

PRELIMINARY DISCUSSION DRAFT

Measure Number: IP 1

Subject: Amends Constitution: Prohibits spending "public funds" (defined) directly/indirectly for "abortion" (defined); exceptions; reduces abortion access

Government Unit Affected: State and local government

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Comments

Initiative Petition 1 amends the Oregon Constitution by prohibiting the expenditure of public funds on abortions, except for those deemed to be medically necessary, required by the federal government, or to terminate a clinically diagnosed ectopic pregnancy. The initiative defines *public funds* as “funds and moneys under the control or in the custody of the State of Oregon or any of its political subdivisions or public officials.” In accordance with written input provided by the Oregon Department of Justice in response to public comments, this definition could be interpreted to affect the ability of any public entity, not only state government, to spend public funds for abortions.

State law currently requires health benefit plans offered in the state—with certain exclusions—to cover various reproductive health care services, including abortions. Approval of the measure will therefore directly impact all health benefit plans that cover the cost of abortions offered by public entities. The measure will also impact other publically funded programs that might not be considered a health benefit plan according to statutory definitions, but which spend public funds to support the cost of abortions.

This analysis considers three primary elements when determining the direct fiscal and financial impacts of the measure: 1) the estimated reduction in public fund expenditures for abortions that are not considered exempt under the measure; 2) the estimated increase in public fund expenditures resulting from increased utilization of other publically funded services based on increased births due to the elimination of public fund support for abortions; and 3) the estimated change in public fund revenue. There may also be other indirect impacts of the measure that cannot be quantified at this time.

State Government

The measure is anticipated to result in a net annual expenditure increase of \$19.3 million in public funds administered by state government. The estimated impact is based on reduced expenditures totaling \$2.9 million due to the prohibition of spending public funds on abortions; and increased expenditures totaling \$22.2 million resulting from increased

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utilization of other state government programs due to an estimated increase in births. The measure is also expected to increase federal revenue received by state government to support the increased utilization of these state services by \$14.5 million.

Reduced expenditures: There are four programs administered by state government that are expected to be immediately impacted if voters approve the measure:

- 1) The Oregon Health Plan (OHP), which provides health care services to low-income adults and children;
- 2) Funding for reproductive health services covered by the state Reproductive Health Equity Act (RHEA) of 2017;
- 3) The Public Employees' Benefit Board (PEBB), which contracts for and administers health care benefits for eligible state and university employees; and
- 4) The Oregon Educators Benefit Board (OEBB), which administers health care benefits for most of Oregon's school districts, education service districts, and community colleges, as well as some charter schools and local governments.

Based on recent trends, the anticipated average annual expenditures by these programs for abortions not considered exempt under the initiative is approximately \$2.9 million, as summarized in the following table:

Program	Estimated Annual Expenditures
Oregon Health Plan	\$2,300,000
Reproductive Health Equity Act	\$507,000
Public Employees' Benefit Board	\$29,000
Oregon Educators Benefit Board	\$76,000
Total Estimated Annual Expenditures	\$2,912,000

Increased expenditures: Adoption of the measure is expected to result in an increase in births due to the unavailability of public funds to support the cost of abortions. To the extent the increase in births are from mothers who meet the income eligibility criteria for OHP and RHEA services, these additional births would directly increase expenditures from other publically funded services provided to low-income individuals. The income levels of PEBB and OEBB members who receive abortions are unknown and not assumed to be eligible for the same public assistance benefits available to OHP and RHEA participants.

Consistent with the estimated annual expenditures on abortions described in the previous section, OHP and the RHEA are expected to support the costs of approximately 5,000 non-exempt abortions each year. Based on a literature review of 38 U.S. studies on the effect of

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federal and state restrictions on publically funded abortions, the Guttmacher Institute concluded when public funds are restricted for supporting abortion services for women eligible for these programs, an estimated 25 percent of the women carry their pregnancy to term instead of having an abortion funded through other means. When applying this estimate, approximately 1,250 additional births would occur each year from low-income women if public funds are prohibited from supporting abortions in Oregon. These births would result in an estimated annual increase of \$22.2 million because of increased utilization of the following publically funded services:

- 1) Delivery of the births and one year of infant health care funded under OHP and the Citizen Alien Waived Emergency Medical (CAWEM) program at a total estimated annual cost of \$21 million; and
- 2) Supplemental food, nutrition, and health care provided to infants and their mothers under the Women, Infants, and Children (WIC) program at a total estimated annual cost of \$1.2 million.

Although the caseload for these programs can fluctuate over time as participants' income levels increase or decrease, the annual number of participants and corresponding \$22.2 million in costs is assumed to represent an average annual cost, all else being equal. Other programs for low-income individuals, such as Temporary Assistance for Needy Families and the Supplemental Nutrition Assistance Program, could also experience increased expenditures. However, these potential costs are more difficult to estimate given different income eligibility thresholds and unavailability of data to estimate with confidence how additional births from low-income mothers would impact these services.

Revenue Impact: The measure is expected to result in an increase of \$14.5 million in federal revenue received by the state to support the estimated increase in expenditures for the OHP, CAWEM, and WIC caseloads. For OHP and CAWEM, this represents an increase of \$13.3 million in federal revenue based on the current federal match rate of 63.33 percent available to support the \$21 million in additional costs for the impacted caseload populations. For WIC, this represents an increase of \$1.2 million to support the entire increase in caseload for that program, as all of this caseload cost increase is eligible for full federal funding. The total estimated increase in federal revenue to support the additional cost of services is not offset by a decrease in federal revenue resulting from decreased expenditures on abortions if the measure passes. This is because federal law precludes the use of federal funds to support the type of abortions not exempt under the measure.

Local Government

The impact of the measure on local government is indeterminate. The prohibition on the use of public funds for abortions presumably would decrease local government expenditures. Likewise, a corresponding increase in births could impact the cost of services provided by local units of government or potentially those provided by state government. These variables are not known at this time.

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Fiscal Impact Summary

Executive Branch Assumptions: The fiscal impact of Initiative Petition 1 is anticipated to result in a direct net annual cost increase of \$19.3 million in public funds administered by state government based on two factors: 1) an estimated decrease in state government expenditures of \$2.9 million resulting from the measure's prohibition on spending public funds for abortions; and 2) an estimated increase of \$22.2 million in state government expenditures resulting from an estimated increase in births which would receive health care and other benefits through state government programs.

Local Government Assumptions: The fiscal impact on local government is indeterminate.

Estimate of Financial Impact

Initiative Petition 1 amends the Oregon Constitution by prohibiting the expenditure of public funds on abortions, except for those deemed to be medically necessary, required by the federal government, or to terminate a clinically diagnosed ectopic pregnancy.

The financial impact of the initiative is anticipated to result in a net annual expenditure increase of \$19.3 million in public funds administered by state government. This increase is based on two factors: 1) an estimated decrease in state government expenditures of \$2.9 million resulting from the prohibition on spending public funds for abortions not exempted under the measure; and 2) an estimated increase of \$22.2 million in state government expenditures resulting from an estimated increase in births and corresponding utilization of health care, food, and nutrition services provided by state government programs. The net expenditure increase of \$19.3 million represents the estimated impact for the first year of the measure and would be a recurring expense each year thereafter at a level dependent on program caseloads and cost of providing services.

The initiative is also expected to increase annual federal revenue received by state government by \$14.5 million to support the additional health care, food, and nutrition services. As with the estimated net increase in state government expenditures, the increase in federal revenue represents the estimated impact during the first year of the initiative and would recur each year thereafter at a level dependent on program caseloads and cost of providing state government services.

The financial impact on local government is indeterminate.