



Oregon

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Oregon Watershed Enhancement Board

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item E: Legislative and Budget Overview
January 21-22, 2009 OWEB Board Meeting**

Introduction

This report updates the Board on the proposed 2009-2011 Governor's Recommended Budget for the Oregon Watershed Enhancement Board. The report also provides information related to the 2009 legislative session.

Background

The 75th Oregon Legislative Assembly convenes on January 12, 2009, to consider the state budget and substantive legislative matters. Released on December 1, 2008, the Governor's Recommended Budget (GRB) reflects the Governor's spending priorities based on anticipated available revenues. The GRB is the critical starting point for legislative consideration of individual state agency budgets.

The GRB includes some 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 OWEB's 2009-2011 GRB for allocations of Measure 66 Lottery Funds and federal Pacific Coastal Salmon Recovery Funds (PCSRF) is included in Attachment A. The attachment also includes proposed GRB allocations of Measure 66 funds to other state agencies.

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

Discussion

A. Revenue

Lottery Fund revenues are down from levels anticipated earlier in the biennium. The lower revenue forecasts reduce expected Measure 66 revenues for next biennium. The GRB for OWEB was developed using the December 2008 lottery forecast of \$98 million. This revenue, combined with \$2 million from an unallocated/ending balance from 2007-2009 and \$5.4 million transferred in from the Research and Development Fund, results in \$105 million total revenue available.

Of the \$105 million, the GRB proposes allocating \$74 million to OWEB. Of that total to OWEB, \$55 million are capital funds and \$14 million are non-capital funds. These proposed allocations would be a reduction of \$4 million in total funding compared to the current biennium. The GRB also estimates that \$15 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.

The State Office of Economic Analysis anticipates that revenues for the 2009-2011 biennium will continue to decline through the first year. It is likely, therefore, that the Legislature will have less revenue to pass the state budget than was available for constructing the GRB. Upcoming revenue forecasts in March and May will be used determine final budget levels for all state agencies.

B. Expenditures

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

1. **Program Continuity** – Package 100, 7.0 FTE. This package requests the continuation of seven limited duration positions from the 2007-2009 biennium. The positions are:
 - Office Specialist 2 (permanent)
 - Accountant 1 (permanent)
 - PCSRF reporting specialist (NRS 2 limited duration)
 - Business Application Specialist (ISS 7 limited duration)
 - Data Management and Information Specialist (NRS 3 limited duration)
 - Oregon Plan Communications Coordinator (PAS 2 limited duration)
 - Operations Policy Analyst (OPA 1 limited duration)
2. **PCSRF Grants** – Package 130. In combination with existing base budget levels, this package brings the total proposed funding for PCSRF to \$15 million.
3. **Capital Grants** – Package 200, \$54.8 million for restoration and acquisition grants.
4. **Research and Development Grants** – Package 300, \$5.4 million. Funding for operating grants is \$1.9 million and funding for capital grants is \$3.5 million.
5. **Program Enhancements** – Package 150, 4.0 FTE. This package requests four new positions to advance our mission and additional responsibilities. The positions are:
 - Regional Program Representative (NRS 4 limited duration)
 - Office Specialist 2 (limited duration)
 - Partnership Investment Coordinator (NRS 4 limited duration)
 - Partnership Investment Specialist (NRS 3 limited duration)

These positions will help OWEB address workload demands of our field staff by adding a Regional Program Representative to serve an area on the west side of the Cascades. The two Partnership Investment positions will provide needed program support for OWEB's portfolio of activities under our Partnership Investments program area. These include staffing salmon recovery plan implementation, Special Investment Partnerships, the

Conservation Reserve Enhancement Program, the Whole Watershed Initiative, and other OWEB investment areas that are not carried out through the regular grant program process. The Office Specialist position would support staff in the Monitoring and Reporting and Fiscal sections. Neither section currently has administrative support.

6. **Local Capacity Support** – The GRB proposes to maintain the same level of funding for the capacity of watershed councils and soil and water conservation districts as they received in the 2007-2009 biennium, at \$5 million each. The funding sources include a combination of Measure 66 non-capital and PCSRF funds.

C. Legislative Session

As the legislative session begins, the Democrats control both the Senate and the House of Representatives, increasing their majority in the House to a 36-24 margin. As a result, the 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.

Recommendation

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

Attachments

- A. 2009-2011 Governor's Recommended Budget Overview
- B. 2009 Legislature -- Natural Resources Committee Membership

BM66 LOTTERY, FEDERAL and OTHER FUNDS ALLOCATIONS
Governor's Recommended Budget
(excludes carryforward)

| | Lottery Operating | Lottery Capital | Lottery R&D | Lottery Total Transfer | Federal Funds | Other Funds | TOTAL GRB |
|---|------------------------------|----------------------------|----------------------------|-----------------------------------|--------------------------|------------------------|--------------------|
| <i>2009-11 Economic and Revenue Forecast Dec 08</i> | 34,412,446 | 63,908,829 | | 98,321,275 | | | 98,321,275 |
| <i>2007-09 Unallocated/Estimated Ending Balance</i> | 748,809 | 1,315,063 | | 2,063,872 | | | 2,063,872 |
| TOTAL AVAILABLE FOR 2009-11 | 35,161,255 | 65,223,892 | 5,400,000 | 105,785,147 | 16,047,781 | 1,536,718 | 123,369,646 |
| Allocated to Other Agencies | | | | | | | |
| OSP Fish & Wildlife | 5,494,658 | 583,052 | | 6,077,710 | | | 6,077,710 |
| ODFW | 5,241,745 | 4,686,103 | | 9,927,848 | | | 9,927,848 |
| Agriculture | 4,340,230 | 5,088,642 | | 9,428,872 | | | 9,428,872 |
| DEQ | 6,056,344 | | | 6,056,344 | | | 6,056,344 |
| Water Resources | | 100,000 | | 100,000 | | | 100,000 |
| Total Other Agencies Allocations | 21,132,977 | 10,457,797 | | 31,590,774 | | | 31,590,774 |
| Allocated to OWEB | | | | | | | |
| OWEB Operations-EBL | 5,740,142 | | | 5,740,142 | | | 5,740,142 |
| OWEB Operations-Policy Packages | 284,891 | | | 284,891 | 994,289 | | 1,279,180 |
| Watershed Council Support | 1,799,000 | | | 1,799,000 | 3,341,000 | | 5,140,000 |
| SWCD Support | 1,799,000 | | | 1,799,000 | 3,341,000 | | 5,140,000 |
| IMST | 651,395 | | | 651,395 | | | 651,395 |
| LCREP | 323,048 | | | 323,048 | | | 323,048 |
| Grants | 3,310,090 | 54,766,095 | 5,400,000 | 63,476,185 | 8,371,492 | 1,536,718 | 73,384,395 |
| Total Allocated to OWEB | 13,907,566 | 54,766,095 | 5,400,000 | 74,073,661 | 16,047,781 | 1,536,718 | 91,658,160 |
| TOTAL 2009-11 Allocations | 35,040,543 | 65,223,892 | 5,400,000 | 105,664,435 | 16,047,781 | 1,536,718 | 123,248,934 |

2009 Legislature – Natural Resource Committee Assignments

House Agriculture, Natural Resources and Rural Communities Committee

| Member | District | County/City/Basin |
|---------------------------------------|-----------------|--|
| Rep. Brian Clem, Chair (D) | 21 | Willamette (Marion – Salem) |
| Rep. Suzanne VanOrman, Vice Chair (D) | 52 | Hood River/Sandy (Clackamas & Multnomah) |
| Rep. Wayne Krieger, Vice Chair (R) | 1 | Coos, Curry, & Douglas (Bandon) |
| Rep. Terry Beyer (D) | 12 | Willamette (Lane Co.– Springfield) |
| Rep. Vic Gilliam (R) | 18 | Willamette (Clackamas & Marion Co.) |
| Rep. Arnie Roblan (D) | 9 | Coos, Douglas, Lane (Coos Bay) |
| Rep. Mike Schaufler (D) | 48 | Willamette (Happy Valley) |

House Environment and Water Committee

| Member | District | County/City/Basin |
|--------------------------------------|-----------------|--|
| Rep. Ben Cannon, Chair (D) | 46 | Willamette (Portland) |
| Rep. Jefferson Smith, Vice Chair (D) | 47 | Willamette (East Portland) |
| Rep. Vic Gilliam, Vice Chair (R) | 18 | Willamette (Clackamas & Marion Co.) |
| Rep. Jules Bailey (D) | 42 | Willamette (Portland) |
| Rep. Phil Barnhart (D) | 11 | Willamette (Lane & Linn Co.) |
| Rep. Cliff Bentz (R) | 60 | Baker, Grant, Harney, Malheur Co. |
| Rep. Debbie Boone (D) | 32 | Clatsop, Columbia, Tillamook (N Coast) |

Senate Environment and Natural Resources

| Member | District | County/City/Basin |
|-------------------------------------|-----------------|---------------------------------|
| Sen. Jackie Dingfelder, Chair (D) | 23 | Willamette (Portland) |
| Sen. Jason Atkinson, Vice Chair (R) | 2 | Josephine & Jackson Co. |
| Sen. Floyd Prozanski (D) | 4 | N. Douglas & South Lane Co. |
| Sen. Mark Hass (D) | 14 | Willamette (Portland/Beaverton) |
| Sen. Brian Boquist (R) | 12 | Willamette (Middle Willamette) |

Joint Ways and Means Natural Resources Subcommittee

| Member | District | County/City/Basin |
|---------------------------------|-----------------|------------------------------------|
| Sen. Vicki Walker, Co-Chair (D) | 7 | Willamette (Lane Co. – Eugene) |
| Rep. Bob Jenson, Co-Chair (R) | 58 | Umatilla & Union Co. |
| Sen. Jackie Dingfelder (D) | 23 | Willamette (Portland) |
| Sen. David Nelson (R) | 29 | Morrow, Umatilla, Union, Wallowa |
| Rep. Peter Buckley (D) | 5 | Jackson (Ashland & Medford) |
| Rep. Ben Cannon (D) | 46 | Willamette (Portland) |
| Rep. Brian Clem (D) | 21 | Willamette (Marion – Salem) |
| Rep. Chris Edwards (D) | 14 | Willamette (Lane Co – West Eugene) |
| Rep. Jim Thompson (R) | 23 | Willamette (Middle Willamette) |