

DEPARTMENT OF STATE LANDS

Governor's Budget

2019-2021



Vicki L. Walker, Director

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2019-21 GOVERNOR’S BUDGET**

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CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Department of State Lands

AGENCY NAME

775 Summer Street NE, Suite 100, Salem OR 97301-1279

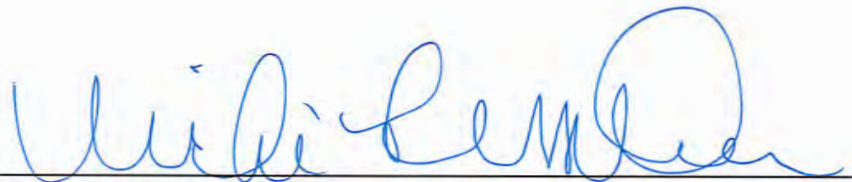
AGENCY ADDRESS



KATE BROWN

Chair, Oregon State Land Board

TITLE



VICKI L. WALKER

Director

TITLE

Agency Request

Governor's Budget

Legislatively Adopted

Notice: Requests of agencies headed by a board or commission must be approved by official action of those bodies and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

LEGISLATIVE ACTION

SB 5537 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Frederick

Joint Committee On Ways and Means

Action Date: 05/12/17

Action: Do pass with amendments. (Printed A-Eng.)

Senate Vote

Yeas: 8 - Devlin, Frederick, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters

Nays: 4 - DeBoer, Girod, Hansell, Thomsen

House Vote

Yeas: 9 - Gomberg, Holvey, Huffman, Nathanson, Rayfield, Smith Warner, Stark, Whisnant, Williamson

Exc: 2 - McLane, Smith G

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

**Department of State Lands
2017-19**

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	346,082	\$ -	\$ -	\$ (346,082)	(100.0%)
Other Funds Limited	39,358,677	29,026,125	36,260,932	\$ (3,097,745)	(7.9%)
Other Funds Capital Improvements	1,112,169	314,470	514,470	\$ (597,699)	(53.7%)
Other Funds Nonlimited	12,734,249	10,234,249	10,234,249	\$ (2,500,000)	(19.6%)
Federal Funds Limited	2,396,484	1,723,318	2,264,641	\$ (131,843)	(5.5%)
Total	\$ 55,947,661	\$ 41,298,162	\$ 49,274,292	\$ (6,673,369)	(11.9%)

Position Summary

Authorized Positions	110	103	110	-
Full-time Equivalent (FTE) positions	109.00	103.00	108.33	(0.67)

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of State Lands (DSL) relies primarily on Other Funds revenues to support its budget. DSL obtains Other Funds revenues from two sources, operations and investment income. Operations generate revenue from the sale of timber, lease rentals and royalties, periodic land sales, permit fees, unclaimed property, donations and publications. Investment income is from interest and capital gains earnings from the Common School Fund (CSF). DSL also receives Federal Funds through grants and support for the South Slough National Estuarine Research Reserve.

Summary of Natural Resource Subcommittee Action

DSL generates revenue for the CSF through the management of state owned lands and investment activities. DSL provides administrative support to the State Land Board, which is comprised of the Governor, the Treasurer and the Secretary of State, and implements the policies of the State Land Board in management of the CSF and its assets. The Subcommittee approved a total funds budget of \$49,274,292 with 110 positions (108.33 FTE). The total funds budget is an 11.9 percent decrease from the 2015-17 Legislatively Approved Budget through December

2016, and a 19.3 percent increase from the 2017-19 Current Service Level. The approved budget continues service levels and funding for Portland Harbor Superfund Site legal costs, historically filled lands work and submerged and submersible lands projects. It carries forward federal grants that will not be entirely spent by the end of the 2015-17 biennium and it provides additional expenditure limitation for sage grouse monitoring, vehicle replacement, trust land maintenance and headquarters building maintenance.

Common School Fund

The CSF program includes the Director's Office, Wetlands and Waterways, Land Management and Finance and Administration. These units manage land (including rangeland), lease minerals and waterways, issue removal-fill permits, develop policies and rules, provide technical information, promote protection and enhancement of Oregon's wetlands and manage unclaimed property, estate administration and forfeitures. This program also includes the revenue transfer of the CSF distribution for school support. The Subcommittee approved a total funds budget of \$42,768,268 with 94 positions (91.83 FTE).

Package 101, Portland Harbor Cleanup was approved - providing \$6,326,537 Other Funds expenditure limitation and one limited-duration Natural Resources Specialist 4 (1.00 FTE) to continue legal expertise related to the Portland Harbor Superfund Site. The package includes \$3.6 million for Professional Services and \$2.5 million for Attorney General expenses. The position is the same classification as in the 2015-17 biennium. The ongoing cost allocation discovery process for the Portland Harbor requires legal expertise to reduce potential costs in the future. Similar budget packages were approved since the 2011-13 biennium. The cost allocation process and legal questions are expected to continue.

The Subcommittee recommended Package 102, Historical Filled Lands Project - adds \$574,321 one-time Other Funds expenditure limitation and four positions (2.83 FTE) for the continuation of work required under Senate Bill 912 (2015). The bill requires DSL to research whether the state of Oregon has remaining interests in historically filled lands in tidally influenced waterways and legally navigable waterways. This requirement also applies to lands where state-asserted ownership occurred prior to September 9, 1995. The measure further allows DSL to sell, lease or trade historically filled lands owned by the state. The department must submit a report with its findings to the State Land Board. A project status report must be made to the environmental and natural resources interim committees of the Legislature by September 16, 2017. The package includes two limited duration positions (2.00 FTE) to begin notifications to affected landowners and perform the actions necessary to begin the appropriate divestment of these lands. The positions are a Natural Resource Specialist 4 and an Administrative Specialist 1. In addition, the package extends the two limited duration positions established in the 2015-17 biennium by 12 months to complete the mapping and site identification processes began in the prior biennium.

Package 103, Trust Land Management was approved - providing \$181,148 ongoing Other Funds expenditure limitation for one permanent Natural Resource Specialist 3 position (1.00 FTE) to work on transactions including real property. Currently, there is only one property manager for about 60,000 acres of land. The new position would allow the agency to address project backlogs. The agency has three agricultural development projects in progress and has 90 transactions pending; some of the pending projects are in the initial stages, while others are in the final stages.

The Subcommittee recommended Package 104, S&S Land Enhancement - establishing expenditure limitation for projects that remove abandoned or derelict structures or vessels on submerged or submersible lands to keep waterways navigable. House Bill 2463 (2015) allows DSL to seize abandoned or derelict structures on submerged or submersible lands if notice and an opportunity for a hearing have been provided to the owner. It also created a Submerged Lands Enhancement Account using up to 20 percent of the revenue from state-owned submerged or submersible lands. The package provides \$100,000 Other Funds expenditure limitation from the Submerged Lands Enhancement Fund for this program and decreases existing expenditure limitation from the Common School Fund by the same amount resulting in no overall change to the agency's budget.

Package 105, Sage Grouse Monitoring was approved - providing \$72,225 Other Funds expenditure limitation for one seasonal Natural Resource Specialist 1 position (0.50 FTE) to monitor compliance with the Candidate Conservation Agreement with Assurances for the Greater Sage Grouse and to help install conservation measures such as fence markers and water tank escape ramps.

The Subcommittee recommended Package 106, Shared Service Implementation - providing for an Other Funds transfer to pay for payroll services provided by a specialist at the Water Resources Department. The transfer amount supports half of a 1.00 FTE Accounting Technician 3 position at the Water Resources Department.

Package 107, Vehicle Replacement was approved - provides \$80,576 Other Funds expenditure limitation to replace five agency-owned vehicles with leased vehicles from the Department of Administrative Services motor pool and to purchase two All-Terrain Vehicles. The leases total \$54,576 of the package. The remaining \$26,000 for the purchases is one-time only.

The Subcommittee recommended Package 802, Federal Grant Expenditure Limitation - continues \$212,323 of Federal Funds expenditure limitation for Wetland Program development grants from the U.S. Environmental Protection Agency. DSL has consistently received grant funds through this program for over 15 years but has typically phased-out the expenditure limitation for federal grant funds from the common school program when developing its budget. The limitation provided in the package will allow the agency to expend anticipated funding through the end of the current grant period ending December 31, 2017.

Oregon Wetlands Revolving Fund

This program is a revolving fund that receives payments from removal fill applicants needing mitigation for their projects. The fund provides resources to the State Land Board for investment in other wetland mitigation sites. The Subcommittee approved a total funds budget of \$1,910,274 and 0.50 FTE. The budget continues the 2015-17 biennium level of service.

Natural Heritage Program

The Natural Heritage Program is mandated by ORS 273.563 to conserve a discrete, limited system of natural heritage resources and to establish a natural heritage database. The 2011 Legislative Assembly moved the program to the Oregon Parks and Recreation Department (OPRD)

effective January 1, 2012. DSL and OPRD agreed that DSL would continue to manage a few grants that were not complete by the transfer date. There is no expenditure limitation for the Natural Heritage Program in the DSL budget. This report includes this program because the state budget system reports information for four years after final expenditures. Budget documents will cease to include this program for DSL in the 2019-21 biennium.

South Slough National Estuarine Research Reserve

The South Slough National Estuarine Research Reserve (SSNERR) is a 4,800-acre natural research area encompassing a portion of the Coos estuary on the southern Oregon coast. The program operates an interpretive center and maintains nature trails for hikers and canoeists. It also conducts a variety of research, education and stewardship programs. Its laboratory work is co-located with the Oregon Institute of Marine Biology in Charleston, which is operated by the University of Oregon. The state's portion of the Reserve is a CSF asset and its operating expenses are paid by CSF revenues and federal grant funds. The Subcommittee approved a total funds budget of \$ 4,081,280 with 16 positions (16.00 FTE).

Package 081, September Emergency Board was approved - carries over Federal Funds expenditure authority for a \$329,000 Federal grant from the 2015-17 biennium to the 2017-19 biennium. The South Slough National Estuarine Research Reserve (SSNERR) was awarded a \$329,000 Federal Funds grant from NOAA in July of 2016, for the purpose of remodeling and construction at the Estuarine and Coastal Sciences (ECOS) Laboratory on the University of Oregon's Oregon Institute of Marine Biology (OIMB) campus in Charleston, Oregon. The project includes expansion of existing laboratory facilities, additional office spaces, reorientation of the garage to expand storage capacity, and additional parking. At the September 2016 meeting of the Emergency Board, an increase in the agency's 2015-17 biennium Federal Funds expenditure limitation was approved, but the agency is not anticipating the work to commence on the project until late June or early July 2017. The agency is entering into a sub-award agreement with University of Oregon who will manage the entire project. The grant period ends in June 2018.

Capital Improvements

This program provides resources to manage and maintain landholdings and leases following an asset management plan. Funds for the Capital Improvements program come from the CSF principal. The Subcommittee approved a budget of \$514,470 Other Funds.

Package 110, Headquarters Building Maintenance was approved - provides \$200,000 Other Funds expenditure limitation on an ongoing basis. The additional expenditure limitation will be used to upgrade the lighting in the building's underground parking garage and to replace and repair the structure on the roof protecting the HVAC system from the elements.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of State Lands
Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 346,082	\$ -	\$ 40,470,846	\$ 12,734,249	\$ 2,396,484	\$ -	\$ 55,947,661	110	109.00	
2017-19 Current Service Level (CSL)*	\$ -	\$ -	\$ 29,340,595	\$ 10,234,249	\$ 1,723,318	\$ -	\$ 41,298,162	103	103.00	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 010 - Common School Fund										
Package 101: Portland Harbor Cleanup										
Personal Services	\$ -	\$ -	\$ 218,857	\$ -	\$ -	\$ -	\$ 218,857	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 6,107,680	\$ -	\$ -	\$ -	\$ 6,107,680			
Package 102: Historical Filled Lands Project										
Personal Services	\$ -	\$ -	\$ 457,521	\$ -	\$ -	\$ -	\$ 457,521	4	2.83	
Services and Supplies	\$ -	\$ -	\$ 116,800	\$ -	\$ -	\$ -	\$ 116,800			
Package 103: Trust Land Management										
Personal Services	\$ -	\$ -	\$ 166,448	\$ -	\$ -	\$ -	\$ 166,448	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 14,700	\$ -	\$ -	\$ -	\$ 14,700			
Package 105: Sage Grouse Monitoring										
Personal Services	\$ -	\$ -	\$ 66,875	\$ -	\$ -	\$ -	\$ 66,875	1	0.50	
Services and Supplies	\$ -	\$ -	\$ 5,350	\$ -	\$ -	\$ -	\$ 5,350			
Package 107: Vehicle Replacement										
Services and Supplies	\$ -	\$ -	\$ 54,576	\$ -	\$ -	\$ -	\$ 54,576			
Capital Outlay	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -	\$ 26,000			
Package 802: Federal Grant Expenditure Limitation										
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 42,446	\$ -	\$ 42,446	0	0.00	
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 169,877	\$ -	\$ 169,877			
SCR 030 -South Slough National Estuarine Research Reserve										
Package 081: September 2016 Emergency Board										
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 329,000	\$ -	\$ 329,000			
SCR 088 -South Slough National Estuarine Research Reserve										
Package 110: Headquarters Building Maintenance										
Capital Improvement	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000			
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 7,434,807	\$ -	\$ 541,323	\$ -	\$ 7,976,130	7	5.33	
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 36,775,402	\$ 10,234,249	\$ 2,264,641	\$ -	\$ 49,274,292	110	108.33	
% Change from 2015-17 Leg Approved Budget	(100.0%)	0.0%	(9.1%)	(19.6%)	(5.5%)	0.0%	(11.9%)	0.0%	(0.6%)	
% Change from 2017-19 Current Service Level	0.0%	0.0%	25.3%	0.0%	31.4%	0.0%	19.3%	6.8%	5.2%	

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 5/9/2017 11:59:01 AM

Agency: Lands, Department of State

Mission Statement:

The mission of the Department of State Lands is to ensure a legacy for Oregonians and their public schools through sound stewardship of lands, wetlands, waterways, unclaimed property, estates and the Common School Fund.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Increase in Deposits to the Common School Fund - Percent annual increase in amount of cash generated by agency activities deposited to the Common School Fund.		Approved	31.70%	1.50%	1.50%
2. Administrative and Operational Costs - Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non-forest lands.	a) Percentage of forest lands program revenue used for administrative and operational costs	Approved	62.10%	45%	45%
	b) Percentage of program revenue used for administrative and operational costs on all non-forest lands		68.80%	45%	45%
3. Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.		Approved	\$5.90	\$6.50	\$6.75
4. Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.		Approved	89%	95%	95%
5. No Net Loss of Wetlands - Change in wetland acreage due to permit actions.		Approved	-42	0	0
6. Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.		Approved	83	60	60
7. Annual Resolution of Removal-Fill Permit Non-Compliance - Percent of removal-fill permit non-compliance conditions that have a final resolution in place within 12 months from date non-compliance is determined.		Approved	40%	50%	50%
8. Annual Resolution of Removal - Fill Violations Related to Unauthorized Activities-Percent of removal-fill violations that have a final resolution in place within 12 months of receipt of a complaint generating determination of a violation.		Approved	91%	75%	75%
9. Agency Response Time to Wetland Delineation Reports - Average number of days for the agency initial review and response to a complete wetland delineation report.		Approved	38	60	60
10. Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.		Approved	17	20	20
11. Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.		Approved	15%	100%	100%
12. Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.		Approved	No Data	50%	50%
13. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved	92%	93%	93%
	Availability of Information		84%	93%	93%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
	Accuracy		92%	93%	93%
	Helpfulness		88%	93%	93%
	Timeliness		85%	93%	93%
	Overall		89%	93%	93%
15. South Slough National Estuarine Research Reserve Operation Costs Leveraged. - Percent of SSNERR operations funded from sources other than CSF, including leverage from grants, fees, program revenues and gifts.		Approved	25%	25%	25%
16. South Slough National Estuarine Research Reserve Education Actions - Percentage of SSNERR education programs that use a structured assessment process surveys to provide information and decision support services responsive to audience needs.		Approved	75%	95%	95%
17. Best Practices - Percent of total best practices met by the Land Board.		Approved	93%	95%	95%
12. Increase Unclaimed Property Holder Reporting. - Percent annual increase in amount of unclaimed property reported and remitted annually.		Legislatively Deleted	\$69.00	\$60.00	\$0.00

LFO Recommendation:

The Legislative Fiscal Office recommends the approval of the key performance measures as presented.

SubCommittee Action:

The Natural Resources Subcommittee approved the key performance measures as recommended by LFO

HB 5006 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Devlin

Joint Committee On Ways and Means

Action Date: 07/03/17

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 11 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters

Nays: 1 - Thomsen

House Vote

Yeas: 7 - Gomberg, Holvey, Huffman, Nathanson, Rayfield, Smith Warner, Williamson

Nays: 1 - McLane

Exc: 3 - Smith G, Stark, Whisnant

Prepared By: Laurie Byerly and Gregory Jolivette, Legislative Fiscal Office

Reviewed By: Paul Siebert, Legislative Fiscal Office

Emergency Board

2017-19

Various Agencies

2015-17

Budget Summary*

Emergency Board

	2015-17 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change
General Fund - General Purpose	-	\$ 50,000,000	\$ 50,000,000
General Fund - Special Purpose Appropriations			
State Agencies for state employee compensation	-	\$ 100,000,000	\$ 100,000,000
State Agencies for non-state worker compensation	-	\$ 10,000,000	\$ 10,000,000
Reduction to SB 505 special purpose appropriation	-	\$ (600,000)	\$ (600,000)

ADMINISTRATION PROGRAM AREA

Department of Administrative Services

General Fund	-	\$ 9,091,000	\$ 9,091,000
General Fund Debt Service	-	\$ (4,962,907)	\$ (4,962,907)
Lottery Funds	-	\$ 180,000	\$ 180,000
Lottery Funds Debt Service	-	\$ (2,317,505)	\$ (2,317,505)
Other Funds	-	\$ 23,939,750	\$ 23,939,750
Other Funds Debt Service	-	\$ 1,080,828	\$ 1,080,828

Advocacy Commissions Office

General Fund	-	\$ 10,471	\$ 10,471
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Employment Relations Board

General Fund	-	\$ (29,574)	\$ (29,574)
Other Funds	-	\$ (16,497)	\$ (16,497)

Oregon Government Ethics Commission

Other Funds	-	\$ (28,614)	\$ (28,614)
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Office of the Governor

General Fund	-	\$ (525,236)	\$ (525,236)
Lottery Funds	-	\$ (138,447)	\$ (138,447)
Other Funds	-	\$ (110,630)	\$ (110,630)

Oregon Liquor Control Commission

Other Funds	-	\$ (1,458,427)	\$ (1,458,427)
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Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Public Employees Retirement System,</u>			
Other Funds	-	\$ (2,508,616)	\$ (2,508,616)
<u>Racing Commission</u>			
Other Funds	-	\$ (89,929)	\$ (89,929)
<u>Department of Revenue</u>			
General Fund	-	\$ (5,581,902)	\$ (5,581,902)
General Fund Debt Service	-	\$ (6,870,670)	\$ (6,870,670)
Other Funds	-	\$ 7,676,661	\$ 7,676,661
<u>Secretary of State</u>			
General Fund	-	\$ (346,704)	\$ (346,704)
Other Funds	-	\$ (1,030,747)	\$ (1,030,747)
Federal Funds	-	\$ (472,720)	\$ (472,720)
<u>State Library</u>			
General Fund	-	\$ 128,123	\$ 128,123
Other Funds	-	\$ (137,871)	\$ (137,871)
Federal Funds	-	\$ (1,625)	\$ (1,625)
<u>State Treasurer</u>			
General Fund	-	\$ 1,013,497	\$ 1,013,497
Other Funds	-	\$ (1,557,357)	\$ (1,557,357)
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>			
<u>State Board of Accountancy</u>			
Other Funds	-	\$ (56,046)	\$ (56,046)
<u>Chiropractic Examiners Board</u>			
Other Funds	-	\$ (51,085)	\$ (51,085)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Consumer and Business Services</u>			
Other Funds	-	\$ (5,252,286)	\$ (5,252,286)
Federal Funds	-	\$ (475,260)	\$ (475,260)
<u>Construction Contractors Board</u>			
Other Funds	-	\$ (461,875)	\$ (461,875)
<u>Board of Dentistry</u>			
Other Funds	-	\$ (38,848)	\$ (38,848)
<u>Health Related Licensing Boards</u>			
Other Funds	-	\$ (83,199)	\$ (83,199)
<u>Bureau of Labor and Industries</u>			
General Fund	-	\$ (127,909)	\$ (127,909)
Other Funds	-	\$ (278,736)	\$ (278,736)
Federal Funds	-	\$ (960)	\$ (960)
<u>Licensed Professional Counselors and Therapists. Board of</u>			
Other Funds	-	\$ (24,871)	\$ (24,871)
<u>Licensed Social Workers, Board of</u>			
Other Funds	-	\$ (25,841)	\$ (25,841)
<u>Medical Board</u>			
Other Funds	-	\$ (345,981)	\$ (345,981)
<u>Board of Nursing</u>			
Other Funds	-	\$ (450,604)	\$ (450,604)
<u>Board of Pharmacy</u>			
Other Funds	-	\$ (261,147)	\$ (261,147)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Psychologist Examiners Board</u>			
Other Funds	-	\$ (26,589)	\$ (26,589)
<u>Public Utility Commission</u>			
Other Funds	-	\$ (1,156,876)	\$ (1,156,876)
Federal Funds	-	\$ (6,858)	\$ (6,858)
<u>Real Estate Agency</u>			
Other Funds	-	\$ (276,826)	\$ (276,826)
<u>Tax Practitioners Board</u>			
Other Funds	-	\$ (18,835)	\$ (18,835)
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>			
<u>Oregon Business Development Department</u>			
General Fund	-	\$ 3,628,465	\$ 3,628,465
General Fund Debt Service	-	\$ (1,481,045)	\$ (1,481,045)
Lottery Funds	-	\$ (247,934)	\$ (247,934)
Lottery Funds Debt Service	-	\$ (1,410,613)	\$ (1,410,613)
Other Funds	-	\$ 151,174,323	\$ 151,174,323
Other Funds Nonlimited	-	\$ 30,000,000	\$ 30,000,000
Federal Funds	-	\$ (13,232)	\$ (13,232)
<u>Employment Department</u>			
Other Funds	-	\$ (3,490,798)	\$ (3,490,798)
Federal Funds	-	\$ (4,403,080)	\$ (4,403,080)
<u>Housing and Community Services Department</u>			
General Fund	-	\$ 21,433,916	\$ 21,433,916
General Fund Debt Service	-	\$ 2,640,239	\$ 2,640,239
Lottery Funds	-	\$ 350,000	\$ 350,000
Other Funds	-	\$ 25,972,449	\$ 25,972,449
Federal Funds	-	\$ (7,227,385)	\$ (7,227,385)

Budget Summary***Department of Veterans' Affairs**

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
General Fund	-	\$ (136,724)	\$ (136,724)
Lottery Funds	-	\$ -	\$ -
Other Funds	-	\$ (140,617)	\$ (140,617)
Federal Funds	-	\$ -	\$ -

EDUCATION PROGRAM AREA**Department of Education**

General Fund	-	\$ (1,685,086)	\$ (1,685,086)
General Fund Debt Service	-	\$ (1,587,898)	\$ (1,587,898)
Other Funds	-	\$ 270,433,393	\$ 270,433,393
Federal Funds	-	\$ (957,295)	\$ (957,295)

State School Fund

General Fund	-	\$ (30,372,945)	\$ (30,372,945)
Lottery Funds	-	\$ 12,465,745	\$ 12,465,745
Other Funds	-	\$ 17,907,200	\$ 17,907,200

Higher Education Coordinating Commission

General Fund	-	\$ 8,532,950	\$ 8,532,950
General Fund Debt Service	-	\$ (13,840,783)	\$ (13,840,783)
Lottery Funds Debt Service	-	\$ (73,975)	\$ (73,975)
Other Funds	-	\$ 6,614,787	\$ 6,614,787
Federal Funds	-	\$ (430,293)	\$ (430,293)

Chief Education Office

General Fund	-	\$ (369,306)	\$ (369,306)
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Teacher Standards and Practices

Other Funds	-	\$ (214,668)	\$ (214,668)
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Budget Summary*

HUMAN SERVICES PROGRAM AREA

Commission for the Blind

	2015-17 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change
General Fund	-	\$ (41,304)	\$ (41,304)
Other Funds	-	\$ (11,467)	\$ (11,467)
Federal Funds	-	\$ (157,969)	\$ (157,969)

Oregon Health Authority

General Fund	-	\$ (59,956,387)	\$ (59,956,387)
General Fund Debt Service	-	\$ 4,001	\$ 4,001
Lottery Funds	-	\$ (4,617)	\$ (4,617)
Other Funds	-	\$ 71,374,612	\$ 71,374,612
Federal Funds	-	\$ (9,456,614)	\$ (9,456,614)

Department of Human Services

General Fund	-	\$ (8,487,786)	\$ (8,487,786)
General Fund Debt Service	-	\$ 10,521,010	\$ 10,521,010
Other Funds	-	\$ 45,175,634	\$ 45,175,634
Federal Funds	-	\$ 138,153,153	\$ 138,153,153

Long Term Care Ombudsman

General Fund	-	\$ (272,509)	\$ (272,509)
Other Funds	-	\$ (2,593)	\$ (2,593)

Psychiatric Security Review Board

General Fund	-	\$ (33,233)	\$ (33,233)
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JUDICIAL BRANCH

Judicial Department

General Fund	-	\$ (7,171,498)	\$ (7,171,498)
General Fund Debt Service	-	\$ (2,555,411)	\$ (2,555,411)
Other Funds	-	\$ 195,971,790	\$ 195,971,790

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Commission on Judicial Fitness and Disability</u>			
General Fund	-	\$ (577)	\$ (577)
<u>Public Defense Services Commission</u>			
General Fund	-	\$ 1,060,699	\$ 1,060,699
<u>LEGISLATIVE BRANCH</u>			
<u>Legislative Administration Committee</u>			
General Fund	-	\$ 4,109,449	\$ 4,109,449
General Fund Debt Service	-	\$ (445,481)	\$ (445,481)
Other Funds	-	\$ 239,358	\$ 239,358
Other Funds Debt Service	-	\$ (28,305)	\$ (28,305)
<u>Legislative Assembly</u>			
General Fund	-	\$ (1,324,394)	\$ (1,324,394)
<u>Legislative Commission on Indian Services</u>			
General Fund	-	\$ (1,750)	\$ (1,750)
<u>Legislative Counsel</u>			
General Fund	-	\$ (232,754)	\$ (232,754)
Other Funds	-	\$ (59,154)	\$ (59,154)
<u>Legislative Fiscal Office</u>			
General Fund	-	\$ (183,583)	\$ (183,583)
Other Funds	-	\$ (124,420)	\$ (124,420)
<u>Legislative Revenue Office</u>			
General Fund	-	\$ (18,516)	\$ (18,516)
<u>Legislative Policy and Research Office</u>			
General Fund	-	\$ (45,374)	\$ (45,374)

Budget Summary*

NATURAL RESOURCES PROGRAM AREA

State Department of Agriculture

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
General Fund	-	\$ (1,066,655)	\$ (1,066,655)
Lottery Funds	-	\$ (231,617)	\$ (231,617)
Other Funds	-	\$ (2,054,053)	\$ (2,054,053)
Federal Funds	-	\$ (388,340)	\$ (388,340)

Columbia River Gorge Commission

General Fund	-	\$ 24,081	\$ 24,081
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State Department of Energy

Other Funds	-	\$ (538,561)	\$ (538,561)
Federal Funds	-	\$ (72,012)	\$ (72,012)

Department of Environmental Quality

General Fund	-	\$ (352,190)	\$ (352,190)
Lottery Funds	-	\$ (77,348)	\$ (77,348)
Other Funds	-	\$ (3,614,762)	\$ (3,614,762)
Federal Funds	-	\$ (461,243)	\$ (461,243)

State Department of Fish and Wildlife

General Fund	-	\$ 182,646	\$ 182,646
Lottery Funds	-	\$ (167,378)	\$ (167,378)
Other Funds	-	\$ (3,153,172)	\$ (3,153,172)
Federal Funds	-	\$ (3,058,576)	\$ (3,058,576)

Department of Forestry

General Fund	-	\$ (1,201,103)	\$ (1,201,103)
General Fund Debt Service	-	\$ (410,919)	\$ (410,919)
Lottery Funds Debt Service	-	\$ (5,594)	\$ (5,594)
Other Funds	-	\$ 96,885,643	\$ 96,885,643
Other Funds Debt Service	-	\$ 79,996	\$ 79,996
Federal Funds	-	\$ (495,371)	\$ (495,371)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Geology and Mineral Industries</u>			
General Fund	-	\$ (104,725)	\$ (104,725)
Other Funds	-	\$ (141,422)	\$ (141,422)
Federal Funds	-	\$ (65,496)	\$ (65,496)
<u>Department of Land Conservation and Development</u>			
General Fund	-	\$ (395,929)	\$ (395,929)
Other Funds	-	\$ (1,373)	\$ (1,373)
Federal Funds	-	\$ (108,803)	\$ (108,803)
<u>Land Use Board of Appeals</u>			
General Fund	-	\$ 266	\$ 266
<u>Oregon Marine Board</u>			
Other Funds	-	\$ (335,800)	\$ (335,800)
Federal Funds	-	\$ (1,373)	\$ (1,373)
<u>Department of Parks and Recreation</u>			
Lottery Funds	-	\$ (1,881,005)	\$ (1,881,005)
Lottery Funds Debt Service	-	\$ (895,019)	\$ (895,019)
Other Funds	-	\$ 3,232,341	\$ 3,232,341
Federal Funds	-	\$ (7,925)	\$ (7,925)
<u>Department of State Lands</u>			
General Fund	-	\$ 5,000,000	\$ 5,000,000
Other Funds	-	\$ 11,149,657	\$ 11,149,657
Federal Funds	-	\$ (3,183)	\$ (3,183)
<u>Water Resources Department</u>			
General Fund	-	\$ (748,813)	\$ (748,813)
Lottery Funds Debt Service	-	\$ (2,078,875)	\$ (2,078,875)
Other Funds	-	\$ 21,943,095	\$ 21,943,095
Federal Funds	-	\$ -	\$ -

Budget Summary*

Watershed Enhancement Board

	2015-17 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change
Lottery Funds	-	\$ (205,451)	\$ (205,451)
Federal Funds	-	\$ (1,136)	\$ (1,136)

PUBLIC SAFETY PROGRAM AREA

Department of Corrections

General Fund	-	\$ (23,762,896)	\$ (23,762,896)
General Fund Debt Service	-	\$ 1,268,059	\$ 1,268,059
Other Funds	-	\$ 272,630	\$ 272,630
Federal Funds	-	\$ (10,323)	\$ (10,323)

Oregon Criminal Justice Commission

General Fund	-	\$ (87,794)	\$ (87,794)
Other Funds	-	\$ (1,137)	\$ (1,137)
Federal Funds	-	\$ (3,503)	\$ (3,503)

District Attorneys and their Deputies

General Fund	-	\$ (23,359)	\$ (23,359)
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Department of Justice

General Fund	-	\$ (3,386,309)	\$ (3,386,309)
General Fund Debt Service	-	\$ 3,235,629	\$ 3,235,629
Other Funds	-	\$ 15,825,892	\$ 15,825,892
Federal Funds	-	\$ 29,064,361	\$ 29,064,361

Oregon Military Department

General Fund	-	\$ 932,333	\$ 932,333
General Fund Debt Service	-	\$ (802,765)	\$ (802,765)
Other Funds	-	\$ 4,796,923	\$ 4,796,923
Other Funds Debt Service	-	\$ 448,429	\$ 448,429
Federal Funds	-	\$ (1,156,392)	\$ (1,156,392)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
<u>Oregon Board of Parole</u>			
General Fund	-	\$ (340,944)	\$ (340,944)
<u>Oregon State Police</u>			
General Fund	-	\$ (2,667,382)	\$ (2,667,382)
Lottery Funds	-	\$ (240,268)	\$ (240,268)
Other Funds	-	\$ (26,542)	\$ (26,542)
Federal Funds	-	\$ (142,526)	\$ (142,526)
<u>Department of Public Safety Standards and Training</u>			
Other Funds	-	\$ (1,183,157)	\$ (1,183,157)
Federal Funds	-	\$ 464,466	\$ 464,466
<u>Oregon Youth Authority</u>			
General Fund	-	\$ (4,902,061)	\$ (4,902,061)
General Fund Debt Service	-	\$ 1,925,787	\$ 1,925,787
Other Funds	-	\$ 567,980	\$ 567,980
Federal Funds	-	\$ (218,984)	\$ (218,984)
<u>TRANSPORTATION PROGRAM AREA</u>			
<u>Department of Aviation</u>			
Other Funds	-	\$ (39,973)	\$ (39,973)
Federal Funds	-	\$ (1,538)	\$ (1,538)
<u>Department of Transportation</u>			
General Fund	-	\$ (389,942)	\$ (389,942)
General Fund Debt Service	-	\$ (1,037,553)	\$ (1,037,553)
Lottery Funds Debt Service	-	\$ (6,039,258)	\$ (6,039,258)
Other Funds	-	\$ (1,415,838)	\$ (1,415,838)
Other Funds Debt Service	-	\$ 10	\$ 10
Federal Funds	-	\$ (227,030)	\$ (227,030)

Budget Summary*

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
2017-19 Budget Summary			
General Fund Total	-	\$ 58,172,743	\$ 58,172,743
General Fund Debt Service	-	\$ (14,400,707)	\$ (14,400,707)
Lottery Funds Total	-	\$ 9,801,680	\$ 9,801,680
Lottery Funds Debt Service	-	\$ (12,820,839)	\$ (12,820,839)
Other Funds Total	-	\$ 938,856,278	\$ 938,856,278
Other Funds Debt Service	-	\$ 1,580,778	\$ 1,580,778
Other Funds Nonlimited	-	\$ 30,000,000	\$ 30,000,000
Federal Funds Total	-	\$ 137,654,935	\$ 137,654,935

* Excludes Capital Construction

	<u>2015-17 Legislatively Approved Budget</u>	<u>2015-17 Committee Recommendation</u>	<u>Committee Change</u>
<u>2015-17 Supplemental Appropriations</u>			
<u>Commission on Judicial Fitness and Disability</u>			
General Fund	-	\$ 35,000	\$ 35,000
<u>Department of Transportation</u>			
Other Funds	-	\$ 45,500,000	\$ 45,500,000
Federal Funds	-	\$ 8,100,000	\$ 8,100,000

2017-19 Position Summary

2015-17 Legislatively
Approved Budget

2017-19 Committee
Recommendation

Committee Change

ADMINISTRATION PROGRAM AREA

Department of Administrative Services

Authorized Positions	-	6	6
Full-time Equivalent (FTE) positions	-	6.00	6.00

Public Employees Retirement System

Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	0.92	0.92

Department of Revenue

Authorized Positions	-	33	33
Full-time Equivalent (FTE) positions	-	9.00	9.00

State Treasurer

Authorized Positions	-	2	2
Full-time Equivalent (FTE) positions	-	2.34	2.34

CONSUMER AND BUSINESS SERVICES PROGRAM AREA

Consumer and Business Services

Authorized Positions	-	11	11
Full-time Equivalent (FTE) positions	-	9.68	9.68

Bureau of Labor and Industries

Authorized Positions	-	3	3
Full-time Equivalent (FTE) positions	-	2.50	2.50

ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA

Housing and Community Services Department

Authorized Positions	-	3	3
Full-time Equivalent (FTE) positions	-	0.75	0.75

2017-19 Position Summary

2015-17 Legislatively
Approved Budget

2017-19 Committee
Recommendation

Committee Change

HUMAN SERVICES PROGRAM AREA

Oregon Health Authority

Authorized Positions	-	63	63
Full-time Equivalent (FTE) positions	-	51.46	51.46

Department of Human Services

Authorized Positions	-	113	113
Full-time Equivalent (FTE) positions	-	74.33	74.33

JUDICIAL BRANCH

Judicial Department

Authorized Positions	-	4	4
Full-time Equivalent (FTE) positions	-	2.00	2.00

NATURAL RESOURCES PROGRAM AREA

Oregon Department of Agriculture

Authorized Positions	-	(1)	(1)
Full-time Equivalent (FTE) positions	-	(1.00)	(1.00)

Department of Fish and Wildlife

Authorized Positions	-	6	6
Full-time Equivalent (FTE) positions	-	5.33	5.33

Department of Forestry

Authorized Positions	-	4	4
Full-time Equivalent (FTE) positions	-	3.50	3.50

Department of State Lands

Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	1.00	1.00

2017-19 Position Summary

Water Resources Department

	<u>2015-17 Legislatively Approved Budget</u>	<u>2017-19 Committee Recommendation</u>	<u>Committee Change</u>
Authorized Positions	-	1	1
Full-time Equivalent (FTE) positions	-	1.00	1.00

PUBLIC SAFETY PROGRAM AREA

Department of Justice

Authorized Positions	-	68	68
Full-time Equivalent (FTE) positions	-	54.99	54.99

Oregon Military Department

Authorized Positions	-	2	2
Full-time Equivalent (FTE) positions	-	2.00	2.00

Oregon State Police

Authorized Positions	-	27	27
Full-time Equivalent (FTE) positions	-	25.32	25.32

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the May 2017 economic and revenue forecast by the Department of Administrative Services, Office of Economic Analysis, supplemented by transfers from various agency accounts to the General Fund for general governmental purposes as authorized in HB 3470, plus other actions to reduce state agency expenditures.

Summary of Capital Construction Subcommittee Action

HB 5006 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budgets and position authority as described below.

Emergency Board

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated \$50 million General Fund to the Emergency Board for general purposes.

HB 5006 makes two special purpose appropriations to the Emergency Board, totaling \$110 million General Fund; the bill also adjusts a special purpose appropriation already approved in a different bill:

- \$100 million General Fund for state employee compensation changes.
- \$10 million General Fund for allocation to state agencies for compensation changes driven by collective bargaining for workers who are not state employees.
- Reduces the special purpose appropriation made by SB 505 for costs associated with the requirement to record grand jury proceedings, by \$600,000 General Fund. The budget for the Judicial Department is increased by this amount.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2018, any remaining funds become available to the Emergency Board for general purposes.

Adjustments to Approved 2017-19 Agency Budgets

STATEWIDE ADJUSTMENTS

Statewide adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services assessments and charges for services, Attorney General rates, certain services and supplies, and additional vacancy savings expected as a result of a hiring slowdown. Statewide adjustments also reflect net reductions to debt service realized through interest rate savings on bond sales and refunding of outstanding general obligation and lottery revenue bonds. Total savings are \$135.8 million General Fund, \$16.7 million Lottery Funds, \$105.5 million Other Funds, and \$35.6 million Federal Funds.

Specific adjustments include \$126 million total funds savings from implementing a hiring slowdown implemented across all three branches of government; \$25 million in General Fund and Lottery Funds savings from eliminating most inflation on services and supplies implemented across all three branches of government; \$9.3 million total funds from a 10% reduction to travel in Executive Branch agencies to implement the Governor's previously announced cost containment effort; \$68 million total funds reduction from lower Department of Administrative Services assessments and service rates; and \$13 million total funds from lower Attorney General rates.

Section 145 of the budget bill reflects the changes, as described above, for each agency. These adjustments are not addressed in the individual agency narratives, although they are included in the table at the beginning of the budget report.

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved various one-time General Fund appropriations to the Department of Administrative Services (DAS) for the following purposes:

- \$1,895,000 for disbursement to the Rogue River Valley Irrigation District for the Bradshaw Drop Irrigation Canal project to pipe over three miles of irrigation canal to conserve water and provide pressurized water to district patrons.
- \$1,836,000 for disbursement to the City of John Day to extend a fiber optic line along US 395 from US 20 to John Day.
- \$1,000,000 for disbursement to the JPR Foundation, Inc. for the Holly Theater restoration project in Medford.
- \$1,000,000 for disbursement to the Deschutes Rim Clinic Foundation for the Rim Health Clinic in Maupin to supplement capacity at the current facility.
- \$750,000 for disbursement to the Medford Youth Baseball Society for improvements at Harry and David Baseball Park.
- \$500,000 for disbursement to the City of Mosier for a joint use facility, encompassing a city hall, main fire station, and multi-use community space to be built on land donated by Union Pacific Railroad.
- \$500,000 for disbursement to the Oregon Wine Board for marketing and increasing the market access of Oregon produced wine.
- \$420,000 for disbursement to the City of John Day for operations of a public safety answering point through the 2017-19 biennium.
- \$400,000 for disbursement to the Greater Portland YWCA for the Family Preservation Project.
- \$250,000 for disbursement to the Southern Oregon Veterans Benefit organization for construction of a replica of the Vietnam Memorial Traveling Wall.
- \$200,000 for disbursement to the Mid-Columbia Health Foundation for a hospital modernization and expansion project involving a regional rural community hospital in The Dalles that was built in 1859.
- \$50,000 for disbursement to the World of Speed organization as transition funding for the High School Automotive Career Technical Education program as the organization seeks other support for the program.
- \$50,000 for disbursement to the Family YMCA of Marion and Polk Counties for the YMCA Youth and Government program.
- \$50,000 for disbursement to the Bag and Baggage Productions, a professional theater located in Hillsboro, for its Cultural Innovation Project involving the purchase and installation of a 360 degree digitally immersive projection system.
- \$40,000 for disbursement to the Cities of Turner, Aumsville, and Salem, for use as flood mitigation planning match.

A total of \$28,177,202 Other Funds expenditure limitation was added by the Subcommittee for the one-time cost of issuance and special payments associated with the disbursement of proceeds from Lottery Bond sales; projects are detailed below and approved in SB 5530. Cost of issuance for these projects totals \$707,202. There is no debt service allocated in the 2017-19 biennium, as the bonds will not be sold until the

spring of 2019. Total debt service on all the projects described below is estimated at a total of \$4,743,599 Lottery Funds for the 2017-19 biennium and \$47,153,969 over the life of the bonds.

- \$12,235,018 Other Funds for disbursement to the YMCA of Marion and Polk counties for construction of a new YMCA facility in Salem.
- \$6,125,396 Other Funds for disbursement to the Eugene Civic Alliance to redevelop the site of the former Civic Stadium into a community sports and recreation complex.
- \$2,050,587 Other Funds for disbursement to the Gresham Redevelopment Commission for the construction of an innovation and workforce training center in the Rockwood neighborhood in Gresham.
- \$2,050,587 Other Funds for disbursement to the Family Nurturing Center (Rogue Valley Children's Relief Nursery) to purchase and rehabilitate affordable housing adjacent to the Center's campus.
- \$1,042,655 Other Funds for disbursement to the Cascade AIDS Project for the acquisition and renovation of a primary care and mental health center for the lesbian, gay, bisexual, transgender, queer, and other minority gender identities and sexual orientation community.
- \$1,041,303 Other Funds for disbursement to the City of Independence for the Independence Landing Revitalization Project.
- \$1,041,303 Other Funds for disbursement to Klamath County for construction of the Klamath Youth Inspiration Program residential treatment center in Klamath Falls.
- \$1,041,303 Other Funds for disbursement to the City of Woodburn to develop a community center in Woodburn.
- \$784,922 Other Funds for disbursement to The Dalles Civic Auditorium Preservation Commission to continue reconstruction of The Dalles Civic Auditorium theater.
- \$764,128 Other Funds for disbursement to the City of Spray to construct a public safety and emergency services center, which includes fire protection and emergency medical services.

The Subcommittee approved two one-time increases to existing subsidy programs funded through the DAS budget: \$150,000 General Fund was added to the special payments made to the Oregon Historical Society, increasing its total state support in 2017-19 to \$900,000 General Fund. The Subcommittee also approved increasing the 2017-19 special payments to county fairs by \$180,000 Lottery Funds, which provides county fairs with a total of \$3,828,000 Lottery Funds in 2017-19.

To complete projects approved in SB 5506, the capital construction bill, the Subcommittee approved the establishment of five limited duration Project Manager 2 positions (5.00 FTE) and one limited duration Project Manager 3 position (1.00 FTE) within the DAS Planning and Construction Management program. This is position establishment authority only, as all position costs will be charged against project funding.

The Subcommittee approved \$1,080,818 in additional Other Funds Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505 for renovations at the Portland State Office Building, and an Other Funds expenditure limitation increase of \$214,000 for the cost of issuance of the bonds.

Public Employees Retirement System

An Other Funds expenditure limitation increase of \$209,443 was approved by the Subcommittee, which supports one permanent full-time Principal Executive Manager G (0.92 FTE) to serve as the agency's Chief Financial Officer, with the understanding that the agency competitively recruit for, and hire, a Certified Public Accountant for this position.

Department of Revenue

The Subcommittee approved funding for the final project phase to replace most of the agency's core information technology systems (Core Systems Replacement project). The final phase includes: Timber tax; electrical cooperative tax; rail car tax; gas and oil production tax; County Assessment Funding Assistance; Green Light; Non-profit homes; court fines and assessments; and revenue accounting. The scheduled implementation date is November 13, 2017.

The Subcommittee approved \$8,383,109 of Other Funds expenditure limitation and the establishment of 32 limited duration positions (8.00 FTE), which is to be mostly financed with Article XI-Q bonds approved in SB 5505 (\$4,781,944). Project revenues also include an estimated \$3,501,165 in bond proceeds that were authorized and issued during the 2015-17 biennium, but remained unexpended, and \$100,000 of state marijuana tax revenue. The Department of Administrative Services is directed to unschedule \$276,599 of Other Funds expenditure limitation associated with the Core Systems Replacement project, which may be rescheduled upon the approval of the Legislative Fiscal Office.

The Subcommittee appropriated \$1,000,000 General Fund for vendor contract maintenance costs to support the ongoing maintenance of the vendor product after installation and \$60,000 General Fund for non-bondable expenditures related to the project; these are one-time costs that should be phased out for 2019-21.

To support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505 for the project, the Subcommittee appropriated \$796,311 in additional General Fund Debt Service and added \$73,056 Other Funds expenditure limitation for the cost of issuance of the bonds.

The Subcommittee increased the General Fund appropriation by \$276,906 and Other Funds expenditure limitation by \$24,079 for one permanent full-time Principal Executive Manager F position (1.00 FTE) to restore funding for the agency's Finance Manager position, a long-term vacancy that was eliminated in SB 5535, with the understanding that the agency competitively recruit for, and fill, this position.

To balance available revenues with Other Funds expenditure limitation, the Subcommittee decreased Other Funds expenditure limitation by \$187,277 for services and supplies in the Property Tax Division.

The Subcommittee increased Other Funds expenditure limitation by \$244,058 for services and supplies in the Marijuana Program. Of the increase, \$200,000 is for a remodel of the cash transaction space in the Salem headquarters building. This will bring the total estimated project

costs to \$1.33 million, of which \$1 million will be funded during the 2017-19 biennium. This is a one-time expense. The remaining \$44,058 is for services and supplies approved by the Emergency Board in May of 2016.

Oregon Advocacy Commissions Office

To restore a reduction in services and supplies included in the budget bill for the Oregon Advocacy Commissions Office (SB 5501), the Subcommittee approved \$17,000 General Fund.

State Library

The Subcommittee approved a \$197,488 General Fund appropriation to restore a reduction to the Ready to Read Grant program included in the budget bill for the State Library (HB 5018). The Ready to Read Grant program provides grants to public libraries for early literacy services and summer reading programs.

State Treasurer

For the Oregon Retirement Savings Board, the Subcommittee increased General Fund by \$1,056,224 and established three permanent full-time positions (2.84 FTE) for additional implementation work. The positions are: one permanent full-time Operations and Policy Analyst 4 to serve as a Public Engagement Manager (1.00 FTE); one permanent full-time Operations and Policy Analyst 3 to serve as a Compliance Manager (0.92 FTE); and one permanent full-time Executive Support Special 1 (0.92 FTE). The Subcommittee abolished one permanent part-time Program Analyst 1 position, a long-term vacant position (-0.50 FTE). A General Fund appropriation is required to fund the Board's operating expenses until the Retirement Savings Plan Administrative Fund has sufficient revenue to support the Board. General Fund expenditures are to be repaid with future administrative fees.

CONSUMER AND BUSINESS SERVICES

Department of Consumer and Business Services

The Subcommittee approved an increase in Other Funds expenditure limitation of \$154,056 for the Department of Consumer and Business Services (DCBS), Division of Financial Regulation and authorized the establishment of a limited duration Operation and Policy Analyst 3 position (0.88 FTE). This position will support work required by the passage of HB 2391, which requires DCBS to establish a reinsurance program for individual and group health insurance policies. The position will assist existing staff at the agency with the additional rulemaking process required to establish the reinsurance program and with the application to the US Department of Health and Human Services for a 1332 waiver to implement the Oregon Reinsurance Program.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$1,748,149 for the DCBS Building Codes Division and the establishment of 10 positions (8.80 FTE). Three of the positions, two Operations and Policy Analyst 3 and a Professional Engineer 2, are for building code development. These positions will provide policy and technical research, analysis, and subject matter expertise related to developing statewide standards, and provide support on special projects related to statewide consistency and uniformity within the building

code. Two Administrative Specialist 2 positions will support analysts, engineers, and subject matter experts in the process of statewide code development, and facilitate and coordinate on special projects, permit services, and project tracking. Two Plans Examiner 2 positions will provide technical expertise and support to special projects, by reviewing plans and specifications for those projects and providing additional support to operational programs in the Pendleton and Coos Bay field offices. One Structural and Mechanical Inspector, a Plumbing Inspector, and one Electrical Inspector will provide field support for site-built construction in the Pendleton and Coos Bay field offices.

Bureau of Labor and Industries

General Fund in the amount of \$413,787 is added to the budget of the Bureau of Labor and Industries for anticipated investigatory and enforcement provisions related to the passage of SB 828. The funding supports a permanent Civil Rights Field Representative (0.75 FTE), and a Permanent Compliance Specialist (0.75 FTE). In addition, funding to support a limited duration Training and Development Specialist 2 position (1.00 FTE) is also included; this position will develop notice materials for posting in the work place, and provide employer training opportunities on the new requirements.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee established a one-time \$1,650,000 General Fund appropriation for the Arts Commission to distribute grants to the following cultural institutions in the following amounts:

- APANO Cultural Center - \$300,000
- Benton County Historical Society & Museum - Corvallis Museum - \$500,000
- Cottage Theatre Expansion - \$125,000
- High Desert Museum - By Hand Through Memory Exhibit - \$125,000
- Liberty Theatre Foundation - Theatre Restoration in La Grande - \$200,000
- Oregon Coast Council for the Arts - Newport Performing Arts Center - \$300,000
- Portland Institute of Contemporary Art - Capital Campaign NE Hancock \$100,000

The Subcommittee established a one-time \$2,000,000 General Fund appropriation for a grant to the Crescent Sanitary District to support a sewer system/wastewater treatment facility project. To supplement support for the Regional Accelerator Innovation Network (RAIN), the Subcommittee increased the one-time Lottery Funds expenditure limitation by \$500,000. With the expenditure increase in this bill, total support in the budget for RAIN will total \$1,000,000. The Subcommittee also established a one-time Other Funds expenditure limitation of \$3,000,000 to support operating and research expenses of the Oregon Manufacturing Innovation Center (OMIC). The source of these funds are moneys transferred from the Connect Oregon Fund in the Department of Transportation. With the expenditure increase in this bill, support in the Oregon Business Development Department budget for OMIC operations will total \$6.6 million of combined Lottery Funds and Other Funds expenditures.

The Subcommittee increased Other Funds expenditures for distribution of bond proceeds authorized in SB 5505 and SB 5530, and HB 2278 (2015 Session). These expenditures include expenditures for the following projects for the following amounts:

- Seismic Rehabilitation Grants - \$120 million total, including \$100 million for school facilities and \$20 million for emergency services facilities.
- Port of Coos Bay - Channel Deepening Project - \$15,000,000
- Oregon Manufacturing Innovation Center Roads - \$3,390,000
- City of Sweet Home - Wastewater Treatment Plant Upgrade - \$2,000,000
- Crescent Sanitary District Sewer System - \$3,000,000
- Portland Art Museum 0 Connection Campaign - \$1,000,000
- Eugene Ballet Company - Midtown Arts Center - \$700,000
- Friends of the Oregon Caves & Chateau - Balcony Restoration Project - \$750,000
- Regional Solutions - \$1

Regarding Regional Solutions, SB 5530 authorizes \$4 million of lottery bond proceeds for the Regional Infrastructure Fund for Regional Solutions projects. After the Department presents a funding request with identified Regional Solutions projects, the Legislature or Emergency Board will increase the Other Funds expenditure limitation to allow funding of the approved projects. The expenditure limitation applies solely to lottery bond proceeds received in the 2017-19 biennium. Proceeds from previously issued bonds that have been transferred to the Regional Infrastructure Fund, and any earnings in the Fund, are not subject to the \$1 expenditure limitation.

The Subcommittee also increased Nonlimited Other Funds expenditures by \$30 million for distribution of lottery bond proceeds authorized for the Special Public Works Fund. The \$30 million include \$20 million for adding capital to the base Fund, and \$10 million restricted to levee projects.

Other Funds expenditures are increased by a total of \$2,746,249 to pay costs of issuing the general obligation and lottery revenue bonds authorized for the above projects. Proceeds of bonds are used to finance these costs.

Finally, the General Fund appropriation for debt service is increased by \$2,836,985 to pay 2017-19 biennium debt service costs for approved Seismic Rehabilitation Grant bonds. This supports debt service costs for \$25 million of seismic school bonds, and \$10 million of seismic emergency services facility bonds, issued in spring 2018. The remaining seismic bonds, and all lottery bonds authorized for projects in this budget, will be issued in spring 2019, and related debt service will not be paid until the 2019-21 biennium.

Housing and Community Services Department

The Housing and Community Services Department budget is adjusted by the Subcommittee as follows:

Local Innovation and Fast Track (LIFT) housing program - Other Funds expenditure limitation is increased by \$1,090,000 attributable to the cost of issuance for \$80 million in Article XI-Q Bonds for affordable housing development; the housing developed with the bonds will be targeted to low income individuals and families. It is assumed that this investment will result in an additional 1,200 - 1,500 units of new housing, depending on economic factors and the extent to which the program is modified (specifically, to include single family home ownership). Expenditure limitation for a period of six years for the project amount (\$80 million) is in SB 5506. Administration of the \$80 million in additional bond proceeds drives the need for additional expenditure limitation and General Fund support in the 2017-19 biennium, as follows: Two limited duration Loan Specialist positions (0.75 FTE) and two permanent Compliance Specialist positions (1.00 FTE) are authorized to add appropriate underwriting and project monitoring for affordable housing units developed through the LIFT housing program, as authorized by the 2017 Legislative Assembly. The compliance specialist positions are funded through fees charged to the projects, while the loan specialists are supported by General Fund. Finally, General Fund of \$3.4 million is appropriated for debt service, assuming half of the total authorized amount (\$40 million) is issued in the spring of 2018.

Preservation of Affordable Housing - Other Funds expenditure limitation in the amount of \$25,395,235 is included to enable the Housing and Community Services Department (HCSD) to expend lottery bond proceeds for preservation of affordable housing. Of this amount, \$25 million is attributable to project costs, and \$395,235 is related to cost of issuance. Eligible projects for which these funds can be expended will be defined by HCSD and include activities such as: multi-family rental properties where at least 25% of the units are subsidized by a project-based rental assistance contract through the USDA Rural Development or the US Department of Housing and Urban Development; existing manufactured housing communities and affordable housing units to be acquired by a mission-based non-profit organization, resident cooperative, tenants' association, housing authority, or local government; existing multifamily projects with affordability restrictions in need of rehabilitation and contract renewal; and public housing projects undergoing a preservation transaction which involves a comprehensive recapitalization and which will secure ongoing rental subsidies.

Oregon Foreclosure Avoidance Program - General Fund of \$1.3 million is included for the program. This 2017-19 funding is intended to be the final installment for the program, with the expectation that HCSD will cease administration and payment reimbursement by June 30, 2019, or the time at which funds are fully expended, whichever comes first.

Emergency Housing Account and State Homeless Assistance Program - An additional \$13,200,000 General Fund is added to the Emergency Housing Account (EHA) program, and an additional \$6,800,000 General Fund is included for the State Homeless Assistance Program (SHAP). These are one-time enhancements that bring the total 2017-19 budget for EHA to \$27,893,832 (a 93% increase over the 2015-17 legislatively approved budget) and SHAP to \$12,226,228 (a 129% increase over the 2015-17 legislatively approved budget).

Oregon Commission for Voluntary Action and Service - Federal Funds expenditure limitation is reduced by \$7.1 million and one position (1.00 FTE) to reflect funding associated with transfer of administration of the Commission from HCSD to the Office of the Governor. The statutory changes to accomplish the transfer of the program are included in HB 3470.

Measure 96 Lottery Funds Allocation - Lottery Funds expenditure limitation, attributable to the 2016 passage of Measure 96, in the amount of \$350,000 is added for emergency housing assistance to veterans, as provided through the Emergency Housing Account program. The funds are allocated to the Department in SB 140. A budget note in HB 5012 (the HCSD budget bill) directs HCSD and the Department of Veterans' Affairs to report back to the Joint Committee on Ways and Means in February 2018 with advice on strategic investments of available funds that will result in long-term housing stability for veterans.

Oregon Department of Veterans' Affairs

The Subcommittee approved increasing Other Funds expenditure limitation by \$310,000 for costs of issuance on Article XI-Q general obligation bonds authorized in SB 5505 for a parking lot at the Lebanon Veterans' Home, an educational and daycare facility at The Dalles Veterans' Home, and a new veterans' home in Roseburg. Costs of issuance will be paid with bond proceeds. Bonds are scheduled to be sold in spring 2019, with debt service of \$2.2 million General Fund in the 2019-21 biennium.

Due to the shortage of nurses and medical technicians in the City of Roseburg and Douglas County that would be required to staff the approved Veterans' Home, the Subcommittee adopted the following budget note:

Budget Note:

The Oregon Department of Veterans' Affairs, in collaboration with the Oregon Health Authority and the Oregon State Board of Nursing, is directed to convene a rural medical training facilities workgroup that will investigate issues related to alleviating a shortage of skilled and experienced nurses and medical technicians in the City of Roseburg and in Douglas County. Representatives from the City of Roseburg, Douglas County, local hospital or medical facilities, including the Roseburg VA Medical Center, and local medical practitioners with experience in training nursing and medical technician students should be included in the workgroup membership. The workgroup should consider issues related to establishing a medical training facility in partnership with local academic programs and methods of reintegrating veterans who are transitioning out of military service into society through higher education and career training. The Department shall report the results of the workgroup and recommendations to the Legislature by September 15, 2018.

EDUCATION

State School Fund

The Subcommittee approved a decrease of \$30,372,945 General Fund and an increase of \$12,465,745 Lottery Funds for the State School Fund, which reflects the balancing of available Lottery Funds across the entire state budget. In addition, Other Funds expenditure limitation was

increased by \$17,907,200 to account for the total amount of Marijuana revenues dedicated to the State School Fund. Overall, the net change to the State School Fund is zero from the \$8.2 billion included in SB 5517, the State School Fund budget bill.

Department of Education

The Subcommittee approved \$480,517 General Fund for debt service on Article XI-Q bonds sold for deferred maintenance projects at the Oregon School for the Deaf. The bond proceeds will be used to address long standing deferred maintenance issues including replacement or repair of roofs (\$2.5 million) and various improvements (\$1.8 million) to address accessibility issues at the facility necessary to comply with the Americans with Disabilities Act (ADA). For the sale of Article XI-P bonds for the Oregon School Capital Improvement Matching program, \$100 million Other Funds expenditure limitation is included. The XI-P bonds will be sold later in the biennium, so no debt service is required. For both the sale of XI-Q bonds for the Oregon School for the Deaf and the Article XI-P bonds for school district facilities, an increase of \$1,052,442 in Other Funds expenditure limitation is included for the issuance costs of the bonds.

An Other Funds expenditure limitation of \$170.0 million is included for payments to school districts under Ballot Measure 98. A \$170 million General Fund appropriation was made in SB 5516, the budget bill for the Oregon Department of Education, but payments out of the new High School Graduation and College and Career Readiness Fund must be budgeted as an Other Funds expenditure under the language of Ballot Measure 98 and for accounting practices.

Higher Education Coordinating Commission

The Subcommittee approved an increase of \$6,831,534 in Other Funds expenditure limitation for the Higher Education Coordinating Commission (HECC) for the issuance costs of general obligation bonds sold for public universities and community colleges. These include both Article XI-G and XI-Q bonds for the seven public universities and Article XI-G bonds for community colleges.

A General Fund appropriation of \$1.2 million was approved for a one-time grant to Eastern Oregon University for the construction of a new dedicated technology infrastructure equipment facility. This facility will be the campus hub for communications and network infrastructure. Also approved was \$490,000 General Fund for a one-time grant to Oregon State University for the renovation of the Graduate and Research Center at the Cascades Campus in Bend. This will create office space for teaching and research at the campus as it offers new programs and courses.

An additional \$5.3 million General Fund was approved for the Oregon Promise program which provides financial assistance to recent high school graduates with tuition waivers or subsidies at a community college. The increase, along with \$34.7 million General Fund included in the HECC budget bill (SB 5524), brings 2017-19 funding for this program to \$40 million General Fund. At this funding level, the Commission will need to implement policies limiting participation, including restricting program eligibility based on Earned Family Contribution. The intent is to “grandfather” in the first year’s students who started in the program during the 2016-17 academic year under the former requirements and implement any changes for those students who start during or after the fall quarter of the 2017-18 academic year. SB 1032 will include authority for HECC to limit the number of Oregon Promise participants by setting a maximum Earned Family Contribution for program eligibility.

The Subcommittee also approved a budget note related to community colleges:

Budget Note:

The Higher Education Coordinating Commission shall convene a workgroup to develop recommendations for enabling community colleges to offer an associate's degree that is completed in coordination with credits earned in registered apprenticeship or training programs that are at least four years long. The commission shall report their findings and recommendations to the appropriate legislative interim committee.

For College Possible, the Subcommittee approved a one-time \$350,000 General Fund appropriation to HECC for a one-time grant to the organization. This program provides mentoring, coaching, and other assistance to low income students to encourage them to go to college and help them apply for college and financial aid.

One-time funding for two Agricultural Experiment Station positions are added in this bill. One is located at the Hermiston Agricultural Research and Extension Center for potato research and one is at the North Willamette Research and Extension Center. The costs are \$260,000 and \$120,000 General Fund, respectively. Funding for the Renewable Energy Center at the Oregon Institute of Technology was approved in the amount of \$500,000 General Fund.

The Subcommittee approved one-time funding for two projects through Oregon State University resulting, in part, from the work of the Oregon Shellfish Task Force. The first is \$570,000 General Fund for the Molluscan Broodstock program at the Hatfield Marine Science Center in conjunction with the Whiskey Creek Shellfish Hatchery. The second project is \$280,000 General Fund for monitoring the effects of ocean acidification and conducting ocean acidification research at the Whiskey Creek Shellfish Hatchery.

HUMAN SERVICES

Oregon Health Authority

HB 5006 includes \$10,000,000 General Fund for costs related to treating Hepatitis C - Stage 2 for members of the Oregon Health Plan (OHP). Coverage is already included for Stages 3 and 4. It is estimated that roughly 3,200 OHP members have Hepatitis C at Stage 2, and if all these members pursue treatment, the 2017-19 estimated cost is about \$21.6 million General Fund. The agency will include data on current treatment patterns and costs in its first 2017-19 rebalance, and may need to request additional funding during the 2018 legislative session. A portion of this funding is expected to be one-time, as the existing OHP population is treated and only new cases will need treatment in the following biennium.

The Subcommittee approved \$200,000 General Fund for providing fresh Oregon-grown fruits, vegetables, and cut herbs from farmers' markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Another \$1,000,000 General Fund was

added for the same purpose for eligible individuals through the Women, Infants and Children Program. Both program enhancements are one-time.

Additional one-time Tobacco Master Settlement Agreement (TMSA) resources of \$63,250,000 are available because of a series of legal settlements. Other Funds expenditure limitation is increased for OHP by \$63,250,000, and General Fund is reduced by a like amount. Other TMSA resources in the OHP budget include funding that had previously been used for tobacco prevention and cessation programs. The Subcommittee approved the following budget note:

Budget Note:

The Oregon Health Authority, in collaboration with the Tobacco Reduction Advisory Committee, shall make recommendations to the Public Health Advisory Board on reductions to the Tobacco Prevention and Education Program, based on the loss of Tobacco Master Settlement Agreement (TMSA) funding, that reflects best practices for tobacco control, to minimize programmatic disruption. The Oregon Health Authority shall report to the Legislature the impact of the loss of TMSA funding to tobacco prevention in Oregon, across state and local programs, health communications, tobacco cessation, and data and evaluation.

In order to balance to the final revenue forecast, an additional \$375,000 of recreational marijuana proceeds are expected to be distributed to the Oregon Health Authority (OHA) for alcohol and drug prevention and treatment programs. Other Funds expenditure limitation is increased by \$375,000 and General Fund is reduced by that same amount.

HB 5006 reduces General Fund by \$401,413 for the Oregon State Hospital, and reduces one FTE. SB 65 consolidates all persons found guilty except for insanity of a felony and committed to the Oregon State Hospital, under the jurisdiction of the Psychiatric Security Review Board. As a result, the State Hospital Review Panel (SHRP) will no longer be needed after June 30, 2018. The Subcommittee approved \$3,226,060 General Fund for rural provider incentive programs. This is funding that was mistakenly taken out of the current service level at Governor's Budget.

HB 5006 increases General Fund by \$10,000 to make the necessary changes to the Medicaid Management Information System (MMIS) to ensure that children who are placed in substitute care are enrolled in a coordinated care organization (CCO). This would apply to children in the legal custody of the Department of Human Services, and eligible for medical assistance. The new MMIS coding would allow a child who changes placement to remain in the original CCO until the transition of the child's care to another CCO has been completed.

The bill includes \$196,111 Other Funds expenditure limitation and one position (0.75 FTE) to implement HB 3440, which will open up the Prescription Drug Monitoring Program to out-of-state practitioners. This will create additional workload as the program will need to implement and manage a process of auditing out-of-state users' credentials and use of the system.

To support the ongoing DHS effort to develop and implement an integrated eligibility system, now called the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME), the Subcommittee approved \$322,233 General Fund, \$13,595,873 Other Funds expenditure limitation,

\$1,306,605 Federal Funds expenditure limitation, and 62 positions (51.71 FTE); 41 of the positions are limited duration. The 21 permanent positions are associated with a core need for legacy system integration, as well as system maintenance and operations.

Department of Human Services

The Subcommittee approved \$1,300,000 General Fund, on a one-time basis, to increase funding for the Oregon Hunger Response Fund, which is a 26.2% increase from the 2015-17 funding level. This additional support will help the Oregon Food Bank, through its 20 regional food banks, acquire and distribute a higher volume of food to over 950 local agencies.

Another adjustment in the Self Sufficiency program is a change to a budget reduction included in SB 5526, the primary budget bill for the Department of Human Services (DHS). Instead of a \$3.4 million General Fund reduction in the Temporary Assistance for Needy Families (TANF) program, which affected households with a Non-Needy Caretaker Relative, the Subcommittee decreased funding in the Employment Related Day Care program by \$3.4 million General Fund, which reduces the caseload by about 200 cases.

Regarding TANF, the DHS budget approved in SB 5526, assumes \$22.2 million in General Fund cost avoidance related to program restrictions that have been in place since the 2009-11 biennium; this requires statutory date changes that are included in HB 3470. In addition, \$60.0 million General Fund in TANF program caseload savings was used to help balance the agency-wide budget. These savings were due to the projected 2017-19 caseload decreasing by more than 3,000 families between the fall 2016 and spring 2017 caseload forecasts. The Subcommittee noted that, ideally, TANF savings would be retained within the TANF program to help improve services to families and client outcomes. To help institute this practice, the Subcommittee approved the budget note set out below.

Budget Note:

During the 2017-19 biennium, after each biannual caseload forecast, the Department of Human Services is directed to calculate any General Fund or Federal Funds savings resulting from a decrease in the TANF caseload below the level assumed in the 2017-19 legislatively adopted budget. As part of its first rebalance report to or request of the Legislature following that calculation, the agency will present a proposal for directing any savings to either increase the TANF grant amount or invest in the JOBS program.

For the Intellectual and Developmental Disabilities (IDD) program, the Subcommittee discussed the need to ensure individuals with IDD receive information about all service setting options. Accordingly, DHS is directed to present to all adults with IDD the option to receive in-home services as described in ORS 427.101(3)b. The Subcommittee also approved the following budget note related to IDD group homes:

Budget Note:

The Department of Human Services will convene a workgroup to review rules and statutes regarding substantiated abuse findings, fines, and enforcement for Intellectual and Developmental Disability (IDD) group homes. The workgroup shall include representation from IDD providers, clients served in the IDD system, employees working in IDD group homes, and other stakeholders. The workgroup shall report

their findings and recommended statutory changes to the appropriate legislative interim policy committees no later than February 1, 2018. The workgroup shall discuss and report on:

- Recommendations for rule or statutory changes to abuse definitions and substantiated abuse findings.
- A review of current enforcement statutes and recommended changes that result in consistent applications of fines across the IDD group home system.
- Recommendations for mandatory minimum fines for substantiated abuse.

The Subcommittee approved funding for the continued development and implementation of an integrated eligibility system, now called the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME) project. This effort will integrate eligibility determinations for DHS programs; Non-MAGI Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Employment Related Day Care (ERDC); into the OregonONEligibility (ONE) system used by OHA.

While a 2017-19 funding request was always expected, the 2017-19 cost estimate for the project has increased over the budget development timeframe; the current project estimate and approved amount for 2017-19 is \$203,272,716 total funds. (The former estimate for 2017-19 spending was \$132.0 million total funds). This budget includes: state staff costs of \$42.3 million; \$128.2 million for contracted information technology services; \$21.0 million for software costs and hosting charges; \$2.2 million for training; and \$9.5 million for debt service. Cost allocation, contingencies, legacy system integration work, and payments to OHA for its project work are accounted for in these estimates. The state staffing component consists of 113 positions (74.33 FTE) and primarily supports business analytics and training activities; 88 positions (50.83 FTE) are limited duration.

The bulk of the project budget, at \$146.3 million or 72% of 2017-19 costs, is supported by Federal Funds; this is due to enhanced federal funding for the project. Some of that higher match expires on December 31, 2018, but the Medicaid portion at a 90% federal/10% state share does not have a set end date. The current project timeline and updated budget estimates account for these match rates. General Fund supports \$11.5 million of project costs and debt service; the bulk of the state share will be covered by \$45.0 million in proceeds from Article XI-Q bonds.

In SB 5505, the Joint Ways and Means Subcommittee on Capital Construction approved \$34,045,000 Article XI-Q bonds to finance \$33,523,000 of project costs and \$522,000 for costs of issuing the bonds. The Subcommittee also approved additional funding of \$11,477,000 for this project through the repurposing of bond proceeds originally issued for the Oregon Military Department (OMD).

The Joint Legislative Committee on Information Management and Technology (JLCIMT) reviewed the project on May 25, 2017, and recommended incremental, conditional approval of the project and set out detailed next steps in its recommendation, which was adopted. In addition to completion of 26 specific actions, the recommendation requires a minimum of two progress reports to JLCIMT; one in September 2017 and another in February 2018. The agency will also work closely with and regularly report project status to the Office of the State Chief Information Officer (OSCIO) and the Legislative Fiscal Office (LFO) throughout the project's lifecycle. It is likely additional formal reporting may

be required by JCLIMT or interim budget committees, depending on agency progress and any need to address project or budget issues flagged by LFO or OSCIO. The Subcommittee approved the project with the understanding that the funding will be unscheduled until LFO and the Chief Financial Office of the Department of Administrative Services approve rescheduling; agency compliance with the JLCIMT recommendations will be key to making funding available.

Since this project will result in eligibility determinations for multiple programs in both OHA and DHS being done through one system, to perform these determinations most efficiently, eligibility functions (responsibility for the work and staffing) from both agencies will be centralized at DHS. The following budget note was approved by the Subcommittee:

Budget Note:

The Department of Human Services and the Oregon Health Authority are currently planning to centralize eligibility processing at DHS in the fall of 2017. DHS has begun an assessment of current processes and will need 9-12 months to complete a comprehensive assessment and business plan that meets Medicaid requirements. DHS will report to the Interim Joint Committee on Ways and Means by June 30, 2018, and will include in its report a plan to increase jobs in rural Oregon including the option of outsourcing, in order to provide the highest quality, most efficient and cost effective Medicaid enrollment services to Oregonians.

JUDICIAL BRANCH

Judicial Department

The Subcommittee increased General Fund for the Judicial Department by \$600,000, and established four full-time positions (2.00 FTE) for additional workloads associated with an increased number of preliminary hearings anticipated as a result of SB 505. SB 505 requires grand jury proceeding to be recorded. A special purpose appropriation in SB 505 to the Emergency Board for additional costs associated with the measure was reduced by the same amount.

The Subcommittee also established a \$1,200,000 General Fund appropriation to provide a grant to Clackamas County for planning costs associated with a project to replace the county's courthouse. The county must spend at least an equal amount of matching funds for planning costs. The provision of this support does not establish a commitment or expectation for any additional state support for the capital project.

The Subcommittee added Other Funds expenditures to the budget associated with the authorization, in SB 5505, of Article XI-Q bonds for grants and capital construction projects. This limitation will allow the Judicial Department to provide grants to counties for courthouse capital construction projects through the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF), and pay costs associated with issuing the bonds for both the OCCCIF grants, and for capital construction projects approved in SB 5506. A \$195.2 million Other Funds limitation is established for the OCCCIF, for transfer of \$97.6 million of Article XI-Q proceeds, and an equal amount of county matching funds, for the following two county courthouse replacement projects:

- Multnomah County Courthouse - \$185.2 million (including \$92.6 million of bond proceeds) for the Multnomah County Courthouse replacement project. The funds will permit the county to complete construction of the courthouse project. With these moneys, the state will have provided a total of \$125 million of bond proceeds for the project over a three-biennium period.
- Lane County Courthouse - \$10 million (including \$5 million of bond proceeds) for the Lane County Courthouse replacement project. These funds will provide support for planning and development of the project. With these moneys, the state will have provided a total of \$6.4 million of bond proceeds for the project over a two-biennium period. The provision of this support does not establish a commitment or expectation for any additional state support for the capital project.

Other Funds expenditures were increased by \$1,235,000 for costs of issuing Article XI-Q bonds for the OCCIF-supported projects, and for two capital construction projects approved in SB 5506. Proceeds of bonds are used to finance these costs.

Finally, the Subcommittee established a distinct Other Funds expenditure limitation for the State Court Technology Fund (SCTF), and transferred \$17,942,354 from the Operations expenditure limitation to the newly established SCTF expenditure limitation. The SCTF receives revenues from court filing fees, charges for technology services, and the Criminal Fine Account, and its use is restricted to providing support state court electronic systems.

Public Defense Services Commission

The Subcommittee approved a \$1,800,000 increase in General Fund for the Professional Services Account. This appropriation brings total General Fund support for the program to the current service level. The Professional Services Account finances the costs of all trial-level and certain appellate-level public defense services.

LEGISLATIVE BRANCH

Legislative Administration Committee

General Fund of \$5,145,277 for Legislative Administration was approved by the Subcommittee for security enhancements to the Oregon State Capitol. The increased funds include: \$20,000 for a mass communication system, \$528,000 for third party monitoring services, and \$4,597,277 for security cameras and networks, independent distribution facility (network closet) upgrade, safety film installation, garage gate replacement, and other security needs.

The Subcommittee also approved \$906,053 General Fund for debt service on Article XI-Q bonds sold for the Capitol Accessibility, Maintenance, and Safety project. Bonds are scheduled to be sold in spring 2018. In addition, Other Funds expenditure limitation was increased by \$239,358 for costs of issuance on the bonds, which will be paid with bond proceeds.

NATURAL RESOURCES

Department of Agriculture

In the Agricultural Development and Marketing program, the Subcommittee reduced General Fund by \$250,000 due to elimination of a marketing position. This action eliminates one of three permanent full-time positions added to the program during the 2011-13 biennium to increase economic activity in the agriculture sector.

Columbia River Gorge Commission

The Subcommittee added \$24,081 General Fund to the Columbia River Gorge Commission budget to match the amount provided by the State of Washington as required by interstate compact; \$14,686 of the increase is provided for the Joint Expenses Program and the remaining \$9,395 is for Commissioner Expenses.

Department of Environmental Quality

The Subcommittee approved a \$500,000 one-time General Fund appropriation to complete an inventory of non-road diesel engines with the expectation that DEQ would use a third-party contractor to conduct a state-wide and multi-sector inventory of non-road diesel engines currently in use by private and public fleets for the purposes of informing and refining air quality models. This inventory is expected to be completed no later than May 1, 2019. To ensure the survey results are representative of the statewide inventory, data collection shall be conducted using a mix of sampling techniques, including, but not limited to whole fleet inventories (census style counts), representative sampling of fleets by fleet-size, and industry surveying. Results and assumptions should be verified using existing relevant and complementary data, such as fuel use and business asset data collected by county tax assessors. The Department is to consult with interested stakeholders during various phases of the inventory work including, but not limited to, prior to releasing the inventory request-for-proposal and upon the development of preliminary results. The Department shall make the results of this inventory available to interested stakeholders but only in aggregate form.

Department of Fish and Wildlife

The Subcommittee approved three General Fund increases for the Department of Fish and Wildlife (ODFW) totaling \$1,325,000 for several program changes. First, \$425,000 General Fund was added to fund a permanent Natural Resources Specialist 5 position to serve as the Department's Sage Grouse Mitigation Program Coordinator. Approximately \$175,000 of the \$425,000 is for professional services contracts to assist in implementation of the sage grouse mitigation program. Next, \$250,000 General Fund was added to restore and make permanent two positions (1.67 FTE) to work on the Integrated Water Resources Strategy involving water flows necessary to maintain fish habitat and in-stream water rights consultations. In addition, it is expected that the positions would also examine the need for a sediment study of the lower Rogue River. Finally, \$650,000 General Fund was added to restore three of the five permanent full-time positions eliminated from the Western Oregon Stream Program as part of the General Fund reductions taken in HB 5018, the ODFW budget bill. The three positions that were restored work in Clackamas, Roseburg, and Tillamook. Along with the funding for position costs, \$40,839 was added for services and supplies.

The Subcommittee also established a one-time Other Funds expenditure limitation of \$215,000 for the cost of issuance of Article XI-Q General Obligation bonds approved in SB 5505 for repairs and capital improvements at ODFW facilities.

Department of Forestry

The Subcommittee approved a \$57,568 increase in the General Fund appropriation made to the Oregon Department of Forestry (ODF) for the payment of debt service on General Obligation bonds issued for the replacement of a shared facility at Toledo. The Subcommittee also approved an increase in Other Funds expenditure limitation of \$1,114,991 to accommodate the payment of \$79,991 for debt service and \$50,000 in bond issuance costs related to bonds issued for the Toledo facility; the remaining \$985,000 is for the cost of issuance of Certificates of Participation related to the Elliott State Forest.

In addition, the Subcommittee approved the establishment of an Other Funds expenditure limitation for ODF, in the amount of \$100 million, for the payment, from the net proceeds from the sale of Certificates of Participation, of monies to finance the release of all or a portion of the Elliott forest from restrictions resulting from ownership of that forest by the Common School Fund, or to compensate the Common School Fund for the preservation of non-economic benefits of the forest through the imposition, transfer, or sale of restrictions such as easements, use requirements or restrictions, or other methods that preserve non-economic benefits of the forest for the public such as recreation, aesthetics, wildlife or habitat preservation, or other environmental and quality of life considerations.

For the initial work required for the development of a federal Habitat Conservation Plan (HCP), the Subcommittee approved a \$300,000 increase in Other Funds expenditure limitation pursuant to an agreement with the Department of State Lands for the development of the plan. ODF will use this funding to establish four limited duration positions (3.50 FTE) including a project leader, a HCP coordinator, a threatened and endangered species coordinator, and a data manager/analyst to work with federal agencies to develop a Request for Proposal to complete all the technical work needed for completing the HCP. The Department is also expected to apply for a federal grant to help with the cost of developing the Environmental Impact Statement required for completion of the HCP. It is anticipated that the agency will seek additional expenditure limitation once the remaining project costs are better known.

Land Use Board of Appeals

For the Land Use Board of Appeals, the Subcommittee added \$11,650 General Fund to reclassify a position from Executive Support Specialist I to Executive Support Specialist II.

Department of Parks and Recreation

The Subcommittee approved an increase in the Other Funds expenditure limitation for the Oregon Department of Parks and Recreation of \$5,111,682 for the expenditure of lottery bond proceeds for the Oregon Main Street Revitalization program. The funding will be used to provide competitive grants to organizations participating in the Oregon Main Street Network. The program focuses on projects that acquire, rehabilitate, and construct buildings on properties in designated downtown areas and facilitate community revitalization leading to additional private

investment, job creation or retention, expansion or establishment of viable businesses, or creating a stronger tax base. The expenditure limitation increase includes \$111,682 for bond issuance costs.

Department of State Lands

For work related to the Elliott State Forest, the Subcommittee established an Other Funds expenditure limitation of \$3,985,377 and the establishment of a Project Manager 3 position (1.0 FTE). Specifically, \$1,608,930 of the total is for paying costs associated with a custodial forest management contract for the Elliott State Forest. Under the contract, the manager will be responsible for four primary tasks: maintaining road systems for safe public access and fire protection activities; ensuring compliance with all applicable laws; conducting reforestation activities to comply with Oregon's Forest Practices Act; and providing general forest management and oversight. The manager will be the first point of contact for any questions; responsible for identifying problems specific to the property and coordinating with local officials and DSL as necessary; and manage access to the property and coordinate proper disposal of trash and removal of abandoned property.

Other components include \$608,000 for estimated cost of fire patrol assessments to be paid to the Oregon Department of Forestry (ODF) for wildfire protection, \$268,447 for a Project Manager 3 position (1.00 FTE) that will provide general coordination for the Elliott Forest as well as providing project management for the Portland Harbor Superfund Site and Goble cleanup site. Also included is \$1,500,000 for development of a federal Habitat Conservation Plan (HCP) and an Environmental Impact Statement (EIS). The HCP development will be via an agreement with ODF; that agency will lead the collaborative work with other state, federal, and private entities. The initial ODF work is anticipated to cost \$300,000, the remaining \$1,200,000 is to be administratively unscheduled until a better estimate of the total cost to develop the HCP and EIS can be established. ODF anticipates that it will apply for federal grant funding for at least a portion of the cost to develop the EIS.

The Subcommittee approved \$5,000,000 General Fund for the Department of State Lands to deposit into the Portland Harbor Cleanup Fund established in SB 5530; after deposit (payment), the money is available to be spent as Other Funds. In SB 5530, \$3,000,000 in lottery bond proceeds is also allocated for deposit into the Cleanup Fund. To spend the \$8,000,000 total subsequently available, a new \$8,000,000 Other Funds expenditure limitation is established. To pay costs associated with the issuance of the lottery bonds, the Subcommittee approved an increase in Other Funds expenditure limitation of \$57,587.

Monies in the Cleanup Fund are for the coordination and participation in any contracts or agreements relating to or arising out of the Portland Harbor Superfund Site that may include investigation of baseline conditions, investigation of key sediment sites, potential infrastructure needs related to contaminated sediments, development and administration of a comprehensive data management system for the site, satisfaction of obligations under any settlement or administrative order, work required by the United States Environmental Protection Agency in connection with the site, and other activities directly related to minimizing the state's liability for costs related to the Portland Harbor Superfund Site.

Water Resources Department

The Subcommittee approved a General Fund appropriation of \$333,677 for the Water Resources Department (WRD) to fund two Assistant Watermaster positions and an Office Specialist position in Umatilla County, in the Pendleton and Milton-Freewater offices. The former Umatilla

County positions were authorized in the agency's primary budget bill (SB 5542) using Other Funds expenditure limitation of \$433,677. This action assumed Umatilla County would be covering the cost of the positions via contract with WRD. However, available county resources are projected to be able to provide only \$100,000 of this amount, so General Fund will cover the remaining cost. To complete the fundshift, the Subcommittee also approved a \$333,677 reduction in Other Funds expenditure limitation.

To support pilot programs in several locations throughout the state, the Subcommittee approved an increase of \$203,870 General Fund and the establishment of a limited duration, Natural Resource Specialist 4 position (1.00 FTE). The Department was allocated \$750,000 in lottery bond proceeds during the 2015-17 biennium to make grants and provide technical assistance to local governments to establish place-based water resource planning pilot programs. Of that grant funding, \$600,000 is carried forward into the 2017-19 biennium; \$56,000 of that amount remains unobligated. The position authorized by the Subcommittee is a continuation of the limited duration position that was established in the prior biennium to assist in the administration of the program and the distribution of the grant funding.

The Subcommittee approved an increase of \$1,547,235 Other Funds expenditure limitation for making grants, loans, or providing technical assistance for feasibility studies, and for the payment of bond issuance costs from lottery bond sale proceeds deposited into the Water Conservation, Reuse, and Storage Investment Fund. Of the amount allocated to the Fund, \$47,235 is for the payment of bond issuance costs.

For water supply projects, the Subcommittee approved a total increase of \$21,075,301 Other Funds expenditure limitation for making grants, loans, and paying the cost of bond issuance from lottery bond proceeds deposited into the Water Supply Development Fund established under section 3, chapter 784, Oregon Laws 2013. At \$15,000,000, the bulk of the additional limitation provided for the expenditure of net bond proceeds allocated to the fund is for Water Supply Development grants and loans to evaluate, plan, and develop in-stream and out-of-stream water development projects that repair or replace infrastructure to increase the efficiency of water use; provide new or expanded water storage; improve or alter operations of existing water storage facilities in connection with newly developed water; create new, expanded, improved, or altered water distribution, conveyance, or delivery systems in connection with newly developed water; allocate federally stored water; promote water reuse or conservation; provide streamflow protection or restoration; provide for water management or measurement in connection with newly developed water; and, determine seasonally varying flows in connection with newly developed water. To pay for bond issuance costs, \$375,301 Other Funds expenditure limitation is needed.

The remaining expenditure limitation approved by the Subcommittee is for three specific projects that, while comporting to the other requirements of grants made from the Water Supply Development Fund, are not subject to any application process, public benefit scoring, or ranking. The projects and amounts are:

- City of Carlton, Panther Creek Reservoir sediment reduction and water storage capacity increase project - \$2,500,000
- City of Carlton, Finished water supply line loss reduction project - \$2,000,000
- Santiam Water Control District, Mill Creek Corporate Center irrigation conversion and efficiency project - \$1,200,000

PUBLIC SAFETY

Department of Corrections

To purchase two new transport buses to replace vehicles at the end of their service life, the Subcommittee approved a one-time appropriation of \$708,788 General Fund in the Department of Corrections' Operations Division.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$721,466 for cost of issuance of \$39,215,000 in Article XI-Q bonds authorized in SB 5506 for the Department of Corrections' deferred maintenance program and for technology infrastructure upgrades. Bonds will be issued in May 2018 and in March 2019.

The agency's General Fund appropriation for debt service was increased by \$1,926,252 for new debt service estimated to be paid in 2017-19. Debt service for bonds issued in 2017-19 is estimated to be \$7,616,448 General Fund in 2019-21.

Oregon Department of Justice

The Subcommittee approved \$16,573,792 Other Funds expenditure limitation for project costs, which is to be financed with \$16,267,633 of Article XI-Q bonds approved in SB 5505 and \$306,159 in bond proceeds that were authorized and issued during the 2015-17 biennium but remained unexpended. The Subcommittee also approved \$32,136,210 Federal Funds expenditure limitation and the establishment of 32 permanent full-time positions (23.81 FTE). This includes personal services of \$5.8 million and services and supplies of \$43.0 million. The amount for services and supplies includes \$35.8 million total funds of contractor payments for: project management, including organization change management services; implementation; independent quality assurance; and independent verification and validation.

Unless otherwise approved by the Legislature or the Emergency Board, the positions budgeted for the project are established as permanent full-time under the following conditions: (a) the positions will be abolished on or before the completion of the project; (b) the positions are to remain in the CSEAS program (i.e., CSEAS summary cross reference) and may not be transferred to any other program or used for any purpose other than the development of the CSEAS project; and (c) the positions may not be included in any permanent finance plan action.

Other Funds expenditure limitation of \$317,367 is included for the cost of issuance of the bonds. The Subcommittee appropriated \$3,391,920 in additional General Fund Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5505.

The Subcommittee approved \$6,916,041 Other Funds expenditure limitation and 35 permanent full-time positions (30.80 FTE) for the Civil Enforcement Division - Child Advocacy Section to represent Child Welfare caseworkers in court and provide full access to legal representation, legal counsel, legal advice, litigation support, and training. The revenue to support this package was approved in SB 5526, the primary budget bill for the Department of Human Services (DHS). DHS will be billed by DOJ no more than \$6.9 million for the increase in juvenile dependency workload using DOJ's traditional fee-for-service billing model. DOJ will also provide DHS with a monthly billing summary of the legal work performed. DOJ has committed to tracking quality assurance measures, including outcome measures.

Statewide implementation will be through a three-phase approach across all 36 counties: Phase-I will be completed by January 1, 2018 for: Benton; Coos; Gilliam; Grant; Hood River; Josephine; Lane; Lincoln; Linn; Morrow; Polk; Sherman; Tillamook; Wasco; and Wheeler Counties. Phase-II will be completed by July 1, 2018 for: Columbia; Crook; Deschutes; Douglas; Harney; Jackson; Jefferson; Klamath, Lake; Malheur; Umatilla; and Yamhill counties. Phase-III will be completed by January 1, 2019 for: Baker; Clackamas; Clatsop; Curry; Marion; Multnomah; Union; Washington; and Willowa counties. The final implementation schedule, however, may change depending upon the needs of a specific county. Both DOJ and DHS will work collaboratively with county District Attorneys to ensure juvenile dependency cases are handled in a consistent and coordinated manner with as much continuity as possible throughout the legal proceedings.

This investment in legal services was, in part, the result of work completed by the Task Force on Legal Representation in Childhood Dependency, which was established by SB 222 (2015). While, due to limited General Fund resources, the Legislature was unable to fund most Task Force recommendations, the affected state agencies and legal partners are committed to continuing to work on system improvements. In recognition of this commitment, the Subcommittee approved the following budget note:

Budget Note:

The Department of Human Services, Department of Justice, Oregon Judicial Department, and Public Defense Services Commission shall work collaboratively, at both the state and local levels, to solicit input on, develop, and implement strategies to improve the effectiveness and efficiency of Oregon's juvenile dependency systems and to determine the appropriate level of legal services. Potential strategies should include standardizing forms, streamlining processes, conforming practices, and adopting administrative or court rules. The agencies are expected to identify and begin implementing strategies no later than July 1, 2018. Options for providing more effective and cost-efficient legal and other services should also be reviewed and analyzed. The agencies will submit a joint report on the progress of these efforts to the Interim Joint Committee on Ways and Means or the Emergency Board by October 2018. In addition, each agency shall include an update, in its budget presentation to the Joint Committee on Ways and Means during the 2019 session, on its specific roles, activities, strategies, and costs to improve the effectiveness and efficiency of Oregon's juvenile dependency system.

In addition, the Legislature, under separate legislation (HB 3470), extended the sunset on the provision authorizing DHS to appear as a party in a juvenile court proceeding without appearance of an Attorney General from June 30, 2018 to June 30, 2020 to accommodate the planned implementation schedule.

The Department of Administrative Services is directed to unschedule \$4.0 million of the General Fund in the DHS budget and \$4.0 million of the Other Funds expenditure limitation in the DOJ budget pending demonstration to the Legislative Fiscal Office that the work performed, billing, reporting, and communication between the agencies is consistent with the budget cap, implementation schedule, and service level expectations for the caseworker legal representation program.

For SB 243, the Subcommittee approved implementation costs of \$123,932 Other Funds and established one permanent part-time Assistant Attorney General position (0.38 FTE) in DOJ's Civil Enforcement Division. The Division provides services to train caseworkers and certifiers on the new legal standard of abuse, advises Department of Human Services (DHS) in the preparation and adoption of administrative rules, as well as child protective services investigations, confidentiality laws, and release of records. The Division also provides advice and legal representation to DHS in all administrative appeals of those investigations and related certification actions for certified foster homes. The revenue source to fund this expense is legal service charges billed to DHS. The roll-up costs are estimated to be \$89,084 Other Funds and one position (0.25 FTE) for the 2019-21 biennium.

The Subcommittee approved \$500,000 General Fund to support Community Assessment Centers, as a one-time increase, in order to provide child abuse medical assessments. The funding will be administered through the Oregon Department of Justice, Crime Victims Services Division, as pass through funds distributed to the statewide Community Assessment Centers network association, which will ensure equitable distribution.

To support the Oregon Crime Victims Law Center, the Subcommittee also appropriated \$175,000 General Fund as a one-time increase. This will bring total funding for the Law Center from the Department of Justice to \$554,559, including \$504,599 General Fund and \$50,000 Other Funds; the latter is from the renewal of a state grant funded from punitive damage awards.

Oregon Military Department

The Subcommittee approved an increase in Other Funds expenditure limitation of \$448,244 for cost of issuance of \$23,730,000 in Article XI-Q bonds authorized in SB 5506 for three Regional Armory Emergency Enhancement projects in Salem, Newport, and Coos Bay; an Armory Service Life Extension project at the Grants Pass armory; and to re-issue bonds for the Regional Training Institute and Youth Challenge capital construction projects in 2017-19. Bonds are planned to be issued in October 2017, and in March 2019.

The agency's General Fund appropriation for debt service was decreased by \$378,344 for debt service estimated to be paid in 2017-19 due to anticipated debt service savings. Debt service in 2019-21 for bonds issued in 2017-19 is estimated to be \$4,305,134 General Funds.

The Subcommittee approved a one-time appropriation of \$1,000,000 General Fund for construction of or repairs to the Oregon Military Museum at Camp Withycombe in Clackamas, Oregon.

To operationalize the provisions of HB 2687, the Subcommittee increased Other Funds expenditure limitation in the Oregon Military Department, Office of Emergency Management by \$5,000,000 to capitalize the Resiliency Grant Fund, and increased Other Funds expenditure limitation by \$70,000 to pay for the cost of bond issuance. Other Funds limitation is funded by the sale of Article XI-Q bonds authorized in SB 5506. The Subcommittee added \$181,178 General Fund and increased Federal Funds expenditure limitation by \$181,178 and approved two permanent positions (2.00 FTE) to administer the program and the grant-making process.

Department of Public Safety Standards and Training

The Department of Public Safety Standards and Training's Federal Funds expenditure limitation was increased by \$469,566 to allow the expenditure of grant funds from the federal Assistance to Firefighters grant program on a new mobile fire training unit, to replace equipment at the end of its service life.

Oregon State Police

The Subcommittee increased Other Funds expenditure limitation in the Patrol Division by \$2,521,711 to support the addition of six troopers and one sergeant (7.00 FTE) in the Capitol Mall Security Unit.

The Subcommittee approved \$6,230,000 General Fund and established twenty sworn positions (18.32 FTE) to increase highway patrol coverage statewide, and to provide additional drug enforcement detectives in central and southern Oregon counties.

Oregon Youth Authority

To continue the installation of video monitoring systems to supplement the Oregon Youth Authority's sexual abuse prevention, detection, and response efforts for adherence to the US Prison Rape Elimination Act of 2003 (PREA), the Subcommittee approved a one-time appropriation of \$771,000 General Fund.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$676,086 for cost of issuance of \$39,995,000 in Article XI-Q bonds authorized in SB 5506 to remodel five living unit cottages at the MacLaren Youth Correctional Facility, to remodel two dormitory spaces at the Rogue Valley Youth Correctional Facility, and to undertake deferred maintenance projects in 2017-19. Bonds are planned to be issued in May 2018 and in March 2019.

The agency's General Fund appropriation for debt service was increased by \$1,695,236 for new debt service estimated to be paid in 2017-19. Debt service for bonds issued in 2017-19 is estimated to be \$6,104,546 General Fund in 2019-21.

TRANSPORTATION

Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation (ODOT) for the 2017-19 biennium is decreased by \$406,813 as an adjustment to Central Services to account for the transfer of positions from ODOT to the Office of the State Chief Information Officer.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Transportation Program Development section of \$30 million in lottery bond proceeds for ConnectOregon VII. In addition, the Other Funds expenditure limitation is increased by \$433,693 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Public Transit Program of \$5 million in lottery bond proceeds for the Lane Transit District's expansion of the EmX Bus Rapid Transit network. In addition, the limitation is increased by \$119,541 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

The Subcommittee approved an increase in Other Funds expenditure limitation in ODOT's Local Government Program of \$2 million in lottery bond proceeds for City of Portland SW Capitol Highway safety improvements. In addition, the Other Funds expenditure limitation is increased by \$50,587 for cost of issuance expenses. There is no debt service in the 2017-19 biennium as the bonds will not be sold until the spring of 2019.

Adjustments to 2015-17 Budgets

Commission on Judicial Fitness and Disability

The Subcommittee increased the 2015-17 biennium General Fund appropriation for extraordinary expenses by \$35,000 to fund costs incurred for the investigation and prosecution of cases of judicial misconduct.

Oregon Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation for the 2015-17 biennium was increased by \$45.5 million for Highway Division programs for costs associated with winter storms, implementation of an ADA-related settlement agreement, and for increased project payout.

Federal Funds expenditure limitation for the Oregon Department of Transportation for the 2015-17 biennium was increased by \$8.1 million to complete commitments carried over from the 2013-15 biennium.

SB 5530 A STAFF MEASURE SUMMARY
Joint Committee On Ways and Means

Carrier: Sen. Girod

Action Date:	07/03/17
Action:	Do pass with amendments. (Printed A-Eng.)
<u>Senate Vote</u>	
Yeas:	11 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Winters
Nays:	1 - Thomsen
<u>House Vote</u>	
Yeas:	8 - Gombberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith Warner, Williamson
Exc:	3 - Smith G, Stark, Whisnant
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Amanda Beitel, Budget Analyst

WHAT THE MEASURE DOES:

SB 5530 authorizes the issuance of lottery revenue bonds for specified projects. All lottery revenue bonds authorized for the 2017-19 biennium are included in SB 5530, with the exception of one project authorized in House Bill 2278 (2015).

A total of \$165,110,000 of lottery bond proceeds are authorized to be spent on thirty-one projects included in SB 5530. In addition, \$15,000,000 of lottery bond proceeds were authorized to be spent on one project during the 2017-19 biennium in HB 2278 (2015). Total costs of issuance are estimated to be \$3,217,347 for the projects authorized in SB 5530 and \$259,002 for the project authorized in HB 2278 (2015). Total amounts deposited in debt service reserve accounts for the projects included in SB 5530 and HB 2278 (2015) are estimated to be \$14,997,653 and \$1,275,998, respectively. SB 5505 includes \$199,860,000 of lottery revenue bond authority for the 2017-19 biennium to generate proceeds for project costs, costs of issuance, and debt service reserves.

Authority to spend bond proceeds for project costs and pay for the cost of issuing bonds is included in the budget reconciliation bill (HB 5006). Lottery revenue bonds will be issued in the spring of 2019 and debt service payments will begin in the 2019-21 biennium.

The bill includes an amendment to Section18, chapter 786, Oregon Laws 2013 to revise the length of a road being constructed by the Confederated Tribes of the Umatilla Indian Reservation from 1.5 miles to 1 mile, which will connect the Port of Umatilla to certain industrial lands of the Confederated Tribes. The road extension is being funded by proceeds of Lottery Revenue Bonds that were issued in January 2015. The bill also includes an amendment to Section 23, chapter 812, Oregon Laws 2015 to modify the description of a project approved for Wheeler County to construct and underground fiber optic telecommunication line to a high-speed telecommunication system. The county has determined the underground line is not cost effective and is planning to construct a microwave telecommunication system that will allow them to add more cities to the system for the same cost. The telecommunication system is being funded by proceeds of Lottery Revenue Bonds that were issued in April 2017.

Lottery revenue bonds are authorized for the projects listed on the following page.

ISSUES DISCUSSED:

Funding for smaller projects that were requested as lottery revenue bonds may have been provided through direct General Fund appropriations in HB 5006.

This Summary has not been adopted or officially endorsed by action of the committee.

SB 5530 A STAFF MEASURE SUMMARY

EFFECT OF AMENDMENT:

Replaces the bill with the lottery revenue bonds authorized in the 2017-19 legislatively adopted budget.

BACKGROUND:

Lottery Bond Projects
2017-19 Legislatively Adopted Budget

SB 5530 Section	Project	Project Funding	2017-19 Debt Service	2019-21 Debt Service
	<i>Department of Administrative Services</i>			
12	Cascade AIDS Project - Prism Health	1,000,000	-	198,484
13	City of Spray - Public Safety/Emergency Services Center	725,000	-	129,037
14	Eugene Civic Alliance - Sports & Recreation Complex	6,000,000	-	1,027,305
15	Family Nurturing Center	2,000,000	-	343,443
16	Gresham Rockwood Innovation & Workforce Training Center	2,000,000	-	343,443
17	City of Independence - Independence Landing	1,000,000	-	175,792
18	Klamath County - Klamath Youth Inspiration Program	1,000,000	-	175,792
19	The Dalles Civic Auditorium	745,000	-	136,066
20	City of Woodburn - Woodburn Community Center	1,000,000	-	175,792
21	YMCA of Marion and Polk Counties - YMCA Facility	12,000,000	-	2,038,445
		27,470,000	-	4,743,599
	<i>Department of State Lands</i>			
10	Portland Harbor Cleanup	3,000,000	-	589,914
	<i>Department of Transportation</i>			
8	Connect Oregon VII	30,000,000	-	5,062,897
30	City of Portland - SW Capitol Highway Improvements	2,000,000	-	343,443
31	Lane Transit District	5,000,000	-	855,170
		37,000,000	-	6,261,510
	<i>Oregon Business Development Department</i>			
1	Special Public Works Fund - Recapitalization	20,000,000	-	3,886,871
1 & 2	Special Public Works Fund - Levee Projects	10,000,000	-	1,953,164
3	Regional Solutions Projects	4,000,000	-	783,467
22(2)(a)	Portland Art Museum - Connection Campaign	1,000,000	-	175,792
22(2)(b)	Friends of the Oregon Caves and Chateau - Balcony	750,000	-	136,535

This Summary has not been adopted or officially endorsed by action of the committee.

SB 5530 A STAFF MEASURE SUMMARY

	Restoration					
22(2)(c)	Eugene Ballet Company - Midtown Arts Center	700,000	-	126,753		
24	Port of Brookings Harbor - Dock Repair	600,000	-	112,249		
26	City of Sweet Home - Wastewater Treatment Plant	2,000,000	-	343,443		
27	Crescent Sanitary District - Wastewater Treatment Facility	3,000,000	-	510,769		
29	Oregon Manufacturing Innovation Center Access Roads	3,390,000	-	573,852		
	<i>Housing and Community Services Department</i>	45,440,000	-	8,602,895		
7	Affordable Housing Preservation	25,000,000	-	4,856,853		
	<i>Parks and Recreation Department</i>					
32	Oregon Main Street Revitalization Grant Program	5,000,000	-	977,030		
	<i>Water Resources Department</i>					
5(2)(a)	Water Supply Development Account	15,000,000	-	2,540,836		
5(2)(b)	City of Carlton - Panther Creek Reservoir	2,500,000	-	418,755		
5(2)(c)	City of Carlton - Water Supply Line	2,000,000	-	343,443		
5(2)(d)	Santiam Water Control District - Mill Creek Corporate Center	1,200,000	-	205,534		
6	Water Conservation, Reuse and Storage Investment Fund	1,500,000	-	300,054		
		22,200,000	-	3,808,622		
HB 2278 (2015)	Total Lottery Bond projects authorized in SB 5530	165,110,000	-	29,840,423		
	Oregon Business Development Department					
3	Oregon International Port of Coos Bay - Channel Project	15,000,000	-	2,540,836		
	Total Lottery Bond projects authorized in 2017-19	180,110,000	-	32,381,259		

HB 5201 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Johnson

Joint Committee On Ways and Means

Action Date: 03/02/18

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 11 - DeBoer, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward, Thomsen

Exc: 1 - Winters

House Vote

Yeas: 10 - Gomberg, Holvey, McLane, Nathanson, Noble, Rayfield, Smith Warner, Stark, Whisnant, Williamson

Exc: 1 - Smith G

Prepared By: Linda Ames and Gregory Jolivette, Legislative Fiscal Office

Reviewed By: Paul Siebert, Legislative Fiscal Office

Emergency Board

2017-19

Various Agencies

2017-19

*** CORRECTED ***

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Emergency Board</u>				
General Fund - General Purpose	\$ 49,747,628	\$ 49,747,628	\$ -	0.0%
General Fund - Special Purpose Appropriations				
State Agencies for state employee compensation	\$ 100,000,000	\$ -	\$ (100,000,000)	-100.0%
State Agencies for non-state worker compensation	\$ 10,000,000	\$ -	\$ (10,000,000)	-100.0%
Long Term Care Ombudsman - public guardian	\$ 200,000	\$ -	\$ (200,000)	-100.0%
Dept. of Human Services - foster parent supports	\$ 750,000	\$ -	\$ (750,000)	-100.0%
Chief Education Office - 2nd year funding	\$ 3,972,118	\$ -	\$ (3,972,118)	-100.0%
Judicial Dept. - grand jury recordings	\$ 7,900,000	\$ 7,900,000	\$ -	0.0%
Dept. of Forestry - fire protection expenses	\$ 6,000,000	\$ 4,000,000	\$ (2,000,000)	-33.3%
Department of Revenue - position reconciliation	\$ -	\$ 650,000	\$ 650,000	
Secretary of State - 2018 Special Election costs	\$ -	\$ 1,656,115	\$ 1,656,115	
Oregon Health Authority - mental health res. rates	\$ -	\$ 2,000,000	\$ 2,000,000	
Department of Human Services - ventilator costs	\$ -	\$ 300,000	\$ 300,000	
Dept. of Human Services/Oregon Health Auth. - caseload costs or other budget challenges	\$ -	\$ 30,000,000	\$ 30,000,000	
Department of Human Services - child welfare costs	\$ -	\$ 2,500,000	\$ 2,500,000	
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	\$ 12,606,693	\$ 20,931,500	\$ 8,324,807	66.0%
General Fund Debt Service	\$ 7,254,563	\$ 7,137,196	\$ (117,367)	-1.6%
Lottery Funds Debt Service	\$ 16,294,967	\$ 15,873,695	\$ (421,272)	-2.6%
Other Funds	\$ 514,676,438	\$ 537,626,451	\$ 22,950,013	4.5%
Other Funds Debt Service	\$ 406,585,310	\$ 406,616,039	\$ 30,729	0.0%
<u>Advocacy Commissions Office</u>				
General Fund	\$ 697,136	\$ 720,802	\$ 23,666	3.4%
<u>Employment Relations Board</u>				
General Fund	\$ 2,491,749	\$ 2,556,694	\$ 64,945	2.6%
Other Funds	\$ 2,500,764	\$ 2,556,456	\$ 55,692	2.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Oregon Government Ethics Commission</u>				
Other Funds	\$ 2,705,247	\$ 2,758,688	\$ 53,441	2.0%
<u>Office of the Governor</u>				
General Fund	\$ 12,947,791	\$ 13,660,135	\$ 712,344	5.5%
Lottery Funds	\$ 3,689,100	\$ 3,723,949	\$ 34,849	0.9%
Other Funds	\$ 3,322,288	\$ 3,413,769	\$ 91,481	2.8%
Federal Funds	\$ 6,907,780	\$ 3,585,152	\$ (3,322,628)	-48.1%
<u>Oregon Liquor Control Commission</u>				
Other Funds	\$ 206,250,022	\$ 212,267,011	\$ 6,016,989	2.9%
<u>Public Employees Retirement System,</u>				
Other Funds	\$ 98,448,004	\$ 101,458,179	\$ 3,010,175	3.1%
<u>Racing Commission</u>				
Other Funds	\$ 6,353,396	\$ 6,422,599	\$ 69,203	1.1%
<u>Department of Revenue</u>				
General Fund	\$ 188,533,904	\$ 194,469,572	\$ 5,935,668	3.1%
Other Funds	\$ 124,776,501	\$ 129,820,700	\$ 5,044,199	4.0%
<u>Secretary of State</u>				
General Fund	\$ 10,426,561	\$ 12,649,135	\$ 2,222,574	21.3%
Other Funds	\$ 56,998,482	\$ 58,170,519	\$ 1,172,037	2.1%
Federal Funds	\$ 4,721,387	\$ 4,882,166	\$ 160,779	3.4%
<u>State Library</u>				
General Fund	\$ 3,990,257	\$ 4,060,172	\$ 69,915	1.8%
Other Funds	\$ 6,717,774	\$ 6,842,189	\$ 124,415	1.9%
Federal Funds	\$ 5,275,247	\$ 5,309,791	\$ 34,544	0.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>State Treasurer</u>				
General Fund	\$ 3,490,552	\$ 5,361,270	\$ 1,870,718	53.6%
Other Funds	\$ 80,418,025	\$ 82,003,898	\$ 1,585,873	2.0%
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>State Board of Accountancy</u>				
Other Funds	\$ 2,583,982	\$ 2,617,527	\$ 33,545	1.3%
<u>Chiropractic Examiners Board</u>				
Other Funds	\$ 2,014,079	\$ 2,027,840	\$ 13,761	0.7%
<u>Consumer and Business Services</u>				
Other Funds	\$ 246,276,380	\$ 252,580,722	\$ 6,304,342	2.6%
Federal Funds	\$ 14,466,034	\$ 16,803,370	\$ 2,337,336	16.2%
<u>Construction Contractors Board</u>				
Other Funds	\$ 15,859,876	\$ 16,174,047	\$ 314,171	2.0%
<u>Board of Dentistry</u>				
Other Funds	\$ 3,277,010	\$ 3,328,763	\$ 51,753	1.6%
<u>Health Related Licensing Boards</u>				
State Mortuary and Cemetery Board				
Other Funds	\$ 2,152,200	\$ 2,191,749	\$ 39,549	1.8%
Board of Naturopathic Medicine				
Other Funds	\$ 799,923	\$ 809,413	\$ 9,490	1.2%
Occupational Therapy Licensing Board				
Other Funds	\$ 483,425	\$ 514,522	\$ 31,097	6.4%
Board of Medical Imaging				
Other Funds	\$ 886,265	\$ 898,304	\$ 12,039	1.4%
State Board of Examiners for Speech-Language Pathology and Audiology				
Other Funds	\$ 615,945	\$ 756,010	\$ 140,065	22.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
Oregon State Veterinary Medical Examining Board Other Funds	\$ 973,220	\$ 1,034,917	\$ 61,697	6.3%
<u>Bureau of Labor and Industries</u>				
General Fund	\$ 13,119,229	\$ 13,461,114	\$ 341,885	2.6%
Other Funds	\$ 12,162,061	\$ 12,675,846	\$ 513,785	4.2%
Federal Funds	\$ 1,258,596	\$ 1,297,545	\$ 38,949	3.1%
<u>Licensed Social Workers, Board of</u>				
Other Funds	\$ 1,697,440	\$ 1,717,671	\$ 20,231	1.2%
<u>Oregon Medical Board</u>				
Other Funds	\$ 12,595,547	\$ 12,840,109	\$ 244,562	1.9%
<u>Mental Health Regulatory Agency</u>				
Other Funds	\$ 3,462,553	\$ 3,509,699	\$ 47,146	1.4%
<u>Board of Nursing</u>				
Other Funds	\$ 16,595,386	\$ 16,847,478	\$ 252,092	1.5%
<u>Board of Pharmacy</u>				
Other Funds	\$ 7,335,399	\$ 7,464,610	\$ 129,211	1.8%
<u>Public Utility Commission</u>				
Other Funds	\$ 45,128,415	\$ 45,919,838	\$ 791,423	1.8%
Federal Funds	\$ 715,100	\$ 742,231	\$ 27,131	3.8%
<u>Real Estate Agency</u>				
Other Funds	\$ 7,621,789	\$ 7,781,918	\$ 160,129	2.1%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>				
<u>Oregon Business Development Department</u>				
General Fund	\$ 15,951,696	\$ 15,977,133	\$ 25,437	0.2%
General Fund Debt Service	\$ 39,144,515	\$ 39,036,407	\$ (108,108)	-0.3%
Lottery Funds	\$ 115,975,469	\$ 117,789,412	\$ 1,813,943	1.6%
Other Funds	\$ 378,417,137	\$ 379,465,905	\$ 1,048,768	0.3%
Other Funds Debt Service	\$ -	\$ 108,109	\$ 108,109	
Federal Funds	\$ 40,717,603	\$ 41,457,527	\$ 739,924	1.8%
<u>Employment Department</u>				
Other Funds	\$ 144,544,337	\$ 152,904,308	\$ 8,359,971	5.8%
Federal Funds	\$ 155,927,081	\$ 159,644,349	\$ 3,717,268	2.4%
<u>Housing and Community Services Department</u>				
General Fund	\$ 54,438,010	\$ 59,693,031	\$ 5,255,021	9.7%
Lottery Funds	\$ 16,357,282	\$ 17,507,282	\$ 1,150,000	7.0%
Other Funds	\$ 209,274,996	\$ 228,524,093	\$ 19,249,097	9.2%
Federal Funds	\$ 122,692,797	\$ 122,817,211	\$ 124,414	0.1%
<u>Department of Veterans' Affairs</u>				
General Fund	\$ 8,380,599	\$ 8,568,114	\$ 187,515	2.2%
Lottery Funds	\$ 14,856,025	\$ 15,062,268	\$ 206,243	1.4%
Other Funds	\$ 100,316,941	\$ 100,525,917	\$ 208,976	0.2%
Federal Funds	\$ 500,000	\$ 1,000,000	\$ 500,000	100.0%
<u>EDUCATION PROGRAM AREA</u>				
<u>Department of Education</u>				
General Fund	\$ 802,687,885	\$ 806,519,417	\$ 3,831,532	0.5%
General Fund Debt Service	\$ 18,263,417	\$ 18,239,116	\$ (24,301)	-0.1%
Other Funds	\$ 441,326,984	\$ 481,934,415	\$ 40,607,431	9.2%
Other Funds Debt Service	\$ -	\$ 24,302	\$ 24,302	
Federal Funds	\$ 1,053,144,232	\$ 1,054,258,511	\$ 1,114,279	0.1%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>State School Fund</u>				
General Fund	\$ 7,653,853,380	\$ 7,582,892,067	\$ (70,961,313)	-0.9%
Lottery Funds	\$ 464,758,594	\$ 535,719,907	\$ 70,961,313	15.3%
<u>Higher Education Coordinating Commission</u>				
General Fund	\$ 31,611,113	\$ 32,288,585	\$ 677,472	2.1%
Other Funds	\$ 34,277,137	\$ 35,810,339	\$ 1,533,202	4.5%
Federal Funds	\$ 114,075,784	\$ 118,191,072	\$ 4,115,288	3.6%
<u>State Support for Community Colleges</u>				
General Fund Debt Service	\$ 26,778,761	\$ 26,551,170	\$ (227,591)	-0.8%
Other Funds Debt Service	\$ 550,000	\$ 777,592	\$ 227,592	41.4%
<u>State Support for Public Universities</u>				
General Fund	\$ 904,264,998	\$ 907,514,998	\$ 3,250,000	0.4%
General Fund Debt Service	\$ 153,230,455	\$ 150,990,325	\$ (2,240,130)	-1.5%
Other Funds Debt Service	\$ 900,000	\$ 3,140,132	\$ 2,240,132	248.9%
<u>Oregon Health Sciences University</u>				
General Fund Debt Service	\$ 21,774,770	\$ 21,750,337	\$ (24,433)	-0.1%
Other Funds Debt Service	\$ 38,828,443	\$ 38,576,738	\$ (251,705)	-0.6%
<u>Chief Education Office</u>				
General Fund	\$ 3,652,812	\$ 8,207,271	\$ 4,554,459	124.7%
<u>Teacher Standards and Practices</u>				
Other Funds	\$ 8,961,470	\$ 9,106,410	\$ 144,940	1.6%
<u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Commission for the Blind</u>				
General Fund	\$ 3,426,922	\$ 3,535,937	\$ 109,015	3.2%
Other Funds	\$ 1,475,033	\$ 1,482,049	\$ 7,016	0.5%
Federal Funds	\$ 16,372,609	\$ 16,645,593	\$ 272,984	1.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Oregon Health Authority</u>				
General Fund	\$ 2,118,221,508	\$ 2,095,006,278	\$ (23,215,230)	-1.1%
General Fund Debt Service	\$ 67,714,171	\$ 66,343,686	\$ (1,370,485)	-2.0%
Lottery Funds	\$ 12,457,116	\$ 12,498,909	\$ 41,793	0.3%
Other Funds	\$ 6,653,688,309	\$ 6,729,723,047	\$ 76,034,738	1.1%
Other Funds Debt Service	\$ -	\$ 1,371,293	\$ 1,371,293	
Federal Funds	\$ 10,913,483,621	\$ 11,157,123,747	\$ 243,640,126	2.2%
<u>Department of Human Services</u>				
General Fund	\$ 3,109,000,548	\$ 3,197,087,399	\$ 88,086,851	2.8%
Other Funds	\$ 598,001,557	\$ 654,392,908	\$ 56,391,351	9.4%
Federal Funds	\$ 5,463,087,605	\$ 5,574,153,008	\$ 111,065,403	2.0%
<u>Long Term Care Ombudsman</u>				
General Fund	\$ 6,087,623	\$ 6,401,552	\$ 313,929	5.2%
Other Funds	\$ 894,242	\$ 908,057	\$ 13,815	1.5%
<u>Psychiatric Security Review Board</u>				
General Fund	\$ 2,966,321	\$ 3,047,827	\$ 81,506	2.7%
<u>JUDICIAL BRANCH</u>				
<u>Judicial Department</u>				
General Fund	\$ 447,037,989	\$ 454,524,551	\$ 7,486,562	1.7%
Other Funds	\$ 247,670,281	\$ 248,093,590	\$ 423,309	0.2%
Federal Funds	\$ 1,339,352	\$ 1,344,289	\$ 4,937	0.4%
<u>Commission on Judicial Fitness and Disability</u>				
General Fund	\$ 251,551	\$ 252,710	\$ 1,159	0.5%
<u>Public Defense Services Commission</u>				
General Fund	\$ 303,430,035	\$ 305,425,556	\$ 1,995,521	0.7%
Other Funds	\$ 4,954,313	\$ 4,967,943	\$ 13,630	0.3%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund	\$ 28,445,653	\$ 29,236,618	\$ 790,965	2.8%
General Fund Debt Service	\$ 12,428,295	\$ 12,379,677	\$ (48,618)	-0.4%
Other Funds	\$ 3,017,853	\$ 3,183,430	\$ 165,577	5.5%
Other Funds Debt Service	\$ 1,164,070	\$ 1,212,689	\$ 48,619	4.2%
<u>Legislative Assembly</u>				
General Fund	\$ 40,368,569	\$ 40,959,543	\$ 590,974	1.5%
<u>Legislative Commission on Indian Services</u>				
General Fund	\$ 537,318	\$ 542,353	\$ 5,035	0.9%
<u>Legislative Counsel</u>				
General Fund	\$ 12,552,965	\$ 12,329,541	\$ (223,424)	-1.8%
Other Funds	\$ 1,579,137	\$ 1,846,216	\$ 267,079	16.9%
<u>Legislative Fiscal Office</u>				
General Fund	\$ 4,117,795	\$ 4,165,598	\$ 47,803	1.2%
Other Funds	\$ 3,655,385	\$ 3,692,282	\$ 36,897	1.0%
<u>Legislative Policy and Research Office</u>				
General Fund	\$ 8,847,088	\$ 9,903,112	\$ 1,056,024	11.9%
<u>Legislative Revenue Office</u>				
General Fund	\$ 3,017,916	\$ 3,045,581	\$ 27,665	0.9%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>State Department of Agriculture</u>				
General Fund	\$ 22,307,042	\$ 22,698,953	\$ 391,911	1.8%
Lottery Funds	\$ 8,103,745	\$ 9,001,307	\$ 897,562	11.1%
Other Funds	\$ 66,605,463	\$ 68,154,857	\$ 1,549,394	2.3%
Federal Funds	\$ 17,452,844	\$ 17,615,623	\$ 162,779	0.9%
<u>State Department of Energy</u>				
Other Funds	\$ 35,206,624	\$ 35,609,279	\$ 402,655	1.1%
Federal Funds	\$ 2,412,636	\$ 2,455,398	\$ 42,762	1.8%
<u>Department of Environmental Quality</u>				
General Fund	\$ 40,804,031	\$ 43,718,803	\$ 2,914,772	7.1%
General Fund Debt Service	\$ 3,824,980	\$ 4,658,847	\$ 833,867	21.8%
Lottery Funds	\$ 4,610,577	\$ 4,732,711	\$ 122,134	2.6%
Other Funds	\$ 169,639,110	\$ 192,862,876	\$ 23,223,766	13.7%
Federal Funds	\$ 28,593,914	\$ 29,266,525	\$ 672,611	2.4%
<u>State Department of Fish and Wildlife</u>				
General Fund	\$ 28,408,880	\$ 29,458,285	\$ 1,049,405	3.7%
Lottery Funds	\$ 5,212,514	\$ 5,326,259	\$ 113,745	2.2%
Other Funds	\$ 181,354,898	\$ 183,825,411	\$ 2,470,513	1.4%
Federal Funds	\$ 133,139,592	\$ 135,372,685	\$ 2,233,093	1.7%
<u>Department of Forestry</u>				
General Fund	\$ 68,242,727	\$ 96,105,737	\$ 27,863,010	40.8%
Other Funds	\$ 340,602,781	\$ 366,655,973	\$ 26,053,192	7.6%
Federal Funds	\$ 33,657,195	\$ 33,907,251	\$ 250,056	0.7%
<u>Department of Geology and Mineral Industries</u>				
General Fund	\$ 4,631,168	\$ 4,709,949	\$ 78,781	1.7%
Other Funds	\$ 6,787,859	\$ 6,881,528	\$ 93,669	1.4%
Federal Funds	\$ 5,937,915	\$ 6,040,857	\$ 102,942	1.7%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Department of Land Conservation and Development</u>				
General Fund	\$ 12,951,689	\$ 13,430,953	\$ 479,264	3.7%
Other Funds	\$ 1,734,829	\$ 1,785,545	\$ 50,716	2.9%
Federal Funds	\$ 6,421,857	\$ 6,487,739	\$ 65,882	1.0%
<u>Land Use Board of Appeals</u>				
General Fund	\$ 1,927,050	\$ 1,952,556	\$ 25,506	1.3%
<u>Oregon Marine Board</u>				
Other Funds	\$ 26,923,945	\$ 27,142,592	\$ 218,647	0.8%
Federal Funds	\$ 6,631,041	\$ 6,633,313	\$ 2,272	0.0%
<u>Department of Parks and Recreation</u>				
General Fund	\$ 218,894	\$ 228,729	\$ 9,835	4.5%
Lottery Funds	\$ 100,597,217	\$ 102,148,107	\$ 1,550,890	1.5%
Other Funds	\$ 99,889,179	\$ 101,176,692	\$ 1,287,513	1.3%
Federal Funds	\$ 16,389,923	\$ 16,422,002	\$ 32,079	0.2%
<u>Department of State Lands</u>				
Other Funds	\$ 47,925,059	\$ 56,436,137	\$ 8,511,078	17.8%
Federal Funds	\$ 2,261,458	\$ 2,466,188	\$ 204,730	9.1%
<u>Water Resources Department</u>				
General Fund	\$ 31,483,809	\$ 32,150,986	\$ 667,177	2.1%
Other Funds	\$ 61,306,639	\$ 66,865,131	\$ 5,558,492	9.1%
Federal Funds	\$ 1,879,534	\$ 1,905,917	\$ 26,383	1.4%
<u>Watershed Enhancement Board</u>				
Lottery Funds	\$ 74,415,091	\$ 79,589,460	\$ 5,174,369	7.0%
Federal Funds	\$ 41,671,381	\$ 41,759,143	\$ 87,762	0.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,568,314,745	\$ 1,593,929,231	\$ 25,614,486	1.6%
General Fund Debt Service	\$ 112,749,173	\$ 112,706,132	\$ (43,041)	0.0%
Other Funds	\$ 43,244,547	\$ 43,508,746	\$ 264,199	0.6%
Other Funds Debt Service	\$ -	\$ 43,042	\$ 43,042	
<u>Oregon Criminal Justice Commission</u>				
General Fund	\$ 64,926,239	\$ 65,021,569	\$ 95,330	0.1%
Other Funds	\$ 511,392	\$ 961,392	\$ 450,000	88.0%
Federal Funds	\$ 7,170,201	\$ 8,224,498	\$ 1,054,297	14.7%
<u>District Attorneys and their Deputies</u>				
General Fund	\$ 12,478,724	\$ 12,592,454	\$ 113,730	0.9%
<u>Department of Justice</u>				
General Fund	\$ 72,122,805	\$ 73,202,693	\$ 1,079,888	1.5%
General Fund Debt Service	\$ 12,530,237	\$ 12,507,190	\$ (23,047)	-0.2%
Other Funds	\$ 321,296,607	\$ 330,308,027	\$ 9,011,420	2.8%
Federal Funds	\$ 179,004,039	\$ 186,688,612	\$ 7,684,573	4.3%
<u>Oregon Military Department</u>				
General Fund	\$ 25,608,114	\$ 27,578,231	\$ 1,970,117	7.7%
Other Funds	\$ 106,851,901	\$ 112,711,583	\$ 5,859,682	5.5%
Federal Funds	\$ 271,814,624	\$ 289,973,794	\$ 18,159,170	6.7%
<u>Oregon Board of Parole</u>				
General Fund	\$ 8,868,686	\$ 9,048,876	\$ 180,190	2.0%
<u>Department of State Police</u>				
General Fund	\$ 269,292,257	\$ 280,526,031	\$ 11,233,774	4.2%
Lottery Funds	\$ 8,069,250	\$ 8,145,961	\$ 76,711	1.0%
Other Funds	\$ 136,707,491	\$ 151,266,325	\$ 14,558,834	10.6%
Federal Funds	\$ 12,249,830	\$ 12,274,226	\$ 24,396	0.2%

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
<u>Department of Public Safety Standards and Training</u>				
Other Funds	\$ 43,523,261	\$ 49,116,738	\$ 5,593,477	12.9%
Federal Funds	\$ 8,007,963	\$ 8,012,359	\$ 4,396	0.1%
<u>Oregon Youth Authority</u>				
General Fund	\$ 307,443,048	\$ 312,595,798	\$ 5,152,750	1.7%
Other Funds	\$ 11,597,846	\$ 11,533,519	\$ (64,327)	-0.6%
Federal Funds	\$ 37,166,220	\$ 37,328,320	\$ 162,100	0.4%
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Aviation</u>				
Other Funds	\$ 12,190,805	\$ 13,213,366	\$ 1,022,561	8.4%
Federal Funds	\$ 4,514,961	\$ 4,525,743	\$ 10,782	0.2%
<u>Department of Transportation</u>				
Lottery Funds Debt Service	\$ 120,644,222	\$ 119,636,050	\$ (1,008,172)	-0.8%
Other Funds	\$ 3,232,865,421	\$ 3,371,912,838	\$ 139,047,417	4.3%
Other Funds Debt Service	\$ 415,126,500	\$ 416,134,673	\$ 1,008,173	0.2%
Federal Funds	\$ 105,699,330	\$ 105,756,768	\$ 57,438	0.1%
2017-19 Budget Summary				
General Fund Total	\$ 18,530,053,820	\$ 18,572,698,743	\$ 42,644,923	0.2%
General Fund Debt Service Total	\$ 475,693,337	\$ 472,300,083	\$ (3,393,254)	-0.7%
Lottery Funds Total	\$ 829,101,980	\$ 911,245,532	\$ 82,143,552	9.9%
Lottery Funds Debt Service Total	\$ 136,939,189	\$ 135,509,745	\$ (1,429,444)	-1.0%
Other Funds Total	\$ 15,264,508,605	\$ 15,763,520,906	\$ 499,012,301	3.3%
Other Funds Debt Service Total	\$ 863,154,323	\$ 868,004,609	\$ 4,850,286	0.6%
Federal Funds Total	\$ 18,836,761,286	\$ 19,232,372,523	\$ 395,611,237	2.1%

* Excludes Capital Construction

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
ADMINISTRATION PROGRAM AREA				
<u>Department of Administrative Services</u>				
Authorized Positions	908	914	6	0.7%
Full-time Equivalent (FTE) positions	903.38	906.96	3.58	0.4%
<u>Office of the Governor</u>				
Authorized Positions	59	61	2	3.4%
Full-time Equivalent (FTE) positions	58.50	59.13	0.63	1.1%
<u>Oregon Liquor Control Commission</u>				
Authorized Positions	304	321	17	5.6%
Full-time Equivalent (FTE) positions	298.82	310.16	11.34	3.8%
<u>Public Employees Retirement System</u>				
Authorized Positions	373	376	3	0.8%
Full-time Equivalent (FTE) positions	372.29	374.30	2.01	0.5%
<u>Department of Revenue</u>				
Authorized Positions	1,007	1,101	94	9.3%
Full-time Equivalent (FTE) positions	933.85	963.28	29.43	3.2%
<u>Secretary of State</u>				
Authorized Positions	213	215	2	0.9%
Full-time Equivalent (FTE) positions	212.77	214.03	1.26	0.6%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
<u>Consumer and Business Services</u>				
Authorized Positions	965	966	1	0.1%
Full-time Equivalent (FTE) positions	957.36	958.03	0.67	0.1%

Position Summary	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
<u>Bureau of Labor and Industries</u>				
Authorized Positions	107	107	-	0.0%
Full-time Equivalent (FTE) positions	104.88	105.38	0.50	0.5%
<u>Health-Related Licensing Boards</u>				
Authorized Positions	21	22	1	4.8%
Full-time Equivalent (FTE) positions	20.25	20.56	0.31	1.5%
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
<u>Employment Department</u>				
Authorized Positions	1,298.00	1,320	22	1.7%
Full-time Equivalent (FTE) positions	1,239.78	1,259.03	19.25	1.6%
<u>Housing and Community Services</u>				
Authorized Positions	164	165	1	0.6%
Full-time Equivalent (FTE) positions	152.65	153.28	0.63	0.4%
EDUCATION PROGRAM AREA				
<u>Chief Education Office</u>				
Authorized Positions	14	15	1	7.1%
Full-time Equivalent (FTE) positions	6.75	12.50	5.75	85.2%
<u>Department of Education</u>				
Authorized Positions	551	565	14	2.5%
Full-time Equivalent (FTE) positions	537.54	544.76	7.22	1.3%
<u>Higher Education Coordinating Commission</u>				
Authorized Positions	124	130	6	4.8%
Full-time Equivalent (FTE) positions	116.20	118.45	2.25	1.9%

Position Summary

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
HUMAN SERVICES PROGRAM AREA				
<u>Oregon Health Authority</u>				
Authorized Positions	4,646	4,177	(469)	-10.1%
Full-time Equivalent (FTE) positions	4,591.03	4,274.45	(316.58)	-6.9%
<u>Department of Human Services</u>				
Authorized Positions	8,349	9,056	707	8.5%
Full-time Equivalent (FTE) positions	8,164.07	8,612.17	448.10	5.5%
<u>Long Term Care Ombudsman</u>				
Authorized Positions	25	27	2	8.0%
Full-time Equivalent (FTE) positions	24.50	25.50	1.00	4.1%
NATURAL RESOURCES PROGRAM AREA				
<u>State Department of Agriculture</u>				
Authorized Positions	489	501	12	2.5%
Full-time Equivalent (FTE) positions	370.46	375.73	5.27	1.4%
<u>Department of Environmental Quality</u>				
Authorized Positions	745	751	6	0.8%
Full-time Equivalent (FTE) positions	723.89	730.67	6.78	0.9%
<u>Department of State Lands</u>				
Authorized Positions	111	113	2	1.8%
Full-time Equivalent (FTE) positions	109.33	110.67	1.34	1.2%
PUBLIC SAFETY PROGRAM AREA				
<u>Department of Justice</u>				
Authorized Positions	1,374	1,379	5	0.4%
Full-time Equivalent (FTE) positions	1,348.42	1,355.40	6.98	0.5%

Position Summary

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			Change	% Change
<u>Department of State Police</u>				
Authorized Positions	1,345	1,370	25	1.9%
Full-time Equivalent (FTE) positions	1,321.62	1,346.62	25.00	1.9%
<u>Department of Public Safety Standards and Training</u>				
Authorized Positions	152	165	13	8.6%
Full-time Equivalent (FTE) positions	150.05	157.59	7.54	5.0%
TRANSPORTATION PROGRAM AREA				
<u>Department of Transportation</u>				
Authorized Positions	4,537	4,716	179	3.9%
Full-time Equivalent (FTE) positions	4,425.34	4,502.97	77.63	1.8%
LEGISLATIVE BRANCH				
<u>Legislative Administration Committee</u>				
Authorized Positions	86	87	1	1.2%
Full-time Equivalent (FTE) positions	72.16	72.66	0.50	0.7%

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the March 2018 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis.

Summary of Capital Construction Subcommittee Action

HB 5201 is the omnibus budget reconciliation bill for the 2018 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2017 session. The Subcommittee approved HB 5201 with amendments to reflect budget adjustments as described below.

Statewide Adjustments

EMPLOYEE COMPENSATION DISTRIBUTION

The Subcommittee approved allocation of \$98.4 million General Fund to state agencies for employee compensation. The General Fund appropriation is expected to cover 100% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Total compensation adjustments include \$98.4 million General Fund, \$2.3 million Lottery Funds, \$80.8 million Other Funds, and \$43.3 million Federal Funds.

OTHER STATEWIDE ADJUSTMENTS

Other statewide adjustments include adjustments for Pension Obligation Bond (POB) payments and fully funding the General Fund need of employee compensation for small agencies. POB adjustments generated a net cost of \$1.7 million Total Funds, but included General Fund savings of \$1.5 million.

Section 180 of the budget bill reflects the changes, as described above, for each agency. These adjustments are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

Other statewide adjustments also reflect budget changes in multiple agencies to apply Other Fund balances generated through excess Lottery Fund reserves, excess bond proceeds, and interest earnings to debt service. A technical adjustment to the Department of Administrative Services Other Fund debt service is also included. Total net debt service savings are \$2.8 million General Fund and \$1.4 million Lottery Funds. New Other Funds expenditure limitations for the Oregon Business Development Department (\$108,109), the Department of Education (\$24,302), the Higher Education Coordinating Commission (\$24,434), and the Department of Corrections (\$42,042) are established to accommodate the use of fund balances for debt payments, while existing Other Funds expenditure limitations for a number of other agencies are collectively increased by \$3.6 million.

Sections 75, 76, 77, 95, and 170 of the budget bill reflect the changes, as described above, for each agency. These adjustments are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

Emergency Board

As part of the 2017-19 biennium statewide rebalance plan, HB 5201 adjusts the Emergency Board's special purpose appropriations as follows:

- Eliminates the special purpose appropriation for state agencies for compensation of state employees of \$100 million, and makes General Fund appropriations to various state agencies of \$96.9 for state employee compensation changes and adjustments for Pension Obligation Bond payments.
- Eliminates the \$10 million special purpose appropriation for compensation driven by collective bargaining costs of workers who are not state employees; the bulk of these funds are appropriated to the Department of Human Services. Details on how the funding is being used is found under that agency's section of this budget report.
- Eliminates the \$200,000 special purpose appropriation to the Emergency Board for costs associated with the public guardian program and makes a corresponding appropriation to the Long Term Care Ombudsman to provide the program additional resources.
- Eliminates the \$750,000 special purpose appropriation to the Emergency Board for foster parent supports and adds the same amount of General Fund to the Child Welfare program budget within the Department of Human Services.
- Eliminates the \$3,972,118 special purpose appropriation to the Emergency Board for funding the second year of the biennium for the Chief Education Office. This bill does appropriate General Fund for the full biennium for the Chief Education Office. The Office is set to sunset at the end of the current biennium.
- Reduces the special purpose appropriation for the Department of Forestry for fire protection expenses by \$2.0 million in conjunction with a corresponding General Fund appropriation to the Department of Forestry for emergency firefighting costs during the 2017 fire season.
- Establishes a \$650,000 special purpose appropriation for the Department of Revenue for potential position reconciliation costs with the priority assigned to those in the Property Tax Division.
- Establishes a \$2,000,000 special purpose appropriation for the Oregon Health Authority for rate increases for certain residential mental health service providers.
- Establishes a \$1,656,115 special purpose appropriation to be allocated to the Secretary of State for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. The appropriation is available to reimburse eligible costs that were not reimbursed through a similar appropriation made directly to the Secretary of State for this purpose in this bill.
- Establishes a \$300,000 special purpose appropriation for Department of Human Services to increase access to ventilator-assisted services in nursing facilities.

- Establishes a \$30 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate. Known potential challenges include changes to caseloads based on future forecasts, the agencies' ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties or repayments, federal law or funding changes, and legal costs.
- Establishes a new \$2.5 million special purpose appropriation for the Department of Human Services to access for the Child Welfare program as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce stability, and help foster families.

If remaining special purpose appropriations are not allocated by the Emergency Board before December 1, 2018, any remaining funds become available to the Emergency Board for general purposes.

The Subcommittee established a reservation within the general purpose Emergency Fund of \$1.0 million for the Oregon Department of Forestry for the purpose of eradication efforts of the European lineage (EU1) of *Phytophthora ramorum*, the invasive, non-native, pathogen that causes the sudden oak death (SOD) disease in tanoak and possibly damages or kills certain conifer tree species. The Oregon Department of Forestry (ODF) may request allocation of the reservation from the Emergency Board if all other sources of funding supporting SOD eradication efforts have been expended and the agency evidences that additional funding will result in a demonstrative reduction in the incidence or spread of the pathogen in Oregon.

Adjustments to 2017-19 Agency Budgets

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved a one-time \$438,465 General Fund appropriation to restore a reduction to the CASA Volunteer Program that was transferred temporarily to the Department of Administrative Services (DAS) by HB 2600 (2017) and increased the Other Funds expenditure limitation by \$170,000 for the same program to accommodate payments to local CASA programs that are eligible to receive federal Title IV-E monies transferred to DAS by the Department of Human Services (DHS).

A one-time \$2.5 million Other Funds expenditure limitation increase was included for the Office of the State Chief Information Officer to support acquisition of fiber assets in partnership with Oregon State University for the establishment of a new core fiber network to support state agencies and Oregon's research universities through the "OregonFIBER" partnership. This expenditure will enable the establishment of a new public statewide core network spanning more than 2,200 miles with speeds up to 100 Gbs. In addition, the Other Funds expenditure limitation

for the State Data Center (SDC) was increased by \$779,157 on a one-time basis to pay the costs associated with moving the Oregon Youth Authority's (OYA) information technology assets into the SDC.

Technical budget adjustments necessary to finalize the consolidation of IT security positions started in the 2017-19 adopted budget for DAS were also approved. These adjustments included decreasing Other Funds expenditure limitation for the State Data Center by \$288,399 and one position (1.00 FTE), with a corresponding increase in the Office of the State Chief Information of \$288,399 Other Funds expenditure limitation and one position (1.00 FTE).

The Subcommittee approved an Other Funds expenditure limitation increase of \$132,524 in the Chief Operating Office for an economist position (0.63 FTE) dedicated to working on forecasting revenues from the sale of cannabis products and to produce the annual forecast on the supply of clean fuels. The Departments of Environmental Quality and Transportation will contribute two-thirds of the cost of the position and the Oregon Liquor Control Commission will provide the remaining one-third of the position funding for the remainder of the 2017-19 biennium, with the understanding the ongoing cost of the position will be proposed for funding through DAS rates in the 2019-21 biennium.

The Subcommittee also approved the transfer of an IT procurement position from DHS to DAS Enterprise Goods and Services by increasing the Other Funds expenditure limitation by \$152,247 and establishing one position (0.63 FTE). DHS will continue to pay for the position for the remainder of the 2017-19 biennium, with the understanding the ongoing cost of the position will be proposed for funding through DAS rates in the 2019-21 biennium.

The following one-time Other Funds expenditure limitation increases were approved for Enterprise Asset Management for the following purposes:

- \$6,250,000 for infrastructure improvements at the Mill Creek Corporate Center. Infrastructure improvements at the Center are necessary for parcels to be sold and developed. These improvements are paid for with proceeds from land sales at the Center.
- \$1,375,000 Other Funds expenditure limitation increase for six limited duration construction manager positions established in the 2017-19 legislatively adopted budget to oversee deferred maintenance projects funded through the Capital Projects Fund. At the time the budget was adopted, DAS thought the positions could be paid for using expenditure limitation from each project. Since then the Department determined that the positions should be supported through standalone Other Funds expenditure limitation for personal services.
- \$860,000 to secure and maintain the Hillcrest (\$550,000) and North Coast (\$310,000) Youth Correctional Facilities. Both facilities were transferred to DAS by OYA as surplus property. DAS will start the process of disposing of both properties in the current biennium, however, it is likely that final disposition will not occur until the 2019-21 biennium.

House Bill 5201 includes one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

- \$1,895,000 for disbursement to the Rogue River Valley Irrigation District for the Bradshaw Drop Irrigation Canal project;
- \$1,100,000 for disbursement to the National Urban Housing and Economic Community Development Corporation (NUHECDC) for implementation of a program to provide affordable homes, skills training, and jobs for unemployed prior-offenders, at-risk youth, and veterans. NUHECDC is directed to provide written status reports to the Department of Administrative Services and the Legislative Fiscal Officer each quarter during the remainder of the 2017-19 biennium to document progress in meeting the program's objectives of providing affordable housing for low to moderate income Oregonians; skill training for prior-offenders, at-risk youth, and veterans; and job placement for those with barriers to quality employment;
- \$1,000,000 for disbursement to the City of Maupin for a new Civic Center that will replace the current library and City Hall;
- \$1,000,000 for disbursement to the Port of Umatilla for a new facility to house the Hermiston Chamber of Commerce;
- \$500,000 for disbursement to the City of Maupin to complete a fiber project;
- \$300,000 for disbursement to the City of Milwaukie for expansion of the Ledding Library;
- \$300,000 for disbursement to Athena's Gem, Inc for transforming the Gem Theater property into a regional art center;
- \$200,000 for disbursement to Benton County for a ranked choice voting pilot project;
- \$100,000 for disbursement to Harney County for a study of the Silvies River and its drainages.

The Subcommittee added \$3,058,514 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$3,000,000 in lottery bonds for disbursement to Trillium Family Services for construction of a secure adolescent inpatient facility at the Trillium Children's Farm Home. The Subcommittee also approved an Other Funds expenditure limitation increase of \$2,050,587 for one-time cost of issuance and special payments associated with the disbursement of proceeds from the sale of \$2,000,000 in lottery bonds for disbursement to DePaul Treatment Centers for construction of a new treatment facility. The lottery bonds for both projects are authorized in Senate Bill 5702. There is no debt service allocated in the 2017-19 biennium for these sales, as the bonds will not be sold until the spring of 2019. Debt service for 2019-21 is estimated at a total of \$864,212 Lottery Funds per biennium.

The Subcommittee approved a one-time \$1,435,000 General Fund appropriation to support operations of a Carbon Policy Office to be housed temporarily in the Department of Administrative Services. The Office will be staffed by four limited duration positions (2.32 FTE); the Governor's Carbon Policy Advisor; a Climate Policy Manager, a Project Manager, and a support staff position. The approved one-time funding includes \$650,000 for studies to examine the following areas: an economic impact analysis of a cap and trade program on Oregon's jobs and economy, leakage risk of emission intensive, trade exposed industries (EITEs); and carbon sequestration.

Office of the Governor

The Subcommittee increased the General Fund appropriation by \$222,022, and added one full-time education policy advisor position (0.50 FTE). The policy advisor position is classified as a Principal Executive/Manager G.

The Subcommittee also established a one-time \$230,772 General Fund appropriation and one limited-duration full-time Principal Executive/Manager E position (0.63 FTE), to serve as a census coordinator. The employee will coordinate state efforts to ensure an accurate census count in the federal 2020 Census. The Office is expected to request re-establishment of the position for an additional eighteen-month period in the 2019-21 biennium Governor's recommended budget.

Finally, the Subcommittee adjusted the Office budget to reflect the transfer of the Oregon Volunteers Commission for Voluntary Action and Service (Oregon Volunteers) to the Higher Education Coordinating Commission. House Bill 4163, the 2018 session program change bill, transfers the Oregon Volunteers program from the Office of the Governor to the Higher Education Coordinating Commission, effective July 1, 2018. The Subcommittee increased the General Fund appropriation for Oregon Volunteers by \$50,000, decreased the Federal Funds expenditure limitation for Oregon Volunteers by \$3,337,261, and decreased the position authorization by 0.50 FTE to reflect the transfer out of the program Director position in the middle of the biennium. The corresponding adjustments to the Higher Education Coordinating Commission are described in that section of the budget report.

Oregon Liquor Control Commission

In total, 17 permanent positions (11.34 FTE) and \$4.3 million Other Funds expenditure limitation are included for the Oregon Liquor Control Commission (OLCC). The limitation and positions are for the following issues:

- \$197,175 and one position (0.67 FTE) to serve as a Chief Information Officer at a Principal Executive Manager F level to manage, plan, implement, and upgrade the agency's disparate systems related to agency administration and regulation of alcohol and cannabis.
- \$180,000 related to increases in the agency's software licensing, maintenance, and support costs.
- \$300,000 for preliminary business case and project planning for a new online privilege tax payment and reporting system, as required by HB 2150 (2017 Session).
- \$51,122 to extend a contracted position via interagency agreement with the Oregon Health Authority that provides Geographic Information Systems (GIS) analysis to support OLCC licensing and registration information.
- \$960,000 for payments of monthly access and user fees attributable to medical marijuana registrants required to use the Cannabis Tracking System under the provisions of SB 1057 (2017 Session).
- Thirteen additional regulatory specialist positions (8.67 FTE) and an associated \$2,145,992 for OLCC responsibilities for investigations and inspections related to medical marijuana under the provisions of SB 1057. This amount assumes an estimated 2,000 medical marijuana registrants for the remainder of the 2017-19 biennium.
- Three positions (2.00 FTE) -- a Compliance Specialist 3, a Compliance Specialist 1, and an Administrative Support Specialist 1 -- and \$474,672 for additional administrative support in the marijuana program to prevent backlogs, develop and refine licensing and compliance protocols, train investigators, and review work for accuracy and consistency.

Public Employees Retirement System

The Subcommittee approved an increase of \$80,000 Other Funds expenditure limitation for the Compliance, Audit, and Risk Division and a pension and healthcare independent actuarial review. A review confirms the reasonableness and consistency of the agency's consulting actuarial firm's valuation. This is an industry best practice; the last time such a review was undertaken was in 2009. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The bill includes an increase of \$176,661 Other Funds expenditure limitation and the establishment of one permanent full-time Principal Executive Manager E position (0.67 FTE) for an information security and risk officer position, with the instruction that the position be filled with a person professionally credentialed in information security and risk. In January of 2016, the Public Employees Retirement System (PERS) received an information security program review from an independent security consultant. The review identified numerous information security and other vulnerabilities. The executive and legislative branches of government directed PERS to undertake a comprehensive effort to remediate security vulnerabilities and standup programs for cybersecurity, disaster recovery, and business continuity, which is currently underway. The security and risk officer position will help facilitate this effort. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The Subcommittee approved a \$487,174 Other Funds expenditure limitation increase for the Information Services Division and two permanent full-time positions, an Information Systems Specialist 6 and an Information Systems Specialist 7 (a total of 1.34 FTE). The Legislature, in 2017, enacted SB 90, which permanently reassigned responsibility for information technology security for most state agencies to the Department of Administrative Services, Office of the State Chief Information Officer. The two positions at PERS that were reassigned had duties primarily related to network operational activities rather than just information security. The agency has had to contract with a private vendor for these services at a cost of \$206,000, which has proven more expensive than restoring the two positions. The Subcommittee approved the \$206,000 on a one-time basis. Revenue transfers from earnings on invested funds will be used to pay for these expenditures.

The Oregon Investment Council (OIC) voted to move the Individual Account Program (IAP) to a target-date fund solution beginning January 2, 2018. This is an age-based approach that moves a member's IAP assets into an increasingly conservative investment portfolio. This mandatory change is expected to lower a PERS member's defined contribution benefit, and provides for no member choice to make individual investment decisions. A one-time \$200,000 Other Funds expenditure limitation increase was approved as a first installment to pay for expenditures that the agency has had to make to conform to the OIC decision.

Two technical adjustments were approved to move the State Government Service Charge and Attorney General line-items from the Compliance, Audit, and Risk Division to the Central Administration Division and the agency's Deputy Director position from the Operations Division to the Central Administration Division. This position was mistakenly moved as part of a reorganization plan approved by the Legislature in 2017. The agency-wide impact of these two adjustments nets to zero.

Department of Revenue

The Subcommittee approved a combined increase of \$2,380,791 Other Funds expenditure limitation for the Administration and Business Divisions, a \$497,420 decrease for the Core Systems Replacement program, and establishment of 13 permanent full-time positions (5.59 FTE), and 30 limited duration positions (9.38 FTE) for the implementation of HB 2017 (2017), a comprehensive transportation initiative which relies on the establishment of four new taxes. The Department of Revenue (DOR) requires supplemental funding over what was already included in the 2017-19 adopted budget for communications and outreach, information technology, return and payment processing, collections, compliance, and customer assistance. Revenue to support these expenditures will come from gross transportation tax receipts. The Legislature in 2019 will re-evaluate the ratio of electronic vs. manual filing of the payroll transit tax and the long-term need for positions. A one-time increase of \$50,000 Other Funds expenditure limitation was also approved for the Administration Division for costs related to the implementation of HB 2017. This funding is for the Processing Center Modernization project and the electronic imaging of paper documents; revenue to support this expenditure is from transportation taxes. The reduction to the Core Systems Replacement program budget of \$497,420 Other Funds expenditure limitation is to account for final contract savings.

An increase of \$1,787,696 Other Funds expenditure limitation and 11 permanent full-time positions (5.79 FTE) was established for the implementation of SB 1067 (2017), a measure to reduce and control future government costs. One element of this measure was to centralize most debt collection activity in state government within DOR. As a result, DOR requires funding for additional staff and to pay for information technology needs to manage the increase in debtor accounts. A fee will be charged to debtors to offset the cost.

An increase of \$377,227 General Fund and \$94,427 Other Funds expenditure limitation was approved for the implementation of SB 254 (2017), which requires financial institutions to participate in a data match program with DOR. Financial institutions compare a list of delinquent debtors with the names of account holders. If a match is found, DOR may administratively garnish the debtor's account. Funding is required for the initial setup as well as ongoing costs to pay financial institutions for data matching and vendor service fees. The Department of Administrative Services is directed to unschedule \$377,227 General Fund, which may be rescheduled based upon actual costs incurred by DOR.

The Subcommittee approved a decrease of \$604,613 General Fund and \$52,575 Other Funds for services and supplies expenditures as a result of savings in the Processing Center Modernization project and a re-estimation of State Data Center charges.

A one-time increase of \$604,613 General Fund and \$52,575 Other Funds expenditure limitation and the establishment of a limited duration Operations and Policy Analyst 4 in the Director's Office, two limited duration Accountant 4 positions, and one limited duration Fiscal Analyst 3 position in the Finance Unit were approved (2.42 FTE). These resources are to address the following issues: (a) any Financial Management Review findings, comprehensive external financial audit findings; (b) Secretary of State financial audit(s) findings; (c) alignment of agency

operations with state budget and accounting systems; (d) transition to the use of the state’s payroll system; (e) revamping of the cost allocation system; and (f) support for 2019-21 budget development activities.

The Subcommittee approved the following position reclassification changes, abolishments, and establishments related to the post-implementation of the Core Systems Replacement (CSR) project and Research Sections activities. The Department is able to self-fund this action by moving General Fund and Other Funds between programs, resulting in a net reduction of 6 positions (4.97 FTE). The following position actions were approved: reclassification of a Tax Audit 2 to an Operations and Policy Analyst 3; Tax Audit 2 to an Operations and Policy Analyst 3; an Administrative Specialist 1 to an Operations and Policy Analyst 3; an Operations and Policy Analyst 1 to an Operations and Policy Analyst 3; an Information Specialist 4 to an Operations and Policy Analyst 3; an Information Specialist 4 to an Operations and Policy Analyst 3; and the establishment of two Economist 4 positions. Additional funding for these changes comes from the abolishment of: one Administrative Specialist 2, two Office Specialist 1 positions, one Office Assistant 1, one Information Systems Specialist 3, one Office Specialist 2, and two Revenue Agent 1 positions. The six Operations and Policy Analyst 3 positions are to be assigned to the Administrative Services Division and Project Management Office and will resolve CSR issues by serving as an interface between operating programs, information technology staff, and the CSR vendor. The two Economist 4 positions are to be assigned to the Administrative Services Division and the Research Section to provide internally-focused CSR research for agency management and performance purposes.

The bill includes an increase of \$928,651 General Fund and \$192,204 Other Funds expenditure limitation and the establishment of seven permanent full-time positions (4.51 FTE) and 27 seasonal full-time positions (3.29 FTE). At the direction of the Legislature, the Department of Administrative Services, Chief Human Resources Office undertook a review of DOR’s personnel policies and DOR internally reviewed positions from the budget perspective. These reviews identified numerous misalignments of human resource policy and practice, as well as positions being either: (a) unbudgeted; (b) double-filled; (c) underbudgeted; (d) misclassified; (e) a result of budgeting errors; or (f) critically needed for financial management purposes. The following table reflects the actions to remedy most of these issues and achieve needed alignment with the legislatively approved budget:

Category	General Fund	Other Fund	Position	FTE
Financial Management positions	\$220,327	\$20,646	2	1.33
Misclassifications/Reclassifications	(\$6,252)	(\$3,647)	<1>	<0.49>
Unbudgeted Positions	\$98,243	\$12,738	1	0.50
New Positions - Permanent Full-time	\$227,097	\$16,034	5	1.50
New Positions - Seasonal Full-Time	\$353,347	\$30,726	27	3.29
Unbudgeted Full-time Equivalent	\$9,268	\$8,359	--	0.25
Other Adjustments	\$26,621	\$107,347	--	1.42
Total	\$928,651	\$192,204	34	7.80

With this realignment, DOR should now return to relying upon the regular administrative process for rectifying any remaining position misalignments. The Legislature can expect that prior to the start of the 2019-21 biennium, DOR will be able to have positions: (a) correctly classified in the state's human resource and budget applications; (b) properly assigned to the correct program and subprogram; (c) appropriately funded, by revenue source, and fund-type; (d) correctly budgeted in the state's budget system; and (e) appropriately expensed in the state's payroll and accounting systems.

A special purpose appropriation to the Emergency Board in the amount of \$650,000 was approved for additional position adjustments, with the priority being given to those in the Property Tax Division. Systemic financial management and funding issues within this Division have remained unaddressed for multiple biennia. Action to address these issues had to be deferred once again due to the lack of complete and accurate financial information. The Department's request for an allocation from the special purpose appropriation will need to be based upon a comprehensive plan to permanently address the systemic issues within the Property Tax Division. The Department of Administrative Services is directed to unschedule \$339,034 General Fund in the Property Tax Division related to compensation plan changes. The funds may be rescheduled as part of the Department's submission of a comprehensive plan.

The Subcommittee approved an increase of \$184,140 Other Funds expenditure limitation and the establishment of one permanent full-time Principal Executive Manager G position (0.50 FTE) to serve as the agency's Collections Administrator and, eventually, as the Collections Division Administrator once the division is formally established next biennium. DOR is directed to move the Other Agency Accounts Section in the Business Division into a new Summary Cross Reference Program beginning with the 2019-21 biennium.

In addition, the Subcommittee directed the Department to report to the Legislature in 2019 on the following:

- A feasibility study, as directed by a budget note in SB 5535 (2017), related to the establishment of a collections division.
- Report on what collection functions were consolidated under SB 1067 (2017), from which agencies, and identify which agencies were exempt from consolidation and why. The Department is also to prepare a detailed revenue estimate, by agency and fund-type, for SB 1067 (2017) and those agency accounts subject to consolidation.
- Report on the agency's use of private collection firms and private collection firm's rates as compared to the agency's internal collection activities and rates.

The Subcommittee approved an increase of \$524,929 General Fund and \$10,713 Other Funds expenditure limitation and the establishment of seven permanent full-time positions (2.92 FTE) for a remote customer service call center.

Secretary of State

The Subcommittee established a one-time \$1,663,885 General Fund appropriation for reimbursement of Elections Division and county costs of conducting the January 2018 Special Election. These costs were not previously budgeted. The funds will reimburse costs documented as of

February 7, 2018, including \$353,922 of Elections Division expenditures, and \$1,309,963 for county costs that will be distributed to twenty-four counties. The appropriation is approved on a one-time basis and will be phased out in the agency's 2019-21 biennium budget request. The reimbursable costs of the special election are expected to total approximately \$3.32 million. The Secretary of State may request reimbursement for remaining costs from a special purpose appropriation to the Emergency Board included in the bill for this purpose.

The Subcommittee increased the General Fund appropriation for the Elections Division by \$257,306, and decreased the Federal Funds expenditure limitation by \$42,616, to finance printing and distribution of Oregon Motor Voter mailers required under state law. The funding will allow for continued distribution of notifications and postage-paid return envelopes to persons about to be registered to vote under the Oregon Motor Voter program, with instructions on how to opt-out of voter registration, and how to affiliate with a political party. The Federal government has advised that the Federal Funds previously budgeted are ineligible to be applied for this purpose. The Subcommittee also increased the General Fund appropriation for the Administrative Services Division by \$156,357, and established one full-time Information Systems Specialist 8 position (0.63 FTE), to support operational resilience and cyber security capabilities.

The Subcommittee increased the Other Funds expenditure limitation for the Administrative Services Division by \$139,367, and established one limited-duration full-time Training and Development 2 position (0.63 FTE) in the Office's Human Resources Division. The expenditure limitation increase is provided on a one-time basis and will phase out in the development of the Office's 2019-21 current service level budget. The Secretary may request reestablishment of the position as a permanent position in the 2019-21 biennium agency request budget.

Finally, the Subcommittee approved two technical adjustments to the agency budget. The Subcommittee transferred \$347,900 General Fund from the Elections Division to the Administrative Services Division to correct the impact of the phase-out of one-time funding for the Election Night Reporting System. The Subcommittee also reallocated funding for state government services charges, decreasing General Fund appropriations by a total of \$32,651, decreasing Other Funds expenditure limitations by a total of \$172,854, and increasing the Federal Funds expenditure limitation by \$160,505.

State Treasurer

The Subcommittee approved an increase of \$1.8 million General Fund for services and supplies for the Oregon Retirement Savings Board (ORSB), which brings the 2017-19 approved budget to \$4 million General Fund. The supplemental increase is to pay for outreach and marketing. A General Fund appropriation continues to be required to fund the ORSB's operating expenses until sufficient Other Funds revenue can be generated to support the Board. General Fund expenditures are to be repaid with future administrative fees. A current accounting of the loan for the 2015-17 biennium and the 2017-19 biennium, if this request is approved, totals \$5.3 million. At present, there is no identified timeline for the repayment of this loan, which is dependent upon a level of program participation large enough to generate fee revenue to both operate the ORSB and repay the state's General Fund loan.

The Subcommittee also directed the State Treasury to report to the Interim Joint Committee on Ways and Means or the Emergency Board in May 2018 on investment expenses related to the Oregon Public Employees Retirement Fund.

CONSUMER AND BUSINESS SERVICES

Department of Consumer and Business Services

An increase in the Federal Funds expenditure limitation for the Department of Consumer and Business Services (DCBS) of \$810,000 is included in the bill for the Senior Health Insurance Benefit Assistance program (SHIBA) providing outreach, education, and financial support to seniors to maximize their Medicare benefits. The program is funded through several federal grant programs including the Safety and Health Investments Projects (SHIP) program, the Medicare Improvements for Patients and Providers Act (MIPPA), and the Senior Medicare Patrol (SMP) program. The additional expenditure limitation allows DCBS to expend federal amounts received that were in addition to those amounts originally anticipated in the agency's budget.

The Subcommittee approved a one-time only increase in the Federal Funds expenditure limitation for DCBS of \$1,157,514 and authorized the establishment of a limited-duration position (0.67 FTE) in conjunction with a federal grant award from the U.S. Department of Health and Human Services (DHHS) for the planning and implementation of health insurance market reforms through the Health Insurance Enforcement and Consumer Protections (HIECP) grant program. The grant will be used to fund a limited-duration Market Conduct Field Examiner position and to replace up to 10% of the existing funding for three market Analyst positions and a Grant Coordinator position at a total cost of \$281,261 in the 2017-19 biennium. The savings in Other Funds for the existing positions will be recognized in the program's fund balance. DCBS has budgeted \$876,252 of the remaining grant funding for contracted services to provide consulting services by experienced clinicians with pharmaceutical expertise to review formularies and create standard operating procedures to ensure form filing reviewers can accurately review formularies and related documentation submitted by insurers.

An increase in the Other Fund expenditure limitation for DCBS of \$118,392 was approved to reclassify positions in the Workers' Compensation Division and the Division of Financial Regulation. The change impacted three positions in total and each of the reclassification requests were reviewed and approved by the Department of Administrative Services, Chief Human Resources Office.

Bureau of Labor and Industries

Other Funds expenditure limitation in the amount of \$275,000 is included, and 0.50 FTE added to an existing position on a limited duration basis, for the Bureau of Labor and Industries (BOLI) related to a grant award for apprenticeship expansion and diversification. The grant was awarded to the Higher Education Coordinating Commission (HECC) in August 2016, which will pass funding through to BOLI to execute its responsibilities per the grant application. Those responsibilities include data base improvements, a searchable web application for

apprenticeship records review, cultural competency training, and months added to an existing Apprenticeship Representative position, which serves as a liaison between BOLI and other workforce partners. At its September 2017 meeting, the Interim Joint Committee on Ways and Means recommended the additional expenditure limitation and the addition of twelve months (0.50 FTE) on a limited duration basis to the position; the performance period of the grant is not anticipated to extend beyond the 2017-19 biennium.

Health-Related Licensing Boards

The Subcommittee approved an increase in Other Funds expenditure limitation of \$24,000 for the Occupational Therapy Licensing Board for conducting fingerprint background checks on new applicants.

The Subcommittee approved an increase of \$131,158 Other Funds expenditure limitation and the establishment of a permanent half-time Investigator 2 position (0.31 FTE) for the Board of Speech-Language Pathology and Audiology to address the Board's costs related to investigations. Included in the \$131,158 increase is \$42,587 for personal services, \$3,571 services and supplies, \$60,000 for professional services, and \$25,000 for Attorney General costs.

An increase of \$46,111 Other Funds expenditure limitation is included for the Veterinary Medical Examining Board for costs related to the veterinary facility inspection program established by HB 2474 (2015). The increase in limitation will be used to fund the cost of the full-time inspector position at a salary level higher than the budgeted step 2 and includes services and supplies for travel and per diem costs.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased Lottery Funds by a total of \$1,500,000, to provide one-time support for three programs: \$500,000 was provided for the City of Warrenton to finance the rebuilding of a dock destroyed by fire; \$500,000 was provided for the Port of Cascade Locks to finance infrastructure and business recruitment at the Port's Business Park; and \$500,000 was provided for deposit into the Local Economic Opportunity Fund, to assist community economic resilience planning.

The Subcommittee also transferred \$1,250,000 of Lottery Funds expenditure limitation from the Strategic Reserve Fund program to the Oregon Growth Fund. The Lottery Funds expenditures for the Oregon Growth Fund are approved on a one-time basis and will be phased out in the development of the agency's 2019-21 biennium current service level budget. The Oregon Growth Board will utilize the Oregon Growth Fund moneys as allowed to increase capital to the state's early-stage small businesses.

Other Funds expenditure limitation of \$642,194 was approved for repairing and improving docks owned by the Port of Brookings Harbor. Lottery bonds were approved to finance this project in the 2017 session, but because of an error, expenditure limitation of the bond proceeds

was not added to the agency budget. This additional Other Funds expenditure limitation corrects this error and permits the agency to distribute the bond proceeds, which are expected to be issued in the spring of 2019. The Federal Funds expenditure limitation was increased by \$703,125 to accommodate expenditure of federal grants awarded under the State Trade Expansion Program.

Employment Department

Other Funds expenditure limitation of \$5,574,000 and 22 limited duration positions (19.25 FTE) are added to the 2017-19 budget for the Oregon Employment Department (OED) related to a grant received to fund enhanced employment services to Supplemental Nutritional Assistance Program eligible customers. OED will contract with the Department of Human Services to provide these services to their customers. Funding and FTE are not assumed to be included in calculations for service delivery in subsequent biennia.

Housing and Community Services Department

A General Fund appropriation in the amount of \$5,000,000 was added as a one-time enhancement to the 2017-19 legislatively approved budget for the Housing and Community Services Department for homeless shelter capacity and homelessness prevention services provided through the Emergency Housing Account Program. This additional funding is not intended to go through the Department's regular funding formula, but instead will be distributed as follows:

- Multnomah County: \$2,373,351
- Lane County Human Services Division: \$498,399
- Central Oregon Neighborhood Impact: \$319,485
- Clackamas County Mobile Housing Services: \$782,107
- Jackson County Community Action Agency (ACCESS): \$228,202
- Options for Homeless Residents of Ashland: \$35,000
- Mid-Willamette Valley Community Action Agency for additional shelter efforts outside of Salem: \$50,000
- Community Connection of Northeast Oregon, Inc: \$141,483
- Washington County Community Action: \$571,973

This amount is intended for the 2017-19 biennium only, and is not intended to factor into calculations of future, ongoing service levels. The following budget note was included.

Budget Note:

The Housing Stability Council, in alignment with preliminary findings from the Statewide Housing Plan, shall make recommendations to the Director of Oregon Housing and Community Services about how to prioritize funding for the Emergency Housing Account and the State Homeless Assistance Program to ensure that funds are being spent as efficiently and effectively as possible.

At a minimum, the Council shall consider how the use of funding incentivizes regionally and nationally recognized best practices, and outcome oriented strategies, to create a more effective system to prevent and reduce homelessness.

The Director shall present recommendations to the Legislature by February 28, 2019.

A one-time General Fund appropriation in the amount of \$200,000 was included for costs related to creating a youth shelter for unaccompanied minors in Salem.

Due to an oversight, Other Funds expenditure limitation in the Housing and Community Services Department 2017-19 legislatively adopted budget was insufficient to accommodate the transfer of General Fund that is spent by the Department as Other Funds. Technical adjustments are included to increase other funds expenditure limitation, attributable to 2017-19 General Fund support for the following HCSD programs:

- Emergency Housing Assistance program: \$18,200,000
- Rent Guarantee Program: \$125,000
- Wildfire Damage Housing Relief program: \$150,000

Lottery Funds expenditure limitation in the amount of \$1,150,000 was added on a one-time basis to the Housing and Community Services Department budget pursuant to a plan presented by the Housing and Community Services Department and the Oregon Department of Veterans' Affairs. The agencies were directed via budget note to present a plan to utilize \$1,150,000 of Lottery Funds associated with the passage of Measure 96, allocated during the 2017 session to the Housing and Community Services Department for veterans' homelessness and housing issues. The expenditure limitation will be utilized to develop a by-name registry of homeless veterans in selected communities, a limited duration veteran homelessness integrator position (0.63 FTE) to serve as designated staff in assisting communities that develop the by-name registry, development of new affordable housing units for veterans, and funding for eligible veterans that need improvements or special accommodations to homes they own. A total of \$350,000 in Lottery Funds expenditure limitation was approved for emergency housing assistance services to veterans during the 2017 legislative session, also considered one-time.

Oregon Department of Veterans' Affairs

The Subcommittee approved increasing Federal Funds expenditure limitation by \$500,000 for transportation of veterans' in highly rural areas, with the understanding that the Department of Administrative Services will unschedule the limitation increase until the Oregon Department of Veterans' Affairs (ODVA) has been notified that its application for the federal FY2018 Highly Rural Transportation Grant has been successful. ODVA received authorization from the interim Joint Committee on Ways and Means to apply for the FY2017 Highly Rural Transportation Grant and to continue to apply for future annual renewal grants. The increase results in total Federal Funds expenditure limitation of \$1 million, which will accommodate ongoing receipt and disbursement of the annual \$500,000 grants.

Lottery Distributions to Counties for Economic Development

The Subcommittee approved the following actions relating to the distribution of Lottery Funds to counties for economic development. Following the last quarterly transfer of Oregon State Lottery revenues to counties each biennium, the Joint Committee on Ways and Means shall compare the amounts transferred to each county during the biennium to the amounts that would have been transferred to each county during the biennium pursuant to ORS 461.547. The Committee shall review the impact of adjusting the amounts that were transferred to the amounts that would have been transferred pursuant to ORS 461.547 on the state budget and on the ability of the counties to accommodate any funding reductions.

EDUCATION

State School Fund

The Subcommittee approved a decrease of \$70,961,313 General Fund and an increase of \$70,961,313 Lottery Funds for the State School Fund, which reflects the balancing of available Lottery Funds across the entire state budget. Overall, there is no net change from the total \$8.2 billion provided in the 2017-19 legislatively adopted budget.

Department of Education

The Subcommittee approved additional Other Funds expenditure limitation of \$39,312,315 for the Oregon School Capital Improvement Matching program in the Oregon Department of Education (ODE). This amount represents the estimated proceeds available for the program from bonds issued during the 2015-17 biennium for distribution during 2017-19. This amount was inadvertently not included in the 2017-19 budget for ODE. An increase in Other Funds expenditure limitation of \$750,000 is also included for funding received through an interagency agreement with the Department of Human Services for child care worker professional development.

An increase of \$1,980,708 General Fund and 14 positions (7.72 FTE) were approved for the Office of Child Care in the Early Learning Division to address safety and quality issues in the child care system, as well as to provide funding for testing of lead contamination in drinking water in child care facilities. Three Compliance Specialist 2 positions (1.62 FTE) are added to reduce the caseloads for existing staff who currently face caseloads of 1 inspector to 150 facilities, which is significantly above the suggested ratio of 1 to 50. Another three Compliance Specialist 3 positions (1.74 FTE) are added for providing training to licensing staff, reviewing findings of enforcement actions, leading case reviews, and reducing caseloads. Three management positions were also approved -- a Principal Executive/Manager E (0.58 FTE) for a Licensing Manager, a PEM D (0.54 FTE) for a regional manager in Medford, and a PEM C (0.54 FTE) for a Background, Intake and Customer Service manager. The Subcommittee also approved five limited duration Compliance Specialist 2 positions (2.70 FTE) for a pilot program in collaboration with the Department of Human Services (DHS). This pilot program will provide teams of ODE and DHS staff to jointly investigate neglect and other cases

that take place in a child care facility. Total funding of \$1,740,912 General Fund will support these positions and associated costs. The remaining \$239,796 is to offset the cost of testing drinking water for lead contamination in child care facilities.

The Subcommittee approved a one-time General Fund appropriation of \$250,000 for a grant to the Salem-Keizer Education Foundation to assist in the funding for the Mike McLaran Center for Student Success which provides a variety of services for students of the Salem Keizer School District. The Center provides services relating to: (1) college preparation and awareness; (2) career exploration and exposure; (3) academic supports like tutoring and mentoring; and (3) social supports.

Budget Note:

The Oregon Department of Education is instructed to use one-time funding from the Network for Teaching and Learning to provide up to \$100,000 to support the Civic Scholars program under HB 2955 (2015) for the annual Oregon Civics Day for Teachers for the 2018-19 school year. This program provides ongoing professional development for civics teachers across the state.

Budget Note:

Before disbursing any matching funds from the Connecting Oregon Schools Fund to provide schools with broadband access, the Oregon Department of Education shall consult with the Office of the State CIO in order to prioritize the disbursement of matching funds so as to leverage existing public fiber assets to the greatest extent possible. The Oregon Department of Education shall provide a report on the disbursement of funds to the Joint Committee on Information Management and Technology during the first Legislative Days after the disbursement of funds. The report shall identify the schools benefitting from the matching funds, the status of any broadband deployments, the broadband speed available per user, and the extent to which the disbursements leverage existing public fiber.

Higher Education Coordinating Commission

The Subcommittee approved a net increase of \$65,049 General Fund for Higher Education Coordination Commission (HECC) operations to fill budget gaps related to Enterprise Technology Services (ETS) charges and funding for Client Services from the Department of Administrative Services (DAS). At the end of the 2017 legislative session, HECC had not yet received a firm estimate of the increased ETS charges resulting from the required move of post-secondary related data systems to the ETS servers. Now a firm estimate is known resulting in a \$263,275 shortfall in the HECC operations budget. The second shortfall is due to reducing the HECC operations budget twice for DAS Client Services charges as the agency hired staff to perform payroll and human resources functions formerly provided through DAS Client Services, leaving a \$161,774 General Fund gap in the budget. Also related to this second item is an \$11,030 increase in Other Funds expenditure limitation and \$198,541 increase in Federal Funds expenditure limitation. The combined \$425,049 General Fund budget hole is largely offset by \$360,000 of savings for Open Education Resources (HB 2729; 2017 Session) that are no longer required; the net result is the need for the \$65,049 General Fund.

The Subcommittee also approved continuation of nonlimited authority to HECC to make Other Funds expenditures necessary to disburse general obligation bonds sold during the 2013-15 biennium for the benefit of public universities. HECC has approximately \$31 million in bond proceeds from 2013-15 issuances that are expected to be disbursed during the 2017-19 biennium. An increase of \$1,219,645 in Other Funds expenditure limitation was also approved for HECC for the issuance costs of general obligation and Lottery bonds sold for public universities. These include XI-G, XI-Q, XI-F, and Lottery bonds.

A \$250,000 General Fund appropriation to HECC was approved for the Oregon Volunteers Commission for Voluntary Action and Service program. The primary program administered by this Commission is AmeriCorps which requires a state match for administrative costs. This program is currently in the Governor's Office and is being transferred to HECC effective July 1, 2018. Six positions (2.25 FTE) are established in HECC including three full-time positions -- Director (0.50 FTE), a Program Analyst 2 (0.50 FTE), Administrative Specialist 1 (0.50 FTE); and three part-time positions -- Accountant 2 (0.25 FTE), Procurement Specialist 2 (0.25 FTE), and Administrative Specialist 1 (0.25 FTE). An increase in Federal Funds expenditure limitation of \$3,606,774 was also approved for the federally funded program administrative costs and for the AmeriCorps grants for the second year of the biennium. A General Fund appropriation of \$50,000 was approved for the Governor's Office to provide sufficient state match for the first year of the biennium, as well as a decrease in Federal Funds expenditure limitation of \$3,337,261 to reflect the transfer of the program to HECC in the second year of the biennium.

Two one-time appropriations were approved through HECC for public universities. The first is a \$250,000 General Fund investment for a Portland State University/Oregon Health and Science University Center for Violence Prevention Research, Education, and Practice. The work of the Center is to research identifying causal factors and other social determinants of health that are linked to various health conditions and dangerous outcomes (e.g., abuse or motor vehicle accidents), distribution of culturally and geographical appropriate best practices, and improved public awareness. Funding is to be distributed to the hospital operations component of the Oregon Health and Science University. The second appropriation of \$3,000,000 General Fund is to provide a portion of the match for federal funds for a project at Oregon State University's Northwest National Marine Renewable Energy Center (NNMREC). The project is the Pacific Marine Energy Center South Energy Test Site which is a wave energy test site off the Oregon Coast. An \$800,000 General Fund appropriation was provided in 2016 as part of the match for the first \$5 million in federal funds for this project; this \$3.0 million will help secure the remaining \$35.0 million in federal funds. An additional \$1.6 million state contribution may be required for the 2019-21 biennium for the project.

Debt service on outstanding Article XI-F (1), Article XI-L, and Article XI-G general obligation bonds issued for the benefit of the Oregon Health and Science University (OHSU) is transferred from the Department of Administrative Services (DAS) to the Higher Education Coordinating Commission (HECC). HB 4163 includes statutory changes necessary for the transfer, including the requirement that HECC request General Fund debt service on outstanding OHSU Cancer Challenge Article XI-G bonds and that HECC may enter into agreements with OHSU related to debt service payments. The amount of the transfers reflects a May 1, 2018 effective date. Debt service in DAS's budget for OHSU is reduced by \$11,785,250 General Fund (XI-G bonds) and \$21,346,063 (XI-F and XI-L bonds). The debt service budget for HECC is increased by \$11,760,817

General Fund and new limitation of \$21,069,924 Other Funds is established. The net difference in amounts between the two agencies reflects current projections of debt service needs for the 2017-19 biennium. Consolidating debt service on outstanding state bonds issued for the benefit of OHSU does not make or imply any changes to OHSU's long standing direct relationship with the State of Oregon by which OHSU is governed, and no authority over OHSU is being transferred or granted to HECC.

Chief Education Office

The Subcommittee approved a total 2017-19 budget for the Chief Education office of \$8,207,271 General Fund after factoring in the adjustments for employee compensation in this bill as well as the statewide savings included in HB 5006 (2017). The 2017 Legislature approved a net General Fund budget for the first year of the biennium of \$3,652,812 (\$4,022,118 in the agency's budget bill (HB 5522) minus the statewide savings of \$369,306 in HB 5006). HB 5522 also included a \$3,972,118 special purpose appropriation to the Emergency Board for the second year of the biennium. This bill adds to the first year's funding to also cover second year's costs, and repeals the special purpose appropriation from SB 5522 (2017).

The General Fund appropriation in this bill reflects the two-year amount authorized for the coordination and research role of the Office as well as the funding for the Statewide Longitudinal Data System (SLDS). This amount includes an increase of \$1,640,000 General Fund for the completion of developing the SLDS. The development of the SLDS was not completed during 2015-17 and \$1.9 million was reverted to the General Fund at the close of the 2017-19 biennium. This SLDS funding will be used to complete payment for the primary contractor, an extension of the third-party Quality Assurance contractor, costs to transition the SLDS to the updated version of the relational database management system at the State Data Center, and provide full funding for the project's state positions.

The appropriation amount reflects staffing changes from the first year of the biennium which moves the agency to more of a research organization given that the development of the SLDS is nearing completion. These changes include elimination of a Principal Executive/Manager (PEM) G position which was the STEM/CTE Director and a PEM F position which was the Education Innovation Officer. A PEM F position which acts as the Public Affairs Director is reclassified to an Operations and Policy Analyst 4. An Executive Specialist position was reduced to a half-time position. Finally, a Solutions Architect position was added to the SLDS staff. The result of these staffing changes reflects a decrease in FTE from 6.75 for the first year of the biennium to 5.75 FTE in the second year. As part of these changes, \$222,002 General Fund was provided for one Policy Advisor in the Governor's Office since the Chief Education Officer will no longer perform this function.

HUMAN SERVICES

Oregon Health Authority

HB 5201 adjusts the Oregon Health Authority (OHA) budget for updated program caseloads, costs, and revenues to “rebalance” the budget. This information was presented at the January 2018 meeting of the Interim Joint Committee on Ways and Means. At that time, the agency’s rebalance plan resulted in an overall General Fund shortfall of \$30.5 million. This net position included budget problems of \$51.5 million related to federal match rate changes, loss of hospital assessment revenue resulting from the delay caused by the referendum to repeal parts of HB 2391, and a community mental health General Fund shortfall related to marijuana tax revenues. Savings of \$21.1 million General Fund resulted mostly from Medicaid caseload savings and lower than budgeted Medicare premium costs. While total caseload is up, General Fund costs are down slightly.

The rebalance plan also increased Federal Funds expenditure limitation related to the increased caseload forecast, as well as federal funding adjustments that were missed in the legislatively adopted budget for the Hospital Transformation Performance Program and Hepatitis C treatment services.

The agency identified a number of budget risks, including caseloads, the implementation of new quality and access programs for the Oregon Health and Science University and rural hospitals, and several ongoing and emerging issues that the agency is in the process of analyzing.

The Subcommittee approved the agency’s rebalance plan, but with significant changes. The community mental health General Fund shortfall of \$16 million related to marijuana tax revenues was not funded. This issue will be resolved for the current biennium, assuming passage of SB 1555, and additional General Fund was not needed. This issue will need to be revisited for the 2019-21 budget. The Subcommittee also approved \$17.2 million of additional hospital assessment revenue remaining from the 2015-17 biennium, which will be used in the budget in place of General Fund. In addition, the Subcommittee approved several new budget adjustments. The final adjustments, before the transfer of eligibility services is considered, result in a decrease of \$3.5 million General Fund in the agency.

In addition, a total of \$39.0 million General Fund is moved from OHA to the Department of Human Services (DHS) to reflect the transition of all Medicaid eligibility services to DHS, based on an effective date of April 1, 2018. This includes the transfer of 476 positions (320.37 FTE), as well as costs associated with the ONE eligibility system. Total budget adjustments, including the transfer, result in a \$266.0 million increase in the agency’s total funds budget and a \$42.7 million reduction of General Fund. These numbers do not include budget changes related to employee compensation cost changes, which total \$18.1 million General Fund and \$30.2 million total funds, and are also included as part of HB 5201.

The Subcommittee recognized the ongoing risk of caseload forecast changes, as well as the potential risk in OHA of various eligibility and payment issues that are currently being analyzed. A special purpose appropriation of \$30 million is made to the Emergency Board for caseload costs or other budget challenges in either OHA or DHS.

A more detailed description by program area follows.

Health Systems Division

The budget adjustments in HB 5201 reflect a net \$39.5 million decrease in General Fund in the Health Systems Division (HSD), with a \$44.4 million increase in Other Funds expenditure limitation, a \$245.2 million increase in Federal Funds expenditure limitation, and a reduction of 477 positions (321.70 FTE). This includes a budget reduction of \$36.4 million General Fund because of the transfer of all eligibility services to DHS.

General Fund costs increase primarily as a result of the following issues. Final federal match rates for FY 2019 resulted in a General Fund cost of \$16.7 million for the biennium. In addition, the referendum to repeal parts of HB 2391 (2017) resulted in a loss of hospital assessment revenue of \$15 million which must be covered with General Fund. The referendum delayed the additional 0.7% assessment on larger hospitals from October 5, 2017 to January 1, 2018; that assessment cannot be imposed retroactively. Finally, a small increase in the community mental health caseload (Guilty Except for Insanity population) results in a need for \$0.9 million General Fund.

These costs are more than offset by General Fund savings in HSD. Medicare Part B premiums increased less than budgeted, resulting in a General Fund savings of \$3.8 million. Oregon pays these premiums for clients that are eligible for both Medicare and Medicaid. Savings of \$15.9 million General Fund result from the new Fall 2017 Medicaid caseload forecast, as compared to the Spring 2017 caseload forecast on which the legislatively adopted budget was based. Overall, the forecast is up 1.5% or about 15,000 clients, resulting in an increased total funds cost. However, categories with the highest increases include the Affordable Care Act population and the Children's Health Insurance Program, both of which have very high federal match rates. Categories showing decline include those with higher state costs, such as the Children's Medicaid Program and Pregnant Women. The net result is a savings to the General Fund, but an increase in Federal Funds expenditure limitation of about \$150 million. Additional hospital assessment revenue of \$17.2 million is available from the 2015-17 biennium, which will be used in the budget in place of General Fund. Finally, the forecast for tobacco tax revenues is up slightly, resulting in reduced need for General Fund of \$1.5 million.

The Subcommittee approved an additional \$245.2 million in Federal Funds expenditure limitation for HSD related to the increased caseload forecast, as well as federal funding adjustments that were missed in the legislatively adopted budget for the Hospital Transformation Performance Program and Hepatitis C treatment services. The net includes a reduction of Federal Funds limitation of \$98.4 million related to the transfer of eligibility services to DHS.

The Subcommittee approved a special purpose appropriation to the Emergency Board of \$2 million, to be available for rate increases for certain residential mental health service providers, if needed. The agency has also identified \$3 million of internal resources that can be used for this purpose. The agency is in the process of conducting a thorough rate analysis in order to produce a standard rate or set of rates. Currently, different providers are paid different rates, partly depending on when they originally signed contracts with the agency. In addition, not all providers can bill for all types of reimbursement. The agency began working on this analysis during the summer of 2017, starting with data collection from providers. Although additional data collection and analysis is needed, OHA hopes to review rates for those providers in the lowest range of per-bed revenues and operating margins by summer of 2018, in anticipation of an interim rate adjustment for these providers. After completion of data collection and analysis, another rate adjustment may be necessary for other providers. This work is not expected to be completed until the end of the year. Another \$152,500 General Fund is provided to OHA for actuarial services and to provide technical assistance to providers with data collection and billing.

General Fund was increased by \$950,000 to supplement existing funding for the school-based mental health capacity fund. This fund is run by OHA to provide funding to place mental health providers in school-based health centers and in schools without school-based health centers. The current 2017-19 funding level, before this addition, is \$8.1 million General Fund. While funding is primarily used to support mental health therapists, there are other needs for funding that support the therapists, such as rural transportation, reconfiguring school environments to support a suitable space, and materials for education and outreach. For purposes of building the 2019-21 budget, these programs are considered ongoing. The Subcommittee included the following direction:

Budget Note:

The Oregon Health Authority will use this additional funding to supplement the existing capacity grant program. Applicants should be encouraged to list potential community partnerships; other local, foundation or CCO financial participation; and how the efforts respond to adverse childhood experiences, critical mental or behavioral health challenges facing youth, or ensuring school and student safety. The proposals could be through direct funding of in-school services and/or leveraging other community resources and partnerships. The agency is encouraged to pass through these dollars to school and education service districts or their key partners, process applications in an efficient and timely manner, and to report back to the appropriate interim Committees by January 1, 2019 as to number of proposals received and project funding granted.

A General Fund appropriation of \$900,000 was approved to expand the current Oregon Psychiatric Access Line program at Oregon Health and Science University (OHSU). The program currently provides telephone or electronic real-time psychiatric physician consultations to primary care providers caring for children and adolescents. The funding resides in the OHA budget and is provided to OHSU through contract. This \$900,000 will allow the program to expand to provide access to the Oregon Psychiatric Access Line for primary care providers caring for individuals 19 years of age or older. For purposes of building the 2019-21 budget, these programs are considered ongoing.

The Subcommittee approved a General Fund appropriation of \$150,000 to help fund one-time capital costs for a sobering center located in Salem. This is a partnership among several groups, including the City of Salem, Marion County, Marion County Sheriff, Salem Police Chief, Salem Hospital, Mid-Willamette Valley Community Action Agency, and Bridgeway Recovery Services.

Health Policy and Analytics

The Subcommittee approved an Other Funds expenditure limitation of \$10 million to allow additional revenues received in the Health Care Provider Incentive Fund to be spent on workforce training programs and/or provider incentive programs. It is anticipated that the inter-governmental transfer mechanism with OHSU that is related to fee-for-service expenditures will generate roughly \$8-10 million during the 2017-19 biennium that will be available for these programs. For purposes of building the 2019-21 budget, these programs are considered ongoing.

Public Health

HB 5201 includes \$0.7 million General Fund to support rising caseloads in the Breast and Cervical Cancer Screening Program because of increased outreach, at the same time as the Komen grant revenues for the program have declined over time. Based on agency projections, this funding will allow the program to adequately serve the over-50 age group. The intention is that younger women (of reproductive age) will be able to access screenings through the CCare program and the new funding from HB 3391, which funds reproductive health services for women who are eligible for Medicaid except for their immigration status. The agency will continue to monitor the caseload and service levels for these programs to be sure that specific gaps in coverage do not result from these changes.

The CCare program closed out the 2015-17 biennium with an excess of \$3 million Other Funds revenues. These were distributions of revenue from the Medical Marijuana Program during the 2015-17 biennium; CCare no longer receives medical marijuana revenues in the 2017-19 biennium. These revenues will be returned to the Medical Marijuana Program. It is anticipated that additional resources will be needed in the Medical Marijuana Program during the 2019-21 biennium.

The Subcommittee approved an additional 4 positions (2.62 FTE) for the Medical Marijuana Program. That 2.62 FTE includes increasing two existing partially funded positions to full-time. As a part of SB 1057, the major marijuana bill from the 2017 session, this program was reduced by 16 positions. In addition, 6 more vacant positions were eliminated as part of the agency budget. All Compliance Specialists were eliminated from the staff as of July 1, 2018. At the time, it was estimated that most processors, dispensaries, and growers would move to the recreational marijuana program under the Oregon Liquor Control Commission (OLCC). While most processors and dispensaries have moved, most of the 30,000 growers still remain with OHA. It is essential that the program has the capability to do the compliance work necessary to enforce medical marijuana laws, as well as maintain administrative functions. An increase of \$1.4 million Other Funds expenditure limitation is included. The appropriate staffing level for this program will be reexamined as part of the agency budget process during the 2019 legislative session, when more data is available on numbers of growers remaining with the Medical Marijuana Program.

SB 1057 also required OHA to enter into an agreement with OLCC to use its cannabis tracking system to track the propagation, processing and transfer of medical marijuana. The bill also required OHA to establish a new fee to cover these costs and to transfer all resulting revenue to the Marijuana Control and Regulation Fund for use by OLCC to pay program costs. OHA implemented, by rule, an annual fee of \$480, identical to the fee already in place for recreational marijuana users of the system. This is expected to result in \$3.6 million of revenues to be transferred to the Fund. A budget adjustment of \$3.6 million Other Funds expenditure limitation is included allowing the agency to transfer those resources.

Two positions (0.50 FTE) are added to the Health Licensing Office to address the added workload associated with HB 4129, issuing residential care facility administrator licenses. The additional Other Funds expenditure limitation needed for this change can be absorbed within the agency's existing expenditure limitation.

The budget includes an increase of \$10.8 million Other Funds expenditure limitation, which allows the agency to spend available revenues on enhancements to the Women, Infants, and Children (WIC) Information System Tracker. These revenues were recovered through a lawsuit after an earlier WIC contractor failed to fulfill contract requirements.

Central Services/Statewide Assessments and Enterprise-Wide Costs

Budget adjustments include the use of leftover bond proceeds from the Oregon State Hospital Replacement Project to pay debt service, freeing up \$1.4 million General Fund for other purposes. The transfer of eligibility services and the ONE system to DHS results in a reduction of \$2.8 million General Fund in Statewide Assessments and Enterprise-wide Costs. This includes the transfer of funding needed to pay usage-based assessments related to the Processing Center, such as Enterprise Technology Services, as well as facility costs, starting April 1, 2018.

Department of Human Services

Many of the budget adjustments in HB 5201 for the Department of Human Services (DHS) are driven by actions needed to rebalance the agency's budget and realign work between DHS and the Oregon Health Authority (OHA). At the January 2018 meeting of the Interim Joint Committee on Ways and Means, the agency presented a rebalance report tied to several dynamics affecting DHS' budget. These include savings or funding gaps due to changes in caseload and costs increases; costs associated with negotiated collective bargaining agreements for non-state employees; and other program changes or issues arising since the 2017 legislative session.

Overall, the DHS rebalance plan projects savings of \$4.3 million General Fund; the calculation assumes availability of \$9.7 million from the special purpose appropriation for non-state employees and excludes the transfer in of Medicaid eligibility staff from OHA since those additional costs also come with funding from OHA. The \$4.3 million in General Fund savings consists of \$20.1 million in net savings from caseload and cost per case updates offset by \$15.8 million in other costs, which are mostly due to a decrease in the federal Medicaid match rate.

The rebalance plan approved by the Subcommittee is generally consistent with the DHS request from January; initial rebalance assumptions around cost projections in the Intellectual and Developmental Disabilities (IDD) and Employment Related Day Care (ERDC) programs have been modified. Notably, the revised IDD assumptions will allow the agency to delay action on program eligibility or service changes until at least next biennium; this timeframe supports further vetting of options during the 2019 legislative session, if warranted or desired. Since the January report, the timing of the formal transition of Medicaid eligibility services to DHS from OHA was shifted from March 1 to April 1, 2018, which drives different numbers for that action.

The Subcommittee also approved new budget adjustments or investments, including the agency's request to use rebalance savings to address workload and backlog issues in the background check unit. Additional funding was provided for Oregon Food Bank and positions were added to help the Child Welfare program address its most immediate needs.

While many issues are covered in the DHS rebalance plan and by other budget adjustments, budget risks do remain. These include changes to caseloads based on future forecasts, the agency's ability to manage personal services expenditures including cost of living increases or other bargained costs, volatility in usage-based costs or charges for services, assessment of federal program penalties, federal law or funding changes, and legal costs. The Subcommittee acted on these risks by, as noted previously, approving a \$30 million special purpose appropriation to the Emergency Board for both DHS and OHA to access if caseload costs or other budget challenges prove to be unmanageable.

A more detailed description of significant budget changes by program follows.

Self Sufficiency Programs

The budget adjustments approved by the Subcommittee for the Self Sufficiency Programs (SSP) increase the budget by \$44.8 million General Fund (\$137.3 million total funds) and 475 positions (319.66 FTE). The increase is primarily due the transition of Oregon Health Plan eligibility work and staff from OHA to DHS.

The fall 2017 forecast projects the 2017-19 overall Supplemental Nutrition Assistance Program (SNAP) caseload to be 5.3% lower than earlier estimates, which equates to serving 6,759 fewer households over the biennium. Caseloads in the Temporary Assistance for Needy Families (TANF) cash assistance programs are up 2.5% from the spring numbers, at a biennial average of 18,559 families. The associated cost of \$5.8 million is covered by one-time federal TANF carryforward in the DHS rebalance plan.

Since the TANF caseload number went up with the fall forecast, there are no cost savings for the agency to calculate and report on as directed in a budget note contained in the budget report for HB 5006 (2017). The next checkpoint for calculating savings will be upon completion of the next biannual caseload forecast, which is the spring forecast expected to be finalized by May 2018.

The Subcommittee approved \$300,000 General Fund, on a one-time basis, for distribution to the Oregon Food Bank for improvements in cold storage infrastructure. Funding will help the state's food bank network upgrade and expand commercial refrigerators, freezers, mobile coolers, and refrigerated trucks.

Initially, the DHS rebalance proposed repurposing \$2.7 million General Fund within the SSP budget to ensure adequate capacity for supporting both the ERDC and the Teen Parent programs. Upon further review, the agency plans to continue to manage the caseload at the highest level possible – but still under budget – by using the reservation list, which was activated in November 2017. The Subcommittee approved \$1,904,453 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher rates negotiated for SEIU (effective 10/1/17) and AFSCME (effective 1/1/18) child care providers. While sound estimates are used to project these costs, changes in the ERDC caseload composition or provider changes later in the biennium may decrease the purchasing power of the program's budget. The agency is also experiencing some provider attrition, which adds another layer of complexity to the program capacity balancing act; based on latest costs projections DHS is still expecting to serve an average of about 8,300 families over the biennium.

Another \$750,000 General Fund was approved, also sourced by the special purpose appropriation, for one-time training costs for SEIU and AFSCME child care providers. The funding will be spent by DHS as a pass-through to the Early Learning Division (ELD) within the Oregon Department of Education; ELD will use the dollars to expand existing contracts with Portland State University to support the training.

Consistent with legislative discussions and effective September 1, 2017, OHA operationally shifted management of its Medicaid eligibility work to DHS; the move is intended to help centralize and streamline eligibility processes. The related budget adjustment approved by the Subcommittee reflects a "lift and place" of the OHP processing center into SSP, which adds \$35.5 million General Fund, \$96.5 million Federal Funds expenditure limitation, and 474 positions (318.86 22 FTE). A corresponding decrease is in the OHA budget; these values reflect an April 1, 2018 transfer date.

Other costs affecting the SSP budget in the rebalance plan approved by the Subcommittee include \$1.2 million General Fund to pay for a phone system contract for the OHP processing center; the expenditure was not in the OHA budget so it is not covered in the transfer. One position (0.79 FTE) is added to prevent a double fill and support activities under the My Future My Choice program, which is supported with federal dollars. The budget includes technical adjustments and transfers, the largest of which is a transfer of \$24.3 million Federal Funds to Child Welfare to realign TANF expenditure limitation. HB 5201 also adds \$13.8 million General Fund (\$13.8 million total funds) for this program's share of the statewide salary distribution.

The approved rebalance also includes a technical adjustment to more evenly distribute reductions taken during the legislative session; these are related to Department of Administrative Services' assessments and charges that ended up hitting some programs disproportionately. The adjustment affects other programs and is net-zero agencywide.

Child Welfare

The budget approved by the Subcommittee for Child Welfare (CW) reflects increases of \$29.0 million General Fund, \$7.9 Other Funds expenditure limitation, \$46.2 million Federal Funds expenditure limitation, and 177 positions (76.94 FTE). This amount includes \$9.9 million General Fund (\$16.9 million total funds) from the statewide salary adjustment.

Budget adjustments include the DHS rebalance plan as presented in January 2018; forecasts for all individual caseloads within CW grew between the spring and fall forecasts, driving a net increase of \$8.2 million General Fund (\$16.7 million total funds) between caseload and changes in cost per case growth. The overall number of children served is expected to average 22,321 over the biennium, which is an increase of 3.4% from the prior forecast. The approved rebalance also reflects an increase of \$0.7 million General Fund due to an update in the Federal Medical Assistance Percentage (FMAP). Based on the latest federal estimates, the 2017-19 biennial average FMAP rate will decrease from 63.53% to 63.33%, which raises the state contribution and reduces federal support. This rate change also affects other agency programs.

Other and Federal Funds expenditure limitation increases support a federal grant, capture federal match on applicable child savings, and provide for the purchase of software and technical assistance supporting domestic and sexual assault programs. Position clean-up actions reclassify four positions and a net decrease of 0.04 FTE. Technical adjustments and transfers account for a decrease of \$4.1 million General Fund (total fund increase of \$18.1 million); this includes the movement of 9 positions (9.00 FTE) from CW to Shared Services to help improve coordination between investigations and regulatory oversight of child caring agencies. The net total funds increase is driven by the \$24.3 million Federal Funds related to TANF transferred to CW.

In addition to rebalance adjustments, the Subcommittee added \$750,000 General Fund to the budget for three initiatives supporting foster parents; the funding was obtained from a special purpose appropriation established in SB 5526 (2017) for this use. DHS convened a statewide workgroup to identify a set of services to help support foster parents. About 60% of the funding would go to respite care, paying for a mix of services for both group (Foster Parents' Night Out model) and child-specific services. The program plans to spend 25% on training experienced foster parents to be mentors; these parents will provide support to new foster parents by helping them meet the needs of children in care and navigate the system. The remaining 15% will be used to cover immediate needs, such as purchasing a car seat or crib, of a child or sibling group in a foster home.

The approved spending plan also includes an adjustment to budget changes approved in SB 5526 (2017). These are connected to SB 102 (2017), which established an account to capture and spend savings required under federal law; these are state monies that would have been spent on adoption assistance if the federal government had not begun to help pay for more placements. During the 2017 session, enough funding (\$3.3 million) was moved to the account to support a program (October 1, 2017 start date) paying working foster parents caring for children (ages 0 through 3) a \$300 monthly stipend to defray the cost of child care. Since the 2017 session, DHS identified additional savings for another transfer

of \$6.5 million in 2017-19; with this transfer plus federal match, about \$10 million total funds will be available for childcare stipends in 2017-19. Assuming an April 1, 2018 start date, this funding level supports a higher stipend of \$375 per month, includes children ages 0 through 5, and is expected to serve close to 1,300 children when fully implemented. The \$10 million spending level is tied to federal rules which allow only 70% of the savings to be used for this new program, the remaining 30% must be spent on post-adoption and/or post-guardianship assistance activities. With the current funding mechanism, the stipend should be sustainable at this level going forward, if caseload and savings projections hold.

To address ongoing concerns from both executive and legislative leadership about child safety and staff workload in CW, the Subcommittee also approved \$13.3 million General Fund, \$4.5 million Federal Funds expenditure limitation, and 186 positions (85.90 FTE). The funding supports a thoughtful and incremental roll-out of this supplemental position authority, as the Subcommittee recognized the agency is currently challenged to fill already existing vacant positions. The budget package also includes positions dedicated to CW recruitment efforts, which is expected to help the agency make progress in filling and reporting on positions. The following positions are approved:

Child Welfare Staffing Increase - February 2018

Start Date	Class	Role	General Fund	Federal Funds	Total Funds	Pos	FTE
Apr-18	SSA	Case Aide	\$ 2,135,125	\$ 532,575	\$ 2,667,700	25	15.75
Apr-18	HRA3	Recruiting	\$ 236,890	\$ 59,036	\$ 295,926	2	1.26
Jul-18	SSA	Case Aide	\$ 1,640,001	\$ 409,115	\$ 2,049,116	23	11.50
Jul-18	PEMC	Manager	\$ 354,453	\$ 88,343	\$ 442,796	4	2.00
Jul-18	SSA	Case Aide	\$ 1,782,610	\$ 444,690	\$ 2,227,300	25	12.50
Jul-18	SS1	Caseworker	\$ 2,153,355	\$ 947,045	\$ 3,100,400	25	12.50
Jul-18	OS2	Office Specialist (Case Support)	\$ 1,557,410	\$ 388,440	\$ 1,945,850	25	12.50
Oct-18	PEMC	Manager	\$ 210,547	\$ 52,484	\$ 263,031	3	1.14
Oct-18	SS1	Caseworker	\$ 1,708,060	\$ 836,090	\$ 2,544,150	25	9.50
Jan-19	PEMC	Manager	\$ 155,261	\$ 38,716	\$ 193,977	3	0.75
Jan-19	SS1	Caseworker	\$ 1,262,840	\$ 725,160	\$ 1,988,000	25	6.25
Jan-19	HRA3	Recruiting	\$ 52,327	\$ 13,043	\$ 65,370	1	0.25
Total			\$ 13,248,879	\$ 4,534,737	\$ 17,783,616	186	85.90

In addition to direct funding, the Subcommittee also approved a \$2.5 million special purpose appropriation to the Emergency Board for the program to access as the agency continues to develop and implement its action plan to improve child safety, stabilize the workforce, and help foster families. The CW program will report on these efforts as part of the interim reporting required under a budget note in the budget report for SB 5526 (2017).

Vocational Rehabilitation

The budget approved by the Subcommittee for Vocational Rehabilitation (VR) reflects increases of \$0.5 million General Fund, along with \$5,910 Other Funds expenditure limitation and \$4.5 million Federal Funds expenditure limitation. No changes are made to position counts or FTE; total funds of \$1.6 million cover the statewide salary adjustment for this program.

The fall 2017 forecast projects the 2017-19 VR caseload to be about 8.4%, or 820 clients, higher than the spring estimate. With a recent award of \$3.4 million in federal reallocation dollars, the program is hoping to continue to avoid activating the Order of Selection (priority wait list) in 2017-19. The rebalance request approved by the Subcommittee contains the additional expenditure limitation to spend the reallocation funding. One position is reclassified in the rebalance plan.

The rebalance also includes a technical adjustment to more evenly distribute reductions taken during the legislative session; these are related to Department of Administrative Services' assessments and charges that ended up hitting some programs disproportionately. The adjustment affects other programs and is net-zero agencywide.

Aging and People with Disabilities

Budget adjustments made by the Subcommittee for the Aging and People with Disabilities (APD) program reflect a decrease of \$4.7 million General Fund, an increase of \$33.2 million Other Funds expenditure limitation, a decrease of \$35.2 million Federal Funds expenditure limitation, and a net decrease of 2 positions (2.00 FTE). Total funds of \$8.7 million cover the statewide salary adjustment for this program.

The 2017-19 legislatively adopted budget included higher rates for Community Based Care providers (Assisted Living, Residential Care, Memory Care, and In-home Agency). The Subcommittee added \$1,180,695 General Fund and \$2,467,705 Federal Funds expenditure limitation to augment the rate increase scheduled for July 1, 2018. When coupled with \$2.2 million General Fund in savings from an expected lower than budgeted nursing facility rate in the second half of the biennium and matched with \$7.2 million in Federal Funds, rates will increase by 5% instead of 2.5% on that date. These same providers received a 5% rate increase on July 1, 2017.

As noted in the Emergency Board overview section, the Subcommittee approved a \$300,000 special purpose appropriation to be allocated to the DHS Aging and People with Disabilities program to increase access to ventilator-assisted services in nursing facilities. The agency may

request these funds, which are anticipated to help cover a higher rate paid for these services, after completing work under the following budget note, which was also approved by the Subcommittee:

Budget Note:

The Department of Human Services shall work with the Oregon Health Authority to develop a plan to increase access to ventilator-assisted services in nursing facilities, effective January 1, 2019. The plan should address criteria used to enroll nursing facilities and respiratory providers; the rate methodology proposed for compensating these services; state Medicaid plan amendments and administrative rules required to implement this initiative; any information technology changes needed to support the program; the projected costs for these services in the 2017-19 and 2019-21 biennium for the two agencies; and any other actions needed or barriers to be mitigated before service implementation. The Department shall prepare and submit a report containing the plan elements to the Emergency Board prior to October 1, 2018.

A rebalance plan based on the fall 2017 caseload forecast was also approved by the Subcommittee. While, overall, long term care caseloads are 1.8% below the spring 2017 forecast (a decrease of 655 clients), nursing facilities' caseloads are 3.2% higher. That change plus an increase in cost per case is driving a need of \$8.5 million General Fund (\$28.9 million total funds). However, these costs are more than offset by net savings of \$17.3 General Fund (\$57.7 total funds) across the in home and community based care caseloads. These savings also help cover increased costs due to the FMAP change; in APD that shifts \$5.9 million in costs from federal dollars to state General Fund.

The rebalance also includes a management action decreasing the budget by \$10 million General Fund (\$31 million total funds) to account for the caseload forecast not yet capturing the decrease in caseload expected to occur from strengthening the level of care assessment. This change was not implemented until after data used for the fall forecast were captured. The agency will be tracking eligibility changes for clients to determine the associated impact on the caseload and to ensure savings will not be double counted in future rebalances.

There is also risk that the actual caseload reduction may be offset by costs; some of these are tied to providing ongoing supports to people who would have otherwise become homeless, been evicted, or are at risk of abuse or exploitation. In addition, a recent legal agreement requires APD to pause policy and rule changes affecting hours and eligibility that were implemented last summer and fall. This means most consumers will be temporarily restored to their prior level of care while the agency and advocates negotiate future standards and procedures for in-home and residential care, which will affect expenditures. This work is expected to be done by May 2018.

The APD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$1,340,585 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher adult foster care rates. Based on negotiations, rates will increase by 2.0% on February 1, 2018 and again by 4.5% on January 1, 2019. To cover a \$0.15 per hour wage increase

for home care workers effective April 1, 2018, the Subcommittee approved \$2,625,292 also originating from the special purpose appropriation. Collectively, these non-state worker costs will be matched with just over \$7.6 million Federal Funds.

To meet federal program requirements, the approved rebalance adds \$31.2 million Other Funds expenditure limitation for waived case management services. The additional limitation is needed to separately track program expenditures and receive the allowed higher match rate.

Technical adjustments and transfers account for a net decrease of \$0.7 million General Fund (\$2.0 million total funds). Actions include the transfer of positions between APD and other programs, driving a net decrease of one position (1.00 FTE). Other position actions include reclassifying one position and abolishing one position (1.00 FTE).

Intellectual and Developmental Disabilities

Budget adjustments made by the Subcommittee for the Intellectual and Developmental Disabilities (IDD) program reflect an increase of \$3.2 million General Fund, an increase of \$111,296 Other Funds expenditure limitation, a decrease of \$12.2 million Federal Funds expenditure limitation, and a net increase of 11 positions (7.70 FTE). Total funds of \$4.6 million cover the program's statewide salary adjustment.

The Subcommittee acknowledged the program's revised plan toward meeting a generic \$12 million General Fund reduction approved in the 2017-19 legislatively adopted budget. Instead of making eligibility or other program changes to meet the target, the agency will manage the reduction with management actions. These actions are spending \$1.3 million less on housing maintenance contracts and rent subsidies, based on an updated assessment of needs; reducing ability to respond to cost per case by volatility by \$6.0 million, based on recent cost per case actuals; and assuming approximately \$6.0 million in enhanced federal match for system work, pending federal approval. While these changes do not address long term budget sustainability, they do allow the agency to continue its work with stakeholders on IDD program changes that can help bend the cost curve. There is also some risk that these assumptions, particularly around cost per case, may not hold and possibly require legislative budget action before the end of the biennium.

The rebalance actions approved by the Subcommittee reflect decreases in both case management enrollment and services' caseloads from the previous forecast, at 3.2% lower overall or 1,527 fewer clients over the biennium. However, individuals are expected to be served in higher cost settings (group homes), which is a cost driver. The net projected budget effect is a decrease of \$9.2 million General Fund (\$31.6 million total funds). This helps offset FMAP General Fund impacts; for IDD the rate change shifts \$6.3 million in costs from federal to state funding.

The approved plan also uses \$0.7 million General Fund (\$1.4 million total funds) in savings to pay for an error made in building the 2017-19 budget. Workload model positions (case managers) supporting children with intensive medical and/or behavioral needs were overlooked; these caseloads have collectively grown by more than 20% over the last two years. A total of 10 positions (6.70 FTE) are funded.

The IDD budget is also affected by collective bargaining for non-state workers. The Subcommittee approved \$1,165,140 General Fund from the \$10 million special purpose appropriation made to the Emergency Board for non-state employees to cover higher adult foster care rates. Based on negotiations, rates will increase by 2.0% on July 1, 2018. To cover a \$0.15 per hour wage increase for personal support workers, effective April 1, 2018, the Subcommittee approved \$1,902,412 from the same special purpose appropriation. Collectively, these non-state worker costs will be matched with just over \$6.9 million Federal Funds.

The approved budget changes include technical adjustments and transfers increasing the IDD budget by \$0.8 million total funds and transferring in one position (1.00 FTE) from APD.

Central Services

For this program, the Subcommittee approved a budget increase of \$294,639 total funds and one position (1.00 FTE). The changes tie to a rebalance action transferring in a human resources position from OHA (1.00 FTE); this is a companion action to the lift and place transfer of OHP eligibility between the two agencies. Technical adjustments and transfers account for a net decrease of \$0.2 million total funds. Five compliance specialist positions are also reclassified in the agency's plan. An additional \$255,557 total funds for the statewide salary adjustment is also part of the overall increase.

Shared Services

The budget approved by the Subcommittee for Shared Services is a net increase of \$14.9 million Other Funds expenditure limitation and 45 positions (44.80 FTE) over the legislatively adopted budget. Adjustments include the net transfer in of 11 positions (11.00 FTE) from various programs, including positions from Child Welfare noted previously. Other changes are due to position realignment between agency programs (in both DHS and OHA) and Shared Services after new positions are approved in the budget; sometime programs request and carry the budget for shared components directly during budget build. For the statewide salary adjustment, \$3.5 million Other Funds expenditure limitation is added.

Other position actions move one position (1.00 FTE) in from OHA due to the OHP processing center transition. The approved rebalance plan also includes several actions to clean-up positions: reclassifications upward and downward; abolishing and establishing positions; and bringing part-time positions to full-time. These changes will allow DHS to alleviate several double fills and make positions more consistent with how they are really being used. Effective April 1, 2018, a procurement position is transferred to the Department of Administrative Services (DAS), which reduces the budget by \$152,247 Other Funds and one position (0.63 FTE). The position supports the consolidation of certain information technology contracting work at DAS.

In response to a DHS request from January 2018, the Subcommittee approved the use of General Fund savings from rebalance to support adding positions to the Background Check Unit (BCU), which is part of Shared Services. The corresponding budget increase for the program is

\$6,644,952 Other Funds expenditure limitation and 33 positions (24.75 FTE). With these positions in place, BCU expects to see the processing backlog drop down to 2 weeks by December 2018; currently many checks take more than 8 weeks and sometimes 10 weeks or longer.

Just over half of the projected cost is for positions or position-related expenditures, with the bulk of the remainder going to cover fingerprint processing fees charged by the Department of State Police and the Federal Bureau of Investigation. Currently BCU does not recover any costs from individuals or entities undergoing background checks; costs are covered by the applicable DHS and OHA programs. Subject individuals include agency employees, home care workers, personal support workers, child care providers, child caring agencies, child welfare providers, direct support professionals, residential care facilities, nursing facilities, and adult foster homes. About 80% of the work is related to DHS programs.

State Assessments and Enterprise-wide Costs

The budget approved for this program by the Subcommittee reflect net increases of \$15.5 million General Fund, \$228,063 Other Funds expenditure limitation, and \$15.1 million Federal Funds expenditure limitation. Drivers include an increase of \$3.4 million General Fund (\$10.3 million total funds) due to the OHP processing center move; these funds are transferred from OHA and cover rent, utilities, telecommunications, information technology, and other centralized costs associated with these positions. The approved rebalance contains a shift of \$0.6 million total funds from OHA to DHS to transfer rent, utilities, and janitorial costs for part of a Salem building (Cherry City Business Center). OHA has vacated the space and DHS, which already occupies part of the building, needs more square footage.

To support the additional BCU resources, the Subcommittee added \$4,281,343 General Fund, \$161,472 Other Funds expenditure limitation, and \$2,202,137 Federal Funds expenditure limitation; these adjustments allow the shared services funding line to cover the costs of the 33 positions (24.75 FTE) added to the unit.

Technical adjustments and transfers account for an increase of \$5.0 million General Fund (\$8.9 million total funds), primarily to align the assessment budget with policy package changes in program budget structures. Changes tied to position transfers affecting Shared Services are also included. Funding for the statewide salary adjustment is also included, at \$4.6 million totals funds; this primarily covers increased costs tied to collective bargaining for Shared Services positions.

Long Term Care Ombudsman

Budget adjustments for this agency include a technical action shifting \$28,639 General Fund between programs; the statewide inflation reduction taken in HB 5006 (2017) was incorrectly calculated, removing too much funding from the Long Care Ombudsman budget structure and not enough from the Oregon Public Guardian (OPG) structure. The change nets to zero agency-wide.

The Subcommittee also eliminated a \$200,000 General Fund special purpose appropriation to the Emergency Board for costs associated with the public guardian and conservator program HB 5021 (2017) and directly appropriated the same amount to the agency for the OPG program. The special purpose appropriation was sourced by funding removed from the OPG 2017-19 budget during the legislative process. In January 2018, as directed by a budget note, the agency reported on several steps taken to help manage program spending. These include minimizing legal costs, streamlining banking processes, and maximizing caseload capacity. Since the 2017 legislative session, the program has refocused its work, with an emphasis on developing the volunteer program and working with local entities to provide services. Regarding pro bono services, OPG is also developing a concept that would tap professional fiduciaries to act as volunteer deputies. In turn for helping OPG with cases, fiduciaries would receive training and experience that could also be used to meet professional continuing education requirements.

The \$200,000 General Fund restored to the program will pay for two permanent, full-time Deputy Guardian positions (Program Analyst 2 classification) effective July 1, 2018 (1.00 FTE). The positions will be out-stationed in rural areas of the state, which will overcome barriers to contracting in certain areas, provide maximum support for volunteers, and expand program access. With these resources, OPG should be able to serve a minimum of 40 additional clients and possibly more as the volunteer program evolves.

JUDICIAL BRANCH

Judicial Department

The Subcommittee increased the General Fund appropriation for judicial compensation by \$735,683, for the 2017-19 biennium costs of providing a \$5,000 per year salary increase to all statutory judges, beginning on July 1, 2018. The judicial salary increase is enacted by House Bill 4163, the 2018 session program change bill. The total fiscal impact of the salary increase will be \$1,300,000 General Fund in the current biennium. This cost will be financed from the combination of the General Fund appropriation increase and the carryforward of \$564,317 General Fund from the prior biennium. The cost of the salary increase will rise to approximately \$2,600,000 General Fund beginning with the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Subcommittee increased the General Fund appropriation for operations by \$2,378,568, to avoid employee layoffs, furloughs, court closures, and other significant public service reductions during the second year of the current biennium. The Judicial Department presented a \$5.3 million General Fund request for this purpose to the interim Joint Committee on Ways and Means in January 2018. The combination of the approved General Fund increase, the distribution of General Fund to the Department for employee compensation costs, and the carryforward of General Fund from the prior biennium, will support the expenditure level targeted in the January 2018 request and enable the Department to avoid additional service reductions.

The Subcommittee also acknowledged receipt of a compensation plan change report required under ORS 8.105 (1). The report is posted on the Oregon Legislative Information System website under the Capital Construction Subcommittee March 2, 2018 meeting materials. The

Department reported that the Chief Justice has approved the same provision in the executive branch compensation plan for management service and unrepresented employees, whereby effective February 1, 2019, salaries are increased 6.95% and responsibility to pay the 6% PERS pick-up switches from the employer to the employee. The changes do not affect judges, and are projected to cost \$854,000 General Fund and \$62,800 Other Funds during the 2017-19 biennium. The costs will be covered within the legislatively approved budget provided in this bill.

Public Defense Services Commission

The Subcommittee increased the General Fund appropriation for professional services by \$1,340,000, to expand the Parent Child Representation Program. This program works to improve the quality of legal representation for parents and children in juvenile dependency and termination of parental rights cases. The program currently operates in three counties. The funding will be used to expand the program to Coos and Lincoln counties, beginning July 1, 2018. The cost of this expansion will double to \$2,680,000 General Fund in the 2019-21 biennium, when it will be in effect for the full twenty-four months of the biennium.

The Subcommittee also approved a one-time General Fund appropriation of \$450,000 to fund an Oregon-specific caseload standards study and an assessment of Oregon public defense services. The Commission will work with the American Bar Association for a study to develop standards for the time attorneys need to adequately represent clients in various case types, and to develop associated workload/caseload standards. The Commission will also work with the Sixth Amendment Center to assess the status of public defense services in the state.

The Subcommittee also approved an adjustment to the calculation of the 2019-21 biennium current service level for professional services. The Commission is instructed to add \$4.2 million General Fund to the current service level as otherwise historically calculated. This adjustment is intended to address concerns about contract rate amounts paid to trial-level public defense contract and hourly-paid providers. The amount is calculated to equal the cost of providing a 2% increase in rates for the full twenty-four months of the 2019-21 biennium, however, it is understood that the Commission may choose to allocate the funds in another manner to best address concerns about provider pay.

LEGISLATIVE BRANCH

The Subcommittee approved a net-zero General Fund rebalance. The adjustments include reductions to agency budgets to account for higher than anticipated reversions from the 2015-17 biennium, appropriately split reversions between Legislative Administration Committee (LAC) and the Legislative Policy and Research Office as those budgets became newly separated agency budgets beginning this biennium, and to accommodate LAC projects including closed captioning, online training, and additional ADA and diversity needs, including one additional position (0.50 FTE) dedicated to such work. In addition to projects funded through rebalance described above, \$700,000 General Fund is provided to LAC for workplace improvements for the Legislative Branch. The Subcommittee approved increasing Other Funds expenditure limitation by \$151,550 for costs of issuance on Article XI-Q general obligation bonds authorized in SB 5702 for the Capitol Accessibility,

Maintenance, and Safety project. Costs of issuance will be paid with bond proceeds. Bonds are scheduled to be sold in spring 2019, so no additional debt service is due in the 2017-19 biennium. An adjustment to debt service is also included, which results in a General Fund reduction of \$48,618 and an increase in Other Funds expenditure limitation of \$48,619. An increase of \$250,000 Other Funds expenditure limitation is included for the Legislative Counsel Committee for ongoing staffing and office needs.

NATURAL RESOURCES

Department of Agriculture

The Subcommittee increased, on a one-time basis, constitutionally dedicated Lottery Funds expenditure limitation by \$846,821 and authorized 13 limited duration positions (5.37 FTE) for additional costs related to Japanese beetle eradication efforts. During the 2016 invasive pests trapping season, the Oregon Department of Agriculture (ODA) trapped a record number of Japanese beetles in the Cedar Mill and Bethany neighborhoods in NW Portland. Early in the 2017 legislative session, ODA received \$801,380 constitutionally dedicated Lottery Funds for the 2015-17 biennium to begin a five-year eradication effort. An additional \$1,113,115 in constitutionally dedicated Lottery Funds was included in the ODA budget for 2017-19 for continuing eradication costs. During the 2017 eradication project, even more beetles were trapped in this area and were found in areas surrounding the initial treatment area, as well as in traps at the Portland airport, Swan Island, and Douglas County. The increase in areas needing treatment, coupled with higher than anticipated costs to maintain the quarantine and dispose of green waste in the existing treatment area, will require additional resources beyond what was approved in the 2017-19 adopted budget for ODA. In addition, the Lottery Funds allocation for the Department was increased by \$1,359,653 to pay for any additional eradication efforts as needed. The Department would need to request an increase in expenditure limitation from either the Emergency Board or the Legislature to spend this additional Lottery Funds allocation.

A technical adjustment was also approved that reduced the Certifications Program Other Funds expenditure limitation by \$16,836 and 0.10 FTE to correct an error in the position count that occurred when a position budgeted in two programs was eliminated.

Department of Environmental Quality

The Subcommittee approved a one-time increase of \$1,917,084 General Fund, \$2,965,300 Other Funds expenditure limitation, and the addition of months to six existing limited duration positions (3.38 FTE) to continue planning and begin development of an environmental data management system (EDMS). The Other Funds represent the portion of the proceeds from the sale of \$5 million Article XI-Q bonds that will be spent in the 2017-19 biennium and includes \$70,000 for the cost of issuing the bonds. This funding is to be used to implement the foundational build of a customized off-the-shelf software solution that will replace multiple outdated and disparate information technology systems currently in use at the Department of Environmental Quality (DEQ). The EDMS project will improve regulatory processes, provide a common platform to receive and share environmental information, and support e-commerce and web-based interactions. Of the total General Fund appropriated,

\$833,867 will pay the debt service on the \$5 million in 2017-19 as the bonds are scheduled to be sold May 2018. The remaining \$1,083,217 General Fund will be used to update and complete foundational documents required to complete Stage Gate 3 endorsement, prepare the Request for Proposal, and pay a Quality Assurance contract. Early estimates indicate the EDMS project will cost \$18 million when completed.

The Subcommittee approved an Other Funds expenditure limitation increase of \$17,834,248 to implement a new electric vehicle rebate program, with the understanding that the Department of Administrative Services (DAS) will unschedule the limitation until sufficient revenues are received. HB 2017 (2017) included a privilege tax of 0.5% on the sale of vehicles beginning January 1, 2018. Monies raised by this tax will be deposited in the Zero-emissions Incentive Fund to be used for rebates on the purchase or lease of electric vehicles to encourage increased utilization of these vehicles. The bill tasked DEQ with establishing and operating the electric vehicle rebate program. At the time the bill passed, no expenditure limitation was provided for the actual rebate payments. The use of this privilege tax for rebates had been challenged in court, therefore DAS is directed to unschedule the increase until these legal challenges are resolved.

A technical adjustment was approved that increased Federal Funds expenditure limitation by \$342,092 and decreased Other Funds expenditure limitation by \$272,092 to accommodate the transfer of administration of a federal grant from the Oregon Health Authority (OHA) to DEQ. OHA had been receiving an on-going federal grant for coastal water monitoring and passing most of the grant funding on to DEQ to do the actual water quality monitoring work. In 2017, both agencies agreed that DEQ should take over the administration of the grant. The 2017-19 OHA budget was adjusted to reflect this change, but the DEQ adjustment was not included in its budget.

The Subcommittee also approved a \$1 million General Fund increase and the addition of 4 positions (2.32 FTE) in the Air Quality program. This funding is to be used to address backlogs in air quality permitting, with emphasis on processing permit renewals. Of the amount approved, \$343,092 is for process improvement activities and is being added on a one-time basis. This funding will not be used to support Title V permitting work because the federal Clean Air Act requires that all Title V permitting work be supported through fees paid by regulated entities. As such, the Department will need to seek authorization to increase fees for the Title V program during the 2019 Legislative session to ensure Title V related permitting operations are sufficiently staffed.

A \$165,892 Other Funds expenditure limitation increase was approved for the Air Quality program to support two positions (1.08 FTE) using existing fund balance revenue from current Greenhouse Gas Reporting (GHG) fees. These positions will work on expanding the Department's existing GHG program to include collection of product output data, as well as, provide quality assurance of currently submitted emissions data.

Department of Fish and Wildlife

The Subcommittee approved a one-time General Fund appropriation increase of \$350,000 for the Fish Division to operate the Leaburg Fish Hatchery located on the McKenzie River for the second year of the 2017-19 biennium. On July 1, 2018, the U.S. Army Corps of Engineers (Corps) will no longer pay for the Oregon Department of Fish and Wildlife (ODFW) to operate and maintain the hatchery, which it had done since

the facility was constructed in 1953 to mitigate for lost trout habitat caused by construction of federal dams in the Willamette Valley. The Corps will now instead contract with a private entity to purchase trout and will continue to pay ODFW to produce steelhead at another ODFW facility. ODFW plans to continue to produce trout at the facility, which would boost the pounds of trout released in the Willamette Valley by 20% and increase Chinook releases by 6%.

In addition, a one-time \$50,000 General Fund increase was approved for culling of elk herds on the Cold Springs National Wildlife Refuge, which is located just outside Hermiston. The elk forage outside the Wildlife Area and damage commercial agriculture operations on land adjacent to Cold Springs. The funding would be used to pay for the time of existing ODFW staff to work on this project, as well as for a contract with the U.S. Department of Agriculture, Wildlife Services for removing the elk that move onto adjacent farms to feed. The elk meat resulting from the culling of the elk herd will be donated to the local food bank.

Department of Forestry

A one-time increase of \$26,194,224 General Fund to the Department of Forestry, Fire Protection Division was approved for the payment of emergency firefighting costs associated with the 2017 forest fire season. This amount is dedicated to the following specific uses:

- Unbudgeted emergency fire costs (\$22,722,123)
- Fire protection district deductibles (\$915,600)
- Oregon State Treasury loan interest (\$63,561)
- Severity resources (\$2,492,940)

Of the total increase, \$2.0 million is offset by a reduction of the same amount in the special purpose appropriation to the Emergency Board that had been established for this purpose. In addition, Other Funds expenditure limitation is increased one-time only by \$22,743,921, which includes \$10,130,317 for unbudgeted emergency fire costs, \$4,101,866 for reimbursed costs of emergency fire costs from other agencies including the Federal Emergency Management Agency, \$7.0 million for the payment of pass-through reimbursements to other agencies from federal sources, and \$1,511,738 for fire protection district deductibles.

The Subcommittee approved an increase in the General Fund appropriation made to the Department of Forestry in the amount of \$500,000 and a decrease in Other Funds expenditure limitation of \$500,000 to reverse a reduction in General Fund subsidy for fire patrol assessments on low-productivity, east-side forest lands that was included in SB 5519 (2017), the agency's budget bill.

A reservation in the Emergency Fund was made to fund Sudden Oak Death eradication work by the Oregon Department of Forestry as detailed in the Emergency Board section above.

Department of Land Conservation and Development

A one-time increase of \$300,000 General Fund for the Department of Land Conservation and Development's local government grants program was approved for the provisioning of technical assistance grants to eastern Oregon counties for conducting economic opportunity analyses.

Parks and Recreation Department

The Subcommittee approved a \$200,000 increase in Other Funds expenditure limitation for the Oregon Parks and Recreation Department (OPRD) for expenses associated with Sudden Oak Death mitigation work on State Parks properties within the Cape Sebastian State Scenic Corridor. OPRD estimates that the eradication project will be completed by the end of February 2018. Funding for the treatment will come from the Park Stewardship account which receives a portion of fees charged by the agency and is dedicated for the management of natural resources, hazard trees, landscape, and the ocean shore.

An increase of \$20,000 Lottery Funds expenditure limitation was approved for the purpose of making grants to repair recreational trails damaged due to the Chetco Bar fire during the 2017 fire season.

Department of State Lands

An increase in Federal Funds expenditure limitation in the amount of \$155,734 for the Department of State Lands (DSL) was approved for the expenditure of Wetland Program grant funds from the U.S. Environmental Protection Agency (EPA). Of the total, \$121,734 supports five individual initiatives identified in the updated Oregon Wetland Program Plan and will be used in conjunction with an intergovernmental agreement with Oregon State University, Institute for Natural Resources. Additionally, DSL was awarded a supplemental Wetland Program Development Grant (WPDG) that is in addition to the 2015 grant it received from the EPA. The funding award of \$25,000 allows DSL to contract with a third party to complete wetland functional assessments on existing wetland mitigation bank sites prior to the implementation of the Aquatic Resources Mitigation Program initiative in 2018. The reestablishment of expenditure limitation for residual Federal Funds totaling \$9,000 that were not expended in the prior biennium from the original 2015 EPA WPDG is also included in the total additional Federal Funds expenditure limitation for these grants.

A one-time expenditure limitation increase of \$7,244,215 Other Funds is included for cleanup efforts at the Goble, Oregon site on the Columbia River. The funding is for the costs of site security, inventory, and disposal of solid waste and hazardous material, asbestos inventory and abatement, and dewatering and disposal of vessels and structures due to default by the former lessee of the site. DSL is continuing to avail itself of all legal means to recover the costs of the cleanup from the former lessee or the lessee's insurance carrier.

A one-time technical adjustment of \$235,081 Other Funds expenditure limitation is included in the measure to carry forward 2015-17 biennium unexpended grant funding from the University of Michigan for the South Slough National Estuarine Research Reserve. Normally, this limitation would have been reestablished in the agency's budget bill, but the actual unexpended amount was not known at the time of the bill's passage.

The Subcommittee approved an increase in Other Funds expenditure limitation of \$410,102 and authorized the establishment of a limited-duration project manager position (0.67 FTE), the establishment of a permanent, full-time network architect position (0.67 FTE), and the upward reclassification of an existing information systems supervisor position to continue planning for the replacement of the aging Land Administration System (LAS) through the end of the current biennium and ongoing management of the agency's information technology systems.

Water Resources Department

Technical adjustments to the Other Funds and Federal Funds expenditure limitations of the Water Resources Department are included in the measure to rebalance budgeted expenditure authority between programs at the agency. This action results in no net change to the overall expenditure limitation of the agency.

The Subcommittee approved a one-time increase in the expenditure limitation for the Water Resources Department of \$5,269,633 Other Funds for the expenditure of Lottery Revenue bond proceeds for distribution to the City of Carlton to replace the city's finished water supply line in the amount of \$5.15 million and for the payment of bond issuance costs of \$119,633.

Oregon Watershed Enhancement Board

The Subcommittee increased the Measure 76 Lottery Funds expenditure limitation for the Oregon Watershed Enhancement Board (OWEB) grants program by \$5,000,000 to reflect increases in forecasted Lottery revenues constitutionally dedicated to the Parks and Natural Resources Fund, for local grant expenditures.

PUBLIC SAFETY

Department of Corrections

The Subcommittee approved a net-zero technical adjustment to move a total of thirteen positions between program units to align reporting relationships, advance organizational initiatives, and properly assign oversight functions within the agency.

The Subcommittee provided the following direction to the Department of Corrections:

Budget Note:

As of January 25, 2018, the Department of Corrections had 297 inmates in custody over the age of 70. Elderly inmates are housed throughout the state, depending on the location of infirmary and hospice beds, single-story and single-bunk cells and dormitories, and proximity to health care facilities.

The Department of Corrections is directed to evaluate the feasibility of using the Oregon State Penitentiary - Minimum as a dedicated facility for housing male prison inmates over the age of seventy-five. The Department should evaluate the suitability of using OSPM to house elderly inmates and identify any and all facility modifications that would be required to safely house a population that has an above average incidence of mobility limitations and serious health conditions. The suitability evaluation should include a detailed cost analysis and an estimated construction timeframe for those modifications to the existing facility necessary to provide an adequate number of infirmary and hospice beds for this population, as well as any security upgrades, infirmary improvements, medical equipment purchases, and accessibility modifications. The Department is directed to report to the Legislature by February 2019 on the cost and timeframe for remodeling and equipping OSPM, and on the estimated cost of operating the facility, including any extraordinary costs for medical staff, transportation, and other reasonably necessary resources for housing an elderly inmate population.

Criminal Justice Commission

The Subcommittee increased the Criminal Justice Commission's Federal Funds expenditure limitation by \$1,045,940 for two grants awards received in larger amounts than anticipated in the 2017-19 legislatively adopted budget. The awards supplement an existing program supporting Local Public Safety Coordinating Councils in rural Oregon counties and the state's Statistical Analysis Center program.

The Criminal Justice Commission's Other Funds expenditure limitation was increased by \$450,000 for implementation of a new case management system for Oregon's specialty courts. Revenues supporting the expenditure limitation are from asset forfeitures, statutorily dedicated to specialty courts.

Oregon Department of Justice

The Subcommittee approved an increase of \$53,241 Other Funds, \$159,723 Federal Funds, and 0.25 full-time equivalent for the Civil Enforcement Division's Medicaid Fraud Unit. The Unit is projecting a personal services budget shortfall and requested a temporary funding increase. The Subcommittee recommended a permanent resolution of the underlying budget issues with the upward reclassification of two Assistant Attorney General positions to Senior Assistant Attorney General, an upward reclassification of a Principal Executive Manager C to a D (Chief Investigator), and adding 0.25 FTE to an existing Legal Secretary position budgeted at 0.75 FTE.

The Subcommittee approved \$2.8 million Other Funds expenditure limitation for the Child Support Enforcement Automated System (CSEAS), which is to be financed with Article XI-Q bonds authorized in SB 5702. The Subcommittee also approved \$5.4 million Federal Funds expenditure limitation and an increase of 0.25 full-time equivalent. These are one-time costs. Other Funds expenditure limitation of \$56,463 was also added

for the cost of issuance of the bonds. The Subcommittee reduced General Fund Debt Service by \$23,047 to account for a delayed issuance in previously authorized bonding authority. The 2017-19 Article XI-Q bond authority for the project totals \$19.4 million, including \$19,026,170 for project costs and \$373,830 costs of issuance. General Fund Debt Service totals \$12.5 million.

Since 2010, the Oregon Department of Justice's Division of Child Support has been working on a multi-biennia plan to replace its current COBOL-based mainframe child support case management and financial system with a transfer or hybrid solution with custom development that will use some existing software from three states. CSEAS is expected to be completed by 2021 with an implementation cost estimated at \$137.3 million. Federal Funds will provide 66% of eligible program costs under Title IV-D of the federal Social Security Act for both development and ongoing operations and maintenance costs.

The project is within scope, on schedule, and within budget. The primary purpose of the additional bond authority is to safeguard the progress of the project should there be a major issue during User Acceptance Testing (UAT). UAT started in February of 2018 and continues through May of 2018. If by September 30, 2018 any of the additional bonding authority provided for UAT is unneeded, the unused portion is to be released for other statewide purposes. The project does, however, require the immediate expenditure of \$120,738 Other Funds and \$234,374 Federal Funds for contract change orders. The Department of Administrative Services is directed to unschedule \$2,637,799 Other Funds and \$5,164,513 Federal Funds, which may be rescheduled upon the approval of the Legislative Fiscal Office, but only if unanticipated UAT issues arise.

The bill includes an increase of \$185,916 General Fund and the establishment of one permanent full-time Assistant Attorney General (0.63 FTE) in the Criminal Justice Division for the prosecution of election fraud violations under ORS 260.345, which have increased over the course of the last several biennia. The 2019-21 cost totals \$293,381 General Fund.

The Subcommittee approved an increase of \$1.3 million Other Funds expenditure limitation and the establishment of four limited duration positions (2.68 FTE) in the General Counsel Division as one-time costs. The position cost is \$1 million and includes: one Assistant Attorney General position for Health and Human Services; one Assistant Attorney General position for Tax and Finance; one Assistant Attorney General position for Business Transactions; and one Senior Assistant Attorney General position for Government Services. The Division is experiencing higher caseload work related to: procurement, bonding, expended lottery offerings, litigation agreement implementation, legal sufficiency reviews, and agency administrative rules development. An additional \$258,252 was approved for administratively-authorized limited duration position costs that the agency incurred pending the approval of this request. The revenue to support this request will come from billings to state agencies, which will total \$1.9 million (\$574,288 above the limitation request to account for agency overhead costs).

Two technical adjustments were approved to the Civil Enforcement Division's General Fund appropriation. HB 5015 (2017) eliminated a \$3.2 million General Fund appropriation for enforcement of the Master Tobacco Settlement Agreement (MTSA) as the Department no longer requires the General Fund for defending the state's enforcement actions to the arbitration panel. A portion of the reduction included \$127,059

General Fund for standard inflation; however, HB 5006 (2017), as part of a statewide adjustment, also included a reduction of \$127,059 for inflation. The Subcommittee's action restores the inflation reduction to provide funding for civil rights enforcement.

The Subcommittee also approved a technical adjustment to transfer \$25,646 General Fund from the Appellate Division to the Civil Enforcement Division to correct for an Oregon Law reference error in HB 5006 (2017).

A technical adjustment to the Child Support Enforcement Automated System (CSEAS) information technology project was approved. The adjustment increases months on six existing positions by 3.17 FTE. This adjustment is self-financed by reducing budgeted services and supplies by \$708,017 and increasing personal services by a corresponding amount. This adjustment aligns budgeted indirect charges for the program with agency practice.

Oregon Military Department

The Subcommittee approved a one-time General Fund appropriation of \$260,724 to cover expenses incurred by the Oregon Military Department for services provided by the Oregon National Guard during and after the total solar eclipse on August 21^t, 2017.

The Other Funds expenditure limitation for the Community Support program was increased, on a one-time basis, by \$5,442,829 to reimburse wildland firefighting expenses incurred by the Oregon Military Department during the 2017 fire season.

The Subcommittee increased the agency's Federal Funds expenditure limitation by \$16,421,308 for lead dust abatement projects at eight armories located throughout Oregon.

Pending federal approval of the agency's proposed indirect cost allocation plan, the Subcommittee recommended \$1,590,544 General Fund be added to the Office of Emergency Management to cover 2017-19 administrative expenses that can no longer be charged to federal grants. The Subcommittee also approved the following budget note:

Budget Note:

The Oregon Military Department - Office of Emergency Management (OEM) is directed to assess and update OEM's processes, policies, and practices for internal control over grants management, separate from and in addition to any external financial or programmatic audits currently underway. The updated practices should align to the Internal Control-Integrated Framework as updated in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Military Department is to undertake immediate action to correct any identified deficiencies.

The Military Department is directed to submit a quarterly progress report to the Legislature at each meeting of the Emergency Board in 2018. The Military Department is directed to provide a final written report on the assessment and corresponding updated processes, policies, and procedures to the Joint Committee on Ways and Means during the 2019 legislative session, prior to consideration of the agency's budget for 2019-21.

Department of Public Safety Standards and Training

The Other Funds expenditure limitation for the Operations program was increased, on a one-time basis, by \$623,260 to reimburse the Department of Public Safety Standards and Training for expenses incurred for training and certifying Oregon National Guard members as wildland firefighters during the 2017 fire season.

The Subcommittee increased the Department of Public Safety Standards and Training's Other Funds expenditure limitation by \$400,000 to continue and expand mental health and crisis intervention training for first responders with funding from the Oregon Health Authority.

The Subcommittee increased the agency's Other Funds expenditure limitation by \$3,657,838, and authorized seven permanent positions (4.06 FTE) and six limited duration positions (3.48 FTE) to add five basic police classes and one basic corrections class to the agency's training calendar to meet demand during the 2017-19 biennium.

Department of State Police

The Subcommittee increased the agency's Other Funds expenditure limitation by \$12,770,000 for federally reimbursable expenses incurred during mobilizations coordinated by the State Fire Marshal during the 2017 fire season in Oregon. Additionally, the agency's General Fund appropriation was increased by \$3,255,945 to cover the portion of the Patrol Division's and State Fire Marshal's 2017 fire season expenses that are not eligible for federal reimbursement.

The Department of State Police is undertaking a significant rebalance of its resources between program units to better support the Patrol Division and to minimize the practice of holding trooper positions vacant. The Subcommittee approved \$2,975,558 General Fund and 25 positions (25.00 FTE) to resolve double-filled support positions. This action requires the agency to reduce its 2017-19 appropriation for services and supplies and capital outlay to fund \$1,737,202 of the total cost of these positions, which is \$4,712,760. It is the intention of the Legislature that the agency's services and supplies and capital outlay budgets be restored to current service levels for the 2019-21 budget.

The Subcommittee also approved a net-zero budget action to re-classify 49 positions per classification studies completed by the Department of Administrative Services, Chief Human Resources Office. Three studies reclassified five Automotive Technician 1 positions to Automotive Technician 2s, three Office Specialist 1 positions to Office Specialist 2s, fourteen Administrative Specialist 1 positions to Administrative Specialist 2s, twenty-five Office Specialist 2 positions to Administrative Specialist 1s, and two Office Coordinator positions to Administrative Specialist 1s.

Once implemented, these position actions and increased General Fund support will allow the agency to begin to fill trooper positions, with a recruit school class of fourteen troopers anticipated for October 2018, and an additional class of twenty troopers in January 2019.

TRANSPORTATION

Department of Aviation

Other Funds expenditure limitation for the Department of Aviation is increased by \$950,000 on a one-time basis to provide oversight and funding for three unmanned aircraft system test ranges in the state.

Department of Transportation

Other Funds expenditure limitation for the Oregon Department of Transportation (ODOT) is increased by \$117,530,107 to fund implementation of the Transportation Package of 2017 (HB 2017), and includes 179 positions (77.63 FTE).

Other Funds expenditure limitation for ODOT is increased by \$10,000 to implement SB 375 (2017) related to the posting of informational materials about human trafficking at roadside rest areas. This is a one-time adjustment supported by the Transportation Operating Fund.

The Other Funds expenditure limitation for the Local Government Program includes funds for highway safety improvements near the Kenton Line to aid enhanced safety related to trains, pedestrians, and vehicles.

HB 4038 B BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Manning Jr

Joint Committee On Ways and Means

Action Date: 03/02/18

Action: Do pass the B-Eng bill.

Senate Vote

Yeas: 11 - DeBoer, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward, Thomsen

Exc: 1 - Winters

House Vote

Yeas: 11 - Gomberg, Holvey, McLane, Nathanson, Noble, Rayfield, Smith G, Smith Warner, Stark, Whisnant, Williamson

Prepared By: Tom MacDonald, Department of Administrative Services

Reviewed By: Amanda Beitel, Legislative Fiscal Office

**Department of Veterans' Affairs
2017-19**

Budget Summary*

	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change From 2017-19 Leg. Adopted	
			\$ Change	% Change
Lottery Funds	\$ -	\$ 136,531	\$ 136,531	100.0%
Total	\$ -	\$ 136,531	\$ 136,531	100.0%

Position Summary

Authorized Positions	0	1	1
Full-time Equivalent (FTE) Positions	0.00	0.54	0.54

* Excludes Capital Construction Expenditures

Summary of Revenue Changes

House Bill 4038 increases Lottery Funds expenditure limitation, from the lottery moneys allocated from the Veterans’ Services Fund established under ORS 406.140, by \$136,531 in the Oregon Department of Veterans’ Affairs to establish a program to provide services to incarcerated veterans.

Summary of Capital Construction Subcommittee Action

House Bill 4038 includes several provisions related to services for veterans, impacting the Oregon Department of State Lands (DSL), the Oregon Department of Veterans’ Affairs (ODVA), and the Department of Corrections (DOC). First, the bill prohibits DSL from selling or destroying military medals and requires the Department to retain medals until a claim is filed by the rightful service member or by a descendant of a deceased service member. The bill authorizes the Department to deliver unclaimed military medals to certain custodians who agree to retain the military medal for the service member or a descendant of the service member.

The bill requires ODVA to study the progress of the establishment of the Roseburg Veterans’ Home and to report the findings to the Legislature no later than September 1, 2018. ODVA must also study potential sites for state and tribal veterans’ cemeteries and the feasibility of applying for a grant under the Veterans Cemetery Grants Program administered by the United States Department of Veterans Affairs.

Additionally, the bill requires ODVA to establish a program to provide services to incarcerated veterans. This program must do the following:

- 1) Conduct outreach to, and provide assistance for veterans during incarceration and post-release, and to the spouses and dependents of such veterans;
- 2) Provide assistance in applying for federal and state veterans' benefits they may be entitled to;
- 3) Provide assistance in applying for veterans' benefits and benefits available through other programs providing services and resources to incarcerated veterans and their families; and
- 4) Develop and distribute informational materials for incarcerated veterans regarding veteran's benefits and other benefit programs providing services and resources to incarcerated veterans.

The director of ODVA, in consultation with DOC, must appoint one or more veterans' service officers to carry out the requirements of the program.

The Subcommittee adopted amendments to provide Lottery Funds to ODVA for establishment of the incarcerated veterans' services program and to expand the definition of a disabled veteran for the purpose of receiving veterans' preference in public employment to include persons receiving service-connected disability compensation from the United States Department of Veterans Affairs.

Veterans' Services Programs

The Subcommittee approved increasing Lottery Funds expenditure limitation by \$136,531 to support ODVA's costs to establish the incarcerated veterans' services program in the 2017-19 biennium. ODVA anticipates the need for two permanent positions to implement and administer the program. One position will be dedicated to inmate intake; certifying adjustments to federal benefits while veterans are incarcerated; filing appeals for adjustments to veterans' discharge status; and coordinating placement for qualified veterans to mental health facilities, as necessary. The second position will focus on inmate release services to develop a release plan designed to help the individual reintegrate into the community; educate and assist veterans in claims management and filing/reinstating federal benefits; and liaise with veteran community service providers and county veteran service officers. ODVA currently has an existing position to provide services to incarcerated veterans as part of the program. ODVA anticipates the remaining workload to require a new full-time Program Analyst 2 position (0.54 FTE).

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Veterans' Affairs
 Tom MacDonald -- 503-586-6689

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SUBCOMMITTEE ADJUSTMENTS									
SCR 002 - Veterans' Services Program									
Personal Services	\$ -	\$ 94,953	\$ -	\$ -	\$ -	\$ -	\$ 94,953	1	0.54
Services and Supplies	\$ -	\$ 41,578	\$ -	\$ -	\$ -	\$ -	\$ 41,578		
TOTAL SUBCOMMITTEE ADJUSTMENTS	\$ -	\$ 136,531	\$ -	\$ -	\$ -	\$ -	\$ 136,531	1	0.54

SB 1566 B BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Taylor

Joint Committee On Ways and Means

Action Date: 03/02/18

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Senate Vote

Yeas: 10 - Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward, Thomsen

Nays: 1 - DeBoer

Exc: 1 - Winters

House Vote

Yeas: 11 - Gomberg, Holvey, McLane, Nathanson, Noble, Rayfield, Smith G, Smith Warner, Stark, Whisnant, Williamson

Prepared By: John Borden, Legislative Fiscal Office

Reviewed By: Theresa McHugh, Legislative Fiscal Office

Public Employees Retirement System

2017-19

Summary of Revenue Changes

Senate Bill 1566 establishes the Employer Incentive Fund, which retains interest earnings, and is continuously appropriated to the Public Employees Retirement Board (PERS). The fund is capitalized with 18%, or an estimated \$25 million, in one-time funding from SB 1529. The Employer Incentive Fund is abolished January 2, 2025, and any unexpended monies are to be transferred to the General Fund.

The measure also establishes the School Districts Unfunded Liability Fund, which also retains interest earnings and is continuously appropriated to the Public Employees Retirement Board. The fund is capitalized with 82%, or an estimated \$115 million, in one-time funding from SB 1529. Additional revenue transfers that may become available include the following:

- Excess proceeds, with limitation, from debt collection (repeals December 31, 2024)
- Excess proceeds, with limitation, from capital gains taxes (limited to calendar years 2019, 2021, and 2023)
- Excess proceeds, with limitation, from estate taxes (limited to calendar years 2019, 2021, 2023)
- Excess proceeds, with limitation, from interest on unclaimed property (repeals January 2, 2027)

The revenue impact from these four transfers is indeterminate at this time (*see Revenue Impact Statement*). These sources of revenue would ordinarily be considered General Fund available for general governmental purposes rather than dedicated to the specific use in the measure.

Summary of Capital Construction Subcommittee Action

This measure contains a number of provisions to address the Public Employee Retirement System (PERS) Unfunded Accrued Liability (UAL). This measure does **not** impact PERS member defined pension or defined contribution benefits, but does provide a new source of financing for member pension benefits. The measure makes no change to each employer's legal responsibility to make employer contributions or to fund their liabilities. UAL remains the financial responsibility of individual employers. The measure is effective on the 91st day after passage.

Employer Incentive Fund

The measure establishes an Employer Incentive Fund to be used for a one-time match program. The match rate is up to 25% of a PERS employer's contribution. Once matched, state funds would be transferred into a new or existing employer's side account at which time the state would relinquish all financial interest in the match. All PERS entities, including school districts, community colleges, and public universities, are eligible to participate in the matching funds program; however, in order to become eligible for matching funds, an employer must have an approved Unfunded Actuarial Liability Resolution plan, as discussed below.

The minimum contribution from the employer would be \$25,000 and the maximum would be up to five percent of an employer's UAL or \$300,000, whichever is greater. The employer must apply to reserve matching funds by no later than December 31, 2019, and the employer's lump sum payment must be made by July 1, 2023. An employer contribution may not be from borrowed funds. The initial round of applications

is limited to employers with UALs of more than 200% of their PERS-eligible payroll, then, after a 180-day period, the fund becomes open to all other employers up to the amount remaining in the Employer Incentive Fund. The amortization schedule for any new side account established will be determined under current administrative rule. When transferred to an employer's side account, the amount transferred will be counted as an asset for actuarial valuation purposes.

School Districts Unfunded Liability Fund

The measure establishes a School Districts Unfunded Liability Fund. The PERS Board is planning to transfer available funds into a newly created school districts pooled side account, at which time the state would relinquish financial interest in the funds. The PERS Board is to proportionately distribute, based upon administrative rule and an amortized basis, the pooled school district side account among all school districts as an offset to employer contribution rates. The pooled school districts side account will be counted as an asset for actuarial valuation purposes.

Unfunded Accrued Liability Resolution program

The measure creates in PERS an Unfunded Accrued Liability Resolution program. PERS shall establish this program to assist an employer in the development of a plan to improve the employer's funded status and to manage projected employer rate changes. Employer participation in the program is voluntary. The PERS Board shall set, by administrative rule, the minimum requirements for an employer plan, and shall provide technical expertise in the development of an employer's plan upon request by the employer. Expenses of the Board related to the program are authorized to be paid from the Employer Incentive Fund.

Side Account Lump Sum Payments

The measure allows an entity making a lump-sum payment into a side account of \$10 million or more to choose an amortization period of six years, 10-years, 16-years, or 20-years. The measure clarifies that such lump sum payments may only be funded with cash.

Unfunded Accrued Liability Impact

The system-wide UAL for calendar year 2016, the most current year available, is \$19.9 billion after taking into account \$5.4 billion in pre-paid employer side accounts. The funded status of the system is 75.4% funded, based on current PERS Board assumptions. The immediate addition of \$140 million in SB 1529 funds, and \$100 million of employer matching funds, would improve the system-wide funded status by \$240 million to 75.7% funded, excluding the indeterminate impact of the four other sources of revenue associated with the School Districts Unfunded Liability Fund. There is the assumption that the PERS Board will account for all assets in the Employer Incentive Fund and the School Districts Unfunded Liability Fund for actuarial valuations purposes once those funds are transferred to their respective side accounts.

Employer Rate Impact

The PERS Board will adopt employer contribution rates for the 2019-21 biennium in the fall of 2018 based on final earnings crediting for calendar years 2016 (+7.1%) and 2017 (+15.15%), as well as the PERS Board decision to lower the assumed rate from 7.5% to 7.2% per annum

beginning retroactively with the December 31, 2016 actuarial valuation. The Board's rate collaring policy will likely result in almost all employers seeing the maximum allowed increase in employer rates. The impact of the assets added by this measure, including SB 1529, to the PERS system will likely be insufficient to provide employer rate relief for the 2019-21 biennium or at best, if the funds are received in time to establish side accounts during the 2019-21 biennium, the result could be a modest rate reduction for those affected employers. Otherwise, the impact of a rate reduction would not occur until the 2021-23 biennium, which again is dependent upon available funding and an employer's establishment of a side account or contributions to an existing side account.

Reporting Requirements

The measure directs the State Treasurer to study the "feasibility and prudence" of borrowing moneys deposited by state agencies and other state entities into the Oregon Short Term Fund to generate higher rates of return sufficient to cover the cost of borrowing the funds and to make supplemental deposits to PERS to reduce the UAL. The study is to be completed by September 30, 2019.

PERS is to report no later than February 1 of each odd-numbered year to the Oregon Department of Administrative Services and the Legislative Fiscal Officer an estimate of how moneys in the School Districts Unfunded Liability Fund account will be distributed in the following biennium. PERS is to report during each regular session to the Joint Committee on Ways and Means on the status of the Employer Incentive Fund, School Districts Unfunded Liability Fund, and the Unfunded Accrued Liability Resolution program.

Expedited Legal Review

The measure provides for an expedited review by the Oregon Supreme Court. The Oregon Judicial Department may have costs beyond what is currently budgeted for the appointment of a Special Master, if an expedited judicial review is sought.

Administrative Costs

PERS may need to request additional Other Funds expenditure limitation and position authority from the Emergency Board or the Legislature in 2019 for administrative and reporting costs related to this measure. The measure allows PERS the ability to charge reasonable expenses to the Employer Incentive Fund and the School Districts Unfunded Liability Fund. The Department of Revenue, Department of State Lands, and the Department of Administrative Services are expected to have a minimal fiscal impact.

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2017-19

BUDGET HIGHLIGHTS UPDATE
(includes 2018 session actions)



Legislative Fiscal Office
March 2018

Department of State Lands

An increase in Federal Funds expenditure limitation in the amount of \$155,734 for the Department of State Lands (DSL) was approved for the expenditure of Wetland Program grant funds from the U.S. Environmental Protection Agency (EPA). The expenditure limitation increase included:

\$121,734 for five individual initiatives identified in the updated Oregon Wetland Program Plan.

\$25,000 for a supplemental Wetland Program Development Grant (WPDG) to contract with a third party to complete wetland functional assessments on existing wetland mitigation bank sites prior to the implementation of the Aquatic Resources Mitigation Program initiation in 2018.

\$9,000 for federal grant funds that were not expended in the prior biennium from the original 2015 EPA WPDG.

The Legislature included a one-time technical adjustment in the DSL Other Funds expenditure limitation of \$235,081 to carry-forward 2015-17 biennium unexpended grant funding from the University of Michigan for the South Slough National Estuarine Research Reserve. This limitation would have normally been reestablished in the agency's budget bill, but the actual unexpended amount was not known at the time of the bill's passage.

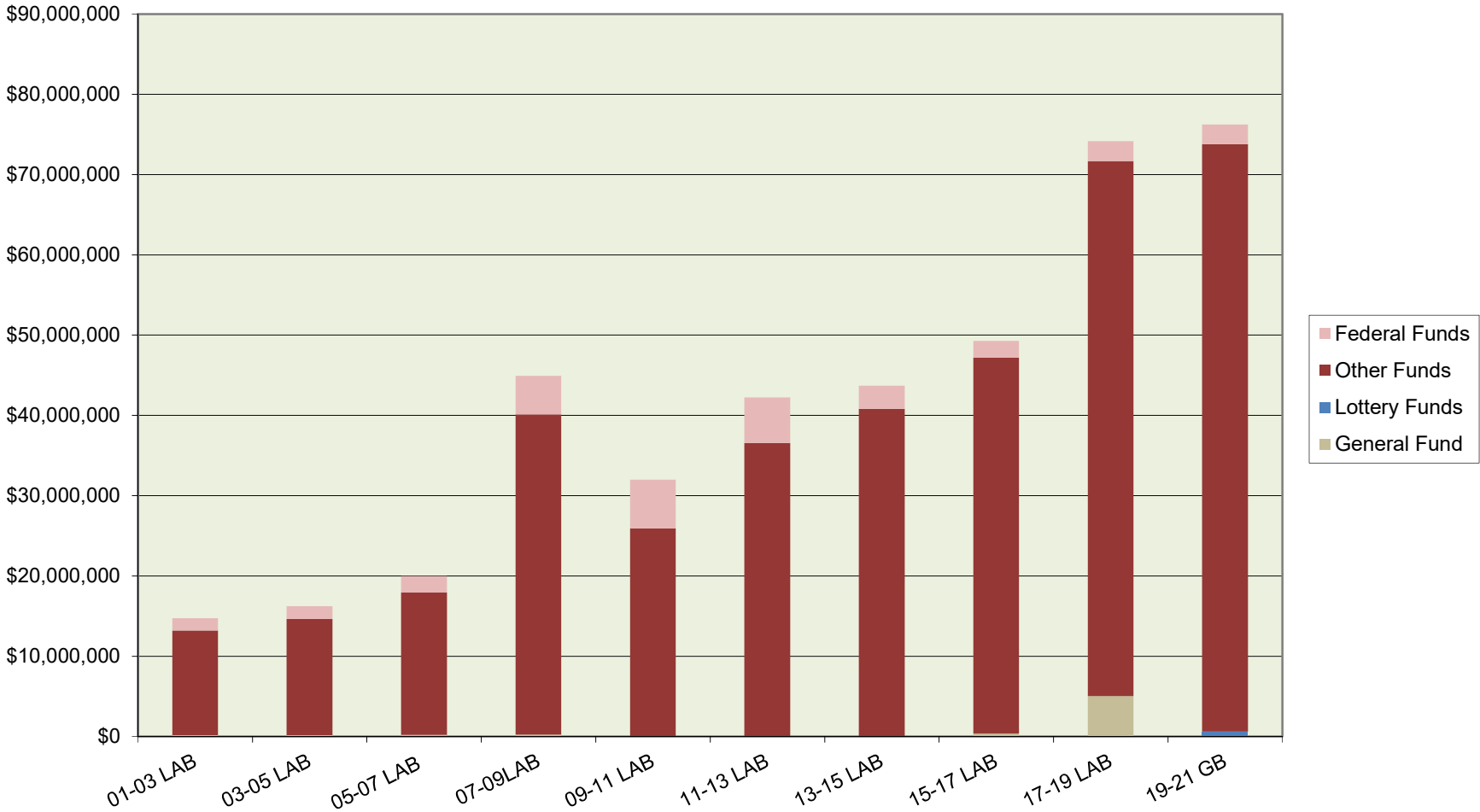
A one-time only expenditure limitation increase for DSL of \$7,244,215 Other Funds was approved by the Legislature for expenses associated with the cleanup efforts at the Goble, Oregon site on the Columbia River. The funding is for the costs of site security, inventory and disposal of solid waste and hazardous material, asbestos inventory and abatement, and dewatering and disposal of vessels and structures due to default by the former lessee of the site.

The Legislature approved a \$410,102 increase in the Other Funds expenditure limitation for DSL and authorized the establishment of a limited duration project manager position (0.67 FTE), the establishment of a permanent, full-time network architect position (0.67 FTE), and the upward reclassification of an existing information systems supervisor position to address the need to continue the planning for the replacement of its aging Land Administration System (LAS) through the end of the current biennium and ongoing management of its information technology systems.

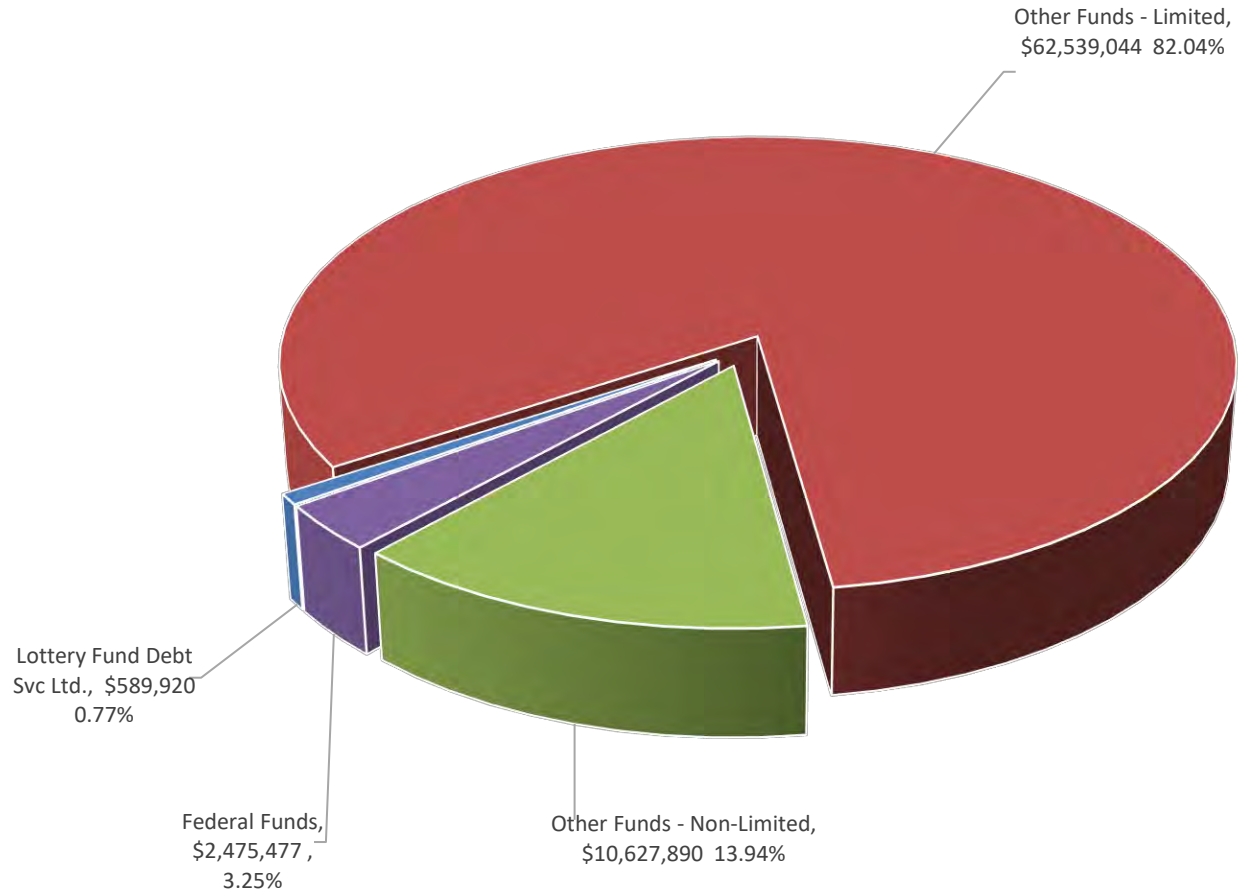
Budget adjustments for state employee compensation changes resulting from bargaining agreements and other compensation plan adjustments of \$621,679 Other Funds and \$48,996 Federal Funds were approved by the Legislature.

AGENCY SUMMARY

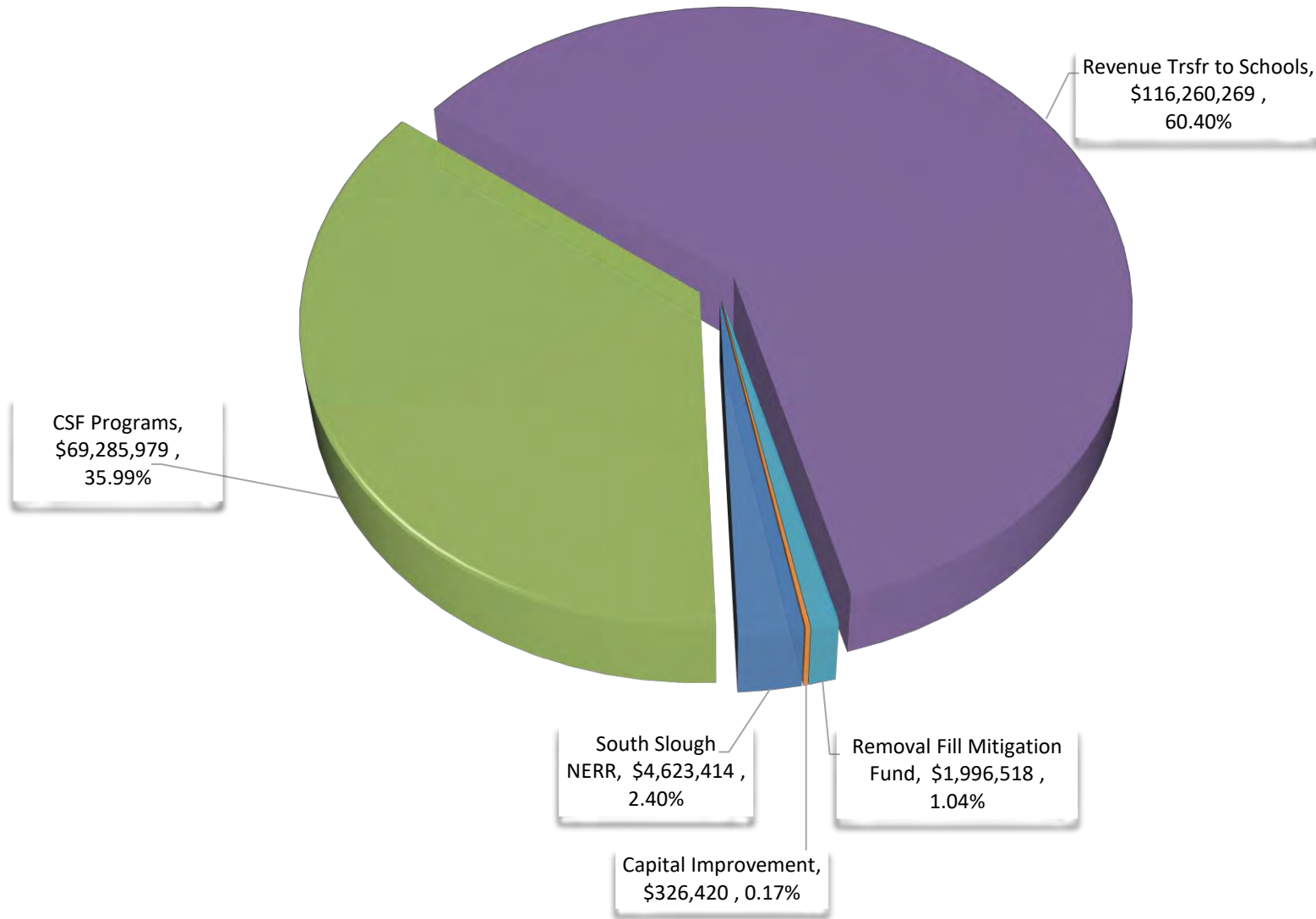
Department of State Lands Budget History -- Agency Wide



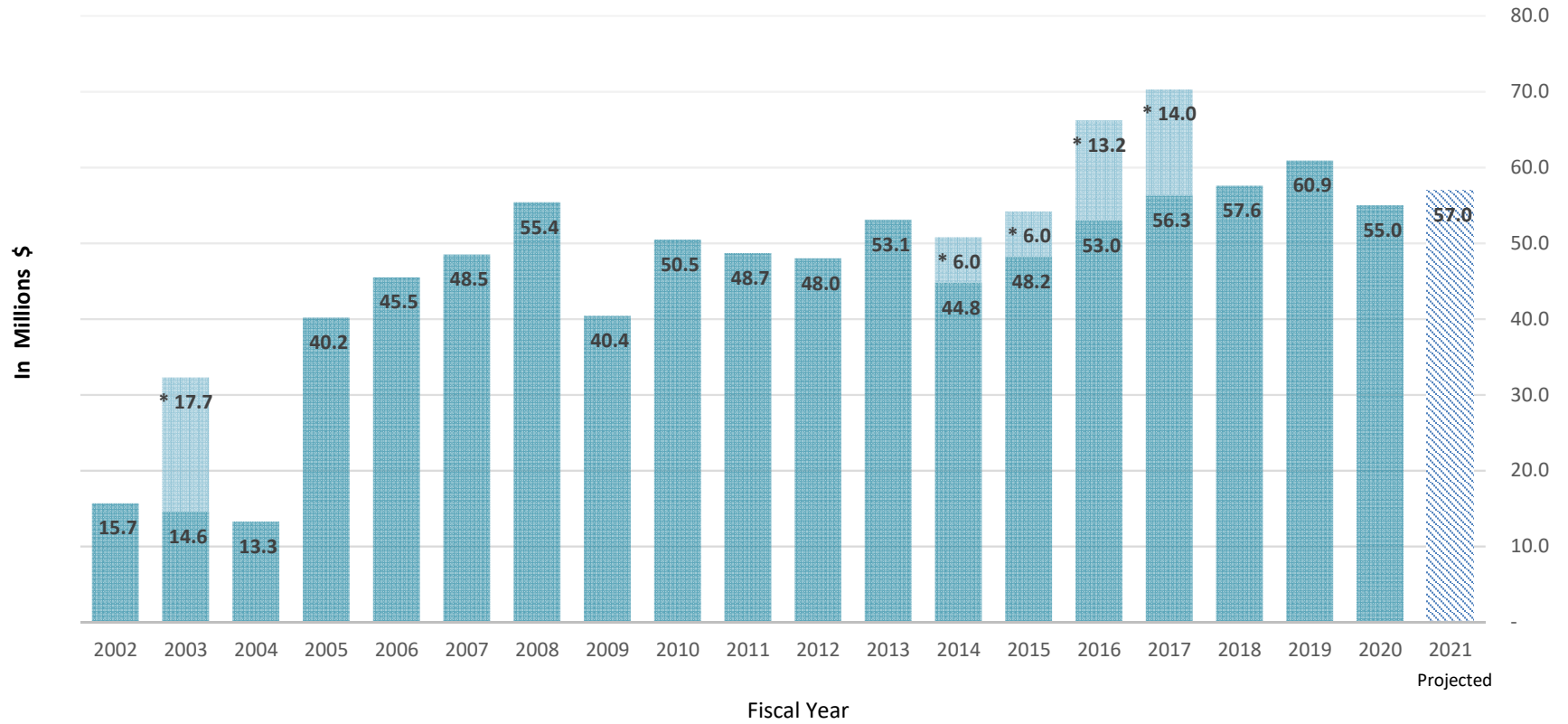
**DEPARTMENT OF STATE LANDS
EXPENDITURES BY FUND 2019-21
GOVERNOR'S BUDGET
(INCLUDING PACKAGES)**



DEPARTMENT OF STATE LANDS
EXPENDITURES: ALL FUNDS
2019-21 GOVERNOR'S BUDGET
(INCLUDING PACKAGES)



COMMON SCHOOL FUND DISTRIBUTION TO SCHOOLS



* A special one-time distribution of accumulated statutory revenues

BUDGET NARRATIVE

Oregon Department of State Lands Agency Summary

State Land Board

The Oregon Department of State Lands is the administrative arm of the State Land Board. Established by the Oregon Constitution in 1859, the Land Board has been composed of the Governor, Secretary of State and State Treasurer throughout its history. The Board is responsible for overseeing the state's Common School Fund for the purpose of funding public education. Real property management (state lands granted under the Oregon Admission Act), unclaimed property held in trust, and estates escheated to the state are programs under the authority of the Department that provide monies for the Common School Fund. The fund's earnings are used for semiannual distributions to public K-12 schools, and to pay for a portion of the operating expenses for agency administration.

Over time, the Oregon Legislature assigned various responsibilities to the agency, including administering the state's unclaimed property program (1957); protecting state wetlands and waterways by administering the removal-fill law (1967) and wetland conservation law (1989); and by serving as the state partner for the South Slough National Estuarine Research Reserve (1974).

Agency Mission and Statutory Authority

The mission of the Department of State Lands (DSL) is to ensure a Common School Fund legacy through sound management of our trust responsibilities and protection of waters of the state. The agency's authorities include:

General/Agency

Oregon Admission Act (Sections 1, 2 and 4)
Oregon Constitution (Article VIII, Sections 2, 4, 5 and 7)
ORS 273.006 – 551; 273.715 – 994: state lands generally
ORS 541.890 – 935: Oregon Plan for Salmon and Watersheds

Common School Fund

ORS 327.403 – 484

Real Property

ORS 270: real property
ORS 271: use of public lands
ORS 273.006 – 551; 273.715 – 994: state lands
ORS 517.420 – 440: mining leases

BUDGET NARRATIVE

ORS 530.110: revenues from forestlands
ORS 530.450 – 520: Common School Fund forestlands
ORS 758.010: authority to construct lines and facilities
ORS 777.347: consent for annexations

Trust Property

ORS 98: unclaimed property
ORS 703.401 – 470: truth verification and deception detection; investigators
ORS 111 – 116: probate law, intestate successions and wills, estate proceedings, estates administration
ORS 293.490: payment upon death, if estate not in probate

Aquatic Resources

ORS 196.795 – 990: removal-fill permits
ORS 196.600 – 692: wetlands protection
ORS 215.418: approval of development on wetlands
ORS 227.350: wetlands development
ORS 390.835: removals and fills in State Scenic Waterways
ORS 274: submersible and submerged lands
ORS 274.400 – 412: navigability of lakes and rivers
ORS 543: hydroelectric projects

South Slough National Estuarine Research Reserve

ORS 273.553 – 558

Oregon Administrative Rules

Chapter 141 contains the rules that govern the Department
Chapter 142 governs the South Slough National Estuarine Research Reserve

Agency Strategic Plan/Two-Year Plan

The **Department of State Lands' Strategic Plan** includes five goals to guide the work of the Land Board and Department:

- Goal 1:** Deliver consistent, timely and dependable public service in all of our interactions, and make it a priority to reach out to our customers to understand their needs.
- Goal 2:** Manage Common School Fund real property to meet trust obligations, consistent with the conservation of the resource under sound techniques of management.

BUDGET NARRATIVE

Goal 3: Serve as trustee for unclaimed property, and for estates with no will and no known heirs.

Goal 4: Protect Oregon’s waters through administering the state’s removal-fill and wetlands conservation laws, and protecting public trust values on state-owned waterways.

Goal 5: Provide leadership and administrative oversight in support of the South Slough National Estuarine Research Reserve’s mission to improve the understanding and stewardship of Pacific Northwest estuaries and coastal watersheds.

On an annual basis, each of the goals is measured against specific Key Performance Measures approved by the Oregon Legislature and tracked by DSL staff. In addition to the high-level goals described in DSL’s 2017-21 *Strategic Plan*, the agency has also developed detailed strategies and actions within the *Strategic Plan* that guide the biennial work of the staff.

Agency Program Descriptions

The Department of State Lands includes the following program areas: Director’s Office, Operations Division, Administration Division and the South Slough National Estuarine Research Reserve. The agency includes 116 positions/114.33 full-time equivalent (FTE) employees with a Total Funds budget of \$76,232,331 consisting of the following sources:

<u>Funding Source</u>	<u>Amount</u>
Lottery Funds Debt Service	589,920
Other Funds Capital Improvement	326,420
Other Funds – Non-limited	10,627,890
Other Funds – Limited	62,212,624
<u>Federal Funds</u>	<u>2,475,477</u>
Total Funds	\$ 76,232,331

The bulk of DSL’s funding is Other Funds generated by the agency’s program activities and Common School Fund investment returns. Some Federal Funds support Aquatic Resource Management program improvement work and South Slough operations and projects.

Program descriptions below are tied to the agency’s *Strategic Plan* goals. The Director’s Office and Administration Division–Business Operations and Support Services program descriptions appear at the end.

Goal 1 – Deliver consistent, timely and dependable public service (Agency-wide Goal)

Over the past several biennia, DSL has focused on improving both external and internal customer relations through a variety of means, including:

- Targeted electronic communications and public outreach
- Customer engagement initiatives, and measuring customer satisfaction biennially
- Improved web-based tools for staff and customers, including GIS and State Land Inventory resources
- Public online access to DSL permits and authorizations, as well as web-based application processes

BUDGET NARRATIVE

- Upgrading DSL’s database for permits and authorizations
- Streamlined accounting procedures, including electronic invoice approvals
- Public involvement through advisory committees for a variety of rulemaking efforts
- Special public outreach events for controversial projects, including permit applications for the proposed Jordan Cove LNG facility and pipeline, and the Elliott State Forest Public Ownership Project

Many of these projects include improved communications systems that have saved DSL money while allowing the public to interact more quickly and efficiently with the agency. In 2016, DSL migrated its website to a more user- and mobile-friendly format. DSL expects to offer more online services in the 2019-21 biennium and will continue to engage the public in its work.

In 2014, the agency launched a Business Process Mapping project focused on identifying and rectifying gaps and redundancies in removal-fill and waterways program procedures. The effort has grown to include work on agency customer relations and has incorporated focus groups with key stakeholders to gain insight into process improvements from the customer’s viewpoint. Website and other improvements have been and will continue to be made based on this customer input.

The agency conducts biennial customer service surveys to measure its customer satisfaction. The KPM target, established by the Department of Administrative Services, is 93 percent of DSL customers rating our services as excellent or good. The agency continues to make progress toward achieving that target, with 89 percent of 2016 survey respondents ranking services as good or excellent – an increase of more than 17 percent since 2007, the first year DSL conducted a customer survey.

Goal 2 – Manage Common School Fund real property to meet trust obligations (Operations Division – Real Property)

The Real Property Program oversees the management of about 1.5 million acres of trust lands, plus an additional 32,000 acres of various types of statutory uplands.

Real property managed by DSL

Forestlands	122,151 acres
Agricultural Lands	7,959 acres
Rangelands	619,957 acres
Industrial/Commercial/Residential	6,809 acres
Mineral and Energy Resources	767,092 acres
Special Stewardship Lands	13,166 acres

From DSL’s FY 2017 Annual Report on Common School Fund Real Property

Common School Fund real property – currently valued at an estimated \$544 million – is managed primarily to generate revenue for the Common School Fund. In FY 2017, these lands generated total net program revenues of \$1,069,660 for the Common School Fund. Expenses outpaced revenue on Common School forestlands by \$203,976.

BUDGET NARRATIVE

In 2014 and 2015, the Department worked with the State Land Board and gathered extensive public input to develop a solution for all trust lands within the Elliott State Forest. At their August 2015 meeting, the Land Board approved a Protocol to seek qualified plans for alternative ownership of this property. After one proposal was received, the Land Board voted to abandon the Protocol and directed DSL to seek alternative public ownership of the forest. Agency staff are currently overseeing a two-pronged approach to public ownership of the forest through contracted services: Oregon Consensus is conducting and analyzing stakeholder interviews related to decoupling the forest from the Common School Fund, and ICF Jones & Stokes is developing a new Habitat Conservation Plan (HCP). The draft HCP is anticipated to be delivered by January 2020 and will be followed by an approximately one-year National Environmental Policy Act (NEPA) process to complete the final HCP.

As directed by the 2012 *Real Estate Asset Management Plan*, the agency aims to rebalance the Common School Fund real property portfolio to “create investment capital through acquiring assets with high performance potential and strategically disposing of selected [lower-performing] assets.” The intent of this repositioning of real property assets is to generate anticipated returns of income and appreciation that are in excess of the ten-year average returns for the Common School Fund. The plan provides management direction for DSL’s various land classes and identifies performance measurement tools to monitor returns on those lands.

In FY 2017, land and mineral sales resulted in revenues totaling \$2,802,670 deposited into the land revolving account, a sub-account of the Common School Fund.

The Real Property Program is managed out of the agency’s Bend Field Office and is comprised of 17 positions/17.5 FTE. Executive Team oversight of this section is under the Deputy Director of the Operations Division who reports to the Director. Staff carry out all real property management activities related to implementation of the *Real Estate Asset Management Plan*. Gross revenues cover the costs of all property management activities (including land and mineral sales revenues), with excess revenues deposited into the Common School Fund.

Because of reduced forestry revenues, the Real Property Section does not expect to meet the two KPMs listed below:

- 36 percent of revenues used to cover administrative costs
- 3 percent annual increase in revenues from timber harvests

As stated in the *Real Estate Asset Management Plan*, DSL is directed to:

- Create a consistent and growing stream of revenue to increase annual distributions to schools
- Rebalance the portfolio and create reinvestment capital through acquiring assets with high performance potential and strategically disposing of selected assets
- Ensure that rates for leases and other authorizations are reviewed and set at market values
- Assure that proposed investment in existing real property assets will yield targeted returns on the investment

Additional actions will focus on:

- Improving efficiencies and effectiveness with real property management, and ensuring fair and timely decisions

BUDGET NARRATIVE

- Completing the Habitat Conservation Plan and decoupling of the trust lands within the Elliott State Forest
- Improving data collection and reporting on state-owned real property assets
- Preparing industrial, commercial, and residential properties for marketing and sale during the strong sellers' market

Funding Source: Other Funds

Goal 3 – Serve as trustee for unclaimed property, and for estates with no will and no known heirs (Administration Division – Trust Property)

Under Oregon's Unclaimed Property Act, DSL holds in custody property such as abandoned bank accounts, lost securities and uncashed checks. Holders of these funds – organizations, businesses and financial institutions – must remit them to DSL, generally after three years, if efforts to contact the owners have failed. Tangible personal property, primarily from abandoned safe deposit boxes, is held for at least one year and then publicly auctioned.

All unclaimed property, including the proceeds from auctions and the sale of stocks and mutual funds, are held in the Common School Fund. Currently more than \$600 million in the fund is unclaimed property held in trust. Earnings from this portion of the fund are used to pay for the administrative and operational costs of the program and are part of the twice-yearly distribution to schools. Unclaimed property is held forever for claim by owners and their heirs.

The Unclaimed Property Program includes 14 positions/14 FTE. In FY 2017, program staff received and recorded \$60.9 million in unclaimed financial assets and processed 14,599 claims totaling \$29.6 million. Trust Property staff continually work to improve electronic reporting processes for holders of unclaimed funds, and to connect owners with their unclaimed assets by actively searching for owners of amounts of \$250 or more.

The Department also administers estates for people who die without a will and without known heirs. DSL searches for heirs, inventories and protects estate assets, and processes estates as the personal representative. If no heirs are found after 10 years, the liquidated assets permanently escheat to the state and become part of the Common School Fund.

In FY 2017, two full-time estates staff handled 908 cases, an average of 17 per week. As of June 30, 2017, \$6.5 million was pending permanent escheat to the Common School Fund from estates. The program's administrative and operational costs are covered by estate administrative fees and earnings from the Common School Fund.

Both estates inquiries and unclaimed property claims have increased significantly in FY 2018, with turn-around times for basic claims pushing the statutory limit of 120 days. Both sections will strive to streamline outreach and training for their constituencies and increase compliance with Oregon's unclaimed property and estates laws in 2019-21. Streamlining administrative procedures also will continue to be a primary focus.

Funding Source: Other Funds

Goal 4 – Protect Oregon waters through administering the removal-fill and wetlands conservation laws, and protecting public trust values on state-owned waterways (Operations Division – Aquatic Resource Management)

BUDGET NARRATIVE

The Aquatic Resource Management program is organized around two focus areas: 1) Field Operations and 2) Planning and Policy development and implementation. Field Operations is organized into geographic teams to align with Regional Solutions Team areas. Each regional team includes the following functions: removal-fill permits, aquatic resource planning and waterway authorizations. The Planning and Policy unit houses specialists in aquatic resource mitigation, removal-fill policies, aquatic resource planning and proprietary waterway policies.

Removal-Fill Regulation: Staff implements Oregon’s removal-fill law, balancing wetland and waterway conservation and stewardship with private property rights and economic development. They assist landowners, consultants and others in obtaining permits for removal-fill activities in waterways, wetlands, the Pacific Ocean and other waters of the state, and monitor permits for compliance with permit conditions. Staff enforces the removal-fill law regarding violations of permit conditions and unauthorized activities. In FY 2017, DSL processed 385 permits and confirmed 73 new violations.

Over the past several biennia, DSL has made a concerted effort to improve permit application processes and help the public better understand permit decisions and requirements:

- The online *Removal-Fill Guide*, first published in 2011, provides easy-to-understand guidance on permits. Topics covered in the guide include pre-planning, wetland avoidance, wetland mitigation, working with DSL and exemptions.
- Targeted outreach has been a priority in the 2017-19 biennium, with an emphasis on reaching the agricultural community and local planners regarding wetland regulations and public resources to help identify wetlands.
- The agency actively participated in a Wetland Regulation Work Group sponsored by the House Agriculture and Natural Resources Committee.

Aquatic Resource Planning: DSL provides public information about wetlands and helps local governments with wetland inventories and planning. Staff help property owners determine when permits are needed and provide technical review of wetland delineations (maps) submitted to the agency for concurrence. Educational outreach efforts help Oregon work toward the statewide benchmark of “no net loss of wetlands” and also facilitate early identification and solutions for potential wetland constraints by local governments and development entities. Federal grants have recently supported development and refinement of the Oregon Rapid Wetland Assessment Protocol. In FY 2017, staff processed 270 delineation report reviews, 177 wetland determinations, and 601 wetland land use notices.

Mitigation Program: DSL’s two mitigation specialists oversee programs that offer mitigation options for permit holders who must replace lost wetland and waterway functions, including the wetland mitigation banking program and state and federal “in-lieu-fee” programs.

A mitigation bank is large-scale wetland and/or stream restoration project that may be used to provide mitigation for multiple development projects. State and federal regulatory and economic development agencies encourage banks because they can provide greater ecological benefits and are more efficient to manage than multiple smaller mitigation projects. Mitigation banks can be a profitable business venture where there is a suitable project site, skilled practitioners, and market demand. Sales of mitigation credits can be a source of funding to restore natural areas to be enjoyed by wildlife as well as nearby landowners.

There are currently 22 active mitigation banks in Oregon including: 15 private-sector banks, 7 public banks (5 operated by the Oregon Department of Transportation, 1 by the City of Eugene, and 1 by the City of Salem). There are five additional banks under development, including one in the Portland

BUDGET NARRATIVE

Harbor area intended to offset both historic and contemporary waterway impacts. The number and range of mitigation banks have grown continually since the program started in 1995, but there are still many locations in the state that are underserved either because no banks have been proposed, or because banks have sold all their credits and closed.

The state's in-lieu fee program generates revenue for the Oregon Removal-Fill Mitigation Fund to provide funds for wetland and waterways projects where no commercial mitigation bank exists. The federally approved In-Lieu-Fee Program is selling credits in the following areas of the state: Salmon River Estuary and mid-coast (Newport to Cascade Head); Tualatin River watershed; Wilson-Trask-Nestucca watershed; and Lower Columbia & Gearhart Plains.

One and a half of DSL's mitigation specialist FTEs are supported through removal-fill permit fees, enforcement revenue and Common School Fund statutory monies. The other .5 FTE is supported from the Removal-Fill Mitigation Fund.

Waterway Leasing and Authorizations: At statehood, Oregon was granted title to navigable waterways to preserve "public trust rights" (navigation, fishing, commerce and recreation) along these waterways – about 1.3 million acres total. DSL administers the waterway leasing program which issues leases, easements, registrations and other authorizations for structures on state submerged and submersible lands in navigable and tidally influenced waterways. The statutory revenue from waterways is used to fund statutory program expenses.

The Aquatic Resource Management program is comprised of 28 positions/26.5 FTE and is managed by the Deputy Director of the Operations Division who reports to the Director. Three managers – Planning and Policy Manager and two Field Operations Managers – oversee staff in each program area. The Field Operations Managers are assisted by regional team lead workers.

In 2019-21, the program expects to meet or exceed its Key Performance Measures which include the following targets. However, increased permit applications and wetlands land-use notices may present a challenge for meeting some of the targets:

- Average 60 days for permit decisions and wetland delineation reviews
- Resolve 50 percent of removal-fill violations and permit non-compliance issues annually
- Average 22 days for wetland land-use notice responses
- Obligate 100 percent of Mitigation Bank Fund monies within one year

Additional actions will focus on:

- Improving permit processes through implementing more online and customer-focused processes
- Ensuring fair, timely decisions
- Stepping up outreach and education efforts to increase wetland avoidance and compliance with wetland regulations
- Meeting the State's no-net-loss-of wetlands standard
- Providing leadership for local governments on wetland planning and conservation
- Increasing permit monitoring and compliance and violation enforcement

BUDGET NARRATIVE

- Providing technical assistance for Regional Solutions Teams and the Economic Recovery Review Council
- Improving data collection and reporting
- Improving and refining tools for aquatic resource functional assessment and evaluation

Funding Source: Other Funds (fees and Common School Fund); Federal Funds (wetland grants)

Goal 5 – Provide leadership and administrative oversight for the South Slough National Estuarine Research Reserve (Director’s Office; Business Operations and Support Services; South Slough)

DSL administers the Reserve near Coos Bay, which includes about 1,000 acres of open water and tidelands, plus 5,000 acres of uplands that include more than 4,500 forested acres. The Reserve was established in 1974 in partnership with the National Oceanic and Atmospheric Administration, and is one of 29 reserves nationwide managed for research, education and stewardship of estuarine ecosystems and coastal watersheds. The DSL director chairs the South Slough Management Commission. South Slough is comprised of 18 positions/17.00 FTE, including the manager. The Reserve also coordinates an active volunteer and internship program that provides valuable work experience opportunities, while increasing capacity for reserve projects and programs. About 40 percent of the operating and administrative costs are covered by federal grant funding, with the remaining 60 percent covered by Common School Fund investment earnings. Additional grant funds are regularly leveraged to fund facilities and projects.

Funding Source: Federal Funds and Other Funds

Director’s Office

The Director’s Office oversees administrative responsibilities for the State Land Board and directs the operation of DSL, under the Land Board’s purview. Responsibilities of the Director include making recommendations to the Land Board and Legislature; approving policies, plans and the agency budget; directing the agency’s legislative activities; directing the agency’s strategic planning process; and supervising the agency’s top management. The agency’s communications, human resources and policy functions are housed in the Director’s Office.

The Director serves as chair of the South Slough Management Commission and supervises the agency’s two Deputy Directors, the Executive Assistant/Secretary of the Land Board, the Communications Manager, the HR Manager and assistant, and the Senior Policy and Legislative Analyst. The internal auditing function is managed by the Director’s Office. The Director’s Office consists of 10 positions/10 FTE.

Funding Source: Other Funds

Administration Division - Business Operations and Support Services

The Administration Division – Business Operations and Support Services program is responsible for agency-wide support functions, as well as for oversight of DSL-managed funds and audits. The program also provides administrative support to the Land Use Board of Appeals.

The Deputy Director of Administration oversees budget, grants and contracts; fiscal services; information technology (including GIS support); administrative support services; agency rulemaking; DSL’s business continuity planning; and Key Performance Measures. The program consists of 29 positions/28.83 FTE.

BUDGET NARRATIVE

Funding Source: Other Funds

Environmental Factors

Impacts to revenues from the real property portfolio of the Common School Fund:

- Litigation related to protection of threatened and endangered species within the Elliott State Forest has severely curtailed timber harvests in the forest. Forestry expenses outpacing revenues is a situation that is not expected to change in the 2019-21 biennium and beyond, and is therefore the impetus for finding another public owner for the Elliott State Forest. Listed species (threatened and endangered) also have the potential to affect management decisions and development on other real property across the state.
- The expenses for maintaining real property assets – environmental cleanups, fire suppression, maintaining the headquarters building in Salem, rangeland improvements – all come from Common School Fund revenue; maintaining a sustainable expense-to-revenue ratio is critical and requires continual monitoring, evaluation and adaptive management.
- Unknown costs of the state’s liability in the Portland Harbor Superfund Site cleanup and Natural Resource Damage claims could affect the Common School Fund if those liabilities are allocated and settled. Currently the actual cleanup costs are projected to not be assigned until 2019 at the earliest. Defense preparation costs continue to be charged to the Common School Fund and are being covered by insurance.
- Selling carbon credits or other ecosystem services, as well as continued leases for alternative energy sites on Common School Fund real property, are potential future revenue sources.
- Users and customers of many DSL programs pay only a fraction of the cost of the important services provided by the agency. The balance of those costs are covered by Common School Fund investment earnings, which has the potential to affect the long-term growth of the fund and future distributions.

Common School Fund earnings:

- Stock market conditions affect the investment earnings of the fund, and ultimately distributions to schools.
- Long-term planning for sustaining Common School Fund distributions over time is critical.

Wetlands and waterways protection:

- Economic upturns could generate increased permit applications and wetland delineation concurrence requests. Without adequate staff, processing timelines and decision-making could be affected.
- Continued involvement in the Economic Recovery Review Council and priority projects for the Regional Solutions Teams will protect Oregon waters while facilitating economic development.

Unclaimed Property and Estates:

- A more mobile population can result in more unclaimed property, as well as challenges in locating owners. However, the Department has been successful in using more sophisticated tools and technology to find rightful owners and heirs.

BUDGET NARRATIVE

- More awareness of the program has sparked a significant increase in claims, thus pushing the turn-around time for simple claims up against the statutory deadline of 120 days.

South Slough National Estuarine Research Reserve:

- While federal funding has remained relatively stable over the years, current changes in federal priorities could affect the partnership between DSL and NOAA, placing greater strain on the Common School Fund.
- The valuable science and educational programs provided at the Reserve have some commonalities with Oregon's higher educational institutions with robust natural resource programming. DSL and South Slough management are currently in discussions with higher education and other entities to explore alternative partnerships and host-site models.
- Reserve staff continually seek outside funding sources to further support the work of the Reserve.

Agency Initiatives and Accomplishments

The Department of State Lands is comprised of diverse program areas, many of which touch on the Governor's 2019-21 priorities:

- We work with the State Land Board, Oregon Investment Council, Department of Education and education advocacy organizations to ensure sustainable management of and distributions from the Common School Fund to Oregon's 197 K-12 public school districts – *A Seamless System of Education*
- We administer regulatory and proprietary programs to preserve the important ecological functions of Oregon's wetlands and waterways, and protect public trust rights on navigable lakes, rivers and streams – *Responsible Environmental Stewardship*
- We continually strive to improve and streamline our regulatory processes and rules, and to involve the public in process improvement efforts – *A Thriving Oregon Economy; Excellence in State Government*

Many of the agency's current and future initiatives are focused on Oregon's environment, including:

- Continuing to explore the potential to sell carbon credits and other ecosystem services on Common School Fund lands (*KPM 3: increase in revenues from land management*)
- Seeking opportunities to develop alternative energy on Common School Fund lands (*KPM 3: increase in revenues from land management*)
- Investing in Common School Fund rangelands, including potential development of rangeland for irrigated agriculture where appropriate (*KPM 3: increase in revenues from land management*)
- Protecting wetlands and waterways while streamlining the permit process and improving public understanding of wetland regulations (*KPM 5: no net loss of wetlands and KPM 17: best practices*)
- Providing leadership for cleanup activities on state-owned waterways in the Portland Harbor (*KPM 17: best practices*)

Other initiatives focus more directly on increasing revenue for the Common School Fund:

- Finalizing the in-lieu lands process with the federal government to provide Oregon all acreage due the state since statehood (*KPM 3: increase in revenues from land management; KPM 17: best practices*)

BUDGET NARRATIVE

- Determining a sustainable, long-term public ownership model for Common School Fund lands within the Elliott State Forest (*KPM 2a: program revenue streams used to cover operational costs of forestlands*)
- Investing in improvements to real property assets and divesting of lower-performing property to increase revenue generation (*KPM 3: increase in revenues from land management*)

The following initiatives will provide better customer service, increased customer engagement or help reduce paperwork for DSL services:

- Offering electronic reporting for holders of unclaimed property (*KPM 12: increase amount of unclaimed property reported and KPM 13: customer service*)
- Implementing electronic processing for simple waterway registrations (*KPM 3: increase revenues from land management and KPM 13: customer service*)
- Implementing DSL's customer engagement guidelines for improved communications between customers and staff (*KPM 13: customer service*)

Agency Criteria for 2019-21 Budget Development

DSL developed this budget considering the Governor's planning priorities; Land Board policies; the agency's *Strategic Plan*; the *Real Estate Asset Management Plan*; Key Performance Measures; workload requirements; and emerging issues identified by staff and partners.

In addition, we considered the following basic themes related to the agency mission:

- Increase revenue production and receipts into the Common School Fund; protect Common School Fund assets for the long term
- Apply sound natural resource stewardship
- Act as fiduciary in protecting the public's unclaimed property and administering estates
- Incorporate sustainability practices in all agency actions and day-to-day operations
- Improve customer engagement and public service; streamline service delivery

And finally, we considered the following financial and administrative parameters:

- An estimated 20 percent of the agency operating budget is funded from the Common School Fund investment earnings; thus cost containment is a key component of stewardship of the Fund. Activities that result in less earnings going towards school funding must be carefully considered.
- There are no major new revenue sources under the agency's existing statutory authorities/constraints.
- Electronic file systems and more efficient processes will reduce costs and provide better service to our customers.

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Lands, Dept of State
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	111	109.33	65,420,766	5,000,000	-	47,925,059	2,261,458	10,234,249	-
2017-19 Emergency Boards	2	1.34	8,715,808	-	-	8,511,078	204,730	-	-
2017-19 Leg Approved Budget	113	110.67	74,136,574	5,000,000	-	56,436,137	2,466,188	10,234,249	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(7)	(5.17)	(392,458)	-	-	(321,407)	(71,051)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			589,920	-	589,920	-	-	-	-
Base Nonlimited Adjustment			393,641	-	-	-	-	393,641	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	106	105.50	74,727,677	5,000,000	589,920	56,114,730	2,395,137	10,627,890	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	338,125	-	-	338,125	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	70,809	-	-	61,655	9,154	-	-
Subtotal	-	-	408,934	-	-	399,780	9,154	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(18,093,158)	(5,000,000)	-	(12,889,281)	(203,877)	-	-
Subtotal	-	-	(18,093,158)	(5,000,000)	-	(12,889,281)	(203,877)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,587,743	-	-	1,562,873	24,870	-	-
State Gov't & Services Charges Increase/(Decrease)			282,951	-	-	282,951	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Lands, Dept of State
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	1,870,694	-	-	1,845,824	24,870	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	106	105.50	58,914,147	-	589,920	45,471,053	2,225,284	10,627,890	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Lands, Dept of State
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	106	105.50	58,914,147	-	589,920	45,471,053	2,225,284	10,627,890	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	106	105.50	58,914,147	-	589,920	45,471,053	2,225,284	10,627,890	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	1	0.83	5,281,463	-	-	5,281,463	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(285,623)	-	-	(285,623)	-	-	-
092 - Statewide AG Adjustment	-	-	(314,435)	-	-	(314,435)	-	-	-
101 - Portland Harbor Clean Up - Defense Expenses	1	1.00	6,772,077	-	-	6,772,077	-	-	-
102 - Waterway Insurance	-	-	-	-	-	-	-	-	-
103 - Systems Replacement Project (IT Project Manager)	1	1.00	506,934	-	-	506,934	-	-	-
104 - EPA Grant Carry Forward	-	-	113,193	-	-	-	113,193	-	-
105 - Elliott Forest Work	1	1.00	2,186,854	-	-	2,186,854	-	-	-
106 - Filled Lands Positions & Online Mapping Tool	2	2.00	682,746	-	-	682,746	-	-	-
107 - Project Manager for Procurements & Project Management	1	1.00	296,706	-	-	296,706	-	-	-
108 - South Slough Reserve - GIS/Data Management Position	1	0.50	102,239	-	-	102,239	-	-	-
109 - South Slough Reserve - Grant Carry-Forward	-	-	195,714	-	-	58,714	137,000	-	-
110 - Seasonal Education Position (South Slough Reserve)	1	0.50	76,228	-	-	76,228	-	-	-
111 - Oregon Ocean Science Trust	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Lands, Dept of State
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
113 - Unclaimed Property Claims Examiner	1	1.00	125,029	-	-	125,029	-	-	-
114 - Elliott State Forest Public Ownership Project	-	-	1,579,059	-	-	1,579,059	-	-	-
115 - Position Reclass	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	10	8.83	17,318,184	-	-	17,067,991	250,193	-	-
Total 2019-21 Governor's Budget	116	114.33	76,232,331	-	589,920	62,539,044	2,475,477	10,627,890	-
Percentage Change From 2017-19 Leg Approved Budget	2.65%	3.31%	2.83%	-100.00%	-	10.81%	0.38%	3.85%	-
Percentage Change From 2019-21 Current Service Level	9.43%	8.37%	29.40%	-	-	37.54%	11.24%	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Common School Fund
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	95	92.83	58,921,112	5,000,000	-	43,474,540	212,323	10,234,249	-
2017-19 Emergency Boards	2	1.34	8,363,843	-	-	8,208,109	155,734	-	-
2017-19 Leg Approved Budget	97	94.17	67,284,955	5,000,000	-	51,682,649	368,057	10,234,249	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(7)	(5.17)	(420,273)	-	-	(298,539)	(121,734)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			589,920	-	589,920	-	-	-	-
Base Nonlimited Adjustment			393,641	-	-	-	-	393,641	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	90	89.00	67,848,243	5,000,000	589,920	51,384,110	246,323	10,627,890	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	345,749	-	-	345,749	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	56,809	-	-	55,196	1,613	-	-
Subtotal	-	-	402,558	-	-	400,945	1,613	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(17,658,077)	(5,000,000)	-	(12,454,200)	(203,877)	-	-
Subtotal	-	-	(17,658,077)	(5,000,000)	-	(12,454,200)	(203,877)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,465,896	-	-	1,465,896	-	-	-
State Gov't & Services Charges Increase/(Decrease)			282,951	-	-	282,951	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Common School Fund
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	1,748,847	-	-	1,748,847	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	90	89.00	52,341,571	-	589,920	41,079,702	44,059	10,627,890	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
Common School Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-010-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	90	89.00	52,341,571	-	589,920	41,079,702	44,059	10,627,890	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	90	89.00	52,341,571	-	589,920	41,079,702	44,059	10,627,890	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	1	0.83	5,281,463	-	-	5,281,463	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(285,623)	-	-	(285,623)	-	-	-
092 - Statewide AG Adjustment	-	-	(314,030)	-	-	(314,030)	-	-	-
101 - Portland Harbor Clean Up - Defense Expenses	1	1.00	6,772,077	-	-	6,772,077	-	-	-
102 - Waterway Insurance	-	-	-	-	-	-	-	-	-
103 - Systems Replacement Project (IT Project Manager)	1	1.00	506,934	-	-	506,934	-	-	-
104 - EPA Grant Carry Forward	-	-	113,193	-	-	-	113,193	-	-
105 - Elliott Forest Work	1	1.00	2,186,854	-	-	2,186,854	-	-	-
106 - Filled Lands Positions & Online Mapping Tool	2	2.00	682,746	-	-	682,746	-	-	-
107 - Project Manager for Procurements & Project Management	1	1.00	296,706	-	-	296,706	-	-	-
108 - South Slough Reserve - GIS/Data Management Position	-	-	-	-	-	-	-	-	-
109 - South Slough Reserve - Grant Carry-Forward	-	-	-	-	-	-	-	-	-
110 - Seasonal Education Position (South Slough Reserve)	-	-	-	-	-	-	-	-	-
111 - Oregon Ocean Science Trust	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Common School Fund
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
113 - Unclaimed Property Claims Examiner	1	1.00	125,029	-	-	125,029	-	-	-
114 - Elliott State Forest Public Ownership Project	-	-	1,579,059	-	-	1,579,059	-	-	-
115 - Position Reclass	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	8	7.83	16,944,408	-	-	16,831,215	113,193	-	-
Total 2019-21 Governor's Budget	98	96.83	69,285,979	-	589,920	57,910,917	157,252	10,627,890	-
Percentage Change From 2017-19 Leg Approved Budget	1.03%	2.82%	2.97%	-100.00%	-	12.05%	-57.28%	3.85%	-
Percentage Change From 2019-21 Current Service Level	8.89%	8.80%	32.37%	-	-	40.97%	256.91%	-	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
Oregon Wetlands Revolving Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-013-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	0.50	1,910,274	-	-	1,910,274	-	-	-
2017-19 Emergency Boards	-	-	10,957	-	-	10,957	-	-	-
2017-19 Leg Approved Budget	-	0.50	1,921,231	-	-	1,921,231	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	6,339	-	-	6,339	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	0.50	1,927,570	-	-	1,927,570	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Non-PICS Personal Service Increase/(Decrease)	-	-	871	-	-	871	-	-	-
Subtotal	-	-	871	-	-	871	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	68,077	-	-	68,077	-	-	-
Subtotal	-	-	68,077	-	-	68,077	-	-	-
040 - Mandated Caseload									

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Oregon Wetlands Revolving Fund
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	0.50	1,996,518	-	-	1,996,518	-	-	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
Oregon Wetlands Revolving Fund
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-013-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	0.50	1,996,518	-	-	1,996,518	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	0.50	1,996,518	-	-	1,996,518	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Portland Harbor Clean Up - Defense Expenses	-	-	-	-	-	-	-	-	-
102 - Waterway Insurance	-	-	-	-	-	-	-	-	-
103 - Systems Replacement Project (IT Project Manager)	-	-	-	-	-	-	-	-	-
104 - EPA Grant Carry Forward	-	-	-	-	-	-	-	-	-
105 - Elliott Forest Work	-	-	-	-	-	-	-	-	-
106 - Filled Lands Positions & Online Mapping Tool	-	-	-	-	-	-	-	-	-
107 - Project Manager for Procurements & Project Management	-	-	-	-	-	-	-	-	-
108 - South Slough Reserve - GIS/Data Management Position	-	-	-	-	-	-	-	-	-
109 - South Slough Reserve - Grant Carry-Forward	-	-	-	-	-	-	-	-	-
110 - Seasonal Education Position (South Slough Reserve)	-	-	-	-	-	-	-	-	-
111 - Oregon Ocean Science Trust	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Oregon Wetlands Revolving Fund
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
113 - Unclaimed Property Claims Examiner	-	-	-	-	-	-	-	-	-
114 - Elliott State Forest Public Ownership Project	-	-	-	-	-	-	-	-	-
115 - Position Reclass	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	0.50	1,996,518	-	-	1,996,518	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	3.92%	-	-	3.92%	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
South Slough National Estuarine
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-030-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	16	16.00	4,074,910	-	-	2,025,775	2,049,135	-	-
2017-19 Emergency Boards	-	-	341,008	-	-	292,012	48,996	-	-
2017-19 Leg Approved Budget	16	16.00	4,415,918	-	-	2,317,787	2,098,131	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	21,476	-	-	(29,207)	50,683	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	16	16.00	4,437,394	-	-	2,288,580	2,148,814	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(7,624)	-	-	(7,624)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	13,129	-	-	5,588	7,541	-	-
Subtotal	-	-	5,505	-	-	(2,036)	7,541	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(235,081)	-	-	(235,081)	-	-	-
Subtotal	-	-	(235,081)	-	-	(235,081)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	41,820	-	-	16,950	24,870	-	-
Subtotal	-	-	41,820	-	-	16,950	24,870	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
 South Slough National Estuarine
 2019-21 Biennium

Governor's Budget
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	16	16.00	4,249,638	-	-	2,068,413	2,181,225	-	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
South Slough National Estuarine
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-030-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	16	16.00	4,249,638	-	-	2,068,413	2,181,225	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	16	16.00	4,249,638	-	-	2,068,413	2,181,225	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	(405)	-	-	(405)	-	-	-
101 - Portland Harbor Clean Up - Defense Expenses	-	-	-	-	-	-	-	-	-
102 - Waterway Insurance	-	-	-	-	-	-	-	-	-
103 - Systems Replacement Project (IT Project Manager)	-	-	-	-	-	-	-	-	-
104 - EPA Grant Carry Forward	-	-	-	-	-	-	-	-	-
105 - Elliott Forest Work	-	-	-	-	-	-	-	-	-
106 - Filled Lands Positions & Online Mapping Tool	-	-	-	-	-	-	-	-	-
107 - Project Manager for Procurements & Project Management	-	-	-	-	-	-	-	-	-
108 - South Slough Reserve - GIS/Data Management Position	1	0.50	102,239	-	-	102,239	-	-	-
109 - South Slough Reserve - Grant Carry-Forward	-	-	195,714	-	-	58,714	137,000	-	-
110 - Seasonal Education Position (South Slough Reserve)	1	0.50	76,228	-	-	76,228	-	-	-
111 - Oregon Ocean Science Trust	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
 South Slough National Estuarine
 2019-21 Biennium

Governor's Budget
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
113 - Unclaimed Property Claims Examiner	-	-	-	-	-	-	-	-	-
114 - Elliott State Forest Public Ownership Project	-	-	-	-	-	-	-	-	-
115 - Position Reclass	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	2	1.00	373,776	-	-	236,776	137,000	-	-
Total 2019-21 Governor's Budget	18	17.00	4,623,414	-	-	2,305,189	2,318,225	-	-
Percentage Change From 2017-19 Leg Approved Budget	12.50%	6.25%	4.70%	-	-	-0.54%	10.49%	-	-
Percentage Change From 2019-21 Current Service Level	12.50%	6.25%	8.80%	-	-	11.45%	6.28%	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
 Capital Improvements
 2019-21 Biennium

Governor's Budget
 Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2017-19 Leg Adopted Budget	-	-	514,470	-	-	514,470	-	-	-
2017-19 Emergency Boards	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	514,470	-	-	514,470	-	-	-
2019-21 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2019-21 Base Budget	-	-	514,470	-	-	514,470	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Non-PICS Personal Service Increase/(Decrease)	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(200,000)	-	-	(200,000)	-	-	-
Subtotal	-	-	(200,000)	-	-	(200,000)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	11,950	-	-	11,950	-	-	-
Subtotal	-	-	11,950	-	-	11,950	-	-	-
040 - Mandated Caseload									

Summary of 2019-21 Biennium Budget

Lands, Dept of State
Capital Improvements
2019-21 Biennium

Governor's Budget
Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2019-21 Current Service Level	-	-	326,420	-	-	326,420	-	-	-

Summary of 2019-21 Biennium Budget

**Lands, Dept of State
Capital Improvements
2019-21 Biennium**

**Governor's Budget
Cross Reference Number: 14100-088-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2019-21 Current Service Level	-	-	326,420	-	-	326,420	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2019-21 Current Service Level	-	-	326,420	-	-	326,420	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	-	-	-	-	-	-	-
092 - Statewide AG Adjustment	-	-	-	-	-	-	-	-	-
101 - Portland Harbor Clean Up - Defense Expenses	-	-	-	-	-	-	-	-	-
102 - Waterway Insurance	-	-	-	-	-	-	-	-	-
103 - Systems Replacement Project (IT Project Manager)	-	-	-	-	-	-	-	-	-
104 - EPA Grant Carry Forward	-	-	-	-	-	-	-	-	-
105 - Elliott Forest Work	-	-	-	-	-	-	-	-	-
106 - Filled Lands Positions & Online Mapping Tool	-	-	-	-	-	-	-	-	-
107 - Project Manager for Procurements & Project Management	-	-	-	-	-	-	-	-	-
108 - South Slough Reserve - GIS/Data Management Position	-	-	-	-	-	-	-	-	-
109 - South Slough Reserve - Grant Carry-Forward	-	-	-	-	-	-	-	-	-
110 - Seasonal Education Position (South Slough Reserve)	-	-	-	-	-	-	-	-	-
111 - Oregon Ocean Science Trust	-	-	-	-	-	-	-	-	-

Summary of 2019-21 Biennium Budget

Lands, Dept of State
 Capital Improvements
 2019-21 Biennium

Governor's Budget
 Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
113 - Unclaimed Property Claims Examiner	-	-	-	-	-	-	-	-	-
114 - Elliott State Forest Public Ownership Project	-	-	-	-	-	-	-	-	-
115 - Position Reclass	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2019-21 Governor's Budget	-	-	326,420	-	-	326,420	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-36.55%	-	-	-36.55%	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-	-	-	-	-	-	-

Agencywide Program Unit Summary
2019-21 Biennium

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
010-00-00-00000	Common School Fund						
	General Fund	242,904	5,000,000	5,000,000	1,000,000	-	-
	Lottery Funds	-	-	-	589,920	589,920	-
	Other Funds	42,056,402	53,708,789	61,916,898	65,076,393	68,538,807	-
	Federal Funds	176,682	212,323	368,057	157,252	157,252	-
	All Funds	42,475,988	58,921,112	67,284,955	66,823,565	69,285,979	-
013-00-00-00000	Oregon Wetlands Revolving Fund						
	Other Funds	-	1,910,274	1,921,231	1,996,518	1,996,518	-
030-00-00-00000	South Slough National Estuarine						
	Other Funds	2,444,459	2,025,775	2,317,787	2,267,480	2,305,189	-
	Federal Funds	1,364,604	2,049,135	2,098,131	2,318,225	2,318,225	-
	All Funds	3,809,063	4,074,910	4,415,918	4,585,705	4,623,414	-
088-00-00-00000	Capital Improvements						
	Other Funds	962,468	514,470	514,470	326,420	326,420	-
TOTAL AGENCY							
	General Fund	242,904	5,000,000	5,000,000	1,000,000	-	-
	Lottery Funds	-	-	-	589,920	589,920	-
	Other Funds	45,463,329	58,159,308	66,670,386	69,666,811	73,166,934	-
	Federal Funds	1,541,286	2,261,458	2,466,188	2,475,477	2,475,477	-

**Agencywide Program Unit Summary
2019-21 Biennium**

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
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TOTAL AGENCY

All Funds	47,247,519	65,420,766	74,136,574	73,732,208	76,232,331	-
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Program Prioritization for 2019-21

Agency Name: DEPARTMENT OF STATE LANDS																				Agency Number: 14100	
2019-21 Biennium																				Program 1	
Program/Division Priorities for 19-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
1	1	DSL	Proprietary Resource Management	Manages CSF land holdings to produce revenue for the Common School Fund. Earnings provide distribution twice annually to Oregon's K-12 Public Schools. In accordance with AG Opinions in 1991, 2002, and 2003 all expenses of managing land are constitutional.	14100-1, 14100-2a & 2b, 14100-3, 14100-4, 14100-13	6		6,831,396	719,323			\$ 7,550,719	13	13.50	N		C	Oregon Admissions Act Sections 1, 2 & 4; Oregon Constitution Article VIII, Sections 2, 4, 5 & 7; ORS 327.403-484, ORS 273, ORS 274, ORS 530	The Oregon Constitution Article VIII, Section 5.(2) requires the Land Board to manage lands under its jurisdiction in such a manner as to obtain the best benefit for the people of the state.		
1	2	DSL	Escheatable Estates	Oversees the estates of people who die without a will and without known heirs. After due diligence is performed, property may escheat to the Common School Fund for the benefit of Oregon K-12 Schools.	14100-1, 14100-2b, 14100-13	3		446,649				\$ 446,649	2	2.00	N		C	Oregon Constitution, Article VIII, ORS 111-116	Escheats are a Common School Fund revenue source specifically identified in the Constitution.		
1	3	DSL	Unclaimed Property	Collects and holds in trust abandoned funds, such as bank accounts, lost securities and uncashed checks. Holders submit funds to DSL after efforts to find the owner fails. The agency seeks to reunite the funds with the proper owner. Interest earned from the holdings become part of the school distribution according to established policy.	14100-1, 14100-2b, 14100-12, 14100-13	3		2,799,140	1,182,059			\$ 3,981,199	11	11.00	N		S	ORS 98.			
1	4	DSL	Regulatory Resource Management	Oversees the fill and removal of material from Oregon streams, lakes, estuaries, and wetlands. Protects waters of the state from uncontrolled alteration.	14100-1, 14100-2b, 14100-5, 14100-6, 14100-7, 14100-8, 14100-13, 14100-14	9		18,097,012		44,059		\$ 18,141,071	22	21.00	N		S	ORS 196.600-.692			
1	5	DSL	Wetland Technical Assistance	Provides assistance to property owners, developers, and government agencies in complying with Oregon's wetlands laws. Aides in expediting land development processes. Provides review and concurrence of wetland delineations.	14100-1, 14100-2b, 14100-9, 14100-10, 14100-11, 14100-13	9		1,128,096				\$ 1,128,096	5	4.50	N		S	ORS 215.418, ORS 227.350			

PROGRAM PRIORITIZATION FOR 2019-21

Agency Name: DEPARTMENT OF STATE LANDS																					
2019-21 Biennium																			Agency Number: 14100		
Program 2																					
Program/Division Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
2	1	DSL	Capital Improvements	Protection of Common School Fund real property assets to optimize return on those assets.	14100-1, 14100-2b, 14100-3, 14100-4	6		326,420				\$ 326,420	0	0.00	N	Y	C	327.403-484			
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ 326,420	0	0.00							

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

PROGRAM PRIORITIZATION FOR 2019-21

Agency Name: DEPARTMENT OF STATE LANDS																					
2019-21 Biennium																			Agency Number: 14100		
Program 3 - South Slough National Estuarine Research Reserve																					
Program/Division Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
3	1	DSL	South Slough National Estuarine Research Reserve	SSNERR provides educational, stewardship and research opportunities for coastal watersheds and other ocean issues/resources.	14100-13, 14100-15, 14100-16			2,068,413		2,181,225		\$ 4,249,638	16	16.00	N	Y	S	ORS 273.553-558			
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
								2,068,413		2,181,225		\$ 4,249,638	16	16.00							

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

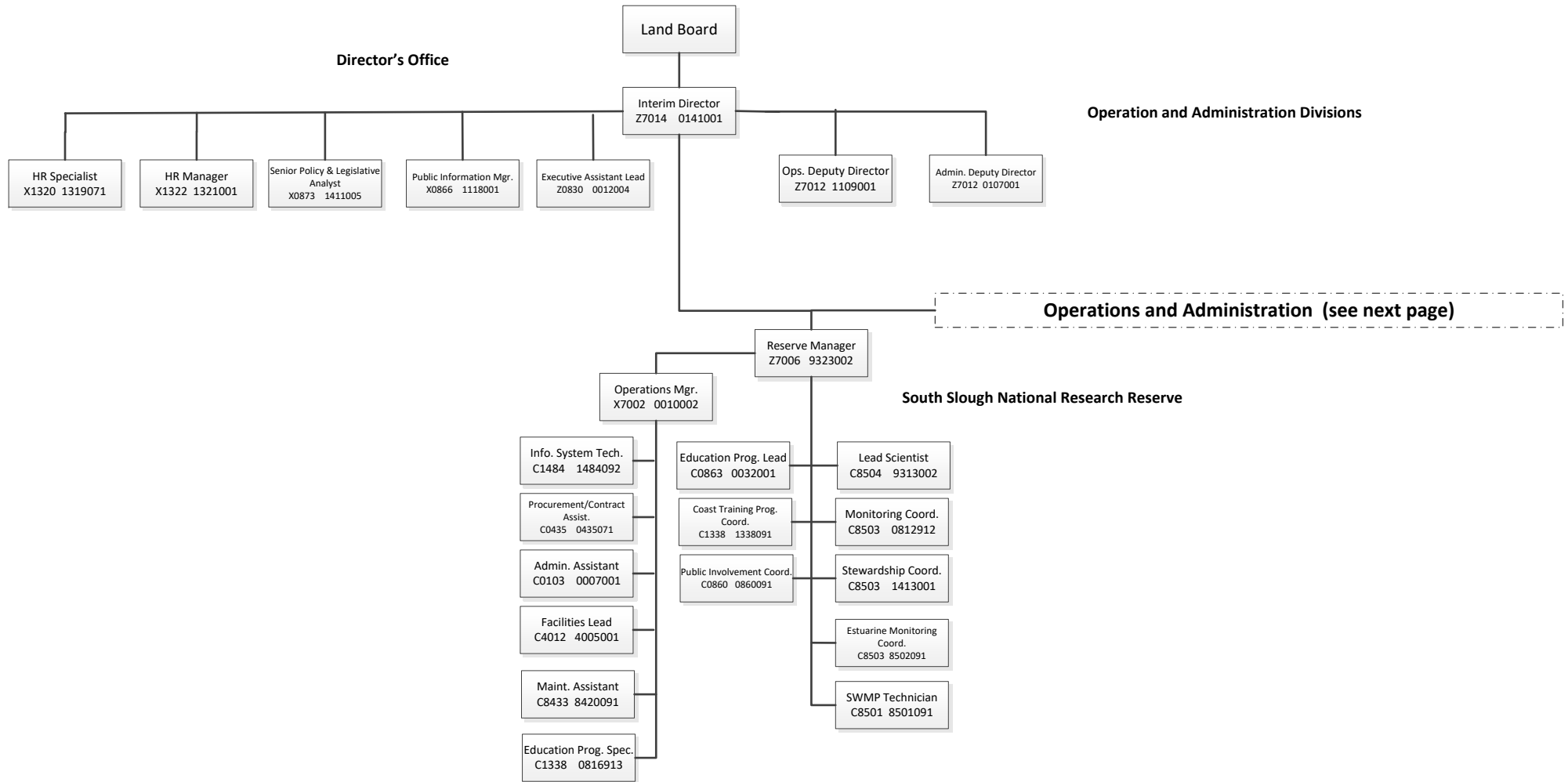
10% REDUCTION OPTIONS (ORS 291.216)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)	(DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2019-21 AND 2021-23)	(\$GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)	(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)
1. South Slough Natural Estuarine Research Reserve	<p>THIS PROPOSAL WOULD:</p> <ul style="list-style-type: none"> • LIMIT ABILITY TO APPLY FOR, RECEIVE AND EXPEND FF MONIES THAT SUPPORT THE MISSION OF THE RESERVE • COMPROMISE ABILITY TO MEET PERFORMANCE STANDARDS REQUIRED BY FEDERAL GRANTS. LIKELY TO RESULT IN REDUCING AVAILABLE FEDERAL FUNDS. • LIMITS ABILITY TO APPLY FOR, RECEIVE AND EXPEND GRANT MONIES THAT SUPPORT THE MISSION OF THE RESERVE <p>REDUCES AVAILABILITY OF OTHER FUND GRANT MONIES USED AS MATCH TO LEVERAGE FEDERAL FUND GRANT AWARDS</p>	<p>\$207,341 PROFESSIONAL SERVICES \$10,000 TELECOMMUNICATIONS \$26,000 OFFICE EXPENSES \$15,000 TRAINING \$25,000 OTHER S&S \$25,000 TRAVEL \$10,000 DATA PROCESSING \$1,000 PUBLICATIONS \$6,000 RECRUITMENT \$38,230 EXPENDABLE PROPERTY \$30,000 FACMAINTENANCE \$15,000 FUEL & UTILITIES \$50,000 CAPITAL OUTLAY</p> <p>TOTAL FUNDS: \$458,571 \$226,748 OF (DERIVED FROM OTHER FUND GRANTS AND INTRAGENCY TRANSFERS) \$231,823 FF (DERIVED FROM FEDERAL GRANTS)</p>	RANK 1 – THIS REDUCTION MINIMIZES IMPACTS TO THE AGENCY’S ABILITY TO MEET ITS CONSTITUTIONAL DUTIES, WHILE CONTINUING TO PROVIDE SERVICES AT A REDUCED LEVEL AT SOUTH SLOUGH.
2. Removal Fill Mitigation Fund	THIS PROPOSAL WOULD: LIMIT THE ABILITY TO FUND MITIGATION PROJECTS	\$199,652 OF – DERIVED FROM THE WETLANDS MITIGATION FUND	RANK 2 – THIS REDUCTION WOULD DELAY OR MINIMIZE THE ABILITY TO FUND REQUIRED MITIGATION PROJECTS.
3. Capital Improvement & Maintenance	<p>THIS REDUCTION WOULD:</p> <ul style="list-style-type: none"> • DELAY BUILDING AND FACILITY REPAIRS & MAINTENANCE THAT WILL RESULT IN LARGER EXPENSES IN THE FUTURE. • LIMIT ABILITY TO FULFILL AGENCY TRUST LAND 	\$32,642 OF- DERIVED FROM FEES AND INTEREST EARNINGS)	RANK 3 – THIS REDUCTION IS LIKELY TO RESULT IN HIGHER COSTS IN FUTURE BIENNIA.

10% REDUCTION OPTIONS (ORS 291.216)

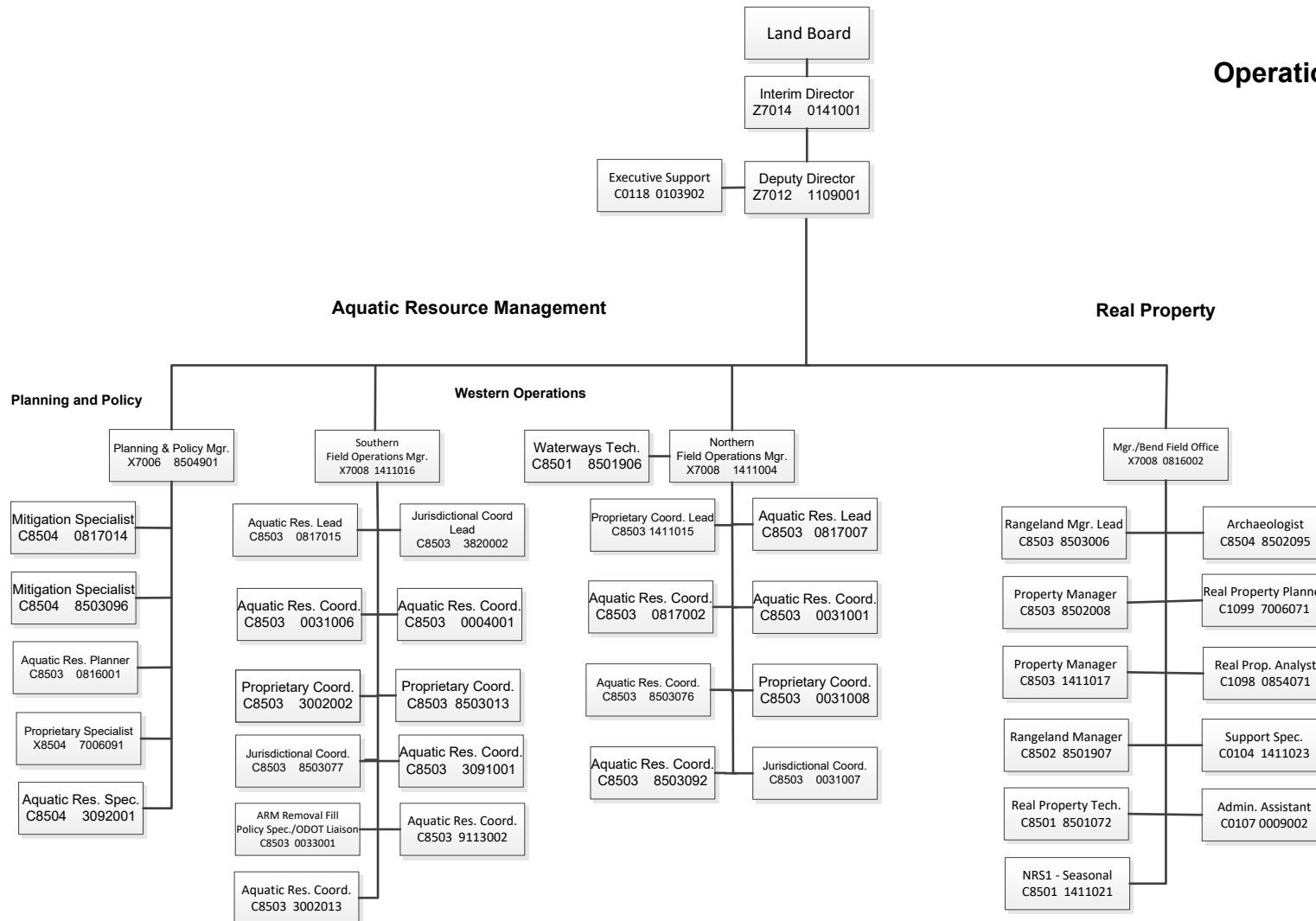
	RESPONSIBILITIES ON OTHER PROPERTIES.		
4. CSF – Eliminate Wetland Technical Assistance program	<p>IMPACT OF THIS CUT WOULD:</p> <ul style="list-style-type: none"> • ABOLISH 9 POSITIONS (8.5 FTE) AND THE ASSOCIATED S&S • ELIMINATE THE REVIEW AND APPROVAL OF WETLAND DELINEATION REPORTS • REMOVE OVERSIGHT OF JURISDICTIONAL DETERMINATIONS AND MONITORING OF REPORTS • COMPROMISE THE ABILITY TO MEASURE THE STATUS OF THE OREGON BENCHMARK OF “NO-NET LOSS OF WETLANDS” • LIMIT THE DEPARTMENT’S ABILITY TO REVIEW AND RESPOND TO WETLAND LAND USE NOTICES FROM LOCAL GOVERNMENTS • HINDER PROGRESS ON ECONOMIC DEVELOPMENT PROJECTS THAT REQUIRE DEPARTMENT PERMITS 	<p>\$51,000 TRAVEL \$10,200 TRAINING \$42,406 OFFICE EXPENSES \$51,000 TELECOMMUNICATIONS \$30,600 PUBLICITY & PUBLICATIONS \$72,420 PROFESSIONAL SERVICES \$402,907 ATTORNEY GENERAL \$3,325 RECRUITMENT \$950 DUES/SUBSCRIPTIONS \$10,000 EXPENDABLE PROPERTY \$64,500 OTHER S&S \$15,250 FURNITURE/FIXTURES</p> <p>\$1,803,746 PERSONAL SERVICES</p> <p>\$2,558,304 (OF- DERIVED FROM FEES AND INTEREST EARNINGS)</p>	<p>RANK 4 – THIS REDUCTION WOULD SEVERELY LIMIT THE AGENCY’S ABILITY TO PROVIDE PROFESSIONAL AND TIMELY REVIEW AND MONITORING OF WETLAND DETERMINATION, PROTECTION, AND PLANNING FOR THE STATE OF OREGON.</p>
5. CSF – Reduce Derelict Vessel Clean-up Efforts on Columbia River outside of Portland Harbor	<ul style="list-style-type: none"> • GREATLY REDUCE ENVIRONMENTAL CLEAN-UP EFFORTS OF POLLUTION AND HAZARDOUS MATERIALS FROM PROPRIETARY WATERWAYS 	<p>\$3,649,053 PROFESSIONAL SERVICES \$475,000 ATTORNEY GENERAL</p> <p>\$4,124,053 (OF- DERIVED FROM FEES AND INTEREST EARNINGS)</p>	<p>RANK 5 – THIS REDUCTION WOULD SEVERELY LIMIT THE AGENCY’S ABILITY TO PROVIDE HEALTHY AND POLLUTION FREE HABITAT FOR FISH, WILDLIFE AND RECREATIONAL ACTIVITIES ON OREGON’S PROPRIETARY WATERWAYS</p>

DEPARTMENT OF STATE LANDS: AGENCY WIDE 2017-2019



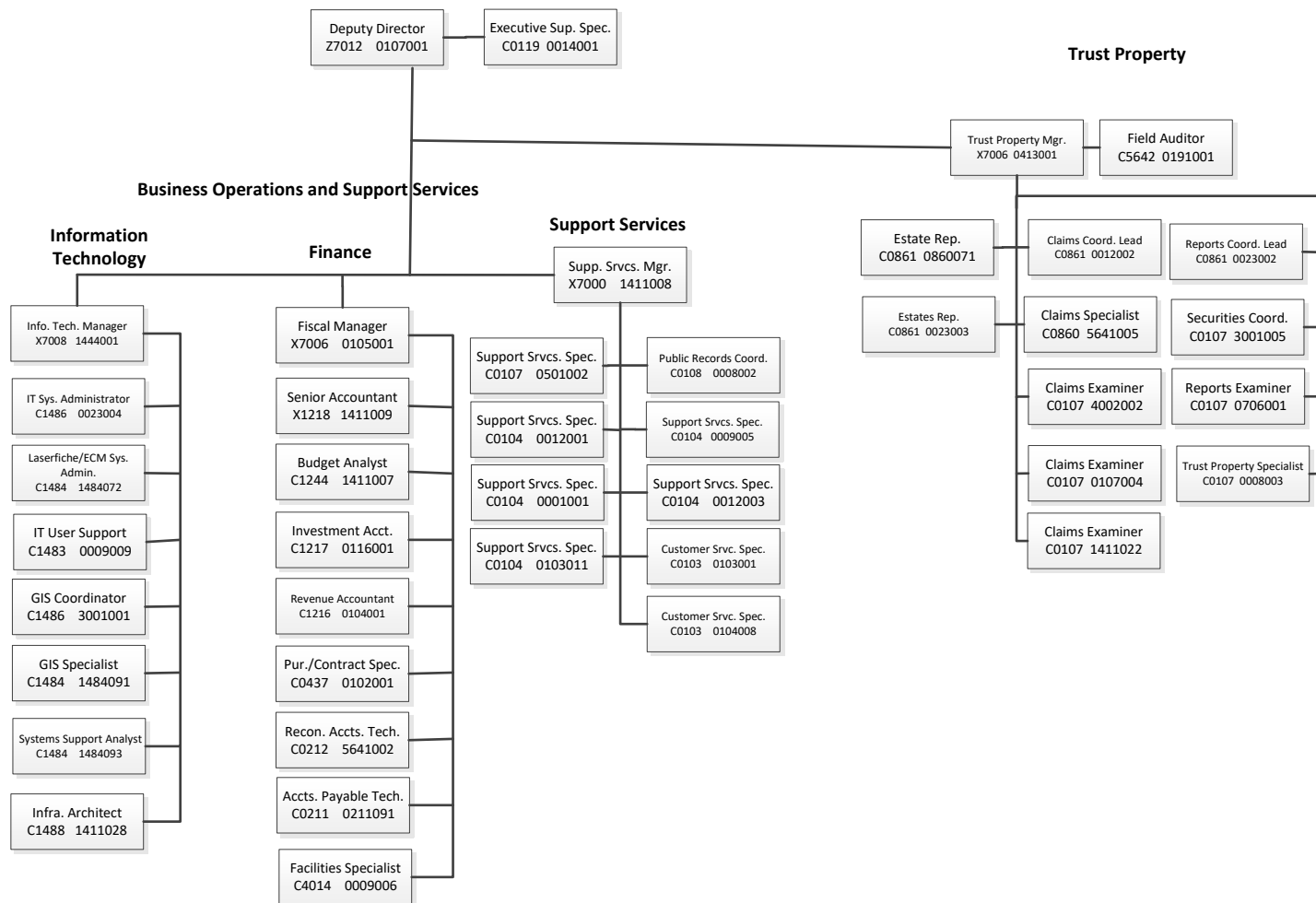
DEPARTMENT OF STATE LANDS: AGENCY WIDE 2017-2019

Operations Division

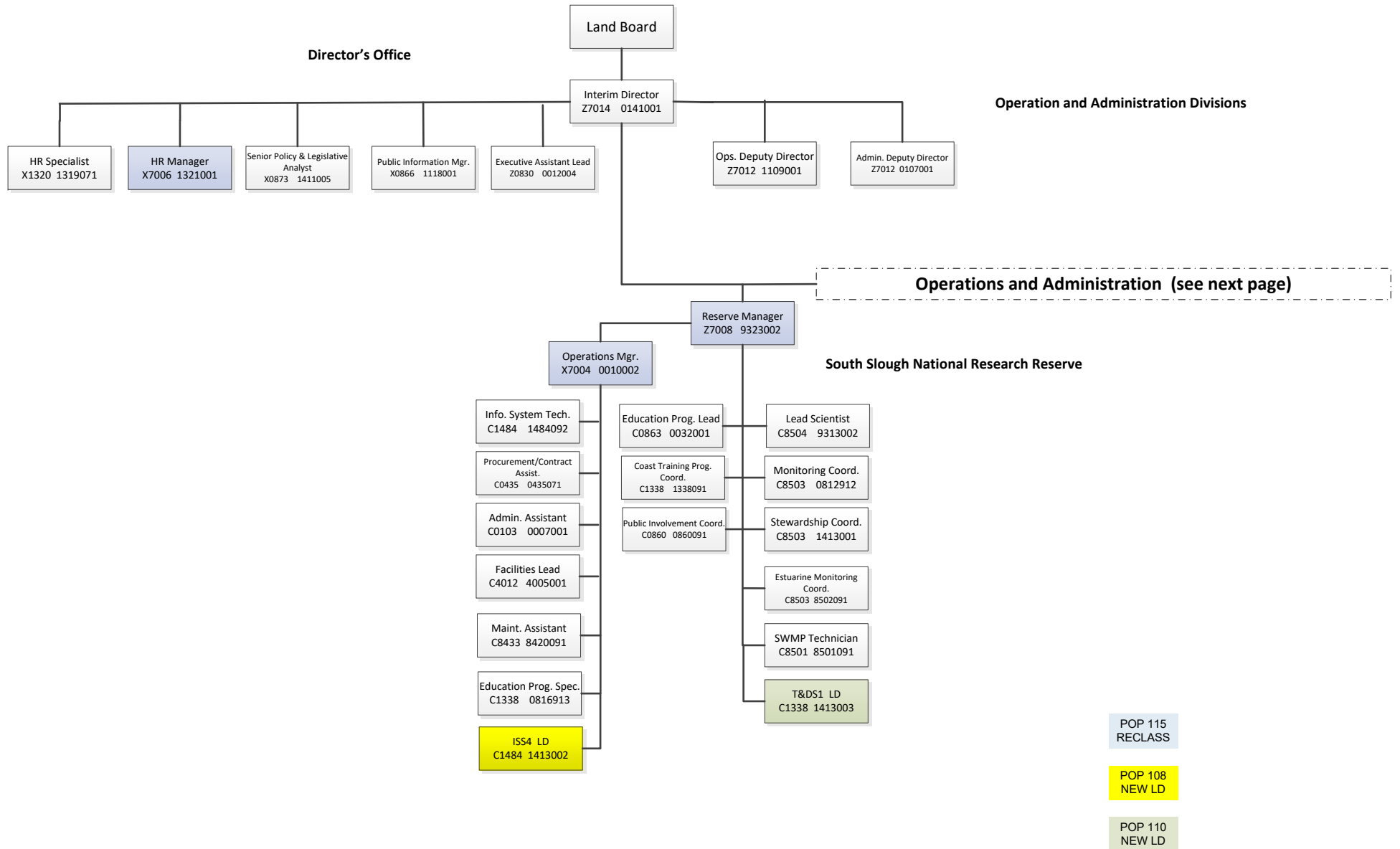


DEPARTMENT OF STATE LANDS: AGENCY WIDE 2017-2019

Administration Division

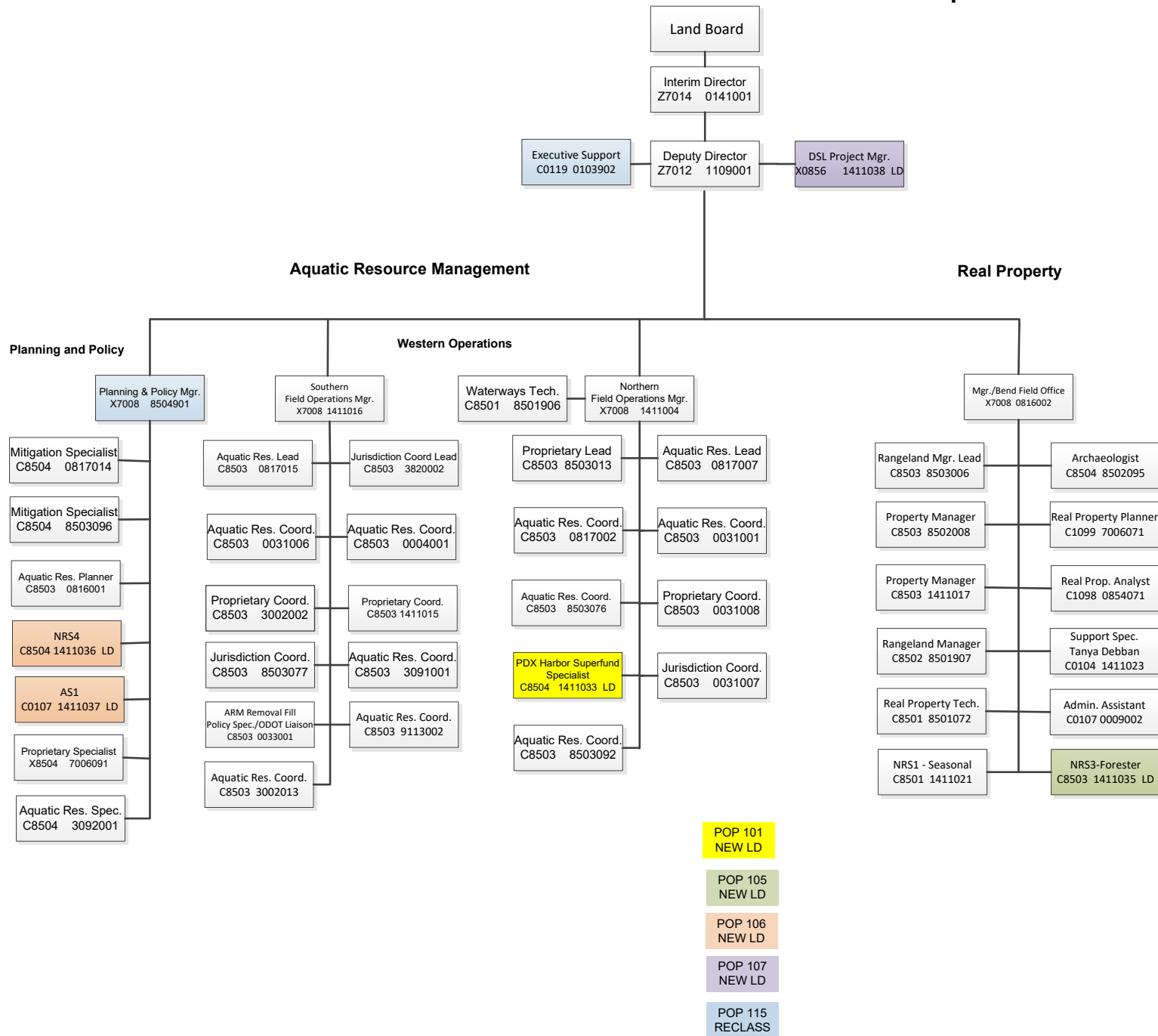


DEPARTMENT OF STATE LANDS: AGENCY WIDE 2019-2021



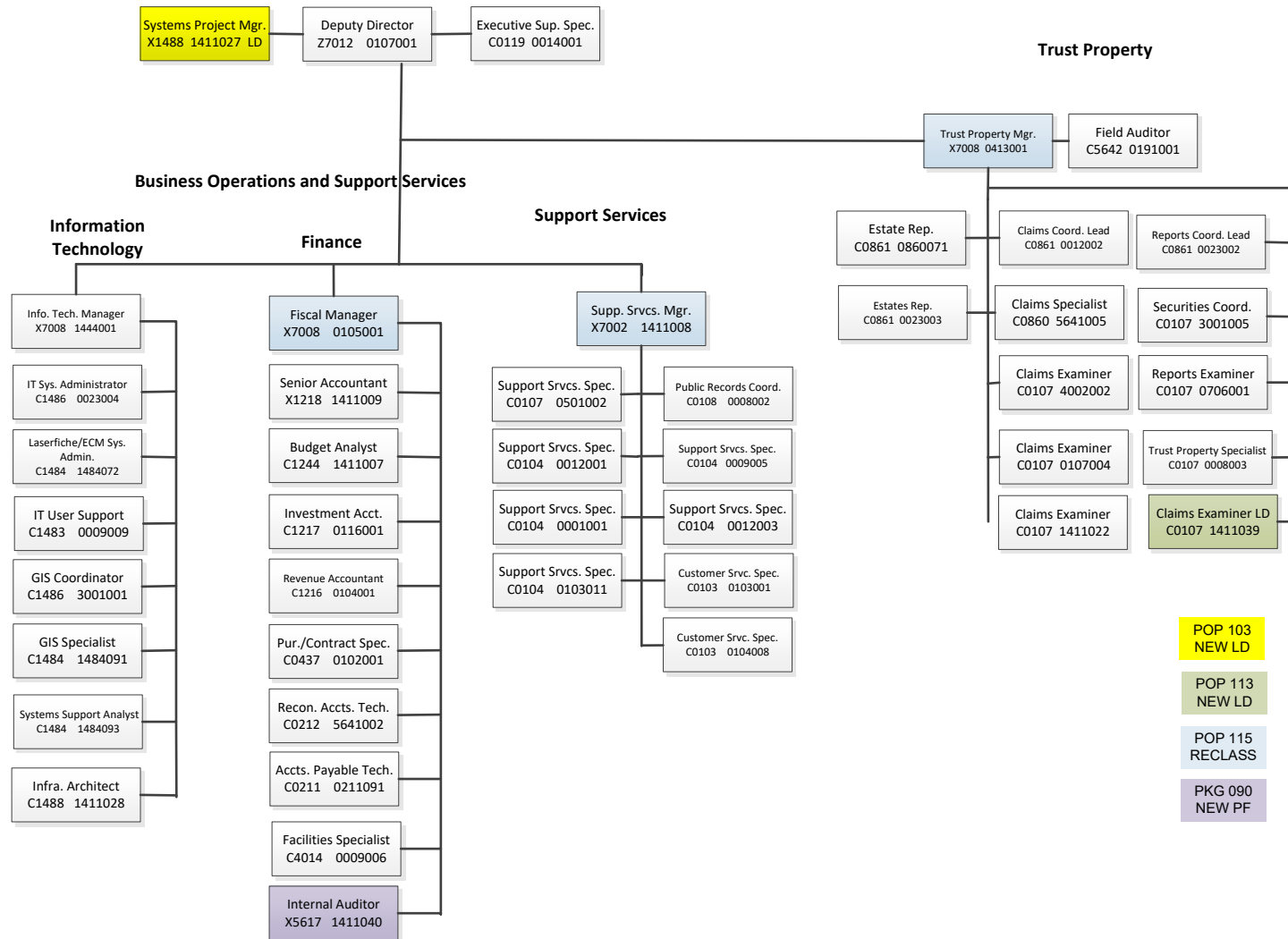
DEPARTMENT OF STATE LANDS: AGENCY WIDE 2019-2021

Operations Division



DEPARTMENT OF STATE LANDS: AGENCY WIDE 2019-2021

Administration Division



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REVENUES

BUDGET NARRATIVE

Revenue Forecast Narrative

1. Common School Fund Decision Unit

The Common School Fund (CSF) decision unit has traditionally been funded almost entirely by Other Funds generated by activities on state-owned land, regulatory fees, and realized earnings from investments. Recent efforts over the last several biennia have continued to generate diversified revenue for the fund. Federal funding for wetland program projects has been provided by the Environmental Protection Agency.

The majority of the Other Funds revenue is a direct result of active management of the CSF corpus. Investments are handled by the Office of the State Treasurer in accordance with policy set by the Oregon Investment Council. Investment income is derived from market appreciation, interest payments and dividends. The investment performance of the CSF corpus is projected to grow steadily for the 2019-21 biennium. Over the past five years ending in fiscal year 2018, the investment return has averaged 8.33 percent per year.

Program activities provide the remainder of the Other Funds revenue. Examples of activities generating revenue are royalties and rents from real property management, periodic property sales, earnings on unclaimed property funds, statutory estate administration fees, building rental income, industrial property development, regulatory fees, and miscellaneous charges for services.

A modest increase in revenue from real property management activities is anticipated during the 2019-21 biennium. Timber harvest revenue is projected to produce a positive revenue stream. Though forage lease rates are scheduled to increase, rangelands damaged by wildfire and the associated fire suppression costs have the potential to reduce total grazing revenues.

Revenue from leasing and other program activities is forecast to remain stable, as efforts continue to maximize revenues from program activities to produce optimum gains for the CSF. In addition, the Department is divesting of underperforming, isolated and scattered parcels of real property where management costs are high and revenue opportunities are minimal.

Estimates in the Common School Fund flow chart and on fund distribution graphs have been developed using the most recent information available at the time of budget deadlines. DSL will use updated market value and performance information during each phase of the budget process as information becomes available.

BUDGET NARRATIVE

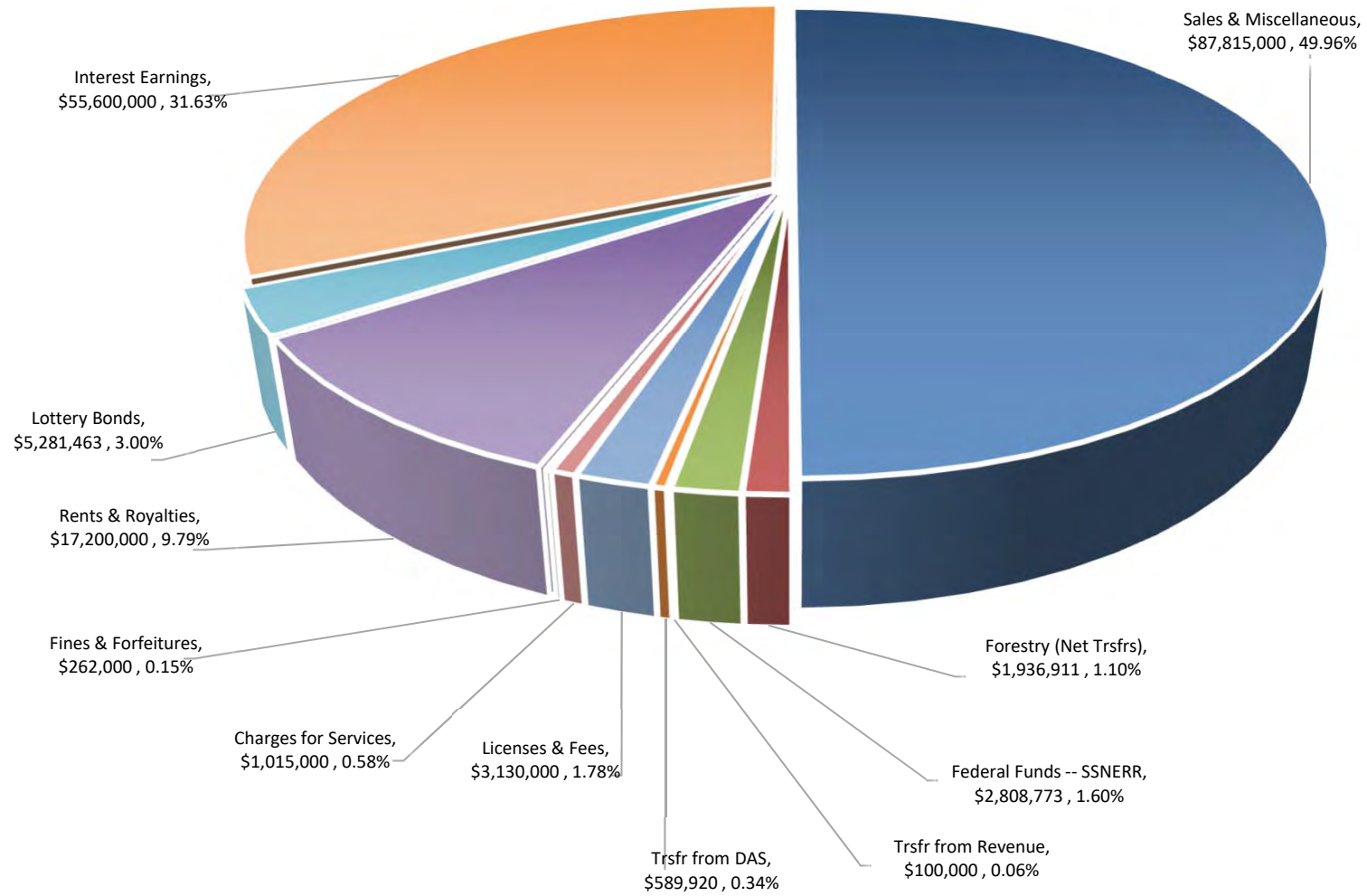
2. South Slough National Estuarine Research Reserve Decision Unit

The South Slough National Estuarine Research Reserve is funded by Federal Funds and Other Fund grants coming from non-federal sources. The match rate for these funds varies from 30 to 50 percent, depending on the individual grants. Some Common School Funds are provided as match.

The South Slough has statutory authority to apply for grants, and regularly submits applications for federal assistance through the Office of Coastal Resource Management-National Oceanic Atmospheric Administration (Department of Commerce), as well as through other public and private sources. Federal funds are subject to congressional authorization and appropriation.

During the 2017-19 biennium, the South Slough has continued to collect fees for facility use and other activities.

**DEPARTMENT OF STATE LANDS
2019-21 GOVERNOR'S BUDGET
REVENUES: ALL FUNDS**



DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's	Legislatively Adopted
Business Lic & Fees	3400	0205	51,166		30,000		30,000	
Non-Business Lic & Fees	3400	0210	3,256,972	800,000	3,100,000	800,000	3,100,000	
Charges for Services	3400	0410	430,007	273,750	750,000	273,750	750,000	
Admin & Service Chrgs	3400	0415	60,304	130,000	265,000	130,000	265,000	
Fines & Forfeitures	3400	0505	135,037	190,000	262,000	190,000	262,000	
Rents & Royalties	3200,3400	0510	100,518	9,500,000	17,200,000	9,500,000	17,200,000	
Lottery Bonds	3400	05665					5,281,463	
Interest Income	3200,3400	0605	57,910,555	140,170,000	106,500,000	140,170,000	55,600,000	
Sales Income	3400	0705	100,673	120,000	30,000	120,000	30,000	
CSF Land Sales	3400	0735	4,110		1,000,000		1,000,000	
Donations	3400	0905	5,000	12,000	10,000	12,000	10,000	
Grants (Non-Fed)	3400	0910	15,000	142,027	75,000	142,027	75,000	
Other Revenues	3010,3200,3400	0975	89,898,979	72,062,956	72,062,956	72,062,956	86,700,000	
Federal Funds Revenue	6400	0995	1,491,899	2,808,773	2,808,773	2,808,773	2,808,773	
Transfer from DAS	4430	1107				589,920	589,920	
Transfer from DOR	3400	1150	109,119	237,000	95,000	100,000	100,000	
Transfer from Energy	3400	1330	427		7,000			
Transfer from Forestry	3400	1629	10,344,049	4,689,000	6,757,000	6,756,872	6,756,872	
Transfer from LUBA	3400	1662	13,305	27,239	30,000	28,274	28,274	

2019-21

107BF07

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

Cross Reference Number: 14100-000-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Lottery Funds						
Tsfr From Administrative Svcs	-	-	-	589,920	589,920	-
Total Lottery Funds	-	-	-	\$589,920	\$589,920	-
Other Funds						
Business Lic and Fees	51,166	-	-	-	30,000	-
Non-business Lic. and Fees	3,256,972	800,000	800,000	800,000	3,100,000	-
Federal Revenues	402,950	-	-	-	-	-
Charges for Services	430,007	273,750	273,750	273,750	750,000	-
Admin and Service Charges	60,304	130,000	130,000	130,000	265,000	-
Fines and Forfeitures	135,037	190,000	190,000	190,000	262,000	-
Rents and Royalties	10,413,191	9,500,000	9,500,000	9,500,000	17,200,000	-
Lottery Bonds	-	-	-	-	5,281,463	-
Interest Income	1,479,019	140,170,000	140,170,000	140,170,000	55,600,000	-
Sales Income	100,673	120,000	120,000	120,000	30,000	-
Common School Lands Sales	4,110	-	-	-	1,000,000	-
Donations	5,000	12,000	12,000	12,000	10,000	-
Grants (Non-Fed)	15,000	142,027	142,027	142,027	75,000	-
Other Revenues	184,568	2,088,956	2,088,956	2,088,956	2,088,956	-
Transfer In - Intrafund	3,064,597	7,449,054	7,449,054	24,592,785	24,592,785	-
Transfer from General Fund	-	5,000,000	5,000,000	-	-	-
Tsfr From Revenue, Dept of	109,119	237,000	237,000	100,000	100,000	-
Tsfr From Energy, Dept of	427	-	-	-	-	-
Tsfr From Forestry, Dept of	10,344,049	4,689,000	4,689,000	6,756,872	6,756,872	-
Tsfr From Land Use Bd of Appls	13,305	27,239	27,239	28,274	28,274	-
Transfer Out - Intrafund	(3,064,597)	(137,451,504)	(137,451,504)	(24,592,785)	(24,592,785)	-

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Detail of LF, OF, and FF Revenues - BPR012

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

Cross Reference Number: 14100-000-00-00-00000

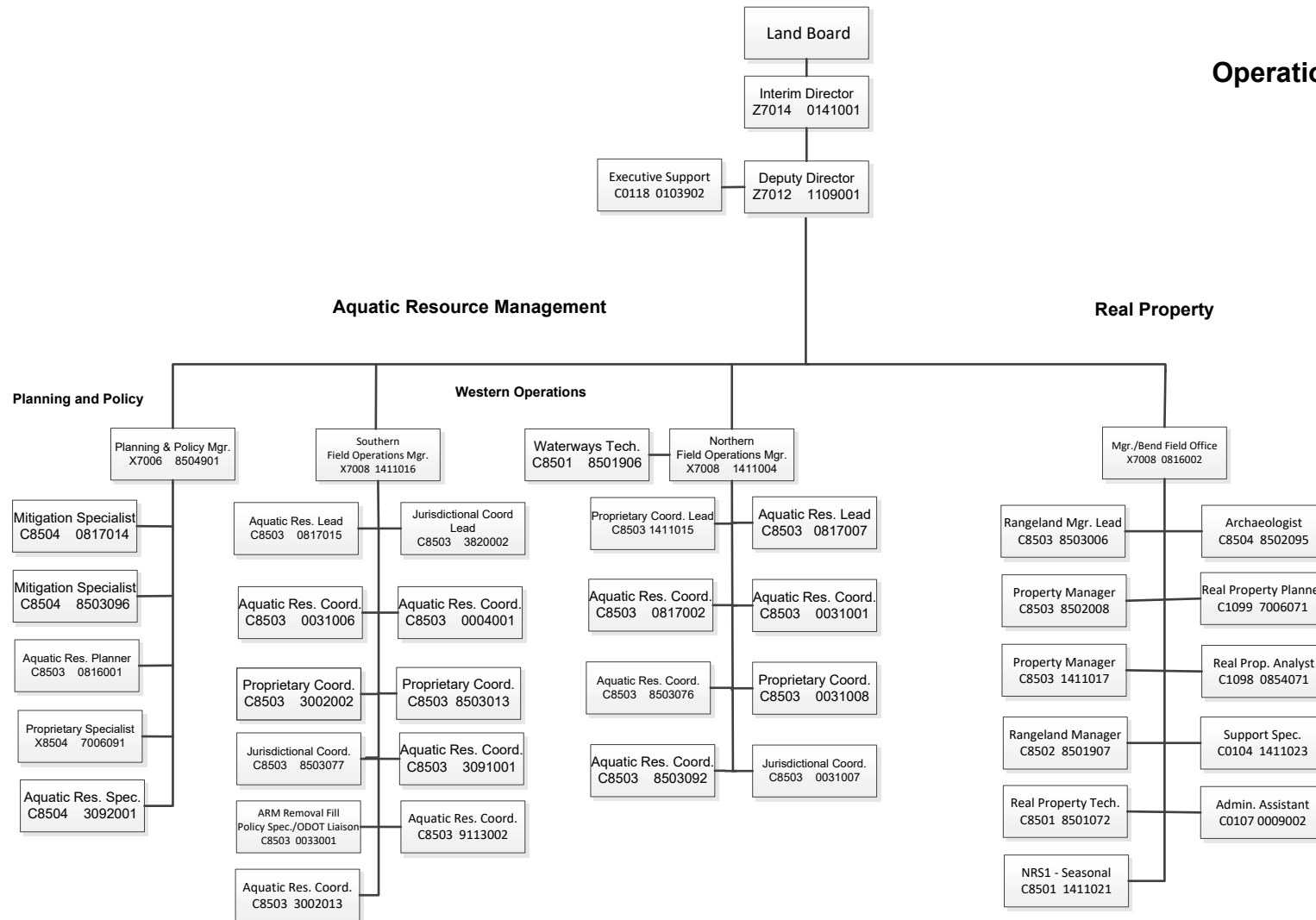
<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Tsfr To Forestry, Dept of	(7,402,921)	(3,266,315)	(3,266,315)	(4,819,961)	(4,819,961)	-
Tsfr To Water Resources Dept	-	(67,444)	(67,444)	(76,212)	(76,212)	-
Total Other Funds	\$19,601,976	\$30,043,763	\$30,043,763	\$155,415,706	\$87,681,392	-
Federal Funds						
Federal Funds	1,491,899	2,808,773	2,808,773	2,808,773	2,808,773	-
Total Federal Funds	\$1,491,899	\$2,808,773	\$2,808,773	\$2,808,773	\$2,808,773	-
Nonlimited Other Funds						
Rents and Royalties	100,518	-	-	-	-	-
Interest Income	56,431,536	-	-	-	-	-
Other Revenues	89,714,411	69,974,000	69,974,000	69,974,000	84,611,044	-
Transfer In - Intrafund	-	130,002,450	130,002,450	3,755,800	3,755,800	-
Transfer Out - Intrafund	-	-	-	(3,755,800)	(3,755,800)	-
Tsfr To Education, Dept of	(136,579,249)	(116,260,269)	(116,260,269)	(116,260,269)	(116,260,269)	-
Total Nonlimited Other Funds	\$9,667,216	\$83,716,181	\$83,716,181	(\$46,286,269)	(\$31,649,225)	-

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COMMON SCHOOL FUND

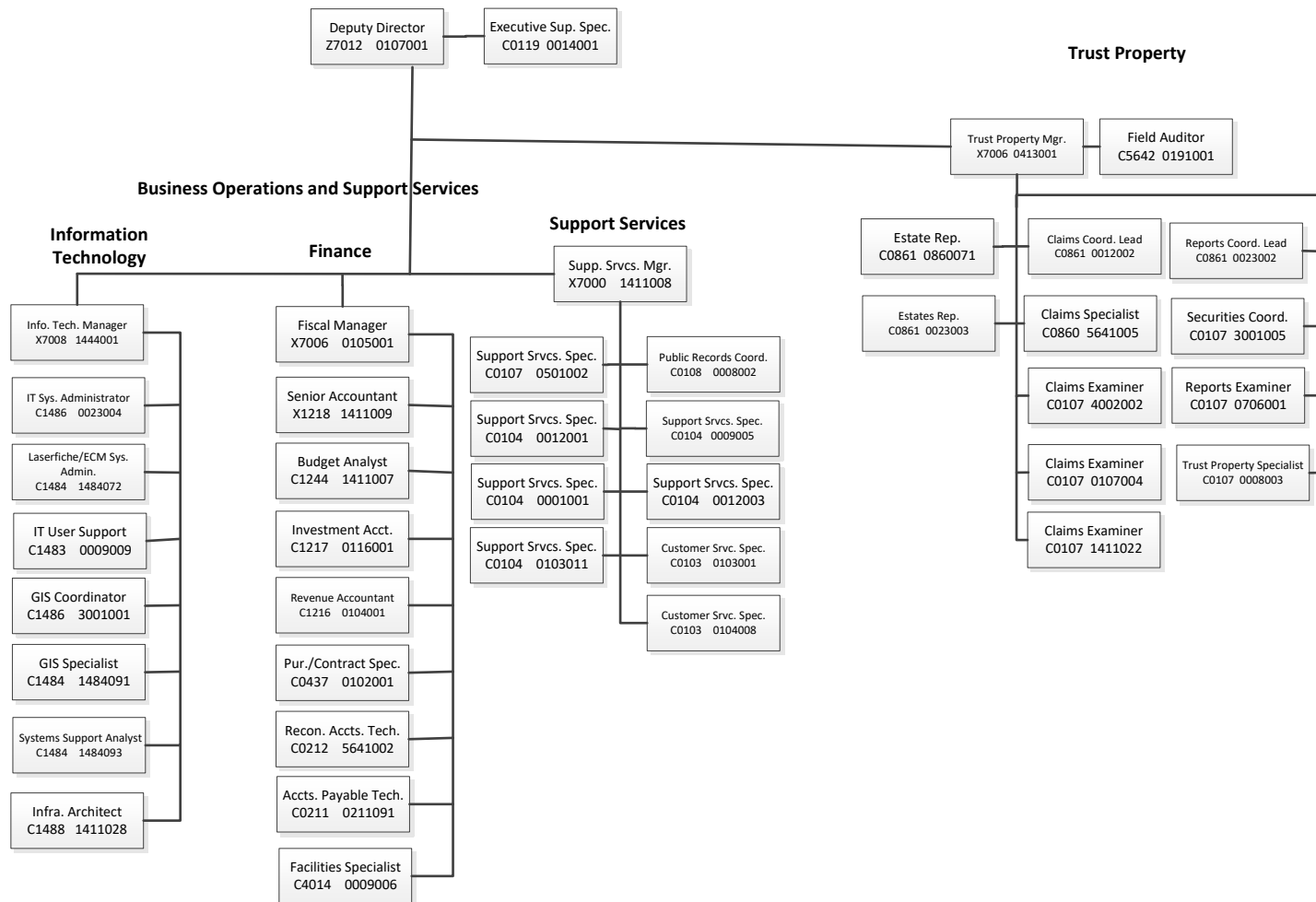
DEPARTMENT OF STATE LANDS:COMMON SCHOOL FUND UNIT 2017-2019

Operations Division



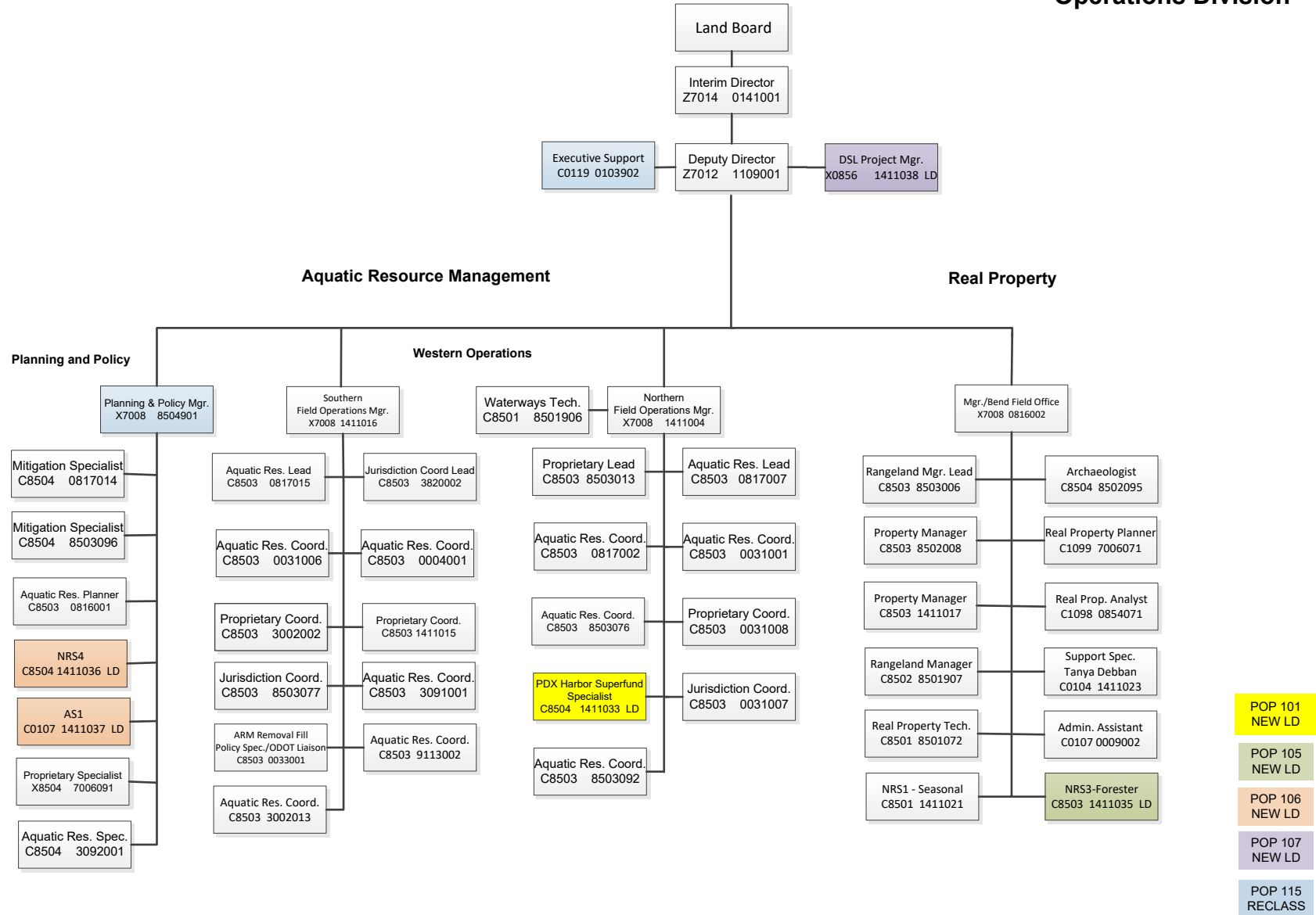
DEPARTMENT OF STATE LANDS: COMMON SCHOOL FUND UNIT 2017-2019

Administration Division



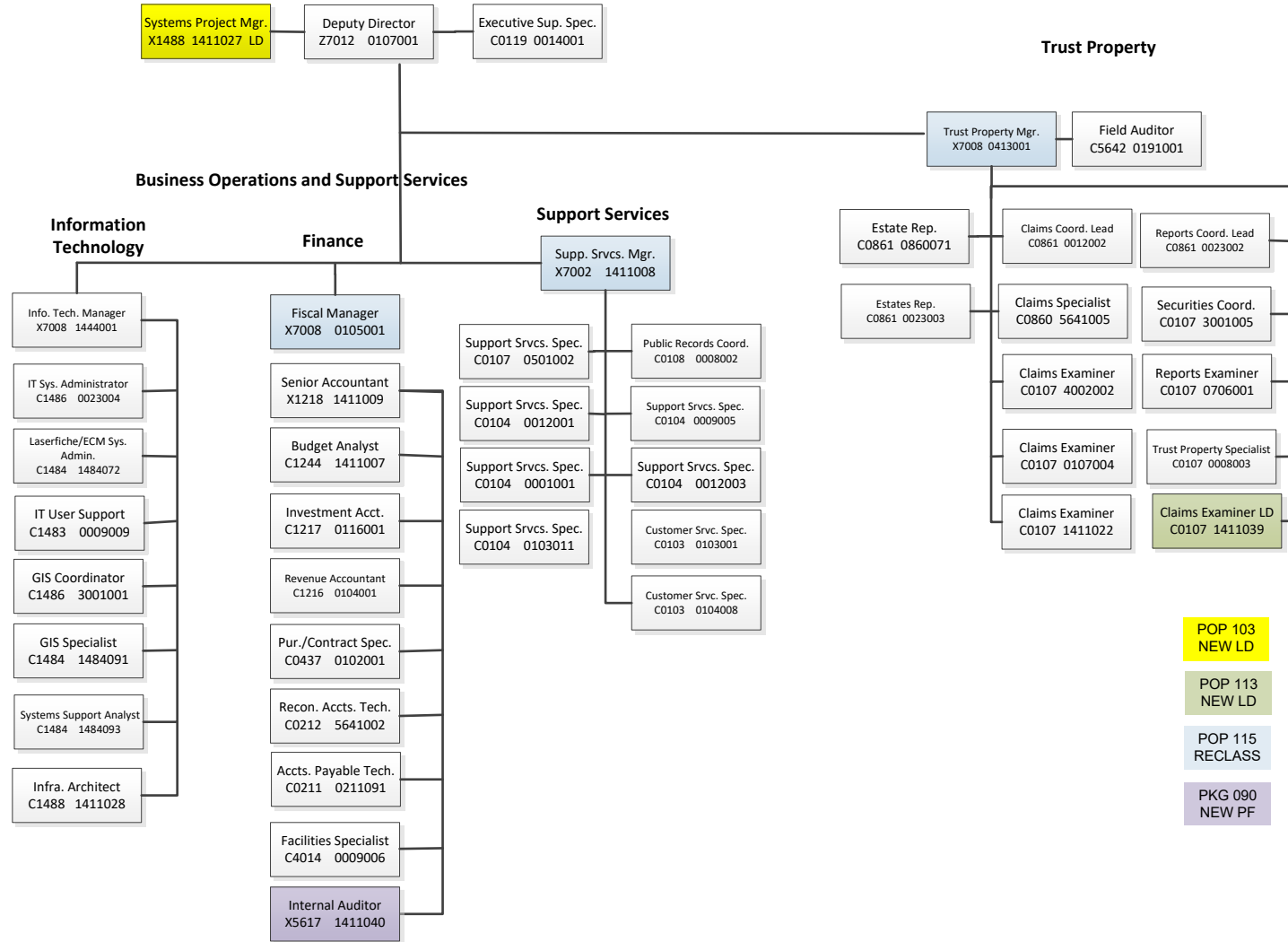
DEPARTMENT OF STATE LANDS: COMMON SCHOOL FUND 2019-2021

Operations Division



DEPARTMENT OF STATE LANDS: COMMON SCHOOL FUND 2019-2021

Administration Division

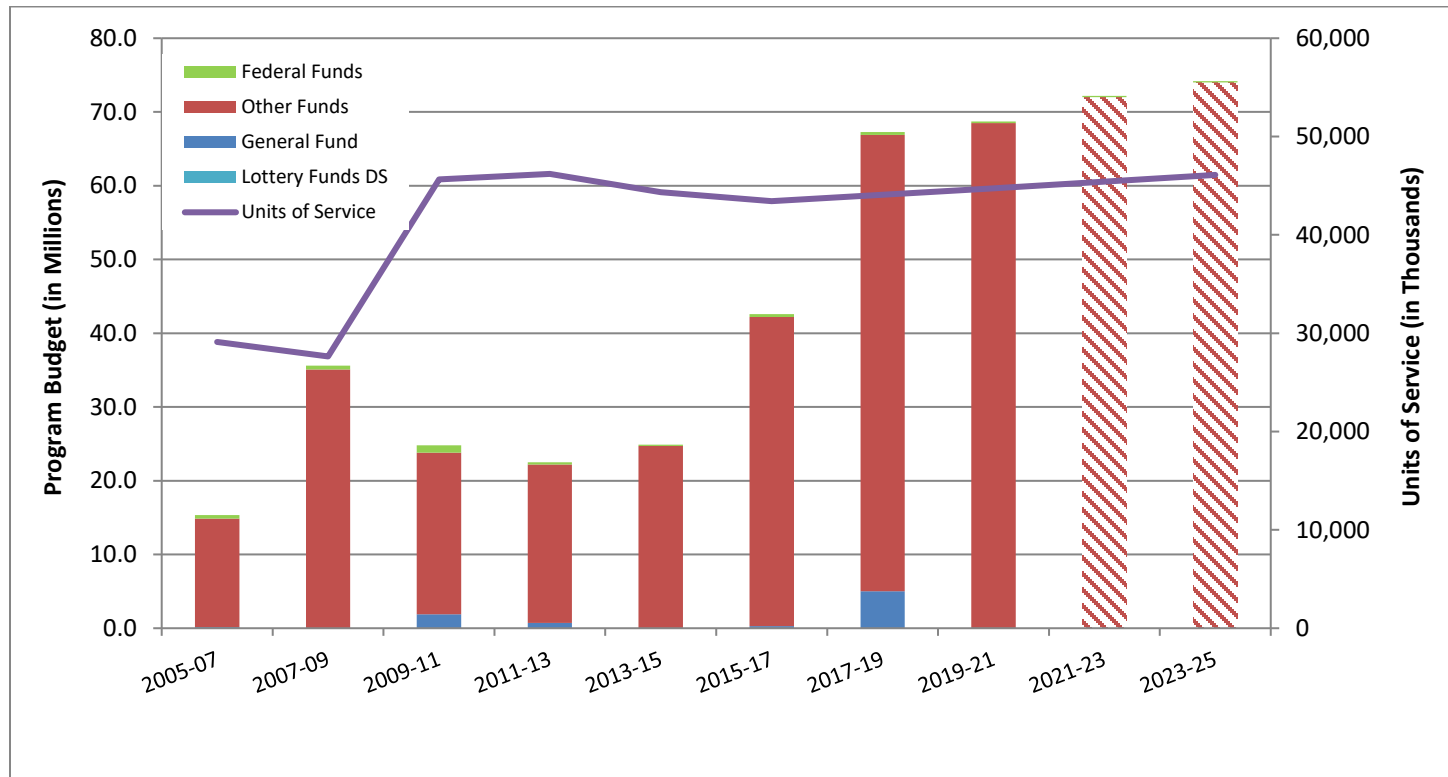


BUDGET NARRATIVE

Program Unit 010 – Common School Fund

Executive Summary

Primary Outcome Area: Responsible Environmental Stewardship
 Secondary Outcome Area: Seamless System of Education
 Tertiary Outcome Area: Excellence in Government
 Program Contact: Vicki Walker; vicki.walker@state.or.us; 503-986-5224



Units of service are the number of agency removal-fill permits, land management authorizations and contracts, unclaimed property claims, and number of estates handled. The dotted bars are projected data.

Program Overview

This program manages Common School Fund real property, unclaimed property, and escheated estates dedicated to funding K-12 schools for current and future generations. In Fiscal Year 2018, \$57.63 million was distributed to all K-12 public school districts in the State of Oregon.

BUDGET NARRATIVE

The program also includes protecting wetlands and waterways and the public trust rights on navigable waterways, and administering agency functions. Revenue from program activities is deposited in the Common School Fund (CSF), overseen by the State Land Board and its administrative arm, the Department of State Lands. The Board is composed of the Governor, Secretary of State and State Treasurer.

Program Funding Request

This program has a Governor's Budget of \$68,538,807 in Other Funds, \$157,252 in Federal Funds, and \$589,920 in Lottery Funds Debt Service, amounting to Total Funds of \$69,285,979. There are 98 positions with 96.83 full-time equivalent (FTE) employees in the Common School Fund Program Unit.

Program Description

Oregon's Constitution names the Land Board as trustee of the Common School Fund (CSF). Generating revenue from land assets has been an important component of Oregon's school funding since statehood. In Fiscal Year 2018, \$57.63 million was distributed to all K-12 public school districts in the State of Oregon. Divisions and programs within the Common School Fund Program Unit include:

- **Director's Office:** Serves as the primary liaison with the State Land Board, and includes communications, human resources and legislative coordination for the agency. The South Slough National Estuarine Research Reserve is housed in the Director's Office but is a separate program unit (030) in the budget document.
- **Operations Division/Real Property Program:** The Land Board oversees real property management activities such as leasing rangelands, agricultural lands and commercial properties, as well as harvesting timber to generate money for the fund. Historically, timber sales from forestlands generated the most real property revenue for the fund, but recent reductions in harvesting due to litigation have significantly reduced timber receipts. The Land Board's *Real Estate Asset Management Plan* outlines management direction for approximately 770,000 acres of surface land and 770,000 acres of mineral and energy resources.

Real Property Program performance measures focus on maximizing distributions to the Common School Fund through balancing revenue and expenses.

- **Operations Division/Aquatic Resource Management Program:** This program implements Oregon's removal-fill and wetlands conservation laws and manages the state's navigable waterways for "public trust" uses. Four core functions are carried out by department staff: 1) regulating removal-fill activities in waters of the state; 2) managing mitigation programs, including mitigation banking and payment-in-lieu programs; 3) managing the state's aquatic resource planning program; and 4) implementing the proprietary waterways program to ensure public access to state-owned waterways. Staff also provides public information about conserving wetlands, regulatory standards and proprietary waterways.

Aquatic Resource Management Program performance measures focus on no net loss of wetlands, processing efficiencies, resolving enforcement issues, and effectively managing the mitigation fund program (in-lieu-fee program).

BUDGET NARRATIVE

- **Administration Division:** Includes all agency central services (IT, Fiscal and Support Services) and provides administrative support for the Land Use Board of Appeals. This division also houses the Trust Property Program. Administering escheated estates is a function given to the Land Board at statehood, and the Oregon Legislature passed Oregon's Unclaimed Property Act in 1957 giving the Department this responsibility as well. Both programs provide outreach and training for businesses and consumers to increase public awareness and increase compliance with Oregon's unclaimed property and estates laws. Lost financial assets are held in the Common School Fund while the Department searches for owners and heirs, and the investment earnings from these monies contribute to the fund's distributions to schools.

Performance measures focus on customer service, improved outreach and best practices.

Note: Additional information about each division and program is provided in the Program Unit Narrative.

Program Justification and Link to Long-Term Outcomes

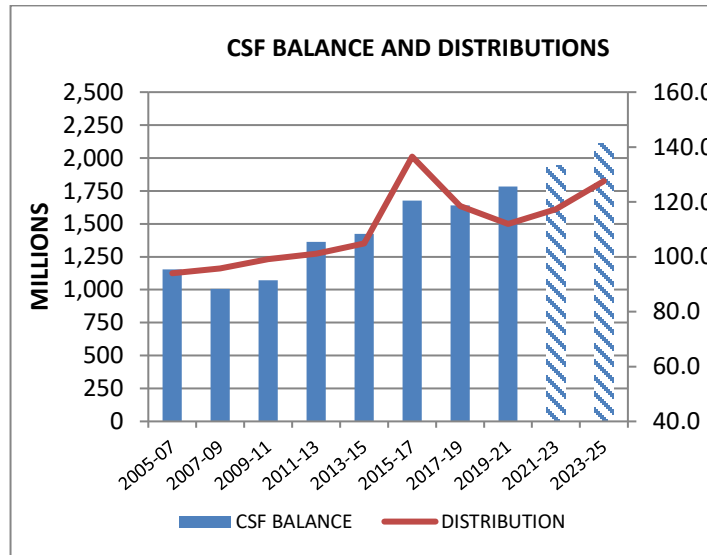
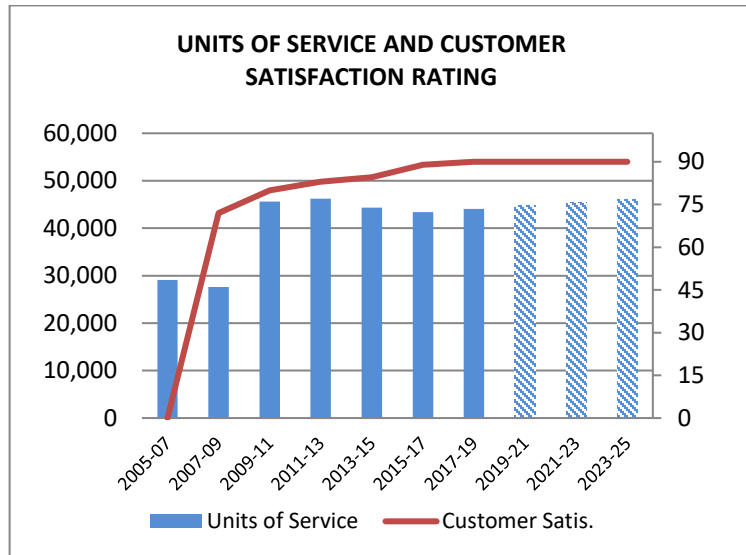
Primary Outcome Area: *Responsible Environmental Stewardship.* The Aquatic Resource Management Program protects the state's waters and their functions for watershed health and species habitat. DSL's removal-fill permit and wetland planning work contribute to improved watersheds and water quality, and help stabilize populations of fish and wildlife. The Department has created streamlined permitting tools for habitat restoration and streambank protection activities that provide increased certainty regarding schedule and budget, and reduced costs. The Department also manages state-owned waterways and the territorial sea to maintain public trust values including navigation, fishing, recreation and commerce.

Secondary Outcome Area: *A Seamless System of Education.* The agency was established at statehood to provide funding for public education in Oregon. That mission continues today, with oversight of school trust lands and other activities that provide financial resources for the Common School Fund. A primary goal of the agency and the State Land Board is to provide predictable, sustainable revenue to schools from the fund.

Tertiary Outcome Area: *Excellence in Government.* Over the past several biennia, DSL has worked on streamlining processes, developing better customer relations, and working with staff to create an environment of teamwork and trust within the agency. Since 2014, DSL has devoted considerable time to making business process improvements: developing customer-focused communication strategies and partnerships with other regulatory agencies to better coordinate service delivery. The agency is currently guided by its 2017-21 *Strategic Plan*, which sets high-level goals as well as specific achievable objectives for making progress on those goals.

BUDGET NARRATIVE

Program Performance



First customer surveys were done in 2007. State goal = 93% excellent and good ratings.

Units of service include agency removal-fill permits, land management authorizations and contracts, unclaimed property claims, and number of estates handled.

Enabling Legislation/Program Authorization

Oregon Admission Act (Sections 1, 2 and 4); Oregon Constitution (Article VIII, Sections 2, 4, 5 and 7); ORS 98 (unclaimed property); ORS 111 – 116 (probate law); ORS 196 (wetlands, rivers, removal-fill, ocean resource planning); ORS 215, 227 (development on wetlands); ORS 270 (real property); ORS 271-274 (various state lands); ORS 327 (Common School Fund); ORS 390 (scenic waterways); ORS 530 (state forests); ORS 517 (mining); ORS 541 (Oregon Plan for Salmon and Watersheds); ORS 552 (geothermal); ORS 758 (utility rights of way)

Funding Streams

The program is mostly self-funded from Other Fund sources: operations and investment income. Operations generate revenue from real property management, permit fees, unclaimed property held in trust, and escheated estates. Investment income is derived from the interest and capital gains earnings of the fund. Revenues are constitutionally and statutorily dedicated. Some Federal Funds in the form of grants support wetland program improvements. There are no leveraged or matched funds for this program.

BUDGET NARRATIVE

Program Unit Narrative

The Common School Fund Program Unit includes the following divisions and programs:

Director's Office

The Director's Office oversees administrative responsibilities for the State Land Board and directs the operations of the Department, under the jurisdiction of the Board. Responsibilities include providing overall leadership to DSL staff, making recommendations to the Land Board and Legislature, and approving policies, plans and the agency budget. The Director serves as chair of the South Slough National Estuarine Research Reserve (SSNERR) Management Commission, and participates as a member of the Regional Solutions Cabinet, Economic Recovery Review Council, Enterprise Leadership Team, and Natural Resources Cabinet.

Two Deputy Directors, the Land Board Secretary/Executive Assistant, the Communications Manager, the Human Resources Manager and Assistant, and one Senior Policy & Legislative Analyst all report to the Director. The Director's Office includes 10 positions/10 FTE.

Operations Division: Real Property

The Operations Division's Real Property Program includes all agency work that generates funds for the Common School Fund from trust lands, i.e. land granted to Oregon at statehood.

Program staff is primarily located in the Bend Field Office. Real Property staff are supervised by the Eastern Region Manager (who also supervises eastern region aquatic resources staff), who reports to the Deputy Director of the Operations Division. The Real Property program includes 17 positions/17.5 FTE.

The program is in charge of implementing DSL's *Real Estate Asset Management Plan*, which guides the work of the State Land Board and DSL in managing state real property assets. The plan was first adopted in 1995, updated in 2006, and most recently revised and adopted by the State Land Board in 2012. A key goal of the revised plan is to significantly increase real property revenues to benefit the Common School Fund over the long term. The agency anticipates making substantial progress on that goal with the South Redmond Tract project, which will bring a 945-acre parcel inside the Redmond urban growth boundary and annex the property into the city. 140 acres will be exchanged to Deschutes County for an expansion of the county fair and expo center, and 20 acres will be sold to the Oregon Military Department for a new readiness center. The remaining acres will be designated as large lot industrial land and sold. The availability of large lot industrial land is expected to appeal to tech businesses and other light industrial, low-impact uses that require large parcels.

The program issues leases, easements, rights-of-way, licenses, special uses and other forms of authorizations for use of state-owned uplands (about 770,000 acres + 770,000 acres of subsurface mineral and energy resources). Real property staff are also involved in local property planning efforts, property sales and exchanges, and property records research.

Bend Field Office staff have performed annual rangeland inventories on about 30,000 per year of the more than 600,000 acres of rangelands to collect data relating to vegetation types, soil types and general rangeland health conditions. This work is expected to be completed in summer 2018. The data is used to adjust rangeland management plans to maintain a productive and efficient program for lessees and the health of the rangelands.

BUDGET NARRATIVE

Because of litigation regarding species protections in the Elliott State Forest, the agency's focus on generating revenue from Common School Fund real property has shifted from forestlands to other real property activities. DSL continues to own and manage Common School Fund land within the Elliott State Forest (about 82,500 acres). However, because forestry receipts have been severely reduced, and managing forestlands is expected to generate a continued net loss to the Common School Fund, the agency has launched the Elliott State Forest Public Ownership project to find a different public owner for the forest. Two contractors have been hired to work on the project: 1) Oregon Consensus to interview stakeholders and develop recommendations for alternate public ownership; and 2) ICF Jones & Stokes, Inc. to develop a new Habitat Conservation Plan (HCP). The draft HCP is anticipated to be delivered by January 2020 and will be followed by a roughly one-year long NEPA process to complete the final HCP.

The Land Board has a fiduciary responsibility to manage Trust property to maximize revenues to the Common School Fund over time. This budget provides funding for staffing and activities critical to protecting Common School Fund real property assets (currently valued at \$544 million) and for increasing revenues from CSF real property, in order to meet the performance goal of increasing the return on asset value by three to five percent per biennium.

Operations Division: Aquatic Resource Management

The Aquatic Resource Management (ARM) program's primary function is to conserve and protect the public interest in waters of the state, including wetlands, and state-owned navigable waters through the removal-fill, wetlands planning, and proprietary waterways programs. Waters are protected for their contribution to aquatic life and habitats, fisheries, aquatic-based economies, public recreation, navigation, commerce, water quality, floodwater storage and other natural resource functions and values. This program also houses the waterway leasing function of the agency, which includes issuing authorizations for use of state submerged and submersible lands in navigable waterways while preserving "public trust rights" (navigation, fishing, commerce and recreation) in those waterways.

The program is managed by the Deputy Director of the Operations Division who oversees two Field Operations Managers, and the Planning and Policy Manager. Field Operations is organized in multidisciplinary teams delivering service by geographic region, aligned with the Regional Solutions areas, and provides the following functions: removal-fill permits, wetland delineation review, waterway leasing and Portland Harbor Superfund planning. The Policy and Planning unit houses specialists in removal-fill policy, aquatic resource mitigation and planning, and inventorying historically filled lands on proprietary waterways who provide policy and technical support to the Field Operations teams. The program includes 28 positions (one limited duration)/26.5 FTE.

The ARM program area relies on leasing and authorization revenues, and permit and other fees, as well as funding from the Common School Fund investment returns, for its operations and staffing. The program also regularly receives federal grants in support of wetland and waterway program improvements.

The ARM is responsible for four core functions: 1) Regulating removal-fill activities in waters of the state; 2) Managing mitigation programs, including mitigation banking and payment-in-lieu programs; 3) Managing the state's aquatic resource planning program; and 4) Issuing authorizations for use of and overseeing navigable waterways to protect public trust rights.

Regulating Removal-Fill Activities: The Department of State Lands protects aquatic resources through administration of Oregon's Removal-Fill Law, enacted in 1967. This law requires most activities affecting more than 50 cubic yards of material in waters of the state to obtain a permit from DSL. "Waters of the state" are defined in statute (ORS 196.800) and include streams, lakes, wetlands, estuaries, the territorial sea and other bodies of

BUDGET NARRATIVE

water. The law applies to all landowners, including private individuals, corporate entities and public agencies. Regardless of impact size, almost all activities in Oregon Scenic Waterways and streams specifically designated essential anadromous salmon habitat require a permit.

Staff resource coordinators implement the Removal-Fill Law by assisting landowners, developers, consultants and others in minimizing impacts to waters of the state and obtaining permits for removal-fill activities. The permit function is organized around five regions: Northwest, Midwest, Southwest, Metro Portland and Eastern. The permit review process involves coordination with the applicant, adjacent landowners, natural resource agencies and local governments. State law requires DSL to determine whether an application for a removal-fill permit is complete within 30 days of receipt and to issue a decision within 90 days of the completeness determination. In an emergency, DSL can authorize work in advance, including verbally, for emergency circumstances impacting life or property. Resource coordinators also monitor permits for compliance with permit conditions, including permittee-responsible compensatory mitigation, and address removal-fill activities occurring without a permit through enforcement actions.

Wetland delineation reports show the boundaries of wetlands and other waters of the state on a property and are often required as part of a removal-fill permit application. Reports are also submitted for approval in advance of a state permit application. Jurisdictional coordinators are tasked with reviewing wetland delineation reports submitted to DSL. They review reports to ensure accuracy, conduct onsite review if needed, and provide a written determination of state jurisdiction over wetlands and other waters of the state. Permit applicants need to have accurate, state-approved wetland delineations completed early in land-use planning or site development planning in order to incorporate aquatic resources into their plans, because state and federal law require wetland impacts be avoided and minimized. DSL currently is well within the statutory 120-day review timeline for wetland delineations, and has eliminated a previous backlog of report reviews.

Jurisdictional coordinators also conduct wetland determinations for the public upon request and as staffing and workload allow. A wetland determination tells a landowner whether wetlands are located on their property but does not map the boundaries of the wetland.

The removal-fill permit function is funded by a combination of proprietary revenues, permit fees, enforcement revenue, and CSF funds. The Oregon Department of Transportation also funds one resource coordinator position serving as a liaison to that Department.

DSL continually works with other public agencies and constituent groups on streamlining the removal-fill permit process. Efforts have included improving online permitting and creating more applicant-friendly processes. The current emphasis is on Web-based application processes; expediting permits for both restoration projects and other recurring types of removal-fill projects; and continuing to work with state and federal agencies to develop coordinated, user-friendly approaches to water-related permitting.

Mitigation Program: Under state law, when impacts to wetlands and waterways occur as part of a removal-fill activity, compensatory mitigation to replace the lost functions of the resource is required. Mitigation may be accomplished through permittee-responsible mitigation, purchasing credits from private mitigation banks or, if there are no private bank credits available, purchasing credits from DSL. When mitigation credits are purchased from DSL, the funds are deposited into the Removal-Fill Mitigation Fund (RFMF). DSL then uses these funds to operate a state-sponsored banking program providing payment in-lieu and in-lieu fee mitigation.

DSL has two positions dedicated to mitigation-related tasks. One mitigation specialist acts as the Department expert on mitigation-related issues and manages and implements the mitigation banking program. There are currently 22 active mitigation banks authorized in Oregon with several others in various stages of development. The position is funded by the combination of funds described above. The other mitigation specialist implements the

BUDGET NARRATIVE

payment in-lieu and in-lieu fee mitigation programs. Funding for that position is split: 50 percent is funded as described for the other position and 50 percent is funded through the Removal-Fill Mitigation Fund (*see narrative for Program Unit 013 – Oregon Removal-Fill Mitigation Fund.*)

The Department has also been engaged in a multi-year effort in partnership with the U.S. Army Corps of Engineers and U.S. Environmental Protection Agency to improve mitigation decision-making in Oregon. The new aquatic resource mitigation framework provides functional assessment tools and supporting policy that will lead to improved environmental outcomes and more strategic investment of mitigation resources.

Aquatic Resources Planning: The Department provides both technical and planning assistance to local governments, which must include protection for "significant" wetlands as required by statewide land-use planning Goals 5 (Natural Resources), 16 (Estuaries) and 17 (Coastal Shorelands). DSL implements a wetland land-use notification process that provides for local-state coordination on proposed projects that may affect a wetland mapped on the State Wetland Inventory (SWI). Wetlands staff also work closely with the Department of Land Conservation and Development on wetland issues related to statewide land-use planning process.

The Department is responsible for developing and maintaining the SWI. The inventory consists of the National Wetlands Inventory and Local Wetlands Inventories developed by local governments pursuant to rules adopted by DSL, as well as other datasets regarding the existence of hydric soils. The wetland inventory maps are useful tools for helping to determine if wetlands may be present in an area. The maps are used by local governments for land-use and other planning tasks, and by landowners, developers and others to identify the potential presence of wetlands. The Department is developing a web portal to provide local governments and the public easy access to the approved Local Wetlands Inventory and GIS datasets.

Waterway Leasing and Authorizations: The State of Oregon owns the land under navigable waters (also known as submerged and submersible lands) of many rivers, lakes and estuaries in the state. DSL issues leases, registrations, easements and other authorizations for structures on these lands. State ownership includes submerged lands within the Portland Harbor Superfund Cleanup Site. DSL is involved in the remedial investigation/feasibility study for the Portland Harbor site because of the state's proprietary and regulatory interests. DSL must address complex environmental and legal issues with the EPA, DEQ and other entities under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as they continue their programs of sediment sampling and eventual cleanup of the contaminated sediments.

Administration Division

The Administration Division is responsible for DSL's agency-wide support functions, and also provides administrative services for the Land Use Board of Appeals. The division also provides oversight of DSL-managed funds, audits and properties. It includes the following sections: Information Technology, Finance and Support Services. This area is managed by the Deputy Director of the Administration Division who reports to the Director. Four managers – Fiscal, Trust Property, Information Systems and Support Services – report to the Deputy Director, who also oversees the agency budget process, rulemaking and Key Performance Measures. The Administration Division includes 43 positions/42.83 FTE.

Programs and sections within the Administration Division include:

- **Trust Property:** The agency is the depository of record for unclaimed and presumed abandoned property and funds. These unclaimed funds and properties include dormant bank accounts, safe deposit box contents, utility deposits and refunds, insurance dividends, matured insurance policies, securities such as stocks and mutual funds, wages, credit balances, etc. Essentially, any intangible and certain tangible property that is due and payable but cannot, for various reasons, be delivered to the rightful owner is unclaimed property.

BUDGET NARRATIVE

The three distinct responsibilities of the Trust Property program are:

- **Holder Reporting:** receiving and maintaining the data associated with the owners and the properties sent to the Department.
- **Claims:** reviewing documentation provided by individuals or businesses to verify and reunite owners with property.
- **Audits and Outreach:** conducting unclaimed property examinations of Oregon businesses to help them comply with the law as well as to provide education about their responsibilities as holders of unclaimed property.

In Fiscal Year 2017, \$60.9 million in unclaimed property was remitted to DSL; \$29.6 million was returned to owners. Remaining unclaimed funds are held in custody in the Common School Fund. Tangible personal property, primarily from abandoned safe deposit boxes at financial institutions, is held for a minimum of one year, and then publicly auctioned. Securities (stock and mutual funds) are sold through the agency's contracted stockbroker. All unclaimed property (or the proceeds from the sale of the property) is available for claim by the owners or their heirs forever. The investment earnings generated from unclaimed property are part of DSL's semi-annual distribution to schools.

The Department of State Lands is the court-appointed personal representative for the administration of estates of people who die without a will and without known heirs (intestate). The process entails identification of the assets in the estate together with the known outstanding debts; filing probate actions with the appropriate court; performing a preliminary search for heirs; giving public notice; conducting sales of personal and real property; and coordinating the funeral and burial arrangements. This section of the agency also must work closely with local medical examiners, attorneys, sheriff departments, the Oregon Department of Veterans' Affairs, Department of Human Services Estate Administration Unit and the Department of Revenue. The estates staff receives, secures and sells property resulting from various civil forfeiture statutes. After 10 years, if no will is located and there are no apparent heirs, estates proceeds are deposited permanently into the Common School Fund. As of June 30, 2017, nearly \$6.5 million was pending permanent escheat to the Common School Fund from estates.

- **Finance Section:** This section provides budget development and maintenance, general administrative support, accounting, purchasing, legislative budget support, and coordination of all aspects of administrative rulemaking for the agency. These supporting services are also provided to the South Slough National Estuarine Research Reserve. Additionally, assistance is provided to program managers in the administration of federal grants, interagency agreements and procurement/contracting activities. This section handles other agency support functions such as telephones, copiers and vehicles.
- **Information Technology Section:** This section is responsible for the maintenance, support and protection of DSL's computer information system including electronic mail and GIS services. The section supports a variety of database systems that provide records for agency programs including unclaimed property, accounting, permits, violations, leases, capital inventory and mailing lists. Section staff supports the Land Administration System (LAS), the agency's corporate database, as well as statelandsonline.com, an in-house website for permits and unclaimed property. The agency continually increases its use of electronic processes to effect reductions in paperwork and file storage, increase accessibility of data, communicate with internal and external customers and improve customer service delivery.
- **Support Services:** The Support Services Section is responsible for providing varied program clerical support for all agency programs, including data entry, document preparation and processing, records processing and maintenance, responding to inquiries, filing, mail services, and front desk reception.

BUDGET NARRATIVE

ESSENTIAL PACKAGES

Common School Fund

Purpose

The essential packages present budget adjustments needed to bring the base budget to Current Service Level (CSL), the calculated cost of continuing legislatively approved programs into the 2019-21 biennium.

How Achieved

Package 010: Adjusts for vacancies and non-PICS personal services amounts using the standard adjustment and calculation factors specified in the budget instructions. The vacancy factor adjustment is \$(402,558) All Funds. There is an adjustment of \$2,404 All Funds in Temporary Appointments, Overtime Payments and Shift Differential. Adjustment for the Pension Bond Contribution is \$46,600 All Funds. Other adjustments totaling \$3,859 All Funds were made in Social Security Taxes, Unemployment Assessments and Mass Transit Tax.

Package 022: Represents a cost reversal from the 2017-19 Legislatively Approved Budget for one-time budget package costs. This package phases out \$5,000,000 General Fund, \$12,454,200 in Other Funds, and \$203,877 in Federal Funds for grants that do not continue to the next biennium.

Package 031: Adjusts the costs of Goods and Services based on the standard inflation factor of 3.8 percent as published in the budget instructions. The resulting Services and Supplies increase in this Program Unit is \$1,748,847 Other Funds.

Staffing Impact

None.

Revenue Source

Other Funds and Federal Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Temporary Appointments	-	-	906	1,498	-	-	2,404
Overtime Payments	-	-	3,060	-	-	-	3,060
Shift Differential	-	-	314	-	-	-	314
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	572	-	-	-	572
Pension Obligation Bond	-	-	46,600	-	-	-	46,600
Social Security Taxes	-	-	327	115	-	-	442
Unemployment Assessments	-	-	237	-	-	-	237
Mass Transit Tax	-	-	3,180	-	-	-	3,180
Vacancy Savings	-	-	345,749	-	-	-	345,749
Total Personal Services	-	-	\$400,945	\$1,613	-	-	\$402,558

Services & Supplies

Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-	-
Publicity and Publications	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Fuels and Utilities	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Agency Program Related S and S	-	-	-	-	-	-	-

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Capital Outlay							
Office Furniture and Fixtures	-	-	-	-	-	-	-
Data Processing Software	-	-	-	-	-	-	-
Data Processing Hardware	-	-	-	-	-	-	-
Other Capital Outlay	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-
Special Payments							
Intra-Agency Gen Fund Transfer	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	400,945	1,613	-	-	402,558
Total Expenditures	-	-	\$400,945	\$1,613	-	-	\$402,558
Ending Balance							
Ending Balance	-	-	(400,945)	(1,613)	-	-	(402,558)
Total Ending Balance	-	-	(\$400,945)	(\$1,613)	-	-	(\$402,558)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(5,000,000)	-	-	-	-	-	(5,000,000)
Total Revenues	(\$5,000,000)	-	-	-	-	-	(\$5,000,000)
Services & Supplies							
Instate Travel	-	-	(5,500)	-	-	-	(5,500)
Office Expenses	-	-	(1,500)	-	-	-	(1,500)
Telecommunications	-	-	(7,500)	-	-	-	(7,500)
Professional Services	-	-	(12,246,133)	(203,877)	-	-	(12,450,010)
Attorney General	-	-	(100,000)	-	-	-	(100,000)
Facilities Rental and Taxes	-	-	(3,480)	-	-	-	(3,480)
Other Services and Supplies	-	-	(59,587)	-	-	-	(59,587)
IT Expendable Property	-	-	(4,500)	-	-	-	(4,500)
Total Services & Supplies	-	-	(\$12,428,200)	(\$203,877)	-	-	(\$12,632,077)
Capital Outlay							
Other Capital Outlay	-	-	(26,000)	-	-	-	(26,000)
Total Capital Outlay	-	-	(\$26,000)	-	-	-	(\$26,000)
Special Payments							
Intra-Agency Gen Fund Transfer	(5,000,000)	-	-	-	-	-	(5,000,000)
Total Special Payments	(\$5,000,000)	-	-	-	-	-	(\$5,000,000)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Expenditures							
Total Expenditures	(5,000,000)	-	(12,454,200)	(203,877)	-	-	(17,658,077)
Total Expenditures	(\$5,000,000)	-	(\$12,454,200)	(\$203,877)	-	-	(\$17,658,077)
Ending Balance							
Ending Balance	-	-	12,454,200	203,877	-	-	12,658,077
Total Ending Balance	-	-	\$12,454,200	\$203,877	-	-	\$12,658,077

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	14,566	-	-	-	14,566
Out of State Travel	-	-	146	-	-	-	146
Employee Training	-	-	3,147	-	-	-	3,147
Office Expenses	-	-	10,089	-	-	-	10,089
Telecommunications	-	-	7,696	-	-	-	7,696
State Gov. Service Charges	-	-	282,951	-	-	-	282,951
Data Processing	-	-	2,953	-	-	-	2,953
Publicity and Publications	-	-	3,507	-	-	-	3,507
Professional Services	-	-	459,047	-	-	-	459,047
IT Professional Services	-	-	9,080	-	-	-	9,080
Attorney General	-	-	884,762	-	-	-	884,762
Employee Recruitment and Develop	-	-	734	-	-	-	734
Dues and Subscriptions	-	-	261	-	-	-	261
Facilities Rental and Taxes	-	-	20,203	-	-	-	20,203
Fuels and Utilities	-	-	9,116	-	-	-	9,116
Facilities Maintenance	-	-	14,914	-	-	-	14,914
Agency Program Related S and S	-	-	34	-	-	-	34
Other Services and Supplies	-	-	16,333	-	-	-	16,333
Expendable Prop 250 - 5000	-	-	772	-	-	-	772
IT Expendable Property	-	-	4,601	-	-	-	4,601
Total Services & Supplies	-	-	\$1,744,912	-	-	-	\$1,744,912

Capital Outlay

Office Furniture and Fixtures	-	-	1,032	-	-	-	1,032
Data Processing Software	-	-	2,864	-	-	-	2,864

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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Data Processing Hardware	-	-	39	-	-	-	39
Other Capital Outlay	-	-	-	-	-	-	-
Total Capital Outlay	-	-	\$3,935	-	-	-	\$3,935
Total Expenditures							
Total Expenditures	-	-	1,748,847	-	-	-	1,748,847
Total Expenditures	-	-	\$1,748,847	-	-	-	\$1,748,847
Ending Balance							
Ending Balance	-	-	(1,748,847)	-	-	-	(1,748,847)
Total Ending Balance	-	-	(\$1,748,847)	-	-	-	(\$1,748,847)

BUDGET NARRATIVE

GOVERNOR'S BUDGET ADJUSTMENTS

Common School Fund

Purpose

These packages present budget adjustments resulting from recommendations in the Governor's Budget.

How Achieved

Package 090: Adds one Internal Auditor 2 position, priced at 20 months and associated Services and Supplies, per state Internal Auditor recommendations. Also adds \$106,268 for cost of issuance for lottery back bonds and \$5 million of Other Funds for Professional Services for Portland Harbor cleanup efforts.

Package 091: Represents changes to State Government Service charges and DAS pricelist charges made in the Governor's Budget. The resulting reduction is \$285,623 Other Funds.

Package 092: Reduces Attorney General rates by 5.95 percent to reflect changes made in the Governor's Budget. The resulting reduction is \$314,030 Other Funds.

Staffing Impact

Package 090 adds one Internal Auditor 2 position.

Revenue Source

Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 090 - Analyst Adjustments

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Lottery Bonds	-	-	5,281,463	-	-	-	5,281,463
Total Revenues	-	-	\$5,281,463	-	-	-	\$5,281,463
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	107,640	-	-	-	107,640
Empl. Rel. Bd. Assessments	-	-	51	-	-	-	51
Public Employees' Retire Cont	-	-	18,267	-	-	-	18,267
Social Security Taxes	-	-	8,234	-	-	-	8,234
Worker's Comp. Assess. (WCD)	-	-	49	-	-	-	49
Flexible Benefits	-	-	29,320	-	-	-	29,320
Reconciliation Adjustment	-	-	(1)	-	-	-	(1)
Total Personal Services	-	-	\$163,560	-	-	-	\$163,560
Services & Supplies							
Instate Travel	-	-	2,000	-	-	-	2,000
Employee Training	-	-	4,000	-	-	-	4,000
Professional Services	-	-	5,000,000	-	-	-	5,000,000
Other Services and Supplies	-	-	111,903	-	-	-	111,903
Total Services & Supplies	-	-	\$5,117,903	-	-	-	\$5,117,903
Total Expenditures							
Total Expenditures	-	-	5,281,463	-	-	-	5,281,463
Total Expenditures	-	-	\$5,281,463	-	-	-	\$5,281,463

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 090 - Analyst Adjustments

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							0.83
Total FTE	-	-	-	-	-	-	0.83

PACKAGE: 090 - Analyst Adjustments

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411040	MMN	X5617	AP INTERNAL AUDITOR 2	1	.83	20.00	02	5,382.00		107,640			107,640
										55,921			55,921
TOTAL PICS SALARY										107,640			107,640
TOTAL PICS OPE										55,921			55,921
TOTAL PICS PERSONAL SERVICES =				1	.83	20.00				163,561			163,561

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 091 - Statewide Adjustment DAS Chgs

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	(12,686)	-	-	-	(12,686)
Office Expenses	-	-	(12,591)	-	-	-	(12,591)
State Gov. Service Charges	-	-	(68,959)	-	-	-	(68,959)
Data Processing	-	-	1,237	-	-	-	1,237
Other Services and Supplies	-	-	(192,624)	-	-	-	(192,624)
Total Services & Supplies	-	-	(\$285,623)	-	-	-	(\$285,623)
Total Expenditures							
Total Expenditures	-	-	(285,623)	-	-	-	(285,623)
Total Expenditures	-	-	(\$285,623)	-	-	-	(\$285,623)
Ending Balance							
Ending Balance	-	-	285,623	-	-	-	285,623
Total Ending Balance	-	-	\$285,623	-	-	-	\$285,623

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(314,030)	-	-	-	(314,030)
Total Services & Supplies	-	-	(\$314,030)	-	-	-	(\$314,030)
Total Expenditures							
Total Expenditures	-	-	(314,030)	-	-	-	(314,030)
Total Expenditures	-	-	(\$314,030)	-	-	-	(\$314,030)
Ending Balance							
Ending Balance	-	-	314,030	-	-	-	314,030
Total Ending Balance	-	-	\$314,030	-	-	-	\$314,030

BUDGET NARRATIVE

POLICY PACKAGE 101

Portland Harbor Superfund Site Defense Expenses

Common School Fund – Aquatic Resource Management

Purpose

This package funds ongoing protection of the state's interests in the cost allocation and natural resource damage assessment work for the Portland Harbor Superfund Site cleanup.

How Achieved

Continue assistance from legal and environmental experts. The need to address complex legal and environmental issues, such as cost allocation negotiations and natural resource damage assessments, will continue in the 2019-21 biennium. This package funds anticipated Department of Justice legal expenses for defending the state's interests specifically connected to the State Land Board's jurisdiction and authorities, as well as environmental consulting costs.

Continue involvement in the cleanup process. DSL manages the state's proprietary and regulatory activities in the lower Willamette. Continuation of a limited duration staff position ensures ongoing oversight as issues are addressed with other federal, state, and local governments and entities.

Staffing Impact

Continues 1 FTE limited duration Natural Resource Specialist-4

Quantifying Results

DSL needs assistance to limit the liability and cost to the state due to the significance of the environmental hazard and likely cleanup costs in Portland Harbor. The total cleanup costs for the site are estimated by the Environmental Protection Agency to exceed \$1 billion.

Revenue Source

\$6,772,077 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 101 - Portland Harbor Clean Up - Defense Expenses

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	173,784	-	-	-	173,784
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	29,491	-	-	-	29,491
Social Security Taxes	-	-	13,295	-	-	-	13,295
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$251,873	-	-	-	\$251,873
Services & Supplies							
Instate Travel	-	-	1,557	-	-	-	1,557
Office Expenses	-	-	519	-	-	-	519
Telecommunications	-	-	2,803	-	-	-	2,803
Professional Services	-	-	4,218,582	-	-	-	4,218,582
Attorney General	-	-	2,293,604	-	-	-	2,293,604
Facilities Rental and Taxes	-	-	1,582	-	-	-	1,582
IT Expendable Property	-	-	1,557	-	-	-	1,557
Total Services & Supplies	-	-	\$6,520,204	-	-	-	\$6,520,204
Total Expenditures							
Total Expenditures	-	-	6,772,077	-	-	-	6,772,077
Total Expenditures	-	-	\$6,772,077	-	-	-	\$6,772,077

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 101 - Portland Harbor Clean Up - Defense Expenses

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	(6,772,077)	-	-	-	(6,772,077)
Total Ending Balance	-	-	(\$6,772,077)	-	-	-	(\$6,772,077)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

PACKAGE: 101 - Portland Harbor Clean Up - Def

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411033	AX	C8504	AP NATURAL RESOURCE SPECIALIST 4	1	1.00	24.00	08	7,241.00		173,784			173,784
										78,089			78,089
TOTAL PICS SALARY										173,784			173,784
TOTAL PICS OPE										78,089			78,089
TOTAL PICS PERSONAL SERVICES =				1	1.00	24.00				251,873			251,873

BUDGET NARRATIVE

POLICY PACKAGE 102 – NOT RECOMMENDED

Waterway Insurance

Common School Fund – Aquatic Resource Management

Purpose

This package is connected to a legislative concept that would allow the agency to better protect leased state-owned waterways.

How Achieved

A 2019 legislative concept would authorize the agency to purchase an insurance policy to protect state-owned leased waterways and collect revenue from lessees to cover the cost of the policy. The legislative concept aims to reduce the state's cost exposure when lessee activity results in a cleanup, such as the recent Goble site cleanup on the Columbia River that will cost the agency approximately \$12 million.

The package would provide limitation to purchase the policy and to cover estimated revenue from the lessees.

Staffing Impact

None.

Quantifying Results

Purchasing an insurance policy, and covering the cost of that policy with revenue from lessees, will result in reduced costs to the state from cleanup activities, and better protection of state-owned land. This package directly supports the agency in achieving *Strategic Plan Goal 4 - Protect Oregon's waters and public trust values on state-owned waterways* and multiple objectives within that goal.

Revenue Source

Other funds. Revenue would come from lease payments to the department for use of state-owned waterways. Cost is to be determined. Several different pricing scenarios and analyses have been conducted, but further guidance regarding the legislative concept is needed from DAS before cost can be accurately forecasted.

BUDGET NARRATIVE

POLICY PACKAGE 103

System Replacement Project

Common School Fund –Business Operations and Support Services

Purpose

This package funds continuing development of a modern permitting and information system that is easy for customers to navigate and use, and also increases the agency's ability to efficiently and effectively deliver service.

How Achieved

The existing Land Administration System (LAS) database was launched in 1999 to support permitting, authorizations and enforcements, as well as associated revenues. The system was designed and built without web technology in mind and cannot be updated to work with the many web-based features now available for serving customers and streamlining business processes. Applying for permits or leases online, accessing project documents, and viewing invoices are among the web features requested in a 2016 customer survey. Having anywhere access to the system will also improve staff's ability to provide service and complete tasks when they are in the field with applicants, visiting sites, or investigating violations.

The package continues a limited duration IT project manager and adds professional services dollars to continue development of a new system.

Staffing Impact

Continues 1 FTE limited duration Information Systems Specialist-8

Quantifying Results

The agency's progress on development and implementation of the system itself will be tracked within project objectives and deliverables. Overall, the project contributes to meeting multiple Strategic Plan goals, particularly for delivery of consistent, timely, and dependable public service, as well as Key Performance Measures that track response and resolution times, and customer satisfaction ratings.

Revenue Source

\$506,934 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 103 - Systems Replacement Project (IT Project Manager)

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	217,968	-	-	-	217,968
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	36,989	-	-	-	36,989
Social Security Taxes	-	-	16,674	-	-	-	16,674
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$306,934	-	-	-	\$306,934
Services & Supplies							
Professional Services	-	-	200,000	-	-	-	200,000
Total Services & Supplies	-	-	\$200,000	-	-	-	\$200,000
Total Expenditures							
Total Expenditures	-	-	506,934	-	-	-	506,934
Total Expenditures	-	-	\$506,934	-	-	-	\$506,934
Ending Balance							
Ending Balance	-	-	(506,934)	-	-	-	(506,934)
Total Ending Balance	-	-	(\$506,934)	-	-	-	(\$506,934)
Total Positions							
Total Positions	-	-	-	-	-	-	1
Total Positions	-	-	-	-	-	-	1

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 103 - Systems Replacement Project (IT Project Manager)

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

PACKAGE: 103 - Systems Replacement Project (I

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411034	MMN	X1488	IP INFO SYSTEMS SPECIALIST 8	1	1.00	24.00	08	9,082.00		217,968			217,968
										88,966			88,966
TOTAL PICS SALARY										217,968			217,968
TOTAL PICS OPE										88,966			88,966
TOTAL PICS PERSONAL SERVICES =				1	1.00	24.00				306,934			306,934

BUDGET NARRATIVE

POLICY PACKAGE 104

EPA Grant Carry-Forward

Common School Fund – Aquatic Resource Management

Purpose

This package uses existing federal grant funding to continue collaborative work with federal, Tribal, and state partners to build and strengthen management of Oregon's aquatic resources.

How Achieved

Continue progress on shared goals for wetlands. DSL worked with other state agencies and Tribes to develop a coordinated Oregon Wetland Program Plan in 2011, supported by funding through EPA's Wetland Program Development Grant. Updated in January 2017, the plan provides a strategic framework and direction for all plan partners to support improved management of aquatic resources. Action items in the plan include improving mitigation success, developing tools for effective and consistent regulation, and support for development of local government planning solutions and tools.

Complete development of a new approach for wetland and stream mitigation. DSL and federal and local partners have been working to develop wetland and stream functions-based assessment tools, as well as the program policies and practices necessary to implement the Aquatic Resources Mitigation Framework, a watershed-scale approach to mitigation for wetlands and streams in Oregon. Existing Environmental Protection Agency grant funds are being carried forward to allow DSL to complete the framework.

Quantifying Results

The framework is expected to be complete in Spring 2019. This carry forward ensures funds will be available should the project be delayed.

Revenue Source

\$113,193 Federal Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 104 - EPA Grant Carry Forward

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Professional Services	-	-	-	113,193	-	-	113,193
Total Services & Supplies	-	-	-	\$113,193	-	-	\$113,193
Total Expenditures							
Total Expenditures	-	-	-	113,193	-	-	113,193
Total Expenditures	-	-	-	\$113,193	-	-	\$113,193
Ending Balance							
Ending Balance	-	-	-	(113,193)	-	-	(113,193)
Total Ending Balance	-	-	-	(\$113,193)	-	-	(\$113,193)

BUDGET NARRATIVE

POLICY PACKAGE 105

Elliott State Forest Management Work

Common School Fund – Real Property Management

Purpose

This package provides dedicated oversight of the Elliott State Forest and other Common School Fund forest land.

How Achieved

Continuing a limited duration forester position ensures effective management of the Elliott Forest maintenance contract and other issues related to protecting and preserving public access to the Elliott and nearly 39,000 acres of other Common School Fund forestlands. The package also adds \$ 2,002,762 for the Elliott maintenance contract with Titan Kelly.

Staffing Impact

Continues 1 FTE limited duration Natural Resource Specialist-3 position

Quantifying Results

Ongoing oversight of forestlands contributes directly to sound management of those lands and supports the agency in achieving *Strategic Plan Goal 2 – Manage Common School Fund real property to meet trust obligations.*

Revenue Source

\$2,186,854 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 105 - Elliott Forest Work

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	113,376	-	-	-	113,376
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	19,240	-	-	-	19,240
Social Security Taxes	-	-	8,673	-	-	-	8,673
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$176,592	-	-	-	\$176,592
Services & Supplies							
Instate Travel	-	-	7,500	-	-	-	7,500
Professional Services	-	-	2,002,762	-	-	-	2,002,762
Agency Program Related S and S	-	-	-	-	-	-	-
Total Services & Supplies	-	-	\$2,010,262	-	-	-	\$2,010,262
Total Expenditures							
Total Expenditures	-	-	2,186,854	-	-	-	2,186,854
Total Expenditures	-	-	\$2,186,854	-	-	-	\$2,186,854
Ending Balance							
Ending Balance	-	-	(2,186,854)	-	-	-	(2,186,854)
Total Ending Balance	-	-	(\$2,186,854)	-	-	-	(\$2,186,854)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 105 - Elliott Forest Work

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

PACKAGE: 105 - Elliott Forest Work

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411035	AX	C8503	AP NATURAL RESOURCE SPECIALIST 3	1	1.00	24.00	02	4,724.00		113,376			113,376
										63,216			63,216
TOTAL PICS SALARY										113,376			113,376
TOTAL PICS OPE										63,216			63,216
TOTAL PICS PERSONAL SERVICES =				1	1.00	24.00				176,592			176,592

BUDGET NARRATIVE

POLICY PACKAGE 106

Filled Lands Positions and Online Mapping Tool

Common School Fund – Real Property

Purpose

This package continues implementation of 2015's Senate Bill 912, which directs DSL to inventory historically filled lands and notify property owners of any remaining state interest in those lands.

How Achieved

Complete an inventory of historically filled lands. For each of Oregon's state-owned waterways, the agency will map the extent of state ownership, determine lines of ownership, identify artificial fills, document fill events, and perform initial research of past ownership transactions. The first inventory study, of the Chetco River, is in progress.

Increase awareness of inventory studies through outreach and make information easily available via an online map. Property owners in each study area are informed about the study and provided opportunities for comment on draft study reports. The agency will also develop an interactive online map to increase access to state ownership information.

The package continues 2 limited duration positions and adds limitation for professional services to complete GIS analytical work.

Staffing Impact

Continues 1 FTE limited duration Natural Resource Specialist-4 position and 1 FTE limited duration Administrative Specialist-1 position

Quantifying Results

This funding is essential for the agency to continue, and ultimately complete, the statewide inventory and property owner notice as directed by the Legislature. Progress will be measured according to the overall project plan, which anticipates completion of all studies and declarations of state interest by December 31, 2025. Completion of this work directly contributes to *Strategic Plan Goal 2 – Manage Common School Fund real property to meet trust obligations*, and the objective of developing a filled lands strategy. Studies will be also published, and ownership information provided via the online web tool.

Revenue Source

\$682,746 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 106 - Filled Lands Positions & Online Mapping Tool

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	202,488	-	-	-	202,488
Empl. Rel. Bd. Assessments	-	-	122	-	-	-	122
Public Employees' Retire Cont	-	-	34,362	-	-	-	34,362
Social Security Taxes	-	-	15,490	-	-	-	15,490
Worker's Comp. Assess. (WCD)	-	-	116	-	-	-	116
Flexible Benefits	-	-	70,368	-	-	-	70,368
Total Personal Services	-	-	\$322,946	-	-	-	\$322,946
Services & Supplies							
Instate Travel	-	-	4,000	-	-	-	4,000
Office Expenses	-	-	1,000	-	-	-	1,000
Telecommunications	-	-	4,800	-	-	-	4,800
IT Professional Services	-	-	350,000	-	-	-	350,000
Total Services & Supplies	-	-	\$359,800	-	-	-	\$359,800
Total Expenditures							
Total Expenditures	-	-	682,746	-	-	-	682,746
Total Expenditures	-	-	\$682,746	-	-	-	\$682,746
Ending Balance							
Ending Balance	-	-	(682,746)	-	-	-	(682,746)
Total Ending Balance	-	-	(\$682,746)	-	-	-	(\$682,746)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 106 - Filled Lands Positions & Online Mapping Tool

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Positions							
Total Positions							2
Total Positions	-	-	-	-	-	-	2
Total FTE							
Total FTE							2.00
Total FTE	-	-	-	-	-	-	2.00

PACKAGE: 106 - Filled Lands Positions & Onlin

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411036	AX	C8504	AP NATURAL RESOURCE SPECIALIST 4	1	1.00	24.00	02	5,437.00		130,488 67,429			130,488 67,429
1411037	AX	C0107	AP ADMINISTRATIVE SPECIALIST 1	1	1.00	24.00	02	3,000.00		72,000 53,029			72,000 53,029
TOTAL PICS SALARY										202,488			202,488
TOTAL PICS OPE										120,458			120,458
TOTAL PICS PERSONAL SERVICES =				2	2.00	48.00				322,946			322,946

BUDGET NARRATIVE

POLICY PACKAGE 107

Project Manager for Procurements and Project Management

Common School Fund – Real Property Management

Purpose

This package helps ensure complex agency projects are completed on time and on budget by securing a permanent project manager position to provide oversight and staff training.

How Achieved

Converting a limited duration project management position to a permanent position will provide ongoing project management and procurement expertise for the Elliott State Forest Public Ownership Project, Portland Harbor Superfund and other high-profile major projects. The position will also continue to provide agency staff with ongoing training and mentoring regarding project management procurement principles and policy.

Staffing Impact

Continues and makes permanent 1 FTE Project Manager-3

Quantifying Results

Multiple Key Performance Measures and objectives across all Strategic Plan goals rely on the successful planning and execution of projects and procurements.

Revenue Source

\$296,706 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 107 - Project Manager for Procurements & Project Management

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	209,760	-	-	-	209,760
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	35,596	-	-	-	35,596
Social Security Taxes	-	-	16,047	-	-	-	16,047
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$296,706	-	-	-	\$296,706
Total Expenditures							
Total Expenditures	-	-	296,706	-	-	-	296,706
Total Expenditures	-	-	\$296,706	-	-	-	\$296,706
Ending Balance							
Ending Balance	-	-	(296,706)	-	-	-	(296,706)
Total Ending Balance	-	-	(\$296,706)	-	-	-	(\$296,706)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

PACKAGE: 107 - Project Manager for Procurement

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411038	MMN	X0856	AP PROJECT MANAGER 3	1	1.00	24.00	08	8,740.00		209,760			209,760
										86,946			86,946
TOTAL PICS SALARY										209,760			209,760
TOTAL PICS OPE										86,946			86,946
TOTAL PICS PERSONAL SERVICES =				1	1.00	24.00				296,706			296,706

BUDGET NARRATIVE

POLICY PACKAGE 111 – NOT RECOMMENDED

Ocean Science Trust

Common School Fund – Director's Office

Purpose

This package allows the Oregon Ocean Science Trust to encourage and support research and monitoring in Oregon's nearshore environment.

How Achieved

Establish a program to fund high-priority nearshore research. The Oregon Ocean Science Trust (OOST) was established by the 2013 Legislature to increase knowledge and understanding of our ocean and coastal resources through research and monitoring. While much is known about parts of Oregon's ocean, basic information about the nearshore areas is lacking. Many state agencies –including DSL, Oregon Department of Fish & Wildlife, Department of Environmental Quality, Department of Land Conservation and Development, Oregon Parks and Recreation Department, and Oregon Department of Agriculture – need better nearshore data to support informed management decisions.

Fund part-time staff and other operational costs. This package provides funds to allow OOST to contract for part-time staff, as well as funds to pay the costs of the Trust, which are capped at 5 percent by statute.

Staffing Impact

None.

Quantifying Results

The Trust has adopted a set of priority research questions that need to be answered to support informed management and policy decisions in Oregon's nearshore. This package supports the Trust in answering those questions, and in carrying out its four primary duties: 1) promoting peer-reviewed, competitive research and monitoring that leads to increased knowledge and understanding of Oregon's ocean and coastal resources; 2) promoting innovative, collaborative, community-oriented, multi-institutional approaches to research and monitoring related to Oregon's ocean and coastal resources; 3) enhancing the state's capacity for peer-reviewed scientific ocean and coastal research; and 4) establishing and executing a competitive grant program to conduct research and monitoring related to Oregon's ocean and coastal resources.

Revenue Source

\$1,000,000 General Fund

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 111 - Oregon Ocean Science Trust

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Services & Supplies							
Professional Services	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

BUDGET NARRATIVE

POLICY PACKAGE 113

Unclaimed Property Claims Examiner

Common School Fund – Trust Property

Purpose

This package helps ensure timely return of unclaimed property and money to rightful owners.

How Achieved

Unclaimed property claims have nearly doubled over the past decade, but staffing levels have not increased to support timely response to claims. Since June 2017, average response time to claims has ranged from 91 to 114 days. Encouraging people to claim property through news interviews, social media and other publicity often results in increased inquiries and claims – a positive outcome that can unfortunately result in longer response times.

Adding a limited duration administrative position will help meet the demand generated by successful outreach, while also ensuring the agency can continue to meet its statutory deadline of responding to claims within 120 days.

Staffing Impact

Adds 1 FTE limited duration Administrative Specialist-1 position

Quantifying Results

Increasing staffing levels will directly support improved customer satisfaction, as measured by KPM 13, and unclaimed property disbursements, as measured by KPM 12. This package also contributes to *Strategic Plan Goal 1 – Deliver consistent, timely and dependable public service* and *Strategic Plan Goal 3 – Serve as a trustee for unclaimed property and estates with no will and no known heirs*.

Revenue Source

\$125,029 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 113 - Unclaimed Property Claims Examiner

Cross Reference Name: Common School Fund
Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	72,000	-	-	-	72,000
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	12,218	-	-	-	12,218
Social Security Taxes	-	-	5,508	-	-	-	5,508
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$125,029	-	-	-	\$125,029
Total Expenditures							
Total Expenditures	-	-	125,029	-	-	-	125,029
Total Expenditures	-	-	\$125,029	-	-	-	\$125,029
Ending Balance							
Ending Balance	-	-	(125,029)	-	-	-	(125,029)
Total Ending Balance	-	-	(\$125,029)	-	-	-	(\$125,029)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

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Essential and Policy Package Fiscal Impact Summary - BPR013

PACKAGE: 113 - Unclaimed Property Claims Exam

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1411039	AX	C0107	AP ADMINISTRATIVE SPECIALIST 1	1	1.00	24.00	02	3,000.00		72,000			72,000
										53,029			53,029
TOTAL PICS SALARY										72,000			72,000
TOTAL PICS OPE										53,029			53,029
TOTAL PICS PERSONAL SERVICES =				1	1.00	24.00				125,029			125,029

BUDGET NARRATIVE

POLICY PACKAGE 114

Elliott State Forest Public Ownership Project

Common School Fund – Real Property Management

Purpose

This package supports ongoing work to retain public ownership of the Elliott State Forest.

How Achieved

The 2017 Oregon Legislature approved approximately \$1.5 million for work on an updated habitat conservation plan (HCP) and associated planning for the work to retain public ownership of the Elliott State Forest. This request adds limitation for continuing HCP work through a contract with ICF Jones & Stokes and an intergovernmental agreement with the U.S. Fish and Wildlife Service.

The request also includes limitation for continuing an intergovernmental agreement with Oregon Consensus to analyze and recommend options for decoupling the Elliott State Forest from the Common School Fund.

Staffing Impact

None.

Quantifying Results

Progress is being tracked via project plans that ensure completion of deliverables associated with the contracts and agreements for decoupling and HCP development processes.

Revenue Source

\$1,579,059 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 114 - Elliott State Forest Public Ownership Project

Cross Reference Name: Common School Fund
 Cross Reference Number: 14100-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Professional Services	-	-	1,579,059	-	-	-	1,579,059
Total Services & Supplies	-	-	\$1,579,059	-	-	-	\$1,579,059
Total Expenditures							
Total Expenditures	-	-	1,579,059	-	-	-	1,579,059
Total Expenditures	-	-	\$1,579,059	-	-	-	\$1,579,059
Ending Balance							
Ending Balance	-	-	(1,579,059)	-	-	-	(1,579,059)
Total Ending Balance	-	-	(\$1,579,059)	-	-	-	(\$1,579,059)

BUDGET NARRATIVE

POLICY PACKAGE 115

Position Reclassifications

Common School Fund and South Slough National Estuarine Research Reserve

Purpose

This package completes reclassification of agency positions to ensure positions are appropriately classified and compensated for the level of work performed, and the agency's operational needs are met.

How Achieved

As part of the Oregon Management Project, the agency determined DSL management positions were classified incorrectly based on the complexity and scope of the work being performed. The agency has been working for the past two biennia to address those gaps in our management structure by reclassifying positions. This package completes the reclassification process. An executive support specialist position is also being reclassified to provide higher level support to two deputy directors, and to have the position act as the agency's rules coordinator.

No additional funding is being requested; each incumbent will move from their existing salary step to the corresponding step in the new range.

Staffing Impact

This package reclassifies:

6 positions in the Common School Fund Program Unit:

- 3 Principal Executive/Manager-D positions to Principal Executive/Manager-E positions
- 1 Principal Executive/Manager-A position to a Principal Executive/Manager-B position
- 1 HR Analyst 3 position to a Principal Executive/Manager-D position
- 1 Executive Support Specialist-1 position to an Executive Support Specialist-2 position

2 positions in the South Slough National Estuarine Research Reserve Program Unit:

- 1 Principal Executive/Manager-D position to a Principal Executive/Manager-E position
- 1 Principal Executive/Manager-B position to a Principal Executive/Manager-C position

Quantifying Results

Reclassifying these positions directly results in more effective management of agency administration and operations, and ensures agency maintains its ability to develop, retain and attract skilled management professionals. The success of multiple agency efforts, as detailed in the Strategic Plan and as demonstrated in Key Performance Measures, is directly supported by an appropriate management structure.

Revenue Source

All positions are funded by Other Funds. No increase in funds is necessary.

PACKAGE: 115 - Position Reclass

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
0103902	AX	C0118	AP EXECUTIVE SUPPORT SPECIALIST 1	1-	1.00-	24.00-	08	3,917.00		94,008- 58,448-			94,008- 58,448-
0103902	AX	C0119	AP EXECUTIVE SUPPORT SPECIALIST 2	1	1.00	24.00	06	3,917.00		94,008 58,448			94,008 58,448
0105001	MMS	X7006	AP PRINCIPAL EXECUTIVE/MANAGER D	1-	1.00-	24.00-	09	8,332.00		199,968- 84,536-			199,968- 84,536-
0105001	MMS	X7008	AP PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	07	8,332.00		199,968 84,536			199,968 84,536
0413001	MMS	X7006	AP PRINCIPAL EXECUTIVE/MANAGER D	1-	1.00-	24.00-	09	8,332.00		199,968- 84,536-			199,968- 84,536-
0413001	MMS	X7008	AP PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	07	8,332.00		199,968 84,536			199,968 84,536
1321001	MMN	X1322	AP HUMAN RESOURCE ANALYST 3	1-	1.00-	24.00-	08	7,561.00		181,464- 79,979-			181,464- 79,979-
1321001	MMN	X7006	AP PRINCIPAL EXECUTIVE/MANAGER D	1	1.00	24.00	07	7,561.00		181,464 79,979			181,464 79,979
1411008	MMS	X7000	AP PRINCIPAL EXECUTIVE/MANAGER A	1-	1.00-	24.00-	09	5,937.00		142,488- 70,383-			142,488- 70,383-
1411008	MMS	X7002	AP PRINCIPAL EXECUTIVE/MANAGER B	1	1.00	24.00	07	5,937.00		142,488 70,383			142,488 70,383
8504901	MMS	X7006	AP PRINCIPAL EXECUTIVE/MANAGER D	1-	1.00-	24.00-	09	8,332.00		199,968- 84,536-			199,968- 84,536-
8504901	MMS	X7008	AP PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	07	8,332.00		199,968 84,536			199,968 84,536
TOTAL PICS SALARY													
TOTAL PICS OPE													
TOTAL PICS PERSONAL SERVICES =					.00	.00							

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's	Legislatively Adopted
Business Lic & Fees	3400	0205	51,166		30,000		30,000	
Non-Business Lic & Fees	3400	0210	3,256,972	800,000	3,100,000	800,000	3,100,000	
Charges for Services	3400	0410	430,007	273,750	750,000	273,750	750,000	
Admin & Service Chrgs	3400	0415	60,304	130,000	265,000	130,000	265,000	
Fines & Forfeitures	3400	0505	135,037	190,000	262,000	190,000	262,000	
Rents & Royalties	3200,3400	0510	10,510,066	9,500,000	17,200,000	9,500,000	17,200,000	
Lottery Bonds	3400	0565					5,281,463	
Interest Income	3200,3400	0605	57,859,914	140,000,000	140,000,000	140,000,000	55,430,000	
Sales Income	3400	0705	100,673	120,000	30,000	120,000	30,000	
CSF Land Sales	3400	0735	4,110		1,000,000		1,000,000	
Donations	3400	0905	5,000	12,000	10,000	12,000	10,000	
Other Revenues	3010,3200,3400	0975	89,898,979	69,974,000	69,974,000	69,6974,000	84,611,044	
Federal Funds Revenue	6400	0995	142,896	461,007	461,007	461,007	461,007	
Transfer from DOR	3400	1150	109,119	237,000	95,000	100,000	100,000	
Transfer from Energy	3400	1330	427		7,000			
Transfer from DAS						589,920	589,920	
Transfer from Forestry	3400	1629	10,344,049	4,689,000	6,757,000	6,756,872	6,756,872	
Transfer from LUBA	3400	1662	13,305	27,239	30,000	28,274	28,274	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

Cross Reference Number: 14100-010-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Lottery Funds						
Tsfr From Administrative Svcs	-	-	-	589,920	589,920	-
Total Lottery Funds	-	-	-	\$589,920	\$589,920	-
Other Funds						
Business Lic and Fees	51,166	-	-	-	30,000	-
Non-business Lic. and Fees	2,429,253	800,000	800,000	800,000	3,100,000	-
Federal Revenues	402,950	-	-	-	-	-
Charges for Services	380,784	273,750	273,750	273,750	750,000	-
Admin and Service Charges	60,304	130,000	130,000	130,000	265,000	-
Fines and Forfeitures	135,037	190,000	190,000	190,000	262,000	-
Rents and Royalties	10,409,548	9,500,000	9,500,000	9,500,000	17,200,000	-
Lottery Bonds	-	-	-	-	5,281,463	-
Interest Income	1,426,378	140,000,000	140,000,000	140,000,000	55,430,000	-
Sales Income	31,384	120,000	120,000	120,000	30,000	-
Common School Lands Sales	4,110	-	-	-	1,000,000	-
Donations	5,000	12,000	12,000	12,000	10,000	-
Other Revenues	184,568	543,724	543,724	543,724	543,724	-
Transfer In - Intrafund	-	3,225,793	3,225,793	21,618,941	21,618,941	-
Transfer from General Fund	-	5,000,000	5,000,000	-	-	-
Tsfr From Revenue, Dept of	109,119	237,000	237,000	100,000	100,000	-
Tsfr From Energy, Dept of	427	-	-	-	-	-
Tsfr From Forestry, Dept of	10,344,049	4,689,000	4,689,000	6,756,872	6,756,872	-
Tsfr From Land Use Bd of Appls	13,305	27,239	27,239	28,274	28,274	-
Transfer Out - Intrafund	(2,834,647)	(137,434,454)	(137,434,454)	(24,575,735)	(24,575,735)	-
Tsfr To Forestry, Dept of	(7,402,921)	(3,266,315)	(3,266,315)	(4,819,961)	(4,819,961)	-

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Detail of LF, OF, and FF Revenues - BPR012

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100
Cross Reference Number: 14100-010-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Tsfr To Water Resources Dept	-	(67,444)	(67,444)	(76,212)	(76,212)	-
Total Other Funds	\$15,749,814	\$23,980,293	\$23,980,293	\$150,601,653	\$82,934,366	-
Federal Funds						
Federal Funds	142,896	461,007	461,007	461,007	461,007	-
Total Federal Funds	\$142,896	\$461,007	\$461,007	\$461,007	\$461,007	-
Nonlimited Other Funds						
Rents and Royalties	100,518	-	-	-	-	-
Interest Income	56,431,536	-	-	-	-	-
Other Revenues	89,714,411	69,974,000	69,974,000	69,974,000	84,611,044	-
Transfer In - Intrafund	-	130,002,450	130,002,450	3,755,800	3,755,800	-
Transfer Out - Intrafund	-	-	-	(3,755,800)	(3,755,800)	-
Tsfr To Education, Dept of	(136,579,249)	(116,260,269)	(116,260,269)	(116,260,269)	(116,260,269)	-
Total Nonlimited Other Funds	\$9,667,216	\$83,716,181	\$83,716,181	(\$46,286,269)	(\$31,649,225)	-

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REMOVAL-FILL MITIGATION FUND

DEPARTMENT OF STATE LANDS: Oregon Removal-Fill Mitigation Fund 2017-2019



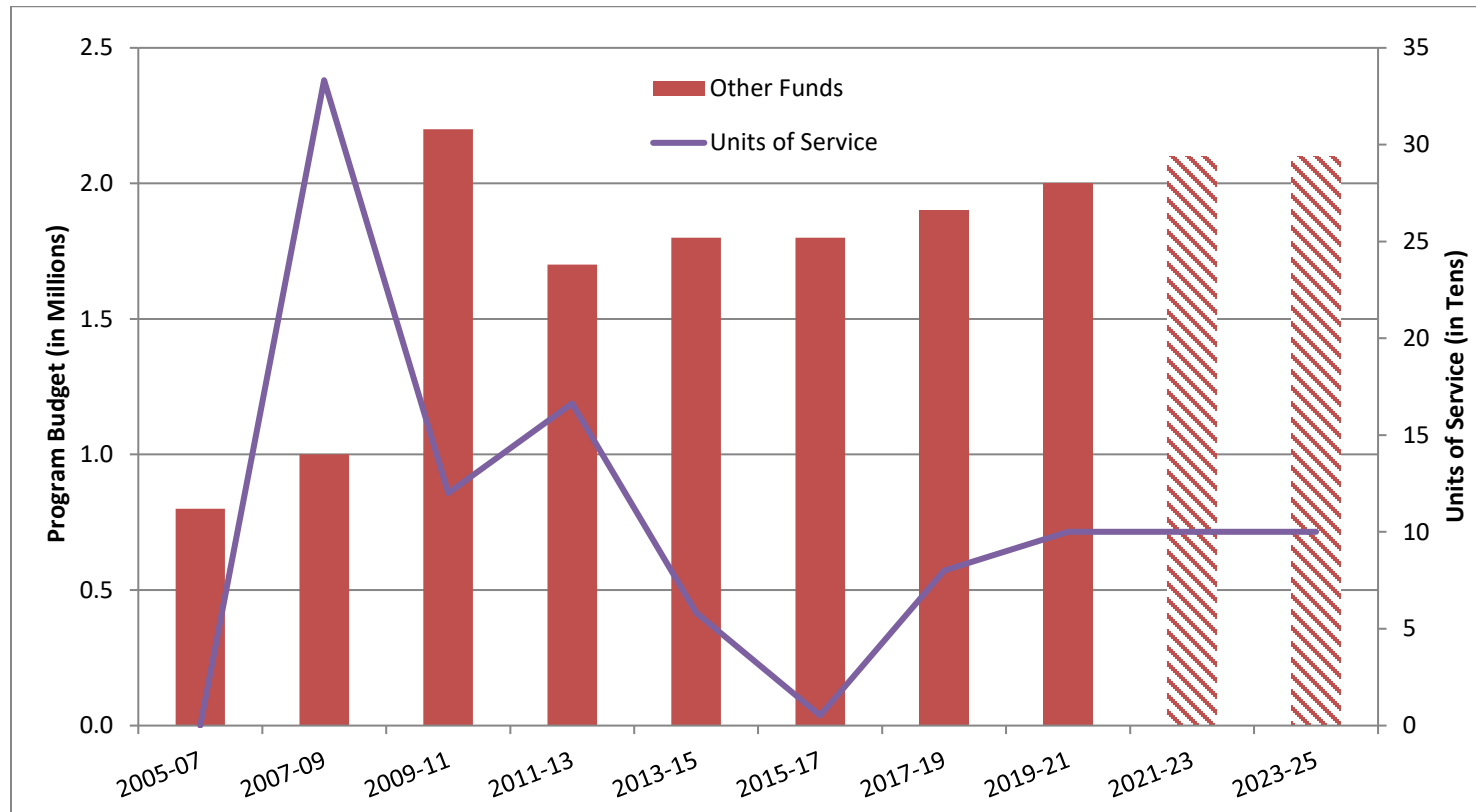
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BUDGET NARRATIVE

Program Unit 013 – Oregon Removal-Fill Mitigation Fund

Executive Summary

Primary Outcome Area: Responsible Environmental Stewardship
Program Contact: Bill Ryan, 503-986-5259; bill.ryan@state.or.us



Units of service are mitigation credits produced through the grant program. The dotted bars are projected data.

BUDGET NARRATIVE

Program Overview

The Oregon Removal-Fill Mitigation Fund is used to provide a mitigation option for removal-fill permits for projects that impact wetlands and waterways. Mitigation credits are sold to applicants and the funds are used by the Department of State Lands to construct mitigation sites through a grant program.

Program Funding Request

This program has a Governor's Budget of \$1,996,518. The program provides funding for one-half of one full-time equivalent (.5 FTE) position; that position is included in the Operations Division.

Program Description

Under state law, when impacts to aquatic resources (wetlands and waterways) occur as part of a removal-fill activity, mitigation to replace the lost functions of the resource is required. Mitigation may be accomplished through permittee-responsible mitigation, purchasing credits from private mitigation banks or, if there are no private bank credits available, purchasing credits from DSL. When mitigation credits are purchased from DSL, the funds are deposited into the Removal-Fill Mitigation Fund. DSL then uses these funds to administer a grant program to construct wetland and waterway mitigation projects in the watershed in which the impacts occurred. The credits are called *payment in-lieu* or *in-lieu fee* credits. The Department currently has three in-lieu fee sites providing credits and has an additional three sites under development.

The program involves a wide array of partners, including grantees, an interagency team for federally approved projects, and funding partners. A sampling includes the U.S. Forest Service; Clean Water Services in Washington County; nonprofits and land trusts such as the McKenzie River Land Trust and North Coast Land Conservancy; and watershed councils such as the Tualatin Riverkeepers, Salmon-Drift Creek Watershed Council and Clackamas River Basin Council. State agency partners include the Oregon Department of Fish and Wildlife, Department of Transportation, and Department of Environmental Quality.

Program Justification and Link to Long-Term Outcomes

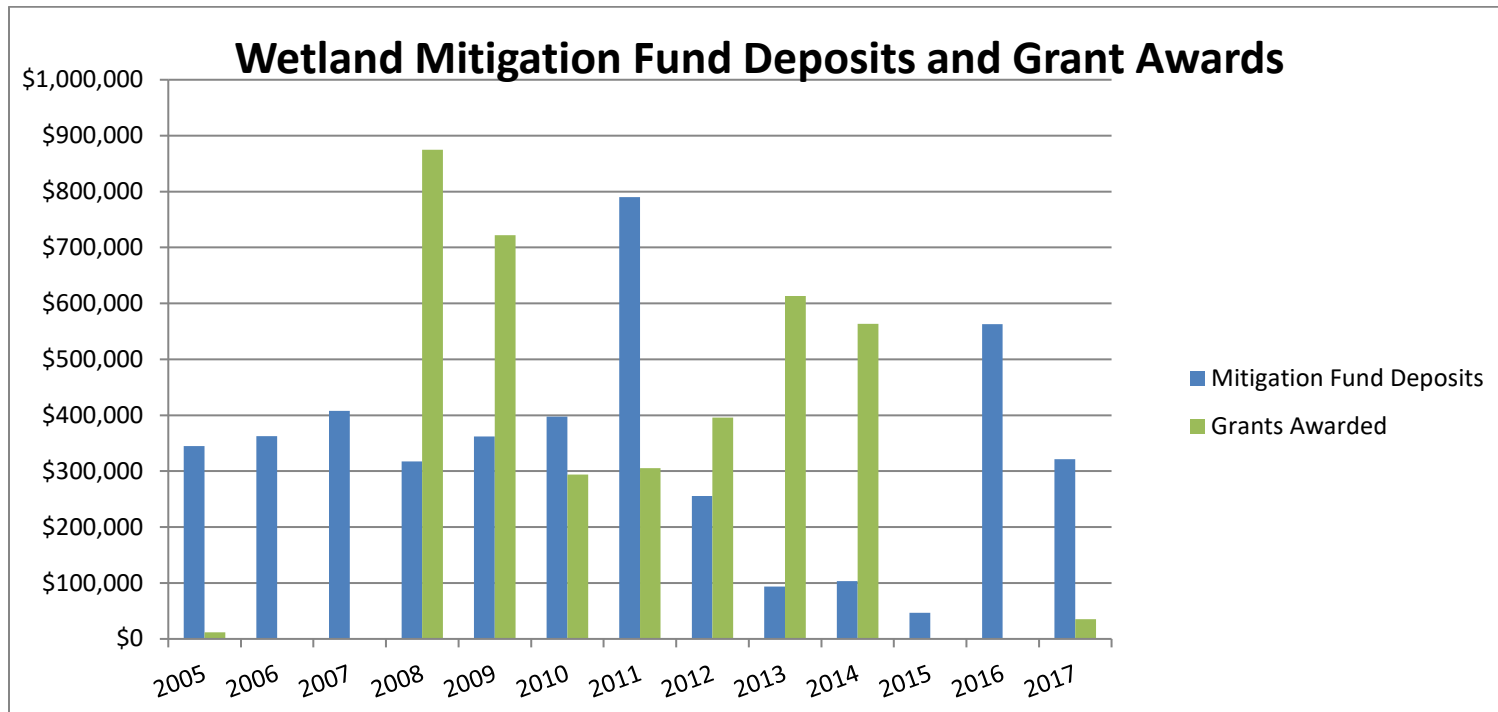
Primary Outcome Area: *Responsible Environmental Stewardship*. The Department takes a watershed approach to mitigation project selection. Projects that are funded must be strategically located to meet regional conservation priorities, address limiting factors identified in watershed assessments, provide habitat corridors, or add to the effectiveness of nearby protected natural areas. Mitigation projects that are able to provide multiple functions and functional gains, including improvement of fish and wildlife habitat and support for rare species, are given preference.

The use of DSL credits for mitigation can also provide improved outcomes for aquatic resources compared to small-scale individual mitigation sites. By pooling funds from multiple permits and collaborating with restoration partners, the Department is able to construct larger mitigation sites that are more sustainable and higher functioning. Larger mitigation sites also are more cost effective as they benefit from economies of scale relative to smaller mitigation sites. Because DSL approves only those mitigation grant projects that have a high likelihood of success and meet watershed needs for functional replacement, the Department is able to minimize risk of project failure and maximize environmental benefits.

BUDGET NARRATIVE

By using existing conservation plans in the grant selection process, the program contributes to the effective coordination and implementation of natural resource management plans to sustain the environmental, economic and social well-being of Oregon for future generations. In addition, most approved grant projects involve funding from multiple sources, which has the effect of incorporating conservation priorities from other natural resource funding agencies.

Program Performance



From FY 2006 through FY 2017, 511 removal-fill permit applicants paid into the mitigation fund. In 2007, the Department obtained one FTE to administer the grant program and developed a performance measure (KPM 11) for DSL to commit 100 percent of the funds received through credit sales to mitigation project grants within one year. This target has not been met since 2014. It has been challenging to commit all funds received each year because the amount of credit sales and the availability of appropriate grant projects are not correlated. The Department receives deposits to the fund every year but only disperses funds as appropriate restoration projects are identified. The Department has experienced difficulty in recent years identifying viable restoration projects, and staff time to seek new projects has been reduced. DSL also began using contracts rather than grant agreements to disperse funds to restoration projects, which requires more staff time per project. Staff continues to seek opportunities to place accumulated funds in the watersheds in which the impacts occurred.

BUDGET NARRATIVE

The Department projects an increase in credits sold in the future because of an expansion of the In-Lieu Fee Mitigation Program in additional watersheds, revised mitigation policies that are anticipated to increase stream mitigation payments and funded projects, and because permit volume is increasing while the supply of credits from mitigation banks is running low.

Enabling Legislation/Program Authorization

The Mitigation Fund is authorized in ORS 196.625-665. Applicants for removal-fill permits are required to provide compensatory mitigation for the adverse effects of their projects. The Mitigation Fund creates an added mitigation payment option for project proponents.

Funding Streams

The program is funded completely from Other Funds. DSL accepts funds in lieu of physical mitigation and expends funds for mitigation projects.

Significant Proposed Program Changes from 2017-19

None.

BUDGET NARRATIVE

ESSENTIAL PACKAGES

Oregon Removal-Fill Mitigation Fund

Purpose

The essential packages present budget adjustments needed to bring the base budget to Current Service Level (CSL), the calculated cost of continuing legislatively approved programs into the 2019-21 biennium.

How Achieved

Package 010: adjusts for vacancies and non-PICS personal services amounts using the standard adjustment and calculation factors specified in the budget instructions. The total adjustments were \$871 All Funds.

Package 031: adjusts the costs of Goods and Services based on the standard inflation factor of 3.8 percent as published in the budget instructions. The resulting Services and Supplies increase in this Program Unit is \$68,077.

Staffing Impact

There was no staffing impact in this budget program relating to essential packages.

Revenue Source

Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Oregon Wetlands Revolving Fund
Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Pension Obligation Bond	-	-	784	-	-	-	784
Mass Transit Tax	-	-	87	-	-	-	87
Total Personal Services	-	-	\$871	-	-	-	\$871
Services & Supplies							
Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Agency Program Related S and S	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Capital Outlay							
Office Furniture and Fixtures	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Oregon Wetlands Revolving Fund
 Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Special Payments							
Dist to Non-Gov Units	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	871	-	-	-	871
Total Expenditures	-	-	\$871	-	-	-	\$871
Ending Balance							
Ending Balance	-	-	(871)	-	-	-	(871)
Total Ending Balance	-	-	(\$871)	-	-	-	(\$871)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Oregon Wetlands Revolving Fund
Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	416	-	-	-	416
Out of State Travel	-	-	83	-	-	-	83
Employee Training	-	-	249	-	-	-	249
Office Expenses	-	-	125	-	-	-	125
Telecommunications	-	-	102	-	-	-	102
Data Processing	-	-	62	-	-	-	62
Employee Recruitment and Develop	-	-	21	-	-	-	21
Agency Program Related S and S	-	-	23,499	-	-	-	23,499
Other Services and Supplies	-	-	792	-	-	-	792
Expendable Prop 250 - 5000	-	-	42	-	-	-	42
IT Expendable Property	-	-	83	-	-	-	83
Total Services & Supplies	-	-	\$25,474	-	-	-	\$25,474
Capital Outlay							
Office Furniture and Fixtures	-	-	43	-	-	-	43
Total Capital Outlay	-	-	\$43	-	-	-	\$43
Special Payments							
Dist to Non-Gov Units	-	-	42,560	-	-	-	42,560
Total Special Payments	-	-	\$42,560	-	-	-	\$42,560

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Oregon Wetlands Revolving Fund
Cross Reference Number: 14100-013-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Expenditures							
Total Expenditures	-	-	68,077	-	-	-	68,077
Total Expenditures	-	-	\$68,077	-	-	-	\$68,077
Ending Balance							
Ending Balance	-	-	(68,077)	-	-	-	(68,077)
Total Ending Balance	-	-	(\$68,077)	-	-	-	(\$68,077)

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's	Legislatively Adopted
Interest Income	3400	0605		170,000	170,000	170,000	170,000	
Other Revenues	3400	0975		853,903	853,903	853,903	853,903	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

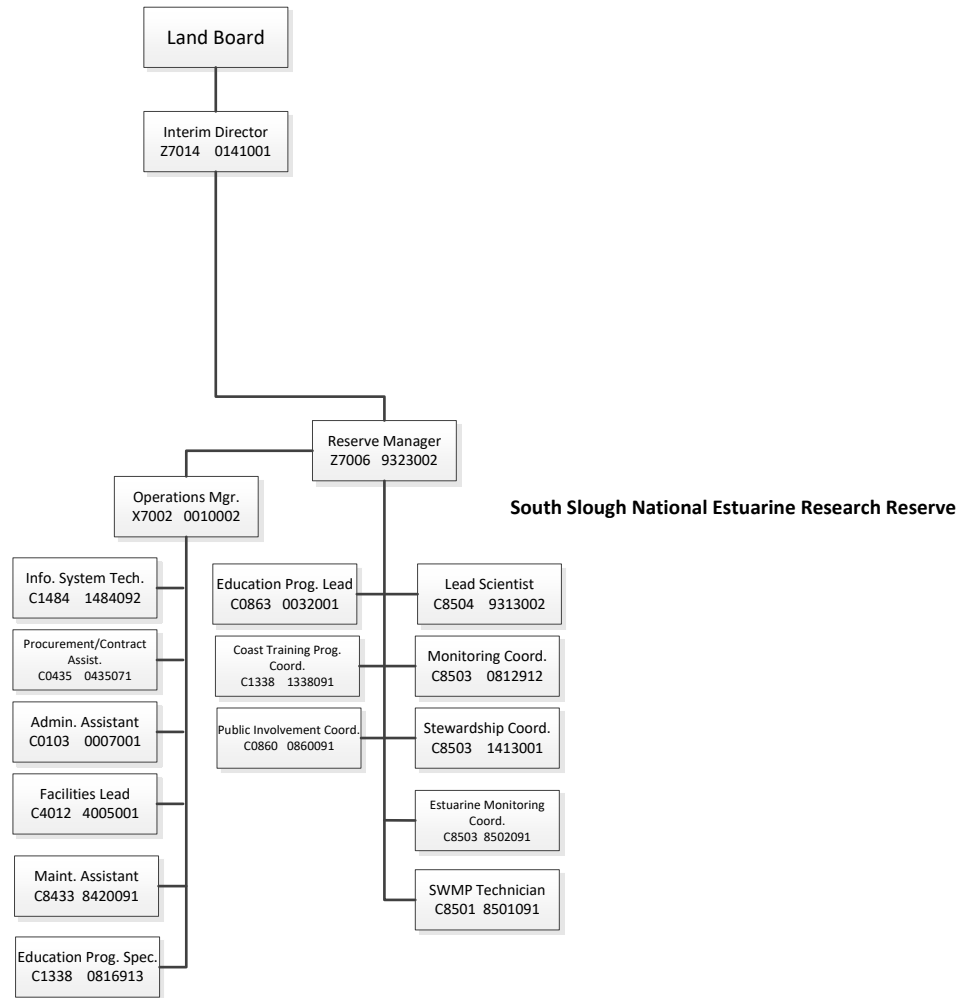
Cross Reference Number: 14100-013-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Interest Income	-	170,000	170,000	170,000	170,000	-
Other Revenues	-	853,903	853,903	853,903	853,903	-
Transfer In - Intrafund	-	1,203,059	1,203,059	1,203,059	1,203,059	-
Transfer Out - Intrafund	-	(17,050)	(17,050)	(17,050)	(17,050)	-
Total Other Funds	-	\$2,209,912	\$2,209,912	\$2,209,912	\$2,209,912	-

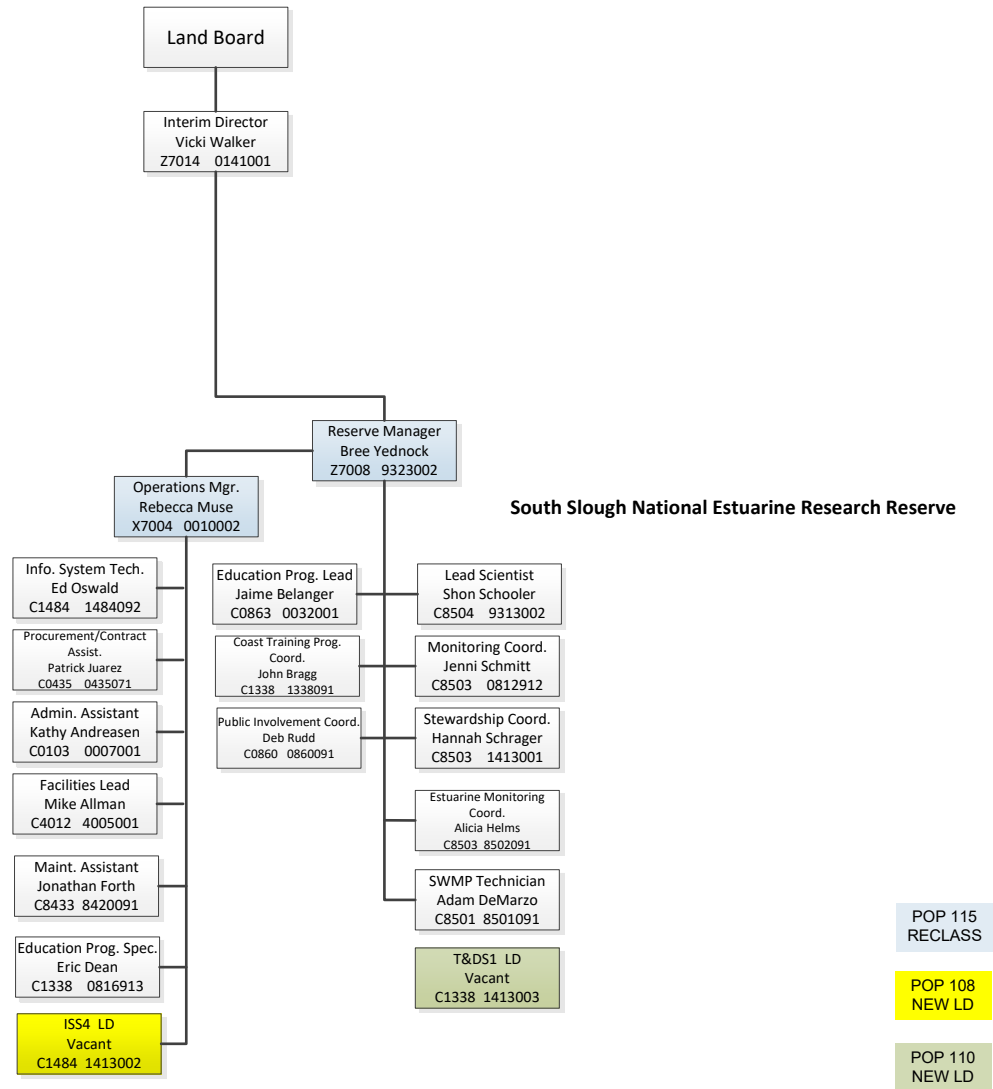
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SOUTH SLOUGH NATIONAL ESTUARINE RESEARCH RESERVE

**DEPARTMENT OF STATE LANDS: SOUTH SLOUGH NATIONAL
ESTUARINE RESEARCH RESERVE UNIT 2017-2019**



**DEPARTMENT OF STATE LANDS: SOUTH SLOUGH NATIONAL
ESTUARINE RESEARCH RESERVE UNIT 2019-2021**

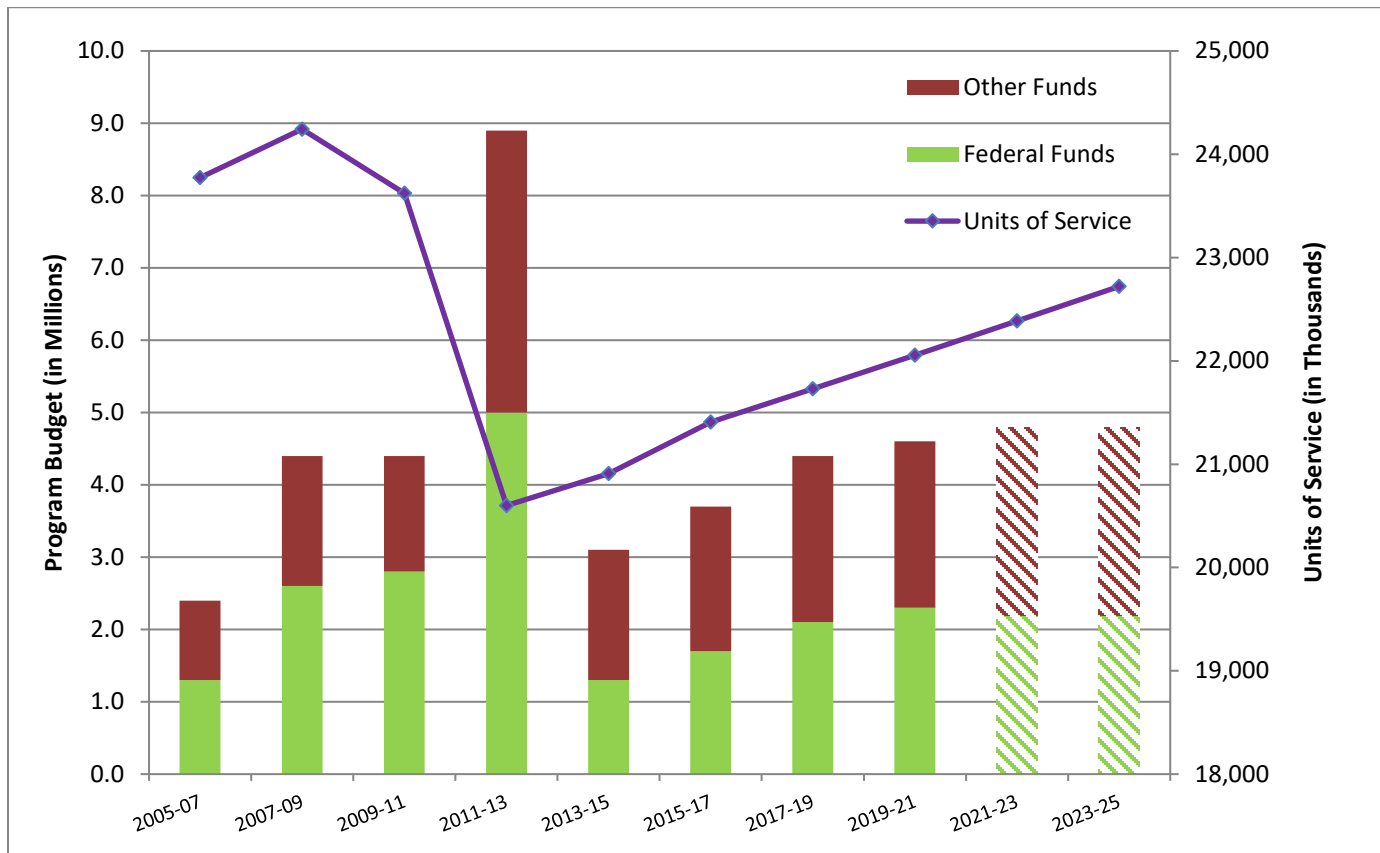


BUDGET NARRATIVE

Program Unit 030 – South Slough National Estuarine Research Reserve

Executive Summary

Primary Outcome Area: Responsible Environmental Stewardship
 Secondary Outcome Area: A Seamless System of Education
 Program Contact: Bree Yednock, 541-888-8270 Ext. 302, bree.yednock@state.or.us



Units of service are total number of customers served by the South Slough (interpretive center visitors, education contacts, and coastal training program attendees)

BUDGET NARRATIVE

Program Overview

The South Slough National Estuarine Research Reserve is a 5,900-acre protected area located on the South Slough inlet of the Coos Estuary near Coos Bay. Established in 1974 by the Oregon Legislature, it is a partnership with the National Oceanic and Atmospheric Administration (NOAA) and the Oregon Department of State Lands. The Reserve was the first of 29 National Estuarine Research Reserves in the nation. The mission of the South Slough Reserve is to improve the understanding and management of estuaries and coastal watersheds in the Pacific Northwest. It is a highly regarded regional asset and a well-respected educational and scientific entity. The Reserve provides leadership and guidance for local natural resource management, including wetland and shoreline protection. The Reserve also provides outreach and education to increase knowledge and stewardship of natural resources in Oregon.

Program Funding Request

This program has a Governor's Budget of \$2,305,189 Other Funds Limited and \$2,318,225 Federal Funds which totals \$4,623,414. There are 18 positions and 17 full-time equivalent (FTE) employees in this program unit.

Program Description

The Reserve has two core areas of service delivery: **Research** and **Education**. Research staff provide scientific data and reporting on water quality, wetland function, aquatic and terrestrial habitats and species, and ecological restoration monitoring. Data collected is used to inform best practices in regional ecological and mitigation restoration activities. Education and outreach staff provide training and educational opportunities to a wide variety of groups including coastal decision makers, Oregon students and teachers, interns and volunteers, community members and natural resource professionals in the lower Columbian biogeographic region (Oregon and northern California). The stewardship and public outreach components of the Reserve work in conjunction with the research and education programs to provide responsible public engagement and "public trust rights" (recreation, fishing, and navigation) on the Reserve. All programs at the Reserve provide data and information to national and regional organizations.

The Reserve's research and stewardship programs are highly engaged in community-driven projects and regional land management practices. The Reserve coordinates the Partnership for Coastal Watersheds, an effort among city planners; state, federal and non-profit organizations; industry; and local community members, working to update the local estuary management plan and inform shoreline land use. The Reserve also works closely with the Department of Land Conservation and Development, at present piloting a wetland classification project that will update statewide land-use planning processes.

Education and outreach staff provide teacher trainings, trainings for best practices in natural resource management, internship opportunities, interpretive experiences for local citizens, and programs for Oregonians of all ages. Local K-12 schools benefit from the Reserve's educational programs, including classroom visits, field trips and summer camps – all essential to a region where school funding is heavily strained. The volunteer program at the Reserve expands staff capacity, and contributes to research, education and stewardship projects, as well as facilities maintenance.

The South Slough provides training for managers and decision makers whose activities affect the natural resources of Oregon's coastal zone. Trainees typically represent watershed councils, planning agencies, Tribes, port districts, natural resource agencies and habitat restoration firms. Program

BUDGET NARRATIVE

priorities include water quality, habitat restoration, invasive species management, near-shore ocean management, coastal hazards, climate change and energy, and coastal ecosystems.

The Reserve is guided by an eight-member, Governor-appointed Management Commission, chaired by the Director of the Department of State Lands.

Administration and Facilities: The staff in this area are responsible for the overall administration of the Reserve, working with the management commission and program staff, and maintenance of the Reserve's facilities. Administrative and facilities services staff are essential to the productivity and continuity of the Reserve's programs.

Program Partners: The Reserve's partnership with a state agency facilitates a number of collaborative working relationships. The Reserve works closely with sovereign tribal nations; natural and cultural resource agencies and organizations; port authorities; national coastal management organizations; aquaculture, fisheries, wetlands and forestry professionals; universities, schools, and teachers; state education initiatives and regional economic development organizations. The Reserve has secured external funding for an internship program and invested in volunteer recruitment and training to build community support and supplement work by staff. In 2017, volunteers contributed 5,719 hours of their time and talent to support the mission of the Reserve, a contribution valued at nearly \$134,740.

Program Justification and Link to Long-Term Outcomes

Primary Outcome Area: *Responsible Environmental Stewardship.* The Reserve protects wetlands, waterways and uplands in the 5,900-acre South Slough Reserve for the purpose of education, research and "public trust rights" that include recreation, navigation and fisheries. The Reserve also provides scientific information that informs best practices for natural resource management regionally and as part of the nationwide National Estuarine Research Reserve system. As a result, the work of the Reserve contributes to improved watershed health.

Secondary Outcome Area: *A Seamless System of Education.* Reserve programs, classes, workshops, events, research and stewardship projects are geared toward a better understanding of coastal wetlands and watersheds, and better management of natural resources. The South Slough Interpretive Center is dedicated to helping visitors learn about estuaries and coastal watersheds, and a system of hiking trails allows visitors to connect to one of Oregon's most dynamic landscapes. Information produced from research and monitoring at the Reserve is transferred to the education, outreach, stewardship and coastal training programs that are able to provide diverse educational products for a wide variety of customers, including land managers. Reserve staff also serve as technical advisors to various natural resource agencies and groups throughout the state.

Program Performance

Performance measures include: 1) reducing the Reserve's reliance on funding from the Common School Fund by leveraging grants from external sources; and 2) Percentage of SSNERR education programs that use a structured assessment process surveys to provide information and decision support services responsive to audience needs.

BUDGET NARRATIVE

Enabling Legislation/Program Authorization

The South Slough Reserve was created under the authority of the 1972 Coastal Zone Management Act, Section 315 as amended (16 U.S.C. 1461). The Oregon Legislature established the Reserve in 1974. It is operated with oversight by the Oregon Department of State Lands through ORS 273.553(et seq.) and federal grant-in-aid support (fi 04-4-158-12001, as amended).

Funding Streams

Reserve operations are supported by a nearly equal combination of Other Funds and Federal Funds that fund personal services and general operations. The Federal Funds come from NOAA through a grant-in-aid agreement (fi 04-4-158-12001, as amended). The state budget comes from Common School Fund investment returns. Reserve staff routinely apply for competitive grants to provide support for their research, monitoring, education, outreach and stewardship/restoration projects. The Reserve has a nonprofit partner organization – Friends of South Slough, Inc. – that assists with fundraising and events. The Reserve also charges fees for certain types of use as allowed by ORS 27.554.

BUDGET NARRATIVE

ESSENTIAL PACKAGES

South Slough National Estuarine Research Reserve

Purpose

The essential packages present budget adjustments needed to bring the base budget to Current Service Level (CSL), the calculated cost of continuing legislatively approved programs into the 2019-21 biennium.

How Achieved

Package 010: adjusts for vacancies and non-PICS personal services amounts using the standard adjustment and calculation factors specified in the budget instructions. The vacancy factor adjustment is (\$5,505). There is an adjustment of \$3,108 All Funds in Temporary Appointments. Adjustment for the Pension Bond Contribution is \$7,644 All Funds. Other adjustments totaling \$1,862 All Funds were made in Social Security Taxes, Unemployment Assessments, and Mass Transit Tax.

Package 022: represents a cost reversal from the 2017-19 Legislatively Approved Budget for one-time budget package costs. This package phases out \$235,081 Other Funds.

Package 031: adjusts the costs of Goods and Services based on the standard inflation factor of 3.8 percent as published in the budget instructions. The resulting Services and Supplies increase in this Program Unit is \$16,950 Other Funds and \$24,870 in Federal Funds.

Staffing Impact

There was no staffing impact in this budget program relating to essential packages.

Revenue Source

Other Funds and Federal Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Temporary Appointments	-	-	247	2,861	-	-	3,108
Overtime Payments	-	-	-	123	-	-	123
All Other Differential	-	-	317	-	-	-	317
Public Employees' Retire Cont	-	-	54	21	-	-	75
Pension Obligation Bond	-	-	3,336	4,308	-	-	7,644
Social Security Taxes	-	-	43	228	-	-	271
Unemployment Assessments	-	-	231	-	-	-	231
Mass Transit Tax	-	-	1,360	-	-	-	1,360
Vacancy Savings	-	-	(7,624)	-	-	-	(7,624)
Total Personal Services	-	-	(\$2,036)	\$7,541	-	-	\$5,505

Services & Supplies

Instate Travel	-	-	-	-	-	-	-
Out of State Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-	-
Publicity and Publications	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Fuels and Utilities	-	-	-	-	-	-	-
Facilities Maintenance	-	-	-	-	-	-	-
Agency Program Related S and S	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-

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 Essential and Policy Package Fiscal Impact Summary - BPR013

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: South Slough National Estuarine
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
IT Expendable Property	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Capital Outlay							
Technical Equipment	-	-	-	-	-	-	-
Data Processing Hardware	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	(2,036)	7,541	-	-	5,505
Total Expenditures	-	-	(\$2,036)	\$7,541	-	-	\$5,505
Ending Balance							
Ending Balance	-	-	2,036	(7,541)	-	-	(5,505)
Total Ending Balance	-	-	\$2,036	(\$7,541)	-	-	(\$5,505)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: South Slough National Estuarine
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Temporary Appointments	-	-	(45,633)	-	-	-	(45,633)
Social Security Taxes	-	-	(3,491)	-	-	-	(3,491)
Total Personal Services	-	-	(\$49,124)	-	-	-	(\$49,124)
Services & Supplies							
Instate Travel	-	-	(4,590)	-	-	-	(4,590)
Professional Services	-	-	(181,367)	-	-	-	(181,367)
Total Services & Supplies	-	-	(\$185,957)	-	-	-	(\$185,957)
Special Payments							
Spc Pmt to Public Universities	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	(235,081)	-	-	-	(235,081)
Total Expenditures	-	-	(\$235,081)	-	-	-	(\$235,081)
Ending Balance							
Ending Balance	-	-	235,081	-	-	-	235,081
Total Ending Balance	-	-	\$235,081	-	-	-	\$235,081

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	627	574	-	-	1,201
Out of State Travel	-	-	292	514	-	-	806
Employee Training	-	-	343	841	-	-	1,184
Office Expenses	-	-	885	748	-	-	1,633
Telecommunications	-	-	599	322	-	-	921
Data Processing	-	-	21	402	-	-	423
Publicity and Publications	-	-	20	59	-	-	79
Professional Services	-	-	4,982	17,009	-	-	21,991
Attorney General	-	-	1,142	-	-	-	1,142
Employee Recruitment and Develop	-	-	99	233	-	-	332
Dues and Subscriptions	-	-	-	33	-	-	33
Facilities Rental and Taxes	-	-	2	-	-	-	2
Fuels and Utilities	-	-	314	1,007	-	-	1,321
Facilities Maintenance	-	-	1,094	1,201	-	-	2,295
Agency Program Related S and S	-	-	-	215	-	-	215
Other Services and Supplies	-	-	2,277	440	-	-	2,717
Expendable Prop 250 - 5000	-	-	137	847	-	-	984
IT Expendable Property	-	-	1,878	58	-	-	1,936
Total Services & Supplies	-	-	\$14,712	\$24,503	-	-	\$39,215

Capital Outlay

Technical Equipment	-	-	1,578	367	-	-	1,945
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ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Data Processing Hardware	-	-	660	-	-	-	660
Total Capital Outlay	-	-	\$2,238	\$367	-	-	\$2,605
Special Payments							
Spc Pmt to Public Universities	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	16,950	24,870	-	-	41,820
Total Expenditures	-	-	\$16,950	\$24,870	-	-	\$41,820
Ending Balance							
Ending Balance	-	-	(16,950)	(24,870)	-	-	(41,820)
Total Ending Balance	-	-	(\$16,950)	(\$24,870)	-	-	(\$41,820)

BUDGET NARRATIVE

GOVERNOR'S BUDGET ADJUSTMENTS

South Slough National Estuarine Research Reserve

Purpose

This package presents budget adjustments resulting from recommendations in the Governor's Budget.

How Achieved

Package 092: Reduces Attorney General rates by 5.95 percent to reflect changes made in the Governor's Budget. The resulting reduction is \$405 Other Funds.

Staffing Impact

None

Revenue Source

Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(405)	-	-	-	(405)
Total Services & Supplies	-	-	(\$405)	-	-	-	(\$405)
Total Expenditures							
Total Expenditures	-	-	(405)	-	-	-	(405)
Total Expenditures	-	-	(\$405)	-	-	-	(\$405)
Ending Balance							
Ending Balance	-	-	405	-	-	-	405
Total Ending Balance	-	-	\$405	-	-	-	\$405

BUDGET NARRATIVE

POLICY PACKAGE 108

GIS Position

South Slough National Estuarine Research Reserve

Purpose

This package provides the mapping and geographic data expertise needed for scientific research, effective management of diverse lands and infrastructure, and public enjoyment and exploration at South Slough Reserve.

How Achieved

Establish stable support for extensive GIS needs. All South Slough programs have ongoing needs for geographic information system (GIS) research, mapping, and data management – such as creating kayaking and trail maps, assessing habitat and natural resources, tracking invasive species impacts, maintaining buildings and roads, planning research and restoration projects, and mapping research equipment locations. The Reserve’s GIS resources also support providing maps and data to local partners and natural resource managers.

The package adds a full-time GIS staff position to provide continuity and stability to the GIS-based projects at the Reserve. Half the position costs are funded with this package. Having an established and partially funded position ensures GIS needs will continue to be met as the Reserve pursues grant funding to support the other half of position costs.

Staffing Impact

Adds 1 permanent Information Systems Specialist-4 position; .5 FTE

Quantifying Results

Having permanent support for GIS needs directly supports *Strategic Plan Goal 5 – Provide leadership and administrative oversight in support of South Slough*, as well as multiple goals of the reserve’s five-year management plan. The package also contributes to the reserve’s ability to leverage operation costs with other funding sources, as measured by KPM 15, and to serve customers, as measured by KPM 13.

Revenue Source

\$102,239 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 108 - South Slough Reserve - GIS/Data Management Position

Cross Reference Name: South Slough National Estuarine
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	53,712	-	-	-	53,712
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	9,115	-	-	-	9,115
Social Security Taxes	-	-	4,109	-	-	-	4,109
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$102,239	-	-	-	\$102,239
Total Expenditures							
Total Expenditures	-	-	102,239	-	-	-	102,239
Total Expenditures	-	-	\$102,239	-	-	-	\$102,239
Ending Balance							
Ending Balance	-	-	(102,239)	-	-	-	(102,239)
Total Ending Balance	-	-	(\$102,239)	-	-	-	(\$102,239)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							0.50
Total FTE	-	-	-	-	-	-	0.50

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 Essential and Policy Package Fiscal Impact Summary - BPR013

REPORT: PACKAGE FISCAL IMPACT REPORT

2019-21

PROD FILE

AGENCY:14100 DEPARTMENT OF STATE LANDS

PICS SYSTEM: BUDGET PREPARATION

SUMMARY XREF:030-00-00 South Slough National Estuarin

PACKAGE: 108 - South Slough Reserve - GIS/Dat

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1413002	AX	C1484	IP INFO SYSTEMS SPECIALIST 4	1	.50	12.00	02	4,476.00		53,712 48,527			53,712 48,527
TOTAL PICS SALARY										53,712			53,712
TOTAL PICS OPE										48,527			48,527
TOTAL PICS PERSONAL SERVICES =				1	.50	12.00				102,239			102,239

BUDGET NARRATIVE

POLICY PACKAGE 109

South Slough Grant Carry-Forward

South Slough National Estuarine Research Reserve

Purpose

This package uses existing grant funding to continue facility improvement projects at South Slough National Estuarine Reserve.

How Achieved

South Slough Reserve was awarded a \$137,000 federal funds grant from the National Oceanic and Atmospheric Administration for facility upgrades and improvements to the South Slough Reserve Interpretive Center. The project will: 1) Reduce the Reserve's greenhouse gas emissions and overall carbon footprint through the installation of a high efficiency heat pump HVAC system, 2) Protect water resources by updating an existing gutter system and incorporating a landscaped natural drainage system to improve the management and dispersal of water runoff, and 3) Improve visitor access and education on an existing outside observation deck by rectifying safety issues and updating interpretive signage. Project work will begin in summer 2018 and continue through December 2019. This package carries forward the federal funds grant and provides required match in other funds.

Staffing Impact

None.

Quantifying Results

This package will result in successful completion of NOAA grant deliverables.

Revenue Source

\$137,000 Federal Funds

\$58,714 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 109 - South Slough Reserve - Grant Carry-Forward

Cross Reference Name: South Slough National Estuarine
 Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Other Services and Supplies	-	-	58,714	137,000	-	-	195,714
Total Services & Supplies	-	-	\$58,714	\$137,000	-	-	\$195,714
Total Expenditures							
Total Expenditures	-	-	58,714	137,000	-	-	195,714
Total Expenditures	-	-	\$58,714	\$137,000	-	-	\$195,714
Ending Balance							
Ending Balance	-	-	(58,714)	(137,000)	-	-	(195,714)
Total Ending Balance	-	-	(\$58,714)	(\$137,000)	-	-	(\$195,714)

BUDGET NARRATIVE

POLICY PACKAGE 110

Seasonal Education Position

South Slough National Estuarine Research Reserve

Purpose

This package restores educational programs for schools and children at South Slough Reserve.

How Achieved

Provide educational programming during peak seasons. During spring and summer months, demand increases for field trips, science camps, outdoor lessons and other educational programs. The overall number of visitors to South Slough Reserve also increases. A permanent seasonal position will support consistent delivery of high-quality educational programming and visitor service during the most popular times of year.

Stabilize education program staffing. Interns, volunteers, and other past seasonal staffing solutions have not provided reliable support for the busy educational season. In 2017, afterschool programs were eliminated, and summer camps were shortened. These service reductions were unpopular with the public, and many program evaluations noted dissatisfaction with the changes.

Establishing a permanent seasonal education position will allow a quality, professional-level educator to join the Reserve staff during peak months each year.

Staffing Impact

Adds a .5 FTE seasonal Training and Development Specialist-1 position

Quantifying Results

Having permanent support for education program staffing needs directly supports *Strategic Plan Goal 5 – Provide leadership and administrative oversight in support of South Slough*, as well as multiple goals of the reserve's five-year management plan. The package also contributes to the reserve's ability to serve customers, as measured by KPM 13, and ability to use structured assessment process surveys in education programs, as measured by KPM 16.

Revenue Source

\$76,228 Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 110 - Seasonal Education Position (South Slough Reserve)

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	47,004	-	-	-	47,004
Empl. Rel. Bd. Assessments	-	-	33	-	-	-	33
Public Employees' Retire Cont	-	-	7,977	-	-	-	7,977
Social Security Taxes	-	-	3,596	-	-	-	3,596
Worker's Comp. Assess. (WCD)	-	-	32	-	-	-	32
Flexible Benefits	-	-	19,058	-	-	-	19,058
Reconciliation Adjustment	-	-	(1,472)	-	-	-	(1,472)
Total Personal Services	-	-	\$76,228	-	-	-	\$76,228
Total Expenditures							
Total Expenditures	-	-	76,228	-	-	-	76,228
Total Expenditures	-	-	\$76,228	-	-	-	\$76,228
Ending Balance							
Ending Balance	-	-	(76,228)	-	-	-	(76,228)
Total Ending Balance	-	-	(\$76,228)	-	-	-	(\$76,228)
Total Positions							
Total Positions	-	-	-	-	-	-	1
Total Positions	-	-	-	-	-	-	1

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 110 - Seasonal Education Position (South Slough Reserve)

Cross Reference Name: South Slough National Estuarine
Cross Reference Number: 14100-030-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total FTE							
Total FTE							0.50
Total FTE	-	-	-	-	-	-	0.50

REPORT: PACKAGE FISCAL IMPACT REPORT

2019-21

PROD FILE

AGENCY:14100 DEPARTMENT OF STATE LANDS

PICS SYSTEM: BUDGET PREPARATION

SUMMARY XREF:030-00-00 South Slough National Estuarin

PACKAGE: 110 - Seasonal Education Position (S

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1413003	AX	C1338	AP TRAINING & DEVELOPMENT SPEC	1	.50	12.00	02	3,917.00		47,004			47,004
										30,696			30,696
TOTAL PICS SALARY										47,004			47,004
TOTAL PICS OPE										30,696			30,696
TOTAL PICS PERSONAL SERVICES =				1	.50	12.00				77,700			77,700

BUDGET NARRATIVE

POLICY PACKAGE 115

Position Reclassifications

Common School Fund and South Slough National Estuarine Research Reserve

Purpose

This package completes reclassification of agency positions to ensure positions are appropriately classified and compensated for the level of work performed, and the agency's operational needs are met.

How Achieved

As part of the Oregon Management Project, the agency determined DSL management positions were classified incorrectly based on the complexity and scope of the work being performed. The agency has been working for the past two biennia to address those gaps in our management structure by reclassifying positions. This package completes the reclassification process. An executive support specialist position is also being reclassified to provide higher level support to two deputy directors, and to have the position act as the agency's rules coordinator.

No additional funding is being requested; each incumbent will move from their existing salary step to the corresponding step in the new range.

Staffing Impact

This package reclassifies:

6 positions in the Common School Fund Program Unit:

- 3 Principal Executive/Manager-D positions to Principal Executive/Manager-E positions
- 1 Principal Executive/Manager-A position to a Principal Executive/Manager-B position
- 1 HR Analyst 3 position to a Principal Executive/Manager-D position
- 1 Executive Support Specialist-1 position to an Executive Support Specialist-2 position

2 positions in the South Slough National Estuarine Research Reserve Program Unit:

- 1 Principal Executive/Manager-D position to a Principal Executive/Manager-E position
- 1 Principal Executive/Manager-B position to a Principal Executive/Manager-C position

Quantifying Results

Reclassifying these positions directly results in more effective management of agency administration and operations, and ensures agency maintains its ability to develop, retain and attract skilled management professionals. The success of multiple agency efforts, as detailed in the Strategic Plan and as demonstrated in Key Performance Measures, is directly supported by an appropriate management structure.

Revenue Source

All positions are funded by Other Funds. No increase in funds is necessary.

REPORT: PACKAGE FISCAL IMPACT REPORT

2019-21

PROD FILE

AGENCY:14100 DEPARTMENT OF STATE LANDS

PICS SYSTEM: BUDGET PREPARATION

SUMMARY XREF:030-00-00 South Slough National Estuarin

PACKAGE: 115 - Position Reclass

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
0010002	MMS	X7002	AP PRINCIPAL EXECUTIVE/MANAGER B	1-	1.00-	24.00-	05	5,382.00		129,168- 67,104-			129,168- 67,104-
0010002	MMS	X7004	AP PRINCIPAL EXECUTIVE/MANAGER C	1	1.00	24.00	03	5,382.00		129,168 67,104			129,168 67,104
9323002	MESNZ	7006	AP PRINCIPAL EXECUTIVE/MANAGER D	1-	1.00-	24.00-	08	7,942.00		190,608- 82,230-			190,608- 82,230-
9323002	MESNZ	7008	AP PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	06	7,942.00		190,608 82,230			190,608 82,230

TOTAL PICS SALARY

TOTAL PICS OPE

TOTAL PICS PERSONAL SERVICES =

.00 .00

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's	Legislatively Adopted
Non-Business Lic & Fees	3400	0210	827,719					
Charges for Services	3400	0410	49,223					
Rents & Royalties	3400	0510	3,643					
Interest Income	3400	0605	52,641					
Sales Income	3400	0705	69,289					
Grants (Non-Fed)	3400	0910	15,000	142,027	75,000	142,027	75,000	
Other Revenues	3400	0975	0	428,520	428,520	428,520	428,520	
Federal Funds Revenue	6400	0995	1,349,003	2,347,766	2,800,000	2,347,766	2,347,766	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

Cross Reference Number: 14100-030-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Non-business Lic. and Fees	827,719	-	-	-	-	-
Charges for Services	49,223	-	-	-	-	-
Rents and Royalties	3,643	-	-	-	-	-
Interest Income	52,641	-	-	-	-	-
Sales Income	69,289	-	-	-	-	-
Grants (Non-Fed)	15,000	142,027	142,027	142,027	75,000	-
Other Revenues	-	428,520	428,520	428,520	428,520	-
Transfer In - Intrafund	2,102,129	1,770,785	1,770,785	1,770,785	1,770,785	-
Transfer Out - Intrafund	(229,950)	-	-	-	-	-
Total Other Funds	\$2,889,694	\$2,341,332	\$2,341,332	\$2,341,332	\$2,274,305	-
Federal Funds						
Federal Funds	1,349,003	2,347,766	2,347,766	2,347,766	2,347,766	-
Total Federal Funds	\$1,349,003	\$2,347,766	\$2,347,766	\$2,347,766	\$2,347,766	-

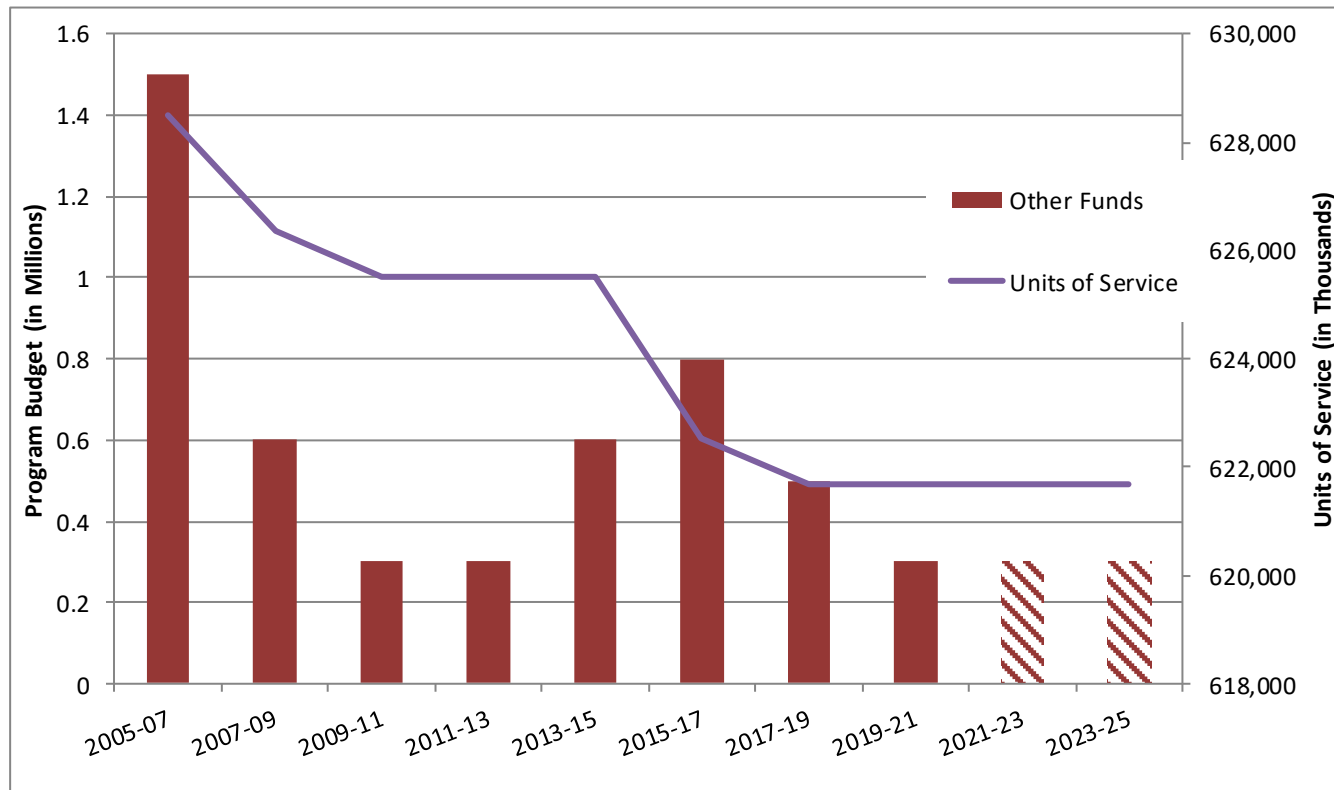
CAPITAL IMPROVEMENTS

BUDGET NARRATIVE

Program Unit 088 – Capital Improvements and Facilities Maintenance

Executive Summary

Primary Outcome Area: Responsible Environmental Stewardship
Secondary Outcome Area: A Seamless System of Education
Program Contact: Bill Ryan; 503-986-5259; bill.ryan@state.or.us



Units of service are number of rangeland acres. The dotted bars are projected data.

BUDGET NARRATIVE

Program Overview

This program provides funds for maintaining DSL-owned Common School Fund assets on about 770,000 acres of surface trust land throughout the state. The goal is to ensure that state properties maintain their asset value and revenue-generating potential over the long term.

Program Funding Request

This program has an Other Funds Capital Improvement Budget of \$326,420. There are no positions or full-time employees in this program area.

Program Description

The Department of State Lands owns and manages a significant number of assets of the Common School Fund. This program provides funds for maintaining a sub-set of this real property: about 770,000 acres of surface trust lands throughout the state. The goal is to ensure that these state properties maintain their asset value and revenue-generating potential over the long term. These lands, which are under the jurisdiction of the State Land Board, have a wide range of capital improvement needs, and generally fall into two categories:

- **Management of large tracts of land.** Ongoing expenses in this category include costs of fire rehabilitation, noxious weed abatement, rangeland improvement projects, urban upland cleanup, trash removal and other environmental cleanup.
- **Capital improvements and long-term repairs for DSL's headquarters building and land assets.** The headquarters building was constructed in 1990 with Common School Fund monies. The three-story building is approximately 104,000 square feet, including its underground parking garage. There is approximately 72,000 square feet of office space. DSL retains about 30 percent for its own operations while leasing out the remaining 70 percent of office space to four other state agencies.

Until 2005 the Department of Administrative Services (DAS) managed the building. When DSL assumed responsibility for managing the facility, the agency completed all major improvement projects that had been previously deferred by DAS. In the 2013-2015 biennium the Department invested in a project to upgrade and modernize the HVAC system in the building while doing remodeling to accommodate the reorganization and downsizing of the agency. General benefits of the upgrade include energy cost savings, decreased maintenance costs, longer equipment life, better temperature control, and a quieter work environment. Overall, the upgrades are anticipated to reduce operational costs and make the building space more marketable for future leasing while providing a more efficient work space for all tenants and DSL staff alike.

The overall strategic direction that guides capital improvements for DSL has been in place since 1993, when the State Land Board created an asset management planning strategy for all Common School Fund property. The plan was later revised in 2006, and most recently updated in 2012 with the adoption of the *Real Estate Asset Management Plan (REAMP)*. The plan guides state real property management with a broad range of strategies to enhance revenue production; protect and improve resource productivity; and rebalance assets through sale or exchange. Implementation of the REAMP will lead to a number of ongoing property maintenance and improvement needs consistent with good or improved management practices.

BUDGET NARRATIVE

Program Justification and Link to Long-Term Outcomes

Primary Outcome Area: *Responsible Environmental Stewardship*: Healthy, sustainable, revenue-generating lands require regular investments and maintenance, a goal that is in line with this focus area. Rangeland improvements such as weed control, juniper thinning and fencing state lands are an important part of the overall maintenance of the 625,000 acres of southeast Oregon rangelands. Each year, DSL earmarks 12.5 percent of rangeland fees for land improvements.

Secondary Outcome Area: *A Seamless System of Education*: Investments in state property assets not only help sustain the market value of revenue-generating lands, but allow DSL to better manage state property, and ultimately create more funds for schools. An example is developing rangeland into agricultural land by adding irrigation, which will generate considerably more revenue from the land.

Program Performance

Common School Fund land assets maintained by this program (state-owned rangelands, agricultural lands, and industrial/commercial/residential property) generate a steady and increasing source of revenue for the Fund, earning gross annual revenues of \$2.37 million (three-year moving average for fiscal years 2013-2015). Maintaining the productivity of this real property over time allows for continued revenue generation into the future, enhancing the value of this portion of Common School Fund portfolio.

Enabling Legislation/Program Authorization

The program derives authority from the Oregon Constitution, Article VII, Sections 2 & 5; and from the following Oregon Revised Statutes:

ORS Chapters 270 & 271

ORS 273.006 – 551

ORS 273.715 – 994

ORS 327.403 – 484

Funding Streams

The expenses for this program are covered by Other Funds – Common School Fund.

BUDGET NARRATIVE

ESSENTIAL PACKAGES

Capital Improvements and Facilities Maintenance

Purpose

The essential packages present budget adjustments needed to bring the base budget to Current Service Level (CSL), the calculated cost of continuing legislatively approved programs into the 2019-21 biennium.

How Achieved

Package 022: Represents a cost reversal from the 2017-19 Legislatively Approved Budget for one-time budget package costs. This package phases out \$200,000 in Other Funds.

Package 031: Adjusts the costs of Goods and Services based on the standard inflation factor of 3.8 percent as published in the budget instructions. The resulting Services and Supplies increase in this Program Unit is \$11,950.

Staffing Impact

There was no staffing impact in this budget program relating to essential packages.

Revenue Source

Other Funds

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Capital Improvements
 Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Maintenance	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Capital Outlay							
Building Structures	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
 Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Capital Improvements
 Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Capital Outlay							
Building Structures	-	-	(200,000)	-	-	-	(200,000)
Total Capital Outlay	-	-	(\$200,000)	-	-	-	(\$200,000)
Total Expenditures							
Total Expenditures	-	-	(200,000)	-	-	-	(200,000)
Total Expenditures	-	-	(\$200,000)	-	-	-	(\$200,000)
Ending Balance							
Ending Balance	-	-	200,000	-	-	-	200,000
Total Ending Balance	-	-	\$200,000	-	-	-	\$200,000

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Lands, Dept of State
Pkg: 031 - Standard Inflation

Cross Reference Name: Capital Improvements
Cross Reference Number: 14100-088-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Facilities Maintenance	-	-	11,950	-	-	-	11,950
Total Services & Supplies	-	-	\$11,950	-	-	-	\$11,950
Capital Outlay							
Building Structures	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	11,950	-	-	-	11,950
Total Expenditures	-	-	\$11,950	-	-	-	\$11,950
Ending Balance							
Ending Balance	-	-	(11,950)	-	-	-	(11,950)
Total Ending Balance	-	-	(\$11,950)	-	-	-	(\$11,950)

Facilities Maintenance Narrative (107BF02)

2019-21 Biennium

Agency Name: Department of State Lands

1. What are the key drivers for your agency's facility needs, and how do you measure space/facility demand?

- Desire to meet sustainability and energy conservation needs.
- Provide a professional and welcoming location for DSL customers to do business.
- Respond to the needs of the tenants that rent space in the Lands building.

There are no plans to expand space in the State Lands Building in the foreseeable future. Sufficient space has been provided for current and near-term staffing levels, but future increases in staffing levels could be met by expanding into space currently occupied by other tenant state agencies. Space is currently rented to other state agencies, primarily the Business Oregon Department, Oregon Watershed Enhancement Board and Oregon Housing and Community Services.

2. What are the key facility-related challenges over the next 10-years? (Please answer in order of priority)

- Repairing the infrastructure of an aging building's restrooms, elevators, flooring, paint, windows, roofing systems, and lighting. Meeting building energy and resource usage reduction requirements through system upgrades.
- Modernization and remodeling of building systems to include seismic evaluation and upgrades.
- DSL will be getting an FCA in the near future (TBD) that will allow us to plan our facilities needs for the next 10 years

3. What do you need to meet these challenges?

DSL is on track to procure the necessary A & E service, construction repair contracts, and be proactive in addressing them in a timely manner. The current repair projects for the Lands building do not exceed the million dollar project threshold and are being addressed with DSL budgeting at this time. However, future needs for seismic upgrades and other large-scale projects may require alternate funding sources.

Facilities Maintenance Summary Report (107BF16a)

2019-21 Biennium

Agency Name: Department of State Lands (DSL)

Table A: Owned Assets Over \$1M CRV		FY 2018 DATA			
Total Number of Facilities Over \$1M			2		
Current Replacement Value \$ (CRV)	1	\$25,311,398		Source	4 RISK Risk or FCA
Total Gross Square Feet (GSF)		115,120			
Office/Administrative Usable Square Feet (USF)	2	52,055		Estimate/Actual	5 45 % USF/GSF
Occupants Position Count (PC)	3	268		Office/Admin USF/PC	6 all agencies @ Lands 194
				or Agency Measure	7 DSL portion 179

Table B: Owned facilities under \$1M CRV	
Number of Facilities Under \$1M	2
CRV	1 \$429,082
GSF	5,300

Table C: Leased Facilities					
Total Rentable SF	8	6,058			
Total 2019-2021 Biennial Lease Cost		\$214,367.00			
Additional 2017-2019 Costs for Lease Properties (O&M)	9	0			
		(4600*) 2673sqft dsl		Estimate/Actual	5 75% % USF/GSF
Office/Administrative Usable Square Feet (USF)	2	1927sqft OPRD		Office/Admin USF/PC	6 222
Occupants Position Count (PC)	3	12			

***NOTE: DSL sublets 1927.05 sq ft of office space and 364.5 sq ft of storage space to OPRD @\$74,556 per biennium**

***Note: DSL leases space to tenants on 2nd and 3rd floor of Lands building.**

Definitions

CRV	1	Current Replacement Value Reported to Risk Management or Calculated Replacement Value Reported from iPlan Facility Conditions Assessment (FCA)
USF	2	Usable Square Feet per BOMA definition for office/administrative uses. Area of a floor occupiable by a tenant where personnel or furniture are normally housed plus building amenity areas that are convertible to occupant area and not required by code or for the operations of a building. If not known, estimate the percentage.
Occupant Position Count (PC)	3	Total Legislatively Approved Budget (LAB) Position Count within the buildings or leases as applicable.
Source	4	Enter Source of CRV as "Risk" or "FCA"
Estimate/Actual	5	Use actual USF % of USF to GSF, if available. If not known, estimate the percentage.
Office/Administrative USF/PC	6	Divide your USF by your position count. If office/admin space is a less than 10% of your space use, fill in N/A and fill in #7, "Agency Measure".
Agency Measure	7	If not using USF/PC, insert Agency Measure as defined in 107BF02 question #1.
RSF	8	Rentable SF per BOMA definition. The total usable area plus a pro-rated allocation of the floor and building common areas within a building.
O&M	9	Total Operations and Maintenance Costs for facilities including all maintenance, utilities and janitorial

Facilities Operations and Maintenance and Deferred Maintenance Report (107B16b)

2019-21 Biennium

Agency Name: Department of State Lands (DSL)

Facilities Operations and Maintenance (O&M) Budget excluding Capital Improvements and Deferred Maintenance

Personal Services (PS) Operations and Maintenance	
Services and Supplies (S&S) Operations and Maintenance	
Utilities not included in PS and S&S above	
Total O&M	
O&M \$/SF	

1	2015-17 Actual	2017-19 LAB	2019-21 Budgeted	2021-23 Projected
	\$195,162	\$219,997	\$246,396	\$275,963
	\$773,404	\$520,563	\$583,030	\$652,993
	\$0	\$0	\$0	\$0
	\$968,566	\$740,560	\$829,426	\$928,956
	\$9	\$7	\$8	\$9

Total O&M SF 108,658 Include only the SF for which your agency provides O&M funding.

	General Fund	Lottery Fund	Other Funds	Federal Funds
2 O&M Estimated Fund Split Percentage %	0	0	100%	

Total Short and Long Term Deferred Maintenance Plan for Facilities Value Over \$1M

Priorities 1-3 - Currently, Potentially and Not Yet Critical	
Priority 4 - Seismic & Natural Hazard	
Priority 5 - Modernization	
Total Priority Need	
Facility Condition Index (Priority 1-3 Needs/CRV)	

3	Current Costs (2018)	Ten Year Projection	2019-21 Budgeted SB 1067 (2% CRV MIN.)	2021-23 Projected SB 1067 (2% CRV MIN.)
4,5,6	\$198,000	FCA in 2017-19 ?	\$514,809	\$514,809
7	TBD	FCA in 2017-19 ?	TBD	TBD
8	TBD	FCA in 2017-19 ?	TBD	TBD
	\$198,000			
9	1%	TBD/FCA		

Assets Over \$1M CRV \$25,311,398 Current Replacement Value Reported to Risk *or Calculated Replacement Value Reported from Facility Conditions Assessment (FCA)*

Process/Software for routine maintenance (O&M)

Spiceworks Work order system : Ongoing requests for facilities issues and service are routed through the IT work order system. Work orders are then routed to the facilities operations specialist to complete, or procure a contractor, or work with procurement officer to solicit for bid. This system keeps the work orders in a que that tracks progress by hours committed to repair, cost and customer feedback . It does not however have a routine maintenance scheduler. This is done via an annual spreadsheet of routine maintenance items by month.

Provide narrative

Process/Software for deferred maintenance/renewal

Spiceworks allows work orders to be classified as projects and will stay in the system until completed or closed out.

Provide narrative

Process for funding facilities maintenance From iPlan FCA

It is DSL's practice to include funding for maintenance in its Agency Request Budget.

Provide narrative

Definitions

<p>Facilities Operations and Maintenance Budget</p>	<p>The Facilities Operations and Maintenance budget includes costs to operate and maintain facilities and keep them in repair including utilities, janitorial and maintenance costs. Maintenance costs are categorized as external building (roof, siding, windows, etc.); interior systems (electrical, mechanical, interior walls, doors, etc.); roads and ground (groundskeeper, parking lots, sidewalks, etc.) and centrally operated systems (electrical, mechanical, etc.). Agencies with significant facilities may include support staff if directly associated with facilities maintenance activities. Do not include other overhead costs such as accounting, central government charges, etc.</p>
<p>O&M Estimated Fund Split Percentage %</p>	<p>Show the fund split by percentage of fund source allocated to facility O&M for your agency</p>
<p>Total Short and Long Term Maintenance and Deferred Maintenance Plan for Facilities Value Over \$1M</p>	<p>All Maintenance excluding routine O&M costs</p>
<p>Priority One: Currently Critical</p>	<p>From the Budget Instruction: Priority One projects are conditions that require immediate action in order to address code and accessibility violations that affect life safety. Building envelope issues (roof, sides, windows and doors) that pose immediate safety concerns should be included in this category.</p>
<p>Priority Two: Potentially Critical</p>	<p>From the Budget Instruction: Priority Two projects are to be undertaken in the near future to maintain the integrity of the facility and accommodate current agency program requirements. Included are systems that are functioning improperly or at limited capacity, and if not addressed, will cause additional system deterioration and added repair costs. Also included are significant building envelope issues (roof, sides, windows and doors) that, if not addressed, will cause additional system deterioration and added repair costs.</p>
<p>Priority Three: Necessary - Not yet Critical</p>	<p>From the Budget Instructions: Priority Three projects could be undertaken in the near to mid-term future to maintain the integrity of a building and to address building systems, building components and site work that have reached or exceeded their useful life based on industry standards, but are still functioning in some capacity. These projects may require attention currently to avoid deterioration, potential downtime and consequently higher costs if corrective action is deferred.</p>
<p>Priority Four: Seismic and Natural Hazard Remediation</p>	<p>From the Budget Instructions: Priority Four projects improve seismic performance of buildings constructed prior to 1995 building code changes to protect occupants, minimize building damage and speed recovery after a major earthquake. Projects also include those that mitigate significant flood hazards.</p>
<p>Priority Five: Modernization</p>	<p>From the Budget Instructions: Priority Five projects are alterations or replacement of facilities solely to implement new or higher standards to accommodate new functions, significantly improve existing functionality as well as replacement of building components that typically last more than 50 years (such as the building structure or foundations). These standards include system and aesthetic upgrades which represent sensible improvements to the existing condition. These projects improve the overall usability and reduce long-term maintenance requirements. Given the significant nature of these projects, the work typically addresses deficiencies that do not conform to current codes, but are 'grandfathered' in their existing condition to the extent feasible.</p>
<p>Facility Condition Index</p>	<p>A calculated measure of facility condition relative to its current replacement value (expressed as a percentage)</p>

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2015-2017 Actual	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's	Legislatively Adopted
Other Revenues	3010	0975	0	262,809	262,809	262,809	262,809	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Lands, Dept of State
2019-21 Biennium

Agency Number: 14100

Cross Reference Number: 14100-088-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Other Funds						
Other Revenues	-	262,809	262,809	262,809	262,809	-
Transfer In - Intrafund	962,468	1,249,417	1,249,417	-	-	-
Total Other Funds	\$962,468	\$1,512,226	\$1,512,226	\$262,809	\$262,809	-

SPECIAL REPORTS

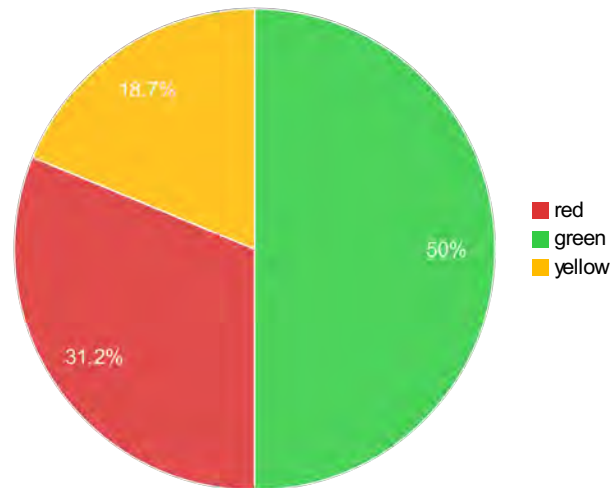
Lands, Department of State

Annual Performance Progress Report

Reporting Year 2018

Published: 10/1/2018 3:00:31 PM

KPM #	Approved Key Performance Measures (KPMs)
1	Increase in Deposits to the Common School Fund - Percent annual increase in amount of cash generated by agency activities deposited to the Common School Fund.
2	Administrative and Operational Costs - Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non-forest lands.
3	Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.
4	Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.
5	No Net Loss of Wetlands - Change in wetland acreage due to permit actions.
6	Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.
7	Annual Resolution of Removal-Fill Permit Non-Compliance - Percent of removal-fill permit non-compliance conditions that have a final resolution in place within 12 months from date non-compliance is determined.
8	Annual Resolution of Removal - Fill Violations Related to Unauthorized Activities-Percent of removal-fill violations that have a final resolution in place within 12 months of receipt of a complaint generating determination of a violation.
9	Agency Response Time to Wetland Delineation Reports - Average number of days for the agency initial review and response to a complete wetland delineation report.
10	Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.
11	Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.
12	Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.
13	Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
15	South Slough National Estuarine Research Reserve Operation Costs Leveraged. - Percent of SSNERR operations funded from sources other than CSF, including leverage from grants, fees, program revenues and gifts.
16	South Slough National Estuarine Research Reserve Education Actions - Percentage of SSNERR education programs that use a structured assessment process surveys to provide information and decision support services responsive to audience needs.
17	Best Practices - Percent of total best practices met by the Land Board.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	50%	18.75%	31.25%