

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5523

JOINT COMMITTEE ON WAYS AND MEANS

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

Action: Do Pass

Vote: 26 – 0 – 0

House

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

Nays:

Exc:

Senate

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

Nays:

Exc:

Prepared By: Brian DeForest, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency

Office of the Governor

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 31,157,883	\$ 52,082,405	\$ 10,304,037	\$ (20,853,846)	-66.9%
Lottery Funds	\$ 1,855,731	\$ 2,419,152	\$ 2,365,253	\$ 509,522	27.5%
Other Funds	\$ 13,471,928	\$ 21,399,806	\$ 2,812,433	\$ (10,659,495)	-79.1%
Federal Funds	\$ 5,413,248	\$ 5,332,742	\$ 0	\$ (5,413,248)	-100.0%
Total	\$ 51,898,790	\$ 81,234,105	\$ 15,481,723	\$ (36,417,067)	-70.2%

Position Summary

Authorized Positions	74	73	54	-20
Full-time Equivalent (FTE) positions	70.14	69.75	53.50	-16.64

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Office of the Governor is funded primarily by General Fund. Regional Solutions activities are financed with Lottery Funds with half the funding coming from general purpose Lottery Funds and the other half from the statutorily dedicated 2.5 percent Lottery Funds distributed to counties for economic development. The Diversity and Inclusion and the Economic and Business Equity advocacy functions are funded with Other Funds primarily derived from state agency assessments. Several agencies transfer revenue to the Office of the Governor to pay for specific positions. These revenues are included as Other Funds in this budget. Other Fund revenues in the Arrest and Return program are from restitution from offenders and indirect Federal Funds.

Summary of General Government Subcommittee Action

The Governor is responsible for the direction of all state agencies within the Executive Branch, ensuring compliance with statutes, responsive service to Oregonians, and efficient and sound management. He appoints most agency heads within the Executive Branch, including the membership of various boards, commissions, committees, and task forces. In addition to general policy and management staff, the Office includes

specific sections for Diversity and Inclusion, Economic and Business Equity advocacy, Executive Appointments, Citizens' Representative, Arrest and Return Program; and, the Regional Solutions program.

General Program

The Subcommittee adopted a budget of \$10,304,037 General Fund, \$15,481,723 total funds, for the 2013-15 biennium. The adopted budget is a 66.9% decrease in General Fund and 70.2% decrease in total funds from the 2011-13 biennium. The decrease is primarily associated with transferring early childhood and youth programs to the Department of Education and moving the Oregon Education Investment Board out to be a standalone agency.

Package 090 (Analyst Adjustments), reflects a \$63,864 General Fund reduction, \$71,640 total funds, for telecommunication costs in the agency. It accounts for the elimination of duplicative telephone service where staff has both a desk phone and an agency assigned cell phone. This package eliminates funding for the second phone and promotes more efficient use of telecommunications technology.

Package 092 (PERS Taxation Policy), a \$20,681 General Fund, \$32,605 total funds, reduction 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 percent.

Package 093 (Other PERS Adjustments), a \$165,447 General Fund, \$260,835 total funds, reduction 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Budget Note:

The agency should review the need for positions that are funded by other agencies and create a report showing the total number of those positions, the total cost of those positions, and a proposal to reduce, eliminate, or realign those positions. The agency should also review its Key Performance Measures and prepare a report on any proposed changes. Both of these reports should be presented to the Joint Committee on Ways and Means during the 2014 session.

Education Alignment

The Governor is the Superintendent of Public Instruction and is the chair of the Oregon Education Investment Board (OEIB). As such, the Governor oversees the state's effort to create a seamless, unified system for public education from early childhood through high school and college. The OEIB was created as part of the Office of the Governor during the 2011 Legislative Session. The Subcommittee approved the package to move the OEIB out from within the Office to be established as a standalone agency. Early childhood and youth programs were moved from the former State Commission on Children and Family and added to the Office during the February 2012 Legislative session. The Subcommittee approved the packages moving those programs into the Department of Education.

Package 070 (Revenue Shortfalls), reflects a reduction in expenditures to match available revenues. The changes are related to programs from the former Commission on Children and Families.

Package 090 (Analyst Adjustments), makes investments in Early Learning and Youth Development programs in preparation of transferring the programs to the Oregon Department of Education. Investments include \$3.1 million General Fund, \$3.3 million total funds, increase in Relief Nurseries funding to add satellite locations and address waitlists at current locations; and, a \$1.3 million General Fund, \$2.3 million total funds, increase in Healthy Start – Healthy Families program. Additionally, this package makes other fund and federal fund limitation adjustments as needed to align with expected resources.

Package 092 (PERS Taxation Policy), a \$5,911 General Fund, \$8,914 total funds, reduction reflecting 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 percent.

Package 093 (Other PERS Adjustments), a \$47,290 General Fund, \$71,317 total funds, reduction 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 percent.

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 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

Package 480 (Gang Prevention and Intervention), increases support for gang prevention and intervention. This enhancement is transferred out of the agency in other policy packages.

Package 501 (Transfer to Early Learning), transfers the operations and activities of the Early Learning programs out of the Governor's Office into the Department of Education.

Package 502 (Transfer to Youth Development), transfers the operations and activities of the Youth Development program out of the Governor's office into the Department of Education.

Package 503 (Transfer to Oregon Education Investment Board), transfers the activities of the Oregon Education Investment Board out of the Governor's Office and establishes the Board as a standalone agency.

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 5523

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 31,157,883	\$ 1,855,731	\$ 13,471,928	\$ 0	\$ 5,413,248	\$ 0	\$ 51,898,790	74	70.14
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 52,082,405	\$ 2,419,152	\$ 21,399,806	\$ 0	\$ 5,332,742	\$ 0	\$ 81,234,105	73	69.75
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - General Program									
Package 090: Analyst Adjustment									
Services and Supplies	\$ (63,864)	\$ (2,232)	\$ (5,544)	\$ 0	\$ 0	\$ 0	\$ (71,640)		
Package 092: PERS Taxation Policy									
Personal Services	\$ (20,681)	\$ (5,741)	\$ (6,183)	\$ 0	\$ 0	\$ 0	\$ (32,605)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ (165,447)	\$ (45,926)	\$ (49,462)	\$ 0	\$ 0	\$ 0	\$ (260,835)	0	0.00
SCR 010 - Education Alignment									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ 0	\$ 0	\$ (754,701)	\$ 0	\$ (106,082)	\$ 0	\$ (860,783)		
Special Payments - 6085 Other special payment	\$ 0	\$ 0	\$ (1,737,828)	\$ 0	\$ 0	\$ 0	\$ (1,737,828)		
Package 090: Analyst Adjustment									
Personal Services	\$ 338,858	\$ 0	\$ (36,000)	\$ 0	\$ (240,371)	\$ 0	\$ 62,487	5	1.51
Services and Supplies	\$ 281,133	\$ 0	\$ 180,669	\$ 0	\$ (385,245)	\$ 0	\$ 76,557		
Special Payments - 6085 Other special payment	\$ 3,556,450	\$ 0	\$ 1,319,392	\$ 0	\$ (620,000)	\$ 0	\$ 4,255,842		
Special Payments - 6443 Special payment to OHA	\$ 1,065,943	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,065,943		
Package 092: PERS Taxation Policy									
Personal Services	\$ (5,911)	\$ 0	\$ (713)	\$ 0	\$ (2,290)	\$ 0	\$ (8,914)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ (47,290)	\$ 0	\$ (5,705)	\$ 0	\$ (18,322)	\$ 0	\$ (71,317)	0	0.00
Package 480: Gang Prevention and Intervention									
Personal Services	\$ 226,570	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 226,570	1	1.00
Services and Supplies	\$ 773,430	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 773,430		

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5523

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 501: Transfer to Early Learning									
Personal Services	\$ (1,206,308)	\$ 0	\$ (81,838)	\$ 0	\$ (192,539)	\$ 0	\$ (1,480,685)	-14	-10.88
Services and Supplies	\$ (1,262,176)	\$ 0	\$ (772,471)	\$ 0	\$ 0	\$ 0	\$ (2,034,647)		
Special Payments	\$ (33,791,983)	\$ 0	\$ (9,229,934)	\$ 0	\$ 0	\$ 0	\$ (43,021,917)		
Package 502: Transfer to youth Development									
Personal Services	\$ (1,335,530)	\$ 0	\$ (205,630)	\$ 0	\$ (436,964)	\$ 0	\$ (1,978,124)	-10	-6.88
Services and Supplies	\$ (1,338,939)	\$ 0	\$ (409,448)	\$ 0	\$ (342,883)	\$ 0	\$ (2,091,270)		
Special Payments	\$ (5,749,091)	\$ 0	\$ (6,791,977)	\$ 0	\$ (2,988,046)	\$ 0	\$ (15,529,114)		
Capital Outlay									
Package 503: Transfer to Oregon Edu Investment Bd									
Personal Services	\$ (344,972)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (344,972)	-1	-1.00
Services and Supplies	\$ (2,688,560)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (2,688,560)		
TOTAL ADJUSTMENTS	\$ (41,778,368)	\$ (53,899)	\$ (18,587,373)	\$ 0	\$ (5,332,742)	\$ 0	\$ (65,752,382)	-19	-16.25
SUBCOMMITTEE RECOMMENDATION *	\$ 10,304,037	\$ 2,365,253	\$ 2,812,433	\$ 0	\$ 0	\$ 0	\$ 15,481,723	54	53.50
% Change from 2011-13 Leg Approved Budget	-66.9%	27.5%	-79.1%	0.0%	-100.0%	0.0%	-70.2%		
% Change from 2013-15 Current Service Level	-80.2%	-2.2%	-86.9%	0.0%	-100.0%	0.0%	-80.9%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2013-2015 Key Performance Measures

Agency: GOVERNOR'S OFFICE

Mission: The Governor's Office provides leadership and direction to state agencies that are in the Executive Branch. The Governor's Office includes: Program Area Policy Advisors (e.g., education, workforce, natural resources, jobs and economy, health care, labor and human services, public safety, sustainability and transportation, and veterans), Executive Appointments, Citizens Representative, Diversity and Inclusion, Economic and Business Equity, Extradition Services (for all law enforcement agencies), and Regional Solutions. The focus of the Annual Performance Progress Report is on the last four program areas. These program areas track performance measures, as detailed within this report.

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

LFO Recommendation:

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

Sub-Committee Action:

Approve the LFO recommendation.