

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5014-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Jenson
Carrier – Senate: Sen. Walker**

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

Vote: 17 – 3 – 2

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Jenson, Kotek, Nathanson, Shields, G. Smith

– Nays: Gilman, Richardson

– Exc: Komp

Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker, Winters

– Nays: Girod

– Exc: Whitsett

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: June 11, 2009

Agency

Department of Fish and Wildlife

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Biennium

2009-11

Budget Summary*

| | 2007-09 Legislatively Approved Budget (1) | | 2009-11 Essential Budget Level | | 2009-11 Committee Recommendation | | Committee Change from 2007-09 Leg. Approved | |
|-----------------------------------|--|--------------------|-----------------------------------|--------------------|-------------------------------------|--------------------|--|-------------|
| | | | | | | | \$\$ Change | % Change |
| General Fund | \$ | 15,553,666 | \$ | 16,357,021 | \$ | 13,765,244 | \$ -1,788,422 | -11.5% |
| General Fund Debt Service | \$ | 222,982 | \$ | 355,543 | \$ | 355,543 | \$ 132,561 | 59.5% |
| General Fund Capital Improvement | \$ | 196,941 | \$ | 196,941 | \$ | 196,941 | \$ 0 | 0.0% |
| Lottery Funds | \$ | 12,322,064 | \$ | 11,281,640 | \$ | 6,416,226 | \$ -5,905,838 | -47.9% |
| Other Funds | \$ | 126,759,339 | \$ | 127,729,950 | \$ | 149,111,257 | \$ 22,351,918 | 17.6% |
| Other Funds Capital Improvement | \$ | 5,138,761 | \$ | 3,255,363 | \$ | 6,013,110 | \$ 874,349 | 17.0% |
| Federal Funds | \$ | 98,695,819 | \$ | 96,432,261 | \$ | 92,985,043 | \$ -5,710,776 | -5.8% |
| Federal Funds Capital Improvement | \$ | 746,930 | \$ | 0 | \$ | 0 | \$ -746,930 | -100.00% |
| Total | \$ | 259,636,502 | \$ | 255,608,719 | \$ | 268,843,364 | \$ 9,206,862 | 3.5% |

Position Summary

| | | | | |
|--------------------------------------|----------|----------|----------|-------|
| Authorized Positions | 1,354 | 1,318 | 1,368 | 14 |
| Full-time Equivalent (FTE) positions | 1,147.90 | 1,124.65 | 1,159.05 | 11.15 |

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Subcommittee approved a budget that includes \$10,178,985 of new Other Funds revenue from increases in hunting and angling licenses and fees contained in House Bill 2223. The Subcommittee also approved a plan to use \$5.1 million Pacific Coastal Salmon Recovery Fund monies from the Oregon Watershed Enhancement Board for a variety of salmon recovery efforts previously supported by Measure 66 Operations Lottery Funds.

Summary of Natural Resources Subcommittee Action

The Department of Fish and Wildlife (ODFW) protects and enhances Oregon's fish and wildlife and their habitats for use and enjoyment by present and future generations. The Subcommittee approved a budget of \$268,843,364 total funds (\$14,317,728 General Fund, \$1,416,226 Measure 66 Operations Lottery Funds, \$5,000,000 Measure 66 Capital Lottery Funds, \$155,124,367 Other Funds, and \$92,985,043 Federal Funds) and 1,159.05 FTE. The total funds budget is 3.5 percent greater than the 2007-09 Legislatively Approved Budget through December 2008 and 5.2 percent greater than the 2009-11 Essential Budget Level.

Fish Division - Propagation

The Fish Propagation program operates and administers hatcheries and remote rearing of adult fish collection facilities. The Subcommittee approved a total funds budget of \$48,830,464 and 241.56 FTE.

The Subcommittee approved Package 070: Revenue Shortfalls, which reduces General Fund by \$2, Other Funds by \$2,626, and Federal Funds by \$2,607,429 and 12 positions (12.25 FTE). The package results from a decline in Federal Mitchell Act revenues. Some of the positions are added back in Policy Package 302.

The Subcommittee approved Package 302: Recreational Fishing Enhancements, which provides \$1,325,540 Other Funds and restores six positions (4.34 FTE) with revenue resulting from fee increases produced by House Bill 2223. This package restores a portion of the reductions taken in Package 070: Revenue Shortfalls and also provides \$400,000 for the purchase of trout from private aquaculture facilities.

The Subcommittee approved Package 353: Salmon Carcass & Egg Accounting Adjustments, which adds \$600,000 Other Funds expenditure limitation and reduces Federal Funds expenditure limitation by the same amount. The package corrects the accounting treatment of revenues and expenditures tied to sales of excess salmon and salmon eggs.

The Subcommittee approved Package 400: Willamette Hatchery LD position to Permanent, which provides \$15,424 Other Funds and \$79,190 Federal Funds expenditure limitation to re-establish one permanent position (1.00 FTE) that had been limited-duration. The position works as a fish culturist.

Package 810: Analyst Program Reductions was approved; this package reduces General Fund by \$508,863 and five positions (2.52 FTE). The package keeps the Butte Creek hatchery closed which has been closed because of disease problems (\$242,290), reduces the number of hatchery fish marked (\$139,462), and reduces hatchery operations (\$127,111). The package results from state financial constraints.

Fish Division – Natural Production

This program directs fish inventory, regulation and assessment of fisheries, development and administration of fish regulations, and development of fish conservation and management plans. It also manages the Salmon Trout Enhancement Program (STEP), the Restoration and Enhancement (R&E) program, threatened and endangered species, and the Fish Screening Program. The Subcommittee approved a total funds budget of \$63,928,696 and 382.21 FTE.

The Subcommittee approved Package 070: Revenue Shortfall, which decreases Federal Funds expenditure limitation by \$702,136 and eliminates four positions (3.17 FTE). The package results from a decline in Federal Mitchell Act revenues.

The Subcommittee approved Package 302: Recreational Fishing Enhancements, which adds \$877,960 Other Funds and nine new permanent positions (5.91 FTE) for maintenance and management of fish screens. The package is funded with an increase in the fish screens surcharge on angling licenses contained in House Bill 2223.

The Subcommittee approved Package 354: Hydro/Utility Agreements, which adds \$749,373 Other Funds and eight positions (6.34 FTE). The package includes four positions (3.67 FTE) to implement the PacifiCorp North Umpqua agreement, three positions (1.67 FTE) to conduct research and monitoring on the North Fork of the John Day River in conjunction with the Oregon Watershed Enhancement Board, and re-establishes a position for work on a Portland General Electric (PGE) contract. The PGE position has been limited-duration; this package makes it permanent.

The Subcommittee approved Package 402: Fish Conservation and Recovery Projects – FF, which adds \$1,291,779 Federal Funds and eight positions (8.00 FTE). The package includes four positions (4.00 FTE) that continue limited-duration positions for Endangered Species Act recovery planning and implementation. In addition, three permanent positions also work on the Endangered Species Act. One position (1.00 FTE) is added to act as the lead on the Klamath Restoration Agreement arising from the Klamath Hydro settlement. The package also provides Services and Supplies for investigating the escape of Chinook salmon to the John Day River.

Package 801: LFO Analyst Technical Changes was approved, which increases Other Funds by \$775,135, decreases Federal Funds by \$535,135, and adds three positions (1.79 FTE). The positions are shifted from the Interjurisdictional program since they are actually managed in the Natural Production program. Categorizing some federal contract expenditures correctly results in part of the Other Funds increase and the Federal Funds decrease.

Package 810: Analyst Program Reductions was approved, which reduces General Fund by \$242,176 and one position (1.00 FTE). The reduction affects Services and Supplies for native fish investigations (\$59,518) and for salmon and steelhead monitoring (\$42,854). It also eliminates a vacant construction inspection position (\$139,804).

Package 811: Analyst Fund Shifts was approved, which reduces General Fund by \$421,076, increases Other Funds by \$105,269 and Federal Funds by \$315,807. This package shifts funding for Klamath Mountain Province fish population monitoring to Sport Fish Restoration Federal Funds, and shifts an Endangered Species Act coordinator position to U.S. Fish and Wildlife Service funds. Other Funds from license revenues provide the match for the Federal Funds in both cases.

Package 813: Carryforward Expenditure Limitation was approved, which increases Lottery Funds by \$248,041 on a one-time basis and adds three limited-duration positions (1.50 FTE). The funding is from a grant from the Oregon Watershed Enhancement Board to work on the recovery of wild Coho salmon in the Salmon River Basin.

Package 815: PCSRF Fund Shift was approved, which reduces Lottery Funds by \$4,473,119 and increases Other Funds by \$4,473,119. This fund shift affects Oregon Plan positions, aquatic inventory, fish passage, and research. The Other Funds will come from the Oregon Watershed Enhancement Board, which will provide the dollars from the Pacific Coastal Salmon Recovery Plan funding it receives from the federal government. While OWEB receives the monies as Federal Funds, they will be expended by ODFW as Other Funds.

Marine Resources

The Marine Resources program manages marine fish and shellfish through inventories of marine fish, shellfish, and their habitats, collection of biological information from commercial and sport fisheries, implementation of federal and state fishery rules, and protection of marine and estuarine habitat. The Subcommittee approved a total funds budget of \$16,594,447 and 92.36 FTE.

The Subcommittee approved funding for Package 102: Marine Reserve Site Evaluation, which adds \$1,000,000 Other Funds expenditure limitation and eight limited duration positions (4.00 FTE). The package provides one year of funding for the evaluation of six marine reserve sites recommended by the Ocean Policy Advisory Council for review and to implement House Bill 3013. The funding comes from the Department of State Lands, which will provide a portion of the remaining balance from the New Carissa shipwreck legal settlement. The department will pursue additional funding from donations or federal grants for the second year of the program, and will appear before the Emergency Board or the Joint Subcommittee on Ways and Means for additional expenditure limitation if funding is secured to continue the program.

The Subcommittee approved Package 350: Recreation/Commercial Fisheries Management Improvement – OF, which reduces General Fund by \$2,257, increases Other Funds by \$2,004,707, and reduces Federal Funds by \$118,539. It also adds 11 positions (8.00 FTE). The funding comes from fee increases in House Bill 2223 and from existing Commercial Fish Fund revenue. Eight of the 11 positions (6.00 FTE) are continuations of limited-duration positions, but they are re-established as permanent. These positions work on the shellfish program. A new position (1.00 FTE) will act as the Dungeness crab fishery manager, and two positions (1.00 FTE) will work on the backlog of fish logbook data entry and enter new Dungeness crab logbooks. The package includes funding to backfill for inadequate Federal Funds from the Pacific Coast Fisheries Information Network (PacFIN) grant in the commercial sampling program; this backfill uses Commercial Fish Fund balances. The package also includes \$420,000 Other Funds for increased rent to lease more office space in Newport; this will alleviate crowding and make room for new staff such as added in Package 102.

The Subcommittee approved Package 403: Recreation/Commercial Fisheries Management Improvement – FF, which adds \$400,000 Federal Funds for the removal of derelict crab pots. The funding source is from potential federal grant and/or contracts.

Package 801: LFO Analyst Technical Changes was approved by the Subcommittee; this package adds \$2,411 Other Funds expenditure limitation and decreases Federal Funds expenditure limitation by the same amount so some federal contract expenditures may be correctly recorded.

Package 810: Analyst Program Reductions was approved by the Subcommittee; this package reduces General Fund by \$225,765 and eliminates one position (1.00 FTE). The reductions eliminate a developmental fisheries position and reduce Services and Supplies for groundfish stock assessments.

Package 811: Analyst Fund Shifts was approved by the Subcommittee; this package reduces General Fund by \$437,232 and increases Other Funds by the same amount. This fund shift moves half of the Pacific Fisheries Management Council contract for Oregon State University to conduct stock assessments and research to Commercial Fish Fund revenues.

Package 812: Other Analyst Adjustments was approved by the Subcommittee; this package adds \$240,000 Other Funds and a limited-duration position (1.00 FTE) to address increasing concerns among anglers and fishery managers around predation of juvenile salmonids in Oregon Coastal estuaries and the Lower Columbia River by double-crested cormorants. The Department is currently working with the federal agencies regarding double-crested cormorant research and management, but does not have adequate funding to fully address fish-cormorant issues. The package total includes \$50,000 for contracting to conduct hazing of cormorants. Funding for the package will be from general license revenues and the Commercial Fish Fund.

Interjurisdictional Fisheries

This program is responsible for participation in regional and international management councils for the management of marine and migratory fishes, management of Columbia River anadromous fisheries, statewide salmon and sturgeon fisheries, and coordination of Columbia Basin issues. This program also includes the positions and budget for Fish Division and Regional administration. The Subcommittee approved a total funds budget of \$19,452,327 and 105.79 FTE.

The Subcommittee approved Package 070: Revenue Shortfall, which decreases Federal Funds expenditure limitation by \$449,810 because of a decline in federal Mitchell Act revenues.

The Subcommittee approved Package 302: Recreational Fishing Enhancements, which adds \$770,532 Other Funds and seven new permanent positions (3.25 FTE). The positions will enhance monitoring and evaluation of recreational fishing in the Willamette River, and will support the department's 25-year angling plan.

Package 801: LFO Analyst Technical Changes was approved; this package reduces Federal Fund by \$240,000 and three positions (1.79 FTE) to reflect the shifting of these positions to the Natural Production program, where they are managed.

Wildlife Division - Game

The Game program inventories game species, controls wildlife damage, develops harvest regulations, manages waterfowl and upland bird hunter access, and researches game species. The Subcommittee approved a total funds budget of \$27,050,206 and 114.19 FTE.

The Subcommittee approved Package 304: Recreational Hunting Enhancements, which adds \$350,000 Other Funds expenditure limitation for big game surveys to complete census information on deer, elk, antelope, bighorn sheep and rocky mountain goats.

The Subcommittee approved Package 401: Veterinarian LD Position to Permanent, which adds \$183,091 Federal Funds expenditure limitation and one permanent district veterinarian position (1.00 FTE). This position has been limited duration in the past. The funding comes from federal avian influenza monies.

Package 810: Analyst Program Reductions was approved, which reduces the payments to the US Department of Agriculture Wildlife Services for predator control efforts by \$100,000 General Fund.

Package 810: Analyst Fund Shifts was approved, which reduces General Fund by \$102,569 and increases Other Funds expenditure limitation by the same amount. The package shifts funding for positions working within the wildlife diversity program area from General Fund to Other Funds from license revenue.

Wildlife Division - Habitat

The Wildlife Habitat program develops a variety of projects to maintain, restore and improve wildlife habitat on public and private land. Projects that improve habitat include cover planting, wildlife food crops, range rehabilitation, protective fencing, water developments, and artificial nesting sites. In addition, the program mitigates hydropower effects on wildlife. The Subcommittee approved a total funds budget of \$22,196,033 and 85.48 FTE.

The Subcommittee approved Package 070: Revenue Shortfall, which decreases Federal Funds expenditure limitation by \$500,000. The package results from a decline in Federal Mitchell Act revenues.

The Subcommittee approved Package 304: Recreational Hunting Enhancements, which adds \$1,160,611 Other Funds expenditure limitation for the Green Forage and Deer Enhancement and Restoration programs. These programs improve habitat for big game species. The package also provides expenditure limitation for continuing and enhancing the Access and Habitat program, which helps make private land open to hunting. Funding for the Access and Habitat portion of this package comes from removing the sunset on the surcharge on hunting licenses, and raising the surcharge from \$2 to \$4.

The Subcommittee approved Package 351: ODOT Liaison, which adds \$294,405 Other Funds expenditure limitation and one limited-duration position (1.00 FTE). The position provides technical assistance for permitting related to Oregon Department of Transportation (ODOT) construction and maintenance projects where listed species might be impacted. The funding comes from ODOT, which funds three other similar positions at ODFW.

Package 801: LFO Analyst Technical Changes was approved by the Subcommittee; this package adds \$189,703 Other Funds expenditure limitation and decreases Federal Funds expenditure limitation by the same amount so some federal contract expenditures may be correctly recorded.

Package 810: Analyst Program Reductions was approved; this package reduces the landowner incentive program by \$55,498 General Fund.

Package 811: Analyst Fund Shifts was approved by the Subcommittee; this package reduces Other Funds by \$29,622 and increases Federal Funds by the same amount. This fund shift changes the funding for two positions which will be assigned to the Schneider Wildlife Area. This adjustment is offset by shifting the funding for three positions that worked in the Jewell Meadow area in the last two biennia; this work has been completed so the positions will shift back to their historic funding splits.

Package 815: PCSRF Fund Shift was approved by the Subcommittee; this package reduces Lottery Funds by \$640,336 and increases Other Funds by the same amount for Pacific Coastal Salmon Recovery Fund moneys the Department will receive from OWEB. This fund shift changes the

funding for the Western Oregon Stream restoration program and for habitat biologists reviewing impacts to listed fish species. The package is necessary due to decreasing projected Measure 66 lottery revenues.

Wildlife Division - Diversity

This program maintains Oregon's wildlife diversity by protecting and enhancing populations and habitats of native wildlife at self-sustaining levels throughout natural geographic ranges. The Subcommittee approved a total funds budget of \$4,322,484 and 13.50 FTE.

The Subcommittee approved Package 101: Oregon Conservation Strategy, which adds \$66,273 General Fund and reduces Federal Funds by \$13,796. The General Fund is needed for federal match requirements and will allow the department to continue the Oregon Conservation Strategy at a minimal level.

Package 801: LFO Analyst Technical Changes was approved by the Subcommittee; this package adds \$38,114 Other Funds expenditure limitation and decreases Federal Funds expenditure limitation by the same amount so some federal contract expenditures may be correctly recorded.

Package 811: Analyst Fund Shifts was approved by the Subcommittee; this package reduces General Fund by \$100,173 and increases Federal Funds by the same amount. This package shifts some program activities to Federal Funds.

Oregon State Police

This program, provided by contract with the Oregon State Police (OSP), assures compliance with laws that protect and enhance the long-term health and equitable utilization of fish and wildlife resources. The Subcommittee approved a total funds budget of \$18,631,254 and no FTE. All positions are at OSP.

The Subcommittee approved Package 301: Fish and Wildlife Enforcement Improvements, which increases Other Funds expenditure limitation by \$750,000 for greater OSP presence in Central Oregon. With the additional funding, OSP will post two more troopers in Central Oregon. A quarter of the funding in the package will be used to backfill trooper reductions in the OSP Fish and Wildlife Division budget. The funding comes from the fee increase in House Bill 2223.

Package 812: Other Analyst Adjustments was approved by the Subcommittee; this package increases payments to OSP to cover the full cost of the ODFW supported enforcement positions by including administrative costs. Current administrative costs for ODFW paid positions are funded from the General Fund. OSP developed a cost allocation methodology that can be used for all non-General Fund positions to calculate a more accurate cost for funding a position by loading in administrative costs. Administrative costs include Human Resources, Payroll, computer services, dispatch centers, training, and fleet costs. The \$1.8 million in additional Other Funds in this package will be combined with \$500,000 already in the ODFW contract for temporary positions which is not being utilized, to bring total administrative costs to \$2.3 million. This equates to about a 14 percent administrative indirect rate. The additional ODFW funding will be used to fund shift current General Fund administrative expenses to Other Funds to make General Fund available to offset General Fund cuts in the OSP Fish and Wildlife Division to maintain troopers that would otherwise be eliminated because of state financial constraints.

Administration Division

The Administration Division provides accounting, budgeting, license and tag sales, personnel management, information systems, and information and education services for the Department. It includes the Director's Office. The Subcommittee approved a total funds budget of \$41,002,597 and 122.96 FTE.

The Subcommittee approved Package 303: Web and Networking Upgrades, which provides \$746,112 Other Funds expenditure limitation and two positions (2.00 FTE) to improve website content and to migrate applications and databases to a new UNISYS platform.

The Subcommittee approved Package 352: Administration Adjustments and Enhancements, which provides \$1,295,028 Other Funds expenditure limitation and six positions (6.00 FTE). Three of the positions will implement internet sales of licenses and tags. The other three positions are re-establishments of formerly limited duration positions; these become permanent with this package. The package also includes Services and Supplies for credit card machines and surcharges, crab pot buoy tags, hunter education, and outdoor skills clinic activities.

Package 801: LFO Analyst Technical Changes was approved by the Subcommittee; this package adds \$17,928 Other Funds expenditure limitation and two positions (2.00 FTE). The package includes a variety of reclassifications of information technology positions and adds two Public Service Representatives.

Package 810: Analyst Program Reductions was approved; this package reduces General Fund by \$423,051 by eliminating a procurement manager and a disbursement manager for a total reduction of two positions (2.00 FTE). The reductions result from state financial constraints.

Package 812: Other Analyst Adjustments was approved by the Subcommittee; this package adds \$138,047 Other Funds and one limited-duration position (1.00 FTE) to assist in the development of a new system necessary to meet federal audit requirements.

Capital Improvement

This program funds projects that restore fisheries, such as diking, nesting, water control, installation of bird netting, enlargement of release channels, road repair, and repairs to intakes and pond bottoms. The Subcommittee approved a total funds budget of \$6,834,856 and 1.00 FTE.

The Subcommittee approved Package 302: Recreational Fishing Enhancements, which adds \$2,757,747 Other Funds to fund additional Restoration and Enhancement projects. The funding comes from a \$2 surcharge increase on licenses in House Bill 2223.

Package 810: Analyst Program Reductions was approved; this package reduces General Fund by \$39,388, which affects emergency facility repairs capacity.

Package 813: Carryforward Expenditure Limitation was approved by the Subcommittee; this package makes a one-time increase in Other Funds of \$514,000 and Federal Funds of \$150,193. The package carries over deferred maintenance expenditure limitation from the 2007-09 biennium because some projects will not be completed until the 2009-11 biennium.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.