

Analysis
Oregon Business Development Department
Seismic Rehabilitation Grant Program

Analyst: Steve Bender

Request: Increase the Lottery Funds allocation to and expenditure limitation for the Infrastructure Finance Authority by \$260,514, and establish two limited-duration positions (1.00 FTE), for administration of the Seismic Rehabilitation Grant Program.

Recommendation: Approve the request for inclusion in the 2016 session budget reconciliation bill, but establish the positions as permanent positions, with the understanding the Department will include a policy option package in its 2017-19 biennium agency request budget to convert the positions to limited-duration.

Analysis: The Oregon Business Development Department administers the Seismic Rehabilitation Grant Program (SRGP), a program providing grant awards for the seismic rehabilitation of public school and emergency services facilities. The Legislature funds the grants with general obligation bonds issued under the authority of Article XI-M and Article XI-N of the state constitution. The agency's costs of administering the program are supported by Lottery Funds. Currently, the agency budget funds two positions, and the services and supplies costs, related to the program.

The 2015-17 biennium legislatively adopted budget includes \$205 million of general obligation bond proceeds for SRGP projects - including \$50 million of bonds to be issued in Spring 2016 and \$155 million of bonds to be issued in Spring 2017. This is equal to an almost seven-fold increase over the \$30 million funding level approved in the prior biennium. The \$30 million of funding provided last biennium funded 35 seismic rehabilitation projects. The bonds approved this biennium are projected to fund approximately 160 or more projects.

The Oregon Business Development Department (OBDD) is able to administer the 2016 bond sale with its existing staff and budget resources. OBDD is, however, requesting authority and funding for two additional limited-duration positions to administer the second, \$155 million bond sale scheduled for 2017. The Department would employ the requested staff for three years, from July 1, 2016 to June 30, 2019, for assistance in needed activities and project oversight that occurs both before and after the time the bonds are issued. The agency is also requesting additional funds for services and supplies funding, primarily for benefit-cost analyses of project proposals that are acquired by contract on a cost-per-analysis basis.

The Legislative Fiscal Office (LFO) recommends approval of the request. Approval will provide the agency with the resources needed to properly administer the expanded level of program activity approved in the legislatively adopted budget.

OBDD requested limited-duration positions, correctly noting that the Legislature approves limited-duration positions for no more than a single biennium. Because program workloads will necessitate the positions for three years, they served notice of intent to request the positions to be extended for one additional biennium in their 2017-19 biennium budget request. Some potential qualified

applicants, however, may be reluctant to apply for or accept a 12-month, limited-duration position. LFO recommends, therefore, establishing the positions as permanent positions, with the understanding that the agency will include a policy option package in its 2017-19 biennium agency request budget to convert them to limited-duration. This would allow the agency to recruit and inform prospective analysts that the positions are expected to be available for a three-year period.