

**76<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5004-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. McLane  
Carrier – Senate: Sen. Johnson**

---

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

**Vote:** 23 – 0 – 2

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant  
– Nays:  
– Exc: Kotek

Senate – Yeas: Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters  
– Nays:  
– Exc: Bates

**Prepared By:** Jim Carbone, Department of Administrative Services

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

**Meeting Date:** May 27, 2011

---

**Agency**  
Department of Aviation

**Budget Page**  
G-3

**LFO Analysis Page**  
165

**Biennium**  
2011-13

## **Budget Summary\***

	2009-11	2011-13	2011-13	2011-13	Committee Change from 2009-11 Leg Approved	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget (2)	Committee Recommendation	\$ Change	% Change
Other Funds	\$ 6,739,327	\$ 7,128,635	\$ 0	\$ 5,668,707	\$ (1,070,620)	-15.9%
Federal Funds	2,367,696	1,000,070	0	3,272,055	904,359	+38.2%
Total:	\$ 9,107,023	\$ 8,128,705	\$ 0	\$ 8,940,762	\$ (166,261)	-1.8%

## **Position Summary**

Authorized Positions	17	16	0	12	-5
Full-time Equivalent (FTE) Positions	16.38	16.00	0.00	11.50	-4.88

(1) Includes adjustments through March 2011.

(2) Aviation was included as part of the Department of Transportation in the Governor's Budget

\*Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

Aviation and jet fuel tax revenues are the primary source of funding for Department of Aviation activities. The current distribution of these fuel tax revenues is 53 percent for pavement maintenance activities and 47 percent for department operating expenditures. This is changed, beginning July 1, 2012, so that up to 55 percent of these revenues may be used for operating expenditures. In addition, Pilot Registration fee revenues may be used for operating expenditures, if needed.

## **Summary of Transportation and Economic Development Subcommittee Action**

House Bill 5004 provides budget expenditure authority for programs administered by the Department of Aviation. The Subcommittee approved a total funding level of \$8,940,762 for the Department in this bill. It is 1.8 percent less than the 2009-11 Legislatively Approved Budget.

The following budget adjustments were approved:

Department Operations:

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved Package 090, Budget and Management Analyst Adjustments, abolishing three positions (2.50 full-time equivalents) – Contracts and Leasing Manager; Administrative Assistant; and Program Analyst 2 (0.50 FTE in Operations and 0.50 FTE in Pavement Maintenance Unit). In addition, Services and Supplies expenditures were reduced to capture savings from out-sourcing mowing and from the elimination of a one-time planning contract that will not occur in 2011-13.

The Subcommittee approved Package 107 increasing Other Funds and Federal Funds expenditure limitation for system planning grants.

The Subcommittee approved Package 802, Vacant Position Savings, abolishing additional vacant positions (1 position/1.50 full-time equivalents) – a Fiscal Analyst 1 position and a 0.50 full-time equivalent of a Facility Maintenance Specialist position.

The Board of Aviation is directed to restructure the roles and responsibilities and reporting relationships of its remaining positions to reflect a smaller organization. One option may be to flatten the organization by combining the duties of some positions and utilizing its remaining vacant positions to finance position classification requirements needed to support a restructured organization.

The Subcommittee approved Package 810, LFO Analyst Technical Adjustments, shifting 0.09 full-time equivalent funding from the Search and Rescue Unit into Operations. In addition, Services and Supplies expenditure limitation was further reduced to balance to projected revenues. Finally, the allowable distribution of Fuel Tax revenues for department operations will be increased from the current 47 percent to 55 percent. This statutory shift in revenue distribution will occur in separate legislation. It will result in an increase of \$195,346 in available revenue for operations activities.

The Department of Aviation has been challenged for the past three biennia to manage operations expenditures within current revenues. In February 2010, the Legislature approved a one-time transfer of revenue from moneys received from aviation fuel tax that are normally dedicated only to maintenance and preservation of pavement at public use airports. The change was deemed necessary due to the decline in overall revenues available from aviation fuel taxes. In spite of actions taken by the agency to reduce costs, the anticipated cash shortfall will continue into the 2011-13 biennium and beyond. In this budget recommendation, the Subcommittee has further reduced expenditures. In addition, the proportion of Fuel Tax revenue available for agency operations is increased. The change in the distribution of revenues should sustain the leaner organization into the future and continue the pavement maintenance program.

## **Budget Note**

The approved budget attempts to provide the level of stability needed to sustain the Department without merging the agency into the Department of Transportation. Instead, the Department of Transportation will be directed through separate legislation to provide the business operating services and contract management support for the Department of Aviation that will insure a level of institutional knowledge, mature administrative processes and systems to enable the Department to carry out its mission more effectively. The Department is instructed to report quarterly to the Interim Joint Committee on Ways and Means and/or Emergency Board on its progress in implementing appropriate measures to improve the agency's business practices. In its report, the department must outline what specific measures have been taken to address the following: (1) how the organization will achieve its mission within a smaller organization; (2) how the organization will resolve issues raised in the audit reports; (3) how the organization will address the issue of registering pilots and aircraft; (4) what other actions will the organization take to improve leadership and the consistent application of policies and practices; and (5) what the financial condition is of each of the major programs of the organization.

### **Search and Rescue Unit**

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved Package 810, LFO Analyst Adjustments, shifting 0.09 full-time equivalent positions funding from this program unit into the Operations program unit.

### **General Aviation Entitlement Program**

The Subcommittee approved Package 086, which eliminates inflation.

The Subcommittee approved Package 106, which will fund 13 additional General Aviation Entitlement projects, as recommended in the Governor's budget.

### **Pavement Maintenance**

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected Personal Services costs by 5.5 percent.

The Subcommittee approved Package 090, Budget and Management Analyst Adjustments, abolishing 0.50 full-time equivalent positions in order to reduce expenditures to a level that is supportable by projected revenues. The position is a Program Analyst 2. The other half of this position, along with the position count, is eliminated in the agency's Operations Unit.

The Subcommittee approved Package 810, LFO Analyst Adjustments, decreasing fuel tax revenues by \$390,691 to reflect the change in revenue distribution from 53 percent to 45 percent for Pavement Maintenance. (See the discussion under Department Operations) The Subcommittee also

approved a reduction of \$195,346 Other Funds in services and supplies expenditure limitation to reflect 12 months distribution of revenue going to the Operations program.

#### Aircraft Registration

The Subcommittee approved Package 086, which eliminates inflation.

#### Capital Construction

The Subcommittee approved a construction project at the Chiloquin State Airport runway, as recommended in the Governor's budget. However, the expenditure limitation for this project is not included in House Bill 5004. It will be included in the Capital Construction bill, House Bill 5006. Two other capital construction projects recommended in the Governor's Budget, the Joseph Airport Runway Taxiway/Apron Rehabilitation project and construction of an air traffic control tower at the Aurora State Airport, received expenditure limitation in House Bill 5051.

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

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5004-A**

**Department of Aviation**  
**jim Carbone -- (503) 378-3619**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$ 0	\$ 0	\$ 6,739,327	\$ 0	\$ 2,367,696	\$ 0	\$ 9,107,023	17	16.38
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 7,128,635	\$ 0	\$ 1,000,070	\$ 0	\$ 8,128,705	16	16.00
2011-13 Governor's Recommended Budget*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
<b>SUBCOMMITTEE ADJUSTMENTS (from GRB)</b>									
<b>SCR 001 Operations</b>									
Package 280: Merge Aviation into ODOT (Delete)									
Personal Services	\$ 0	\$ 0	\$ 1,918,639	\$ 0	\$ 0	\$ 0	\$ 1,918,639	12	11.50
Services and Supplies	\$ 0	\$ 0	\$ 1,928,760	\$ 0	\$ 500,000	\$ 0	\$ 2,428,760	0	0.00
Package 802: Vacant Position Savings									
Personal Services	\$ 0	\$ 0	\$ (121,125)	\$ 0	\$ 0	\$ 0	\$ (121,125)	(1)	-1.50
Package 810: LFO Analyst Adjustments									
Personal Services	\$ 0	\$ 0	\$ 11,364	\$ 0	\$ 0	\$ 0	\$ 11,364	0	0.09
Services and Supplies	\$ 0	\$ 0	\$ (278,875)	\$ 0	\$ 0	\$ 0	\$ (278,875)	0	0.00
<b>SCR 002 Search &amp; Rescue</b>									
Package 810: LFO Analyst Adjustments									
Personal Services	\$ 0	\$ 0	\$ (11,364)	\$ 0	\$ 0	\$ 0	\$ (11,364)	0	-0.09
Package 280: Merge Aviation into ODOT (Delete)									
Personal Services	\$ 0	\$ 0	\$ 59,269	\$ 0	\$ 0	\$ 0	\$ 59,269	1	0.50
Services and Supplies	\$ 0	\$ 0	\$ 5,995	\$ 0	\$ 0	\$ 0	\$ 5,995	0	0.00
<b>SCR 003 General Aviation Entitlement Prog.</b>									
Package 280: Merge Aviation into ODOT (Delete)									
Services and Supplies	\$ 0	\$ 0	\$ 180,964	\$ 0	\$ 2,772,055	\$ 0	\$ 2,953,019	0	0.00
<b>SCR 004 Pavement Maintenance</b>									
Package 810: LFO Analyst Adjustments									
Services & Supplies	\$ 0	\$ 0	\$ (195,346)	\$ 0	\$ 0	\$ 0	\$ (195,346)	0	0.00
Package 280: Merge Aviation into ODOT (Delete)									
Personal Services	\$ 0	\$ 0	\$ 103,677	\$ 0	\$ 0	\$ 0	\$ 103,677	0	0.50
Services and Supplies	\$ 0	\$ 0	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 2,000,000	0	0.00

\*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>SCR 005 Aircraft Registration</b>									
Package 280: Merge Aviation into ODOT (Delete)									
Personal Services	\$ 0	\$ 0	\$ 59,159	\$ 0	\$ 0	\$ 0	\$ 59,159	0	0.50
Services and Supplies	\$ 0	\$ 0	\$ 7,590	\$ 0	\$ 0	\$ 0	\$ 7,590	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 5,668,707	\$ 0	\$ 3,272,055	\$ 0	\$ 8,940,762	12	11.50
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 5,668,707	\$ 0	\$ 3,272,055	\$ 0	\$ 8,940,762	12	11.50
% Change from 2009-11 Leg Approved Budget	0.0%	0.0%	-15.9%	0.0%	38.2%	0.0%	-1.8%	-29.4%	-29.8%
% Change from 2011-13 Current Service Level	0.0%	0.0%	-20.5%	0.0%	227.2%	0.0%	10.0%	-25.0%	-28.1%
% Change from 2011-13 Gov's Recommended Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Legislatively Approved 2011-2013 Key Performance Measures

**Agency:** AVIATION, OREGON DEPARTMENT of

Mission: Enhance The Well-Being Of The People Of Oregon By Advancing Aviation In The State.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - Percent of runways in good or better condition.		Approved KPM	87.90	100.00	100.00
2 - Percent of runways meeting or exceeding approach surface standards.		Approved KPM	67.70	85.00	85.00
3 - Number of State Airports with current Inspections.		Approved KPM	121.00	132.00	132.00
4 - Percentage of total Federal Funds obligated or spent.		Approved KPM	100.00	100.00	100.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	61.30	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	56.30	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	55.10	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	55.00	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	60.10	91.00	91.00



**Agency: AVIATION, OREGON DEPARTMENT of**

Mission: Enhance The Well-Being Of The People Of Oregon By Advancing Aviation In The State.

<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2012</b>	<b>Target 2013</b>
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	62.50	91.00	91.00
6 - Percent of aircraft registered		Approved KPM	77.10	85.00	85.00
7 - Percent of pilots registered		Approved KPM	87.10	85.00	85.00
8 - Percent of total best practices met by the board.		Approved KPM	80.00	90.00	90.00

**LFO Recommendation:**

Approve the Department's request to continue existing KPMs and related targets into the 2011-13 biennium.

**Sub-Committee Action:**