

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5542-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 20 – 0 – 1

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

– Nays:

– Exc:

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

– Nays:

– Exc: Winters

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: 6/1/07

Agency

Oregon Watershed Enhancement Board

Budget Page

F-32

LFO Analysis Page

337

Biennium

2007-09

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

Senator Kurt Schrader, Co-Chair

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

Representative Mary Nolan, Co-Chair

Senator Richard Devlin, Natural Resources Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Change from Governor's Budget
Lottery Funds	10,333,961	17,247,355	25,173,471	+7,926,116	+46.0%
Other Funds	2,283,412	2,194,862	2,094,862	-100,000	-4.6%
Federal Funds	34,450,279	25,917,918	21,948,668	-3,969,250	-15.3%
Total	\$ 47,067,652	\$ 45,360,135	\$ 49,217,001	\$ +3,856,866	+8.5%

Position Summary

Authorized Positions	27	28	30	+2
Full-time Equivalent (FTE) Positions	26.38	28.00	30.00	+2.00

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

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Updated estimates of Measure 66 Lottery Funds revenue for the 2005-07 biennium resulted in increased beginning balance expectations for the 2007-09 biennium. These adjustments provide an overall increase in available beginning balances of about 12 percent. Also, updated Lottery revenue forecast figures for the 2007-09 biennium show an increase of 6 percent each for operations and capital Lottery Funds, and 26 percent for operations and capital Research and Development Funds.

Federal Pacific Coastal Salmon Recovery Funds (PCSRF) estimates were also adjusted to account for two Federal Fiscal years of grants. The 2006 grant of \$6.5 million was used to estimate revenues for the biennium.

Summary of Subcommittee Action

The Oregon Watershed Enhancement Board promotes and implements programs that restore, maintain, and enhance Oregon watersheds in order to protect the economic and social well being of the state and its citizens. The Subcommittee approved a total funds budget of \$49,217,001 and 30.00 full-time equivalent positions.

Operations

This program includes planning, coordination, assessment, implementation activities, monitoring activities, education efforts, agreements with willing landowners for land interests, and expenses of the Independent Multidisciplinary Science Team. The Subcommittee approved a total funds budget of \$41,223,603 and 30.00 full-time equivalent positions. The subcommittee approved package 070: Revenue Shortfalls, which results from a reduction in salmon license plate revenue transferred from the Oregon Department of Transportation.

The Subcommittee approved Package 110: Program Continuity; this package continues several positions, makes two of the positions permanent, and shifts funding for another position. The agency's grant manager position is continued as a permanent position, as is the restoration project validation monitoring position. The other continued positions for accounting, information systems-database management, and office support are also made permanent. All of these positions are funded with Measure 66 operations Lottery Funds. A position dedicated to federal reporting is continued using PCSRF dollars.

Package 115: Carryforward of Committed Grants was approved; this package adds Measure 66 operations Lottery Funds expenditure limitation to cover grant commitments made in the 2005-07 biennium that won't be paid until the 2007-09 biennium due to allowed length of the grant period.

The Subcommittee approved Package 120: Program Reorganization; this package implements changes to the agency's organizational structure. A budget note in the House Bill 5172 (2005) budget report directed the agency to review its organization.

Package 130: Watershed Council Support was approved; this package shifts funding for Watershed Council support from federal PCSRF dollars to operations Lottery Funds, and adds to the total funding for Council Support.

The Subcommittee approved Package 140: Noncapital Grants; this package provides Measure 66 operations Lottery Funds for grants that support restoration projects, such as technical assistance and monitoring projects. No Measure 66 operations Lottery Funds from the Research and Development fund are included in this package. The Subcommittee acknowledged that by including federal PCSRF dollars in this package, the agency does not need to request authorization to apply for the PCSRF grant, unless the grant exceeds the amount of expenditure limitation approved in this budget.

Package 150: Program Enhancements was approved; this package adds four positions to improve service to grantees and other customers. Three of the positions are limited duration and one is permanent. The permanent position will work as a regional program representative for the agency's new region in the Columbia Plateau. The three limited duration positions will provide technical assistance coordination for grant program policy, perform data analysis and provide public information regarding the department's programs. The package uses federal PCSRF funds and Measure 66 operations Lottery Funds. The technical assistance and public affairs positions will be funded at sixty percent federal PCSRF funds, using the administrative allowance under federal rule.

The Subcommittee approved Package 807: Soil and Water Conservation District Support, which adds special payments to Soil and Water Conservation Districts. This expense was previously recorded in the Department of Agriculture budget. The package adds Measure 66 operations Lottery Funds and PCSRF to ensure parity between Watershed Councils and Soil and Water Conservation Districts, and to increase

funding available to both to \$5.0 million total funds. All Soil and Water Conservation District positions and administrative functions remain with the Oregon Department of Agriculture (ODA). OWEB will use the same methodology used by ODA in the past to allocate funding among the Districts and ODA staff will still review District work plans and gauge progress made by Districts to achieve those plans.

The Subcommittee expressed interest in OWEB providing further funding for Watershed Councils and Soil and Water Conservation Districts through its granting process, and Subcommittee members encouraged OWEB to pursue this idea during the 2007-09 biennium with the caution that none of the new money beyond the \$5.0 million each provided by the Legislature would add to the base budget amount for support of Councils and Districts.

Capital Construction Projects

Capital expenditures include non-expendable personal property with at least a two year life-span used for fish and wildlife law enforcement; projects that restore, enhance, or protect fish and wildlife habitats; project expenses including assessments, research, design, or technical requirements; acquiring land and water interests; technical support directly related to project implementation, project evaluation monitoring, and development and construction of projects to restore, enhance or protect water quality, watersheds, fish, wildlife, and riparian habitat. Legal spending authority for this program is addressed in Senate Bill 5543. The Subcommittee approved a Measure 66 capital Lottery Funds budget of \$59,500,000 and no full-time equivalent positions in that bill.

Research and Development

This program unit funds research and development from interest earnings on Lottery Funds dedicated by Measure 66. The Subcommittee approved a total funds budget of \$7,993,398 (\$2,882,043 Measure 66 operations Lottery Fund and \$5,111,355 Measure 66 capital Lottery Funds from the Research and Development fund) and no full-time equivalent positions.

The Subcommittee approved Package 809: Maintain R&D Budget Structure, which provides \$2,757,043 Measure 66 operations Lottery Fund Research and Development and \$4,936,355 Measure 66 capital Lottery Fund Research and Development resources for grants by the Watershed Enhancement Board.

Package 810: Carryforward of Committed Grants was approved; this package adds expenditure limitation for grant commitments made in the 2005-07 biennium, but these grants won't be completely expended until the 2007-09 biennium. The carryover includes \$125,000 of Operations Measure 66 Lottery Funds and \$175,000 of Capital Measure 66 Lottery Funds from the Research and Development Fund.

Summary of Performance Measure Action

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