



Implications for State Budgeting

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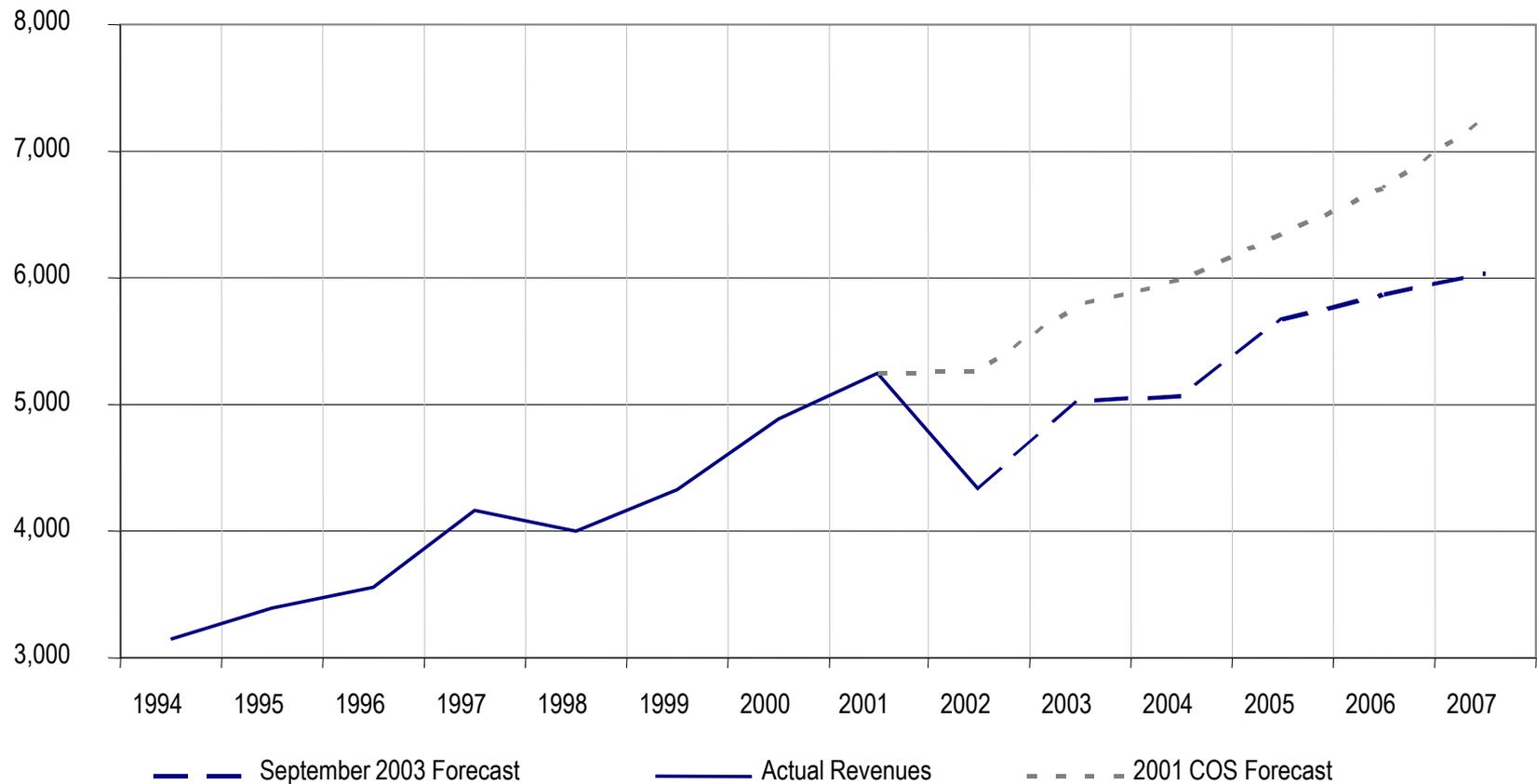


1990's: State enjoyed huge economic growth and diversification

- Total gross state product increased by 98% from 1991-2001.
- High-tech industry growth.
- Population growth – 11th fastest growing state.
- Personal income grew at annual rate of 5.6%, exceeding the nation.
- Exports increased by an annual rate of 5.8%.
- State General Fund grew from \$4,804.6 million in 1989-91 to \$11,490.0 million in 2003-05 – dollars primarily went to K-12, Oregon Health Plan, and Public Safety.



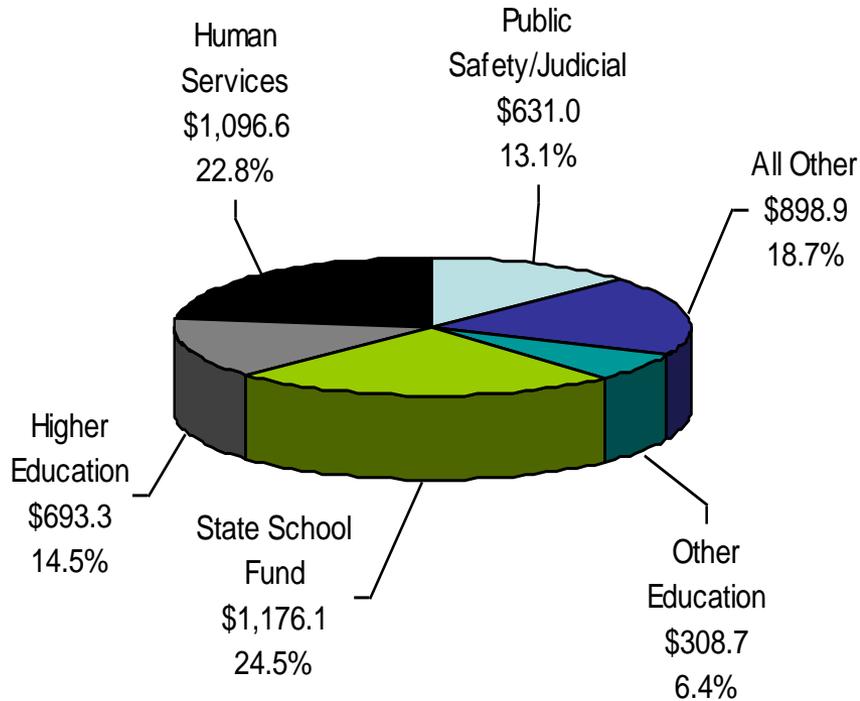
General Fund Forecast Comparison Fiscal Years, in Millions



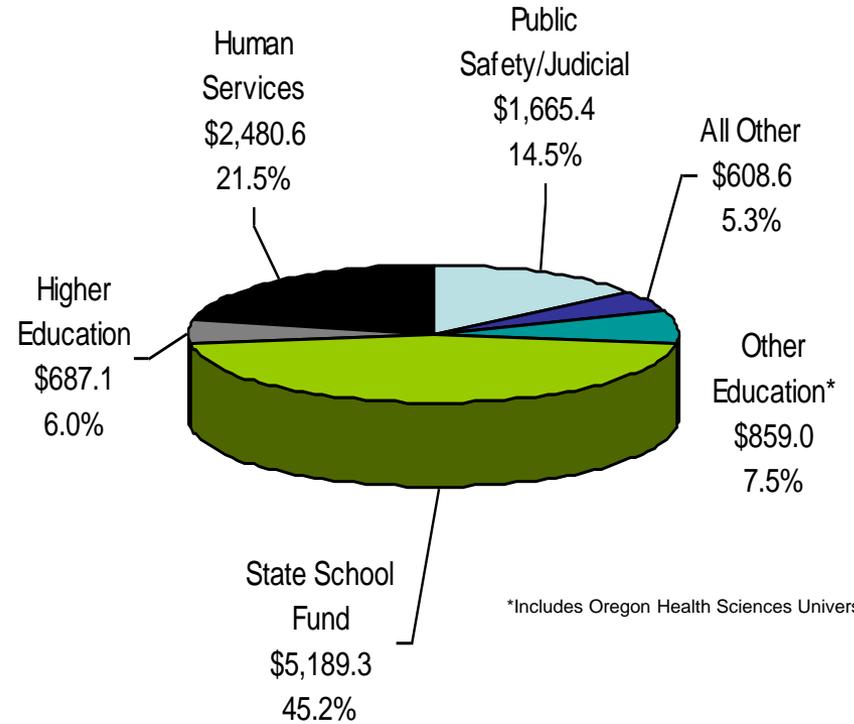


Changes in state funding 1989-91 to 2003-05 General Fund and Lottery Funds Budget

**1989-91
Expenditures
Total: \$4,804.6 Million**



**2003-05
Expenditures
Total: \$11,490.0 Million**



*Includes Oregon Health Sciences University



Public Employee Retirement System (2001)

- Active (contributing) members: 160,000
- Retired members: 85,000
- Average Replacement Ratio: between 85 and 90 percent of final average salary for those retiring with 30 years of service.
- 2001 Funded Status: 86.7 percent
- Unfunded Actuarial Liability: \$5.6 billion
- Projected changes in employer rates were significant
 - 1995-97: 15.0 percent of salaries
 - 1997-99: 14.7 percent of salaries
 - 1999-2001: 16.3 percent of salaries
 - 2001-03: 16.1 percent of salaries
 - 2003-05 (projected): 24.7 percent of salaries
- Led to a series of Judicial and Legislative reforms



Public Employee Retirement System 2003 Reforms

- Reduced employer rates to 10.7 percent of salaries.
 - Reduced rates of accumulation
 - Pension bonds: \$2.1 billion
 - 2002 Funded Status: 96.4 percent
 - Unfunded Actuarial Liability: \$1.4 billion
- Multiple lawsuits with state employee groups

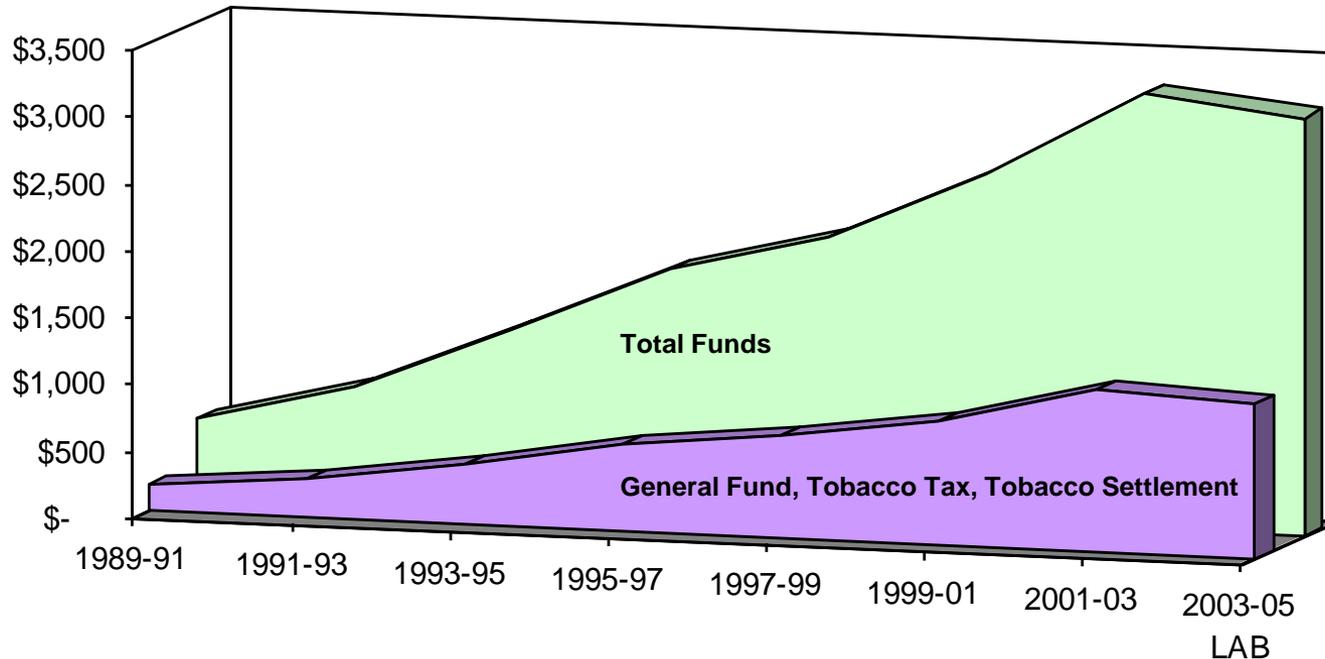


Policy Decisions

- **Oregon Health Plan (OHP)**

The Office of Medical Assistance Programs budget has increased significantly since 1989-91. The General Fund and tobacco funded portion has increased from approximately \$201 million to \$1.21 billion.

OMAP (OHP Included) Growth by Fund
in millions





Long Term Care Caseload as a percentage of the 75+ population

