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# MEMORANDUM

Legislative Fiscal Office  
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**To:** Transportation and Economic Development Subcommittee

**From:** Steve Bender, Legislative Fiscal Office  
(503) 986-1836

**Date:** June 12, 2013

**Subject:** Oregon Business Development Department – HB 5028  
Work Session Recommendations

## Oregon Business Development Department – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	\$8,926,180	\$3,842,479	\$4,000,961	\$4,897,262
Lottery Funds	106,424,887	138,677,228	91,595,267	114,918,585
Other Funds	27,493,113	26,120,912	28,367,180	36,448,003
Federal Funds	28,428,854	50,652,649	38,441,644	38,782,000
Nonlimited Other Funds	210,776,965	323,184,188	210,341,005	210,341,005
<b>Total Funds</b>	<b>\$382,049,999</b>	<b>\$542,477,456</b>	<b>\$372,746,057</b>	<b>\$405,386,855</b>
Positions	128	132	125	126
FTE	125.72	129.87	123.50	124.50

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Business Development Department. They include but are not limited to the following:

- Approve Packages 092 and 093, to reflect the impact of the policy changes in SB 822 and administrative actions of the PERS Board that reduce state employer contribution rates in the 2013-15 biennium by approximately 4.4 percentage points.
- Approve \$19.4 million Lottery Funds to finance seven Oregon InC initiatives.
- Recommend approval of \$71.2 million of Lottery Bond and General Obligation Bond-Funded programs, with Lottery Bonds to be issued in Spring 2015. Recommended programs including:
  - \$30 million for Seismic Rehabilitation Grant Bonds
  - \$24.45 million for adding capital to the Special Public Works Fund.
  - \$10 million for Regional Solutions projects
  - \$5 million for Innovation Infrastructure projects
  - \$1.75 million for specified art and museum projects.

- Approve \$3.25 million of Lottery Funds for Innovation Infrastructure projects.
- Approve \$635,000 of Lottery Funds to expand support of the Oregon Small Business Development Center Network and the General Contract Assistance Program.
- Approve an additional \$700,000 for the Strategic Reserve Fund, bringing total funding to \$16 million.
- Approve \$500,000 of General Fund for arts programs to benefit underserved students.

### **Adjustments to Current Service Level:**

See attached "Work Session Presentation Report" dated 6/12/13.

### ***Accept LFO Recommendation***

*Move the LFO recommendation to HB 5028, or move the LFO recommendation with modifications.*

### **Budget Note**

The Legislative Fiscal Office recommends adoption of a budget note relating to funding for the Regional Solutions Program.

#### **Budget Note**

The Subcommittee approves a \$1 Other Funds expenditure limitation for Regional Solutions. Prior to legislative approval of any increase in this expenditure limitation for the program, the Oregon Business Development Department shall report to the Interim Joint Committee on Ways and Means with a request to introduce a bill, for consideration during the 2014 Session of the Legislative Assembly, to establish the Regional Solutions program. In addition to any other provisions in this report that the Department may request, the report shall include provisions to: provide for the establishment of Regional Solutions Centers; identify the membership, governance and duties of the Centers; establish criteria on the use of funds allocated to the program; define the process for the development and approval of funding proposals; establish authority for the Department to distribute moneys to projects funded under the program and to provide effective oversight of the uses of the moneys so distributed; and delineate the activities and responsibilities of the Department for administering the program. The Department shall submit this report to the Interim Joint Committee on Ways and Means no later than during the Legislative Days in November 2013.

### ***Accept LFO Recommendation***

*Move the LFO recommended budget note.*

**Performance Measures**

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

**Approve a motion to approve agency Key Performance Measures.**

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

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of \$4,897,262 General Fund, \$114,918,585 Lottery Funds, \$36,448,003 Other Funds, \$38,782,000 Federal Funds, \$210,341,005 Nonlimited Other Funds, and 126 positions (124.50 FTE), and that House Bill 5028 be amended accordingly.

**Approve a motion to amend House Bill 5028 as shown on the attachment immediately following this memo.**

**On Page 1 of the printed bill, delete lines 9 through 18 and insert:**

**“(2) Article XI-Q bond debt service ..... \$413,332”.**

**In line 24, delete “\$8,976,528” and insert “\$13,775,403”.**

**In line 26, delete “\$56,401,041” and insert “\$7,940,542”.**

**In line 27, delete “\$1,466,172” and insert “\$1,282,593”.**

**On Page 2, in line 1, delete “\$6,652,409” and insert “\$8,449,464”.**

**In line 2, delete “Debt service” and insert “Lottery bond debt service”.**

**After line 2, insert:**

**“(6) Regional Solutions ..... \$1”.**

**In line 8, delete “\$70,379,375” and insert “\$58,926,638”.**

**In line 11, delete “Debt service” and insert “Lottery bond debt service” and delete “\$56,442,255” and insert “\$48,026,937”.**

In line 16, delete “\$7,725,161” and insert “\$7,979,210”.

In line 28, after “bonds” insert “and general obligation bonds”.

**HB 5028 Final Subcommittee Action:**

***Final Motion:*** Move HB 5028 to the full committee with a “do pass” recommendation, as modified.

# House Bill 5028

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Appropriates moneys from General Fund to Oregon Business Development Department for Oregon Arts Commission and Infrastructure Finance Authority.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by department for certain purposes.

Limits biennial expenditures by department from lottery moneys for certain purposes.

Limits biennial expenditures by department from federal funds for certain purposes.

Authorizes certain nonlimited expenditures.

Declares emergency, effective July 1, 2013.

## A BILL FOR AN ACT

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Relating to the financial administration of the Oregon Business Development Department; appropriating money; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

**SECTION 1.** There are appropriated to the Oregon Business Development Department, for the biennium beginning July 1, 2013, out of the General Fund, the following amounts, for the following purposes:

(1) Oregon Arts Commission.....	\$	4,483,930
<del>(2) Infrastructure Finance Authority, Seismic Rehabilitation Program.....</del>	<del>\$</del>	<del>205,677</del>
(3) Infrastructure Finance Authority, Oregon Innovation Fund, debt service .....	\$	826,663
<del>(4) Infrastructure Finance Authority, Seismic Rehabilitation Program debt service.....</del>	<del>\$</del>	<del>3,710,464</del>

(2) Article XI-Q bond debt service ..... \$413,332

**SECTION 2.** Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2013, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Business Development Department, for the following purposes:

(1) Business, innovation and trade. \$	<del>8,976,528</del>	\$13,775,403
(2) Infrastructure Finance Authority .....	\$	56,401,041
(3) Shared services.....	\$	1,406,172

\$7,940,542  
\$1,282,593

Note: For budget, see 2013-2015 Biennial Budget  
NOTE: Matter in boldfaced type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in boldfaced type.

Lottery based debt service  
HB 5028

- 1 (4) Arts and Cultural Trust ..... \$ ~~6,652,409~~ \$8,449,464
- 2 (5) Debt service ..... \$ 5,000,000

3 **SECTION 3.** Notwithstanding any other law limiting expenditures, the following amounts  
 4 are established for the biennium beginning July 1, 2013, as the maximum limits for payment  
 5 of expenses from lottery moneys allocated from the Administrative Services Economic De-  
 6 velopment Fund to the Oregon Business Development Department, for the following pur-  
 7 poses:

- 8 (1) Business, innovation and trade. \$ ~~70,379,375~~ \$58,926,638
- 9 (2) Shared services..... \$ 6,811,394
- 10 (3) Oregon Film and Video Office.. \$ 1,153,616
- 11 (4) Debt service ..... \$ ~~56,442,255~~ \$48,026,937

12 **SECTION 4.** Notwithstanding any other law limiting expenditures, the following amounts  
 13 are established for the biennium beginning July 1, 2013, as the maximum limits for payment  
 14 of expenses from federal funds collected or received by the Oregon Business Development  
 15 Department, for the following purposes:

- 16 (1) Business, innovation and trade. \$ ~~7,725,161~~ \$7,979,210
- 17 (2) Infrastructure financing ..... \$ 28,966,604
- 18 (3) Arts..... \$ 1,836,186

19 **SECTION 5.** For the biennium beginning July 1, 2013, expenditures by the Oregon Busi-  
 20 ness Development Department are not limited for:

21 (1) Loans from the following funds:

22 (a) Oregon Business Development Fund (ORS 285B.092), Oregon Entrepreneurial Devel-  
 23 opment Loan Fund (ORS 285B.758), Credit Enhancement Fund (ORS 285B.215) and  
 24 Brownfields Redevelopment Fund (ORS 285A.188); and

25 (b) Special Public Works Fund (ORS 285B.455), Water Fund (ORS 285B.563), Marine Nav-  
 26 igation Improvement Fund (ORS 777.267), Oregon Port Revolving Fund (ORS 285A.708) and  
 27 Safe Drinking Water Revolving Loan Fund (ORS 285A.213).

28 (2) Debt service, excluding debt service on lottery revenue bonds,

and general obligation bonds

29 **SECTION 6.** This 2013 Act being necessary for the immediate preservation of the public  
 30 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect  
 31 July 1, 2013.

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(6) Regional Solutions ..... \$1  
Lottery based debt service

LFO102 - Work Session Presentation Report  
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-000-00-00-00000  
Oregon Business Development Department

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	<b>3,851,208</b>	<b>136,340,722</b>	<b>25,797,923</b>	<b>50,172,649</b>	<b>237,302,188</b>	-	<b>453,464,690</b>	<b>131</b>	<b>129.37</b>
2011-13 Ebds, SS & Admin Act	(8,729)	2,336,506	322,989	480,000	85,882,000	-	89,012,766	1	0.50
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	<b>3,842,479</b>	<b>138,677,228</b>	<b>26,120,912</b>	<b>50,652,649</b>	<b>323,184,188</b>	-	<b>542,477,456</b>	<b>132</b>	<b>129.87</b>
<b>2011-13 Leg Approved Budget (Base)</b>	<b>3,842,479</b>	<b>138,677,228</b>	<b>25,842,308</b>	<b>50,172,649</b>	<b>260,057,850</b>	-	<b>478,592,514</b>	<b>132</b>	<b>129.87</b>
Summary of Base Adjustments	74,071	(30,810,226)	2,951,013	114,604	(49,691,619)	-	(77,362,157)	(7)	(6.37)
<b>2013-15 Base Budget</b>	<b>3,916,550</b>	<b>107,867,002</b>	<b>28,793,321</b>	<b>50,287,253</b>	<b>210,366,231</b>	-	<b>401,230,357</b>	<b>125</b>	<b>123.50</b>
010: Non-PICS Pers Svc/Vacancy Factor	10,298	83,104	55,771	20,490	-	-	169,663	-	-
020: Phase In / Out Pgm & One-time Cost	-	(16,970,522)	(1,050,503)	(12,529,817)	-	-	(30,550,842)	-	-
030: Inflation & Price List Adjustments	74,113	615,683	469,011	763,298	(25,226)	-	1,896,879	-	-
050: Fundshifts and Revenue Reductions	-	-	99,580	(99,580)	-	-	-	-	-
<b>2013-15 Current Service Level</b>	<b>4,000,961</b>	<b>91,595,267</b>	<b>28,367,180</b>	<b>38,441,644</b>	<b>210,341,005</b>	-	<b>372,746,057</b>	<b>125</b>	<b>123.50</b>
080: E-Boards	9,006	11,868	283,968	120,000	-	-	424,842	-	-
<b>Adjusted 2013-15 Current Service Level</b>	<b>4,009,967</b>	<b>91,607,135</b>	<b>28,651,148</b>	<b>38,561,644</b>	<b>210,341,005</b>	-	<b>373,170,899</b>	<b>125</b>	<b>123.50</b>
<b>Total LFO Recommended Packages</b>	<b>887,295</b>	<b>23,311,450</b>	<b>7,796,855</b>	<b>220,356</b>	-	-	<b>32,215,956</b>	<b>1</b>	<b>1.00</b>
<b>2013-15 Legislative Actions</b>	<b>4,897,262</b>	<b>114,918,585</b>	<b>36,448,003</b>	<b>38,782,000</b>	<b>210,341,005</b>	-	<b>405,386,855</b>	<b>126</b>	<b>124.50</b>
Net change from 2011-13 Leg Approved Budget	1,054,783	(23,758,643)	10,327,091	(11,870,649)	(112,843,183)	-	(137,090,601)	(6)	(5.37)
Percent change from 2011-13 Leg Approved Budget	27.5%	(17.1%)	39.5%	(23.4%)	(34.9%)	0.0%	(25.3%)	(4.5%)	(4.1%)
Net change from 2013-15 Current Service Level	887,295	23,311,450	7,796,855	220,356	-	-	32,215,956	1	1.00
Percent change from 2013-15 Current Service Level	22.1%	25.4%	27.2%	0.6%	0.0%	0.0%	8.6%	0.8%	0.8%

LFO102 - Work Session Presentation Report  
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-110-00-00-00000  
Shared Services/Central Pool

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	6,810,941	979,971	-	-	-	7,790,912	32	31.25
2011-13 Ebds, SS & Admin Act	-	(163,285)	278,604	-	-	-	115,319	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	6,647,656	1,258,575	-	-	-	7,906,231	32	31.25
<b>2011-13 Leg Approved Budget (Base)</b>	-	6,683,523	979,971	-	-	-	7,663,494	32	31.25
Summary of Base Adjustments	-	368,615	(78,067)	-	-	-	290,548	(2)	(1.25)
<b>2013-15 Base Budget</b>	-	7,052,138	901,904	-	-	-	7,954,042	30	30.00
010: Non-PICS Pers Svc/Vacancy Factor	-	27,256	8,953	-	-	-	36,209	-	-
030: Inflation & Price List Adjustments	-	77,387	10,469	-	-	-	87,856	-	-
<b>2013-15 Current Service Level</b>	-	7,156,781	921,326	-	-	-	8,078,107	30	30.00
080: E-Boards	-	(56,393)	283,968	-	-	-	227,575	-	-
<b>Adjusted 2013-15 Current Service Level</b>	-	7,100,388	1,205,294	-	-	-	8,305,682	30	30.00
<b>Total LFO Recommended Packages</b>	-	(288,994)	77,299	-	-	-	(211,695)	-	-
<b>2013-15 Legislative Actions</b>	-	6,811,394	1,282,593	-	-	-	8,093,987	30	30.00
Net change from 2011-13 Leg Approved Budget	-	163,738	24,018	-	-	-	187,756	(2)	(1.25)
Percent change from 2011-13 Leg Approved Budget	0.0%	2.5%	1.9%	0.0%	0.0%	0.0%	2.4%	(6.3%)	(4.0%)
Net change from 2013-15 Current Service Level	-	(288,994)	77,299	-	-	-	(211,695)	-	-
Percent change from 2013-15 Current Service Level	0.0%	(4.1%)	6.4%	0.0%	0.0%	0.0%	(2.5%)	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 081 May 2012 E-Board**

Package Description The CFO analyst modified this package to reflect a reduction in the budgeted PERS employer rate of 55-60 basis points by the PERS Board.

LFO Recommendation Approve.

**LFO Recommended**

Revenues	-	-	285,226	-	-	-	285,226		
Expenditures	-	(56,393)	283,968	-	-	-	227,575	-	-

	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 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended

Revenues	-	(160,239)	-	-	-	-	(160,239)		
Expenditures	-	(160,239)	100,000	-	-	-	(60,239)	-	-

	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

LFO Recommended

Revenues	-	(14,306)	-	-	-	-	(14,306)		
Expenditures	-	(14,306)	(2,522)	-	-	-	(16,828)	-	-

	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

**LFO Recommended**

Revenues	-	(114,449)	-	-	-	-	(114,449)		
Expenditures	-	(114,449)	(20,179)	-	-	-	(134,628)	-	-

LFO102 - Work Session Presentation Report  
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-210-00-00-00000  
Business, Innovation, Trade

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	49,051,845	9,162,082	20,065,709	20,106,457	-	98,386,093	57	56.12
2011-13 Ebds, SS & Admin Act	-	(249,053)	(277,500)	480,000	(3,315,000)	-	(3,361,553)	1	0.50
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	48,802,792	8,884,582	20,545,709	16,791,457	-	95,024,540	58	56.62
<b>2011-13 Leg Approved Budget (Base)</b>	-	48,766,925	8,884,582	20,065,709	16,791,457	-	94,508,673	58	56.62
Summary of Base Adjustments	-	461,096	(109,671)	45,153	(1,485,000)	-	(1,088,422)	(5)	(5.12)
<b>2013-15 Base Budget</b>	-	49,228,021	8,774,911	20,110,862	15,306,457	-	93,420,251	53	51.50
010: Non-PICS Pers Svc/Vacancy Factor	-	55,848	4,597	19,792	-	-	80,237	-	-
020: Phase In / Out Pgm & One-time Cost	-	(16,970,522)	(944,296)	(12,479,817)	-	-	(30,394,635)	-	-
030: Inflation & Price List Adjustments	-	511,258	165,906	63,131	295	-	740,590	-	-
050: Fundshifts and Revenue Reductions	-	-	99,580	(99,580)	-	-	-	-	-
<b>2013-15 Current Service Level</b>	-	32,824,605	8,100,698	7,614,388	15,306,752	-	63,846,443	53	51.50
080: E-Boards	-	68,261	-	120,000	-	-	188,261	-	-
<b>Adjusted 2013-15 Current Service Level</b>	-	32,892,866	8,100,698	7,734,388	15,306,752	-	64,034,704	53	51.50
<b>Total LFO Recommended Packages</b>	-	26,033,772	5,674,705	244,822	-	-	31,953,299	1	1.00
<b>2013-15 Legislative Actions</b>	-	58,926,638	13,775,403	7,979,210	15,306,752	-	95,988,003	54	52.50
Net change from 2011-13 Leg Approved Budget	-	10,123,846	4,890,821	(12,566,499)	(1,484,705)	-	963,463	(4)	(4.12)
Percent change from 2011-13 Leg Approved Budget	0.0%	20.7%	55.0%	(61.2%)	(8.8%)	0.0%	1.0%	(6.9%)	(7.3%)
Net change from 2013-15 Current Service Level	-	26,033,772	5,674,705	244,822	-	-	31,953,299	1	1.00
Percent change from 2013-15 Current Service Level	0.0%	79.1%	70.1%	3.2%	0.0%	0.0%	49.9%	1.9%	1.9%

	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 081 May 2012 E-Board**

Package Description The CFO analyst modified this package to reflect a reduction in the budgeted PERS employer rate of 55-60 basis points by the PERS Board.

LFO Recommendation Recommend.

**LFO Recommended**

Revenues	-	-	-	120,000	-	-	120,000		
Expenditures	-	68,261	-	120,000	-	-	188,261	-	-

	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 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-	-

	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

LFO Recommended

Revenues	-	(21,248)	-	(1,025)	-	-	(22,273)		
Expenditures	-	(21,248)	(10,271)	(1,025)	-	-	(32,544)	-	-



	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

**LFO Recommended**

Revenues	-	(169,980)	-	(8,202)	-	-	(178,182)		
Expenditures	-	(169,980)	(82,171)	(8,202)	-	-	(260,353)	-	-

	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 101 Oregon Innovation Council**

Package Description Includes funding for Oregon Innovation Council (Oregon InC) initiatives. Oregon InC initiatives are funded on a one-time basis each biennium. Ongoing funding is not included in the essential budget level, and is approved in the budget in a policy option package.

LFO Recommendation Approve \$19,400,000 Lottery Funds for seven Oregon InC initiatives, in the amounts identified:

- Oregon Nanoscience and Microtechnologies Institute (ONAMI) - \$6,100,000
- Oregon Translational Research and Development Institute (OTRADI) - \$2,000,000
- Oregon Built Environment and Sustainable Technologies Center (BEST) - \$6,000,000
- Oregon Wave Energy Trust (OWET) - \$2,000,000
- Drive Oregon - \$1,500,000
- Unmanned Aerial Systems Center of Excellence - \$900,000
- Oregon Story Board - \$900,000

Budget Instructions Oregon InC initiatives are funded on a one-time basis each biennium. Funding for all initiatives will be phased-out in the development of the agency's 2015-17 biennium budget.

Furthermore, funding for both the Unmanned Aerial Systems Center of Excellence and the Oregon Story Board is to be provided for one-biennium only. The Committee understands that additional state funds for these initiatives, and for OTRADI, will not be requested or provided after the 2013-15 biennium.

**LFO Recommended**

Revenues	-	19,400,000	-	-	-	-	19,400,000		
Expenditures	-	19,400,000	-	-	-	-	19,400,000	-	-

	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 103 Industry Competitiveness**

Package Description Adds \$2,050,000 Lottery Funds for export promotion and assistance, the Work-Ready Communities Initiative, Oregon Manufacturing Assistance, Small Business Innovation Research (SBIR) & Small Business Technology Transfer Research (STTR) grant application assistance, and the Oregon Entrepreneurs Network.

LFO Recommendation Add \$500,000 Lottery Funds for export promotion and assistance. The budget, with this addition, will include \$1,030,500 of Lottery Funds for export promotion and assistance.

Budget Instructions Lottery allocation [1040/4400] = \$500,000.  
Distributions [6050/4400] = \$500,000.

**LFO Recommended**

Revenues	-	500,000	-	-	-	-	500,000		
Expenditures	-	500,000	-	-	-	-	500,000	-	-

	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 106 OMWESB**

Package Description Increase the Other Funds expenditure limitation by \$532,147 to replace the over 20-year old data base and software system, establish one full-time (1.00 FTE) Compliance Specialist position, and establish a legal budget to remedy a federal audit finding, all for the Office of Minority, Women and Emerging Small Business.

LFO Recommendation Approve.

\$60,000 of expenditures funded by this package are one-time costs associated with installing the replacement software system. The agency shall phase out these expenditures in the development of its 2015-17 biennium budget request.

**LFO Recommended**

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	532,147	-	-	-	532,147	1	1.00

	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 810 LFO Analyst Adjustments**

Package Description This package contains two components. (1) Reduce Lottery Funds allocations and expenditures by \$2,800,000, to eliminate Lottery Funds to the Business, Innovation and Trade Division that are not allocated to an operating program in the Division's budget. This elimination will not reduce Lottery Funds support for the Division's operating programs.

(2) Increase the Federal Funds expenditure limitation by \$254,049, for 2013-15 biennium expenditures of moneys received under a previously-awarded federal STEP grant.

LFO Recommendation Approve.

Budget Instructions Lottery allocation [1107/4400] = (-\$2,800,000).

Special payments [6995/4400] = (-\$2,800,000).

Services and Supplies (FF) [4995/6400] = \$254,049.

**LFO Recommended**

Revenues	-	(2,800,000)	-	-	-	-	(2,800,000)		
Expenditures	-	(2,800,000)	-	254,049	-	-	(2,545,951)	-	-

	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 811 Strategic Reserve Fund**

Package Description Increase Lottery Funds for the Strategic Reserve Fund program by \$700,000. The budget, with this addition, will include \$16 million of Lottery Funds expenditure limitation for the Strategic Reserve Fund.

If HB 2225 becomes law, the Oregon Business Development Department may transfer Strategic Reserve Fund monies to the Oregon Business Retention and Expansion Program.

LFO Recommendation Approve.

Budget Instructions Lottery allocation [1107/4400] = \$700,000.

Special payments [6995/4400 = \$700,000.

**LFO Recommended**

Revenues	-	700,000	-	-	-	-	700,000		
Expenditures	-	700,000	-	-	-	-	700,000	-	-

	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 813 Small Business Support**

Package Description Increase the Lottery Funds allocation and expenditures by \$635,000 to supplement support for two programs that assist small businesses: (1) Oregon Small Business Development Center Network - \$500,000, and (2) Government Contract Assistance Program (GCAP) – \$135,000.

The budget, with these additions, will provide approximately \$2,247,000 Lottery Funds to the Oregon Small Business Development Center Network and \$431,960 Lottery Funds to GCAP.

LFO Recommendation Approve.

Budget Instructions Lottery allocation [1107/4400] = \$635,000.

Special payments [6995/4400] = \$635,000.

**LFO Recommended**

Revenues	-	635,000	-	-	-	-	635,000		
Expenditures	-	635,000	-	-	-	-	635,000	-	-

	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 814 Innovation Infrastructure**

Package Description Recommend, to the Ways and Means Capital Construction Subcommittee, that Article XI-Q General Obligation bonds generating \$5,000,000 of net proceeds be authorized for the purpose of capital investments in three programs: (1) Information Technology Infrastructure Upgrades (Oregon Research Collaboratory) - \$2,000,000, (2) The Oregon Regional Accelerator and Innovation Network (Oregon RAIN) based in the South Willamette Valley – \$2,500,000, and the Oregon Metals Initiative - \$500,000. Each of these amounts is one-half the amount included in the Governor’s recommended budget.

Increase the Lottery Funds allocation and expenditures by \$3,250,000 to support operations costs of the same three programs in the following amounts: (1) Information Technology Infrastructure Upgrades (Oregon Research Collaboratory) - \$300,000, (2) The Oregon Regional Accelerator and Innovation Network (Oregon RAIN) based in the South Willamette Valley – \$1,250,000, and the Oregon Metals Initiative - \$1,700,000.

Support provided for Information Technology Infrastructure Upgrades is for the purpose of upgrading technology infrastructure links between the Center for Spatial Systems Biomedicine in the Collaborative Life Science Building at Oregon Health and Science University, the Portland State University Computer Science Department, and the Portland State Business Accelerator and OTRADI Business Incubator.

Increase the Other Funds expenditure limitation by \$5,235,000, for purposes of distributing bond proceeds to program recipients and paying costs of bond issuance.

LFO Recommendation Approve the package. Funding is provided on a one-time basis and will be phased out in the development of the agency's 2015-17 biennium budget request.

Budget Instructions General Fund Obligation Bonds [0555/3400] = \$5,235,000.  
Distribution of bond proceeds to programs [6995/3400] = \$5,000,000.  
Bond issuance costs [4650/3400] = \$235,000.

Lottery allocation [1107/4400] = \$3,250,000.  
Support for program operations [6995/4400] = \$2,750,000.

**LFO Recommended**

Revenues	-	3,250,000	5,235,000	-	-	-	8,485,000		
Expenditures	-	3,250,000	5,235,000	-	-	-	8,485,000	-	-



	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 817 Other One-Biennium Pass-Through Payments**

Package Description Increase the Lottery Funds allocation and expenditures by \$4,540,000 to support two programs that promote economic development: (1) Support for the dredging of South Coast ports - \$3,040,000, and (2) the WISE (Water for Irrigation, Streams and Economy) water management project for the Bear Creek and Little Butte Creek watersheds in Jackson County - \$1,500,000.

LFO Recommendation Approve the package. Funding is provided on a one-time basis and will be phased out in the development of the agency's 2015-17 biennium budget request.

Budget Instructions Lottery allocation [1107/4400] = \$4,540,000.  
Special payments [6995/4400] = \$4,540,000.

**LFO Recommended**

Revenues	-	4,540,000	-	-	-	-	4,540,000		
Expenditures	-	4,540,000	-	-	-	-	4,540,000	-	-

LFO102 - Work Session Presentation Report  
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-300-00-00-00000  
Infrastructure Financing Authority

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	7,317,177	28,313,847	217,195,731	-	252,826,755	33	33.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	39,770,662	-	39,770,662	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	7,317,177	28,313,847	256,966,393	-	292,597,417	33	33.00
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	7,317,177	28,313,847	243,266,393	-	278,897,417	33	33.00
Summary of Base Adjustments	-	-	244,471	69,451	(48,206,619)	-	(47,892,697)	-	-
<b>2013-15 Base Budget</b>	-	-	7,561,648	28,383,298	195,059,774	-	231,004,720	33	33.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	66,804	698	-	-	67,502	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(106,207)	(50,000)	-	-	(156,207)	-	-
030: Inflation & Price List Adjustments	-	-	154,719	657,074	(25,521)	-	786,272	-	-
<b>2013-15 Current Service Level</b>	-	-	7,676,964	28,991,070	195,034,253	-	231,702,287	33	33.00
<b>Adjusted 2013-15 Current Service Level</b>	-	-	7,676,964	28,991,070	195,034,253	-	231,702,287	33	33.00
<b>Total LFO Recommended Packages</b>	-	-	263,579	(24,466)	-	-	239,113	-	-
<b>2013-15 Legislative Actions</b>	-	-	7,940,543	28,966,604	195,034,253	-	231,941,400	33	33.00
Net change from 2011-13 Leg Approved Budget	-	-	623,366	652,757	(61,932,140)	-	(60,656,017)	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	8.5%	2.3%	(24.1%)	0.0%	(20.7%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	263,579	(24,466)	-	-	239,113	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	3.4%	(0.1%)	0.0%	0.0%	0.1%	0.0%	0.0%

LFO102 - Work Session Presentation Report  
2013-15 Biennium

Version: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-300-00-00-00000  
Infrastructure Financing Authority

	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 081 May 2012 E-Board**

Package Description The CFO analyst modified this package to reflect a reduction in the budgeted PERS employer rate of 55-60 basis points by the PERS Board.

LFO Recommendation Approve.

**LFO Recommended**

Revenues	-	-	-	-	(285,226)	-	(285,226)		
Expenditures	-	-	-	-	-	-	-	-	-

	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 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-	-

	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

LFO Recommended

Revenues	-	-	-	(2,718)	-	-	(2,718)		
Expenditures	-	-	(14,136)	(2,718)	-	-	(16,854)	-	-

	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

**LFO Recommended**

Revenues	-	-	-	(21,748)	-	-	(21,748)		
Expenditures	-	-	(113,087)	(21,748)	-	-	(134,835)	-	-

	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 102 SPWF Re-capitalization**

Package Description The Governor's recommended budget included Lottery revenue bonds for recapitalizing the Special Public Works Fund and for other programs.

LFO Recommendation Limit the package to budget adjustments related to issuing Lottery revenue bonds to recapitalize the Special Public Works Fund.

Recommend, to the Ways and Means Capital Construction Subcommittee, that Lottery revenue bonds generating \$24,452,044 of net proceeds be authorized for issue in the spring of 2015, for the purpose of recapitalizing the Special Public Works Fund. Increase the Other Funds expenditure limitation by \$390,801 for projected costs of issuing the bonds, to be paid from bond proceeds.

The Capital Construction Subcommittee will add the budget adjustments that the Department will need to spend bond proceeds into the end-of-session appropriations bill, if approves Lottery revenue bonds are approved for this program. Bond proceeds used for purposes of loans are expended in the agency budget as Nonlimited Other Funds.

Budget Instructions Other Funds Other Services and Supplies [4650/3400] = \$390,801 for cost of issuance.

**LFO Recommended**

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	390,801	-	-	-	390,801	-	-

	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 812 Regional Solutions**

Package Description The Governor's recommended budget included \$50 million of Lottery revenue bonds for Regional Solutions projects in a general Lottery bond policy option package (Package 102). LFO recommends moving Regional Solutions to a distinct package - Package 812.

The Regional Solutions Lottery revenue bond request included two components, the first being \$20 million of bonds for Regional Solutions Advisory Committee Funding, for locally-identified priority projects. Each of the 10 Regional Solutions Areas would receive \$2 million for area. The second component was \$30 million of bonds for Regional Conveners Economic Initiatives Funding for statewide use relating to community and/or regionally identified economic development initiatives.

LFO Recommendation Establish a \$1 Other Funds expenditure limitation for Regional Solutions. Recommend, to the Ways and Means Capital Construction Subcommittee, that \$10 million of Lottery revenue bonds be authorized for issue in the spring of 2015, for the purpose Regional Solutions Advisory Committee Funding.

LFO recommends deferring additional Other Funds expenditure limitation for the program until legislation is approved to establish the Regional Solutions program.

Budget Notes The Subcommittee approves a \$1 Other Funds expenditure limitation for Regional Solutions. Prior to legislative approval of any increase in this expenditure limitation for the program, the Oregon Business Development Department shall report to the Interim Joint Committee on Ways and Means with a request to introduce a bill, for consideration during the 2014 Session of the Legislative Assembly, to establish the Regional Solutions program. In addition to any other provisions in this report that the Department may request, the report shall include provisions to: provide for the establishment of Regional Solutions Centers; identify the membership, governance and duties of the Centers; establish criteria on the use of funds allocated to the program; define the process for the development and approval of funding proposals; establish authority for the Department to distribute moneys to projects funded under the program and to provide effective oversight of the uses of the moneys so distributed; and delineate the activities and responsibilities of the Department for administering the program. The Department shall submit this report to the Interim Joint Committee on Ways and Means no later than during the Legislative Days in November 2013.

Budget Instructions Lottery Bonds [0565/3400] = \$1.  
Other Funds Special Payments [6995/3400] = \$1.

**LFO Recommended**

Revenues	-	-	1	-	-	-	1		
Expenditures	-	-	1	-	-	-	1	-	-



LFO102 - Work Session Presentation Report  
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-500-00-00-00000  
Film and Video

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	1,207,893	-	-	-	-	1,207,893	-	-
2011-13 Ebds, SS & Admin Act	-	(81,315)	-	-	-	-	(81,315)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	1,126,578	-	-	-	-	1,126,578	-	-
<b>2011-13 Leg Approved Budget (Base)</b>	-	1,126,578	-	-	-	-	1,126,578	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2013-15 Base Budget</b>	-	1,126,578	-	-	-	-	1,126,578	-	-
030: Inflation & Price List Adjustments	-	27,038	-	-	-	-	27,038	-	-
<b>2013-15 Current Service Level</b>	-	1,153,616	-	-	-	-	1,153,616	-	-
<b>Adjusted 2013-15 Current Service Level</b>	-	1,153,616	-	-	-	-	1,153,616	-	-
<b>2013-15 Legislative Actions</b>	-	1,153,616	-	-	-	-	1,153,616	-	-
Net change from 2011-13 Leg Approved Budget	-	27,038	-	-	-	-	27,038	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	2.4%	0.0%	0.0%	0.0%	0.0%	2.4%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-	-

LFO102 - Work Session Presentation Report  
2013-15 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 12300-600-00-00-00000  
Arts

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	<b>3,851,208</b>	-	<b>6,540,845</b>	<b>1,793,093</b>	-	-	<b>12,185,146</b>	<b>9</b>	<b>9.00</b>
2011-13 Ebds, SS & Admin Act	(8,729)	-	-	-	-	-	(8,729)	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	<b>3,842,479</b>	-	<b>6,540,845</b>	<b>1,793,093</b>	-	-	<b>12,176,417</b>	<b>9</b>	<b>9.00</b>
<b>2011-13 Leg Approved Budget (Base)</b>	<b>3,842,479</b>	-	<b>6,540,845</b>	<b>1,793,093</b>	-	-	<b>12,176,417</b>	<b>9</b>	<b>9.00</b>
Summary of Base Adjustments	74,071	-	14,013	-	-	-	88,084	-	-
<b>2013-15 Base Budget</b>	<b>3,916,550</b>	-	<b>6,554,858</b>	<b>1,793,093</b>	-	-	<b>12,264,501</b>	<b>9</b>	<b>9.00</b>
010: Non-PICS Pers Svc/Vacancy Factor	10,298	-	(24,583)	-	-	-	(14,285)	-	-
030: Inflation & Price List Adjustments	74,113	-	137,917	43,093	-	-	255,123	-	-
<b>2013-15 Current Service Level</b>	<b>4,000,961</b>	-	<b>6,668,192</b>	<b>1,836,186</b>	-	-	<b>12,505,339</b>	<b>9</b>	<b>9.00</b>
080: E-Boards	9,006	-	-	-	-	-	9,006	-	-
<b>Adjusted 2013-15 Current Service Level</b>	<b>4,009,967</b>	-	<b>6,668,192</b>	<b>1,836,186</b>	-	-	<b>12,514,345</b>	<b>9</b>	<b>9.00</b>
<b>Total LFO Recommended Packages</b>	<b>473,963</b>	-	<b>1,781,272</b>	-	-	-	<b>2,255,235</b>	-	-
<b>2013-15 Legislative Actions</b>	<b>4,483,930</b>	-	<b>8,449,464</b>	<b>1,836,186</b>	-	-	<b>14,769,580</b>	<b>9</b>	<b>9.00</b>
Net change from 2011-13 Leg Approved Budget	641,451	-	1,908,619	43,093	-	-	2,593,163	-	-
Percent change from 2011-13 Leg Approved Budget	16.7%	0.0%	29.2%	2.4%	0.0%	0.0%	21.3%	0.0%	0.0%
Net change from 2013-15 Current Service Level	473,963	-	1,781,272	-	-	-	2,255,235	-	-
Percent change from 2013-15 Current Service Level	11.8%	0.0%	26.7%	0.0%	0.0%	0.0%	18.0%	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 081 May 2012 E-Board**

Package Description The CFO analyst modified this package to reflect a reduction in the budgeted PERS employer rate of 55-60 basis points by the PERS Board.

LFO Recommendation Approve.

**LFO Recommended**

Revenues	9,006	-	-	-	-	-	9,006		
Expenditures	9,006	-	-	-	-	-	9,006	-	-

	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 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended

Revenues	-	-	-	-	-	-	-	-	-
Expenditures	-	-	-	-	-	-	-	-	-

	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

LFO Recommended

Revenues	(2,893)	-	-	-	-	-	(2,893)		
Expenditures	(2,893)	-	(1,754)	-	-	-	(4,647)	-	-

	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

**LFO Recommended**

Revenues	(23,144)	-	-	-	-	-	(23,144)		
Expenditures	(23,144)	-	(14,029)	-	-	-	(37,173)	-	-

	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 817 Other One-Biennium Pass-Through Payments**

Package Description Package includes two components in the Arts program area:

(1) Appropriate \$500,000 General Fund for arts programs that benefit underserved students. The funds are provided for distribution by the Trust for Cultural Development Board. The funds are not to be deposited into the Trust for Cultural Development Account. The Board instead shall review and approve distributions of the funds for the stated purpose during the 2013-15 biennium.

(2) Recommend, to the Ways and Means Capital Construction Subcommittee, that Lottery revenue bonds generating \$1,750,000 of net proceeds be authorized for issue in the spring of 2015, for the purpose of supporting two programs: (1) Confluence Project Celilo Park Project Site - \$1,500,000, and (2) High Desert Museum in Bend – \$250,000. The Arts Commission shall distribute to each program an amount not to exceed the amount of funds raised by the program from other sources.

Increase the Other Funds expenditure limitation for the Arts Commission by \$1,797,055, for purposes of distributing bond proceeds to program recipients and paying costs of bond issuance.

LFO Recommendation Approve the package. Funding is provided on a one-time basis and will be phased out in the development of the agency's 2015-17 biennium budget request.

Budget Instructions General Fund appropriation [0050/8000] = \$500,000.  
General Fund Special Payments [6995/8000] = \$500,000.

Lottery Bonds [0565/3400] = \$1,797,055.  
Distributions of Lottery Bond Proceeds [6050/3400] = \$1,750,000.  
Cost of Bond Issuance = [4650/3400] = \$47,055.

**LFO Recommended**

Revenues	500,000	-	1,797,055	-	-	-	2,297,055		
Expenditures	500,000	-	1,797,055	-	-	-	2,297,055	-	-



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	-	-	-	-	-	-	-
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	-	-	-	-	-	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
<b>2013-15 Base Budget</b>	-	-	-	-	-	-	-	-	-
<b>2013-15 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>Adjusted 2013-15 Current Service Level</b>	-	-	-	-	-	-	-	-	-
<b>2013-15 Legislative Actions</b>	-	-	-	-	-	-	-	-	-
Net change from 2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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2013-15 Biennium

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Cross Reference: 12300-900-00-00-00000

Lottery Bond Debt Service

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	79,270,043	1,797,848	-	-	-	81,067,891	-	-
2011-13 Ebds, SS & Admin Act	-	2,830,159	321,885	-	49,426,338	-	52,578,382	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	82,100,202	2,119,733	-	49,426,338	-	133,646,273	-	-
<b>2011-13 Leg Approved Budget (Base)</b>	-	82,100,202	2,119,733	-	-	-	84,219,935	-	-
Summary of Base Adjustments	-	(31,639,937)	2,880,267	-	-	-	(28,759,670)	-	-
<b>2013-15 Base Budget</b>	-	50,460,265	5,000,000	-	-	-	55,460,265	-	-
<b>2013-15 Current Service Level</b>	-	50,460,265	5,000,000	-	-	-	55,460,265	-	-
<b>Adjusted 2013-15 Current Service Level</b>	-	50,460,265	5,000,000	-	-	-	55,460,265	-	-
<b>Total LFO Recommended Packages</b>	413,332	(2,433,328)	-	-	-	-	(2,019,996)	-	-
<b>2013-15 Legislative Actions</b>	413,332	48,026,937	5,000,000	-	-	-	53,440,269	-	-
Net change from 2011-13 Leg Approved Budget	413,332	(34,073,265)	2,880,267	-	(49,426,338)	-	(80,206,004)	-	-
Percent change from 2011-13 Leg Approved Budget	100.0%	(41.5%)	135.9%	0.0%	(100.0%)	0.0%	(60.0%)	0.0%	0.0%
Net change from 2013-15 Current Service Level	413,332	(2,433,328)	-	-	-	-	(2,019,996)	-	-
Percent change from 2013-15 Current Service Level	100.0%	(4.8%)	0.0%	0.0%	0.0%	0.0%	(3.6%)	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 810 LFO Analyst Adjustments**

Package Description This package includes two components: 1) Appropriate \$13,332 General Fund to pay 2013-15 biennium debt service costs on \$5,235,000 of Article XI-Q bonds issued to support Package 814.

2) Reduce Lottery Funds debt service allocation and expenditures by \$2,433,328, to eliminate payments that will not be needed due to the Spring 2013 refunding of outstanding Lottery revenue bond debt and due to favorable interest rates for bonds issued in Spring 2013.

LFO Recommendation Approve.

Budget Instructions General Fund appropriation [0050/8030] = \$413,332.  
General Fund Debt Service [7995/8030] = \$413,332.

Lottery Funds Debt Service - Principal [7100/4430] = \$1,317,968.  
Lottery Funds Debt Service - Interest [7150/4430] = (-\$3,751,296).  
Lottery Funds Debt Service allocation [1107/4430] = (-\$2,433,328).  
Change Name of SCR 900 to "Lottery and General Obligation Bond Debt Service".

**LFO Recommended**

Revenues	413,332	(2,433,328)	-	-	-	-	(2,019,996)		
Expenditures	413,332	(2,433,328)	-	-	-	-	(2,019,996)	-	-

## Legislatively Proposed 2013-2015 Key Performance Measures

**Agency: OREGON BUSINESS DEVELOPMENT DEPARTMENT**

Mission: Business Oregon works to create, retain, expand and attract businesses that provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - Number of jobs created		Approved KPM	1,510.00	2,000.00	2,000.00
2 - Number of jobs retained		Approved KPM	4,998.00	5,000.00	5,000.00
3 - Personal income tax generated by the Department's investment in jobs		Approved KPM	15,937,747.00	18,500,000.00	18,500,000.00
4 - New export sales of assisted clients		Approved KPM	5,590,000.00	17,800,000.00	18,475,000.00
5 - Percentage of small businesses that remain in business at least four years after receiving assistance from the Department.		Approved KPM	61.00	60.00	60.00
6 - Number of new industrial sites/acres certified "project ready."		Approved KPM	2.00	5.00	5.00
7 - Number of community capital projects assisted for planning (infrastructure, community and organizational).		Approved KPM	24.00	30.00	30.00
8 - Number of community capital construction financing projects that address public health and safety issues.		Approved KPM	17.00	20.00	20.00
9 - Number of community capital construction financing projects that assist with future economic and community development.		Approved KPM	32.00	25.00	25.00
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM	89.00		
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM	90.00		
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM	93.00		

**Agency: OREGON BUSINESS DEVELOPMENT DEPARTMENT**

Mission: Business Oregon works to create, retain, expand and attract businesses that provide sustainable, living-wage jobs for Oregonians through public-private partnerships, leveraged funding and support of economic opportunities for Oregon companies and entrepreneurs.

<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2014</b>	<b>Target 2015</b>
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM	92.00		
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM	90.00		
10 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM	83.00		

**LFO Recommendation:**

Approve Key Performance Measures (KPMs) and KPM targets as shown. The agency has requested deletion of KPM #5 - Percent of small businesses that remain in business at least four years after receiving assistance from the Department. LFO recommends retaining KPM #5 at this time, but directing the Department to propose, in the 2014 Session, a replacement measure of the effectiveness of its small business assistance programs. Note that the targets for KPM #7, KPM #8, and KPM #9 reflect the Subcommittee recommendation to authorize \$24.45 million of Lottery revenue bonds to add capital to the Special Public Works Fund. If that funding is not approved, or approved at a lower level, KPM targets would need to be reduced. The targets for 2014 and 2015 for all components of KPM #10 are established at 90%.

**Sub-Committee Action:**