

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Richard Devlin, Senate Co-Chair
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair
Sen. Jackie Winters, Senate Co-Vice Chair
Rep. Dan Rayfield, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Natural Resources Subcommittee
From: Paul Siebert, Legislative Fiscal Office
Date: May 31, 2017
Subject: HB 5040 & HB 5041 – Oregon Watershed Enhancement Board
Work Session Recommendations

Oregon Watershed Enhancement Board – Agency Totals

	2013-15 Actual	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 LFO Recommended
Lottery Funds	57,997,623	62,490,496	6,816,076	74,620,542
Other Funds	1,075,106	3,618,093	1,609,486	3,009,486
Federal Funds	23,075,625	37,274,113	25,924,237	41,672,517
Total Funds	\$82,148,354	\$103,382,702	\$34,349,799	\$119,302,545
Positions	32	35	29	33
FTE	32.00	34.25	28.99	33.00

The 2017-19 Legislative Fiscal Office recommended budget for the Oregon Watershed Enhancement Board is \$119,302,545 Total Funds (\$74,620,542 Lottery Funds, \$3,009,486 Other Funds, and \$41,672,517 Federal Funds) and 33 positions (33.00 FTE).

HB 5040 LFO Recommendations

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments 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 HB 5040. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5040, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2017-19 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

Budget Note: 2019-21 Budget Development Instructions

During development of the 2019-21 budget, and in subsequent biennia, the Oregon Watershed Enhancement Board shall phase-out the capital construction expenditure limitations approved for lottery moneys deposited into the Watershed Conservation Grant Fund for the 65% dedicated to local grant expenditures as usual. OWEB shall then add as a technical adjustment to the Current Service Level (CSL), in package 060, the amount estimated to be deposited in the Watershed Conservation Grant Fund using the Office of Economic Analysis forecast of Lottery Revenues for June of even numbered years. This estimate will then be updated during development of the Governor’s Budget and the Legislatively Adopted Budget in non-CSL packages. Ballot Measure 76 Lottery Fund expenditures will continue to be reflected in the budget as six-year expenditure limitation to allow time for grants to be fully expended.

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 to HB 5040

The Legislative Fiscal Office recommends a budget of \$74,620,542 Lottery Funds, \$3,009,486 Other Funds, and \$41,672,517 Federal Funds and 33 positions (33.00 FTE), which is reflected in the -1 amendment.

HB 5040 is also the Measure 76 Lottery Funds allocation bill for the 35% constitutionally dedicated to Operations. The -1 Amendment also allocates Measure 76 Lottery Funds to the Oregon State Police, Oregon Department of Agriculture, Department of Environmental Quality, and Department of Fish & Wildlife.

MOTION: I move adoption of the -1 amendment to HB 5040. (VOTE)

HB 5040 Final Subcommittee Action

LFO recommends that HB 5040, as amended by the -1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5040, as amended, to the Full Committee with a do pass recommendation. (VOTE)

HB 5041 LFO Recommendations - Capital Projects:

HB 5041 provides six-year expenditure limitation for monies from the Watershed Enhancement Grant Fund, which comprises 65% of the non – Parks dedicated Lottery Funds, to allow time for grants to be fully expended. Providing six-year expenditure limitation avoids large carryforward amounts being added to this program unit every biennium.

Recommended Changes to HB 5041

Based on the constitutionally mandated split of Measure 76 Lottery Funds, LFO is recommending a budget of \$67,594,301 Lottery Funds, which is reflected in the -1 amendment to HB 5041.

MOTION: I move adoption of the -1 amendment to HB 5041. (VOTE)

HB 5041 Final Subcommittee Action

LFO recommends that HB 5041, as amended by the -1 amendment, to be moved to the

Ways and Means Full Committee.

MOTION: I move HB 5041, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

LFO102 - Work Session Presentation Report
2017-19 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 69100-000-00-00-00000
Or Watershed Enhancement Brd

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	62,250,303	3,545,968	37,179,454	-	-	102,975,725	35	34.25
2015-17 Ebds, SS & Admin Act	-	240,193	72,125	94,659	-	-	406,977	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	-	62,490,496	3,618,093	37,274,113	-	-	103,382,702	35	34.25
2015-17 Leg Approved Budget (Base)	-	62,482,687	3,553,093	37,274,113	-	-	103,309,893	35	34.25
Summary of Base Adjustments	-	(87,672)	(32,652)	(503,336)	-	-	(623,660)	(6)	(5.26)
2017-19 Base Budget	-	62,395,015	3,520,441	36,770,777	-	-	102,686,233	29	28.99
010: Non-PICS Pers Svc/Vacancy Factor	-	(31,672)	(1,431)	(14,986)	-	-	(48,089)	-	-
020: Phase In / Out Pgm & One-time Cost	-	(55,609,550)	(1,966,950)	(12,280,700)	-	-	(69,857,200)	-	-
030: Inflation & Price List Adjustments	-	62,283	57,426	1,449,146	-	-	1,568,855	-	-
2017-19 Current Service Level	-	6,816,076	1,609,486	25,924,237	-	-	34,349,799	29	28.99
Adjusted 2017-19 Current Service Level	-	6,816,076	1,609,486	25,924,237	-	-	34,349,799	29	28.99
Total LFO Recommended Packages	-	67,804,466	1,400,000	15,748,280	-	-	84,952,746	4	4.01
2017-19 Legislative Actions	-	74,620,542	3,009,486	41,672,517	-	-	119,302,545	33	33.00
Net change from 2015-17 Leg Approved Budget	-	12,130,046	(608,607)	4,398,404	-	-	15,919,843	(2)	(1.25)
Percent change from 2015-17 Leg Approved Budget	0.0%	19.4%	(16.8%)	11.8%	0.0%	0.0%	15.4%	(5.7%)	(3.7%)
Net change from 2017-19 Adj Current Service Level	-	67,804,466	1,400,000	15,748,280	-	-	84,952,746	4	4.01
Percent change from 2017-19 Adj Current Service Level	0.0%	994.8%	87.0%	60.8%	0.0%	0.0%	247.3%	13.8%	13.8%

LFO102 - Work Session Presentation Report
2017-19 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 69100-010-00-00-00000
Operations

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	6,698,053	50,562	2,089,714	-	-	8,838,329	35	34.25
2015-17 Ebds, SS & Admin Act	-	240,193	72,125	94,659	-	-	406,977	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	-	6,938,246	122,687	2,184,373	-	-	9,245,306	35	34.25
2015-17 Leg Approved Budget (Base)	-	6,930,437	57,687	2,184,373	-	-	9,172,497	35	34.25
Summary of Base Adjustments	-	(87,672)	(32,652)	(503,336)	-	-	(623,660)	(6)	(5.26)
2017-19 Base Budget	-	6,842,765	25,035	1,681,037	-	-	8,548,837	29	28.99
010: Non-PICS Pers Svc/Vacancy Factor	-	(31,672)	(1,431)	(14,986)	-	-	(48,089)	-	-
020: Phase In / Out Pgm & One-time Cost	-	(57,300)	(6,950)	(80,700)	-	-	(144,950)	-	-
030: Inflation & Price List Adjustments	-	62,283	616	16,078	-	-	78,977	-	-
2017-19 Current Service Level	-	6,816,076	17,270	1,601,429	-	-	8,434,775	29	28.99
Adjusted 2017-19 Current Service Level	-	6,816,076	17,270	1,601,429	-	-	8,434,775	29	28.99
Total LFO Recommended Packages	-	210,165	-	748,280	-	-	958,445	4	4.01
2017-19 Legislative Actions	-	7,026,241	17,270	2,349,709	-	-	9,393,220	33	33.00
Net change from 2015-17 Leg Approved Budget	-	87,995	(105,417)	165,336	-	-	147,914	(2)	(1.25)
Percent change from 2015-17 Leg Approved Budget	0.0%	1.3%	(85.9%)	7.6%	0.0%	0.0%	1.6%	(5.7%)	(3.7%)
Net change from 2017-19 Adj Current Service Level	-	210,165	-	748,280	-	-	958,445	4	4.01
Percent change from 2017-19 Adj Current Service Level	0.0%	3.1%	0.0%	46.7%	0.0%	0.0%	11.4%	13.8%	13.8%

	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 100 Program Continuity

Package Description Continues four positions approved in 2015-17 as limited duration and recommends two of them be made permanent. Continues a Conservation Outcome Coordinator and a Conservation Outcome Specialist as limited duration, and continues as permanent two partnership coordinators. The package also includes \$12,000 Lottery Funds for office space for a regional program representative position previously filled by an employee who worked from home.

LFO Recommendation Approve

LFO Recommended	-	210,165	-	748,280	-	-	958,445	4	4.01
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LFO102 - Work Session Presentation Report
2017-19 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 69100-020-00-00-00000

Grants

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	55,552,250	3,495,406	35,089,740	-	-	94,137,396	-	-
2015-17 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	-	55,552,250	3,495,406	35,089,740	-	-	94,137,396	-	-
2015-17 Leg Approved Budget (Base)	-	55,552,250	3,495,406	35,089,740	-	-	94,137,396	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2017-19 Base Budget	-	55,552,250	3,495,406	35,089,740	-	-	94,137,396	-	-
020: Phase In / Out Pgm & One-time Cost	-	(55,552,250)	(1,960,000)	(12,200,000)	-	-	(69,712,250)	-	-
030: Inflation & Price List Adjustments	-	-	56,810	1,433,068	-	-	1,489,878	-	-
2017-19 Current Service Level	-	-	1,592,216	24,322,808	-	-	25,915,024	-	-
Adjusted 2017-19 Current Service Level	-	-	1,592,216	24,322,808	-	-	25,915,024	-	-
Total LFO Recommended Packages	-	67,594,301	1,400,000	15,000,000	-	-	83,994,301	-	-
2017-19 Legislative Actions	-	67,594,301	2,992,216	39,322,808	-	-	109,909,325	-	-
Net change from 2015-17 Leg Approved Budget	-	12,042,051	(503,190)	4,233,068	-	-	15,771,929	-	-
Percent change from 2015-17 Leg Approved Budget	0.0%	21.7%	(14.4%)	12.1%	0.0%	0.0%	16.8%	0.0%	0.0%
Net change from 2017-19 Adj Current Service Level	-	67,594,301	1,400,000	15,000,000	-	-	83,994,301	-	-
Percent change from 2017-19 Adj Current Service Level	0.0%	100.0%	87.9%	61.7%	0.0%	0.0%	324.1%	0.0%	0.0%

Grants

	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 200 Capital Construction Grants

Package Description Adds six-year Lottery Funds expenditure limitation for OWEB's Ballot Measure 76 Lottery Funds grant program. Measure 76 constitutionally dedicates 65 percent of the natural resource Lottery Funds for watershed grants to improve and enhance Oregon's water quality, native species and wildlife habitat. Because the expenditure limitation is for six years it is established in a separate bill, HB 5041.

LFO Recommendation Approve

LFO Recommended	-	67,594,301	-	-	-	-	67,594,301	-	-
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Grants

	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 210 Carryforward

Package Description Continues grant funding approved as part of the 2015-17 budget that are projected to remain unspent at the end of the current biennium. Carry forward federal funds expenditure limitation is provided for Pacific Coastal Salmon Recovery Funds grant (\$13 million) and US Fish and Wildlife Service grants (\$2 million). Other Funds carry forward expenditure limitation for grants includes Salmon Plate grants (\$700,000), Forest Collaborative grants (\$500,000), Intensively Monitored Watersheds grants (\$100,000), and Rangeland Wildfire Threat Reduction grants (\$100,000). These increases are approved on a one-time basis.

LFO Recommendation Approve

LFO Recommended	-	-	1,400,000	15,000,000	-	-	16,400,000	-	-
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