MEMORANDUM

Legislative Fiscal Office
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To: Transportation and Economic Development Subcommittee

From: Susie Jordan, Legislative Analyst

Date: May 16, 2011

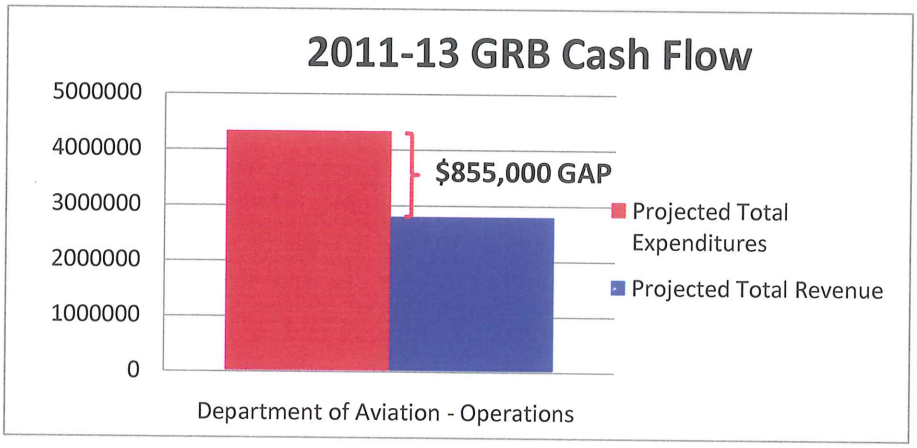
Subject: **HB 5004– Department of Aviation (ODA) Budget Bill – Work Session Recommendations for Tuesday, May 24, 2011**

The table below shows select historical budget data as well as the Legislative Fiscal Office's (LFO's) recommended budget for the agency:

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended Budget	2011-13 LFO Rec.	% Change Leg Approved	% Change Gov. Rec.
Other Funds	8,463,051	6,814,327	0	5,679,233	-10.1%	0.0%
Federal Funds	9,993,345	3,867,696	0	3,472,055	-10.2%	0.0%
TOTAL FUNDS	18,456,396	10,682,023	0	9,151,288	-14.3%	0.0%
Positions	17	16	0	12	-26.7%	0.0%
FTE	17.00	16.38	0.00	11.50	-29.8%	0.0%

The Governor's budget presented the Subcommittee two issues:

1. **Persistent Cash Flow Issue:**



2. **Long-term management stability**
   - Director appointed by the Governor
   - High Turnover of Directors over past ten years – resulting in inconsistent

application of policies

- Small number of employees; no backup if employee leaves, loss of institutional knowledge
- Inadequate business systems and internal audit function
- Volunteer Oversight Board, out of necessity rely on paid staff to understand state's fiscal management practices, human resource administration, records management

Summary - The LFO recommended budget is $9.2 million Total Funds, $5.7 million Other Funds, $3.5 million Federal Funds, and 11.5 FTE (12 positions). This is a 10.1% decrease in the Other Funds limited expenditures from the 2009-11 legislatively approved budget level. It is also 4 positions (4.8 FTE) lower than the 2009-11 legislatively approved budget level. The The Federal Funds expenditure limitation is 10% less than the 2009-11 legislatively approved budget level.

The recommendation reflects:

- Retaining the Department of Aviation as an independent agency;
- Providing long-term business and management support by requiring the Department of Transportation to provide all business operating services for the Department of Aviation including budget, accounting, records, purchasing, leasing. contract services, computer information system services and human resource services.
- A resolution to balance revenues with expenditures including:
  - Eliminating four vacant positions (4.8 FTE);
  - Reducing Services and Supplies; and
  - Adjusting the distribution of fuel tax revenues between the pavement maintenance program and operating programs.

A. Adjustments to Governor's Recommended Budget Levels:

See attached "Work Session Presentation Report" dated 5/14/11.

- Motion on the LFO budget recommendations

B. Budget Note:

- Motion on the Budget Note (Page 8 of the Work Session Report)

C. Performance Measures

See attached "Legislatively Adopted 2011-13 Key Performance Measures" form.

- Motion on the LFO Key Performance Measure recommendations

D. Recommended Changes to Appropriation Bill:

→ Approve a motion to amend House Bill 5004 by the following:

House Bill 5004		
Section 1 (General Funds)		
Line 5-11	**Delete all of Section 1** [General Fund] **and renumber the following sections**	
Section 2 (Other Funds) **(now Section 1)**		
Line 7 & 8	**Delete** "**the amount of $___ is**" and insert "**the following amounts are**"	
Line 9	**Delete "for _____"**	
Line 10	**insert** after "received by" "**the Oregon Department of Aviation for the following purposes:"**	
	(1) Operations	**$ 3,458,763**
	(2) Aircraft registration	**$ 66,749**
	(3) Pavement maintenance	**$ 1,908,331**
	(4) Search and rescue	**$ 53,900**
	(5) General aviation entitlement grant program	**$ 180,964**
Section 3 (Federal Funds) **(now Section 2)**		
Line 11 & 12	**Delete "the amount of $___ is**" and insert "**the following amounts are**"	
Line 13	**Delete "for "** and **Insert** in the blank **"the Department of Aviation, for the following purposes:**	
	(1) Operations	**$ 500,000**
	(2) General aviation entitlement grant program	**$ 2,772,055**

E. Final Motion for HB 5004:

Move HB 5004 to the Full Joint Committee on Ways and Means with a "do pass" recommendation as amended.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	**-**	**-**	**6,738,855**	**2,470,000**	**-**	**-**	**9,208,855**	**17**	**16.38**
2009-11 Ebds, SS & Admin Act	-	-	75,472	1,397,696	-	-	1,473,168	-	-
Ways & Means Actions	-	-	2,747,832	1,000,000	-	-	3,747,832	-	-
2009-11 Leg Approved Budget	**-**	**-**	**9,562,159**	**4,867,696**	**-**	**-**	**14,429,855**	**17**	**16.38**
2009-11 Leg Approved Budget (Base)	**-**	**-**	**6,738,855**	**2,470,000**	**-**	**-**	**9,208,855**	**17**	**16.38**
Summary of Base Adjustments	-	-	96,537	(1,500,000)	-	-	(1,403,463)	(1)	(0.38)
2011-13 Base Budget	**-**	**-**	**6,835,392**	**970,000**	**-**	**-**	**7,805,392**	**16**	**16.00**
010: Non-PICS Pers Svc/Vacancy Factor	-	-	10,177	-	-	-	10,177	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(40,000)	-	-	-	(40,000)	-	-
030: Inflation & Price List Adjustments	-	-	323,066	30,070	-	-	353,136	-	-
2011-13 Current Service Level	**-**	**-**	**7,128,635**	**1,000,070**	**-**	**-**	**8,128,705**	**16**	**16.00**
080: E-Boards	-	-	22,770	440,625	-	-	463,395	-	-
Adjusted 2011-13 Current Service Level	**-**	**-**	**7,151,405**	**1,440,695**	**-**	**-**	**8,592,100**	**16**	**16.00**
Total LFO Recommended Packages	**-**	**-**	**(1,472,172)**	**2,031,360**	**-**	**-**	**559,188**	**(4)**	**(4.50)**
2011-13 Legislative Actions	**-**	**-**	**5,679,233**	**3,472,055**	**-**	**-**	**9,151,288**	**12**	**11.50**
Net change from 2009-11 Leg Approved Budget	-	-	(3,882,926)	(1,395,641)	-	-	(5,278,567)	(5)	(4.88)
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(40.6%)	(28.7%)	0.0%	0.0%	(36.6%)	(29.4%)	(29.8%)
Net change from 2011-13 Current Service Level	-	-	(1,472,172)	2,031,360	-	-	559,188	(4)	(4.50)
Percent change from 2011-13 Current Service Level	0.0%	0.0%	(20.6%)	141.0%	0.0%	0.0%	6.5%	(25.0%)	(28.1%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	-	-	**3,981,096**	**250,000**	-	-	**4,231,096**	**15**	**14.38**
2009-11 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2009-11 Leg Approved Budget	-	-	**3,981,096**	**250,000**	-	-	**4,231,096**	**15**	**14.38**
2009-11 Leg Approved Budget (Base)	-	-	**3,981,096**	**250,000**	-	-	**4,231,096**	**15**	**14.38**
Summary of Base Adjustments	-	-	165,006	-	-	-	165,006	-	(0.38)
2011-13 Base Budget	-	-	**4,146,102**	**250,000**	-	-	**4,396,102**	**15**	**14.00**
010: Non-PICS Pers Svc/Vacancy Factor	-	-	2,582	-	-	-	2,582	-	-
030: Inflation & Price List Adjustments	-	-	250,320	7,750	-	-	258,070	-	-
060: Technical Adjustments	-	-	300,000	-	-	-	300,000	-	-
2011-13 Current Service Level	-	-	**4,699,004**	**257,750**	-	-	**4,956,754**	**15**	**14.00**
Adjusted 2011-13 Current Service Level	-	-	**4,699,004**	**257,750**	-	-	**4,956,754**	**15**	**14.00**
Total LFO Recommended Packages	-	-	**(1,240,241)**	**242,250**	-	-	**(997,991)**	**(4)**	**(3.91)**
2011-13 Legislative Actions	-	-	**3,458,763**	**500,000**	-	-	**3,958,763**	**11**	**10.09**
Net change from 2009-11 Leg Approved Budget	-	-	(522,333)	250,000	-	-	(272,333)	(4)	(4.29)
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(13.1%)	100.0%	0.0%	0.0%	(6.4%)	(26.7%)	(29.8%)
Net change from 2011-13 Current Service Level	-	-	(1,240,241)	242,250	-	-	(997,991)	(4)	(3.91)
Percent change from 2011-13 Current Service Level	0.0%	0.0%	(26.4%)	94.0%	0.0%	0.0%	(20.1%)	(26.7%)	(27.9%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description	Post-appeal, this package eliminates Attorney General and standard inflation, and reduces state government service charges.								
LFO Recommendation	Approve.								
LFO Recommended	-	-	(51,303)	(7,750)	-	-	(59,053)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 087 Personal Service Adjustments									
Package Description This package reflects a 5.5 percent across-the-board reduction in total Personal Services from the Current Service Level budget. The recommended reduction is not specific to an account or reduction strategy. Final Personal Services decisions will be determined by policy decisions and future labor negotiations. Agencies will receive additional information and instructions at the Governor's Recommended Budget reconciliation phase.									
LFO Recommendation APPROVE.									
LFO Recommended	-	-	(132,488)	-	-	-	(132,488)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)

Package 090 Analyst Adjustments

Package Description This package adjusts the Other Funds Beginning Balance so that it equals the current estimate (assuming that only the original Board approved amount is transferred from the Pavement Maintenance Program to Operations during 2009-11). In addition the amount of Av Gas/Jet Fuel tax revenue transferred from the Department of Transportation is reduced. It is estimated at an annual rate equal to the actual amount of revenue received in fiscal year 2010.

In addition, this package abolishes 3 positions (2.50 full-time equivalents) in order to reduce expenditures to a level that is supportable by projected revenues. The following positions are eliminated: Contracts and Leasing Manager # 0014002; Administrative Assistant # 0022090; Program Analyst 2 # 1211078 (0.50 FTE - the remaining 0.50 FTE for this position is eliminated in the Pavement Maintenance Unit, policy package 090). The costs are at 94.5% since they have already been reduced by 5.5% in Policy Package 087. Finally, S&S is reduced to capture savings from out-sourcing mowing and from one-time planning contracts that will not occur in 2011-13.

LFO Recommendation

LFO Recommended	-	-	(680,972)	-	-	-	(680,972)	(3)	(2.50)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 107 System Planning									
Package Description This package will provide sufficient Other Funds and Federal Funds expenditure limitation to allow the agency to accept the entire $500,000 available for system planning grants.									
LFO Recommendation approve									
LFO Recommended	-	-	13,158	250,000	-	-	263,158	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 802 Vacant Position Savings									
Package Description This package eliminates primarily long-term vacant positions that have been reviewed and determined to not be critical for supporting the agency's core programs.									
LFO Recommendation Current and future revenue resources collected by the department will not support filling the following vacant positions in the foreseeable future: LFO Recommends eliminating as follows: .5 FTE of Vacant Fiscal Analyst 1 ($72,265) and make permanent half-time Vacant Facility Maintenance Specialist ($105,922) > position # to Jim									
Budget Instructions LFO further recommends the Board of Aviation restructure the roles and responsibilities and reporting relationships of the remaining positions within the department to reflect a smaller organization. One option may be to flatten the organization by combining combine the duties of some positions and utilize the remaining vacant positions to finance additional classification requirements to support a restructured organization.									
LFO Recommended	-	-	(121,125)	-	-	-	(121,125)	(1)	(1.50)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)

Package 810 LFO Analyst Adjustments

Package Description Technical Adjustments:
Shift .09 FTE from Search and Rescue to Operations =$11,364
Reduce Services and Supplies $278,875 to balance projected revenues and expenditures
Increase revenue distribution of Fuel Tax Revenues $195,346 to sustain agency programs into future biennia. (Changes the % distribution effective July 1, 2012 from 53%Pavement Maitnenance/47% Operations to 45% Pavement Maintenance/55% Operations) and if needed, use of Pilot Registrations for Operations instead of match for federal FAA Improvement projects.

LFO Recommendation The Department of Aviation has been challenged for the past three biennia to manage expenditures within current revenues. In February 2010 the Legislature approved a one-time transfer of revenue from moneys received from aviation fuel tax that is dedicated only to maintenance and preservation of pavement at public use airports to include operating expenses. The change was deemed necessary due to the decline in overall revenues available from aviation fuel taxes. In spite of the actions taken by the agency to reduce costs, the anticipated cash shortfall will continue into the 2011-13 biennium and beyond. LFO recommends additional reductions of vacant positions, services and supplies and an ongoing redistribution of revenue from fuel tax revenues. Revenues carried over into the 2011-13 biennia were from one-time sources that will not be available to sustain the agency unless a redistribution of current aircraft fuel taxes is made. This change in the distribution of revenues will sustain the smaller organization into the future and continue the pavement maintenance program if managed wisely.

Budget Notes The approved budget attempts to provide the level of stability needed to sustain the Department without merging the agency into the Department of Transportation. Instead, the Department of Transportation will be directed through separate legislation to provide the business operating services and contract management support for the Department of Aviation that will insure a level of institutional knowledge, mature administrative processes and systems to enable the Department to carry out its mission more effectively. The Department is instructed to report quarterly to the interim Joint Committee on Ways and Means and/or Emergency Board on its progress in implementing appropriate measures to improve the agency's business practices. In its report, the department must outline what specific measures have been taken to address the following: (1.) how the organization will achieve its mission within a smaller organization; (2.) how the organization will resolve issues raised in the audit reports; (3.) how the organization will address the issue of registering pilots and aircraft; (4.) what other actions will the organization take to improve leadership and the consistent application of policies and practices; and (5.) what the financial condition is of each of the major programs of the organization.

LFO Recommended	-	-	(267,511)	-	-	-	(267,511)	-	0.09

→ WGM program change bill

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	-	-	76,991	-	-	-	76,991	1	0.50
2009-11 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2009-11 Leg Approved Budget	-	-	76,991	-	-	-	76,991	1	0.50
2009-11 Leg Approved Budget (Base)	-	-	76,991	-	-	-	76,991	1	0.50
Summary of Base Adjustments	-	-	6,606	-	-	-	6,606	-	-
2011-13 Base Budget	-	-	83,597	-	-	-	83,597	1	0.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	117	-	-	-	117	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(15,000)	-	-	-	(15,000)	-	-
030: Inflation & Price List Adjustments	-	-	144	-	-	-	144	-	-
2011-13 Current Service Level	-	-	68,858	-	-	-	68,858	1	0.50
Adjusted 2011-13 Current Service Level	-	-	68,858	-	-	-	68,858	1	0.50
Total LFO Recommended Packages	-	-	(14,958)	-	-	-	(14,958)	-	(0.09)
2011-13 Legislative Actions	-	-	53,900	-	-	-	53,900	1	0.41
Net change from 2009-11 Leg Approved Budget	-	-	(23,091)	-	-	-	(23,091)	-	(0.09)
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(30.0%)	0.0%	0.0%	0.0%	(30.0%)	0.0%	(18.0%)
Net change from 2011-13 Current Service Level	-	-	(14,958)	-	-	-	(14,958)	-	(0.09)
Percent change from 2011-13 Current Service Level	0.0%	0.0%	(21.7%)	0.0%	0.0%	0.0%	(21.7%)	0.0%	(18.0%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description	This package eliminates standard inflation from essential packages in the Current Service Level budget. This reduction applies to standard accounts only.								
LFO Recommendation	APPROVE								
LFO Recommended	-	-	(144)	-	-	-	(144)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 087 Personal Service Adjustments									
Package Description This package reflects a 5.5 percent across-the-board reduction in total Personal Services from the Current Service Level budget. The recommended reduction is not specific to an account									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(3,450)	-	-	-	(3,450)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 810 LFO Analyst Adjustments									
Package Description Shift .09 FTE to Operations — position #									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(11,364)	-	-	-	(11,364)	-	(0.09)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	-	-	**36,000**	**720,000**	-	-	**756,000**	-	-
2009-11 Ebds, SS & Admin Act	-	-	75,472	1,397,696	-	-	1,473,168	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2009-11 Leg Approved Budget	-	-	**111,472**	**2,117,696**	-	-	**2,229,168**	-	-
2009-11 Leg Approved Budget (Base)	-	-	**36,000**	**720,000**	-	-	**756,000**	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2011-13 Base Budget	-	-	**36,000**	**720,000**	-	-	**756,000**	-	-
030: Inflation & Price List Adjustments	-	-	1,116	22,320	-	-	23,436	-	-
2011-13 Current Service Level	-	-	**37,116**	**742,320**	-	-	**779,436**	-	-
080: E-Boards	-	-	22,770	440,625	-	-	463,395	-	-
Adjusted 2011-13 Current Service Level	-	-	**59,886**	**1,182,945**	-	-	**1,242,831**	-	-
Total LFO Recommended Packages	-	-	**121,078**	**1,589,110**	-	-	**1,710,188**	-	-
2011-13 Legislative Actions	-	-	**180,964**	**2,772,055**	-	-	**2,953,019**	-	-
Net change from 2009-11 Leg Approved Budget	-	-	69,492	654,359	-	-	723,851	-	-
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	62.3%	30.9%	0.0%	0.0%	32.5%	0.0%	0.0%
Net change from 2011-13 Current Service Level	-	-	121,078	1,589,110	-	-	1,710,188	-	-
Percent change from 2011-13 Current Service Level	0.0%	0.0%	202.2%	134.3%	0.0%	0.0%	137.6%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description This package eliminates standard inflation from essential packages in the Current Service Level budget. This reduction applies to standard accounts only. Budget and Management will consider reductions to non-standard inflation accounts such as PERS, State Government Service Charges, Rent and Attorney General Charges during the normal post-appeal process.									
LFO Recommendation									
LFO Recommended	-	-	(1,116)	(22,320)	-	-	(23,436)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 106 General Aviation Entitlement Projects									
Package Description	This package funds 13 additional General Aviation Entitlement projects.								
LFO Recommendation									
LFO Recommended	-	-	122,194	1,611,430	-	-	1,733,624	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	-	-	2,181,292	-	-	-	2,181,292	1	1.00
2009-11 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2009-11 Leg Approved Budget	-	-	2,181,292	-	-	-	2,181,292	1	1.00
2009-11 Leg Approved Budget (Base)	-	-	2,181,292	-	-	-	2,181,292	1	1.00
Summary of Base Adjustments	-	-	(6,676)	-	-	-	(6,676)	(1)	-
2011-13 Base Budget	-	-	2,174,616	-	-	-	2,174,616	-	1.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	7,363	-	-	-	7,363	-	-
030: Inflation & Price List Adjustments	-	-	62,000	-	-	-	62,000	-	-
2011-13 Current Service Level	-	-	2,243,979	-	-	-	2,243,979	-	1.00
Adjusted 2011-13 Current Service Level	-	-	2,243,979	-	-	-	2,243,979	-	1.00
Total LFO Recommended Packages	-	-	(335,648)	-	-	-	(335,648)	-	(0.50)
2011-13 Legislative Actions	-	-	1,908,331	-	-	-	1,908,331	-	0.50
Net change from 2009-11 Leg Approved Budget	-	-	(272,961)	-	-	-	(272,961)	(1)	(0.50)
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(12.5%)	0.0%	0.0%	0.0%	(12.5%)	(100.0%)	(50.0%)
Net change from 2011-13 Current Service Level	-	-	(335,648)	-	-	-	(335,648)	-	(0.50)
Percent change from 2011-13 Current Service Level	0.0%	0.0%	(15.0%)	0.0%	0.0%	0.0%	(15.0%)	0.0%	(50.0%)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description This package eliminates standard inflation from essential packages in the Current Service Level budget. This reduction applies to standard accounts only. Budget and Management will consider reductions to non-standard inflation accounts such as PERS, State Government Service Charges, Rent and Attorney General Charges during the normal post-appeal process.									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(62,000)	-	-	-	(62,000)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 087 Personal Service Adjustments									
Package Description This package reflects a 5.5 percent across-the-board reduction in total Personal Services from the Current Service Level budget. The recommended reduction is not specific to an account or reduction strategy. Final Personal Services decisions will be determined by policy decisions and future labor negotiations. Agencies will receive additional information and instructions at the Governor's Recommended Budget reconciliation phase.									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(10,009)	-	-	-	(10,009)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 090 Analyst Adjustments									
Package Description This package reduces the amount of Av Gas/Jet Fuel tax revenue transferred from the Department of Transportation. The revenue is estimated at an annual rate equal to the actual amount of revenue received in fiscal year 2010. Also, this package abolishes 0.50 full-time equivalent positions in order to reduce expenditures to a level that is supportable by projected revenues. The following position is affected: Program Analyst 2 #1211078 (0.50 FTE). The other half of this position, along with the position count, is eliminated in Operations, policy package 090. LFO Recommendation APPROVE									
LFO Recommended	-	-	(68,293)	-	-	-	(68,293)	-	(0.50)

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 810 LFO Analyst Adjustments									
Package Description	Decrease revenue distribution of Fuel Tax Revenues $390,691 (Changes the % dsitribution from 53% Pavement Maintenance/47% Operations to 45% Pavement Maintenance/55% Operations) Reduce Professional Services by $195,346 to reflect effective date of July 1, 2012.								
LFO Recommendation	APPROVE								
LFO Analyst Notes	See comments in Package 810 - Operations								
LFO Recommended	-	-	(195,346)	-	-	-	(195,346)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	-	-	**388,476**	-	-	-	**388,476**	-	**0.50**
2009-11 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2009-11 Leg Approved Budget	-	-	**388,476**	-	-	-	**388,476**	-	**0.50**
2009-11 Leg Approved Budget (Base)	-	-	**388,476**	-	-	-	**388,476**	-	**0.50**
Summary of Base Adjustments	-	-	6,601	-	-	-	6,601	-	-
2011-13 Base Budget	-	-	**395,077**	-	-	-	**395,077**	-	**0.50**
010: Non-PICS Pers Svc/Vacancy Factor	-	-	115	-	-	-	115	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(25,000)	-	-	-	(25,000)	-	-
030: Inflation & Price List Adjustments	-	-	9,486	-	-	-	9,486	-	-
060: Technical Adjustments	-	-	(300,000)	-	-	-	(300,000)	-	-
2011-13 Current Service Level	-	-	**79,678**	-	-	-	**79,678**	-	**0.50**
Adjusted 2011-13 Current Service Level	-	-	**79,678**	-	-	-	**79,678**	-	**0.50**
Total LFO Recommended Packages	-	-	**(12,929)**	-	-	-	**(12,929)**	-	-
2011-13 Legislative Actions	-	-	**66,749**	-	-	-	**66,749**	-	**0.50**
Net change from 2009-11 Leg Approved Budget	-	-	(321,727)	-	-	-	(321,727)	-	-
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(82.8%)	0.0%	0.0%	0.0%	(82.8%)	0.0%	0.0%
Net change from 2011-13 Current Service Level	-	-	(12,929)	-	-	-	(12,929)	-	-
Percent change from 2011-13 Current Service Level	0.0%	0.0%	(16.2%)	0.0%	0.0%	0.0%	(16.2%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description This package eliminates standard inflation from essential packages in the Current Service Level budget. This reduction applies to standard accounts only. .									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(9,486)	-	-	-	(9,486)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 087 Personal Service Adjustments									
Package Description This package reflects a 5.5 percent across-the-board reduction in total Personal Services from the Current Service Level budget. The recommended reduction is not specific to an account or reduction strategy.									
LFO Recommendation APPROVE									
LFO Recommended	-	-	(3,443)	-	-	-	(3,443)	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2009-11 Agy. Leg. Adopted	**-**	**-**	**75,000**	**1,500,000**	**-**	**-**	**1,575,000**	**-**	**-**
2009-11 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	2,747,832	1,000,000	-	-	3,747,832	-	-
2009-11 Leg Approved Budget	**-**	**-**	**2,822,832**	**2,500,000**	**-**	**-**	**5,322,832**	**-**	**-**
2009-11 Leg Approved Budget (Base)	**-**	**-**	**75,000**	**1,500,000**	**-**	**-**	**1,575,000**	**-**	**-**
Summary of Base Adjustments	-	-	(75,000)	(1,500,000)	-	-	(1,575,000)	-	-
2011-13 Base Budget	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2011-13 Current Service Level	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted 2011-13 Current Service Level	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total LFO Recommended Packages	**-**	**-**	**10,526**	**200,000**	**-**	**-**	**210,526**	**-**	**-**
2011-13 Legislative Actions	**-**	**-**	**10,526**	**200,000**	**-**	**-**	**210,526**	**-**	**-**
Net change from 2009-11 Leg Approved Budget	-	-	(2,812,306)	(2,300,000)	-	-	(5,112,306)	-	-
Percent change from 2009-11 Leg Approved Budget	0.0%	0.0%	(99.6%)	(92.0%)	0.0%	0.0%	(96.0%)	0.0%	0.0%
Net change from 2011-13 Current Service Level	-	-	10,526	200,000	-	-	210,526	-	-
Percent change from 2011-13 Current Service Level	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 086 Eliminate Inflation									
Package Description									
LFO Recommendation									
LFO Recommended	-	-	-	-	-	-	-	-	-

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
Package 103 Chiloquin State Airport Runway Rehabilitation									
Package Description Provides expenditure authority to reconstruction the runway at the Chiloquin State Airport. The current conditions of the runway are well below the threshold of manageable maintenance activities. To meet safe operating conditions requird by the FAA. Expenditure authority provides resources necesssary to conduct design engineering necessary to determine the full scope and costs of the runway rehabilitation. Additional expenditure authority will be needed for the construction phase of the project once the scope has been determined.									
LFO Recommendation APPROVE the request and authorize the agency to apply for a federal grant from the FAA Improvement Program for design, engienering, and construction funds.									
LFO Recommended	-	-	10,526	200,000	-	-	210,526	-	-

Legislatively Proposed 2011-2013 Key Performance Measures

Agency: AVIATION, OREGON DEPARTMENT of

Mission: Enhance The Well-Being Of The People Of Oregon By Advancing Aviation In The State.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - Percent of runways in good or better condition.		Approved KPM	87.90	100.00	100.00
2 - Percent of runways meeting or exceeding approach surface standards.		Approved KPM	67.70	85.00	85.00
3 - Number of State Airports with current Inspections.		Approved KPM	121.00	132.00	132.00
4 - Percentage of total Federal Funds obligated or spent.		Approved KPM	100.00	100.00	100.00
5 - 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.	Accuracy	Approved KPM	61.30	91.00	91.00
5 - 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.	Availability of Information	Approved KPM	56.30	91.00	91.00
5 - 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.	Expertise	Approved KPM	55.10	91.00	91.00
5 - 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 KPM	55.00	91.00	91.00
5 - 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.	Overall	Approved KPM	60.10	91.00	91.00

Agency: AVIATION, OREGON DEPARTMENT of

Mission: Enhance The Well-Being Of The People Of Oregon By Advancing Aviation In The State.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
5 - 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.	Timeliness	Approved KPM	62.50	91.00	91.00
6 - Percent of aircraft registered		Approved KPM	77.10	85.00	85.00
7 - Percent of pilots registered		Approved KPM	87.10	85.00	85.00
8 - Percent of total best practices met by the board.		Approved KPM	80.00	90.00	90.00

LFO Recommendation:

Approve the Department's request to continue existing KPMs and related targets into the 2011-13 biennium.

Sub-Committee Action:

House Bill 5004

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Budget and Management Division, Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Appropriates moneys from ~~General Fund~~ to _____ for biennial expenses.
Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by _____.
Limits biennial expenditures of _____ from federal funds.
Declares emergency, effective July 1, 2011.

A BILL FOR AN ACT

Relating to state financial administration; appropriating money; limiting expenditures; and declaring an emergency.

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

SECTION 1. There is appropriated to _____, for the biennium beginning July 1, 2011, out of the General Fund, the amount of $_____ for _____.

SECTION 2. Notwithstanding any other law limiting expenditures, the amount of $_____ is established for the biennium beginning July 1, 2011, as the maximum limit for payment of expenses for _____ from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the _____.

SECTION 3. Notwithstanding any other law limiting expenditures, the amount of $_____ is established for the biennium beginning July 1, 2011, as the maximum limit for payment of expenses for _____ from federal funds collected or received by the _____.

SECTION 4. This 2011 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect July 1, 2011.

_____

Motion to amend

Note: For budget, see 2011-2013 Biennial Budget

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.