

SB 5545 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Taylor

Joint Committee On Ways and Means

Action Date: 06/14/19

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

Senate Vote

Yeas: 10 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Nays: 1 - Thomsen

Exc: 1 - Baertschiger Jr

House Vote

Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

Prepared By: Ali Webb, Department of Administrative Services

Reviewed By: John Terpening, Legislative Fiscal Office

Department of Energy

2019-21

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund Debt Service	\$ -	\$ 4,334,048	\$ 4,334,048	\$ 4,334,048	100.0%
Lottery Funds Debt Service	\$ 3,023,630	\$ 3,023,370	\$ 3,023,370	\$ (260)	(0.0%)
Other Funds Limited	\$ 35,609,279	\$ 32,689,074	\$ 31,236,157	\$ (4,373,122)	(12.3%)
Other Funds Nonlimited	\$ 55,905,959	\$ 1,040,647	\$ 1,040,647	\$ (54,865,312)	(98.1%)
Other Funds Debt Service Nonlimited	\$ 63,376,902	\$ 39,988,071	\$ 39,988,071	\$ (23,388,831)	(36.9%)
Federal Funds Limited	\$ 2,455,398	\$ 2,482,702	\$ 2,203,426	\$ (251,972)	(10.3%)
Federal Funds Debt Service Nonlimited	\$ 104,000	\$ 104,000	\$ 104,000	\$ -	0.0%
Total	\$ 160,475,168	\$ 83,661,912	\$ 81,929,719	\$ (78,545,449)	(48.9%)

Position Summary

Authorized Positions	97	84	78	(19)
Full-time Equivalent (FTE) positions	93.87	84.00	78.00	(15.87)

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Department of Energy (ODOE) is historically supported with non-Measure 76 Lottery Funds, Other Funds, and Federal Funds. For the 2019-21 biennium, there is a \$4,334,048 General Fund appropriation to cover a budget shortfall related to debt service payments in the Small-Scale Energy Loan Program (SELP). ODOE has several sources of Other Funds revenues including Other Funds Nonlimited revenues related to SELP loan repayments and interest income; various fees and charges for services, including the Energy Supplier Assessment (ESA); radioactive waste transport fees, and energy facility siting fees.

Lottery Funds are allocated to ODOE for debt service payments. Federal Funds are received from the United States Department of Energy for the USDOE State Energy Program Formula, Hanford grants and other federal grants.

Summary of Natural Resources Subcommittee Action

The mission of ODOE is to lead Oregon to a safe, clean, and sustainable energy future. It is organized into five divisions: Energy Planning and Innovation, Energy Development Services, Nuclear Safety and Emergency Response, Energy Facility Siting, and Administrative Services. The

Subcommittee recommended a budget for the 2019-21 biennium of \$4,334,048 General Fund, \$3,023,370 Lottery Funds, \$31,236,157 Other Funds Limited, \$41,028,718 Other Funds Nonlimited, \$2,203,426 Federal Funds Limited, and \$104,000 Federal Funds Nonlimited. The total funds budget of \$81,929,719 is 49% less than the 2017-19 Legislatively Approved Budget. The primary reason for the large decrease is the removal of \$54,865,312 in Nonlimited Other Funds associated with SELP due to the lack of new bonding authorization for the program.

Energy Planning and Innovation Division

The Energy Planning and Innovation Division develops state policy and goals relating to energy conservation, the development of alternative fuel and renewable energy resources for energy independence, economic development and the reduction of greenhouse gas emissions. The Subcommittee recommended a budget of \$6,241,617 total funds and 21 positions (21.00 FTE), which includes the following packages:

Package 801, LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$84,093 from the Services and Supplies expenditure category in an effort to reduce the amount of ESA funding for ODOE's programs. This reduction of ESA-supported expenditures represents a 13.3% reduction to the Division's Services and Supplies budget.

Package 812, Vacant Position Elimination. This package eliminates a Program Analyst 3 position (1.00 FTE) held vacant for 19 months, for a total funds reduction of \$198,281. The position was primarily funded with Federal Funds totaling \$158,625, however it has remained vacant due to insufficient Federal Funds revenue to support the position. The Other Funds portion of the position, totaling \$39,656, was funded by the ESA. The package also eliminates a vacant Operations and Policy Analyst 2 position (1.00 FTE), totaling \$223,413 Other Funds, to reduce the amount of the ESA required to fund ODOE's programs. The ESA-related costs of the position total \$216,707.

Energy Development Services Division

The Energy Development Services Division historically has administered financing and incentives for businesses, households and the public sector to reduce the cost of energy for Oregonians through energy efficiency, renewable energy and the use of alternative transportation. As of the end of the 2017 tax year, all of ODOE's energy tax credit and incentive programs have sunset or moved to other agencies. The Small-Scale Energy Loan Program (SELP) continues to administer previously issued loans, however is not currently issuing new loans. The Subcommittee approved a budget of \$54,799,693 total funds and four positions (4.00 FTE), which includes the following packages:

Package 801, LFO Analyst Adjustments. This package includes a fund shift from Federal Funds to Other Funds in Personal Services costs totaling \$120,651. Some of the positions within the Division were partially budgeted on Federal Funds, however there is no Federal Funds revenue to support the expenditure limitation. This shift will effectively eliminate the Federal Funds expenditure limitation within this program. ODOE may return to the Legislative Assembly with a Federal Funds expenditure limitation request if Federal Funds revenue becomes available. The package also reduces the Division's Services and Supplies budget by \$15,280 in an effort to reduce the ESA needed to fund ODOE's programs.

Package 812, Vacant Position Elimination. This package includes the elimination of three vacant positions, totaling \$770,515 Other Funds. Two of the positions, the Loan Specialist (1.00 FTE) and one Principal Executive Manager E (1.00 FTE), total \$446,921 Other Funds and reside within the Small-Scale Energy Loan Program (SELP). They have been held vacant for multiple years in anticipation of restarting SELP lending. These positions are not necessary to administer the program as it currently exists but would likely be requested if the SELP program were given legislative authority to begin lending again. The third eliminated position, a Principal Executive Manager E (1.00 FTE), has been vacant for nearly a year and was proposed in ODOE's agency request budget as a downward reclassification to a different position. This reduction decreases Other Funds expenditure limitation by \$323,594. The source of Other Funds revenue related to the reduction is revenue from the ESA.

Nuclear Safety and Emergency Response Division

The Nuclear Safety and Emergency Response Division works to provide safe energy through oversight of nuclear waste cleanup activities at the Hanford nuclear site to ensure that decisions regarding cleanup protect the Columbia River. The division also provides emergency preparedness for potential hazards including a nuclear reactor accident, transporting radioactive materials through Oregon, the potential operation of Liquefied Natural Gas (LNG) import terminals and petroleum shortages that could impact emergency and essential services. The Subcommittee recommended a total funds budget of \$2,325,487 total funds and six positions (6.00 FTE), which includes the following package:

Package 801, LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$3,504 from the Services and Supplies expenditure category in an effort to reduce the amount of ESA revenue needed to fund ODOE programs. This reduction of ESA-supported expenditures represents a 2.4% reduction to the Division's Services and Supplies budget.

Energy Facility Siting Division

The Energy Facility Siting Division works with energy facility developers and operating energy facilities to meet the state's energy needs by ensuring that large power plants, transmission lines and natural gas pipelines are built to meet Oregon siting requirements. Facility Siting provides staff to the seven-member Energy Facility Siting Council (EFSC), coordinates the energy facility siting process, oversees compliance with existing site certificates and coordinates federal energy siting projects for the state. The Division coordinates input from other state agencies, tribes, local governments, contractors and the public. The Subcommittee recommended a total funds budget of \$5,465,222 and 13 positions (13.00 FTE), which includes the following packages:

Package 140, Energy Siting Analyst Support. This package provides \$411,789 Other Funds expenditure limitation and position authority for two limited duration Utility and Energy Analyst 2 positions (2.00 FTE) to provide capacity to handle the increased workload related to a projected increase in Energy Facility Siting review applications. Applications are projected to increase 31% from the 2015-2017 biennium to the 2019-21 biennium. Revenue is expected to primarily come from cost recovery fees and a small percentage will come from Other Funds ESA revenue.

Package 801, LFO Analyst Adjustments. This package reduces Other Funds limitation by \$14,016 from the Services and Supplies expenditure category in an effort to reduce the amount of ESA needed to fund ODOE's programs. This reduction of ESA-supported expenditures represents a less than one percent reduction to the Division's Services and Supplies budget.

Administrative Services Division

The Administrative Services Division consists of the Director's Office and the Central Services Division. The Director's Office provides operational and policy leadership and direction for the agency. Other functions of the Director's Office include internal audits, communications and outreach, human resources management and government relations. The Director's Office also contains the Northwest Power and Conservation Council staff. The Central Services Division provides shared administrative services and expertise to the Department, including budgeting, accounting, contracting, information technology management, and database development and management. The Subcommittee recommended a total funds budget of \$13,097,700 and 34 positions (34.00 FTE), which includes the following packages:

Package 090, Analyst Adjustments. This package decreases Personal Services by \$8,831 Other Funds to align ODOE's budget after a permanent finance plan was submitted during the 2017-19 biennium. A position was used to finance two upward reclassifications, and this is the amount of expenditure limitation remaining, while the FTE was already reduced in the 2019-21 current service level.

Package 801, LFO Analyst Adjustments. This package reduces Other Funds expenditure limitation by \$204,193 to remove excess limitation in ODOE's budget for rent expenses. ODOE's budget was not modified from its move to the current facilities and rental rate.

Package 812, Vacant Position Elimination. This package eliminates three vacant positions (3.00 FTE) within the Administrative Services Division, totaling \$621,856 Other Funds. The positions are an Operations and Policy Analyst 1 (1.00 FTE), an Information Systems Specialist 5 (1.00 FTE), and an Information Systems Specialist 7 position (1.00 FTE). The 2018 Oregon Information Technology (IT) Workforce Report indicated that the ratio of IT position classifications to non-IT classifications is 1:10.25, while the statewide executive branch average ratio is 1:17. Of the total reduction, \$329,584 is attributable to ESA-funded expenses.

Budget Note:

The Department of Energy is directed to report back to the Joint Committee on Ways and Means during the 2020 session, as the Governor did not propose a 2019-21 budget for the agency. Additionally, many of the Department's long-standing programs have sunset or are no longer active. The report should include an analysis of existing programs, the Department's key performance measures, a review of agency administration, the level of internal support versus services that could be provided through the Department of Administrative Services, and review of the agency's indirect rate and usage of the Energy Supplier Assessment.

Summary of Performance Measure Action

See attached “Legislatively Approved 2019-2021 Key Performance Measures.”

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Department of Energy
Ali Webb - 503-378-4588

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ 3,023,630	\$ 35,609,279	\$ 119,282,861	\$ 2,455,398	\$ 104,000	\$ 160,475,168	97	93.87	
2019-21 Current Service Level (CSL)*	\$ 4,334,048	\$ 3,023,370	\$ 32,689,074	\$ 41,028,718	\$ 2,482,702	\$ 104,000	\$ 83,661,912	84	84.00	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 100 - Energy Planning & Innovation										
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ (84,093)	\$ -	\$ -	\$ -	\$ (84,093)			
Package 812: Vacant Position Elimination										
Personal Services	\$ -	\$ -	\$ (263,069)	\$ -	\$ (158,625)	\$ -	\$ (421,694)	(2)	(2.00)	
SCR 200 - Energy Development Services										
Package 801: LFO Analyst Adjustments										
Personal Services	\$ -	\$ -	\$ 120,651	\$ -	\$ (120,651)	\$ -	\$ -	0	0.00	
Services and Supplies	\$ -	\$ -	\$ (15,280)	\$ -	\$ -	\$ -	\$ (15,280)			
Package 812: Vacant Position Elimination										
Personal Services	\$ -	\$ -	\$ (770,515)	\$ -	\$ -	\$ -	\$ (770,515)	(3)	(3.00)	
SCR 300 - Nuclear Safety & Emergency Response										
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ (3,504)	\$ -	\$ -	\$ -	\$ (3,504)			
SCR 400 - Energy Facility Siting										
Package 140: Energy Siting Analyst Support										
Personal Services	\$ -	\$ -	\$ 366,582	\$ -	\$ -	\$ -	\$ 366,582	2	2.00	
Services and Supplies	\$ -	\$ -	\$ 45,207	\$ -	\$ -	\$ -	\$ 45,207			
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ (14,016)	\$ -	\$ -	\$ -	\$ (14,016)			
SCR 500 - Administrative Services										
Package 090: Analyst Adjustments										
Personal Services	\$ -	\$ -	\$ (8,831)	\$ -	\$ -	\$ -	\$ (8,831)	0	0.00	
Package 801: LFO Analyst Adjustments										
Services and Supplies (Rent)	\$ -	\$ -	\$ (204,193)	\$ -	\$ -	\$ -	\$ (204,193)			
Package 812: Vacant Position Elimination										
Personal Services	\$ -	\$ -	\$ (621,856)	\$ -	\$ -	\$ -	\$ (621,856)	(3)	(3.00)	
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (1,452,917)	\$ -	\$ (279,276)	\$ -	\$ (1,732,193)	(6)	(6.00)	
SUBCOMMITTEE RECOMMENDATION *	\$ 4,334,048	\$ 3,023,370	\$ 31,236,157	\$ 41,028,718	\$ 2,203,426	\$ 104,000	\$ 81,929,719	78	78.00	
% Change from 2017-19 Leg Approved Budget	100.0%	(0.0%)	(12.3%)	(65.6%)	(10.3%)	0.0%	(48.9%)	(19.6%)	(16.9%)	
% Change from 2019-21 Current Service Level	0.0%	0.0%	(4.4%)	0.0%	(11.2%)	0.0%	(2.1%)	(7.1%)	(7.1%)	

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

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Agency: Energy, Department of

Mission Statement:

The Oregon Department of Energy is leading Oregon to a safe, clean, and sustainable energy future.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. ENERGY SAVINGS AND PRODUCTION - Annual energy savings and production from the agency's programs.	a) Total of Programs	Approved	1,430.50	2,155	2,155
	b) Energy Incentive Programs		1,247.90	2,000	2,000
	c) Small-Scale Energy Loan Program		0	0	0
	d) Public Buildings		22	30	30
	e) Residential Programs		144.10	125	125
2. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	a) Timeliness	Approved	89%	95%	95%
	b) Accuracy		91%	95%	95%
	c) Helpfulness		90%	95%	95%
	d) Expertise		90%	95%	95%
	e) Availability of Information		81%	95%	95%
	f) Overall		89%	95%	95%
3. APPLICATION PROCESSING - Percent of applications reviewed and approved within administrative or statutory deadlines.	a) Energy Facility Siting: Percent of new applicants notified within 60 days of application completeness	Approved	100%	100%	100%
	b) Energy Incentive Programs: Percent of Final Applications Processed within 60 Days		62%	100%	100%
	c) Residential Energy Tax Credit (RETC)-Percent of applications processed within 60 days		48%	100%	100%
4. ENERGY USE BY STATE BUILDINGS - Electrical and fossil fuel energy use in state owned buildings by use type and building area.		Approved	48.697	51	51
5. GREENHOUSE GAS CONTENT OF OREGON'S ELECTRICITY AND STATIONARY FUEL - Greenhouse gas emissions per unit	a) Electricity used in Oregon	Approved	0.421	0.151	0.151
	b) Electricity generated in Oregon		0.171	0.151	0.151
	c) The mix of other stationary fuels used in Oregon		0.057	0.036	0.036
	d) The mix of other stationary fuels produced in Oregon		No Data	0	0
6. TRANSPORTATION FUELS USED IN OREGON - Percentage of petroleum vs non-petroleum fuels used for transportation in Oregon: a) On-road fuel and b) Non-road fuel.	a) On Road Percentage Non-petroleum	Approved	No Data	0%	0%
	b) Non Road Percentage Non Petroleum		No Data	0%	0%

LFO Recommendation:

The Legislative Fiscal Office recommends the proposed Key Performance Measures and targets.

Per a budget note, the Department is directed to report to the 2020 Legislature on its Key Performance Measures.

SubCommittee Action:

The Natural Resources Subcommittee approved the Key Performance Measures and targets.