

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

MEASURE: SB 5524-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Winters**

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

Vote: 15 – 5 – 2

- House – Yeas: Buckley, D. Edwards, Galizio, Jenson, Kotek, Nathanson, Shields
- Nays: Garrard, Gilman, Richardson, G. Smith
- Exc: Komp
- Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker, Winters
- Nays: Girod
- Exc: Whitsett

Prepared By: Linda Ames, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: June 11, 2009

Agency

Office of the Governor

Budget Page

I-10

LFO Analysis Page

449

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	\$	11,660,967	\$	12,612,969	\$	10,942,969	\$ -717,998	-6.2%
Lottery Funds	\$	2,232,071	\$	2,289,279	\$	2,021,279	\$ -210,792	-9.4%
Other Funds	\$	2,862,537	\$	2,721,794	\$	4,358,912	\$ 1,496,375	52.3%
Total	\$	16,755,575	\$	17,624,042	\$	17,323,160	\$ 567,585	3.4%

Position Summary

Authorized Positions	64	62	71	7
Full-time Equivalent (FTE) positions	62.56	62.00	66.00	3.44

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

* Excludes Capital Construction expenditures

Summary of Revenue Changes

General Fund is the primary funding source for the Office of the Governor, including the Arrest and Return Program. The Affirmative Action and the Minority, Women, and Emerging Small Business advocacy functions are primarily financed with Other Funds derived from state agency assessments. Several agencies transfer revenue to the Office of the Governor to pay for specific positions. These revenues are included as Other Funds in this budget. The Economic Revitalization Team (ERT) is financed one-half from general purpose Lottery Funds and one-half from the statutorily dedicated 2.5% Lottery Funds distributed to counties for economic development.

Other Fund revenues in the Arrest and Return program are from restitution from offenders and indirect Federal Funds. Other Fund revenues are expected to increase by \$75,000 in the Arrest and Return program if Senate Bill 74 is passed. This bill implements an application fee for transfer of supervision under the Interstate Compact on Adult Offender Supervision.

For the 2009-11 biennium, the Governor’s Economic Recovery Executive Team (ERET) has been created to coordinate oversight of the federal stimulus dollars received as a part of the American Recovery and Reinvestment Act (ARRA). This team is expected to be funded with assessments from agencies that receive ARRA funds, for a total of \$1.5 million Other Funds.

Summary of General Government Subcommittee Action

The Governor is responsible for the direction of all state agencies within the Executive Branch, ensuring compliance with statutes, responsive service to Oregonians, and efficient and sound management. He appoints most agency heads within the Executive Branch, including the membership of various boards, commissions, committees, and task forces. In addition to general policy and management staff, the Office

includes specific sections for Affirmative Action; Minority, Women, and Emerging Small Business advocacy; Executive Appointments; Citizens' Representative; Arrest and Return Program; and the Economic Revitalization Team.

The budget approved by the General Government Subcommittee for the Office of the Governor is \$17,323,160 total funds, \$10,942,969 General Fund, \$2,021,279 Lottery Funds, \$4,358,912 Other Funds, 71 positions and 66.00 full-time equivalent positions (FTE). General Fund and Lottery Funds have been reduced by 13.2% and 11.7% respectively, from the essential budget level. Other Funds increase by 52% over the 2007-09 Legislatively Approved Budget. This results from the addition of the Governor's ERET to coordinate oversight of the federal ARRA dollars received by Oregon. The increase of seven positions (3.44 FTE) from the Legislatively Approved Budget is also a result of the new team. The Subcommittee noted their expectation that discussions would occur during the interim regarding the possibility of combining Affirmative Action and Minority, Women, and Emerging Small Business with other similar functions in state government.

Specifics of the Subcommittee adjustments are shown below.

The Subcommittee approved Package 090: Analyst Adjustments for a net increase of \$27,867 Other Funds expenditure limitation. The package includes two technical adjustments to match up expenditures with existing revenues. First, the expenditure limitation for the Minority, Women, and Emerging Small Business program is reduced by \$32,133 for the Marketplace program. Second, the Arrest and Return program is increased by \$60,000 Other Funds expenditure limitation to reflect funds available from their beginning balance. These funds could be used for the first six months of the biennium before Senate Bill 74 (Package 101) becomes effective.

Package 101: Interstate Compact Returns was approved for \$75,000 Other Funds. This package is related to Senate Bill 74, which requires adult offenders to pay a fee to transfer supervision to another state under the Interstate Compact for Adult Offender Supervision. The fees will then be used by the agency to pay the costs of retaking offenders who later violate the supervision agreement and must be returned to Oregon.

The Subcommittee approved Package 810: Analyst Adjustments which implements the cuts contained in the Co-chairs' budget. The package reduces the agency's combined General Fund and Lottery Funds by 13 percent, including a General Fund reduction of \$1,670,000 and Lottery Funds cut of \$268,000. All programs are maintained, although at a reduced level. Personal Services are reduced by \$1,245,700 General Fund and \$157,000 Lottery Funds, and one position (1.00 FTE) related to the cancellation of the Correspondence System IT project is eliminated. These reductions include vacancy savings that are expected to be above average, and additional pay reductions. Services and Supplies are reduced by \$424,300 General Fund and \$111,000 Lottery Funds.

The Subcommittee approved Package 811: Economic Recovery Executive Team (ERET) for one year of funding, for a total of \$1,534,251 Other Funds expenditure limitation and 10 positions (5.00 FTE). The ARRA requires that states have coordinated oversight of the funds sent out as part of the act. This package creates the Governor's ERET to provide that oversight for Oregon. The positions include an administrator (SR 38), executive assistant (SR 25), program analyst (SR 32), technology analyst (SR 35), finance manager (SR 35), communications manager (SR 31) and four program area managers (SR 35).

Given the short timeframes to get this team established, there are a number of questions that have not yet been resolved, including the length of time that specific positions will be needed. It is expected that the Governor will provide an update on the team at the February Special Session or

an Emergency Board before July 2010, to discuss funding for the second year of the biennium. At that time there should be better information available about expenditures actually incurred to date, as well as staffing needs.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form. The target was changed for KPM 2 (Certified Industrial Sites) from 11 to six per year, as a result of diminishing supply of potential sites. The Oregon Economic and Community Development Department and the Department of Land Conservation and Development also share this measure and are each lowering the target to six.