizations, with Local Service Providers under them. Accountable Care Organizations would be set up under a Request for Proposals (RFP); different organizations would be invited to participate through this process. Mr. Nystrom said the flow of finances is not clear yet. The first draft of the legislative concept did not include counties in the RFP process. County commissioners would retain public and mental health authorities under the current model. The relationship counties currently have with the Mental Health Organizations (MHOs) would no longer exist. Public health has several programs that can bill Medicaid, including Babies First, school clinics, immunization and family planning. Mr. Nystrom said it is not yet clear how these funding streams will be impacted. Another proposal has Women, Infants and Children (WIC) and Babies First moving to the Early Learning Council. Under the model being currently discussed, local public health departments may have only responsibilities for the indigent population and restaurant inspections remaining.

President Carlson introduced Mike Bonetto from the Governor's Office. Mr. Bonetto distributed a document, *Health System Transformation Team: Budget & System Change Overview*. In reviewing Mr. Nystrom's evaluation of the proposed system changes, Mr. Bonetto pointed out that it is still very early in the process. He said the governor has made it clear this is an opportunity for change and improvement. Oregon has to look at transformational change now, starting with Medicaid. Long-term revenues and long-term expenditures do not add up. Mr. Bonetto said the challenge is how we deliver better value for those dollars. He added the state has to work collaboratively with counties to bring costs down. The governor has been focused on Medicare and Medicaid, as those are some of the higher-cost individuals.

Mr. Bonetto went on to state the need to create local accountability. The team is looking at deep provider cuts in the first year. The second year will focus on cost savings. This will require some federal waivers. He said there are only three ways to balance this budget in today's environment: cut benefits, cut payments or cut people. The governor is adamant that he is not going to cut people. The relationship with counties is being reviewed. The team does not want to destroy the infrastructure that counties have created. There could be more efficient ways to deliver the services. There are still two more weeks for the team to meet before its recommendation is handed to the legislature for a joint committee to consider. The Mental Health Authority issue has not yet been discussed in full length.

Commissioner Judy Shiprack had questions about the research that Mr. Bonetto provided. She said costs have gone up approximately 10 percent every year. This is a big burden on county budgets. She asked what drives these cost increases, what goes to administration, frequent flyers

and dual-diagnosed constituents. Mr. Bonetto stated that staff does have the breakdown on the Public Employees Benefit Board (PEBB) and Oregon Health Plan (OHP). The contact person is Joan Kapowich with PEBB for more details.

Mr. Wyatt pointed out that when moving to a regional structure, counties already have mental health authorities that are a good model. Additionally, on the document's bullet point about cost shifting, counties should be added. Mr. Bonetto pointed out that counties have arbitrary boundaries and that health care may not coincide.

Commissioner Rhodes stated that Curry County has a lot of success with its MHO and asked how long it will take to get the funds to the local level. He said that in a small rural community, there is no delivery of service. What works in a metro area will not work in rural communities.

Commissioner Baney used the example of Crook, Deschutes and Jefferson counties working jointly with Pacific Source. She said Pacific Source is at the table and easy to contact. She said counties need to know what the structure will look like. Mr. Bonetto answered that the governance model is still not decided. Commissioner Stern stated that there is concern that MHOs will no longer exist. Mr. Bonetto responded by drawing attention to the Central Oregon MHO which is working well. He added we have to agree that the status quo is not acceptable.

Mr. Wyatt stated that counties should be included on the governing bodies. President Carlson asked if there is no money and still the authority, why counties would accept the authority. Commissioner Stern asked if this statement would have any impact on the discussions during the next two weeks. Mr. Wyatt answered that if counties do not have the authority, they should not have the responsibility. Commissioner Baney stated that it could be a mistake to say that as counties would no longer have a voice in this issue.

Commissioner Hall said the Human Services Committee recommends this statement for AOC:

“Mental health care is best provided with local oversight and authority, and

“AOC wants to continue the advances of mental health care reform and providing treatment and diverting people from the public safety system (refer to the Legislative Committee adopted Principle and Areas of Agreement)

“If counties are not fully included in the delivery system and funding proposed by Oregon Health Authority, then counties should be relieved of all mental health and public health responsibilities under state law.”

Commissioner Hall moved to adopt this statement, seconded by Commissioner Roberts. Motion carried. Commissioners John Lindsey, Mary Stern, Tammy Baney and Ralph Wyatt opposed.

Commissioner Carlson thanked Mr. Bonetto for his presentation and noted that a group of county representatives would be meeting to continue discussions on the county role in health care transformation.

Committee and affiliate reports were delayed to the next meeting due to lack of time.

Meeting adjourned at 2:27 p.m.