

BUDGET NARRATIVE

Debt Service

Program Description

Purpose

Debt Service is the obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). Proceeds generated by COP's are used to construct and improve correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from six to twenty-six years depending on the nature and value of the project. The Department of Administrative Services Capital Investment Section provides schedules of Debt Service obligations for each sale; these are the values used to develop the budget.

How Achieved

The 2009-11 Legislatively Adopted Budget included \$135,042,223 General Fund and \$2,910,092 Other Funds for Debt Service on COP's issued to finance projects approved prior to June 30, 2009 and those sold or authorized to be sold during the 2009-11 biennium. Included are the Snake River Correctional Institution expansion, 20 local SB 1145 community construction projects authorized by the 1996 Special Session, evaluation and purchase of eight new sites to accommodate the Department's Long Range Construction Plan, construction of Two Rivers Correctional Institution, construction of the Coffee Creek Correctional Facility (women's prison and intake center), acquisition of the Central Distribution Center, three expansion projects at minimum-custody facilities, and construction of the Warner Creek Correctional Facility in Lakeview. COP's also funded environmental cleanup projects, electrical upgrades at two institutions during the 1999-2001 biennium, remodeling of the former Oregon Women's Correctional Center during the 2001-03 biennium, the 324-bed expansion of the women's Coffee Creek Correctional Facility in Wilsonville, construction of the men's Deer Ridge Correctional Institution in Madras and planning and design of the future men's institution in Junction City. The 2009-11 Budget also included Debt Service on new COP sales related to finance approved deferred maintenance projects to correct facility deficiencies in many institutions. In addition, the 2009-11 Emergency Board established \$1 Federal Funds as a placeholder for the Build America Bond repayment program.

The 2011-13 Base Budget is increased to \$143,225,678 General Fund to include all existing COP sales including the ongoing Debt Service obligations resulting from a full biennium of payments for the sales in 2011-13.

Policy Package #151, Deferred Maintenance LD Positions, requests \$350,956 General Fund Debt Service related to COP's to fund Limited Duration (LD) positions to work on deferred maintenance projects.

Policy Package #152, Continued Deferred Maintenance Funding, requests \$652,146 General Fund Debt Service related to COP's to fund the ongoing deferred maintenance projects that were approved in the 2007-09 biennium.

BUDGET NARRATIVE

Policy Package #153, Junction City Construction, requests \$2,183,558 General Fund Debt Service related to COP's for the on-going Capital Construction of the infrastructure for the minimum-custody men's facility in Junction City.

Policy Package #157, Core Staffing, requests \$363,515 General Fund Debt Service related to COP's for Construction, Accounting, and Facilities Services staff related to constructing new prisons.

Policy Package #402, Corrections Information System Replacement, requests \$464,933 General Fund Debt Service related to COP's for gap analysis, preparation for procurement of system, and implementation planning for replacement of the Department's Corrections Information System.

Agency Request Budget

Staffing

None

Revenue Source

General Fund	\$147,240,786
Federal Funds	1

Governor's Balanced Budget

Package 092 shifts \$1,262,825 from General Fund to Federal Funds to accommodate Build America Bonds anticipated to be received during 2011-13. Build America Bonds are federal funds that pay 35% of the interest cost on new debt. All of the Agency Requested policy packages that had associated Debt Service (151, 152, 153, 157, & 402) were denied during the Analyst Adjustment phase of the budget cycle.

Staffing

None

BUDGET NARRATIVE

Revenue Sources

General Fund	\$141,962,853
Federal Funds	1,262,826

STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROGRAM FOR REAL PROPERTY AND EQUIPMENT FINANCING

CERTIFICATE OF PARTICIPATION (COP) FINANCING REQUEST

Please return your response to this Survey by May 14, 2010

AGENCY: Oregon Department of Corrections

DIVISION: Capital Construction, General Services, and Central Administration

CONTACT PERSON: Nathan Allen

TITLE: Planning and Budget Administrator

ADDRESS: 2575 Center St. NE, Salem, OR 97301

TELEPHONE: 503-945-9007

ALTERNATE CONTACT: Martha McDaniel, Budget Manager 503-945-0999

REAL PROPERTY ACQUISITION OR RESTORATION FINANCING

Please specify the real property and/or construction projects which you expect to finance through any form of Financial Agreements over the next biennium beginning July 1, 2011. Please indicate the estimated amount needed for each project and when you need those funds.

REAL PROPERTY AND/OR CONSTRUCTION PROJECTS

Real property acquisitions, restoration and/or construction projects	Project Cost Estimate	2011-13 Budget Proposal (Yes or No)
Junction City Prison – Off-site Infrastructure for State Hospital & future prison (minimum facility only) – removed in Governor’s Balanced Budget	\$0	Yes
Construction Project Management for 2011-13 (core and deferred maintenance project staff) – removed in Governor’s Balanced Budget	\$0	Yes
Facility Deferred Maintenance Projects – removed in Governor’s Balanced Budget	\$0	Yes
Facility Deferred Maintenance Projects – Approved by 2007 Legislature – removed in Governor’s Balanced Budget	\$0	No

BUDGET NARRATIVE

Debt Service

092 Fund Shifts\Sweeps

Package Description

Purpose

This package shifts Debt Service funding from General Fund to Federal Funds to reflect the receipt of Build America Bonds.

How Achieved

Build America Bonds were issued by the Federal Government to pay 35% of the interest cost on new debt issued. The Federal funds DOC received were offset by a reduction to the General Fund.

Governor's Balanced Budget

Staffing Impact

None

Revenue Sources

General Fund	(\$1,262,825)
Federal Funds	1,262,825

2013-15 Fiscal Impact

This package will not affect the 2013-15 Budget. However, additional Build America Bonds are expected to be received that will continue to be offset by reductions to the General Fund.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Corrections, Dept of
Pkg: 092 - Fund Shifts/Sweeps

Cross Reference Name: Debt Service
Cross Reference Number: 29100-086-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(1,262,825)	-	-	-	-	-	(1,262,825)
Federal Funds	-	-	-	-	-	1,262,825	1,262,825
Total Revenues	(\$1,262,825)	-	-	-	-	\$1,262,825	-
Debt Service							
Principal - Bonds	-	-	-	-	-	(1)	(1)
Interest - Bonds	-	-	-	-	-	1	1
Interest - COP	(1,262,825)	-	-	-	-	1,262,825	-
Total Debt Service	(\$1,262,825)	-	-	-	-	\$1,262,825	-
Total Expenditures							
Total Expenditures	(1,262,825)	-	-	-	-	1,262,825	-
Total Expenditures	(\$1,262,825)	-	-	-	-	\$1,262,825	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

BUDGET NARRATIVE

Debt Service

151 Deferred Maintenance LD Positions

Package Description

Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from five to twenty-five years, depending on the nature and value of the project.

How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance eight Limited Duration (LD) positions. These positions are needed to support the various deferred maintenance projects of the Department of Corrections (DOC). This package is directly linked to the Capital Construction Package 151 that requests funding for the deferred maintenance LD positions.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

Agency Request Budget

Staffing Impact

None

Revenue Source

General Fund	\$350,956
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BUDGET NARRATIVE

Debt Service

152 Continued Deferred Maintenance Funding

Package Description

Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from five to twenty-five years, depending on the nature and value of the project.

How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance continued deferred maintenance projects approved by the 2007 Legislature. This package is directly linked to the Capital Construction Package 152 that requests continued funding for the deferred maintenance projects.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

Agency Request Budget

Staffing Impact

None

Revenue Source

General Fund	\$652,146
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BUDGET NARRATIVE

Debt Service

153 Junction City Construction

Package Description

Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from five to twenty-five years, depending on the nature and value of the project.

How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance new Junction City Construction projects requested for the 2011-13 biennium. This package is directly linked to the Capital Construction Package 153 that requests continued funding for the construction of the men's minimum correctional facility in Junction City.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

Agency Request Budget

Staffing Impact

None

Revenue Source

General Fund	\$2,183,558
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BUDGET NARRATIVE

Debt Service

157 Core Staffing Debt Service

Package Description

Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from five to twenty-five years, depending on the nature and value of the project.

How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance core staff related to ongoing construction projects. The staff includes New Prison Construction workers, as well as Facilities Services and Accounting staff.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

Agency Request Budget

Staffing Impact

None

Revenue Source

General Fund	\$363,515
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BUDGET NARRATIVE

Debt Service

402 Corrections Information System Replacement

Package Description

Purpose

Debt Service is the legal obligation to repay principal and interest on funds borrowed through the sale of Certificates of Participation (COP's). The proceeds generated by COP's are used to purchase equipment, construct new prisons, and improve or expand existing correctional facilities. They are also used to provide staff support for related activities including project management, community development coordination, and fiscal services support. Repayment periods range from five to twenty-five years, depending on the nature and value of the project.

How Achieved

General Fund Debt Service is requested for obligations that will arise from the sale of COP's to finance the replacement of the Corrections Information System (CIS). This package is directly linked to the General Services Division Package 402 that requests funding for the replacement of CIS.

Debt Service schedules are calculated for agencies by the Department of Administrative Services Capital Finance Section based on requested sale values, payback period, current interest rates, projected draw schedules, and general economic conditions.

Agency Request Budget

Staffing Impact

None

Revenue Source

General Fund	\$464,933
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DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Corrections, Dept of
2011-13 Biennium

Agency Number: 29100
Cross Reference Number: 29100-086-00-00-00000

<i>Source</i>	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
Other Funds						
Interest Income	332,843	2,910,092	2,910,092	-	-	-
Transfer In - Intrafund	5,560,099	-	-	-	-	-
Total Other Funds	\$5,892,942	\$2,910,092	\$2,910,092	-	-	-
Nonlimited Other Funds						
Cert of Participation	-	-	105,089,299	-	-	-
Total Nonlimited Other Funds	-	-	\$105,089,299	-	-	-
Nonlimited Federal Funds						
Federal Funds	-	-	1	1	1,262,826	-
Total Nonlimited Federal Funds	-	-	\$1	\$1	\$1,262,826	-

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

Source	Fund	ORBITS Revenue Acct	2007-2009 Actual	2009-11 Legislatively Adopted	2009-11 Estimated	2011-13		
						Agency Request	Governor's Balanced	Legislatively Adopted
Certificate of Participation	Other	0580	0	0	1,262,824	0	0	
Interest Income	Other	0605	332,843	2,910,092	2,877,118	0	0	
Movement of revenues between organizational units.	Other	1010	5,560,099	0	808,709	0	0	
Movement of revenues between organizational units.	Other	2010	0	0	(2,038,559)	0	0	
Build America Bonds	Federal	0995	0	0	0	1	1,262,826	

Program Unit Appropriated Fund Group and Category Summary
 2011-13 Biennium
 Debt Service

Version: Y - 01 - Governor's Rec. Budget
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
DEBT SERVICE (Excluding Packages)						
DEBT SERVICE						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	143,225,678	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	143,225,678	-
TOTAL DEBT SERVICE (Excluding Packages)						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	143,225,678	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	143,225,678	-
DEBT SERVICE (Current Service Level)						
General Fund	126,575,804	135,042,223	130,860,333	143,225,678	143,225,678	-
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	143,225,678	143,225,678	-
DEBT SERVICE (Policy Packages)						
PRIORITY 0						
092 FUND SHIFTS/SWEEPS						
DEBT SERVICE						
General Fund	-	-	-	-	(1,262,825)	-
PRIORITY 2						
402 CORRECTIONS INFORMATION SYSTEM REPLAC						
DEBT SERVICE						

Program Unit Appropriated Fund Group and Category Summary
 2011-13 Biennium
 Debt Service

Version: Y - 01 - Governor's Rec. Budget
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
General Fund	-	-	-	464,933	-	-
PRIORITY 5						
157 CORE STAFFING DEBT SERVICE						
DEBT SERVICE						
General Fund	-	-	-	363,515	-	-
PRIORITY 6						
153 JUNCTION CITY CONSTRUCTION						
DEBT SERVICE						
General Fund	-	-	-	2,183,558	-	-
PRIORITY 10						
151 DEFERRED MAINTENANCE LD POSITIONS						
DEBT SERVICE						
General Fund	-	-	-	350,956	-	-
PRIORITY 11						
152 CONTINUED DEFERRED MAINTENANCE FUNDIN						
DEBT SERVICE						
General Fund	-	-	-	652,146	-	-
TOTAL DEBT SERVICE (Policy Packages)						
General Fund	-	-	-	4,015,108	(1,262,825)	-
TOTAL DEBT SERVICE (Including Packages)						
General Fund	126,575,804	135,042,223	130,860,333	147,240,786	141,962,853	-

____ Agency Request
 2011-13 Biennium

____ Governor's Recommended
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____ Legislatively Adopted
 Program Unit Appropriated Fund and Category Summary- BPR007A

Program Unit Appropriated Fund Group and Category Summary
 2011-13 Biennium
 Debt Service

Version: Y - 01 - Governor's Rec. Budget
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
Other Funds	3,549,487	2,910,092	2,910,092	-	-	-
All Funds	130,125,291	137,952,315	133,770,425	147,240,786	141,962,853	-
DEBT SERVICE NONLIMITED (Excluding Packages)						
DEBT SERVICE						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	1	-
All Funds	-	-	105,089,300	1	1	-
TOTAL DEBT SERVICE NONLIMITED (Excluding Pac						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	1	-
All Funds	-	-	105,089,300	1	1	-
DEBT SERVICE NONLIMITED (Current Service Level)						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	1	-
All Funds	-	-	105,089,300	1	1	-
DEBT SERVICE NONLIMITED (Policy Packages)						
PRIORITY 0						
092 FUND SHIFTS/SWEEPS						
DEBT SERVICE						
Federal Funds	-	-	-	-	1,262,825	-
TOTAL DEBT SERVICE NONLIMITED (Policy Packag						

Program Unit Appropriated Fund Group and Category Summary
 2011-13 Biennium
 Debt Service

Version: Y - 01 - Governor's Rec. Budget
 Cross Reference Number: 29100-086-00-00-00000

Description	2007-09 Actuals	2009-11 Leg Adopted Budget	2009-11 Leg Approved Budget	2011-13 Agency Request Budget	2011-13 Governor's Rec. Budget	2011-13 Leg Adopted Budget
Federal Funds	-	-	-	-	1,262,825	-
TOTAL DEBT SERVICE NONLIMITED (Including Pack						
Other Funds	-	-	105,089,299	-	-	-
Federal Funds	-	-	1	1	1,262,826	-
All Funds	-	-	105,089,300	1	1,262,826	-
TOTAL BUDGET						
General Fund	126,575,804	135,042,223	130,860,333	147,240,786	141,962,853	-
Other Funds	3,549,487	2,910,092	107,999,391	-	-	-
Federal Funds	-	-	1	1	1,262,826	-
All Funds	130,125,291	137,952,315	238,859,725	147,240,787	143,225,679	-

BUDGET NARRATIVE

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