

Department of Geology and Mineral Industries

	2013-15 Actual	2015-17 Legislatively Approved*	2017-19 Current Service Level	2017-19 Agency Request Budget	2017-19 Governor's Recommended
General Fund	4,040,945	4,806,968	3,665,822	7,460,239	5,014,888
Other Funds	7,732,500	6,278,059	6,447,304	6,604,053	6,889,278
Other Funds - NL	0	0	0	500,000	500,000
Federal Funds	4,370,000	6,865,670	5,047,592	6,120,794	5,817,809
Total Funds	\$16,143,445	\$17,950,697	\$15,160,718	\$20,685,086	\$18,221,975

*Includes Emergency Board and administrative actions through December 2016.

Program Description

The Department of Geology and Mineral Industries (DOGAMI) is the state's primary source of geoscientific information. DOGAMI has two program areas the Geologic Survey and Services Program and the Mineral Land Regulation and Reclamation Program.

The Geologic Survey and Services Program gathers geoscientific data and maps mineral resources and hazards. Geographic areas needing tsunami hazard mapping, landslide hazard studies, flooding hazard studies, and earthquake risk mapping have been prioritized by the agency. The information is shared with state and local policy-makers for land use planning, facility siting, building code and zoning changes, and emergency planning. The Geologic Survey program also provides publication, outreach, and library functions and the agency's administrative functions such as budgeting, accounting, and human resource services.

The Mineral Land Regulation and Reclamation Program is responsible for regulating the exploration, extraction, production, and reclamation of mineral and energy resources for the purposes of conservation and second beneficial uses of mined lands. The Mineral Land Regulation and Reclamation Program (MLRR) regulates oil, natural gas, geothermal exploration and extraction, and receives no General Fund or Lottery Funds support. The MLRR program budget is \$2,894,513 in the Governor's Budget, approximately 42% of the agency OF total (not including NL funds). The MLRR program ending balance at the Governor's Budget is anticipated to be \$409,157 or approximately 3.4 months of operating costs.

CSL Summary and Issues

The 2017-19 current service level (CSL) total funds budget of \$15.1 million is 15.5% less than the 2015-17 legislatively approved budget. This reduction includes the phase-out of one-time expenditures including: \$700,000 General Fund for LIDAR data acquisition, \$25,000 General Fund for a mineral study of Eastern Oregon directed by HB 3089 (2015), General Fund dollars for IT-related expenditures approved by the May 2016 Emergency Board, and \$1.8 million in Federal Funds for LIDAR projects.

Policy Issues

DOGAMI had issues in the past with its business practices related to accounting structures, financial controls, and revenue and expense tracking, leading to cash flow issues. A budget note in SB 5512 (2015) directed the Department to report on progress toward implementing appropriate measures to improve these business practices. DOGAMI reported significant progress on creating appropriate accounting and budget structures needed to accurately track revenue and expenditures and to isolate dedicated funds to insure fee and bond monies are only spent for their intended purpose. These changes have improved DOGAMI's cash flow issue within the Geologic Survey program, however more work is being done to analyze the Mineral Land Regulation and Reclamation Program (MLRR). The MLRR program had a fee increase approved in the 2015 session and, combined with reducing staff, has allowed the program to remain solvent, but further analysis is required. DOGAMI was directed to further report to the December 2016 Emergency Board, although this was delayed until the 2017 session.

Additionally, DOGAMI and the Office of the State Chief Information Officer (OSCIO) were directed by a budget note in SB 5512 (2015) to conduct a comprehensive assessment of the information technology related operations within the Department. After conducting the assessment, DOGAMI was directed to work with the OSCIO to develop a tactical IT remediation plan, and requested additional resources from the May Emergency Board to carry out the plan. The Emergency Board approved \$554,808 General Fund for IT hosted services at the State Data Center, upgrades to hardware and software, and two IT positions.

DOGAMI continues to move forward with improving business practices and implementing the IT remediation plan. As part of that process, the Governor's Recommended budget includes the following policy option packages:

1. Package 080 – May Emergency Board – \$1,209,618 General Fund – provides carry forward of previously approved resources from the May 2016 Emergency Board, including one permanent full-time ISS 5 position (1.00 FTE), funds for lifecycle replacement of outdated hardware, funding for IT hosted services through the OSCIO including server hosting, storage and backups, email and LAN/WAN services. Package also includes \$127,251 Other Funds for the MLRR program portion of the IT costs.
2. Package 101 – LD Positions for Hazards/LIDAR – \$935,437 – provide funding for five full-time permanent positions (5.00 FTE) to work on hazards and LIDAR projects. These positions have been approved in multiple prior biennia as limited duration staff as the Department routinely receives significant contract work for projects and utilizes these positions to retain highly trained technical staff. Costs of these positions is estimated at \$138,228 General Fund and \$797,209 Federal Fund.
3. Package 102 – IT Remediation Plan – \$325,228 Other Funds – provide funding for a permanent full-time ISS 8 position (0.90 FTE). This position was first approved by the May 2016 Emergency Board as a limited duration position to oversee management and execution of the recommended IT Remediation Plan. Package also includes \$27,249 Other Funds for the MLRR program portion of the ISS 8 position (0.10 FTE).
4. Package 103 – DOGAMI Building Leadership Capacity – \$23,404 – provides funding for the reclassification of existing ISS positions totaling 5.0 FTE to the more appropriate Natural Resource Specialist classification, and reclassifying an existing NRS position to a

supervisory role. This package is designed to improve the Department’s business and organizational infrastructure. Cost of this package is estimated to be \$14,115 General Fund and \$9,289 Federal Fund.

5. Package 107 – Strong Motion Instrument Fund – \$500,000 Other Funds Non-Limited – provides spending authority to utilize existing funds within the non-limited fund account for Strong Motion Instrument Funds. These funds are received from developers that are required by Oregon Building Codes to either install seismic monitoring instruments in new large building construction, or pay DOGAMI the cash equivalent to support installation of monitoring equipment in other areas.

Other Significant Issues and Background

Business and IT Practices – the Department has taken significant steps to improve poor business practices and outdated IT practices, as directed by budget notes. The Department has a follow-up report to the Legislature in 2017 on the progress toward improvement of business practices. The Department has continued to improve IT practices, however the funding for continuing progress likely requires ongoing General Fund investment.

OF/FF Revenue Stability – for the GS&S program the Department has significantly improved project and grant tracking and has reduced project cost overrun that had been a common occurrence in the past. The availability of projects with Federal Fund partners continues to grow, while Other Funds revenue has declined. This is partly the result of non-Federal partners not being as prevalent as in the past, and a discontinued practice of recording monies received from federal partners under a contract for service as Other Funds. Federal Funding will always be a somewhat volatile revenue source that makes up roughly 30% of the agency budget. The Department is still conducting an analysis of the MLRR program to determine if the fee increase approved in 2015 and implemented in 2016 is sufficient to cover both program and indirect costs.

Audit Reports – two financial audits were conducted, one by the Secretary of State at the request of the Department and another by the Federal Emergency Management Agency (FEMA) on FEMA related contracts. The FEMA audit had no findings in the review of the Federal grants. The Secretary of State audit found that the Department needs to continue to develop policies and procedures for accurate and timely reporting on federal funding and projects, payroll expenditures, and indirect costs. These findings are consistent with Department progress toward direction given by the Legislature in previous budget notes.

Key Performance Measures – the Department is proposing to eliminate ten of their twelve existing KPM’s and add five new KPM’s to replace those previous versions that are outdated or where progress could not be directly improved.