

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5547-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 22 – 0 – 3

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

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

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: June 3, 2011

Agency
Oregon Watershed Enhancement Board

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Biennium
2011-13

Budget Summary

	2009-11 Legislatively Approved Budget (1)	2011-13 Current Service Level	2011-13 Governor's Budget	2011-13 Committee Recommendation	Committee Change from 2009-11 Leg Approved	
					\$ change	% change
Lottery Funds	\$ 20,667,401	\$ 19,726,715	\$ 16,000,382	\$ 9,784,507	\$ (10,882,894)	-53%
Other Funds	2,009,705	1,880,865	1,764,253	1,773,549	\$ (236,156)	-12%
Federal Funds	23,220,144	29,066,758	44,106,297	45,479,409	\$ 22,259,265	96%
Total	\$ 45,897,250	\$ 50,674,338	\$ 61,870,932	\$ 57,037,465	\$ 11,140,215	22%

Position Summary

Authorized positions	31	28	34	32
Full-time equivalent positions (FTE)	31.00	28.00	34.00	31.50

(1) Includes adjustments through the March 2011 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Watershed Enhancement Board (OWEB) is funded primarily with Measure 76 Lottery Funds and federal Pacific Coastal Salmon Recovery Funds. The agency also receives revenues from the sales of salmon license plates. Updated Lottery revenue forecast figures for the 2011-13 biennium show an increase, which was incorporated into the recommended budget.

Summary of Natural Resources Subcommittee Action

OWEB promotes and implements programs that restore, maintain, and enhance Oregon watersheds in order to protect the economic and social well being of the state and its citizens. The Subcommittee approved a total funds budget of \$112,057,403, with \$57,037,465 total funds approved in Senate Bill 5547 and the remaining \$55,019,938 total funds approved in Senate Bill 5548. Senate Bill 5547 also provides 31.50 FTE for the Board.

The approved budget implements Measure 76. The budget also eliminates inflation and reduces Services and Supplies, creates a supplemental ending balance, eliminates two positions, and reduces projected remaining personal services expenditures. It also eliminates the separate Research and Development program that existed under Measure 66 and rolls that funding into the remaining two programs. Any adjustments for services provided by central agencies such as the Department of Administrative Services will be made in a separate disappropriation bill later.

The recommended budget for this agency includes a reduction of Lottery Funds for a 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 Lottery Fund limitation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored, during the February 2012 session, to the agency 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 agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage their budgets accordingly.

Operations

This program includes planning, coordination, assessment, implementation activities, monitoring activities, education efforts, agreements with willing landowners for land interests, and expenses of the Independent Multidisciplinary Science Team. The Subcommittee approved a total funds budget of \$40,321,867 and 31.50 FTE. It also approved the following two budget notes.

Budget Note:

The Subcommittee directs OWEB to examine new operational guidelines for Oregon's Independent Multidisciplinary Science Team (IMST) in order to improve its operations and usefulness to OWEB and other state agencies. As part of its review, OWEB is directed to propose any necessary changes including a new structure for Team membership and new operations guidelines, if necessary, that would allow the IMST to more efficiently and effectively meet its scientific role regarding the Oregon Plan for Salmon and Watersheds. In carrying out this review, OWEB is expected to work with the Governor's Office and consult with appropriate state natural resources agencies and other interested stakeholders. OWEB will report its recommendations to the legislature prior to January 1, 2013.

Budget Note:

The Subcommittee recognizes that watershed councils are essential partners in accomplishing projects to protect, enhance and restore native fish and wildlife habitat and water quality and quantity. The Subcommittee thinks that after over a decade of millions of dollars in state investments in watershed council support grants, it is appropriate to review council's activities and oversight.

The Subcommittee directs OWEB to:

1. Work with appropriate local government entities to review the process for establishing and overseeing watershed councils, and identify whether any statutory or rule changes are needed.
2. Enhance watershed council reporting to OWEB for accountability and tracking of accomplishments.

3. Review criteria used to determine council eligibility for council support grants, to better ensure that investments go to groups that reflect the interests of the watershed and have proven successful in accomplishing their work plans in the past.
4. Report to the Seventy-sixth Legislative Assembly regarding progress and recommendations.

The Subcommittee approved Package 070, Revenue Shortfalls, which reduces Lottery Funds by \$741,823 to match the June 2010 revenue forecast and \$106,921 Other Funds.

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 100, Program Continuity, which adds \$60,000 Lottery Funds expenditure limitation and, \$329,110 Federal Funds expenditure limitation. It also includes the-establishment of one federal reporting specialist (1.00 FTE) and a fund shift of the Effectiveness Monitoring position to establish one limited duration (1.00 FTE) ecosystems services position. It includes expenditure limitation for a change in the agency's e-mail, network and internet provider, which had been the Oregon Business Development Department but that provider increased its monthly rates astronomically. A cheaper alternative was found by having the Water Resources Department provide network technical support and the Department of State Lands provide internet lines and technical support.

Package 120, Federal Commitments was approved on a one-time basis; it adds \$362,257 Federal Funds expenditure limitation for two limited duration positions. One position (1.00 FTE) will work on federal reporting requirements under the Pacific Coastal Salmon Recovery Fund. The second position (1.00 FTE) will work on Willamette Special Investment Partnership projects and is funded by the Bonneville Power Administration as part of its mitigation efforts.

The Subcommittee approved Package 132, PCSRF Grants, which adds \$14,231,552 Federal Funds expenditure limitation to bring the Federal Fiscal Year 2010 grant on-budget. This package provides funding for the Department of Environmental Quality water toxics study and Total Maximum Daily Load development, the Water Resources Department for instream restoration, the Department of Agriculture for water quality, and the Board for grants and the Independent Multidisciplinary Science Team. It also funds fish passage screens, western Oregon stream monitoring, fish conservation and recovery, John Day escapement and Salmon River coho work at the Department of Fish and Wildlife.

The Subcommittee approved Package 801, Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$76,044 Lottery Funds reduction. This package is a standard statewide package.

Package 802, Vacant Position Savings was approved; this package eliminates one position (1.00 FTE) that has long been vacant and was reviewed with the agency. The position was determined to be not critical for the agency's core functions. The package eliminates \$163,444 Other Funds expenditure limitation.

The Subcommittee approved Package 810, LFO Analyst Adjustments, which moves Soil and Water Conservation District and Watershed Council Funding from operations to local grants, eliminates funding for non-local grants, and shifts funding for a position from Lottery Funds to Other Funds. The net effect of the package is a reduction of \$2,975,000 Lottery Funds. Grants to support Watershed Councils and Soil and Water Conservation District watershed conservation work will be made from local grants, funding for which is contained in Senate Bill 5548.

Package 811, Position Alignment Actions was approved. It adds one limited duration position (0.50 FTE) to work as an education program analyst and is self-funded by moving \$115,000 from Special Payments to Personal Services, resulting in a package with no net impact on overall expenditures.

The Subcommittee also approved Package 812, Technical Adjustments, which adjusts Lottery Funds and Pacific Coastal Salmon Recovery Funds expenditure limitations for revised estimates of amounts to be carried over from the 2009-11 biennium. Lottery Funds expenditure limitation is reduced by \$200,000 and Federal Funds expenditure limitation is reduced by \$3,500,000. The Subcommittee clarified that these carry forward amounts and any other carry forward amounts approved to close out 2009-11 are to be removed as part of the agency's budget development for 2013-15. The agency will instead include a policy option package requesting any necessary carry forward amounts beginning in 2013-15.

Package 814, Remove Research and Development Program Area was approved. It adds \$875,000 Lottery Funds expenditure limitation to the Operations program. This amount represents the balance of the Research and Development program operations funds available under Measure 66 and projected under Measure 76. A companion package in Senate Bill 5548 adds Measure 66 capital and Measure 76 grant funds interest earnings from the Research and Development program to the Grants program. Funding for any Research and Development grants will be budgeted by the Board in the same manner they budget all other grant categories.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$352,147 Lottery Funds to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

Capital Grants

This program is addressed primarily in Senate Bill 5548.

The Subcommittee approved Package 810, LFO Analyst Adjustments, which adds \$5,200,000 Federal Funds expenditure limitation for federal grants that were previously approved for submittal by the legislature. This expenditure limitation will be used entirely in the 2011-13 biennium.

Research and Development

This program unit funds research and development from interest earnings on Lottery Funds dedicated by Measure 66. The Subcommittee eliminated this program unit through package 814.

Package 814, Remove Research and Development Program Area was approved. It moves \$3,000,000 of existing fund balances into the Operations and Grants programs

Summary of Performance Measure Action

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

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5547-A

**Oregon Watershed Enhancement Board
Lisa Pearson -- 503-373-7501**

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	\$20,667,401	\$2,009,705	\$0	\$23,220,144	\$0	\$45,897,250	31	31.00
2011-13 ORBITS printed Current Service Level (CSL)*	0	19,726,715	1,880,865	0	29,066,758	0	\$50,674,338	28	28.00
2011-13 Governor's Recommended Budget *	\$0	\$16,000,382	\$1,764,253	\$0	\$44,106,297	\$0	\$61,870,932	34	34.00
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
<u>Operations</u>									
Package 100: Program Continuity									
Personal Services:	0	(7,684)	(174,931)	0	0	0	(182,615)	(1)	(1.00)
Special Payments	0	0	184,227	0	0	0	184,227		
Package 120: Federal Commitments									
Personal Services:	0	0	0	0	(138,644)	0	(138,644)	(1)	(1.00)
Services and Supplies:	0	0	0	0	(24,800)	0	(24,800)		
Package 801: Targeted Statewide Adjustments									
Services and Supplies: 6.5% reduction non-fixed accounts	0	(76,044)	0	0	0	0	(76,044)	0	0.00
Package 802: Vacant Position Savings									
Personal Services	0	0	0	0	(163,444)	0	(163,444)	(1)	(1.00)
Package 810: LFO Analyst Adjustments									
Personal Services	0	(175,000)	175,000	0	0	0	0	0	0.00
Special Payments	0	(2,800,000)	(175,000)	0	0	0	(2,975,000)		
Package 811: Package Position Alignment Actions									
Personal Services	0	115,000	0	0	0	0	115,000	1	0.50
Special Payments	0	(115,000)	0	0	0	0	(115,000)		
Package 812: Technical Adjustments									
Special Payments	0	(200,000)	0	0	(3,500,000)	0	(3,700,000)	0	0.00
Package 814: Remove Research & Development Program Area									
Special Payments	0	875,000	0	0	0	0	875,000	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies: 3.5% biennial or 7% 2nd year reserve	0	(352,147)	0	0	0	0	(352,147)	0	0.00
<u>Grants</u>									
Package 810: LFO Analyst Adjustments									
Special Payments account 6995	0	0	0	0	5,200,000	0	5,200,000		
<u>Research and Development</u>									
Package 300: Research Grants									
Special Payments account 6995	0	(480,000)	0	0	0	0	(480,000)	0	0.00
Package 814: Remove Research & Development Program Area									
Special Payments	0	(3,000,000)	0	0	0	0	(3,000,000)	0	0.00
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TOTAL ADJUSTMENTS	\$0	(\$6,215,875)	\$9,296	\$0	\$1,373,112	\$0	(\$4,833,467)	(2)	(2.50)
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SUBCOMMITTEE RECOMMENDATION *	\$0	\$9,784,507	\$1,773,549	\$0	\$45,479,409	\$0	\$57,037,465	32	31.50
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% Change from 2009-11 Leg Approved Budget	0.00%	-52.66%	-11.75%	0.00%	95.86%	0.00%	24.27%	3.23%	1.61%
% Change from 2011-13 Current Service Level	0.00%	-38.85%	0.53%	0.00%	3.11%	0.00%	-7.81%	14.29%	12.50%
% Change from 2011-13 Governor's Recommended Budget	0.00%	-38.85%	0.53%	0.00%	3.11%	0.00%	-7.81%	14.29%	12.50%

* Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: WATERSHED ENHANCEMENT BOARD

Mission: To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - OPERATIONS--The percentage of total funding used in agency operations.		Approved KPM	6.00	6.00	6.00
2 - OUTSIDE FUNDING--The percentage of funding from other sources resulting from OWEB's grant awards.		Approved KPM	100.00	150.00	150.00
3 - RESTORATION--The percentage of OWEB watershed restoration investments that address established basin and watershed restoration priorities.		Approved KPM		90.00	90.00
4 - PAYMENTS--The percentage of complete grant payment requests paid within 30 days.		Approved KPM	100.00	100.00	100.00
5 - FISH POPULATIONS--The percentage of monitored native fish species that exhibit increasing or stable levels of abundance.		Approved KPM	100.00	75.00	75.00
6 - PLANT COMMUNITIES--The percentage of improved riparian stream miles of the total number of stream miles in Oregon.		Approved KPM	0.48	1.00	1.00
7 - WORK PLANS--The extent to which watershed councils funded by OWEB accomplish their work plans each biennium.		Approved KPM	95.00	100.00	100.00
8 - FISH MONITORING--The percentage of native fish, where monitoring needs have been quantified, that were monitored to a level considered adequate under the Oregon Plan Monitoring Strategy and ODFW's Native Fish Status Review.		Approved KPM	32.00	45.00	45.00
9 - SALMON HABITAT QUANTITY--The percentage of potential aquatic salmon habitat made available to salmon each year.		Approved KPM	0.32	0.25	0.25
11 - CUSTOMER SERVICE--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	95.90	91.00	91.00

Agency: WATERSHED ENHANCEMENT BOARD

Mission: To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
11 - CUSTOMER SERVICE--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	91.70	91.00	91.00
11 - CUSTOMER SERVICE--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	98.90	91.00	91.00
11 - CUSTOMER SERVICE--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	91.80	91.00	91.00
11 - CUSTOMER SERVICE--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	92.90	91.00	91.00
11 - CUSTOMER SERVICE--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	88.80	91.00	91.00
10 - SALMON HABITAT QUALITY--The trend in quality of aquatic salmon habitat.		Legislative Delete			

LFO Recommendation:

Delete KPM #10, Change KPM #4 to "The percentage of complete grant payment requests paid within 24 days." Approve remaining measures.

Sub-Committee Action:

Approved the LFO recommendations