



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 G: 2009 Legislative Concepts and Budget Preparation
March 19-20, 2008 OWEB Board Meeting**

I. Introduction

This report briefs the Board on the legislative proposal and budget development process for the 2009 legislative session.

II. Background

State agency legislative concepts are submitted to the Legislature by the Governor after a nearly nine month development and review process. Legislative concepts are first submitted by agencies to the Department of Administrative Services (DAS). Once approved by DAS, legislative concepts are sent to Legislative Counsel for drafting prior to pre-session filing by the Governor. The DAS deadline for submission of agency legislative concepts for the 2009-2011 biennium is April 4, 2008.

The process for developing the Agency Request Budget also involves interactions with DAS and the Governor's Office. The first organizational meeting between DAS and the state agencies is scheduled for March 6. Details about the process and timing for developing budget proposals will be set out at that time. Based on past experience, final agency budget proposals will be due for submittal to DAS in June.

III. 2009 Draft Legislative Concepts

Staff presented two draft legislative concepts for discussion at the January 2008 Board meeting. The following sections provide an update on the status of those proposed concepts.

A. Landscape Contractor Exemption

In this draft concept, staff proposed adding an exception to the landscape contractors licensing requirements for watershed councils and other eligible grant recipients who are performing landscaping, as defined by statute, as part of an OWEB-funded restoration grant. OWEB staff met with staff and board members from the Landscape Contractors Board on January 28, 2008, to discuss the first draft concept.

At this time OWEB and the Landscape Contractors Board are not proposing to address this issue through legislation. We are working to address the issue through policy and administrative avenues and will report back to the Board on further developments.

B. Multiple Projects and Permit Requirements

Oregon statutes require that all required permits be obtained before grant funds are distributed to a grantee. This supports the policy objective that public funds not be spent before a project has received necessary approvals. Some complex restoration grants involve several separate and distinct activities. Current law would not allow funding one activity that has received all necessary permits if a second separate and distinct activity under the same grant has not received all permits.

In this concept, staff proposed adding language to the statute to clarify that funding for a specific restoration activity could be released when all the required permits for that specific activity are submitted to OWEB, regardless of whether permits are needed for other restoration activities funded in the same grant.

OWEB staff are exploring ways in which grant applications, grant agreements, and internal operating procedures could address this issue for the few complex restoration grant applications the Board receives in each grant cycle. We are optimistic that administrative mechanisms will be sufficient to help with these types of grants. Therefore, we do not recommend pursuing a legislative concept on this issue for the 2009 session.

IV. Budget Development

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 Agency Request Budget to the Governor and the DAS the 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 that 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.

As mentioned in Section II of this report, we have not yet received specific guidance on the process and timelines for developing our budget proposal for the 2009 legislative session. Staff recently started internal discussions regarding possible budget proposals for the 2009 legislative session. We plan to present staff budget proposals to the Board for discussion at the May Board meeting. We estimate the schedule for agency budget development will be as follows:

- May 2008 OWEB Board discussion of draft Policy Packages
- May/June 2008 Staff draft Policy Packages
- June 2008 Finalize agency Policy Packages
- September 2008 Submit full agency request budget document

V. Recommendation

Board action is not requested at this time. Staff will present agency budget proposals for Board consideration at the upcoming May meeting.