

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Betsy Johnson, Senate Co-Chair
Sen. Elizabeth Steiner Hayward, Senate Co-Chair
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair
Rep. David Gomberg, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Natural Resources Subcommittee
From: John Terpening, Legislative Fiscal Office
Date: June 17, 2019
Subject: SB 5511 – Department of Geology and Mineral Industries
Work Session Recommendations

Department of Geology and Mineral Industries – Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	4,806,968	4,709,949	5,119,592	2,559,795
Other Funds	4,917,107	7,331,528	7,252,383	2,847,166
Federal Funds	5,410,687	6,040,857	6,225,649	2,922,365
Total Funds	15,134,762	18,082,334	18,597,624	8,329,326
Positions	45	43	42	39
FTE	42.43	42.92	41.92	19.46

Attached are the recommendations from the Legislative Fiscal Office for the Department of Geology and Mineral Industries. It contains the following:

- An increase of \$650,000 General Fund for the 2017-19 Legislatively Approved Budget to support current operations and backfill overspending the General Fund appropriation in the Geologic Survey program. This is the result of several factors: including the agency inadequately tracking existing projects and grants, projects being under charged for work performed and/or exceeding original scope without budgetary modifications, and lack of available Other Funds project revenues that came in at less than half of the amount budgeted.
- An increase of \$400,000 Other Funds expenditure limitation for the 2017-19 Legislatively Approved Budget to support current operations in the Mined Land Reclamation and Regulation program. This is largely the result of increased expenditures related to the Grassy Mountain chemical gold mine pre-permit process. The MLRR program also has a cash flow issue because of overdue accounts receivable. As a result, the Department of Administrative Services will ensure program expenses are covered until payments are received on outstanding accounts receivable.

- Includes funding for one-year of the 2019-21 biennium because of financial uncertainty, with a budget note for the Governor's Office and DAS to report on a strategic plan for the agency.
- Elimination of five positions in the Geologic Survey program to fund financial support positions within the agency.
- Reduction of \$1 million Other Funds that is excess expenditure limitation to closer align with projected revenue.

The 2019-21 LFO Recommended Budget is \$8,329,326 total funds and 39 positions (19.46 FTE).

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5511. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5511, with modifications. (VOTE)

Performance Measures

See attached "Legislatively Proposed 2019-21 Key Performance Measures."

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Budget Notes

#1 Budget Note: Agency Financial Management

The Department of Geology and Mineral Industries (DOGAMI), with the assistance of Department of Administrative Services - Shared Client Services (DAS-SCS) must provide monthly financial reports that include actuals and projections for revenues and expenditures, for each of DOGAMI's programs, including the financial status on all projects and grants, to the Legislative Fiscal Office (LFO) and DAS - Chief Financial Office. Prior to submitting the initial report, DOGAMI and DAS-SCS must provide a detailed plan to LFO on what financial services will be provided by DAS-SCS and what activities will be performed by the Department.

#2 Budget Note: Agency Outlook

The Department of Geology and Mineral Industries has overspent its budgeted General Fund appropriation twice in the last four years, bringing into question the viability of the Department's current structure and funding mechanism. The Governor's Office, with the assistance of the Department of Administrative Services, is directed to prepare a detailed strategic plan for the future of DOGAMI, including evaluating if the Department should continue to exist as an independent agency or recommendations to abolish the Department and move the individual programs to other entities. The Governor's Office is directed to report to the Joint Committee on Ways and Means during the 2020 legislative session on the strategic plan so that any agreed upon recommendations can be incorporated into the 2021-23 biennial budget process.

#3 Budget Note: Mined Land Reclamation and Regulation Fees

The Department's requested fee increase to the Mined Land Regulation and Reclamation program has not been approved at this time due to uncertainty around the permitting process related to the chemical gold mine known as Grassy Mountain and its impact on program cash flow. The Department is directed to review the program's projected revenue and expenditures and report to the Joint Committee on Ways and Means during the 2020 legislative session with a detailed fee increase proposal to fund the existing program, including appropriate indirect costs, that will also provide a sufficient ending fund balance.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Budget Notes. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Notes, with modifications.
(VOTE)

Recommended Changes

LFO recommends a budget of \$2,559,795 General Fund, \$2,847,166 Other Funds, \$2,922,365 Federal Funds, and 39 positions (19.46 FTE), which is reflected in the -3 amendment.

MOTION: I move adoption of the -3 amendment to SB 5511. (VOTE)

Final Subcommittee Action

LFO recommends that SB 5511, as amended by the -3 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5511, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	4,631,168	-	6,787,859	5,937,915	-	-	17,356,942	43	42.92
2017-19 Ebds, SS & Admin Act	78,781	-	543,669	102,942	-	-	725,392	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	4,709,949	-	7,331,528	6,040,857	-	-	18,082,334	43	42.92
2017-19 Leg Approved Budget (Base)	4,709,949	-	6,881,528	6,040,857	-	-	17,632,334	43	42.92
Summary of Base Adjustments	168,459	-	62,152	(46,675)	-	-	183,936	(1)	(1.00)
2019-21 Base Budget	4,878,408	-	6,943,680	5,994,182	-	-	17,816,270	42	41.92
010: Non-PICS Pers Svc/Vacancy Factor	84,422	-	81,538	38,298	-	-	204,258	-	-
030: Inflation & Price List Adjustments	156,762	-	227,165	193,169	-	-	577,096	-	-
2019-21 Current Service Level	5,119,592	-	7,252,383	6,225,649	-	-	18,597,624	42	41.92
070: Revenue Reductions/Shortfall	-	-	(1,000,000)	-	-	-	(1,000,000)	-	-
Adjusted 2019-21 Current Service Level	5,119,592	-	6,252,383	6,225,649	-	-	17,597,624	42	41.92
Total LFO Recommended Packages	(2,559,797)	-	(3,405,217)	(3,303,284)	-	-	(9,268,298)	(3)	(22.46)
2019-21 Legislative Actions	2,559,795	-	2,847,166	2,922,365	-	-	8,329,326	39	19.46
Net change from 2017-19 Leg Approved Budget	(2,150,154)	-	(4,484,362)	(3,118,492)	-	-	(9,753,008)	(4)	(23.46)
Percent change from 2017-19 Leg Approved Budget	(45.7%)	0.0%	(61.2%)	(51.6%)	0.0%	0.0%	(53.9%)	(9.3%)	(54.7%)
Net change from 2019-21 Adj Current Service Level	(2,559,797)	-	(3,405,217)	(3,303,284)	-	-	(9,268,298)	(3)	(22.46)
Percent change from 2019-21 Adj Current Service Level	(50.0%)	0.0%	(54.5%)	(53.1%)	0.0%	0.0%	(52.7%)	(7.1%)	(53.6%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	4,631,168	-	3,944,931	5,937,915	-	-	14,514,014	32	31.72
2017-19 Ebds, SS & Admin Act	78,781	-	41,967	102,942	-	-	223,690	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	4,709,949	-	3,986,898	6,040,857	-	-	14,737,704	32	31.72
2017-19 Leg Approved Budget (Base)	4,709,949	-	3,986,898	6,040,857	-	-	14,737,704	32	31.72
Summary of Base Adjustments	168,459	-	64,567	(46,675)	-	-	186,351	(1)	(1.00)
2019-21 Base Budget	4,878,408	-	4,051,465	5,994,182	-	-	14,924,055	31	30.72
010: Non-PICS Pers Svc/Vacancy Factor	84,422	-	9,447	38,298	-	-	132,167	-	-
030: Inflation & Price List Adjustments	156,762	-	196,773	193,169	-	-	546,704	-	-
2019-21 Current Service Level	5,119,592	-	4,257,685	6,225,649	-	-	15,602,926	31	30.72
070: Revenue Reductions/Shortfall	-	-	(1,000,000)	-	-	-	(1,000,000)	-	-
Adjusted 2019-21 Current Service Level	5,119,592	-	3,257,685	6,225,649	-	-	14,602,926	31	30.72
Total LFO Recommended Packages	(2,559,797)	-	(1,931,995)	(3,303,284)	-	-	(7,795,076)	(3)	(16.86)
2019-21 Legislative Actions	2,559,795	-	1,325,690	2,922,365	-	-	6,807,850	28	13.86
Net change from 2017-19 Leg Approved Budget	(2,150,154)	-	(2,661,208)	(3,118,492)	-	-	(7,929,854)	(4)	(17.86)
Percent change from 2017-19 Leg Approved Budget	(45.7%)	0.0%	(66.8%)	(51.6%)	0.0%	0.0%	(53.8%)	(12.5%)	(56.3%)
Net change from 2019-21 Adj Current Service Level	(2,559,797)	-	(1,931,995)	(3,303,284)	-	-	(7,795,076)	(3)	(16.86)
Percent change from 2019-21 Adj Current Service Level	(50.0%)	0.0%	(59.3%)	(53.1%)	0.0%	0.0%	(53.4%)	(9.7%)	(54.9%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description This package reduces Professional Services by \$1.0 million Other Funds. These funds are used to contract for LIDAR data. Available Other Funds vary from year to year and this cut largely reflects empty limitation. The agency will need to go before the Legislature to ask for additional expenditure limitation if more Other Funds revenue from agency partners becomes available.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(1,000,000)	-	-	-	(1,000,000)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description The package reflects the net changes by fund type and position and FTE count from the following: Eliminating three positions (3.00 FTE) within the Geologic Survey program, including the Natural Resource Specialist 5 position and two Natural Resource Specialist 4's. These positions were funded with a mix of General Fund, Other Funds and Federal Funds. The General Funds that is available by eliminating these positions, and the two vacant positions in Pkg. 812, are being used to provide the agency with additional financial oversight, including reclassifying an existing Fiscal Analyst 1 position to a Fiscal Analyst 3, establishing a permanent full-time Grants Accountant 3 (1.00 FTE) and a permanent full-time Procurement and Contracts Specialist 2 (1.00 FTE). These new positions will provide additional grant and contract oversight for this program, to eliminate project overspending. The financial positions will be funded 100% GF. Additionally, the package includes a fund shift for the existing Information Specialist 8 currently budgeted on Other Funds, for which there is no revenue source, onto the General Fund.

LFO Recommendation Approve the package.

LFO Recommended	376,332	-	(553,823)	(262,841)	-	-	(440,332)	(1)	(1.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 802 Adjustment to Reflect One-Year Budget

Package Description This package reduces the agency's expenditure and position authority to reflect a one-year budget. Given the financial uncertainty around this agency and its programs, there is direction in a budget note for the Department of Administrative Services to report back to the 2020 Legislature on a strategic plan for the future of the Department.

LFO Recommendation Approve the package.

LFO Recommended	(2,559,797)	-	(1,325,692)	(2,922,365)	-	-	(6,807,854)	-	(13.86)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 812 Vacant Position Elimination

Package Description The package eliminates two vacant positions totaling 2.00 FTE, including a Public Affairs Specialist, an Earth Sciences Field Geologist. The General Fund made available from eliminating these positions is being used in Pkg 801 to fund financial support positions within the agency.

LFO Recommendation Approve the package.

LFO Recommended	(376,332)	-	(52,480)	(118,078)	-	-	(546,890)	(2)	(2.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2017-19 Agy. Leg. Adopted	-	-	2,842,928	-	-	-	2,842,928	11	11.20
2017-19 Ebds, SS & Admin Act	-	-	501,702	-	-	-	501,702	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2017-19 Leg Approved Budget	-	-	3,344,630	-	-	-	3,344,630	11	11.20
2017-19 Leg Approved Budget (Base)	-	-	2,894,630	-	-	-	2,894,630	11	11.20
Summary of Base Adjustments	-	-	(2,415)	-	-	-	(2,415)	-	-
2019-21 Base Budget	-	-	2,892,215	-	-	-	2,892,215	11	11.20
010: Non-PICS Pers Svc/Vacancy Factor	-	-	72,091	-	-	-	72,091	-	-
030: Inflation & Price List Adjustments	-	-	30,392	-	-	-	30,392	-	-
2019-21 Current Service Level	-	-	2,994,698	-	-	-	2,994,698	11	11.20
Adjusted 2019-21 Current Service Level	-	-	2,994,698	-	-	-	2,994,698	11	11.20
Total LFO Recommended Packages	-	-	(1,473,222)	-	-	-	(1,473,222)	-	(5.60)
2019-21 Legislative Actions	-	-	1,521,476	-	-	-	1,521,476	11	5.60
Net change from 2017-19 Leg Approved Budget	-	-	(1,823,154)	-	-	-	(1,823,154)	-	(5.60)
Percent change from 2017-19 Leg Approved Budget	0.0%	0.0%	(54.5%)	0.0%	0.0%	0.0%	(54.5%)	0.0%	(50.0%)
Net change from 2019-21 Adj Current Service Level	-	-	(1,473,222)	-	-	-	(1,473,222)	-	(5.60)
Percent change from 2019-21 Adj Current Service Level	0.0%	0.0%	(49.2%)	0.0%	0.0%	0.0%	(49.2%)	0.0%	(50.0%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package includes \$48,256 Other Funds expenditure limitation for the Mined Land program. This amount represents the program's share of the Chief Financial Officer, Fiscal Analyst 3, and Chief Information Officer positions within the agency's shared services section. This three positions provide administrative functions for both programs, but the position costs are budgeted in the Geologic Survey side of the agency.

LFO Recommendation Approve the package.

LFO Recommended	-	-	48,256	-	-	-	48,256	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 802 Adjustment to Reflect One-Year Budget

Package Description This package reduces the agency's expenditure and position authority to reflect a one-year budget. Given the financial uncertainty around this agency and its programs, there is direction in a budget note for the Department of Administrative Services to report back to the 2020 Legislature on a strategic plan for the future of the Department.

LFO Recommendation Approve the package.

LFO Recommended	-	-	(1,521,478)	-	-	-	(1,521,478)	-	(5.60)
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Legislatively Proposed 2019 - 2021 Key Performance Measures

Published: 6/14/2019 12:47:04 PM

Agency: Geology & Mineral Industries, Department of

Mission Statement:

Provide earth science information and regulation to make Oregon safe and prosperous.

Legislatively Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. HAZARD AND RISK ASSESSMENT COMPLETION - Percent of population residing in Oregon Urban Growth Boundary Areas (UGBs) that have completed geologic hazard and risk assessments that are suitable to initiate Department of Land Conservation and Development goal 7 planning for earthquake, landslide, tsunami, coastal erosion, volcanic and flooding hazards.		Approved	42%	50%	50%
2. DETAILED GEOLOGIC MAP COMPLETION - Percent of Oregon where geologic data in the form of high resolution maps have been completed to be used for local problem solving.		Approved	55.50%	60%	60%
3. LIDAR DATA COMPLETION - Percent of Oregon (sq. miles) with lidar data at USGS quality level 2 or better.		Approved	46.44%	50%	50%
4. PERCENT OF MINE SITES INSPECTED BIENNIALY - Percent of permitted mine sites inspected biennially.		Approved	6.46%	50%	50%
5. 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.	Helpfulness	Approved	90%	95%	95%
	Overall		91%	95%	95%
	Accuracy		93%	95%	95%
	Expertise		92%	95%	95%
	Availability of Information		88%	95%	95%
	Timeliness		94%	95%	95%
6. GOVERNANCE - Percent of yes responses by Governing Board members to the set of best practices.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the 2019-2021 Key Performance Measures and targets as proposed.

SubCommittee Action: