

# Oregon Housing and Community Services



What We Do  
Matters!

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Margaret S. Van Vliet, Director

October 21, 2011

To: Employees and Partners of Oregon Housing and Community Services

From: Margaret S. Van Vliet, Director

Re: Preparing budget reduction options

Thank you all for the warm welcome as the new director of Oregon Housing and Community Services. Although these are very challenging times for those of us working to alleviate poverty, I truly look forward to working with all of our wonderful partners across Oregon to create housing opportunities and help people thrive. And I am humbled by the opportunity to work alongside the fantastic staff team at our agency.

Unfortunately my first communication to the OHCS network includes unpleasant, but important, information.

Recently, the Legislative Fiscal Office requested that all state agencies that receive General Fund and Lottery funds prepare reduction scenarios and impacts before the 2012 supplemental session. Each agency must prepare 10.5 percent reductions to its General Fund and Lottery funds. LFO asked all agencies to plan these reductions in increments of 3.5 percent.

As many of you may recall, the Legislature already planned the first 3.5 percent as a holdback in the 2011-13 Legislative Adopted Budget called the “supplemental ending balance adjustment.” Legislative leaders had hoped the economy would improve and allow them to restore that initial holdback. Unfortunately, the outlook is dimmer than they wanted. The economy remains weak, and revenue projections are moving the wrong direction. Leaders at the state capitol are prudently preparing for some difficult conversations about how to balance the budget during the February 2012 session.

OHCS has four General Fund appropriations supporting three program areas: homelessness, food and rental assistance. They are: General Fund Food (GFFP), Emergency Housing Assistance (EHA), State Homeless Assistance Program (SHAP) and the Low Income Rental Housing Fund (LIRHF). LIRHF had previously relied on court filing fees, and became a General Fund-supported program at the beginning of the biennium.

The Legislature allocates Lottery funds to OHCS for debt service on both past and future lottery-backed bonds, as well as for the cost of issuing those bonds. OHCS uses the bond financing for preservation of federally subsidized housing, housing for people experiencing homelessness, and community development projects. The Legislature designates the majority of our Lottery Funds allocation for debt service on bonds issued in previous biennia. OHCS, if required to meet the 10.5 percent target in our Lottery funds budget, will need to take deeper cuts to its General Fund programs to achieve the 10.5 percent target.

Based on these parameters, OHCS developed the following budget reduction scenarios for 2011-13:

<b>FIRST INCREMENT TARGET *</b>	<b>General Fund</b>	<b>Lottery Funds</b>	<b>General Fund (related to Lottery funds)</b>	<b>Total</b>
<b>Homeless Programs – EHA</b>	\$164,303	\$0	\$40,154	\$204,457
<b>Homeless Programs – SHAP</b>	\$93,348	\$0	\$22,813	\$116,161
<b>Food Assistance Program – GFFP</b>	\$75,956	\$0	\$18,563	\$94,519
<b>Rental Assistance Programs – LIRHF</b>	\$0	\$0	\$4,020	\$4,020
<b>Housing Development Programs – Preservation Initiative</b>	\$0	\$323,486	\$0	\$323,486
<b>TOTAL REDUCTION (3.5 percent)</b>	<b>\$333,607</b>	<b>\$323,486</b>	<b>\$85,550</b>	<b>\$742,643</b>
<b>SECOND INCREMENT TARGET</b>				
<b>Homeless Programs – EHA</b>	\$170,274	\$0	\$177,516	\$347,790
<b>Homeless Programs – SHAP</b>	\$96,896	\$0	\$101,018	\$197,914
<b>Food Assistance Program – GFFP</b>	\$78,716	\$0	\$82,064	\$160,780
<b>Rental Assistance Programs – LIRHF</b>	\$16,450	\$0	\$17,150	\$33,600
<b>Housing Development Programs – Preservation Initiative</b>	\$0	\$0	\$0	\$0
<b>TOTAL REDUCTION (7.5 percent)</b>	<b>\$362,336</b>	<b>\$0</b>	<b>\$377,748</b>	<b>\$740,084</b>
<b>THIRD INCREMENT TARGET</b>				
<b>Homeless Programs – EHA</b>	\$170,274	\$0	\$177,516	\$347,790
<b>Homeless Programs – SHAP</b>	\$96,896	\$0	\$101,018	\$197,914
<b>Food Assistance Program – GFFP</b>	\$78,716	\$0	\$82,064	\$160,780
<b>Rental Assistance Programs – LIRHF</b>	\$16,450	\$0	\$17,150	\$33,600
<b>Housing Development Programs – Preservation Initiative</b>	\$0	\$0	\$0	\$0
<b>TOTAL REDUCTION (10.5 percent)</b>	<b>\$362,336</b>	<b>\$0</b>	<b>\$377,748</b>	<b>\$740,084</b>

\*The first increment target is represented in the OHCS Legislative Adoptive Budget as supplemental ending balance adjustment.

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If OHCS implements these reductions, each program would have the following funding:

	(Beginning) 2011-13 Budget	After first increment	After second increment	After third increment
<b>Homeless Programs – EHA</b>	\$4,864,972	\$4,660,515	\$4,312,725	\$3,964,935
<b>Homeless Programs – SHAP</b>	\$2,768,467	\$2,652,306	\$2,454,392	\$2,256,478
<b>Food Assistance Program – GFFP</b>	\$2,249,023	\$2,154,504	\$1,993,724	\$1,832,944
<b>Rental Assistance Programs – LIRHF</b>	\$470,000	\$465,980	\$432,380	\$398,780
<b>Housing Development Programs – Preservation Initiative</b>	\$10,792,803	\$10,469,317	\$10,469,317	\$10,469,317

*The Beginning 2011-13 appropriations do not include the supplemental ending balance adjustment. The first increment represents balances after implementation of the supplemental ending balance adjustment.*

Each of these programs serves Oregon's most vulnerable populations – people experiencing hunger and homelessness and those with very low incomes. The department is currently working on detailed program impacts so that policy makers understand the local effect of the reductions.

The ultimate decision lies in the hands of the Legislature. It's very important for all of us in the housing and community services network to provide policymakers the information they need to make the tough decisions that lie ahead.

Please feel free to contact Rick Crager at (503) 986-2005 if you have questions.

Thank you for your commitment and support for Oregon's most vulnerable residents. I look forward to working alongside you so that we emerge from these difficult times stronger and more resilient.

Sincerely,

Margaret S. Van Vliet, Director  
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