
MEMORANDUM

Legislative Fiscal Office
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To: General Government Subcommittee

From: Daron Hill, Legislative Fiscal Office
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Date: June 4, 2013

Subject: Office of the Governor – SB 5523
Work Session Recommendations

Office of the Governor – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	10,071,418	31,157,883	52,082,405	10,304,037
Lottery Funds	1,941,910	1,855,731	2,419,152	2,365,253
Other Funds	3,768,185	13,471,928	21,399,806	2,812,433
Federal Funds	0	5,413,248	5,332,742	0
Total Funds	\$15,781,513	\$51,898,790	\$81,234,105	\$15,481,723
Positions	71	74	73	54
FTE	70.00	70.14	69.75	53.50

Attached are the recommendations from the Legislative Fiscal Office (LFO) for the Office of the Governor. It contains the following:

- The standard statewide policy packages that capture the Public Employees Retirement System rate changes from SB 822.
- The transfer of the Early Learning Program and Youth Development Program to the Department of Education.
- The transfer of the Oregon Education Investment Board activities to a standalone agency.

The recommended budget returns the Office back to the standard functions that were included in the agency's budget bill for 2011-13. After the budget bill was passed during the 2011 session, several education and youth initiatives were temporarily budgeted in the Office of the Governor. The recommended budget transfers all of these programs back out of the agency.

For comparison purposes, the agency's budget bill passed during the 2011 session contained \$10.3 million General Fund, \$1.9 million Lottery Funds, and \$2.7 million Other Funds and 54 positions (53.50 FTE).

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 6/4/13.

Accept LFO Recommendation

Move the LFO recommendation to SB 5523.

OR

Change LFO recommendation

Move the LFO recommendation to SB 5523, with modifications.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

OR

Change LFO recommendation

Move the LFO recommendation on Key Performance Measures, with modifications.

Proposed Budget Note

The agency should review the need for positions that are funded by other agencies and create a report showing the total number of those positions, the total cost of those positions, and a proposal to reduce, eliminate, or realign those positions.

The agency should also review its Key Performance Measures and prepare a report on any proposed changes.

Both of these reports should be presented to the Joint Committee on Ways and Means during the 2014 session.

Accept LFO Recommendation

Move the LFO recommended budget note.

SB 5523 Final Subcommittee Action:

Final Motion:

Move SB 5523 to the full committee with a "do pass" recommendation.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	13,339,757	1,855,731	2,740,911	825,616	-	-	18,762,015	57	56.00
2011-13 Ebds, SS & Admin Act	17,818,126	-	10,731,017	4,587,632	-	-	33,136,775	17	14.14
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	31,157,883	1,855,731	13,471,928	5,413,248	-	-	51,898,790	74	70.14
2011-13 Leg Approved Budget (Base)	31,157,883	1,855,731	12,646,312	4,189,590	-	-	49,849,516	73	69.75
Summary of Base Adjustments	1,031,369	545,025	283,716	307,014	-	-	2,167,124	-	-
2013-15 Base Budget	32,189,252	2,400,756	12,930,028	4,496,604	-	-	52,016,640	73	69.75
010: Non-PICS Pers Svc/Vacancy Factor	22,681	7,073	13,054	42,616	-	-	85,424	-	-
020: Phase In / Out Pgm & One-time Cost	19,415,698	-	8,206,264	702,793	-	-	28,324,755	-	-
030: Inflation & Price List Adjustments	454,774	11,323	250,460	90,729	-	-	807,286	-	-
2013-15 Current Service Level	52,082,405	2,419,152	21,399,806	5,332,742	-	-	81,234,105	73	69.75
070: Revenue Reductions/Shortfall	-	-	(2,492,529)	(106,082)	-	-	(2,598,611)	-	-
Adjusted 2013-15 Current Service Level	52,082,405	2,419,152	18,907,277	5,226,660	-	-	78,635,494	73	69.75
Total LFO Recommended Packages	(41,778,368)	(53,899)	(16,094,844)	(5,226,660)	-	-	(63,153,771)	(19)	(16.25)
2013-15 Legislative Actions	10,304,037	2,365,253	2,812,433	-	-	-	15,481,723	54	53.50
Net change from 2011-13 Leg Approved Budget	(20,853,846)	509,522	(10,659,495)	(5,413,248)	-	-	(36,417,067)	(20)	(16.64)
Percent change from 2011-13 Leg Approved Budget	(66.9%)	27.5%	(79.1%)	(100.0%)	0.0%	0.0%	(70.2%)	(27.0%)	(23.7%)
Net change from 2013-15 Current Service Level	(41,778,368)	(53,899)	(16,094,844)	(5,226,660)	-	-	(63,153,771)	(19)	(16.25)
Percent change from 2013-15 Current Service Level	(80.2%)	(2.2%)	(85.1%)	(100.0%)	0.0%	0.0%	(80.3%)	(26.0%)	(23.3%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	13,339,757	1,855,731	2,740,911	825,616	-	-	18,762,015	57	56.00
2011-13 Ebds, SS & Admin Act	267,362	-	1	(825,616)	-	-	(558,253)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	13,607,119	1,855,731	2,740,912	-	-	-	18,203,762	57	56.00
2011-13 Leg Approved Budget (Base)	13,607,119	1,855,731	2,740,912	825,616	-	-	19,029,378	57	56.00
Summary of Base Adjustments	(392,124)	545,025	114,749	(347,654)	-	-	(80,004)	(3)	(2.50)
2013-15 Base Budget	13,214,995	2,400,756	2,855,661	477,962	-	-	18,949,374	54	53.50
010: Non-PICS Pers Svc/Vacancy Factor	(70,236)	7,073	4,546	-	-	-	(58,617)	-	-
030: Inflation & Price List Adjustments	97,830	11,323	13,415	13,365	-	-	135,933	-	-
060: Technical Adjustments	(2,688,560)	-	-	(491,327)	-	-	(3,179,887)	-	-
2013-15 Current Service Level	10,554,029	2,419,152	2,873,622	-	-	-	15,846,803	54	53.50
Adjusted 2013-15 Current Service Level	10,554,029	2,419,152	2,873,622	-	-	-	15,846,803	54	53.50
Total LFO Recommended Packages	(249,992)	(53,899)	(61,189)	-	-	-	(365,080)	-	-
2013-15 Legislative Actions	10,304,037	2,365,253	2,812,433	-	-	-	15,481,723	54	53.50
Net change from 2011-13 Leg Approved Budget	(3,303,082)	509,522	71,521	-	-	-	(2,722,039)	(3)	(2.50)
Percent change from 2011-13 Leg Approved Budget	(24.3%)	27.5%	2.6%	0.0%	0.0%	0.0%	(15.0%)	(5.3%)	(4.5%)
Net change from 2013-15 Current Service Level	(249,992)	(53,899)	(61,189)	-	-	-	(365,080)	-	-
Percent change from 2013-15 Current Service Level	(2.4%)	(2.2%)	(2.1%)	0.0%	0.0%	0.0%	(2.3%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 090 Analyst Adjustments

Package Description This package reflects reduced telecommunication costs in the agency. It accounts for the elimination of duplicative telephone service where staff have both a desk phone and an agency assigned cell phone. This package eliminates funding for the second assigned phone and promotes more efficient use of telecommunication technology.

LFO Recommendation Approve the package.

LFO Recommended	(63,864)	(2,232)	(5,544)	-	-	-	(71,640)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the package.

LFO Recommended	(20,681)	(5,741)	(6,183)	-	-	-	(32,605)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the package.

LFO Recommended	(165,447)	(45,926)	(49,462)	-	-	-	(260,835)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	17,550,764	-	10,731,016	5,413,248	-	-	33,695,028	17	14.14
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	17,550,764	-	10,731,016	5,413,248	-	-	33,695,028	17	14.14
2011-13 Leg Approved Budget (Base)	17,550,764	-	9,905,400	3,363,974	-	-	30,820,138	16	13.75
Summary of Base Adjustments	1,423,493	-	168,967	654,668	-	-	2,247,128	3	2.50
2013-15 Base Budget	18,974,257	-	10,074,367	4,018,642	-	-	33,067,266	19	16.25
010: Non-PICS Pers Svc/Vacancy Factor	92,917	-	8,508	42,616	-	-	144,041	-	-
020: Phase In / Out Pgm & One-time Cost	19,415,698	-	8,206,264	702,793	-	-	28,324,755	-	-
030: Inflation & Price List Adjustments	356,944	-	237,045	77,364	-	-	671,353	-	-
060: Technical Adjustments	2,688,560	-	-	491,327	-	-	3,179,887	-	-
2013-15 Current Service Level	41,528,376	-	18,526,184	5,332,742	-	-	65,387,302	19	16.25
070: Revenue Reductions/Shortfall	-	-	(2,492,529)	(106,082)	-	-	(2,598,611)	-	-
Adjusted 2013-15 Current Service Level	41,528,376	-	16,033,655	5,226,660	-	-	62,788,691	19	16.25
Total LFO Recommended Packages	(41,528,376)	-	(16,033,655)	(5,226,660)	-	-	(62,788,691)	(19)	(16.25)
2013-15 Legislative Actions	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	(17,550,764)	-	(10,731,016)	(5,413,248)	-	-	(33,695,028)	(17)	(14.14)
Percent change from 2011-13 Leg Approved Budget	(100.0%)	0.0%	(100.0%)	(100.0%)	0.0%	0.0%	(100.0%)	(100.0%)	(100.0%)
Net change from 2013-15 Current Service Level	(41,528,376)	-	(16,033,655)	(5,226,660)	-	-	(62,788,691)	(19)	(16.25)
Percent change from 2013-15 Current Service Level	(100.0%)	0.0%	(100.0%)	(100.0%)	0.0%	0.0%	(100.0%)	(100.0%)	(100.0%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description This package reflects a reduction in expenditures to match available revenues. The changes are related to programs from the former Commission on Children and Families.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(2,492,529)	(106,082)	-	-	(2,598,611)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 090 Analyst Adjustments

Package Description This package supports the full implementation of Early Learning and Youth Development programs and prepares the programs to be transferred into the Department of Education.

LFO Recommendation Approve the request.

LFO Recommended	5,242,384	-	1,464,061	(1,245,616)	-	-	5,460,829	5	1.51
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%.

LFO Recommendation Approve the package.

LFO Recommended	(5,911)	-	(713)	(2,290)	-	-	(8,914)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 093 Other PERS Adjustments

Package Description This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve the package.

LFO Recommended	(47,290)	-	(5,705)	(18,322)	-	-	(71,317)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 480 Gang Prevention and Intervention

Package Description This package increases support for Gang prevention and intervention. This enhancement is transferred out of the agency in other policy packages.

LFO Recommendation Approve the package.

LFO Recommended	1,000,000	-	-	-	-	-	1,000,000	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 501 Transfer to Early Learning

Package Description This package transfers the operations and activities of the Early Learning programs out of the Governor's Office into the Department of Education.

LFO Recommendation Approve the package.

LFO Recommended	(36,260,467)	-	(10,084,243)	(192,539)	-	-	(46,537,249)	(14)	(10.88)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 502 Transfer to Youth Development

Package Description This package transfers the operations and activities of the Youth Development program out of the Governor's Offices into the Department of Education.

LFO Recommendation Approve the package.

LFO Recommended	(8,423,560)	-	(7,407,055)	(3,767,893)	-	-	(19,598,508)	(10)	(6.88)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 503 Transfer to Oregon Edu Investment Bd

Package Description This package transfers the activities of the Oregon Education Investment Board out of the Governor's Office and establishes the Board as a stand alone agency - OEIB.

LFO Recommendation Approve the package.

LFO Recommended	(3,033,532)	-	-	-	-	-	(3,033,532)	(1)	(1.00)
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Legislatively Proposed 2013-2015 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, jobs and economy, health care, labor and human services, public safety, sustainability and transportation, and veterans), Executive Appointments, Citizens Representative, Diversity and Inclusion, Economic and Business Equity, Extradition Services (for all law enforcement agencies), and Regional Solutions. The focus of the Annual Performance Progress Report is on the last four program areas. These program areas track performance measures, as detailed within this report.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Accuracy	Approved KPM	87.30	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Availability of Information	Approved KPM	84.90	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Expertise	Approved KPM	87.50	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Helpfulness	Approved KPM	86.00	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Overall	Approved KPM	83.00	90.00	90.00
1 - CUSTOMER SATISFACTION - Percent of participants (customers) who rate the Regional Solutions process very good to excellent.	Timeliness	Approved KPM	87.60	90.00	90.00
2 - CERTIFIED INDUSTRIAL SITES - Number of new industrial sites / acres certified as "project ready".		Approved KPM	2.00	6.00	6.00
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	92.60	90.00	90.00
4 - NUMBER OF STATE CONTRACT AWARDS TO CERTIFIED MINORITY, WOMEN AND EMERGING SMALL BUSINESSES (MWESB):		Approved KPM	0.00	12.00	12.00
5 - STATE HIRING - Number of protected classes being hired, promoted, and retained in state agencies.		Approved KPM	16.90	22.00	22.00

LFO Recommendation:

LFO recommends approval of the current Key Performance Measures with direction to the agency to review all of the measures and return during the 2014 session with any proposed changes to the measures and/or targets. A budget note is included in the agency's budget report with this direction.

Sub-Committee Action: