

January 8, 2007

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Cindy Silbernagel, Fiscal Manager

**SUBJECT: Agenda Item D: Update on the 2007-2009 Governor's Recommended Budget
January 24-25, 2007 OWEB Board Meeting**

I. Introduction

This report updates the Board on the proposed 2007-2009 budget for the Oregon Watershed Enhancement Board as identified in the Governor's Recommended Budget. The report also provides information related to the legislative session.

II. Background

The 74th Oregon Legislative Assembly convenes on January 8, 2007, to consider the state budget and substantive legislative matters. The Governor's Recommended Budget (GRB) is a reflection of the Governor's spending priorities based on expected available revenues. The GRB serves as the starting point for legislative consideration of individual state agency budgets.

The GRB was released on December 1, 2006. The GRB includes most of the policy packages OWEB requested for operating the agency in its Agency Request Budget (ARB) submitted to the Governor last fall. An overview of the 2007-2009 GRB for allocations of Measure 66 Lottery Funds and federal Pacific Coastal Salmon Recovery Funds (PCSRF) is included in Attachment A.

The following discussion focuses on the Governor's proposed budget for OWEB and background information on the Legislature as we enter the early stages of the legislative session.

III. Discussion

A. Revenue

The GRB budget for OWEB was developed using the December 2006 lottery forecast of \$93 million. This revenue, combined with \$9 million from unallocated/ending balance from 2005-2007 and \$7.4 million transferred in from the Research and Development fund, results in \$110 million total revenue available. Of the \$110 million, the GRB proposes allocating \$78 million to OWEB. Of that total to OWEB, \$61 million are capital funds and \$17 million are non-capital funds. These proposed allocations would be significant increases over the current biennium. The GRB estimated \$10 million of Pacific Coastal Salmon Recovery Funds (PCSRF) will be available. There remains uncertainty about whether the amount of PCSRF that Congress will ultimately appropriate for Oregon will reach that level. If PCSRF does not meet the GRB estimate, it could have the effect of adjusting some budget line items.

B. Expenditures

The following are highlights of the OWEB budget packages proposed in the GRB:

1. **Program Continuity** – Package 110, 5.00 FTE. This package requests the continuation of five limited duration positions from the 2005-2007 biennium. The positions are:
 - Grant Program Manager (PEM E permanent)
 - Office Specialist 2 (limited duration)
 - Accountant 1 (limited duration)
 - PCSRF reporting specialist (NRS 2 limited duration)
 - Business Application Specialist (ISS 7 limited duration)

2. **Carryforward for Committed Grants** – Package 115, \$1,000,000. In the 2005-2007 biennium OWEB approved non-capital grants funded from Measure 66 Operations that expire in June 2007. This \$1,000,000 is an estimate of the balance of grants committed, but not yet spent, from this fund as of June 30, 2007.

3. **Program Reorganization** – Package 120, (\$8,195). This package would make permanent agency organizational changes made by the director earlier in the biennium with modest budget savings.

4. **Watershed Council Support** – Package 130. In combination with existing base budget levels, this package brings the total proposed funding for Watershed Council Support to \$6,000,000.

5. **Capital Grants** – Package 200, \$60.6 million. This total includes \$4.8 million in Measure 66 capital Research and Development funds. This package supports the agency's restoration and acquisition grants and exceeds the ARB request of \$49,895,703.

6. **Non-Capital Grants** – Package 140. Based on base budget and option package funding, \$13.9 million is proposed to be allocated to the non-capital grant program. This total includes Measure 66 non-capital, PCSRF funds, and Measure 66 non-capital Research and Development funds. These funds support technical assistance, monitoring, watershed assessment, education, and research grants that support and compliment capital fund restoration grants.

7. **Program Enhancements** – Package 150, 4.00 FTE. This package requests four new positions to advance our mission and additional responsibilities. The positions are:
 - Oregon Plan Communications Coordinator (PAS 2 limited duration)
 - Regional Program Representative (NRS 4 permanent)
 - Technical Assistance Coordinator (NRS 4 limited duration)
 - Data Analyst (NRS 3 limited duration)

8. **Independent Multidisciplinary Science Team** – Funding for the IMST is proposed in the GRB at \$633,653. This does not include additional funding proposed for IMST in the ARB.

C. Legislative Session

As the session begins, the most significant change involves the Democrats assuming leadership in the House of Representatives. This means Democrats will control the chairs of substantive and budget committees in both chambers. A list of all natural resources-related committees and their members are included in Attachment B.

IV. Recommendation

This is an information item only. No Board action is required.

Attachments

- A. 2007-2009 GRB Budget Overview
- B. Natural Resources Committee Membership

BM66 LOTTERY and PCSRF ALLOCATIONS
Governor's Recommended Budget

	Lottery Operating	Lottery Capital	Total Lottery Transfer	PCSRF	TOTAL GRB
<i>2007-09 Economic and Revenue Forecast Dec 06</i>	32,636,550	60,610,736	93,247,286		93,247,286
<i>2005-07 Unallocated Revenue</i>	2,984,166	6,490,920	9,475,086		9,475,086
<i>Transfer In from Research & Development fund</i>	2,693,814	4,758,753	7,452,567		7,452,567
TOTAL AVAILABLE	38,314,530	71,860,409	110,174,939	25,917,918	136,092,857
Allocated to Other Agencies					
OSP Fish & Wildlife - GRB	6,056,880	996,405	7,053,285		7,053,285
ODFW - GRB	3,234,395	5,000,000	8,234,395		8,234,395
Agriculture - GRB	7,734,760	5,274,890	13,009,650		13,009,650
DEQ - GRB	3,897,947	-	3,897,947		3,897,947
Total Other Agencies Allocations	20,923,982	11,271,295	32,195,277	-	32,195,277
Allocated to OWEB - GRB					
OWEB Operations-EBL	4,632,026		4,632,026	86,033	4,718,059
OWEB Operations-Policy Pkgs	1,135,313		1,135,313	479,760	1,615,073
Watershed Council Support	824,800		824,800	5,175,200	6,000,000
IMST	633,653		633,653	0	633,653
LCREP	314,249		314,249	0	314,249
Project Grants	6,013,500	55,830,361	61,843,861	5,176,925	67,020,786
Research & Development Grants	2,693,814	4,758,753	7,452,567		7,452,567
Carryforward	1,000,000		1,000,000	15,000,000	16,000,000
Total Allocated to OWEB	17,247,355	60,589,114	77,836,469	25,917,918	103,754,387
TOTAL 2007-09 Allocations	<u>38,171,337</u>	<u>71,860,409</u>	<u>110,031,746</u>	<u>25,917,918</u>	<u>135,949,664</u>

2007 Legislature – Natural Resource Committee Assignments

House Agriculture and Natural Resources

Member	District	County/City/Basin
Rep. Arnie Roblan, Chair (D)	9	N. Coos/W. Douglas
Rep. Brian Clem, Vice-Chair (D)	21	Willamette (Salem)
Rep. Patti Smith, Vice-Chair (R)	52	E. Multnomah/Clackamas/Hood River
Rep. Brian Boquist (R)	23	Willamette (Dallas)
Rep. Jackie Dingfelder (D)	45	Willamette (Portland)
Rep. Greg Macpherson (D)	38	Willamette (Corvallis)
Rep. Ron Maurer (R)	3	Josephine

House Energy and the Environment

Member	District	County/City/Basin
Rep. Jackie Dingfelder, Chair (D)	45	Willamette (Portland)
Rep. Chuck Burley, Vice-Chair (R)	54	Bend
Rep. Ben Cannon, Vice-Chair (D)	46	Willamette (Portland)
Rep. Terry Beyer (D)	12	Willamette (Springfield)
Rep. Bob Jenson (R)	58	N. Umatilla
Rep. Greg Macpherson (D)	38	Willamette (Corvallis)
Rep. Greg Smith (R)	57	Morrow/S. Umatilla/Union/Wallowa

Senate Environment and Natural Resources

Member	District	County/City/Basin
Sen. Brad Avakian, Chair (D)	17	Willamette (Washington Co)
Sen. Jason Atkinson, Vice Chair (R)	2	Josephine/Jackson counties
Sen. Alan Bates (D)	3	Southern Jackson County
Sen. Roger Beyer (R)	9	Willamette (Clackamas)
Sen. Floyd Prozanski (D)	4	N. Douglas/South Lane counties

Joint Ways and Means Natural Resources Subcommittee

Member	District	County/City/Basin
Sen. Richard Devlin, Chair (D)	19	Willamette (Tualatin)
Sen. Brad Avakian (D)	17	Willamette (Washington Co)
Sen. David Nelson (R)	29	Morrow/Umatilla/Union/Wallowa
Rep. Brian Clem (D)	21	Willamette (Salem)
Rep. Jackie Dingfelder (D)	45	Willamette (Portland)
Rep. Mary Nolan (D)	36	Willamette (Portland)
Rep. Chuck Burley (R)	54	Bend
Rep. Bill Garrard (R)	56	South Klamath County