

Analysis
Department of Energy
Report on Department Programs

Analyst: John Terpening

Request: Acknowledge receipt of the report

Analysis: The Department of Energy's 2019-21 budget bill, HB 5545 (2019), included the following budget note instruction:

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 Additionally, many of the Department's long-standing programs have sunset or are no longer active.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.

In accordance with the budget note, the Department submitted their report to the Co-Chairs of the Joint Committee on Ways and Means on January 17, 2020.

The report from ODOE provides a brief summary of the current and historical budget and provides an overview of the Energy Supplier Assessment (ESA). The most recent assessment for calendar year 2019 was \$7 million, or a rate of 0.12% of energy suppliers gross operating revenues.

The Department has also looked at its existing programs, including agency administration, and the level of staffing in each program and how that impacts the indirect rate and usage of the ESA. The Department's current indirect rate is 59.05%. This rate is based off budgeted personal services costs and is approved by the U.S. Department of Energy. The Department has looked at other methods for calculating the indirect rate, which would lower the overall percentage, however it would also reduce the amount of federal funds received and increase reliance on other fund sources.

In looking at potential utilization of Department of Administrative Services (DAS) central services, for areas like Financial Services and Human Resources, ODOE determined that while the costs may be marginally reduced by using DAS services, the customer service level to stakeholders would be diminished and the Department would still need to have internal positions to provide oversight in areas like grant management and compliance with HR requirements.

Finally, the Department has reviewed its Key Performance Measures and as a result of the sunset of several programs and the unavailability of data for certain measures, the Department intends to propose new or revised Key Performance Measures as part of its 2021-23 budget development process.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report



Oregon

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January 17, 2020

The Honorable Senator Betsy Johnson
The Honorable Senator Elizabeth Steiner Hayward
The Honorable Representative Dan Rayfield
Joint Interim Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, Oregon 97301

Dear Co-Chairpersons:

Nature of the Request

The Oregon Department of Energy will be presenting a report to the Joint Committee on Ways and Means during the February 2020 Legislative Session in response to a Budget Note in our 2019-21 Budget Report (2019 House Bill 5545):

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.

Agency Action

ODOE's report will begin with a brief summary of our current and historical budget, including a review of the Energy Supplier Assessment (ESA) as expenditures and as a revenue source. The report will provide a description of the ESA methodology and a history of the assessment level. We will present an analysis of our existing programs and activities by division, including each division's revenues and expenditures, and the changes that were made during the 2019 Session to budget and programs. We will also identify where the Energy Supplier Assessment appears in each division's budget.

The report will also include a review of agency administration, and the level of internal support versus services that could be provided through the Department of Administrative Services and Enterprise Information Services. We will focus on financial services, human resources, and information technology because DAS and EIS provide those services to select agencies. We will identify the reduced level of services ODOE would experience if the agency were to outsource those functions.

The report will include a discussion of ODOE's current indirect rate and methodology, and will identify the factors that influence the indirect rate. We will also briefly describe an alternative methodology and its effect on the rate itself and on the divisions that pay indirect.

The report will discuss ODOE's Key Performance Measures using the most recent report, identify which measures are no longer valid or will not be valid after the current biennium, and share the department's plans for developing new Key Performance Measures.

We will conclude with a discussion about ODOE's current strategic planning process and recent or upcoming actions that provide the Committee with a sense of ODOE's future.

Action Requested

ODOE respectfully requests the Joint Committee on Ways and Means acknowledge receipt of the report.

Sincerely,

A handwritten signature in cursive script that reads "Janine Benner". The signature is written in black ink and is positioned below the word "Sincerely,".

Janine Benner
Director