

**74<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5002-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Clem  
Carrier – Senate: Sen. Nelson**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 18 – 1 – 2

House – Yeas: D. Edwards, Galizio, Garrard, Jenson, Nathanson, Nolan, Shields

– Nays: Morgan

– Exc: Hanna

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Nelson, Schrader, Verger, Westlund, Whitsett, Winters

– Nays:

– Exc: Morse

**Prepared By:** Satish Upadhyay, Department of Administrative Services

**Reviewed By:** Paul Siebert, Legislative Fiscal Office

**Meeting Date:** 5/25/07

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**Agency**

Department of Agriculture

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**Biennium**

2007-09

2005-07

**Senators:** Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,  
Schrader, Verger, Westlund, Whitsett, Winters

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Senator Kurt Schrader, Co-Chair

**Representatives:** D. Edwards, Galizio, Garrard, Hanna, Jenson,  
Morgan, Nathanson, Nolan, Shields

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Representative Mary Nolan, Co-Chair

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Senator Richard Devlin, Natural Resources Subcommittee Chair

## Budget Summary\*

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
General Fund	\$ 14,838,124	\$ 18,820,314	\$ 16,519,662	\$ -2,300,652	-12.2%
Lottery Funds	11,508,206	12,790,339	10,195,982	-2,594,357	-20.3%
Other Funds	48,752,017	48,770,535	47,987,528	-783,007	-1.6%
Federal Funds	7,439,425	4,527,315	6,302,165	+1,774,850	+39.2%
Total	\$ 82,537,772	\$ 84,908,503	\$ 81,005,337	\$ -3,903,166	-4.6%

## Position Summary

Authorized Positions	522	531	527	-4
Full-time Equivalent (FTE) Positions	369.69	379.05	375.05	-4.00

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## 2005-07 Supplemental Appropriation

Federal Funds	\$	\$	\$ 453,189	\$ +453,189
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## Summary of Revenue Changes

The Department of Agriculture is supported with General Fund, Lottery Funds, Other Funds, and Federal Funds. General Fund comprises 20 percent of the budget approved by the Subcommittee. Lottery Funds, at about 13 percent, support Oregon Plan activities and county fair administration. The largest revenue component is Other Funds, supporting about 59 percent of the agency's budget. Sources include fees for licenses, registrations, inspections, certifications, and reimbursements under federal service contracts. The Subcommittee approved fee increases for the Livestock Identification Program, Weights and Measures Program, Pesticides Program, and the Shipping Point Program. The U.S. Department of Agriculture and other federal agencies provide the remaining eight percent of agency revenue. The Subcommittee approved House Bill 5003, which ratifies fees the agency increased by administrative rule during the 2005-07 biennium.

## **Summary of Subcommittee Action**

The Department of Agriculture ensures food safety, provides consumer protection, protects natural resources, and promotes agricultural economic development. For budget purposes, the Department's activities are grouped into four program units: Administration and Support Services, Food Safety Policy Area, Natural Resources Policy Area, and Agricultural Development and Marketing. The Subcommittee approved an agency total funds budget of \$81,005,337 and 375.05 full-time equivalent positions. This is about a 1.9 percent decrease from the 2005-07 Legislatively Approved Budget and 0.3 percent decrease from the 2007-09 Essential Budget Level.

### **Administration and Support Services**

The Administration and Support Services provides policy direction and support functions for the agency, including financial management, development and maintenance of information systems, public information, personnel, purchasing, facilities management, fleet operations and farm mediation. The Subcommittee approved a budget of \$1,687,613 General Fund, \$6,587,619 Other Funds, and 41.00 full-time equivalent positions.

The Subcommittee approved Package 802 – Ways and Means Co-Chair 2% Reprioritization. This package reduces the services and supplies budget by \$6,076 General Fund for efficiency savings as part of the two percent reprioritization directive. These reductions are not to be taken from fixed accounts or special payments.

### **Food Safety Policy Area**

The Food Safety Policy Area protects the food supply, keeps livestock healthy, and ensures measurement device accuracy. It also maintains fertilizer and pesticide standards. Activities include inspecting food facilities, performing laboratory tests, checking scales, and recording livestock brands. The Subcommittee approved a budget of \$6,778,530 General Fund, \$18,550,269 Other Funds, \$343,761 Federal Funds, and 122.71 full-time equivalent positions.

The Subcommittee approved Package 070 – Revenue Shortfalls. This package reduces \$2,708,057 Other Funds expenditure limitation and eliminates 34 permanent positions (22.25 full-time equivalent) to match revenue available under current law in the Livestock Identification Program and the Weights and Measures Program. These reductions are restored through proposed fee increases in Packages 200 and 201.

The Subcommittee approved Package 200 – Livestock Fee Increase. This package restores the Essential Budget Level funding for the Livestock Identification Program reduced in Package 070 by providing \$1,200,070 Other Funds expenditure limitation and restoring 23 permanent positions (11.80 full-time equivalent). The package assumes passage of Senate Bill 236 which increases fees in the Livestock Identification Program to fund this package.

The Subcommittee approved Package 201 – Weights & Measures Fee Increase. This package restores the Essential Budget Level funding for the Weights and Measures Program reduced in Package 070 by providing \$1,507,987 Other Funds expenditure limitation and restoring 11 permanent positions (10.45 full-time equivalent). The package assumes passage of Senate Bill 238 which increases maximum weighing and measuring device license fees to fund this package.

The Subcommittee approved Package 802 – Ways and Means Co-Chair 2% Reprioritization. This package reduces the services and supplies budget by \$65,182 General Fund for efficiency savings as part of the two percent reprioritization directive. These reductions are not to be taken from fixed accounts or special payments.

### Natural Resources Policy Area

The Natural Resources Policy Area conserves, protects, and develops natural resources. Employees inspect and certify nursery stock, Christmas trees, and seed crops toward controlling and excluding foreign pests and plant diseases. Under the Oregon Plan, the program activities help to restore and enhance salmon/steelhead populations and watersheds and implement agricultural water quality plans. The Subcommittee approved a budget of \$5,068,725 General Fund, \$10,160,792 Lottery Funds, \$13,077,983 Other Funds, \$5,795,834 Federal Funds, and 139.02 full-time equivalent positions.

The Subcommittee approved Package 070 – Revenue Shortfalls. This package reduces \$1,075,779 Other Funds expenditure limitation to match revenue available under current law in the Pesticides and Fertilizer Programs. The Pesticides Program reductions are partially restored through fee increases in Package 300.

The Subcommittee approved Package 090 – Analyst Adjustment. This package reduces \$247,041 Lottery Funds from funding provided to Soil and Water Conservation Districts (SWCD) for program support in order to maintain parity with the funding provided to Watershed Councils through the Oregon Watershed and Enhancement Board. Package 807 makes further adjustments to the funding provided to the Soil and Water Conservation Districts.

The Subcommittee approved Package 300 – Pesticides Fee Increase. This package partially restores the funding for the Pesticides Program reduced in Package No. 070 by providing \$412,000 Other Funds expenditure limitation. The package will enable the program to continue providing the same level of services it provided in the previous biennium. This package assumes passage of Senate Bill 237, which increases the maximum fee amounts authorized to be imposed for the Pesticides Program in order to fund the package.

The Subcommittee approved Package 307 – State Invasive Species Coordinator, as modified. This package provides \$70,873 Lottery Funds (Measure 66 - Operations) to provide support to the Oregon Invasive Species Council. The funds would be used to contract for a person to serve as the Council's administrator and spokesperson.

The Subcommittee approved Package 310 – Sudden Oak Death (*P. ramorum*), as modified. This package provides \$1,603,703 Federal Funds and adds four seasonal positions (5.21 full-time equivalent) to support the Sudden Oak Death certification program. Since 2005, the United States Department of Agriculture has required all nurseries exporting plants from Oregon to have the plants inspected, tested, and certified as free from

Sudden Oak Death disease. The Subcommittee modified the package by replacing the Other Funds expenditure limitation with federal dollars as the agency has recently learned that additional federal dollars will be available to support the state's efforts to control Sudden Oak Death disease.

The Subcommittee approved Package 312 – Noxious Weed Control. This package provides \$1,200,000 Lottery Funds (Measure 66 – Capital) and establishes one permanent, full-time Program Analyst 1 (1.00 full-time equivalent) to increase support for the Noxious Weed Control program. \$1,000,000 would be used for grants to the Oregon State Weed Board that would fund an estimated 40 additional noxious weed projects. The position would monitor funded projects to ensure they are complying with the terms of the grant, document project successes, and develop best practices to help guide future treatment projects.

The Subcommittee approved Package 802 – Ways and Means Co-Chair 2% Reprioritization. This package reduces the services and supplies budget by \$29,743 General Fund for efficiency savings as part of the two percent reprioritization directive. These reductions are not to be taken from fixed accounts or special payments.

The Subcommittee approved Package 807 – Soil & Water Conservation Districts Support. This package makes a reduction of \$1,967,233 General Fund and \$1,465,960 Lottery Funds (Measure 66 – Operations) to transfer special payments used to support Soil and Water Conservation Districts (SWCD) from the Department of Agriculture to the Oregon Watershed Enhancement Board (OWEB). The final payments to SWCDs will be increased to \$5,000,000, as will those to Watershed Councils. Payments will be divided among the districts using the same methodology as they had in the past. All SWCD support positions will remain with the Department of Agriculture and the Department will still review and approve the districts' work plans as they have in the past. Moving payments to OWEB will allow the amounts and types of funding support to be coordinated with funding of councils. The Subcommittee also approved the following budget note relating to the transfer:

### **Budget Note**

Funding for special payments used to support Soil and Water Conservation District (SWCD) operations are transferred from the Department of Agriculture (ODA) to the Oregon Watershed Enhancement Board (OWEB). Total special payments being added to the OWEB budget to support base operations of SWCDs will be increased by almost \$1.7 million over the Governor's budget, to \$5 million for the 2007-09 biennium. Payments to support Watershed Councils' base operations will likewise be increased to \$5 million total in the OWEB budget. Special payments to SWCDs are to be divided among Districts using the same methodology as they had in the past. All SWCD support positions will remain in ODA. ODA will enter into an Intergovernmental Agreement with OWEB so that the Department of Agriculture continues to review and approve District's work plans, gauge progress on the work plans, notify OWEB if payments should be approved based on work progress, and oversee payment accountability, along with all other oversight functions ODA has performed in the past. Moving the special payments funding into the OWEB budget will allow the amounts and types of funding for Districts support to be coordinated with funding for Councils to ensure funding parity. This change should address problems faced by SWCDs in recent biennia of having unequal payments compared to Watershed Councils and the transfer is anticipated to result in better coordination between Watershed Councils and Soil and Water Conservation Districts.

The Subcommittee approved Package 808 – CAFO Fund Shift. This package replaces \$1,199,270 Lottery Funds (Measure 66 –Operations) with \$1,199,270 General Fund to reverse a funding shift completed during previous biennia of monies used to support the Confined Animal Feeding Operations (CAFO) regulatory program. These shifts were completed to make General Fund available for other statewide priorities. This change would return program support to the General Fund. The shifted Lottery Funds will be used instead to fund the Oregon Department of Fish and Wildlife Oregon Plan related activities.

### Agricultural Development and Marketing

Agricultural Development and Marketing program staff work with the agricultural industry to increase sales of Oregon products in the United States and abroad. The Subcommittee approved a budget of \$2,984,794 General Fund, \$35,190 Lottery Funds (General Purpose), \$9,771,657 Other Funds, \$162,570 Federal Funds, and 72.32 full-time equivalent positions.

The Subcommittee approved Package 070 – Revenue Shortfalls. This package reduces \$165,889 Other Funds expenditure limitation and eliminates nine positions (2.13 full-time equivalent) to match revenue available under current law in the Shipping Point Programs. Package 400 restores these reductions and sustains inspection services.

The Subcommittee approved Package 400 – Shipping Point Fee Increase. This package provides \$1,153,093 Other Funds expenditure limitation and establishes 13 positions (6.13 full-time equivalent) to stabilize funding and restore the Essential Budget Level for the Shipping Point Program reduced in Package No. 070. Program staff conducts shipping point inspection of fresh fruit and vegetables, official seed sampling for testing to meet foreign and domestic requirements, and programs to ensure the proper labeling of seed and produce. Of the total increase, \$658,136 Other Funds expenditure limitation is added on a one-time basis for reclassifications to implement staffing changes related to migration of the program away from the agency doing the inspections to an oversight and audit role monitoring producer employee inspections.

The Subcommittee approved Package 401 – Renewable Energy, as modified. This package provides \$470,000 General Fund to create incentives for development of renewable energy sources. The Subcommittee modified the package by approving the establishment of one permanent, full-time Operations and Policy Analyst 3 position (1.00 full-time equivalent) by shifting \$139,675 from Professional Services to Personal Services.

The Subcommittee approved Package 802 – Ways and Means Co-Chair 2% Reprioritization. This package reduces the services and supplies budget by \$48,999 General Fund for efficiency savings as part of the two percent reprioritization directive. These reductions are not to be taken from fixed accounts or special payments.

The Subcommittee approved Package 811 – Farm to School. This package provides \$150,000 General Fund and establishes one permanent, full-time Project Coordinator position (1.00 full-time equivalent) to link local agricultural producers with school food purchasers with the goal of increasing the amount of locally produced agricultural products consumed by school children. This position was added to implement a Farm to School program. The Committee made clear its intention that the position not be used to staff other activities such as a proposed Food Policy Council.

## **2005-07 Supplemental Appropriation**

The Subcommittee approved the removal of \$280,196 Federal Funds expenditure limitation from the 2005-07 budget that the Food Safety Policy Area no longer needs.

The Subcommittee approved an increase of \$733,385 Federal Funds expenditure limitation to the Natural Resource Policy Area's 2005-07 budget due to the availability of additional federal dollars for the Plant Health, Intake Pest Prevention Management, Weed, Plant Conservation, and Pesticides programs.

## **Summary of Performance Measure Action**

See attached Legislatively Adopted 2007-09 Key Performance Measures form.