

Testimony on S.B. 169 and S.B. 521
Consolidation of Oregon Natural Resource and Environmental Agencies
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Introduction

Thank you for inviting me to testify today as you begin considering the advisability of consolidating Oregon's natural resources and environmental agencies, boards and commissions. I have thought about this issue for many years and was asked by Chair Dingfelder to introduce the topic by providing some historical perspective.

My testimony is based upon my experience as the Governor's Assistant for Natural Resources from 1987-1991, my work as an attorney representing clients before most of the natural resource agencies in a wide array of proceedings from 1978-2000, my service on the old Water Policy Review Board from 1981-1985 and my work on Governor Kitzhaber's first transition team and Governor Kulongoski's transition team. My thinking on this question has also been strongly affected by my service on the Oregon Transportation Commission from 2000 until the present, which has allowed me to contrast management of a large agency created from several separate ones (the Oregon Department of Transportation (ODOT)) to the management of the natural resource agencies.

Historic Background

Based on conversations over many years, I believe consolidation of Oregon's natural resource agencies was first proposed by Governor Hatfield. Every successive Governor has also considered it. When I worked for Governor Goldschmidt, we asked the Executive Department to do a comprehensive analysis of the pros and cons. We concluded that the cost savings were not worth the political effort. Recently I spoke to former State Senator Joyce Cohen. She said the Senate previously evaluated natural resource agency consolidation independently and reached a similar conclusion. As you continue your deliberations, you may want to retrieve these earlier studies.

In 1989, we were able to create the Oregon Department of Parks and Recreation (OPRD) as a separate agency with its own Commission, removing it from ODOT, although we were unable to consolidate the Marine Board with the OPRD. That experience provides a useful lesson. Reorganization for reorganization's sake is not worth doing. Effective reorganizations do more than save money; they should

improve performance and accountability. I believe this is what has happened over the years with State Parks.

State Agencies and the Governor's Office

The Governor's Assistant for Natural Resources has an impossible job. First, the Assistant is the Governor's policy advisor, responsible for staffing the Governor, developing and carrying out the Governor's political initiatives and responding to constituent concerns. Second, since at least Governor Atiyeh's Administration, the Governor's Assistant has acted, *de facto*, as the leader of all the natural resource and environmental agencies, chairing the interagency cabinet, trying to align missions and budgets, organizing teams to address pressing new issues that do not fit any one agency's mission and providing a single point of contact to all the state natural resource agencies for federal agencies and local governments.

The qualifications to perform these two functions are quite different. The first requires someone with substantive policy expertise, familiarity with the Legislative process and political skills. The second requires executive leadership experience with large, complex organizations. Frankly, over the last 50 years, I think there have only been 2 or 3 Assistants who were really qualified to do the second job—executive leadership of large organizations—and I'm not one of them.

In 1973, ODOT was created by consolidating 5 separate state agencies. In my experience, each Governor has always had someone on his staff charged with transportation policy. The Governor's Transportation Policy Assistant has admirably carried out the responsibilities of a Governor's staff person, for example developing and working with the Legislature to deliver major initiatives like Connect Oregon and the Jobs and Transportation Act. ODOT Directors have focused on leading and managing the agency. The Governor's Assistant and the Director work very closely together. They both report to the same boss, but I believe the full range of job responsibilities are carried out more effectively than they are in the natural resource arena.

When I served as the Governor's Assistant for Natural Resources, there was only one natural resource position in the Governor's Office. We created a Federal Forest Planning team, which was comprised of three people loaned from other agencies, to work with all the state agencies on alternative plans for the National Forests. This illustrates another important point: increasingly the problems we face in the natural resource and environmental field do not fit neatly into the jurisdiction of one agency. Subsequently, Governor Kitzhaber in his first term created the Governor's Natural Resource Office and staffed it with additional positions in the Governor's Office and significantly more staff loaned from the agencies. Governor Kulongoski continued this model, albeit with fewer people. From my perspective, the Governor's Natural Resource Office staff performs much the same function as Director's Office staff at ODOT. This staff function is essential for addressing cross-cutting issues, federal initiatives and interstate relations, among other things.

If Oregon wants to assure that the missions and budgets of the state's natural resource and environmental agencies are truly aligned and to assure accountability across agencies, I believe someone needs to be in charge of that who is not on the Governor's personal staff.

Issues to Consider

As you consider consolidation of Oregon's natural resource and environmental agencies, several issues should be addressed. An initial list is provided below, however, I am sure others will arise.

- 1. Which agencies?**
One of the bills before you lists 14 agencies, the other lists 10. Neither of the bills includes all of the agencies now active in the Governor's Natural Resource Cabinet, such as the Department of Energy, the Public Utility Commission and the Northwest Power and Conservation Council.
- 2. Extent of consolidation (policy vs. administrative integration).**
When creation of a Department of Natural Resources (DNR) has been considered in the past, the assumption has been that all of the existing boards and commissions would be eliminated and a new "uber-Commission" would be created to develop policy across the board. Given my experience at ODOT, I do not think this is necessary. At ODOT, the Commission benefits from the policy advice of 25 advisory groups, 3 of which are statutory. It would be possible to gain administrative and management integration and efficiencies in a DNR, without changing any of the statutory responsibilities of the existing boards and commissions. Essentially, the DNR staff would support multiple policymaking boards. The existing separate agencies would become Divisions within the DNR.
- 3. What are the agency functions? Which are suitable for consolidation?**
This is a standard management question. One obvious place to look is at administrative functions, like human resources, information technology, and budget and management. It is difficult to attract the best talent for these positions in small agencies because the salaries are lower than for larger agencies. Consolidation of these staff functions potentially could improve performance and save money. Some of the less obvious functions are things like administrative rulemaking, public hearing processes, grant program administration or local government assistance.
- 4. What functions are not being done well now?**
For example, citizens and businesses now have to surf through multiple agency websites in order to find out which agencies are responsible for what in Oregon. And in spite of concerted effort at the Department of

Administrative Services, the Institute for Natural Resources and the Oregon Watershed Enhancement Board, Oregon still lacks an integrated natural resource information system. Basic tasks, like digitizing historic local land use plans and urban growth boundaries, do not get done, because the Department of Land Conservation and Development is not funded to do the work.

5. **What public interests and needs are not being addressed well now?**
E.g. consolidated permitting and integrated grant programs.
In spite of extensive effort, Oregon has been unable to consolidate even water-related permitting. Citizens have to apply for multiple permits on multiple separate forms and pay multiple different fees in order to undertake almost any in-water project. The same is true for non-water related development. Similarly, a landowner interested in habitat restoration or other conservation practices, now has to sort through dozens of different grant programs to try and cobble together the funding they need to do good works. Surely we can do better.

6. **What functions/strategies/problems cross existing agency jurisdictions and what mechanisms exist to address them?**
Some examples are:
 - Monitoring, data collection, information synthesis and management
 - Collaboration with federal, regional and local governments and non-natural resource state agencies (e.g. Business Oregon, ODOT, Public Health, Tourism)
 - Emerging issues, e.g. climate change, invasive species, renewable energy, toxics/pesticides

This issues list is not exhaustive, but I hope it provides you a starting point for analyzing how to improve natural resource and environmental policy and management in Oregon.