

# 2019 JOINT COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON NATURAL RESOURCES

Subcommittee Orientation January 23-24, 2019

# Information and General Procedures

## LFO STAFF

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- Joan Green - Committee Assistant (503) 986-1822

# Attendance

- The standard meeting time for the Subcommittee is from 1:00 p.m. to 2:30 p.m. Monday through Thursday.
- Please be in attendance at the starting time for the meeting.
- Subcommittee rules require that a quorum must be present prior to the opening of any meeting, even informational hearings.
- If you are unable to attend a meeting, please notify the Legislative Fiscal Office at 986-1828 as early as possible.

# Subcommittee Rules

- The Subcommittee will use the same procedural rules as the Joint Committee on Way and Means. A copy is included in your packet.
- The Subcommittee is comprised of five House members and three Senate members. A quorum of at least three House members and two Senate members are required for opening any meeting, voting, and reporting legislation from the Subcommittee to the full Committee.
- Senate and House Joint Committee on Ways and Means Co-Chairs may also participate and vote in the Subcommittee when in attendance as described in the rules.

# Distribution of Materials

- All informational materials will be provided electronically.
- The files will be placed in the OLIS system where members of the Subcommittee will have access to them.
- We will try to get meeting materials posted at least two to three days before the meeting, however there may be some exceptions.
- Before each agency's budget hearings begin, a number of materials will be posted OLIS for the Subcommittee members to review including:
  - The LFO 2019-21 budget review document
  - Annual Agency Performance Measurements Report
  - Governor's budget document for the Agency
  - Agency presentation materials
  - CFO presentation materials

# Additional Materials

- Although not posted to OLIS with the meeting materials, another useful document is the LFO analysis of the 2017-19 legislatively adopted budget which can be found at:

<https://www.oregonlegislature.gov/lfo/Documents/2017-19%20LAB%20Detailed%20Analysis.pdf>

This document provides detailed information about the agencies, their programs, and budgets. The Natural Resources program agencies begin on page 325.

- Updates to the agencies budgets resulting from actions taken during the 2018 legislative session can be found here:

<https://www.oregonlegislature.gov/lfo/Documents/2017-19%20Budget%20Highlights%20Update.pdf>

Oregon Legislative Fiscal Office  
and  
State of Oregon Budget

# Constitutional Responsibility of the Legislature: To balance the budget

Article IX, Section 2 - Legislature to provide revenue to pay current state expenses and interest.

The Legislative Assembly shall provide for raising revenue sufficiently to defray the expenses of the State for each fiscal year, and also a sufficient sum to pay the interest on the State debt, if there be any.

Article IX, Section 4 - Appropriation necessary for withdrawal from treasury.

No money shall be drawn from the treasury, but in pursuance of appropriations made by law.

Article IX, Section 6 - Deficiency of funds; tax levy to pay.

Whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year.



# Oregon's Budget Policy

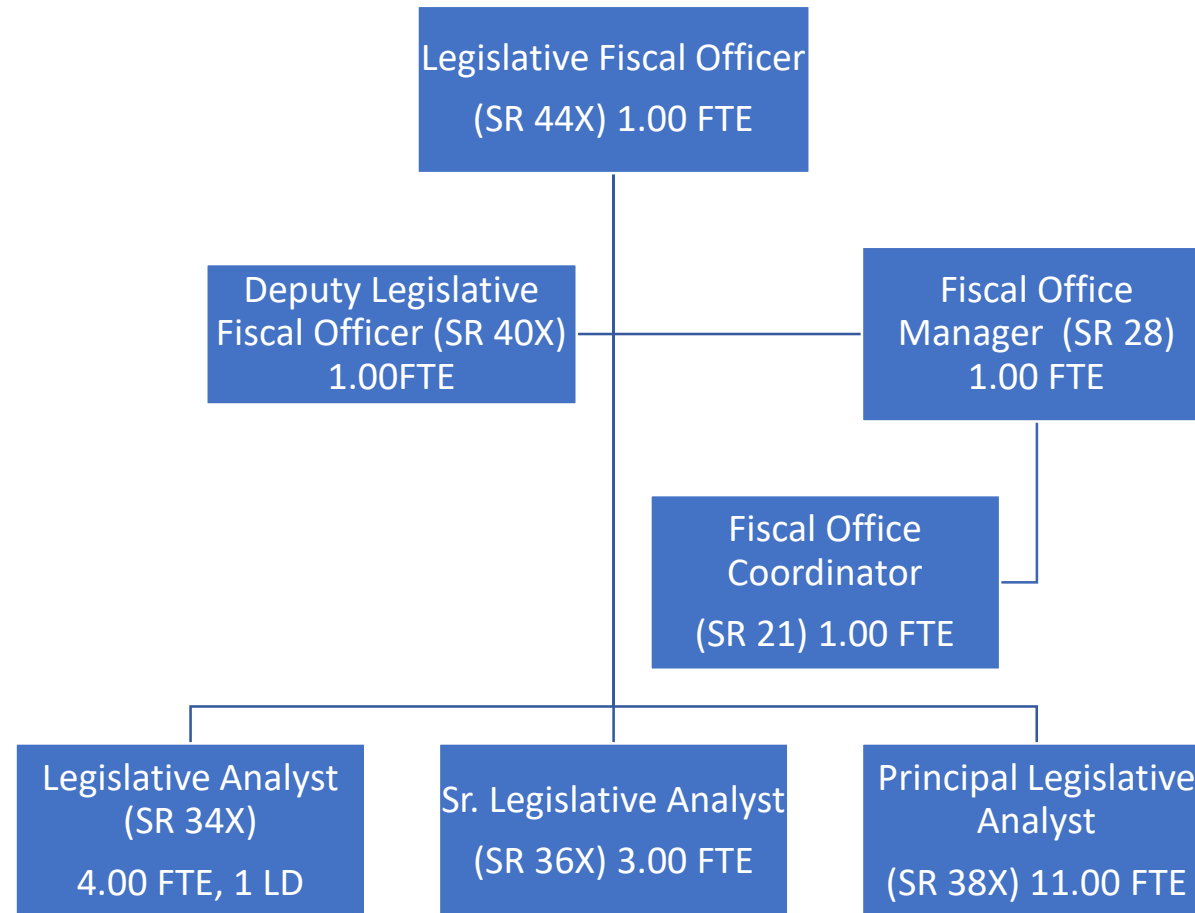
Based on principles of:

- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Planning for the short term and the long term, using consistent assumptions on demographics and trends
- Providing accountability at all levels for meeting program outcomes

# What is the Legislative Fiscal Office (LFO)?

- Non-partisan, independent, permanent professional support staff office to the Legislature that was created in 1959.
- Mission: provide objective research, analysis, and evaluation of state expenditures, financial affairs, program administration and agency operations. LFO also provides staffing to several legislative committees.
- Director, Deputy, 18 analysts, Office Manager, Support
- Each analyst has a portfolio of agencies they work with

# LFO Organization Chart



# LFO Analyst Responsibilities During Session

- Review agency budgets for accuracy
- Analyze fiscal and policy issues
- Examine revenue sources, expenditure limitations, expenditure patterns, staffing levels, and proposed law changes
- Review impact of budget reductions or enhancements
- Make recommendations to the Legislature related to agency budgets
- Prepare fiscal impact statements
- Respond to questions and collect information requested by legislators
- Facilitate bill amendments, budget note and budget report finalization, and presentation of Ways and Means Subcommittee decisions for the Full Ways and Means Committee
- Assist bill carriers on the house and senate floors

# Other Staffing Responsibilities

- **Emergency Board** is a constitutional body responsible for making certain allowable budget adjustments when the Legislature (and the Joint Committee on Ways and Means) is not in session.
- **Joint Legislative Audit Committee** is responsible for reviewing audits, conducting evaluations, and making recommendations for change based on audit findings.
- **Joint Legislative Committee on Information Management and Technology** is responsible for establishing statewide policy on information systems and technology and making recommendations on information resource management programs and information technology acquisitions.
- **Transparency Oregon Commission** is responsible for making recommendations to the department of Administrative Services on the creation, contents, operations, and enhancements to the state's transparency website.

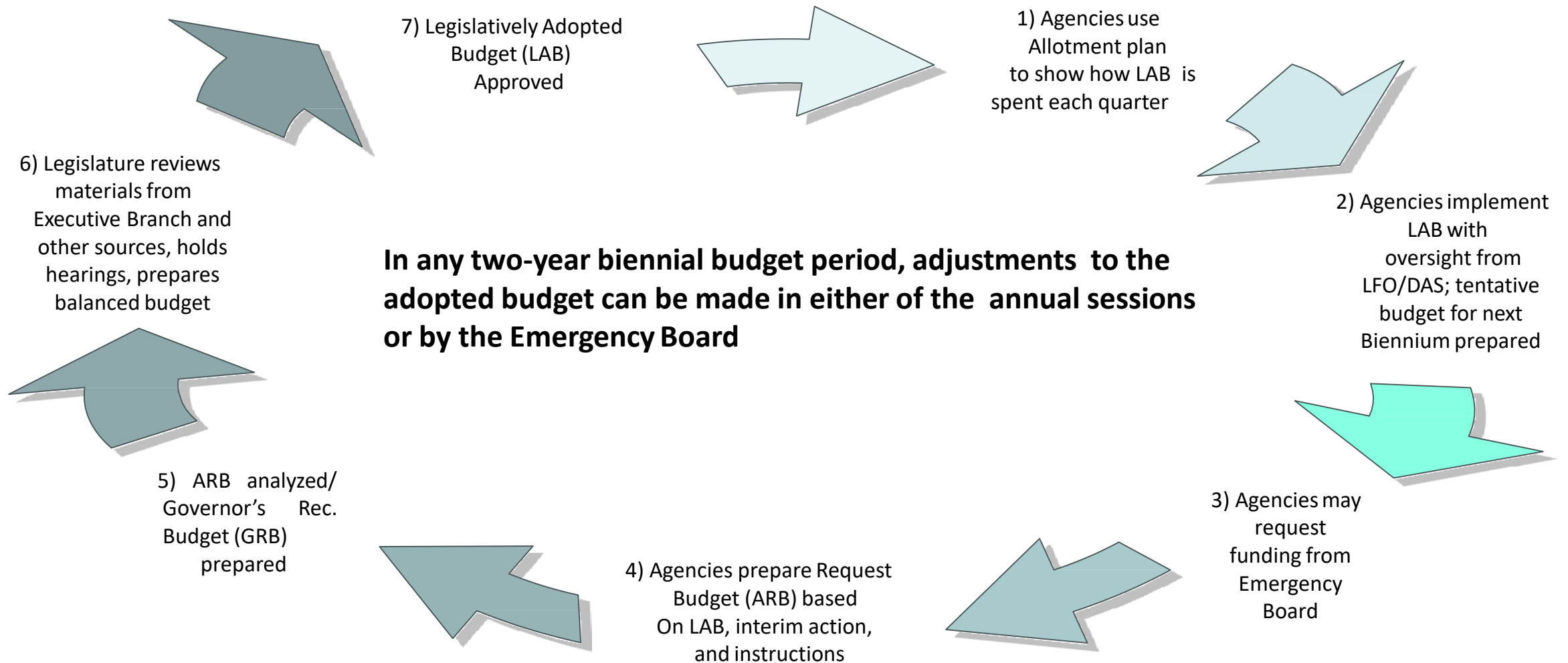
# Staff Responsibilities During the Interim

- Summary report of session budgetary actions and detailed analysis reports of the legislatively adopted budget by agency and program.
- Analysis and recommendations on agency requests for Emergency Board action.
- Briefs and reports on budget-related topics and issues of interest to the Legislature.
- Review of state agency budget execution and operations.
- Monitor agency expenditures and program implementation.
- Answer questions - (legislators, press, agencies, random citizens, NCSL, ....)

# Oregon's Two Year Budget Cycle

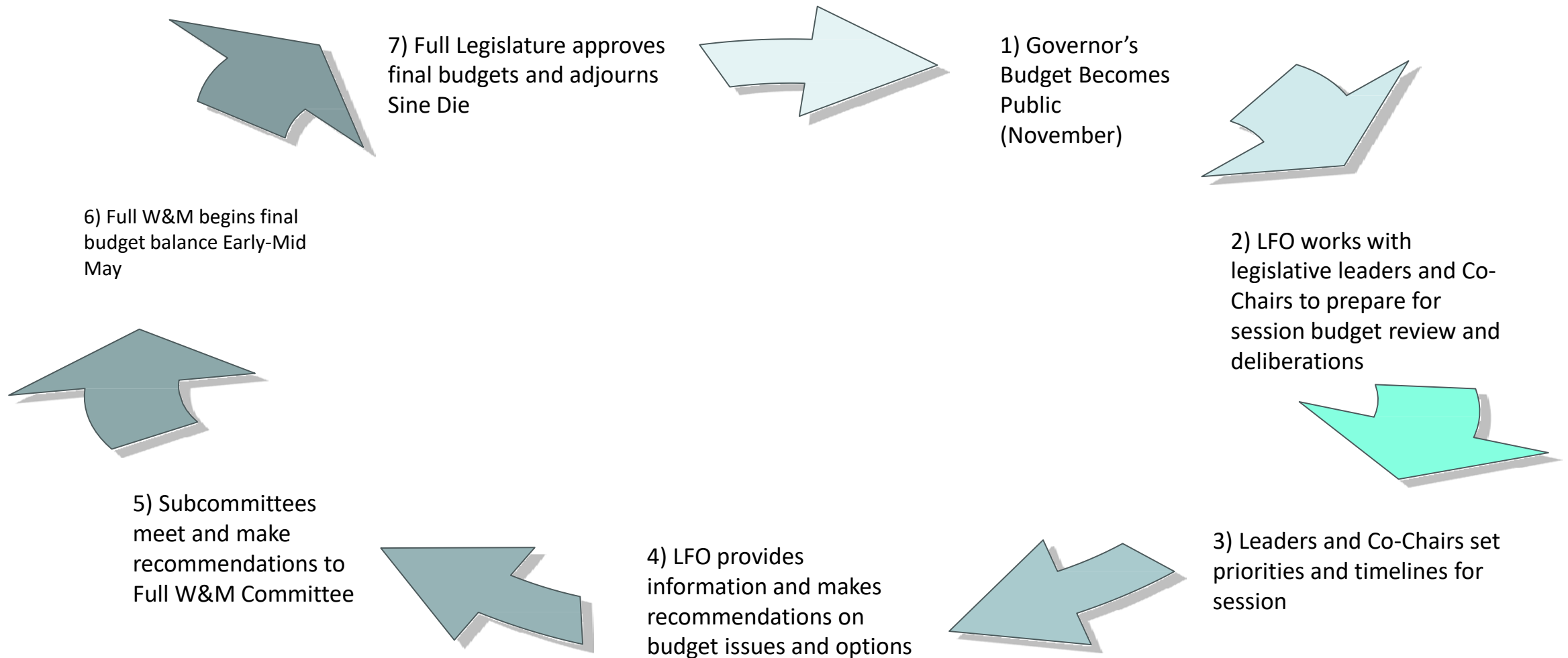
- Oregon budgets on a biennial basis
  - July 1<sup>st</sup> of odd-numbered year to June 30<sup>th</sup> of next odd-numbered year
  - Currently 19 months into 17-19 biennium and already creating 19-21 biennium budget
- 2019 – Legislative Session (January to July)
- 2019 – Short Interim (July to January)
  - Interim Joint Ways and Means (September, November, January...recommendations only)
- 2020 – Legislative Session (February)
  - Recommendations from Interim JWM or new items
- 2020 – Long Interim (March to December)
  - Emergency Board (May, September, December)
  - Special Session
  - Budget Development for next biennium

# Oregon's Two Year Budget Cycle





# Oregon Budget Process – Long Legislative Session



# Budget Basics – Fund Types

Budget consists of four fund types:

- General Fund – appropriation
  - Primarily personal and corporate income taxes, estate and inheritance taxes, corporate excise taxes; 7% other (i.e. liquor revenue)
  - Is “fungible”
- Lottery Funds – allocation
  - Sale of tickets and video lottery gaming proceeds, associated interest and penalties
  - Are dedicated to economic development, education, parks/salmon habitat
- Other Funds – limitation
  - Fees, interest earnings, excise taxes, dedicated fee or tax revenue (9-1-1 tax, lodging tax, forest harvest tax, vehicle and gas tax, etc.), bond proceeds
  - Dedicated by law for specific purposes
  - Limited and non-limited
    - Non-limited: debt service, cost of issuance, Unemployment Insurance benefit payments
- Federal Funds – limitation
  - Grants, formula funds from federal agencies such as HUD, HHS
  - Dedicated by law for specific purposes
  - Limited and non-limited
    - Non-limited: federally funded food and housing vouchers

# Budget Basics – Expenditure Categories

- **Personal Services** includes personnel costs (wages, PERS, benefits, social security, etc.)
- **Services and Supplies** includes operation costs (travel, office supplies, rent, legal expenses, expendable property, contracts, etc.)
- **Capital Outlay** includes products with value of more than \$5,000, life of more than 2 years, used more than once
- **Capital Improvement** includes construction, remodel, improvement costs of less than \$1 million
- **Major Construction/Acquisition** (or Capital Construction) includes construction, remodel, improvement costs of more than \$1 million (\$3 million or more for OUS projects); established for a six-year period.
- **Debt Service** includes principal and interest payments on bonds and certificates of participation

Budget also tracks positions and FTE – (full-time equivalent)

# Budget Basics – Appropriation Bills

- Appropriation bills are the budgetary control
- Appropriation bills are session law (Oregon Laws)
- Appropriation bills are not detailed to the expenditure category level
- Appropriation bills are by fund type and may be total agency or detailed to program within agency
- Budget Reports accompany appropriation bills or policy bills with appropriation amendments

# Budget Basics - Budget Bills

- Appropriation bills generally agency specific (House bills in 5000, Senate bills in 5500 series)
- Oregon has about 100 agencies
- Range from small (\$200,000 biennial budget) to large (\$17 billion biennial budget)
- Budget for bonding and capital construction in bills separate from agency budget bills
- Article IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)
- Final bills of session are commonly known as the Program Change bill and the Emergency Fund bill

# Enrolled Senate Bill 5542

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Oregon Department of Administrative Services)

CHAPTER .....

## AN ACT

Relating to the financial administration of the Water Resources Department; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

**SECTION 1.** There are appropriated to the Water Resources Department, for the biennium beginning July 1, 2017, out of the General Fund, the following amounts, for the following purposes:

(1)	Administrative services.....	\$ 4,830,889
(2)	Field services .....	\$ 11,295,859
(3)	Water rights and adjudications.....	\$ 3,805,605
(4)	Technical services.....	\$ 8,532,235
(5)	Director's office.....	\$ 3,768,034

Sections are often subdivided according to specific programs or agency divisions

**SECTION 2.** Notwithstanding any other law limiting expenditures, the amount of \$6,032,844 is established for the biennium beginning July 1, 2017, as the maximum limit for payment of expenses from lottery moneys allocated from the Administrative Services Economic Development Fund to the Water Resources Department for debt service.

**SECTION 3.** Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2017, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and including federal funds received under cooperative agreements with or contracts from the Bureau of Reclamation of the United States Department of the Interior, the United States Army Corps of Engineers, the United States Geological Survey, the Bonneville Power Administration and the National Fish and Wildlife Foundation, but excluding lottery funds and federal funds not described in this section, collected or received by the Water Resources Department, for the following purposes:

(1)	Administrative services.....	\$ 27,378,266
(2)	Field services .....	\$ 2,597,849
(3)	Water rights and adjudications.....	\$ 4,351,204
(4)	Technical services.....	\$ 5,029,658
(5)	Director's office.....	\$ 6,297

Specific use of funding may also be included, particularly if the use spans several programs or agency divisions

Budget bills are arranged in sections according to fund type

General Fund Section

Lottery Funds Section

Other Funds Section

Some agencies receive specific Federal Funds as reimbursements under contracted agreements. These are budgeted as Other Funds

Federal Funds Section

**SECTION 4.** Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2017, as the maximum limits for payment of expenses from federal funds other than those described in section 3 of this 2017 Act, collected or received by the Water Resources Department, for the following purposes:

- (1) Field services..... \$ 616,140
- (2) Technical services..... \$ 1,263,394

**SECTION 5.** This 2017 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect July 1, 2017.

Budget bills always include an emergency clause to ensure that agencies have legal access to spend the funds by the beginning of the upcoming fiscal year

Passed by Senate June 21, 2017

\_\_\_\_\_  
Lori L. Brocker, Secretary of Senate

\_\_\_\_\_  
Peter Courtney, President of Senate

Passed by House June 28, 2017

\_\_\_\_\_  
Tina Kotek, Speaker of House

Received by Governor:

\_\_\_\_\_.M.,\_\_\_\_\_, 2017

Approved:

\_\_\_\_\_.M.,\_\_\_\_\_, 2017

\_\_\_\_\_  
Kate Brown, Governor

Filed in Office of Secretary of State:

\_\_\_\_\_.M.,\_\_\_\_\_, 2017

\_\_\_\_\_  
Dennis Richardson, Secretary of State

# Budget Reports

- LFO Recommendation becomes the basis for the Budget Report.
  - Key Performance Measures are reviewed and approved as part of the LFO recommendation.
- Budget Reports accompany appropriation bills or policy bills with appropriation amendments.
- Provides detail on legislative action and intent for a budget bill or a policy bill with a budgetary impact (will have expenditure category detail).
- Contain detailed information on approved Policy Option Packages.
- Position authorization and full-time equivalents.



**SB 5542 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Sen. Girod

**Joint Committee On Ways and Means**

<b>Action Date:</b>	06/16/17
<b>Action:</b>	Do pass with amendments. (Printed A-Eng.)
<b><u>Senate Vote</u></b>	
<b>Yeas:</b>	12 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Thomsen, Winters
<b><u>House Vote</u></b>	
<b>Yeas:</b>	9 - Gomberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith G, Smith Warner, Williamson
<b>Nays:</b>	2 - Stark, Whisnant
<b>Prepared By:</b>	Cathleen Connolly, Department of Administrative Services
<b>Reviewed By:</b>	Matt Stayner, Legislative Fiscal Office

This page  
summarizes the full  
JWM Committee  
Action

**Water Resources Department  
2017-19**

These amounts match the budget bill

### **Budget Summary\***

	2015-17 Legislatively Approved Budget <sup>(1)</sup>	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 31,220,037	\$ 32,932,622	\$ 32,232,622	\$ 1,012,585	3.2%
Lottery Funds Debt Service	\$ 2,511,482	\$ 6,032,844	\$ 6,032,844	\$ 3,521,362	140.2%
Other Funds Limited	\$ 73,055,277	\$ 38,756,985	\$ 39,363,274	\$ (33,692,003)	(46.1%)
Other Funds Debt Service	\$ 1,201,865	\$ 2,480,290	\$ -	\$ (1,201,865)	100.0%
Federal Funds Limited	\$ 1,312,338	\$ 1,323,257	\$ 1,879,534	\$ 567,196	43.2%
Total	\$ 109,300,999	\$ 81,525,998	\$ 79,508,274	\$ (29,792,725)	(27.3%)

### **Position Summary**

Authorized Positions	165	163	169	4
Full-time Equivalent (FTE) positions	163.25	160.59	166.59	3.34

<sup>(1)</sup> Includes adjustments through December 2016

\* Excludes Capital Construction expenditures

Authorized number of positions and full-time equivalent positions approved are contained in the budget report, but not in the budget bill

### **Summary of Revenue Changes**

The Water Resources Department (WRD) operations are funded, generally, from a combination of General Fund and fees for water right and storage transactions, licensing, and permits. Of the total available revenues anticipated in the 2017-19 biennium, General Fund accounts for 39.5 percent. Other Funds comprise 50.8 percent, but roughly \$26 million of the \$41.5 million in Other Funds resources are from Lottery Bond proceeds that are carried forward into the 2017-19 biennium from issuance in prior biennia. Lottery Funds, equaling 7.4 percent of total funding, are exclusively for debt service. Federal Funds revenue are specific to cooperative studies and monitoring in addition to providing some position support.

The budget assumes revenues from the passage of House Bill 2295 that eliminates the statutory repeal of certain fee changes made in the 2013-15 biennium and provides for an increase in a number of agency fees resulting in an increase in anticipated fee revenue of \$471,508.

### **Summary of Natural Resource Subcommittee Action**

WRD administers laws governing surface and groundwater resources. The goal is to balance the use of the state's water among current and future generations of Oregonians. The department processes transfers of water rights, permits, certificates, and water rights applications; administers hydroelectric relicensing; inspects construction and maintenance of wells and dams; provides technical information and analysis on surface water and groundwater availability; adjudicates pre-1909 and federal reserved water rights; and negotiates Native American reserved water rights.

The Subcommittee approved a total funds budget of \$79,508,274, including \$32,232,622 General Fund, \$6,032,844 Lottery Funds for debt service, \$39,363,274 Other Funds expenditure limitation, \$1,879,534 Federal Funds expenditure limitation and 166.59 FTE. The total funds budget is 27.3 percent less than the 2015-17 biennium Legislatively Approved Budget. The reduction is largely attributed to a reduction in anticipated bond proceeds and the removal of debt service for unissued bonds. General Fund reductions of \$700,000 from the current service level were included as well.

#### **Administrative Services Division**

This program provides fiscal, human resources, and business support services for daily operation of the department. In addition, the division provides contract assistance to the Oregon Watershed Enhancement Board and the Department of State Lands. The Subcommittee approved a total funds budget of \$38,241,999 and 12.75 FTE.

The Subcommittee recommended the following packages:

Package 090, Analysts Adjustments. This package moves one permanent full-time position (1.00 FTE); Personal Services Other Funds limitation of \$261,002 and Services and Supplies Other Funds limitation of \$6,346; from the Water Development Loan Program to the Administrative Services Division, where the position's workload is located.

Package 106, Web Information Coordinator for Information Sharing. This package recognizes an Other Funds revenue transfer from the Department of State Lands in the amount of \$67,444, to provide support for a shared services accounting position at WRD. The funding supports an existing position; no additional position authority is included.

Package 801, LFO Analyst Adjustments. This package decreases ongoing General Fund support for water supply development feasibility grants by \$400,000, and makes a one-time reduction to Personal Services in the amount of \$20,000 in the Administrative Services Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

#### Field Services Division

This program processes water rights transfer and permit amendment applications, provides planning assistance, inspects the construction and maintenance of wells and dams, and provides technical information on surface water and groundwater availability. The Subcommittee approved a total funds budget of \$14,509,848 and 60.42 FTE.

The Subcommittee recommended the following packages:

Package 107, Umatilla Field Presence. This package provides Other Funds limitation and Federal Funds limitation for four Assistant Watermasters positions and one Office Specialist 2 position located in Umatilla County, in the Pendleton and Milton-Freewater offices. The positions are currently employees of Umatilla County. Three of the positions are directly funded by the county and two of the Watermaster positions are funded by a contract between the county and the US Bureau of Reclamation (BOR). The county has indicated it will terminate the five positions, but will continue financial support for the positions, providing the funding for the three directly funded positions to WRD via contract and shifting the BOR contract to WRD for the remaining two positions. The additional limitation allows the agency to establish the five positions in the department and execute the required funding agreements with Umatilla County and with the Bureau of Reclamation to support the five positions. The package authorizes five full-time permanent positions (5.00 FTE). The agency will not fill the positions if funding agreements are not reached.

Package 801, LFO Adjustments. This package makes a one-time reduction to Personal Services in the amount of \$20,000, in the Field Services Division. This reduction is to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

#### Technical Services Division

This program provides scientific data and technical analysis for the department's water right processing, water distribution and management, and water resources development activities. The division's programs include dam safety, well construction and compliance, information services, surface water hydrology and groundwater hydrology. The Subcommittee approved a total funds budget of \$14,825,287 and 46.00 FTE.

The Subcommittee recommended the following packages:

Package 102, Protecting the Public and Water Supplies. This package establishes a permanent, full-time Dam Safety Engineer position (1.00 FTE) and is funded with federal FEMA funds and the Dam Safety fee.

Package 801, LFO Adjustments. This package reduces ongoing General Fund support by \$100,000 for new observation wells and by \$50,000 for gauging stations. Both of these programs have sufficient funding remaining after this reduction, to enable the agency to complete the work queue in these programs for the 2017-19 biennium. The package also makes a one-time reduction to Personal Services in the amount of

\$20,000, in the Technical Services Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

#### Water Rights Service

This program evaluates and acts upon applications for new in-stream and out-of-stream water rights. It also administers water rights certification, adjudication, hydroelectric relicensing, water rights policy development and permit extension evaluation. The adjudication section is responsible for ruling on pre-1909 and federal reserved water rights, and for the negotiation of Native American reserved water rights. The Subcommittee approved a total funds budget of \$8,156,809 and 37.42 FTE.

The Subcommittee recommended the following packages:

Package 070, Revenue Shortfalls. This package removes 2.50 FTE, \$366,609 Other Funds revenue and \$375,025 Other Funds limitation. The Water Rights fee schedule established in 2013, sunsets on June 30, 2017 and reverts to the 2009 fee schedule. A reversion to 2009 fee levels will result in the reductions identified above. These reductions are restored in Policy Package 100, with revenues assumed from the passage of House Bill 2295 that adjusts fees and eliminates the reversion of those fees to the 2009 fee schedule.

Package 100, Water Rights Fee Increase and Add-Back Package. This package restores 2.50 FTE eliminated in Package 070. The fees associated with water rights transactions were last revised in 2013, which will sunset on June 30, 2017 and revert to the 2009 fee schedule. The current fee schedule does not support the current service level and a reversion to 2009 fees will create a gap in funding of \$0.8 million. The proposed fee increase should generate sufficient revenue to support the water rights program and dam safety program until 2021.

Package 801, LFO Analyst Adjustments. This package shifts \$50,000 Services and Supplies expenditures from General Fund to Other Funds limitation and makes a one-time reduction to Personal Services in the amount of \$20,000, in the Water Rights Service Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

#### Director's Office

This program includes strategic planning and support for the Water Resources Commission, alternative dispute resolution, contested case hearings, administrative rules coordination, legislative coordination and citizen response and information services. The Subcommittee approved a total funds budget of \$3,774,331 and 10.00 FTE.

The Subcommittee recommended the following packages:

Package 106, Web Information Coordinator for Information Sharing. This package recognizes the Other Funds limitation transfer in the amount of \$67,444, from the Department of State Lands. The funding is transferred to the Administrative Services Division for expenditures in that program.

Package 801, LFO Analyst Adjustments. This package makes a one-time reduction to Personal Services in the amount of \$20,000, in the Director's Office Division. This reduction is to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

Water Development Loan Fund

This program finances irrigation, drainage projects, community water supply projects, fish protection projects, watershed enhancement projects and safe drinking water projects. The Subcommittee approved a zero budget and no position authority for this program.

The Subcommittee recommended the following packages:

Package 090, Analyst Adjustments. This package moves one permanent, full-time position (1.00 FTE), \$261,002 Personal Services Other Funds limitation, and \$6,346 Services and Supplies Other Funds limitation from the Water Development Loan Program to the Administrative Services Division, where the position's workload is located.

Package 801, LFO Analyst Adjustments. This package removes the debt service for Water Development Loan Program bonds authorized for sale in the 2015-17 biennium, but were not sold.

**Summary of Performance Measure Action**

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Water Resources Department  
Cathleen Connolly -- 503-373-0083

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 31,220,037	\$ 2,511,482	\$ 74,257,142	\$ -	\$ 1,312,338	\$ -	\$ 109,300,999	165	163.25
2017-19 Current Service Level (CSL)*	\$ 32,932,622	\$ 6,032,844	\$ 41,237,275	\$ -	\$ 1,323,257	\$ -	\$ 81,525,998	163	160.59
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010-01 - Administrative Services									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 261,002	\$ -	\$ -	\$ -	\$ 261,002	1	1.00
Services and Supplies	\$ -	\$ -	\$ 6,346	\$ -	\$ -	\$ -	\$ 6,346		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	0	0.00
Other Special Payments	\$ (400,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (400,000)		
SCR 010-03 - Field Services									
Package 107: Umatilla Field Presence									
Personal Services	\$ -	\$ -	\$ 356,107	\$ -	\$ 356,097	\$ -	\$ 712,204	5	5.00
Services and Supplies	\$ -	\$ -	\$ 77,570	\$ -	\$ 77,570	\$ -	\$ 155,140		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	0	0.00
SCR 010-04 - Technical Services									
Package 102: Protecting the Public and Water Supplies									
Personal Services	\$ -	\$ -	\$ 104,487	\$ -	\$ 104,485	\$ -	\$ 208,972	1	1.00
Services and Supplies	\$ -	\$ -	\$ 18,125	\$ -	\$ 18,125	\$ -	\$ 36,250		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	0	0.00
Services and Supplies	\$ (150,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (150,000)		
SCR 010-06 - Water Right Services									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (375,025)	\$ -	\$ -	\$ -	\$ (375,025)	0	(2.50)
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Package 100: Water Rights Fee Increase and Add-Back Package									
Personal Services	\$ -	\$ -	\$ 375,025	\$ -	\$ -	\$ -	\$ 375,025	0	2.50
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	0	0.00
Services and Supplies	\$ (50,000)	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -		
SCR 010-07 - Director's Office									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
SCR 020-00 - Water Development Loan Program										
Package 090: Analyst Adjustments										
Personal Services	\$ -	\$ -	\$ (261,002)	\$ -	\$ -	\$ -	(261,002)	(1)	(1.00)	
Services and Supplies	\$ -	\$ -	\$ (6,346)	\$ -	\$ -	\$ -	(6,346)			
Package 801: LFO Analyst Adjustments										
Debt Services	\$ -	\$ -	\$ (2,480,290)	\$ -	\$ -	\$ -	(2,480,290)	0	0.00	
TOTAL ADJUSTMENTS	\$ (700,000)	\$ -	\$ (1,874,001)	\$ -	\$ 556,277	\$ -	(2,017,724)	6	6.00	
SUBCOMMITTEE RECOMMENDATION *	\$ 32,232,622	\$ 6,032,844	\$ 39,363,274	\$ -	\$ 1,879,534	\$ -	79,508,274	169	166.59	
% Change from 2015-17 Leg Approved Budget	3.2%	140.2%	(47.0%)	0.0%	43.2%	0.0%	(27.3%)	2.4%	2.0%	
% Change from 2017-19 Current Service Level	(2.1%)	0.0%	(4.5%)	0.0%	42.0%	0.0%	(2.5%)	3.7%	3.7%	

\*Excludes Capital Construction Expenditures



# Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 6/14/2017 3:41:23 PM

**Agency:** Water Resources Department

**Mission Statement:**

To serve the public by practicing and promoting responsible water management.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. FLOW RESTORATION - Percent of watersheds that need flow restoration for fish that had a significant quantity of water put instream through WRD administered programs.		Approved	28%	30%	32%
2. PROTECTION OF INSTREAM WATER RIGHTS - Ratio of the streams regulated to protect instream water rights to all streams regulated.		Approved	0.95	0.95	0.95
3. MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved	99%	99%	99%
4. STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved	16.70%	20%	20%
5. ASSESSING GROUND WATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved	8%	10%	10%
6. EQUIP CITIZENS WITH INFORMATION - Percent of water management related datasets collected by WRD that are available to the public on the internet.		Approved	95%	95%	95%
7. EQUIP CITIZENS WITH INFORMATION - Number of times water management related data was accessed through the WRD's Internet site.		Approved	2.69	2.75	3
8. NUMBER OF SIGNIFICANT DIVERSIONS WITH MEASUREMENT DEVICES INSTALLED - To fully implement the Water Resources Commission's 2000 Water Measurement Strategy		Approved	995	1,175	1,265
9. PROMOTE EFFICIENCY IN WATER MANAGEMENT AND CONSERVATION PLAN REVIEWS - Percent of water management and conservation plans that received a preliminary review within 90 days of plan submittal.		Approved	100%	95%	95%
10. PROMOTE EFFICIENCY IN WATER RIGHT APPLICATION PROCESSING - Percent of water right applications that receive an initial review within 45 days of application filing.		Approved	16%	55%	55%
11. PROMOTE EFFICIENCY IN TRANSFER APPLICATION PROCESSING - Percent of transfer final orders issued within 120 days of application filing.		Approved	34%	37%	40%
12. PROMOTE EFFICIENCY IN FIELD STAFF REGULATORY ACTIVITIES - Number of places where water is legally taken out of stream and used (points of diversion) per FTE of field staff.		Approved	2,523	2,550	2,550
13. INCREASE WATER USE REPORTING - the percent of water users with an annual water-use reporting requirement that have submitted their reports to the Department.		Approved	78%	80%	82%
14. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Timeliness	Approved	59%	85%	85%
	Expertise		71%	85%	85% SB

Legislatively Approved KPIMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
	Helpfulness		79%	85%	85%
	Accuracy		79%	85%	85%
	Availability of Information		68%	85%	85%
	Overall		74%	85%	85%

**LFO Recommendation:**

The Legislative Fiscal Office recommends approval of the key performance measures and targets as presented.

**Subcommittee Action:**

The Natural Resources Subcommittee approved the adoption of the key performance measures and targets as recommended by LFO

# Budget Basics: “Budget Math”

Agency Budget Bill

+ Policy Bills

+ Omnibus Budget Reconciliation Bill

+ Capital Construction Bill

= Legislatively Adopted Budget

# Subcommittee Role and Responsibilities

- Hear agency budget presentations – Phase 1, Phase 2, and Phase 3/Work session
- Budget or Appropriation bills
- Budget Notes – included in a Budget Report to provide budget execution direction to agency. Cannot be used in lieu of legislation. Does not have the force of law.
- Federal Grants – Required by statute to have Joint Committee on Ways and Means or Emergency Board approval. Subcommittee makes recommendation to Full Committee

# Subcommittee Role and Responsibilities (cont.)

- Reports – Often required by Budget Report or Subcommittee instructions. If formally, required by a budget report or statute, Subcommittee makes recommendation to Full Committee
  - Acknowledge (or not) receipt of the report
- Informational hearings
- Fee-related bills – Generally tied to an agency's budget request.
- Policy Bills – Referred to Joint Committee on Ways and Means by legislative leadership or a policy committee. Assigned to a Subcommittee by Full Committee Co-Chairs. Often has a financial impact or may be tied to assumptions in an agency budget.

# Budget Hearing Phase One

The Subcommittee will spend the first ten weeks in the first phase of these hearings. Phase 1 hearings include the following:

- Introduction of the agency by the LFO analyst and a brief description of the major policy issues.
- A presentation by the agency that includes:
  - Mission and goals of the agency
  - Overall description of the agency and its programs, how it uses its budget, and any major policy and budget issues
  - Requested budget and outcomes expected from the budget request
  - Program performance and Key Performance Measures (KPMs)
  - Major changes to the agency
  - Summary of proposed legislation with a budget impact
  - Discussion of program or service reductions included in the Governor's budget
- A presentation of a high-level summary of the Governor's budget by the CFO analyst
- Public testimony

# Budget Hearing Phase Two

- Phase 2 of the budget hearings generally take place immediately following the completion of all of phase 1 agency presentations
- The purpose of this phase is to allow the Subcommittee additional time to discuss individual agency budget issues or have agencies present additional information or answers to questions that arose during phase 1 of the budget hearings.
- Hearings during this phase may overlap some phase 1 and phase 3 hearings
- Phase 2 hearings will only be scheduled for individual budget bills as needed, most agencies will not have a phase 2 hearing
- If you have questions or need further information regarding an agency's budget or operations, ask for this during the phase 1 hearings

# Budget Hearing Phase Three

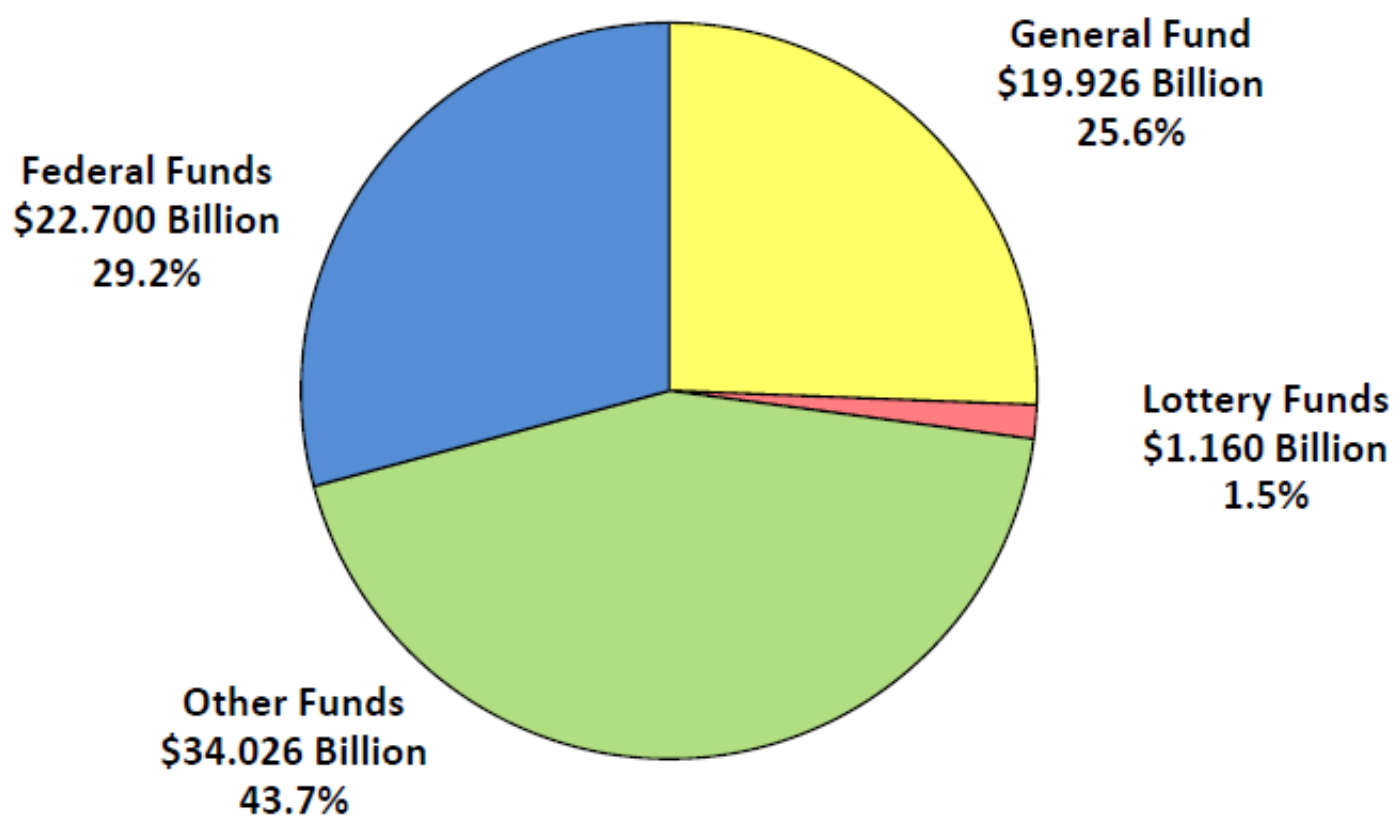
- Phase 3 of the budget hearings are for work sessions.
- The Subcommittee will use work sessions to review and act on budget issues and agency KPMs.
- LFO will provide a summary memo and work session form to Subcommittee members in advance of the work session.
- Based on the Subcommittee's action, staff will develop proposed amendments to the budget bill
- A budget report is prepared to document the Subcommittee's recommendations for the budget
- Budget notes may be included in the budget report if essential to clarify or expand on administrative requirements directly related to the budget. Proposed budget notes should be channeled through the Subcommittee co-chairs and must be jointly approved by the co-chairs of the full committee.
- The Subcommittee chair will assign members to carry the Subcommittee's recommendations to the Joint Committee on Ways and Means and to the floor of each chamber. Carriers to the full committee must be members of the full committee.
- LFO will prepare a "pony" of the budget bill for carriers to the full Joint Committee on Ways and Means and for the carriers in each chamber



# Oregon 2017-19 Budget Information

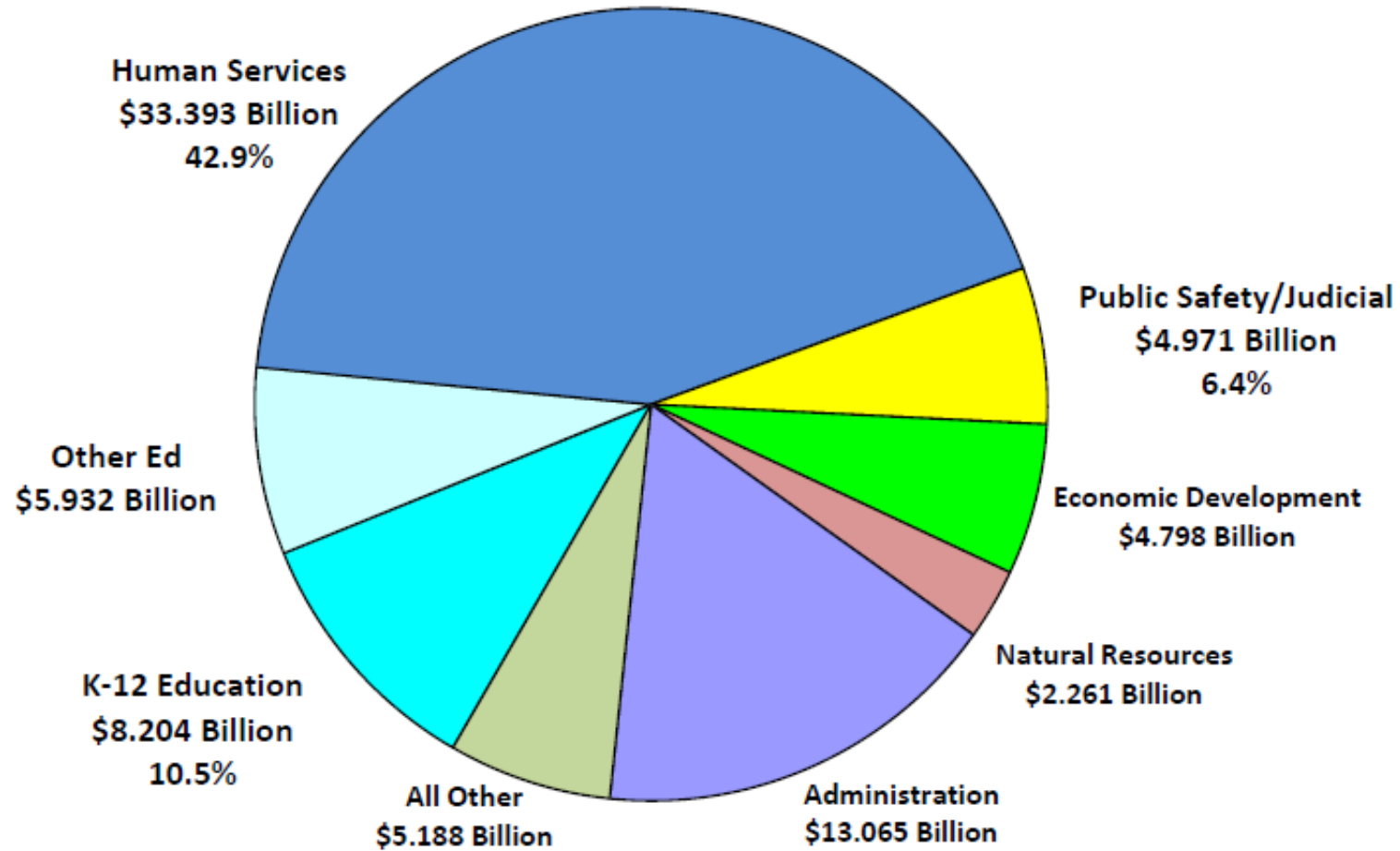
## 2017-19 Legislatively Approved Budget Totals \$77.812 Billion

8.3% Increase from 2015-17 Approved

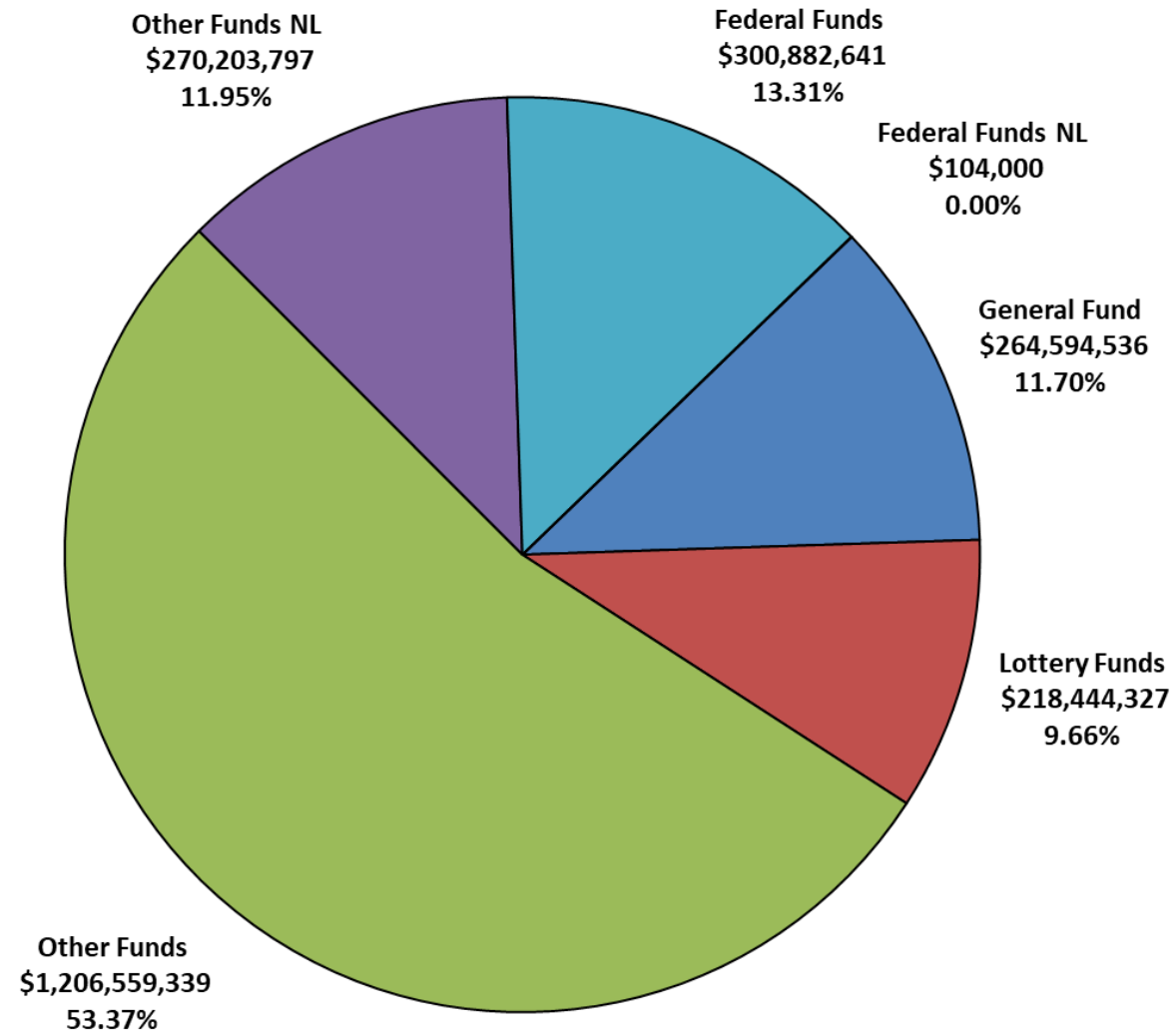


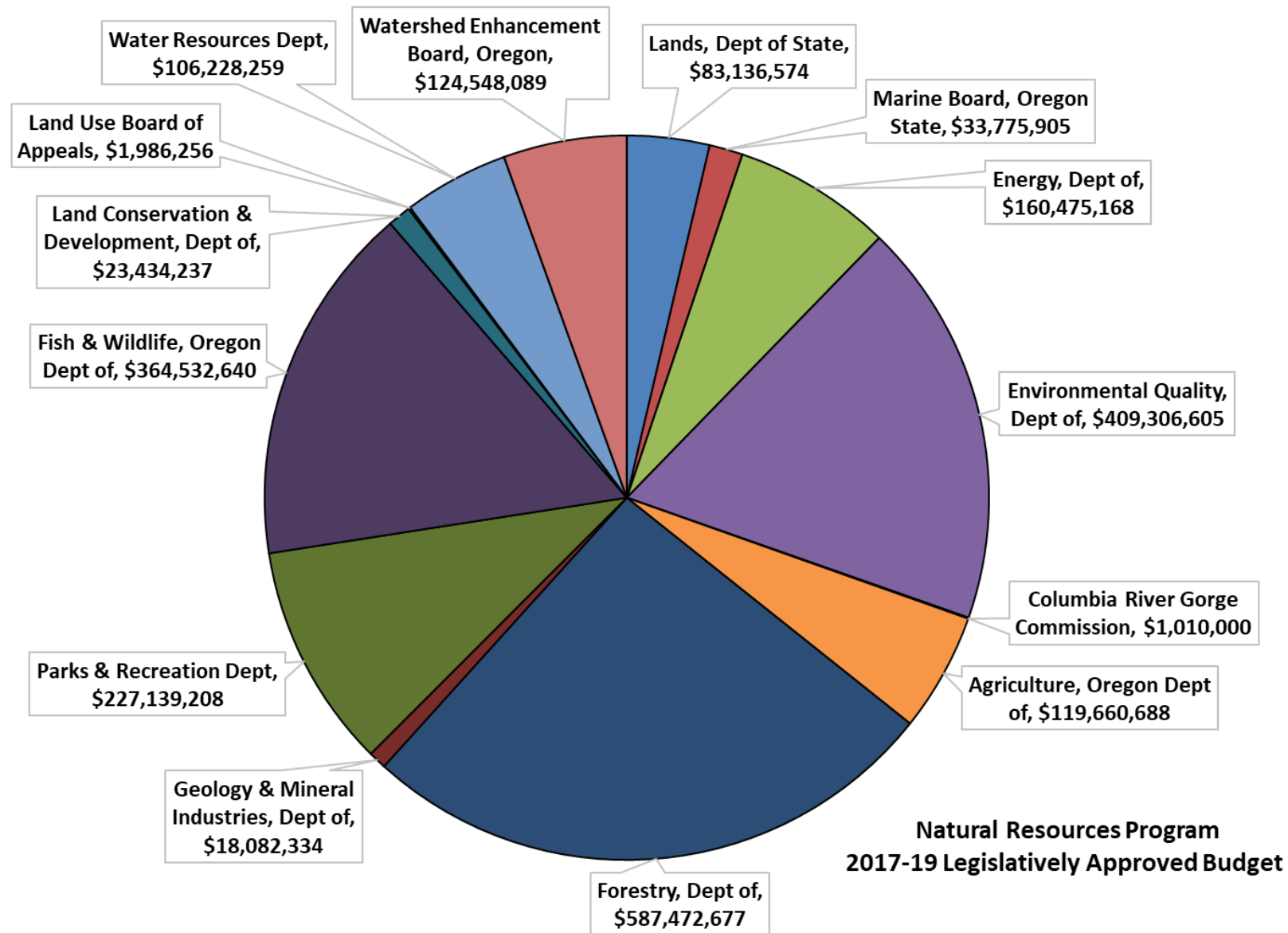
## 2017-19 Legislatively Approved Budget - Total Funds \$77.812 Billion

8.3% Increase from 2015-17 Approved  
(through the Dec. 2018 Emergency Board Meeting)



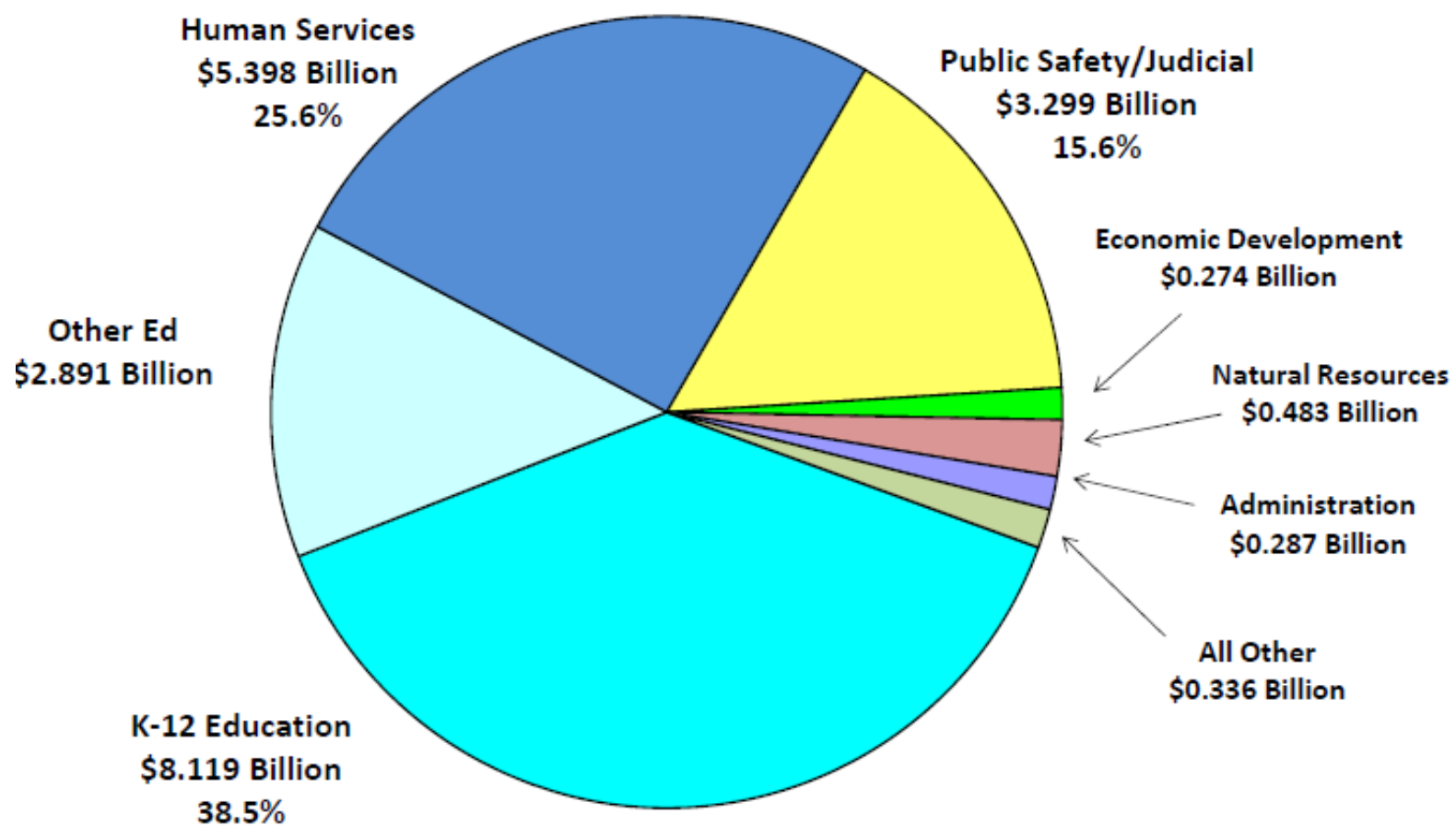
**Natural Resources Program Area**  
**2017-19 Legislatively Approved Budget Totals \$2.261 Billion**

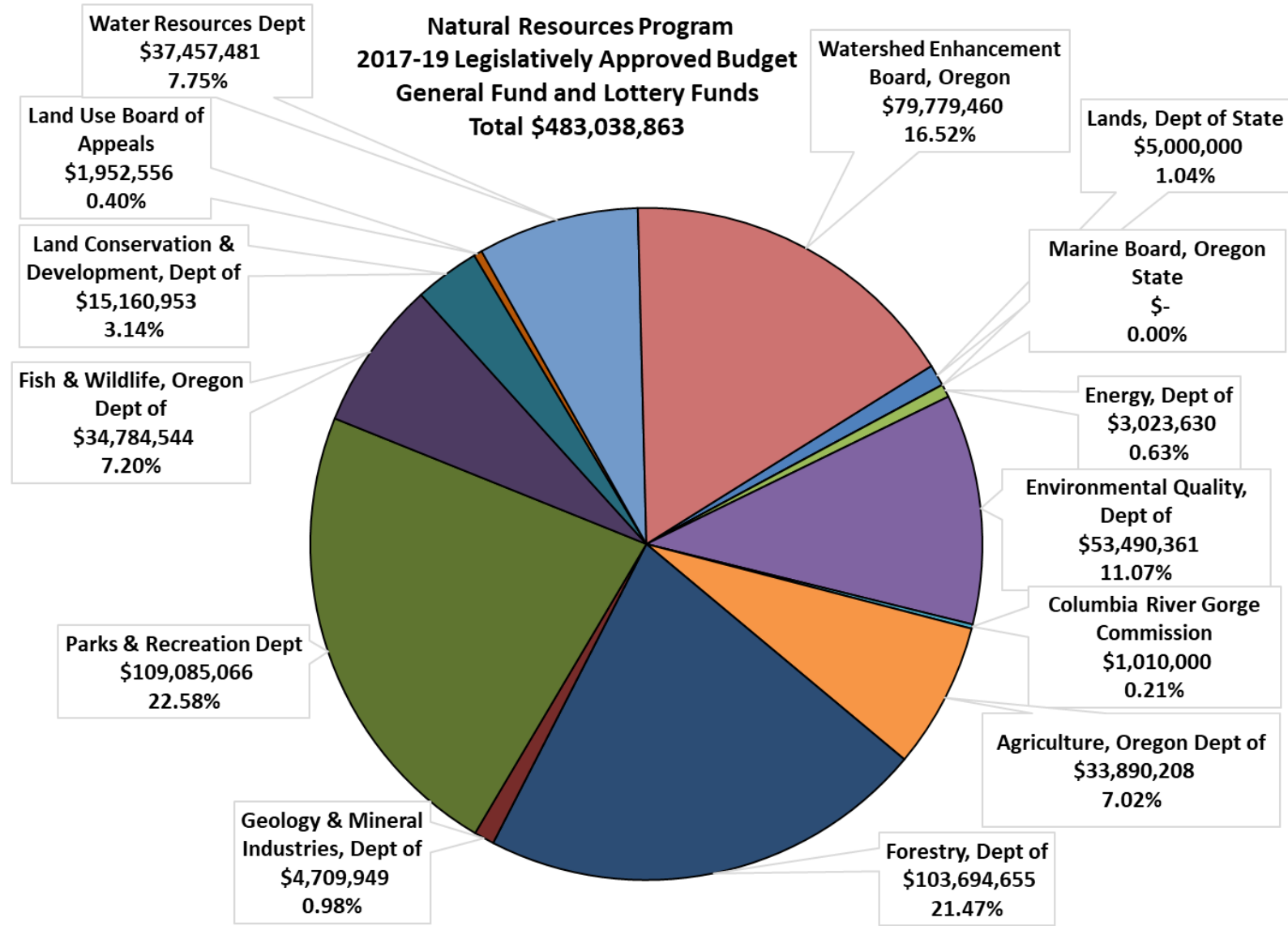




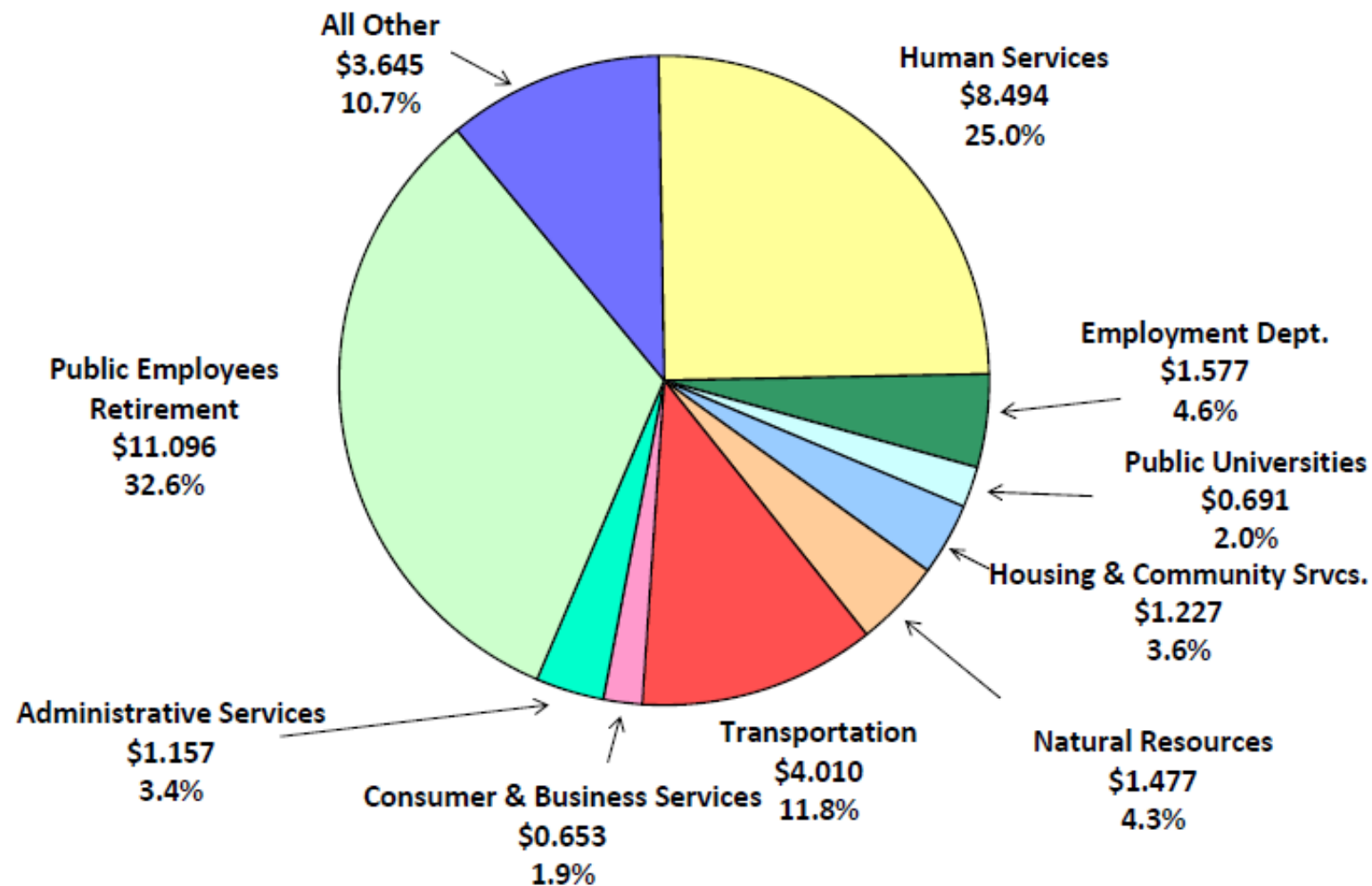
## 2017-19 General Fund & Lottery Funds Approved Total \$21.086 Billion

11.2% Increase from 2015-17 Approved  
(through the Dec. 2018 Emergency Board Meeting)



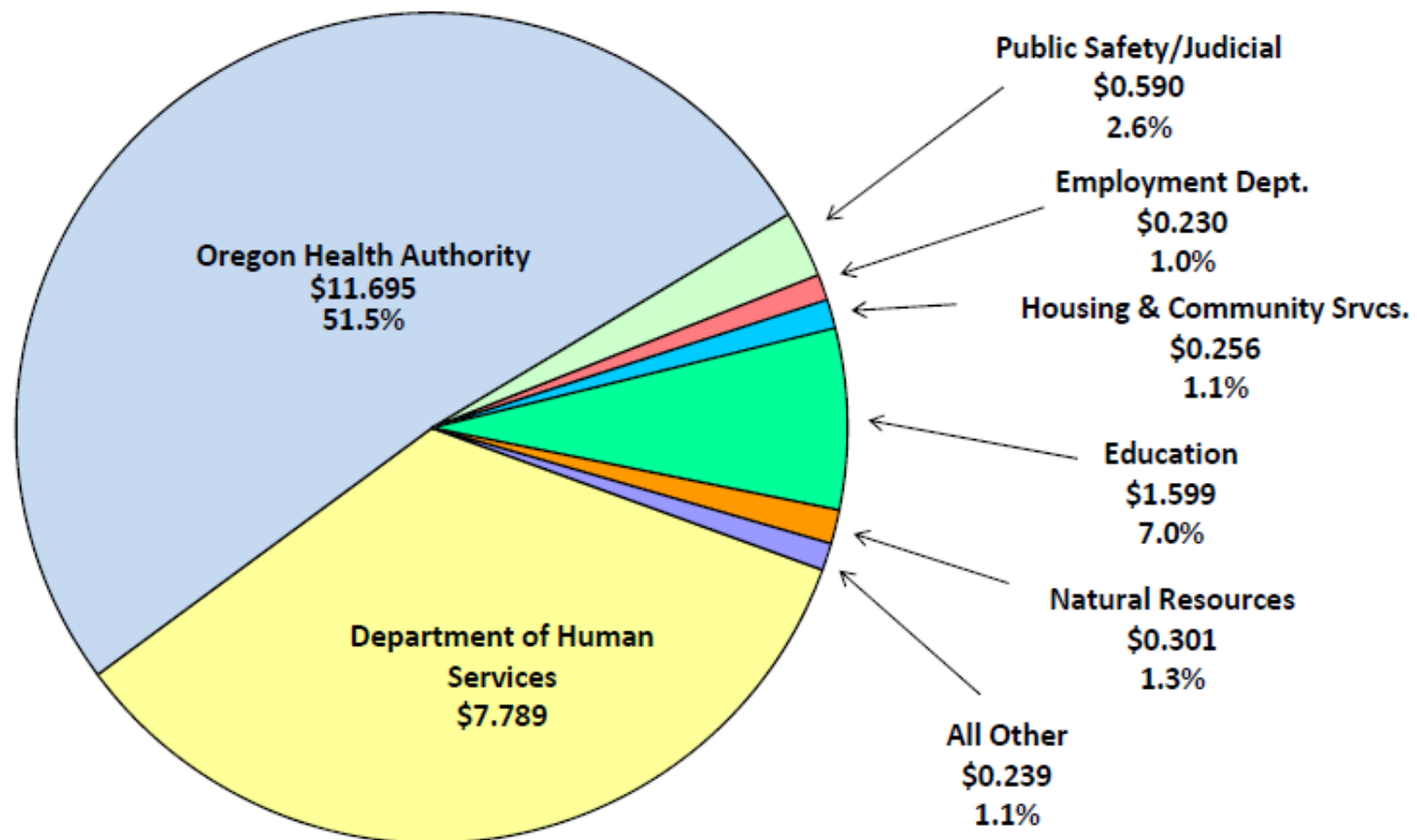


**2017-19 Other Funds Total \$34.026 Billion**  
**10.4% Increase from 2015-17 Approved Expenditures**  
(Billions of Dollars/Percent of Total; through Dec. 2018 Emergency Board Meeting)

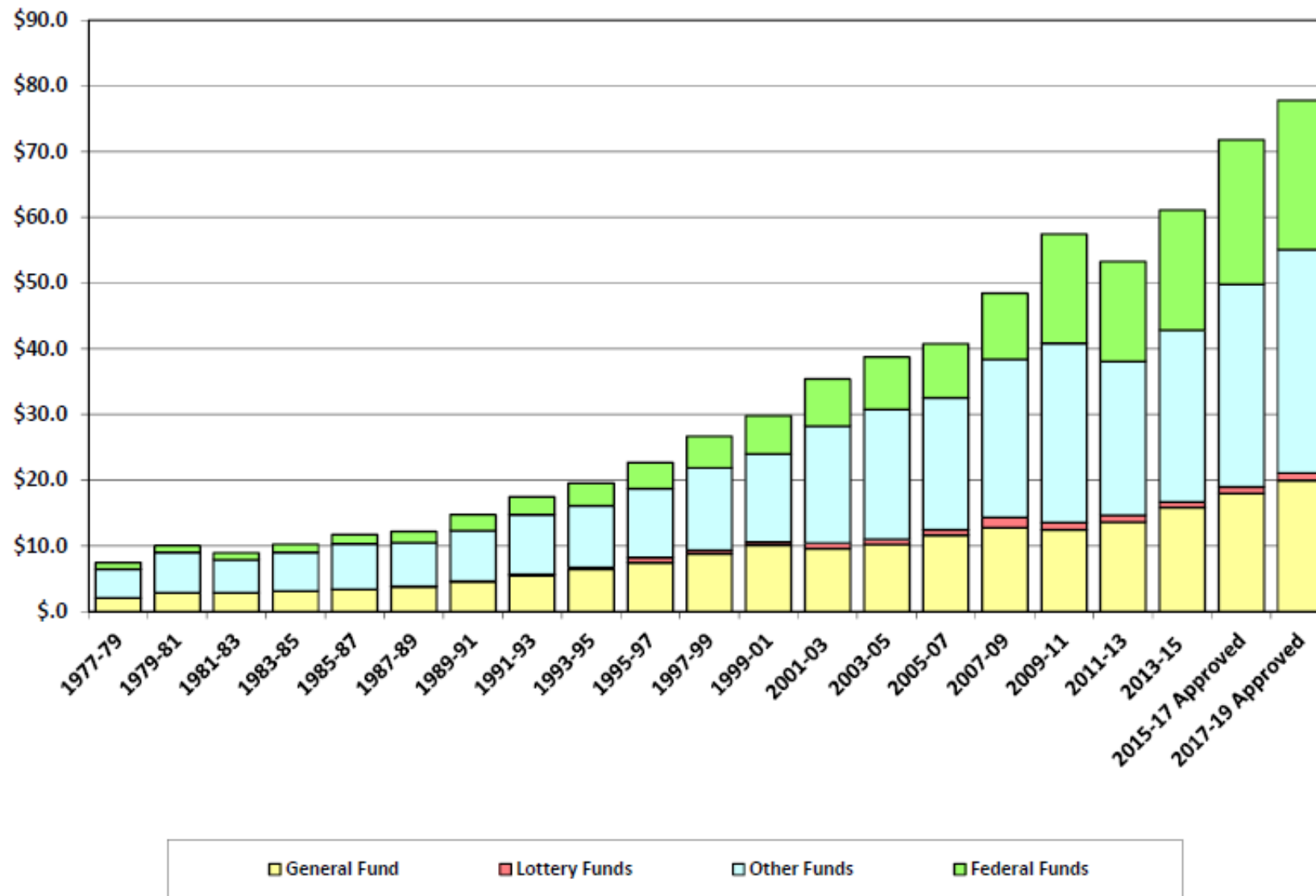




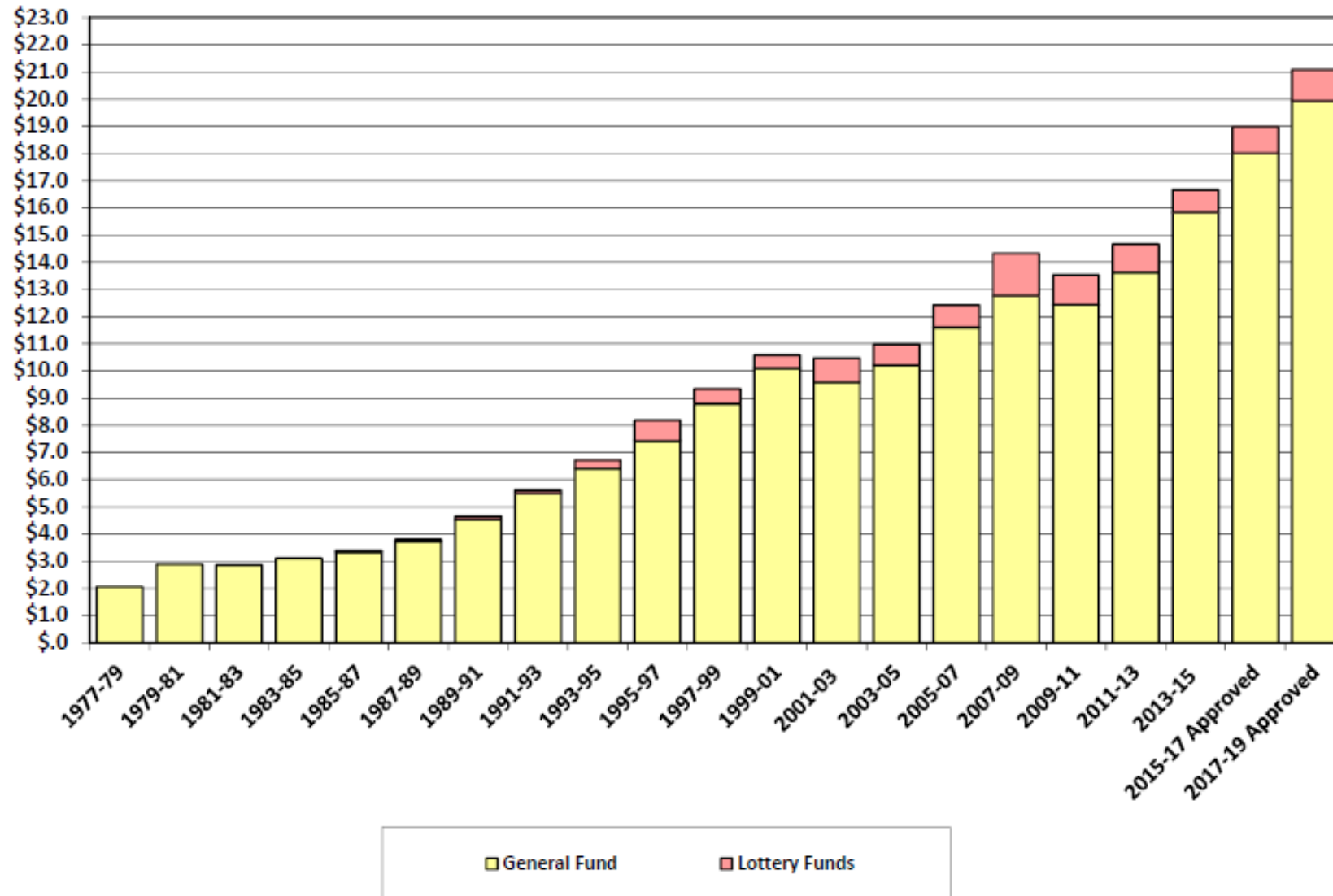
**2017-19 Federal Funds Total \$22.700 Billion**  
**3.0% Increase from 2015-15 Approved Expenditures**  
(Billions of Dollars/Percent of Total; through Dec. 2018 Emergency Board Meeting)



Oregon Budget History -- All Funds  
(Billions \$)



Oregon Budget History -- General Fund and Lottery Funds  
(Billions \$)



# Oregon 2019-21 Budget Information

# Budget Issues

## Key Drivers of Budget Change:

- Population Growth
- Demographics
- Inflation
- Health Care Costs
- Mandated Caseloads
- Federal Policy Changes
- Lawsuits
- Initiatives
- Rollup Costs
- Public Employees Retirement System
- Replacement of One-Time Revenues
- State Policy Decisions

# Budget Issues Facing 2019 Legislature

- Rebalancing the 2017-19 budget
- Revenue Forecast Changes
- Potential difficulty continuing current General Fund programs and services
- Governor and other stakeholder budget proposals
- Potential Issues (e.g., lawsuits, decreased federal funding)
- State employee and non-state employee compensation
- Responding to successful ballot initiatives
- 2021-23 tentative budget and revenue forecast

# Current Service Level Budget Adjustments

- Personal Service adjustments for 2019-21
- Debt Service adjustments
- Program phase-in costs for new programs that did not operate for the entire biennium
- Program phase-out savings for programs that will be discontinued or were one-time
- Inflation (factors – need to look up in instructions)
- Mandated caseload increases or decreases
- Fund shifts – replace one-time funds