

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5502-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Clem
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 0 – 2

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Gilman, Jenson, Komp, Nathanson, Richardson, Shields, G. Smith

– Nays:

– Exc: Kotek

Senate – Yeas: Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett, Winters

– Nays:

– Exc: Bates

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Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: May 29, 2009

Agency

Department of Agriculture

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)		2009-11 Essential Budget Level		2009-11 Committee Recommendation		Committee Change from 2007-09 Leg. Approved	
							\$\$ Change	% Change
General Fund	\$	17,054,149	\$	17,393,910	\$	14,401,139	\$ -2,653,010	-15.6%
Lottery Funds		10,412,624		10,799,970		10,361,536	-51,088	-0.5
Other Funds		49,900,553		49,108,221		50,236,897	336,344	0.7
Federal Funds	\$	7,551,822	\$	6,751,898	\$	12,387,131	\$ 4,835,309	64.0%
Total	\$	84,919,148	\$	84,053,999	\$	87,386,703	\$ 2,467,555	2.9%

Position Summary

Authorized Positions	527	517	502	-25
Full-time Equivalent (FTE) positions	375.05	368.29	356.02	-19.03

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Agriculture is supported with General Fund, Lottery Funds, Other Funds, and Federal Funds. General Fund comprises about 16 percent of the budget approved by the subcommittee. Lottery Funds, at about 12 percent, support Oregon Plan activities and county fair administration. The largest revenue component is Other Funds, supporting about 58 percent of the agency's budget. Sources include fees for licenses, registrations, inspections, certifications, and reimbursements under federal service contracts. The U.S. Department of Agriculture and other federal agencies support the remaining 14 percent of the agency budget.

The subcommittee approved Senate Bill 5503, which ratifies fees the agency increased by administrative rule during the 2007-09 biennium. These include livestock brand inspection fees, Christmas tree fees and nursery license fees.

Summary of Natural Resources Subcommittee Action

The Department of Agriculture ensures food safety, provides consumer protection, protects natural resources, and promotes agricultural economic development. For budget purposes, the Department's activities are grouped into four program units: Administration and Support Services, Food Safety Policy Area, Natural Resources Policy Area, and Agricultural Development Policy Area. The subcommittee approved an agency total funds budget of \$87,386,703 and 502 positions (356.02 full-time equivalent). This is about a three percent increase from the 2007-09 Legislatively Approved Budget and four percent increase from the 2009-11 essential budget level. This increase is caused by a significant increase in anticipated Federal Funds expenditures.

Administration and Support Services

The Administration and Support Services provides policy direction and support functions for the agency, including financial management, development and maintenance of information systems, public information, personnel, purchasing, facilities management, fleet operations and farm mediation. The subcommittee approved a budget of \$1,391,437 General Fund, \$7,291,350 Other Funds, and 38 positions (37.97 full-time equivalent).

The subcommittee approved Package 810 – Analyst Program Reductions. This package suspends the Pesticides Use Reporting System (PURS) for the 2009-11 biennium. It also eliminates one position in the Human Resources section. This is a reduction of \$270,424 General Fund, \$117,206 Other Funds and elimination of four positions (2.14 full-time equivalent).

The subcommittee approved Package 811 – Analyst Fund Shifts. This package shifts funding for a position in the Farm Mediation program from \$142,865 General Fund to \$142,865 Other Funds. The source of the Other Funds is court filing fees, mediation fees and bargaining fees.

The subcommittee approved Package 812 – Other Analyst Adjustments. This package provides \$247,046 Other Funds to restore one Information Systems Specialist 8 Position (1.00 full-time equivalent) that was eliminated in Package 810 as part of the PURS suspension. Retention of this position is needed to assist the agency in meeting its information technology needs and will be funded through administrative charges on agency programs.

Food Safety Policy Area

The Food Safety Policy Area protects the food supply, keeps livestock healthy, and ensures measurement device accuracy. Activities include inspecting food facilities, performing laboratory tests, checking scales, and recording livestock brands. The subcommittee approved a budget of \$6,291,922 General Fund, \$19,435,622 Other Funds, \$963,479 Federal Funds, and 182 positions (115.48 full-time equivalent).

The subcommittee approved Package 070 – Revenue Shortfalls. This package reduces \$1,271,395 Other Funds expenditure limitation and eliminates 35 positions (10.74 full-time equivalent) to match revenue available under current law in the Livestock Brand Inspection program. These reductions are partially restored through proposed fee increases in Package 235.

The subcommittee approved Package 210 – Lab Equipment New and Replacement. This package provides \$600,000 Other Funds to purchase replacement laboratory equipment needed to provide food safety testing in the areas of dairy, food, and shellfish, for department enforcement programs (pesticides, fertilizer, Confined Animal Feeding Operations), seed testing, and import and export work.

The subcommittee approved Package 235 – Livestock Fee Increase. This package partially restores the essential budget level funding for the Livestock Brand Inspection program reduced in Package 070 by providing \$347,428 Other Funds expenditure limitation and restoring 30 positions (3.51 full-time equivalent), funded through a brand inspection fee increase ratified in SB 5503.

The subcommittee approved Package 810 – Analyst Program Reductions. This package reduces state support for predator control activities by \$335,009 General Fund.

The subcommittee approved Package 811 – Analyst Fund Shifts. This package replaces \$456,204 General Fund in the Food Safety Policy Area with Other Funds as follows:

- Replace \$108,436 General Fund in the Weights and Measures Packaged Products Program with Other Funds.
- Replace \$269,060 General Fund in the Animal Health and Identification Program with Other Funds from fees.
- One-time replacement of \$78,708 General Fund in the Commercial Feeds program with Other Funds from fund balances.

The subcommittee approved Package 814 – New Expenditure Limitation Needs. This package adds \$450,000 Federal Funds expenditure limitation to accommodate recent experience with higher levels of federal funding in the Food Safety Policy Area.

Natural Resources Policy Area

The Natural Resources Policy Area conserves, protects, and develops natural resources. It also maintains fertilizer and pesticide standards. Employees inspect and certify nursery stock, Christmas trees, and seed crops toward controlling and excluding foreign pests and plant diseases. Under the Oregon Plan, the program activities help to restore and enhance salmon/steelhead populations and watersheds and implement agricultural water quality plans. The subcommittee approved a budget of \$3,515,364 General Fund, \$10,339,536 Lottery Funds, \$12,353,660 Other Funds, \$5,480,908 Federal Funds, and 153 positions (118.86 full-time equivalent).

The subcommittee approved Package 070 – Revenue Shortfalls. This package reduces the Natural Resources Policy Area program to levels supported by available fee revenues. It also includes a reduction of \$701,151 Other Funds and elimination of four positions (3.44 full-time equivalent) to match revenue available in the Nursery program. The Nursery program reductions are restored through fee increases in Package 395. This also includes a technical reduction of \$998 Lottery Funds.

The subcommittee approved Package 370 – Monitoring Fertilizer Products. This package provides \$185,502 Other Funds to establish one permanent, full-time Natural Resource Specialist 3 position (1.00 full-time equivalent) to monitor fertilizer products including reviewing product labels, evaluating product content, investigating marketplace claims, investigating product distribution, and working with the Department of Justice to pursue enforcement actions when necessary.

The subcommittee approved Package 380 – Oregon Invasive Species Council Support. This package provides \$200,000 Other Funds and \$350,000 Federal Funds for the Oregon Invasive Species Council to increase statewide education efforts on risks of invasive species introduction.

The subcommittee approved Package 395 – Nursery License Fee Increase. This package restores the essential budget level funding for the Nursery program reduced in Package 070 by providing \$701,151 Other Funds expenditure limitation and restoring four positions (3.44 full-time equivalent).

The subcommittee approved Package 396 – Christmas Tree Fee Increase. This package provides \$10,562 Other Funds revenue from a Christmas tree fee increase being ratified in Senate Bill 5503.

The subcommittee approved Package 810 – Analyst Program Reductions. This package reduces the Natural Resources program budget by \$538,231 General Fund, \$338,231 Lottery Funds, \$219,892 Other Funds and seven positions (4.40 full-time equivalent). The reductions include the following:

- Suspend the Pesticides Use Reporting System (PURS) for the 2009-11 biennium reducing \$244,128 General Fund, \$219,892 Other Funds and elimination of four positions (1.48 full-time equivalent).
- Eliminate state support for public outreach on pesticide reducing \$143,319 General Fund.
- Eliminate two Agricultural Water Quality program positions (1.92 full-time equivalent) reducing \$338,231 Lottery Funds (Measure 66)
- Eliminate one position (1.00 full-time equivalent) in the Confined Animal Feeding Operations (CAFO) program reducing \$150,784 General Fund. The subcommittee expressed concerns about the possible impacts of this reduction on existing CAFO staff's workload and compliance with federal guidelines.

The subcommittee approved Package 811 – Analyst Fund Shifts. This package includes a one-time fund shift of \$328,762 for the Pesticide Analytical Response Center from General Fund to Other Funds from pesticide fees previously used for PURS funding. It also includes a one-time fund shift of \$85,233 to support the threatened and endangered plant conservation program from Measure 66 Operations Lottery Funds to Federal Funds from a federal grant that can support the work during the 2009-11 biennium.

The subcommittee approved Package 812 – Other Analyst Adjustments. This package provides \$370,968 Other Funds expenditure limitation to establish two limited-duration investigator positions (2.00 full-time equivalent) to conduct outreach and compliance monitoring assuring appropriate pesticide use, investigate complaints, as well as, develop case files and enforcement documentation for violations of Oregon's pesticide laws.

The subcommittee approved Package 814 – New Expenditure Limitation Needs. This package provides \$750,000 Federal Funds expenditure limitation to accommodate recent experience with higher levels of federal funding in the Natural Resources Policy Area. It removes \$400,000 of empty Other Funds expenditure limitation for Services and Supplies for which there is no revenue.

Agricultural Development Policy Area

Agricultural Development Policy Area staff work with the agricultural industry to increase sales of Oregon products in the United States and abroad. The subcommittee approved a budget of \$3,202,416 General Fund, \$22,000 Lottery Funds (General Purpose), \$11,156,265 Other Funds, \$5,942,744 Federal Funds, and 129 positions (83.71 full-time equivalent).

The subcommittee approved Package 810 – Analyst Program Reductions. This package reduces the Agricultural Development program budget by \$662,882 General Fund, \$13,972 Lottery Funds and three positions (2.50 full-time equivalent). The reductions include the following:

- Eliminate funding for canola renewable energy project reducing \$343,155 General Fund.
- Reduce services at the Plant Health Laboratory reducing \$144,727 General Fund and two positions (1.50 full-time equivalent)

- Move the current farm-to-school program position to a vacant marketing position due to misclassification of the current farm-to-school program position and eliminate the old position reducing \$175,000 General Fund and one position (1.00 full-time equivalent).
- Reduce Lottery Funds support for County Fairs administration to allow only one meeting a year reducing \$13,972 Lottery Funds (General Purpose).

The subcommittee approved Package 811 – Analyst Fund Shifts. This package includes a one-time fund shift of \$66,175 General Fund for agricultural development activities and a shift of \$192,219 General Fund for a position providing technical assistance for renewable energy projects involving agriculture to Other Funds from Energy Supplier Assessment funds from the Department of Energy. The renewable energy position was also made Limited Duration.

The subcommittee approved Package 814 – New Expenditure Limitation Needs. This package provides \$4,000,000 Federal Funds expenditure limitation to accommodate specialty crops grants the agency anticipates receiving. This grant funding was authorized for five years in the latest federal farm bill.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.