

SB 5511 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Ali Webb, Department of Administrative Services

Reviewed By: John Terpening, Legislative Fiscal Office

**Department of Geology and Mineral Industries
2019-21**

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 4,709,949	\$ 5,119,592	\$ 2,559,795	\$ (2,150,154)	(45.7%)
Other Funds Limited	\$ 7,331,528	\$ 7,252,383	\$ 2,847,166	\$ (4,484,362)	(61.2%)
Federal Funds Limited	\$ 6,040,857	\$ 6,225,649	\$ 2,922,365	\$ (3,118,492)	(51.6%)
Total	\$ 18,082,334	\$ 18,597,624	\$ 8,329,326	\$ (9,753,008)	(53.9%)

Position Summary

Authorized Positions	43	42	39	(4)
Full-time Equivalent (FTE) positions	42.92	41.92	19.46	(23.46)

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

2017-19 Budget Actions

	2017-19 Legislatively Approved Budget	2017-19 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
			<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 4,709,949	\$ 5,359,949	\$ 650,000	13.8%
Other Funds Limited	\$ 7,331,528	\$ 7,731,528	\$ 400,000	5.5%
Federal Funds Limited	\$ 6,040,857	\$ 6,040,857	\$ -	0.0%
Total	\$ 18,082,334	\$ 19,132,334	\$ 1,050,000	5.8%

Summary of Revenue Changes

The Department of Geology and Mineral Industries (DOGAMI) is supported by General Fund, Other Funds, and Federal Funds. General Fund is used within the Geological Survey and Services (GS&S) program for most of the Department's administration and some program services. Other Funds and Federal Funds revenue is generated from contracts and grants, with the federal grants typically requiring match. Within the Mined Land Regulation and Reclamation (MLRR) program, Other Funds revenue is received from metal and aggregate mining fees, as well as gas and oil fees within the. The MLRR program is funded solely with Other Funds.

Summary of Natural Resources Subcommittee Action

DOGAMI's mission is to provide earth science information and regulation to make Oregon safe and prosperous. DOGAMI plays a key role in the preparation for and management of natural hazards. The Department has two primary programs: the Geologic Survey and Services (GS&S) program and the Mined Land Regulation and Reclamation (MLRR) program. The Subcommittee recommended a total funds budget of \$8,329,326 and 39 positions (19.46 FTE).

Senate Bill 5511 includes the Department's 2019-21 biennial budget as well as an increase in funding for the 2017-19 budget. In response to the Department's General Fund request late in the 2017-19 biennium, the Sub-committee discussed financial oversight and the long-term agency outlook. The Subcommittee recommended a one-year budget for the Department and approved the following Budget Notes:

Budget Note: Agency Financial Management

The Department of Geology and Mineral Industries (DOGAMI), with the assistance of Department of Administrative Services - Shared Client Services (DAS-SCS) must provide monthly financial reports that include actuals and projections for revenues and expenditures, for each of DOGAMI's programs, including the financial status on all projects and grants, to the Legislative Fiscal Office (LFO) and DAS - Chief Financial Office. Prior to submitting the initial report, DOGAMI and DAS-SCS must provide a detailed plan to LFO on what financial services will be provided by DAS-SCS and what activities will be performed by the Department.

Budget Note: Agency Outlook

The Department of Geology and Mineral Industries has overspent its budgeted General Fund appropriation twice in the last four years, bringing into question the viability of the Department's current structure and funding mechanism. The Governor's Office, with the assistance of the Department of Administrative Services, is directed to prepare a detailed strategic plan for the future of DOGAMI, including evaluating if the Department should continue to exist as an independent agency or recommendations to abolish the Department and move the individual programs to other entities. The Governor's Office is directed to report to the Joint Committee on Ways and Means during the 2020 legislative session on the strategic plan so that any agreed upon recommendations can be incorporated into the 2021-23 biennial budget process.

Geologic Survey and Services

The GS&S program develops maps, reports, and data to help Oregon manage natural resources and prepare for natural hazards. The program includes studying natural hazards, such as earthquakes, tsunamis, landslides, floods, and coastal erosion to assess community vulnerability and identify ways to mitigate risk. In addition, the program performs geologic mapping to support healthy ecosystems and guide rural and urban development. The Subcommittee recommended a total funds budget of \$6,807,850 and 28 positions (13.86 FTE). The Subcommittee approved the following packages:

Package 070, Revenue Shortfalls. This package reduces Other Funds expenditure limitation for Professional Services by \$1,000,000. These funds are used to contract for light detection and ranging (LIDAR) data. Other Funds for LIDAR vary from year to year depending on projects and partnerships that become available. This reduction largely reflects empty limitation within the budget. DOGAMI will need to return to the Legislature or the Emergency Board to request additional expenditure limitation if more Other Funds revenue from agency partners becomes available.

Package 801, LFO Analyst Adjustments. This package reflects the net changes by fund type, positions, and FTE count due to eliminating three positions (3.00 FTE) within the GS&S program, including the Natural Resource Specialist 5 position (1.00 FTE) and two Natural Resource Specialist 4 positions (2.00 FTE). These positions were funded with a mix of General Fund, Other Funds, and Federal Funds. The General Fund savings made available by eliminating these positions and the two vacant positions in Package 812 are being used to provide the Department with additional financial oversight, including reclassifying an existing Fiscal Analyst 1 position to be a Fiscal Analyst 3, establishing a permanent Grants Accountant 3 (1.00 FTE) and a permanent Procurement and Contracts Specialist 2 (1.00 FTE). These new positions will provide additional grant and contract oversight for this program to eliminate project overspending. The financial positions will be funded with 100% General Fund. Additionally, the package includes a fund shift for the existing Information Systems Specialist 8 position currently budgeted to Other Funds, for which there is no revenue source, onto the General Fund. The adjustments described above result in an increase in the General Fund appropriation by \$376,332, a \$553,823 reduction in Other Funds expenditure limitation, a \$262,841 reduction in Federal Funds expenditure limitation, and reduction of one position (1.00 FTE). The General Fund increase for this package is offset by a General Fund reduction in an equal amount reflected in Package 812 below.

Package 802, Adjustment to Reflect a One-Year Budget. This package reduces General Fund by \$2,559,797, reduces Other Fund expenditure limitation by \$1,325,692, and reduces Federal Funds expenditure limitation by \$2,922,365. The reductions in DOGAMI's expenditures and reduction of 13.86 FTE position authority are made to reflect a one-year budget. Given the financial uncertainty around this Department and its programs, there is a recommendation in a Budget Note for the Governor's Office, with the assistance of the Department of Administrative Services, to report back to the 2020 Legislative Assembly on a strategic plan for the future of DOGAMI.

Package 812, Vacant Position Elimination. This package reduces General Fund by \$376,332, reduces Other Funds expenditure limitation by \$52,480, and reduces Federal Funds expenditure limitation by \$118,078. It eliminates two vacant positions (2.00 FTE), including a Public Affairs Specialist and an Earth Sciences Field Geologist. The General Fund made available from eliminating these positions will be used in Package 801 to fund financial support positions within the Department.

Mined Land Regulation and Reclamation

The MLRR program oversees the state's mineral production and works to minimize impacts of mineral resource extraction and to maximize the opportunities for land reclamation. This program is funded with Other Funds revenues primarily from metal and aggregate mining fees. The Subcommittee approved the following Budget Note:

Budget Note: Mined Land Reclamation and Regulation Fees

The Department's requested fee increase to the Mined Land Regulation and Reclamation program has not been approved at this time due to uncertainty around the permitting process related to the chemical gold mine known as Grassy Mountain and its impact on program cash flow. The Department is directed to review the program's projected revenue and expenditures and report to the Joint Committee on Ways and Means during the 2020 legislative session with a detailed fee increase proposal to fund the existing program, including appropriate indirect costs, that will also provide a sufficient ending fund balance.

The Subcommittee recommended a total funds budget of \$1,521,476 and 11 positions (5.60 FTE) and includes the following packages:

Package 801, LFO Analyst Adjustments. This package provides a \$48,256 increase in Other Funds expenditure limitation. This amount represents the program's share of the Chief Financial Officer, Fiscal Analyst 3, and Chief Information Officer positions within DOGAMI's shared services unit. The three positions provide administrative functions for both programs, but the position costs are budgeted in the GS&S program.

Package 802, Adjustment to Reflect a One-Year Budget. This package makes a \$1,521,478 reduction in Other Funds expenditure limitation and a reduction of 5.60 FTE to reduce the Department's expenditure and position authority to reflect a one-year budget. Given the financial uncertainty around this Department and its programs, there is a recommendation in a Budget Note for the Governor's Office, with the assistance of the Department of Administrative Services, to report back to the 2020 Legislative Assembly on a strategic plan for the future of DOGAMI.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

2017-19 Budget Actions

The Subcommittee approved a \$650,000 increase in DOGAMI's General Fund appropriation and a \$400,000 increase in its Other Funds expenditure limitation to address a cash flow issues for its program operations. The GS&S program overspent its General Fund appropriation in the 2017-19 biennium and will require a General Fund backfill to support operations through the end of the biennium. In addition, the MLRR program requires additional Other Funds expenditure limitation due to increased expenditures related to the Grassy Mountain chemical gold mine pre-permit process, as well as lack of cash flow due to overdue accounts receivable. The Department of Administrative Services will ensure program expenses in the MLRR program are paid until DOGAMI receives payment on its outstanding accounts receivable.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Geology and Mineral Industries
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 *	\$ 4,709,949	\$ -	\$ 7,331,528	\$ -	\$ 6,040,857	\$ -	18,082,334	43	42.92
2019-21 Current Service Level (CSL)*	\$ 5,119,592	\$ -	\$ 7,252,383	\$ -	\$ 6,225,649	\$ -	18,597,624	42	41.92
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - Geologic Survey									
Package 070: Revenue Shortfalls									
Services and Supplies (Professional Services)	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ -	\$ -	(1,000,000)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ 386,232	\$ -	\$ (553,823)	\$ -	\$ (262,841)	\$ -	(430,432)	(1)	(1.00)
Services and Supplies	\$ (9,900)	\$ -	\$ -	\$ -	\$ -	\$ -	(9,900)		
Package 802: Adjustment to Reflect One-Year Budget									
Personal Services	\$ (1,635,162)	\$ -	\$ (342,737)	\$ -	\$ (1,196,190)	\$ -	(3,174,089)	0	(13.86)
Services and Supplies (Professional Services)	\$ (877,800)	\$ -	\$ (982,955)	\$ -	\$ (1,726,175)	\$ -	(3,586,930)		
Capital Outlay	\$ (46,835)	\$ -	\$ -	\$ -	\$ -	\$ -	(46,835)		
Package 812: Vacant Position Elimination									
Personal Services	\$ (376,332)	\$ -	\$ (52,480)	\$ -	\$ (118,078)	\$ -	(546,890)	(2)	(2.00)
SCR 020 - Mined Land Reclamation									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 48,256	\$ -	\$ -	\$ -	48,256	0	0.00
Package 802: Adjustment to Reflect One-Year Budget									
Personal Services	\$ -	\$ -	\$ (1,224,806)	\$ -	\$ -	\$ -	(1,224,806)	0	(5.60)
Services and Supplies (Professional Services)	\$ -	\$ -	\$ (287,183)	\$ -	\$ -	\$ -	(287,183)		
Capital Outlay	\$ -	\$ -	\$ (9,489)	\$ -	\$ -	\$ -	(9,489)		
TOTAL ADJUSTMENTS	\$ (2,559,797)	\$ -	\$ (4,405,217)	\$ -	\$ (3,303,284)	\$ -	(10,268,298)	(3)	(22.46)
SUBCOMMITTEE RECOMMENDATION *	\$ 2,559,795	\$ -	\$ 2,847,166	\$ -	\$ 2,922,365	\$ -	8,329,326	39	19.46
% Change from 2017-19 Leg Approved Budget	(45.7%)	0.0%	(61.2%)	0.0%	(51.6%)	0.0%	(53.9%)	(9.3%)	(54.7%)
% Change from 2019-21 Current Service Level	(50.0%)	0.0%	(60.7%)	0.0%	(53.1%)	0.0%	(55.2%)	(7.1%)	(53.6%)

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 BUDGET ACTIONS									
SCR 010 - Geologic Survey									
Personal Services	\$ 406,174	\$ -	\$ -	\$ -	\$ -	\$ -	406,174		
Services and Supplies	\$ 243,826	\$ -	\$ -	\$ -	\$ -	\$ -	243,826		
SCR 020 - Mined Land Reclamation									
Personal Services	\$ -	\$ -	\$ 295,039	\$ -	\$ -	\$ -	295,039		
Services and Supplies	\$ -	\$ -	\$ 104,961	\$ -	\$ -	\$ -	104,961		
TOTAL ADJUSTMENTS	\$ 650,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -	1,050,000		

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/14/2019 12:47:24 PM

Agency: Geology & Mineral Industries, Department of

Mission Statement:

Provide earth science information and regulation to make Oregon safe and prosperous.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. HAZARD AND RISK ASSESSMENT COMPLETION - Percent of population residing in Oregon Urban Growth Boundary Areas (UGBs) that have completed geologic hazard and risk assessments that are suitable to initiate Department of Land Conservation and Development goal 7 planning for earthquake, landslide, tsunami, coastal erosion, volcanic and flooding hazards.		Approved	42%	50%	50%
2. DETAILED GEOLOGIC MAP COMPLETION - Percent of Oregon where geologic data in the form of high resolution maps have been completed to be used for local problem solving.		Approved	55.50%	60%	60%
3. LIDAR DATA COMPLETION - Percent of Oregon (sq. miles) with lidar data at USGS quality level 2 or better.		Approved	46.44%	50%	50%
4. PERCENT OF MINE SITES INSPECTED BIENNIALY - Percent of permitted mine sites inspected biennially.		Approved	6.46%	50%	50%
5. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	90%	95%	95%
	Overall		91%	95%	95%
	Accuracy		93%	95%	95%
	Expertise		92%	95%	95%
	Availability of Information		88%	95%	95%
	Timeliness		94%	95%	95%
6. GOVERNANCE - Percent of yes responses by Governing Board members to the set of best practices.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the 2019-2021 Key Performance Measures and targets as proposed.

SubCommittee Action:

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