

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: SB 5520-A**

**Carrier – House: Rep. Bailey**

**Carrier – Senate: Sen. Edwards**

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

**Vote:** 20 – 5 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, Nathanson, Smith, Tomei, Williamson

Nays: McLane, Richardson

Exc: Read

Senate

Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Winters

Nays: Girod, Thomsen, Whitsett

Exc:

**Prepared By:** Lisa Pearson, Department of Administrative Services

**Reviewed By:** Paul Siebert, Legislative Fiscal Office

**Meeting Date:** June 6, 2013

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Agency

Department of Environmental Quality

Biennium

2013-15

**Budget Summary\***

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 19,438,356	\$ 23,966,655	\$ 26,145,196	\$ 6,706,840	34.5%
General Fund Debt Service	\$ 5,573,180	\$ 4,729,793	\$ 4,523,793	\$ (1,049,387)	-18.8%
Lottery Funds	\$ 4,502,197	\$ 4,746,582	\$ 3,828,439	\$ (673,758)	-15.0%
Other Funds	\$ 139,987,302	\$ 147,797,195	\$ 140,223,554	\$ 236,252	0.2%
Other Funds Debt Service	\$ 238,600	\$ 0	\$ 0	\$ (238,600)	-100.0%
Other Funds Nonlimited	\$ 109,516,601	\$ 80,000,000	\$ 110,150,000	\$ 633,399	0.6%
Other Funds Debt Service Nonlimited	\$ 16,150,201	\$ 7,120,278	\$ 17,140,278	\$ 990,077	6.1%
Federal Funds	\$ 31,628,115	\$ 31,367,282	\$ 27,577,321	\$ (4,050,794)	-12.8%
Total	\$ 327,034,552	\$ 299,727,785	\$ 329,588,581	\$ 2,554,029	-0.8%

**Position Summary**

Authorized Positions	725	715	716	-9
Full-time Equivalent (FTE) positions	710.92	708.42	705.58	-5.34

<sup>(1)</sup> Includes adjustments through December 2012

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

In addition to General Fund and Federal Funds, the Department of Environmental Quality (DEQ) has a number of Other Funds revenue sources. The main Other Fund revenue sources include fees, loan proceeds, and charges for services. The Department will implement fee adjustments for Title V permits, air-contaminant discharge permits, gray water use permits, onsite permits, wastewater-treatment plant operator certification, and storm water permits during the interim. The Department also receives Measure 76 Lottery Funds from the Oregon Watershed Enhancement Board.

**Summary of Natural Resources Subcommittee Action**

The Department of Environmental Quality restores, maintains and enhances the quality of Oregon’s air, water, and land. It regulates industrial air pollution, conducts vehicle emissions testing, sets and enforces water quality standards, monitors river basins, measures groundwater quality, and

regulates waste discharges from city sewage treatment and industrial facilities. It also regulates hazardous waste disposal, promotes solid waste reduction, regulates underground storage tanks, and enhances environmental cleanup.

The Subcommittee approved a total funds budget of \$329,588,581 and 716 positions (705.58 full-time equivalents, or FTE). The budget includes \$30,668,989 General Fund and \$3,828,439 Measure 76 Lottery Funds. The approved budget maintains existing service levels and adds resources to restart Oregon Plan for Salmon and Watersheds monitoring, groundwater studies, implementing the Integrated Water Resources Strategy, and expanding the Pesticide Stewardship Partnership with the Oregon Department of Agriculture.

#### Air Quality Program

This program ensures that Oregon meets all federal ambient air quality standards by regulating, detecting, monitoring and analyzing data, and enforcing air protection law. The program is responsible for air quality policy, planning, and rule development. It operates the Vehicle Emission Inspection Program in the Portland Metropolitan area and Medford. The subcommittee approved a total funds budget of \$55,250,488 and 220.87 FTE. The following budget note was also approved.

#### **Budget Note:**

The Department of Environmental Quality shall report to the appropriate committee of the Seventy-Eighth Legislative Assembly on: The status of any national ambient air quality standards proposed, under consideration for proposal, or adopted by the US EPA pertaining to ozone; and the department's plan and timetable for developing and implementing a comprehensive strategy to meet the revised national ambient air quality standards for ozone upon adoption by the US EPA. The plan shall describe how the department will analyze: current ozone levels and trends as compared to the ozone standard; air pollution sources contributing to ozone pollution; remission reduction strategies needed to achieve and maintain compliance with the ozone standard; impacts on human health and the environment; compliance with state and federal law; impacts on affected economic sectors; and other information determined to be relevant by the department. The plan shall also describe how the department will assess the Vehicle Inspection Program, including but not limited to: what, if any, modifications to the program are needed to meet the ozone standard and reduce other pollutants such as air toxics; the impact on affected economic sectors of any changes to the Vehicle Inspection Program; options for exempting vehicles from the inspection requirement and the impact on the vehicle registration process of any changes to the Vehicle Inspection Program. The exemption options and impact analysis would be done in consultation with the Driver and Motor Vehicle Division of the Department of Transportation.

The Subcommittee recommended package 070: Revenue Shortfalls. This package reduces total funds expenditure limitation by \$1,347,583 and eliminates six positions (6.67 FTE). The package reduces the existing budget level because costs have increased beyond the revenue generated by the Air Contaminant Discharge Permit fees. Package 111 restores a portion of the reduction.

Package 090: Analyst Adjustment was approved; this package reduces General Fund by \$1,172 to reflect the impact on agency management indirect charges from PERS rate changes.

The Subcommittee recommended package 091: Statewide Administrative Savings. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092: PERS Taxation Policy was approved; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the 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 percent.

The Subcommittee recommended package 093: Other PERS Adjustments. This package reflects the policy change in Senate Bill 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 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 111: Maintain an Effective ACDP Permit Program was approved; this package adds \$810,671 Other Funds expenditure limitation and three positions (3.67 FTE) to restore 55 percent of the reductions in package 070. The restorations are based on a 20 percent increase on all ACDP fees. The positions perform permitting, inspections, source testing and planning and are needed to maintain an effective and timely program. The last fee change was a 20 percent increase in 2007.

The Subcommittee recommended package 811: Technical Adjustments. This package reduces total funds by \$35,202 to correctly allocate price list adjustments for telecommunications and data processing charges. Price list adjustments typically occur between the agency request budget and the governor's proposed budget. The adjustments should have been taken in line programs, but were allocated to the Agency Management program in the governor's budget.

Package 812: Remove Cross Media Program was approved; this package adds \$459,543 total funds and one position (0.60 FTE) as part of a budget restructure which eliminates a small program unit and redistributes its work. The Cross Program is a budget construct that does not reflect the agency's operational organization. The five small miscellaneous programs in the Cross Program unit include the Green Permits, Tax Credits, Network Exchange Grants, Pollution Prevention Grants and the Regional Solutions Team. These programs actually operate within the Air Quality, Water Quality, Land Quality and Agency Management programs, so the agency concluded it would be best to eliminate the Cross Program budget unit and allocate the resources to the operational programs. This adjustment will streamline the budget preparation process.

#### Water Quality Program

This program works to achieve and maintain water quality. Program responsibilities include implementing the federal Clean Water Act, monitoring and regulating the use of water and wastewater, developing federally required plans for water quality standards, implementing the Oregon Plan for Healthy Salmon and Streams, providing financial and technical assistance, monitoring groundwater, and implementing the Safe Drinking Water Act. The Subcommittee approved a total funds budget of \$58,076,050 and 211.71 FTE.

The Subcommittee recommended package 070: Revenue Shortfalls. This package reduces total funds expenditures by \$3,674,962 and eliminates 14 positions (14.21 FTE). The package reduces the existing budget level for three reasons; first, insufficient revenues to maintain the onsite septic system and wastewater permitting programs require a right sizing of the programs. Fee revenue has decreased largely due to the economy. Second, certain federal revenues have declined or remained flat while costs have increased. Third, the state Lottery revenue forecast will not provide enough funding to maintain current levels of service. The Lottery revenue forecast results in the elimination of three positions assigned to temperature modeling for the Willamette Basin Total Maximum Daily Load (TMDL), work on the Willamette Basin mercury TMDL and Columbia Basin toxics, and monitoring for priority TMDL development areas. Package 090 restores some of these reductions using General Fund.

Package 090: Analyst Adjustments was approved; this package adds \$1,506,454 total funds and six positions (6.00 FTE). General Fund supports the restoration of the positions assigned to Willamette Basin and Columbia Basin TMDL modeling, mercury and toxics work and TMDL monitoring work and also restores some of the wastewater permitting reductions in package 070.

The Subcommittee recommended package 091: Statewide Administrative Savings. 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.

Package 092: PERS Taxation Policy was approved; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the 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 percent.

The Subcommittee recommended package 093: Other PERS Adjustments. This package reflects the policy change in Senate Bill 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 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 120: Onsite Septic System Program was approved; this package adds \$274,454 Other Funds expenditure limitation and one position (1.50 FTE) to restore a portion of the reductions taken in package 070. It restores a permit coordinator who provides customer service and restores 0.50 FTE of an existing regional onsite wastewater specialist who works with contract counties. This package depends on increasing license fees for installers and pumpers; it also increases the surcharge fee and eliminates the surcharge exemption for licenses.

The Subcommittee approved the following budget notes relating to operation of the Onsite Septic System Program:

**Budget Note:**

The Department of Environmental Quality shall work with cities, counties and other stakeholders to identify innovative ways to utilize the fees assessed for the onsite septic program. The intended outcomes are to increase the quality and efficiency of how onsite septic services are delivered across the state. This may include re-examining the fee schedules and the viability of how the program is currently implemented through a combination of DEQ and contract-county programs. The Association of Oregon Counties has indicated it will provide staff support for these efforts and the Department shall report back during the 2014 legislative session with recommendations for improving the operations of the onsite septic program.

**Budget Note:**

DEQ is instructed to continue to support the South Deschutes County and North Klamath County Groundwater Protection Project Steering Committee to finalize recommendations to address groundwater protection from onsite septic systems in the South Deschutes County and North Klamath County geographic area. Prior to taking action on any recommendation, DEQ will report back to the Ways and Means Subcommittee on Natural Resources or to the House Committee on Energy and Environment no later than the February 2014 Legislative session on its evaluation of the committee's recommendations.

DEQ shall also research how other states have conducted cost-benefit analyses of the cost of septic system upgrades relative to environmental impacts and public health risks. DEQ shall report to the legislative committee no later than the 2014 Legislative session on its findings and its plans for undertaking such an evaluation for South Deschutes and North Klamath counties.

The Subcommittee recommended package 122: Oregon Plan Monitoring. This package adds \$238,161 General Fund and two positions (1.26 FTE) to restart the collection of water quality and biological data guide watershed restoration efforts and help ensure resources are strategically applied to achieve salmon recovery and water quality objectives. The agency coordinates data with other agency monitoring efforts. This program was eliminated in a prior biennium due to budget constraints.

Package 124: Water Quality 401 Certification was approved; this package adds \$544,677 Other Funds expenditure limitation and three positions (2.50 FTE) to address the increased complexity of the removal-fill program and to restore 0.40 FTE. The package depends on a revision to the fee table as directed by House Bill 2185 (2009).

The Subcommittee recommended package 126: Wastewater Operator Certification. This package adds \$71,195 total funds expenditure limitation and 0.20 FTE and to an existing position; this restores reductions from package 070 through a fee increase. The fee increase revises the fee schedule for an adequate level of funding and staffing for the program.

Package 127: IWRS - Implementation was approved; this package adds \$474,187 General Fund and three positions (2.25 FTE) to implement the Integrated Water Resource Strategy. DEQ will provide expertise in developing water quality information and technical assistance as natural resource agencies collaborate on monitoring water quality and quantity for fish, wildlife, habitat and natural resource industries.

The Subcommittee recommended package 128: Statewide Groundwater Monitoring. This package adds \$460,000 General Fund and two positions (0.66 FTE) to implement an ongoing statewide groundwater quality monitoring program to assess status and trends. Under this funding plan the entire state would be assessed every ten years. The package includes \$325,000 for one-time capital outlay, and \$50,000 of capital outlay in subsequent biennia for maintenance of the equipment.

Package 320: Pesticide Stewardship Partnership was approved; this package adds \$747,942 Other Funds and five positions (4.00 FTE) to work with the Oregon Department of Agriculture (ODA) on projects to engage local communities in reducing pesticide movement into water bodies. DEQ manages the program in collaboration with ODA, provides leadership in planning and implementing monitoring plans, and analyzes collected samples. The funding for this package is a revenue transfer from the ODA. The sources of the funding in ODA are General Fund and pesticide registration fees; each source contributes half of the funding.

The Subcommittee recommended package 811: Technical Adjustments. This package reduces total funds by \$22,763 to correctly allocate price list adjustments for telecommunications and data processing charges. Price list adjustments typically occur between the agency request budget and the governor's proposed budget. The adjustments should have been taken in line programs, but were allocated to the Agency Management program in the governor's budget.

Package 812: Remove Cross Media Program was approved; this package adds \$988,626 total funds and three positions (3.00 FTE) as part of a budget restructure which eliminates a small program unit and redistributes its work. The Cross Program is a budget construct that does not reflect the agency's operational organization. The five small miscellaneous programs in the Cross Program unit include the Green Permits, Tax Credits, Network Exchange Grants, Pollution Prevention Grants and the Regional Solutions Team. These programs actually operate within the Air Quality, Water Quality, Land Quality and Agency Management programs, so the agency concluded it would be best to eliminate the Cross Program budget unit and allocate the resources to the operational programs. This adjustment will streamline the budget preparation process.

#### Land Quality Program

This program unit includes hazardous waste management and reduction, solid waste management and reduction, underground storage tank compliance, site assessment, site response, underground storage tank cleanup, spill prevention and management, voluntary cleanup, and policy and program development. The subcommittee approved a total funds budget of \$62,797,283 and 193.50 FTE.

The Subcommittee recommended package 070: Revenue Shortfalls. This package reduces total funds expenditure limitation by \$5,992,407 and four positions (4.00 FTE). This package reflects the conclusion of several projects, including the closure of the Umatilla chemical agent facility and the phase down of the McCormick and Baxter Superfund site. It also reflects less electronic waste recycling going through the state program. Manufacturers have chosen to operate their own programs rather than use the state's contractor.

The Subcommittee recommended package 090: Analyst Adjustments. This package reduces General Fund expenditures by \$78 to reflect lower Agency Management indirect charges resulting from PERS adjustments.

The Subcommittee recommended package 091: Statewide Administrative Savings. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092: PERS Taxation Policy was approved; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the 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 percent.

The Subcommittee recommended package 093: Other PERS Adjustments. This package reflects the policy change in Senate Bill 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 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 131: Paint Product Stewardship was approved; this package affects only revenue that result from House Bill 2048. That bill makes the program permanent and sets charges at \$10,000 for a plan review and \$40,000 for an annual fee, resulting in \$40,000 in revenue. The department will adjust revenues, if necessary, based on the final disposition of House Bill 2048.

The Subcommittee recommended package 810: LFO Analyst Adjustments. This package affects only revenues; it decreases them by \$10,000 to reflect a revised solid waste treatment facility fee table that will generate less revenue.

Package 811: Technical Adjustments was approved; this package reduces total funds expenditures by \$23,645 to correctly allocate price list adjustments for telecommunications and data processing charges. Price list adjustments typically occur between the agency request budget and the governor's proposed budget. The adjustments should have been taken in line programs, but were allocated to the Agency Management program in the governor's budget.

The Subcommittee recommended package 812: Remove Cross Media Program; this package adds \$211,045 total funds and one positions (0.80 FTE) as part of a budget restructure which eliminates a small program unit and redistributes its work. The Cross Program is a budget construct that does not reflect the agency's operational organization. The five small miscellaneous programs in the Cross Program unit include the Green Permits, Tax Credits, Network Exchange Grants, Pollution Prevention Grants and the Regional Solutions Team. These programs actually operate within the Air Quality, Water Quality, Land Quality and Agency Management programs, so the agency concluded it would be best to eliminate the Cross Program budget unit and allocate the resources to the operational programs. This adjustment will streamline the budget preparation process.



### Agency Management Program

This program provides support to the Environmental Quality Commission. The program includes the Office of the Director, the Public Affairs Office, and the Management Services Division (MSD). MSD consists of the Administration, Business Office, Budget, and Human Resources functions. The subcommittee approved a total funds budget of \$21,650,689 and 79.50 FTE.

Package 090: Analyst Adjustments was approved; this package affects only revenue and results from the various PERS and inflation adjustments in this program unit. The net revenue reduction is \$63,900.

The Subcommittee recommended package 091: Statewide Administrative Savings. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092: PERS Taxation Policy was approved; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the 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 percent.

The Subcommittee recommended package 093: Other PERS Adjustments. This package reflects the policy change in Senate Bill 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 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 811: Technical Adjustments was approved; this package increases Other Funds expenditure limitation by \$99,254 to correctly allocate price list adjustments for telecommunications and data processing charges. Price list adjustments typically occur between the agency request budget and the governor's proposed budget. The adjustments should have been taken in line programs, but were allocated to the Agency Management program in the governor's budget.

The Subcommittee recommended package 812: Remove Cross Media Program; this package adds \$149,743 total funds and one positions (0.50 FTE) as part of a budget restructure which eliminates a small program unit and redistributes its work. The Cross Program is a budget construct that does not reflect the agency's operational organization. The five small miscellaneous programs in the Cross Program unit include the Green Permits, Tax Credits, Network Exchange Grants, Pollution Prevention Grants and the Regional Solutions Team. These programs actually operate within the Air Quality, Water Quality, Land Quality and Agency Management programs, so the agency concluded it would be best to eliminate the Cross Program budget unit and allocate the resources to the operational programs. This adjustment will streamline the budget preparation process.

### Cross Program

This program unit includes work that crosses the Air, Water and Land Quality programs. It houses the Economic Revitalization Team and the pollution prevention tax credit program. The subcommittee approved a budget that eliminates the program and redistributes its resources to remaining programs.

Package 090: Analyst Adjustments was approved; this package affects reduces General Fund by \$120 to reflect lower Agency Management indirect charges resulting from PERS rate changes.

The Subcommittee recommended package 091: Statewide Administrative Savings. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

Package 092: PERS Taxation Policy was approved; this package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving the 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 percent.

The Subcommittee recommended package 093: Other PERS Adjustments. This package reflects the policy change in Senate Bill 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 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 811: Technical Adjustments was approved; this package decreases total funds expenditures by \$292 to correctly allocate price list adjustments for telecommunications and data processing charges. Price list adjustments typically occur between the agency request budget and the governor's proposed budget. The adjustments should have been taken in line programs, but were allocated to the Agency Management program in the governor's budget.

The Subcommittee recommended package 812: Remove Cross Media Program; this package reduces total funds expenditures by \$1,808,957 and six positions (4.90 FTE) as part of a budget restructure which eliminates a small program unit and redistributes its work. The Cross Program is a budget construct that does not reflect the agency's operational organization. The five small miscellaneous programs in the Cross Program unit include the Green Permits, Tax Credits, Network Exchange Grants, Pollution Prevention Grants and the Regional Solutions Team. These programs actually operate within the Air Quality, Water Quality, Land Quality and Agency Management programs, so the agency concluded it would be best to eliminate the Cross Program budget unit and allocate the resources to the operational programs. This adjustment will streamline the budget preparation process.

### Nonlimited

This program contains the agency's bond proceeds for its State Revolving Fund and Sewer Assessment Deferral Loan programs, as well as the Orphan Site bond program. The Clean Water State Revolving Fund provides below market interest rate loans to local municipalities for wastewater collection, treatment and disposal systems; nonpoint source water pollution control, and for implementation plans for federally designated estuaries. The match is required to access federal grant funds for these purposes; the match rate is one state dollar for five federal dollars. The subcommittee approved a total funds budget of \$110,150,000 and no FTE.

The Subcommittee approved Package 181: Clean Water SRF Capitalization Grant Funds. This package adds \$30,150,000 non-limited Other Funds from bond proceeds to capitalize the Clean Water State Revolving Fund, pay for bond issuance costs, and establishes the maximum amount of expenditures from the Fund. The Clean Water State Revolving Fund provides affordable financing alternatives for wastewater treatment, non-point source control, and management plans for federally designated estuaries. Recipients are public agencies, such as municipalities and counties. The interest rates charged to these entities are typically lower than the private market, thereby helping communities achieve legal requirements and development goals. Every dollar of state match brings the state about five dollars of federal funding, which this package would use to provide affordable loans to communities.

### Pollution Control Bond Fund

This program contains the agency's Limited and Nonlimited Debt Service for its State Revolving Fund (SRF) and Sewer Assessment Deferral Loan programs, as well as the Orphan Site bond program. The subcommittee approved a total funds budget of \$21,664,071 and no FTE.

The subcommittee approved Package 191: Clean Water SRF Bond Debt Service, which adds \$10,020,000 Other Funds Nonlimited for debt service for bonds to provide resources for new loans from the Clean Water State Revolving Fund.

The subcommittee approved Package 810: Technical Adjustments, which reduces General Fund Debt Service by \$206,000 to reflect the mostly one-time savings in the 2013-15 biennium as a result of a bond refunding in May 2013.

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

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

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

**SB 5520-A**

**Department of Environmental Quality**  
**Lisa Pearson -- 503-373-7501**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 25,011,536	\$ 4,502,197	\$ 140,225,902	\$ 125,666,802	\$ 31,628,115	\$ 0	\$ 327,034,552	725	710.92
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 28,696,448	\$ 4,746,582	\$ 147,797,195	\$ 87,120,278	\$ 31,367,282	\$ 0	\$ 299,727,785	715	708.42
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>001 - Air Quality</b>									
Package 070: Revenue Shortfalls									
Personal Services	\$ 0	\$ 0	\$ (1,149,438)	\$ 0	\$ (14,781)	\$ 0	\$ (1,164,219)	(6)	(6.67)
Services and Supplies	\$ 0	\$ 0	\$ (183,364)	\$ 0	\$ 0	\$ 0	\$ (183,364)		
Package 090: Analyst Adjustments									
Services and Supplies	\$ (1,172)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,172)	0	0.00
Package 091: Statewide Administrative Savings									
Personal Services	\$ (6,447)	\$ 0	\$ (118,076)	\$ 0	\$ (7,920)	\$ 0	\$ (132,443)	0	0.00
Services and Supplies	\$ (12,682)	\$ 0	\$ (22,389)	\$ 0	\$ (613)	\$ 0	\$ (35,684)		
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Package 092: PERS Taxation Policy									
Personal Services	\$ (7,661)	\$ 0	\$ (77,015)	\$ 0	\$ (11,153)	\$ 0	\$ (95,829)	0	0.00
Services and Supplies	\$ (711)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (711)		
Package 093: Other PERS Adjustments									
Personal Services	\$ (61,214)	\$ 0	\$ (615,381)	\$ 0	\$ (89,120)	\$ 0	\$ (765,715)	0	0.00
Package 111: Maintain an Effective ACDP Program									
Personal Services	\$ 0	\$ 0	\$ 710,920	\$ 0	\$ 0	\$ 0	\$ 710,920	3	3.67
Services and Supplies	\$ 0	\$ 0	\$ 99,751	\$ 0	\$ 0	\$ 0	\$ 99,751		
Package 811: Technical Adjustments									
Services and Supplies	\$ 319	\$ 0	\$ (32,913)	\$ 0	\$ (2,608)	\$ 0	\$ (35,202)	0	0.00
Package 812: Remove Cross Media Program									
Personal Services	\$ 126,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 126,550	1	0.60
Services and Supplies	\$ 29,337	\$ 0	\$ 0	\$ 0	\$ 303,656	\$ 0	\$ 332,993		
<b>002 - Water Quality</b>									
Package 070: Revenue Shortfalls									
Personal Services	\$ 72	\$ (674,724)	\$ (1,814,735)	\$ 0	\$ (219,082)	\$ 0	\$ (2,708,469)	(14)	(14.21)
Services and Supplies	\$ 77	\$ (138,348)	\$ (55,211)	\$ 0	\$ 0	\$ 0	\$ (193,482)		
Capital Outlay	\$ 0	\$ 0	\$ (43,824)	\$ 0	\$ 0	\$ 0	\$ (43,824)		
Special Payment account 6025	\$ 0	\$ 0	\$ 0	\$ 0	\$ (484,289)	\$ 0	\$ (484,289)		
Special Payment account 6030	\$ 0	\$ 0	\$ 0	\$ 0	\$ (244,898)	\$ 0	\$ (244,898)		

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

**SB 5520-A**

**Department of Environmental Quality  
Lisa Pearson -- 503-373-7501**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 090: Analyst Adjustments									
Personal Services	\$ 1,267,247	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,267,247	6	6.00
Services and Supplies	\$ 240,204	\$ (997)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 239,207		
Package 091: Statewide Administrative Savings									
Personal Services	\$ (30,930)	\$ 0	\$ (138,730)	\$ 0	\$ 0	\$ 0	\$ (169,660)	0	0.00
Services and Supplies	\$ (69,954)	\$ (14,715)	\$ (13,160)	\$ 0	\$ (1,479)	\$ 0	\$ (99,308)		
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Package 092: PERS Taxation Policy									
Personal Services	\$ (32,303)	\$ (9,723)	\$ (47,500)	\$ 0	\$ (18,716)	\$ 0	\$ (108,242)	0	0.00
Services and Supplies	\$ (3,410)	\$ (605)				\$	\$ (4,015)		
Package 093: Other PERS Adjustments									
Personal Services	\$ (258,116)	\$ (77,695)	\$ (379,556)	\$ 0	\$ (149,546)	\$ 0	\$ (864,913)	0	0.00
Package 120: Onsite Septic System Program									
Personal Services	\$ 0	\$ 0	\$ 255,776	\$ 0	\$ 0	\$ 0	\$ 255,776	1	1.50
Services and Supplies	\$ 0	\$ 0	\$ 18,678	\$ 0	\$ 0	\$ 0	\$ 18,678		
Package 122: Oregon Plan Monitoring									
Personal Services	\$ 171,474	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 171,474	2	1.26
Services and Supplies	\$ 66,687	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,687		
Package 124: Water Quality 401 Certification									
Personal Services	\$ 0	\$ 0	\$ 360,322	\$ 0	\$ (37)	\$ 0	\$ 360,285	3	2.50
Services and Supplies	\$ 0	\$ 0	\$ 184,355	\$ 0	\$ 37	\$ 0	\$ 184,392		
Package 126: Wastewater Operator Certification									
Personal Services	\$ 0	\$ 0	\$ 14,266	\$ 0	\$ (3)	\$ 0	\$ 14,263	0	0.20
Services and Supplies	\$ 0	\$ 0	\$ 56,932	\$ 0	\$ 0	\$ 0	\$ 56,932		
Package 127: WRS - Implementation									
Personal Services	\$ 345,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 345,298	3	2.25
Services and Supplies	\$ 128,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,889		
Package 128: Statewide Groundwater Monitoring									
Personal Services	\$ 94,067	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,067	2	0.66
Services and Supplies	\$ 40,933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,933		
Capital Outlay	\$ 325,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 325,000		

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

**SB 5520-A**

Department of Environmental Quality  
 Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 320: Pesticide Stewardship Partnership									
Personal Services	\$ 0	\$ 0	\$ 610,581	\$ 0	\$ 0	\$ 0	\$ 610,581	5	4.00
Services and Supplies	\$ 0	\$ 0	\$ 137,361	\$ 0	\$ 0	\$ 0	\$ 137,361		
Package 811: Technical Adjustments									
Services and Supplies	\$ 2,614	\$ (1,336)	\$ (19,262)	\$ 0	\$ (4,779)	\$ 0	\$ (22,763)	0	0.00
Package 812: Remove Cross Media Program									
Personal Services	\$ 239,067	\$ 0	\$ 0	\$ 0	\$ 426,279	\$ 0	\$ 665,346	3	3.00
Services and Supplies	\$ 52,117	\$ 0	\$ 0	\$ 0	\$ 271,163	\$ 0	\$ 323,280		
<b>003 - Land Quality</b>									
Package 070: Revenue Shortfalls									
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ (808,843)	\$ 0	\$ (808,843)	(4)	(4.00)
Services and Supplies	\$ 0	\$ 0	\$ (3,592,379)	\$ 0	\$ (1,591,185)	\$ 0	\$ (5,183,564)		
Capital Outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
Package 090: Analyst Adjustments									
Services and Supplies	\$ (78)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (78)	0	0.00
Package 091: Statewide Administrative Savings									
Services and Supplies	\$ (1,135)	\$ 0	\$ (25,223)	\$ 0	\$ (1,827)	\$ 0	\$ (28,185)	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ (465)	\$ 0	\$ (88,645)	\$ 0	\$ (13,860)	\$ 0	\$ (102,970)	0	0.00
Services and Supplies	\$ (48)						\$ (48)		
Package 093: Other PERS Adjustments									
Personal Services	\$ (3,719)	\$ 0	\$ (708,311)	\$ 0	\$ (110,749)	\$ 0	\$ (822,779)	0	0.00
Package 811: Technical Adjustments									
Services and Supplies	\$ (96)	\$ 0	\$ (19,742)	\$ 0	\$ (3,807)	\$ 0	\$ (23,645)	0	0.00
Package 812: Remove Cross Media Program									
Personal Services	\$ 172,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 172,340	1	0.80
Services and Supplies	\$ 38,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,705		

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

**SB 5520-A**

**Department of Environmental Quality  
Lisa Pearson -- 503-373-7501**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>004 - Agency Management</b>									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	\$ (255,412)	\$ 0	\$ 0	\$ 0	\$ (255,412)	0	0.00
Services and Supplies	\$ 0	\$ 0	\$ (256,718)	\$ 0	\$ 0	\$ 0	\$ (256,718)		
Capital Outlay	\$ 0	\$ 0	\$ (113,100)	\$ 0	\$ 0	\$ 0	\$ (113,100)		
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (38,795)	\$ 0	\$ 0	\$ 0	\$ (38,795)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (310,004)	\$ 0	\$ 0	\$ 0	\$ (310,004)	0	0.00
Package 811: Technical Adjustments									
Services and Supplies	\$ 0	\$ 0	\$ 99,254	\$ 0	\$ 0	\$ 0	\$ 99,254	0	0.00
Package 812: Remove Cross Media Program									
Personal Services	\$ 0	\$ 0	\$ 134,653	\$ 0	\$ 0	\$ 0	\$ 134,653	1	0.50
Services and Supplies	\$ 0	\$ 0	\$ 15,090	\$ 0	\$ 0	\$ 0	\$ 15,090		
<b>005 - Cross Media</b>									
Package 090: Analyst Adjustments									
Services and Supplies	\$ (120)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (120)	0	0.00
Package 091: Statewide Administrative Savings									
Services and Supplies	\$ (1,175)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,175)	0	0.00
Package 092: PERS Taxation Policy									
Personal Services	\$ (1,447)	\$ 0	\$ (325)	\$ 0	\$ (1,142)	\$ 0	\$ (2,914)	0	0.00
Services and Supplies	\$ (73)					\$	\$ (73)		
Package 093: Other PERS Adjustments									
Personal Services	\$ (11,560)	\$ 0	\$ (2,596)	\$ 0	\$ (9,126)	\$ 0	\$ (23,282)	0	0.00
Package 811: Technical Adjustments									
Services and Supplies	\$ 176	\$ 0	\$ (33)	\$ 0	\$ (435)	\$ 0	\$ (292)	0	0.00
Package 812: Remove Cross Media Program									
Personal Services	\$ (537,957)	\$ 0	\$ (134,653)	\$ 0	\$ (426,279)	\$ 0	\$ (1,098,889)	(6)	(4.90)
Services and Supplies	\$ (120,159)	\$ 0	\$ (15,090)	\$ 0	\$ (574,819)	\$ 0	\$ (710,068)		

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

**SB 5520-A**

Department of Environmental Quality  
 Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>008 - Nonlimited</b>									
Package 320: Pesticide Stewardship Partnership									
Services and Supplies	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0	\$ 150,000	0	0.00
Special Payments account 6080	\$ 0	\$ 0	\$ 0	\$ 30,000,000	\$ 0	\$ 0	\$ 30,000,000		
<b>009 - PCBF Debt Service</b>									
Package 191: Clean Water SRF Bond Debt Service									
Debt Service - Principal	\$ 0	\$ 0	\$ 0	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	0	0.00
Debt Service - Interest	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 20,000		
Package 810: LFO Analyst Adjustments									
Debt Service - Interest	\$ (206,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (206,000)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 1,972,541</b>	<b>\$ (918,143)</b>	<b>\$ (7,573,641)</b>	<b>\$ 40,170,000</b>	<b>\$ (3,789,961)</b>	<b>\$ 0</b>	<b>\$ 29,860,796</b>	<b>1</b>	<b>(2.84)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 30,668,989</b>	<b>\$ 3,828,439</b>	<b>\$ 140,223,554</b>	<b>\$ 127,290,278</b>	<b>\$ 27,577,321</b>	<b>\$ 0</b>	<b>\$ 329,588,581</b>	<b>716</b>	<b>705.58</b>
% Change from 2011-13 Leg Approved Budget		-15.0%	0.0%	1.3%	-12.8%	0.0%	0.8%	-1.2%	-0.8%
% Change from 2013-15 Current Service Level		-19.3%	-5.1%	46.1%	-12.1%	0.0%	10.0%	0.1%	-0.4%



## Legislatively Approved 2013-2015 Key Performance Measures

**Agency:** ENVIRONMENTAL QUALITY, DEPARTMENT of

Mission: To be a leader in restoring, maintaining and enhancing the quality of Oregon's air, water and land.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 - CUSTOMER SERVICE: 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	69.00	85.00	85.00
1 - CUSTOMER SERVICE: 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	64.00	85.00	85.00
1 - CUSTOMER SERVICE: 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	75.00	85.00	85.00
1 - CUSTOMER SERVICE: 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	79.00	85.00	85.00
1 - CUSTOMER SERVICE: 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	72.00	85.00	85.00
1 - CUSTOMER SERVICE: 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	66.00	85.00	85.00
2 - PERMIT TIMELINESS: Percentage of air contaminant discharge permits issued within the target period.		Approved KPM	79.00	90.00	90.00
3 - PERMIT TIMELINESS: Percentage of individual wastewater discharge permits issued within 270 days.		Approved KPM	21.00	50.00	50.00

**Agency: ENVIRONMENTAL QUALITY, DEPARTMENT of**

Mission: To be a leader in restoring, maintaining and enhancing the quality of Oregon's air, water and land.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
4 - UPDATED PERMITS: Percent of total wastewater permits that are current.		Approved KPM	69.00	80.00	80.00
5 - WATER QUALITY TMDLs: Percent of impaired waterbody miles for which a TMDL has been approved.		Approved KPM	75.00	81.00	81.00
7 a - CLEANUP: Percent of identified Oregon hazardous waste sites cleaned up: overall.		Approved KPM	81.00	80.00	80.00
7 b - CLEANUP: Percent of identified Oregon hazardous waste sites cleaned up: tanks.		Approved KPM	83.00	83.00	83.00
7 c - CLEANUP: Percent of identified Oregon hazardous waste sites cleaned up: hazardous substances.		Approved KPM	39.00	39.00	39.00
8 - TOXICS PREVENTION AND REDUCTION: Pounds of mercury removed from the environment through DEQ's efforts.		Approved KPM	58.00	120.00	120.00
9 - SOLID WASTE - Pounds of municipal solid waste landfilled or incinerated per capita.		Approved KPM	1,264.00	1,400.00	1,400.00
10 a - WATER QUALITY CONDITIONS - Percent of monitored stream sites with significantly increasing trends in water quality.		Approved KPM	18.00	10.00	10.00
10 b - WATER QUALITY CONDITIONS - Percent of monitored stream sites with decreasing trends in water quality.		Approved KPM	14.00	5.00	5.00
10 c - WATER QUALITY CONDITIONS – Percent of monitored stream sites with water quality in good to excellent condition.		Approved KPM	50.00	45.00	45.00
11 - AIR QUALITY DIESEL EMISSIONS: Quantity of diesel particulate emissions.		Approved KPM	2,962.00	1,175.00	
12 a - AIR QUALITY CONDITIONS - National Standards: Number of days when air is unhealthy for sensitive groups.		Approved KPM	78.00	20.00	20.00
12 b - AIR QUALITY CONDITIONS - National Standards: Number of days when air is unhealthy for all groups.		Approved KPM	6.00	3.00	3.00
14 - ERT: Percent of local participants who rank DEQ involvement in Economic Revitalization Team process as good to excellent.		Approved KPM	75.00	80.00	80.00
15 - PERMIT TIMELINESS: Percent of Title V operating permits issued with the target period.		Approved KPM	68.00	90.00	90.00

**Agency: ENVIRONMENTAL QUALITY, DEPARTMENT of**

Mission: To be a leader in restoring, maintaining and enhancing the quality of Oregon's air, water and land.

<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>
16 - BOARDS AND COMMISSIONS: Percent of total best practices met by the Environmental Quality Commission.		Approved KPM	97.00	100.00	100.00

**LFO Recommendation:**

Approve the Key Performance Measures as modified. Delete #6 - Umatilla chemical agent cleanup because this program has ended. Replace #13a and #13b - Air Toxics.

**Sub-Committee Action:**

The Subcommittee approved the LFO recommendations.