

January 27-28, 2015 OWEB Board Meeting

Executive Director Update #J-2: Budget and Legislative Update

This update describes budget preparations for the 2015 legislative session and budget proposal ideas that were included in the Agency Request Budget and Governor's Recommended Budget. This report also summarizes preparations for the upcoming 2015 session.

Background -- Budget Preparations for the 2015 Legislative Session

The Oregon Legislature approves budgets for state agencies on a biennial basis. In preparing for the next biennium, budgets are structured so that each agency's current (or "base") budget is recalibrated and submitted without need for specific policy description or justification. Budgets are based on revenue availability and shifting agency or Governor's priorities, and these shifts can be proposed in what is called "current service level." Any resources requested to be added to the base budget by agencies must be identified separately with full policy narratives and justification of funds requested. The requested additions to an agency's base budget are called Policy Option Packages, or 'POPs.'

The Governor provides instructions to guide agency development of POPs. In March 2014, Governor Kitzhaber initiated the process for state agencies to prepare budget proposals for the 2015-2017 biennium. That effort continued aspects of the Governor's 10-Year Plan for Oregon that was initiated in advance of the 2013 legislative session. Governor Kitzhaber launched the 10-Year Plan as a way to redesign how state government builds its budget and makes investment decisions. It seeks to better position the two-year budget process to achieve long-term outcomes. The 10-Year Plan organizes the state budget into five major outcome areas—Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. State agency budget programs are considered within the context of the appropriate outcome area. OWEB's budget is placed entirely within the Healthy Environment outcome area.

Agencies submitted their Agency Request Budgets (ARB) to the Governor and the Department of Administrative Services (DAS) during summer of 2014. Staff presented the POPs contained in the ARB to the Board at the July Board meeting, and discussed these again at the October meeting.

The Governor's Recommended Budget and Next Steps

The Governor's Office now has finalized the Governor's state budget recommendations, known as the Governor's Recommended Budget (GRB). This budget proposal includes agency POPs that reflect the Governor's priorities and initiatives. The GRB is the starting point for agency budget discussions at legislative hearings. During the session, agencies may advocate for their individual POPs only to the extent that they are included in the GRB.

Attachment A contains a brief summary of the OWEB's budget. OWEB's budget contains connections to two key Governor's initiatives: the Clean Water Partnership and Working Forests and Farms. Additional information about the GRB as it relates to OWEB will be presented at the January Board meeting.

In February of 2015, the Legislature convenes to consider Governor's Recommended Budget and initiate the legislative budget development process. The first phase of the budgeting process—agency budget presentations during legislative hearings—occurs between early February and late March/early April. As needed, additional discussion of budgetary issues may occur through early May. Work sessions with the Natural Resources Subcommittee of the Ways and Means Committee may occur anytime after agency budget hearings are completed.

2014-2015 Interim and Preparation for the 2015 Legislative Session

Organizational Legislative Days were held in December 2014. During this time, policy committees held informational hearings, and staff met with a subset of legislators to discuss Salmon Plate revenues and OWEB's investments over time. Final Legislative Days will be held January 12-14, 2015.

The 2015 Legislative session begins on February 2, 2015. Following the November 2014 election, both the Senate and House are controlled by the Democrats. Peter Courtney remains as Senate President and Tina Kotek as House Speaker. Attachment B includes a list of relevant natural resources committees (including chairs and members).

Staff will work with the Legislature during session to address agency POPs, additional GRB components and any requests associated with the use of Salmon Plate revenues. In addition to the agency POPs included in the Governor's Clean Water Partnership initiative referenced above, currently the only legislative concept that directly impacts OWEB relates to Working Forest and Farms. SB 204 would authorize three new finance tools: 1) A state loan guarantee program that gives working forest and farm borrowers access to private capital to refinance or acquire working land; 2) A revolving loan fund that allows access to credit tied to the biological and financial capacities of the land; and 3) A conservation fund that allows buyers to access grants for acquisitions where timber and/or agriculture uses are maintained and conservation benefits can be achieved. If approved, OWEB would manage the conservation fund. Staff will update the Board at the January meeting about this and any other potential concepts that are of relevance to the agency.

Staff Contact

If you have questions or need additional information, contact Meta Loftsgaarden at meta.loftsgaarden@state.or.us or 503-986-0180, or Eric Hartstein, Senior Policy Coordinator at eric.hartstein@state.or.us or 503-986-0029.

Attachment

- A. OWEB GRB Summary
- B. List of relevant natural resources legislative committees



OREGON WATERSHED ENHANCEMENT BOARD 2015-2017 GOVERNOR'S BUDGET

	2013-2015 Legislatively Approved Budget	2015-2017 Governor's Budget
General Fund	\$0	\$0
Lottery Funds	\$58,227,336	\$59,963,820
Other Funds	\$1,852,224	\$17,921,067
Federal Funds	\$32,817,029	\$37,339,587
Total Funds	\$92,896,589	\$115,224,474
Full-Time Equivalent (FTE)	32.00	35.50

2013–2015 Critical Budget Issues

Program Continuity – Provides capacity to effectively deliver grants, manage operations of 17-member board and stay abreast of emerging funding opportunities while reporting accomplishments of OWEB investments.

- NRS4 – BPA-Willamette Partnership Coordinator (FF: PCSRF/BPA). Manages the work associated with a federal grant application submitted to the Bonneville Power Administration.
- NRS4 – Senior Partnership Coordinator (FF: PCSRF). Manages four current programs: the Upper Deschutes Special Investment Partnership, the Coastal Wetlands Grant program, the Conservation Reserve Enhancement Program's technical assistance work, and the Coastal Coho Business planning.
- AS2 – Website, Graphics and Administrative Support (Other/FF: PCSRF). Maintains agency's website, produces agency materials, and provides administrative support to the Focused Investment and Partnerships programs.
- Office Rent (FF: PCSRF). Biennial rent, Region 4, to share office space with Water Resources Department in Bend.
- Contracted Services (FF: PCSRF). In lieu of hiring additional permanent staff, for continuous improvement and long-term protection implementation, as certain work products and functions are most efficiently accomplished through personal services contracts.

Program Enhancement – Provides support to effectively deliver programs while remaining on the cutting edge of new investments and partnerships that will increase ecological, economic and social benefits for Oregon.

- Conservation Outcomes Coordinator (LF: Ops). Limited duration, measures and reports on ecological, economical, and social outcomes resulting from OWEB grant investments at the landscape level. Coordinates with various agencies and stakeholders to implement the Conservation Effectiveness Partnership and to develop metrics and evaluation methods.
- Conservation Outcomes Specialist (FF: PCSRF). Limited duration, measures and reports on ecological, economic, and social outcomes resulting from OWEB grant investments at the landscape level with a specific focus on salmon habitat and recovery activities across the state.
- Federal Forest Health Grant Administration (Other). Limited support and duration, continues grant management of Federal Forest Health program.
- Grant Program Analyst (LF: Ops). Limited duration, assists with routine grant and administrative processing workload thus allowing grant managers to spend more time in the field.
- Independent Multidisciplinary Science Team (LF: Ops/FF: PCSRF). Removes funding for IMST in anticipation of legislation replacing with a special payment to the Oregon Science Academy.

Analyst Adjustments – Increases ODFW PCSRF FF special payment by \$296,000.

Carry Forward – This policy package proposes to extend expenditure limitation for non-lottery fund grants that have been awarded and continue to be active. This will allow funds for these grants to be expended in the 2015-2017 biennium.

Lottery Funds: Measure 76 Grant Funds – This policy package provides the budget vehicle for Measure 76 grant funds, which are the primary source of grant funds for OWEB and are used to support a wide variety of grants, including watershed council and soil and water conservation district capacity, restoration, acquisition, technical assistance, monitoring and outreach. At this time, over \$53 million in M76 grant funds are anticipated for next biennium.

Additional Grant Funds – This policy package would allow OWEB to receive and allocate funds, should additional funds be appropriated by the Legislature for the following purposes in 2015-2017: 1) \$2.9 million (FF: PCSRF) to the Oregon Department of Fish and Wildlife; 2) \$2.3 million (OF) for grants to forest collaboratives under the State's Federal Forest Health Program; and 3) \$13 million (OF) for the Governor's Working Forests and Farms initiative. Staff anticipate up to \$2 million General Obligation Bond additional expenditure limitation will be needed for the initiative.

2015 Oregon Legislature – OWEB-Related Committee Assignments

Senate Environment and Natural Resources Committee

Member	District	Area (Basin)
Sen. Chris Edwards, Chair (D)	7	Eugene (Willamette)
Sen. Alan Olsen, Vice-Chair (R)	20	Canby (Willamette)
Sen. Michael Dembrow (D)	23	Portland (Willamette)
Sen. Floyd Prozanski (D)	4	South Lane and North Douglas Counties (Willamette/Umpqua)
Sen. Chuck Thomsen (R)	26	Hood River (Hood River)

House Agriculture and Natural Resources Committee

Member	District	Area (Basin)
Rep. Brad Witt, Chair (D)	31	Clatskanie (Lower Columbia)
Rep. Wayne Krieger, Vice Chair (R)	1	Gold Beach (South Coast)
Rep. Susan McLain, Vice Chair (D)	29	Hillsboro (Willamette)
Rep. Greg Barreto (R)	58	Pendleton (Umatilla)
Rep. Sal Esquivel (R)	6	Medford (Rogue)
Rep. Lew Frederick (D)	43	Portland (Willamette)
Rep. Chris Gorsek (D)	49	Troutdale (Sandy)
Rep. Caddy McKeown (D)	9	Coos Bay (South Coast)
Rep. Gail Whitsett (R)	56	Klamath Falls (Klamath)

House Energy and Environment Committee

Member	District	Area (Basin)
Rep. Jessica Vega Pederson, Chair (D)	47	Portland (Willamette)
Rep. Jeff Reardon, Vice Chair (D)	48	Happy Valley (Willamette)
Rep. Mark Johnson, Vice Chair (R)	52	Hood River (Hood River)
Rep. Cliff Bentz (R)	60	Ontario (Owyhee-Malheur)
Rep. Deborah Boone (D)	32	Cannon Beach (North Coast)
Rep. Ken Helm (D)	34	Washington County (Willamette)
Rep. Paul Holvey (D)	8	Eugene (Willamette)
Rep. Dallas Heard (R)	2	Roseburg (Umpqua)
Rep. Jim Weidner (R)	24	McMinnville (Willamette)

House Rural Communities, Land Use and Water Committee

Member	District	Area (Basin)
Rep. Brian Clem, Chair (D)	21	Salem (Willamette)
Rep. Ken Helm, Vice Chair (D)	34	Washington County (Willamette)
Rep. Bill Post, Vice Chair (R)	25	Keizer (Willamette)
Rep. John Davis (R)	26	Wilsonville (Willamette)
Rep. Vic Gilliam (R)	18	Silverton (Willamette)

Rep. David Gomberg (D)	10	Lincoln City (North Coast)
Rep. Brad Witt (D)	31	Clatskanie (Lower Columbia)

Joint Ways and Means Natural Resources Subcommittee

Member	District	Area (Basin)
Sen. Richard Devlin, Co-Chair (D)	19	Tualatin (Willamette)
Rep. Dan Rayfield, Co-Chair (D)	16	Corvallis (Willamette)
Sen. Bill Hansell (R)	29	Pendleton (Umatilla)
Sen. Michael Dembrow (D)	23	Portland (Willamette)
Rep. Brian Clem (D)	21	Salem (Willamette)
Rep. David Gomberg (D)	10	Lincoln City (North Coast)
Rep. Jodi Hack (R)	19	Salem (Willamette)
Rep. Julie Parrish (R)	37	Tualatin (Willamette)