

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: SB 5542-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Jenson**

**Carrier – Senate: Sen. Nelson**

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**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

– Nays: Gilman, Richardson

– Exc: Komp, G. Smith

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

– Nays: Whitsett

– Exc:

**Prepared By:** Lisa Pearson, Department of Administrative Services

**Reviewed By:** Susie Jordan, Legislative Fiscal Office

**Meeting Date:** June 5, 2009

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**Agency**

Department of State Lands

**Budget Page**

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**LFO Analysis Page**

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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 Funds	\$ 226,906	\$ 244,741	\$ 0	\$ -226,906	-100%
Other Funds	\$ 40,548,218	\$ 21,064,730	\$ 25,135,880	\$ -15,412,338	-38.0
Other Funds Nonlimited	\$ 1,602,450	\$ 1,602,450	\$ 1,602,450	\$ 0	0
Federal Funds	\$ 4,929,187	\$ 2,399,608	\$ 6,076,265	\$ 1,147,078	23.2
Total	\$ 47,306,761	\$ 25,311,529	\$ 32,814,595	\$ -14,492,166	-30.6%

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## **Position Summary**

Authorized Positions	111	93	111	0
Full-time Equivalent (FTE) positions	108.75	91.50	108.46	-0.29

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

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

Historically, the department received General Fund for NHAC and for economic revitalization team functions; this funding was eliminated. Other Fund revenues provide most of the funding and some timber sales, land leases and sales, fees, donations and investment income from the Common School Fund. Other Fund revenue in the 2009-11 biennium also includes the remaining balance from the legal settlement following the wreck of the ship New Carissa. Federal Funds from grants and federal partners support the South Slough and some support for wetland projects. The Other Funds revenue transfer from the Common School Fund to schools was increased by a total of \$56.5 million, bringing the total transfer to \$95.5 million. New federal grant money was added.

## **Summary of Natural Resources Subcommittee Action**

The Department of State Lands generates revenue for the Common School Fund while managing state owned land and conserving resources. The Department provides administrative support to the State Land Board, which is composed of the Governor, the Treasurer, and the Secretary of State, and implements the policies of the State Land Board in management of the Common School Fund (CSF) and its assets. The Subcommittee approved a total funds budget of \$32,814,595 and 108.46 full-time equivalent (FTE). This is 30.6 percent total funds less than the 2007-09 Legislatively Approved Budget through December 2008, and 29.6 percent higher than the 2009-11 Essential Budget Level.

## Common School Fund

This program includes the Director's Office, Field Operations, Policy and Planning, and Financial Administration. These units manage land (including rangeland), lease minerals and waterways, issue removal-fill permits, develop policies and rules, provide technical information, promote protection and enhancement of Oregon's wetlands, and manage unclaimed property, estate administration, and forfeitures. This program also includes the revenue transfer of the Common School Fund Fair Market Value for school support. The Subcommittee approved a total funds budget of \$23,943,997 and 91.38 FTE.

The Subcommittee approved Package 090: Analyst Adjustments, which sends \$1,000,000 of Other Funds revenue to the Oregon Department of Fish and Wildlife for Marine Reserve evaluations. The funds are part of the remaining balance of the New Carissa shipwreck legal settlement. The ship's carcass was successfully removed. This is a one-time revenue transfer.

The Subcommittee approved Package 101: Continue Limited-Duration (LD) Positions Funded by Grants in the amount of \$942,770 total funds. This package re-establishes four limited-duration positions (3.38 FTE) for water permit application streamlining efforts in the removal-fill program, voluntary restoration projects, a joint study of wetland mitigation efforts with the Oregon Watershed Enhancement Board and makes permanent the ISS4 position related to removal fill permits and mapping and makes permanent the ISS4 position related to removal fill permits and mapping. It also re-establishes and makes permanent two positions (2.00 FTE) dedicated to expediting removal-fill permits requested by the Department of Transportation. Funding comes from other agencies.

The Subcommittee approved Package 104: Common School Fund Reclassifications, with no fiscal impact. The agency is to reclassify an Executive Support Specialist 1 to a Facility Operations Specialist 1 for more efficient building management. It will also reclassify a Program Analyst 1 to a Program Analyst 2. In both cases a reduction in Services and Supplies expenditure limitation will cover the increased cost associated with the position reclassification.

The Subcommittee approved Package 106: Fiscal Operations Improvements, which adds a permanent Accounting Technician 2 (1.00 FTE) using resources shifted from Services and Supplies (with expected savings from the Attorney General expenses). The new position will address increased workload and responsibilities by entering data, analyzing the budget, assisting with budget preparation, and responding to internal requests for management data.

Package 107: Territorial Sea Management was approved, which provides \$1,289,000 of Other Funds expenditure limitation for a contract with the Oregon University System to expand Oregon's territorial sea maps. It is funded with some of the New Carissa legal settlement remaining balance. The mapping project also includes \$4 million of federal funding in the Oregon University System budget.

The Subcommittee approved Package 108: Land Management Improvements. This package adds \$270,299 Other Funds expenditure limitation, one permanent position (1.00 FTE) and increases an existing position by 0.50 FTE. The new position will manage the department's Western Region land assets, while the additional FTE for the existing archaeologist position will address the backlog of archaeological analysis required by law for landowners. Revenue from increased leasing rates will pay for the position and FTE changes.

The Subcommittee approved Package 109: W&W Compliance Improvements. This package adds \$152,678 Other Funds expenditure limitation and one permanent position (1.00 FTE). The new position will provide GIS mapping services for the removal-fill and wetland programs, which is in the process of making its processes more efficient. This position will support the restructured process.

Package 111: Information Systems Replacement Package was approved. It provides \$126,000 Other Funds expenditure limitation so the agency can upgrade its Microsoft Office 2000 software to a newer supported version and expand storage capacity by purchasing a Storage Area Network (SAN) for electronic backup and imaging of documents.

Package 801: LFO Analyst Technical Changes increases Other Funds revenues and expenditure limitation by \$193,400 and the Common School Fund revenue distribution to the Department of Education by \$37,400,000. The increased distribution amount follows the State Land Board decision in April 2009 to move to a higher percentage rate in the calculation of the distribution. It had been two percent of the three year rolling average of the Common School Fund Fair Market Value; it is now four percent. The Other Funds increase is carryover from the Portland Harbor Survey project started in the 2007-09 biennium.

Package 810: LFO Analyst Adjustments was approved. This package shifts funding for the agency's Economic Revitalization Team position from General Fund to Other Funds, resulting in a \$218,392 decrease in General Fund and an increase in Other Funds expenditure limitation of the same amount. This package also increases the Common School Fund revenue distribution by \$19,140,000, which brings the distribution to five percent of the rolling three year average Common School Fund Fair Market Value.

#### Oregon Wetlands Revolving Fund

This program is a revolving fund that receives contributions and proceeds from the sale of mitigation bank credits. The fund provides resources to the State Land Board for acquisitions of other wetland mitigation sites. The Subcommittee approved a budget of \$1,755,930 Other Funds and one FTEFTE.

The Subcommittee approved Package 103: Wetland Revolving Fund, which restores \$1 million Other Funds for wetland projects and re-establishes a position (1.00 FTE) as permanent. The position had been limited-duration in the past. The expenditures will be covered by interest earnings on the Wetland Mitigation Revolving Bank Account. Workload is expected to increase following the recent federal adoption of the state plan.

#### Natural Heritage Program

The Oregon Natural Heritage Program is mandated by ORS 273.563 to conserve a discrete, limited system of natural heritage resources and to establish a natural heritage database. The program includes the Natural Heritage Advisory Council (NHAC), which receives administrative support from the Department of State Lands. The State Land Board receives advice from NHAC on registering and dedicating natural heritage sites. A database of natural heritage resources is operated by Oregon State University. The Subcommittee approved a total funds budget of \$2,323,401 and no FTE.

Package 801: LFO Analyst Technical Changes was approved. This package adds \$2,161,820 Federal Funds expenditure limitation for four federal grant projects. These projects are the acquisition of Upper and Lower Table Rocks land, Cardwell Hill Conservation Easements, acquisition of Big Creek land, and Habitat Conservation Plan assistance to Yamhill County.

Package 810: LFO Analyst Adjustments was approved. This package shifts funding for ongoing support for this program from General Fund to Other Funds, resulting in a \$26,349 decrease in General Fund and an increase in Other Funds expenditure limitation of the same amount.

#### South Slough Sanctuary (National Estuarine Research Reserve)

The South Slough National Estuarine Research Reserve (SSNERR) is a 4,800 acre natural research area encompassing a portion of the Coos estuary on the southern Oregon coast. The program gathers information for coastal zone decision-making and educates the public about estuarine zones. The state's portion of the Reserve is a Common School Fund asset and its operating expenses are paid by Common School Fund revenues and federal grant funds. The Subcommittee approved a total funds budget of \$4,483,762 and 16.08 FTE. It approved the base and essential budget level packages without modification.

The Subcommittee approved Package 102: SSNERR Stewardship, Education and Research, which provides \$857,350 of Federal Funds expenditure limitation and makes permanent six previously limited-duration positions (6.00 FTE). In the past the positions were funded with Other Funds from the Common School Fund. The positions work on federally-funded projects supported by the National Oceanic and Atmospheric Agency. The package also restores one grant-supported limited-duration position for two months (.08 FTE). The package also restores one grant supported limited-duration position for two months (.08 FTE).

The Subcommittee approved Package 110: Increase Seasonal Capacity at South Slough, which provides \$83,100 Other Funds and \$155,179 Federal Funds and makes permanent one previously limited-duration position (1.00 FTE). The package provides funding for building maintenance and information technology replacement. The position is the computer system administrator at the Reserve.

Package 801: LFO Analyst Technical Changes was approved, which adds \$100,000 Federal Funds expenditure limitation for a grant project. The project was funded by the National Oceanic and Atmospheric Administration and will provide resources to improve teaching about estuaries and watersheds.

#### Capital Improvements

This program provides resources to manage and maintain landholdings and leases following an asset management plan. Funds for the Capital Improvement program come from the Common School Fund principal. The Subcommittee approved a budget of \$307,505 Other Funds and no FTE. There are no changes from the essential budget level.

#### **Summary of Performance Measure Action**

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