

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

**MEASURE: HB 5025-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

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

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

**Vote:** 23 – 1 – 1

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

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

**Prepared By:** Brian DeForest, Department of Administrative Services

**Reviewed By:** Daron Hill, Legislative Fiscal Office

**Meeting Date:** June 3, 2011

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**Agency**  
Office of the Governor

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**Biennium**  
2011-13

## **Budget Summary\***

	2009-11		2011-13		Committee Change from	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	2011-13 Committee Recommendation	2009-11 Leg Approved	
					\$ Change	% Change
General Fund	\$ 10,071,418	\$ 12,816,997	\$ 10,905,192	\$ 10,348,503	\$ 277,085	+2.8%
Lottery Funds	1,941,910	2,394,097	1,941,910	1,856,674	(85,236)	-4.4%
Other Funds	4,909,229	2,873,984	2,741,773	2,741,773	(2,167,456)	-44.2%
Total	\$ 16,922,557	\$ 18,085,078	\$ 15,588,875	\$ 14,946,950	\$ (1,975,607)	-11.7%

## **Position Summary**

Authorized Positions	71	61	61	54	-17
Full-time Equivalent (FTE) Positions	70.00	61.00	61.00	53.50	-16.50

(1) Includes adjustments through March 2011.

## **Summary of Revenue Changes**

The Office of the Governor is funded primarily by General Fund. Regional Solutions is financed with Lottery Funds with half the funding coming from general purpose Lottery Funds and the other half from the statutorily dedicated 2.5 percent Lottery funds distributed to counties for economic development. The Diversity and Inclusion (formerly Affirmative Action) and the Economic and Business Equity (formerly Minority, Women, and Emerging Small Business) advocacy functions are funded with Other Funds primarily 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. Other Fund revenues in the Arrest and Return program are from restitution from offenders and indirect Federal 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 Diversity and Inclusion, Economic and Business Equity advocacy, Executive Appointments, Citizens' Representative, Arrest and Return Program; and, the Regional Solutions program.

The Subcommittee approved a budget of \$10,348,503 General Fund, \$14,946,950 total funds, for the 2011-13 biennium. The General Fund adopted budget is a 2.8 percent increase over the 2009-11 Legislatively Approved Budget, while total funds decrease by 11.7 percent. A decrease

of \$2,167,456 Other Funds is primarily associated with transferring the Economic Recovery Executive Team duties and staff to the Department of Administrative Services. The Subcommittee approved packages that eliminate inflation and reduce Personal Services funding. These packages are consistent with reductions being made in all state agencies to balance the state budget for 2011-13.

The Subcommittee also approved the following packages:

- Package 801 Targeted Statewide Adjustments, eliminates \$181,355 General Fund and \$17,896 Lottery Funds to incorporate a 6.5 percent reduction for Services and Supplies. This statewide reduction is being made to all budgets consistent with the direction of the Co-Chairs of Ways and Means.
- Package 810 Legislative Fiscal Office Analyst Adjustments eliminates seven positions (7.50 full-time equivalent) from the Office budget and is associated with Package 090 that was included in the Governor's Recommended Budget. That package reduced Personal Services enough to bring the agency budget down to the 2009-11 Legislatively Approved level. Package 810 recognizes that the agency has since rearranged staff and duties to accommodate the reduced spending level.
- Package 819 Supplemental Statewide Ending Balance, includes reductions of \$375,334 General Fund and \$67,340 Lottery Funds to support a state General Fund/Lottery Fund supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. To reinforce that intent, the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored to the agency during the February 2012 session, for the second year of the biennium, depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the Office of the Governor to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

### **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 5025-A**

Office of the Governor  
 Brian DeForest -- (503) 378-5442

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 *	\$ 10,071,418	\$ 1,941,910	\$ 4,909,229	\$ 0	\$ 0	\$ 0	\$ 16,922,557	71	70.00
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 12,816,997	\$ 2,394,097	\$ 2,873,984	\$ 0	\$ 0	\$ 0	\$ 18,085,078	61	61.00
2011-13 Governor's Recommended Budget*	\$ 10,905,192	\$ 1,941,910	\$ 2,741,773	\$ 0	\$ 0	\$ 0	\$ 15,588,875	61	61.00
<b>SUBCOMMITTEE ADJUSTMENTS (from GRB)</b>									
<b>SCR 001 General Program</b>									
Package 801 Targeted Statewide Adjustments									
Services and Supplies	\$ (181,355)	\$ (17,896)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (199,251)	0	0.00
Package 810 LFO Analyst Adjustments									
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(7)	(7.50)
Package 819 Supplemental Statewide Ending Balance									
Personal Services	\$ (284,029)	\$ (58,330)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (342,359)	0	0.00
Services and Supplies	\$ (91,305)	\$ (9,010)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (100,315)	0	0.00
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (556,689)</b>	<b>\$ (85,236)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (641,925)</b>	<b>(7)</b>	<b>(7.50)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 10,348,503</b>	<b>\$ 1,856,674</b>	<b>\$ 2,741,773</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 14,946,950</b>	<b>54</b>	<b>53.50</b>
% Change from 2009-11 Leg Approved Budget	2.8%	-4.4%	-44.2%	0.0%	0.0%	0.0%	-11.7%	-23.9%	-23.6%
% Change from 2011-13 Current Service Level	-19.3%	-22.4%	-4.6%	0.0%	0.0%	0.0%	-17.4%	-11.5%	-12.3%
% Change from 2011-13 Gov's Recommended Budget	-5.1%	-4.4%	0.0%	0.0%	0.0%	0.0%	-4.1%	-11.5%	-12.3%

\*Excludes Capital Construction Expenditures

## Legislatively Proposed 2011-2013 Key Performance Measures

**Agency: GOVERNOR'S OFFICE**

Mission: The Governor's Office provides leadership and direction to state agencies that are in the Executive Branch. The Governor's Office includes:  
 Program Area Policy Advisors (e.g., education, workforce, natural resources, economic development, health & human services, public safety, transportation, intergovernmental relations)  
 Executive Appointments  
 Office Citizens Representative Office  
 Federal Office  
 Affirmative Action Program Office  
 Minority, Women, & Emerging Small Business Advocate's Office  
 Extradition Services (for all law enforcement agencies)  
 Economic Revitalization Team

The focus of the Annual Performance Progress Report is on the last four program areas listed above. These program areas track performance measures, as detailed within this report.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Accuracy	Approved KPM	86.40	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Availability of Information	Approved KPM	87.97	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Expertise	Approved KPM	93.33	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Helpfulness	Approved KPM	87.41	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Overall	Approved KPM	92.65	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the ERT process very good to excellent.	Timeliness	Approved KPM	93.33	90.00	90.00
2 - CERTIFIED INDUSTRIAL SITES - Number of new industrial sites / acres certified as "project ready".		Approved KPM	1.00	5.00	5.00
3 - OREGON FUGITIVES RETURNED - Percent of Oregon fugitives returned to Oregon in the most cost-effective and timely manner, giving priority to the most serious offenders.		Approved KPM	88.00	90.00	90.00

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<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>
4 - NUMBER OF STATE CONTRACT AWARDS TO CERTIFIED MINORITY, WOMEN AND EMERGING SMALL BUSINESSES (MWESB):		Approved KPM	20.00	15.00	15.00
5 - STATE HIRING - Number of protected classes being hired, promoted, and retained in state agencies.		Approved KPM	16.38	20.00	20.00

**LFO Recommendation:**

Approve the current Key Performance Measures, with direction to the agency to review the current measures and see if they conform to the priorities of the new Governor. The agency should work with the Legislative Fiscal Office and the Budget and Management Division to address any proposed changes before the 2013 regular session.

**Sub-Committee Action:**

The subcommittee approved the LFO recommendation.