

April 28, 2006

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Tom Byler, Executive Director  
Cindy Kraai, Fiscal Manager

**SUBJECT: Agenda Item O: Potential Budget Policy Packages  
May 16-17, 2006 OWEB Board Meeting**

### **I. Background**

Staff are preparing agency budget proposals, which will be submitted to the Governor and the Department of Administrative Services (DAS) for possible inclusion in the Governor's Recommended Budget for the 2007-2009 biennium. There are six weeks remaining to develop and refine OWEB's submissions. During this time there are few opportunities for the full Board to engage in the process as part of a regularly scheduled business meeting. Staff would like to take this opportunity to discuss potential budget policy packages with the Board. The budget packages OWEB may forward to the Governor for consideration are outlined below.

### **II. Budget Package Development**

#### **A. Process**

Oregon agencies are budgeted on a biennial basis. Submissions are structured so that each agency's existing (or "base") budget is recalibrated and submitted without need for specific policy description or justification. Additions to the base budget are identified separately with full policy narratives and justification of funds requested. The requested additions to an agency's base budget are called "Policy Packages."

The Governor provides instructions to guide agency development of Policy Packages. Each agency submits its Policy Packages to the Governor and the Department of Administrative Services each summer before the legislative session. The Governor then develops the Executive Branch budget for submission to the Legislature in December, just before the session begins. Called the "Governor's Recommended Budget," this budget document includes a selection of agency Policy Packages that reflect the Governor's priority programs and initiatives. It is the Governor's Recommended Budget, not the Agency Request Budget, which is the beginning point for legislative budget hearings. During the legislative session, agencies may advocate for their individual Policy Packages only to the extent that they are included in the Governor's Recommended Budget.

## **B. OWEB Schedule for Policy Package Development**

Staff have already initiated discussions regarding Policy Packages for the 2007 Legislative Session. The May 2006 Board meeting provides an important opportunity for staff and the Board to discuss potential packages. A schedule for the development of Policy Packages follows:

- May 2006                      OWEB Board discussion of draft Policy Packages
- May/June 2006              Staff draft Policy Packages
- June 2006                     Finalize agency Policy Packages
- September 2006              Submit full agency request budget document

## **C. Proposed OWEB Budget Policy Packages**

Since its origin in 1999, OWEB's budget has grown as its programs have evolved to meet the needs of the public it serves. Most of that budget now represents the essential budget level of the agency, which has continued during the 2005-2007 biennium, and is anticipated to be continued in the 2007-2009 budget biennium. As in the past, finding funding to meet all needs within the state budget will be difficult. This may result in limited opportunities to secure budget resources to supplement existing agency base budgets. OWEB staff approach the development of policy packages as a means to identify and potentially address constraints and deficiencies in current program levels, and to meet new and emerging needs.

Staff have identified the following Policy Packages as proposed additions to OWEB's existing base budget funding and positions. Some seek funds, some seek authority to accept funds or restructure agency budget components, and a few do both. For those packages involving funds, the source of funding is key. There are a variety of options ranging from Lottery Funds to administrative overhead allowed by the federal grants that OWEB administers. There are varying levels of difficulty to obtain authorization, especially with certain sources of funds. OWEB is seeking no General Funds due to the ongoing fiscal challenges in Oregon.

1. Historically, watershed council support has received a mix of state Lottery Funds-Operating and federal Pacific Coastal Salmon Recovery Funds (PCSRF). This biennium, OWEB's budget contained a total of \$3.9 million for council support. Past appropriations for councils have been as much as \$4.1 million. OWEB staff are working with representatives of the Oregon Department of Agriculture to explore options to increase funding for both watershed councils and soil and water conservation districts beyond historic levels.
2. Establish a permanent Grant Program Manager PEM E funded from Lottery Funds-Operating. Since January 2002, the Grant Program Manager has been a limited duration position.
3. In a 2005 legislative budget note, OWEB was directed to conduct an internal review of its organization with the goal of reducing and streamlining its structure. Temporary changes were made to reorganize the agency structure to comply with this directive. This involved reducing the number of staff in the Director's Office and streamlining the organization of the programs by adding a section to handle policy

and Oregon Plan coordination issues. The following adjustments would make this temporary reorganization permanent.

- a. Reclassify the Science and Policy Advisor position (NRS 5) to a Senior Policy Coordinator position (NRS 4). This position will act as rules coordinator, legislative coordinator, and will coordinate policy issues.
  - b. Reclassify a Grant Program Specialist position (NRS 3) to an NRS 2 classification. This position will focus primarily on managing the Small Grant Program.
  - c. Reclassify a Grant Program Specialist position (NRS 3) to a Grant Program Coordinator (NRS 4). This position will assist the Grant Program Manager in most facets of the Grant Program.
  - d. Reclassify the Fiscal Manager position from a PEM D to PEM E. This position has increasing responsibility in overall agency operations, statewide management and tracking of Measure 66 issues, and oversight of agency database development. This change will bring this position more in line with other agency managers.
  - e. Reclassify the Monitoring and Reporting Program Manager position from an NRS 4 to PEM E. This position has increased responsibility with two additional staff and increasing needs of the program to monitor and report progress of OWEB programs as well as efforts under the Oregon Plan. This change will bring this position more in line with other agency managers.
4. Establish a placeholder to receive Federal Funds limitation for the PCSRF Federal Fiscal Year 2007 grant.
  5. Shift funding for the Restoration Project Validation Monitoring Specialist (NRS 3) funded to Lottery Funds-Operating. In the 2005-2007 biennium the position is funded with a combination of Lottery Funds-Operating and Federal Funds.
  6. Continue as a limited duration position the Office Specialist 2 position in the Grant Program funded with Lottery Funds-Operating. This position was funded with PCSRF in 2005-2007.
  7. Continue a limited duration Accountant 1 full time position in the Fiscal Section funded from Lottery Funds-Operating. This position processes small grant and CREP payments as well as non-capital grants funded from PCSRF.
  8. Continue the limited duration Business Application Specialist as an Information Systems Specialist 7 funded from PCSRF administrative funds. This position will continue the development and maintenance of an integrated database for fiscal and performance reporting functions of the agency.
  9. Continue the limited duration PCSRF Reporting Specialist (NRS 2) funded from PCSRF administrative funds. This position works in the Monitoring and Reporting Program, and will continue to provide key support for Oregon's quarterly and annual reporting to NOAA Fisheries on use of PCSRF funds.

10. Establish a limited duration Oregon Plan Communications Coordinator position (Public Affairs Specialist 2) from Lottery Funds-Operating. This position would carry out the statutory mandate for OWEB to promote the Oregon Plan.
11. Establish a permanent Regional Program Representative (NRS 4) in a sixth region in the Columbia Plateau area funded from Lottery Funds-Operating. The position will help manage an RPR workload that has increased tremendously since 1999. The position will help improve RPR services to stakeholders by reducing travel time currently needed to cover the large areas in regions 4 and 5.
12. Establish a limited duration Data Analyst position (NRS 3) in the Monitoring and Reporting Program. This position would address the need for seasonal data entry work and perform data analysis. The position would be funded with Lottery Funds-Operating and PCSRF.
13. Establish a limited duration Technical Assistance Coordinator position (NRS 4) from Lottery Funds-Operating. This position would provide statewide technical assistance to grantees to help design and implement restoration projects. The position would also help coordinate technical assistance grant offerings.
14. Request funding for the Independent Multidisciplinary Science Team (IMST) from Lottery Funds-Operating. Prior to 2003, OWEB's budget historically had a base level funding for the IMST of \$400,000 Lottery Funds-Operating with an additional \$500,000 from Federal Funds. In the last two biennia, the IMST budget operated at about two-thirds the historical level. OWEB is coordinating with the IMST on a request for next biennium.
15. Fund the Umpqua Pedigree Study with Lottery Funds-Research. OWEB has an ongoing commitment to this research project, which is scheduled for completion in 2013. This proposal would fund this project exclusively with Measure 66 research funds and eliminate the need in the future to seek expenditure limitation from the Emergency Board during the interim.
16. Request funding for rent on OWEB's east side location of the State Lands Building. OWEB does not have base rent for the space on the east side that it currently occupies and has been denied funding requests in both the 2003-2005 and 2005-2007 biennias. Request Lottery Funds-Operating (approximately \$71,000).
17. Staff will develop a placeholder for Lottery research funds to be based on the research proposals to be submitted this summer. The placeholder will specify the research proposal review process and estimate the funding available for the biennium.

### **III. Suggested Board Action**

Staff seek Board discussion and input on these proposed Policy Packages and other potential issues of interest to Board members.