

Agenda Item Summary

BACKGROUND

In March of each even-numbered year, the Department of Administrative Services (DAS) prepares budget instructions to guide agencies in the development of the next biennium's budget request. All state agencies follow the same guidelines, direction, and formats in preparation of their budget documents.

The timelines for the budget development process are based on a statutory requirement that each agency must submit its 2009-11 Agency Request Budget document to the Governor and DAS by September 1, 2008. Agencies use this deadline to develop timelines for public input, as well as internal discussions and review, prior to the submission date. In addition, the Commission is required to take official action on the budget before it can be submitted. The Commission Chair must also certify that the information contained in the agency's budget request document is accurate and true.

The department is not presenting its requested budget to you today in the format as it will be submitted in September. The formal budget document is quite detailed, large in size, and cannot be finalized until several technical audit processes have been completed. The information shared today represents summary budget information for the next biennium, including a look at the continuing program levels, fee change recommendations, policy option packages, budget reduction list required by law, and forecasted revenue information for the 2009-11 biennium.

PUBLIC INVOLVEMENT

The department has actively engaged the public in two ways during development of the 2009-11 Agency Request Budget. First, the agency formed an External Budget Advisory Committee (EBAC) made up of over 40 public members who have been actively engaged in agency issues over time. The EBAC members are from many different organizations, and include land-based industry, public officials, and sportsmen group representatives.

The EBAC committee met three times from January through May 2008 to help guide and direct the agency regarding development of its 2009-11 budget. Issues discussed by the EBAC included ODFW's program structure, revenue and expenditures; projected 2009-11, ending fund balance, revenue needs, fee increase proposals, 2009-11 policy option packages; and final budget recommendations.

The agency staff also went around the state to 13 different town hall meetings outlining the budget issues for the 2009-11 biennium. There were approximately 300 members of the public that attended these meetings, along with agency staff.

The input from these 13 town hall meetings was discussed at the final

EBAC meeting in May 2008. As previously noted at the May 2008 Commission meeting, several consistent themes arose from these EBAC and public meetings processes:

- * There is general support for a fee increase for ODFW, however, a fee increase should provide more hunting and fishing opportunities. Recreational fishers and hunters are willing to pay more as long as fees for commercial and occupation license holders are also increased.
- * Some commercial fisherman would like to see lower annual permit fees, paying more for programs when they are making money.
- * The possibility of indexing, or routine smaller increases in fees was mentioned several times.
- * A fee increase should provide more hunting and fishing opportunities.
- * There was consistent and strong advocacy for additional Oregon State Police Fish and Game troopers.
- * Folks agreed that promoting juvenile programs is a critical strategy for the department and supported reduced fees for youth. The juvenile Sports Pac was also received positively.
- * There were some concerns expressed that guides are not paying any special fees to the agency. There is a perception that guides are more “commercial” than “recreational” in their use of the resources.
- * Several folks mentioned frustration with hunting and fishing regulations that seem to be increasing in complexity.
- * Support for Salmon and Trout Enhancement Program (STEP) was expressed by many participants.
- * Issues around predators and predator control was brought up repeatedly, especially in Eastern Oregon. There is support for anything the agency can do to promote more predator control.
- * There was support for reauthorization and increases in surcharges for the Access and Habitat (A&H) and Restoration and Enhancement (R&E) programs.
- * The two pole fishing license concept received mixed support.
- * Some folks would like to see additional cost reductions or special offers for senior citizens. There was also discussion about and interest in a lifetime license concept.

The department presented to EBAC and the public the budget priorities identified since the 2003-05 biennium, and no changes were made by EBAC or the public to those priorities. Those priorities include field personnel, hatchery operations, landowner services, and fish and wildlife enforcement.

The department did advertise these town hall meetings around the state in advance, notices were mailed to interested citizens, and the town hall materials are posted on the department's website. Public comment and questions were taken at all the meetings and information and materials were provided, as needed. Summaries of the town hall meetings can be found in Attachment #2. In addition, meeting minutes of each town hall meeting, meeting materials, and answers to frequently asked questions are posted on the ODFW website.

ISSUE 1

2007-09 AGENCY REQUEST BUDGET APPROVAL

ANALYSIS

Development of the 2009-11 Agency Request Budget is guided by the Department of Administrative Services Budget Instructions. Many of the components in developing the department's budget are based upon the agency's current programs and priorities.

The starting point for development of the 2009-11 Agency Request Budget is the department's 2007-09 Legislatively Approved Budget, as of April 2008. From this control point, state agencies make adjustments following a complex yet consistent set of directions. Adjustments include "puts and takes" that account for the phase-in and phase-out of programs and associated expenditures, inflation, state government service charges, and fund shifts. The affect of these adjustments impact sustainability of the budget and the department's ending balances. Budget "rules" require the agency to demonstrate it has enough revenue to cover expenditures and maintain an adequate ending balance.

Based on current revenue and spending patterns, the agency will need a fee increase in the 2009-11 biennium to stay in a sound fiscal position without having to reduce core programs. The last fee increase the agency received was in January of 2004; that adjustment was expected to sustain the agency for three biennia and it has successfully done so.

The agency is proposing a set of fee increases that would take place in January 2010 and sustain agency programs for a six-year period. Along with a recreational fee increase of approximately 20 percent, the recommendations include increases in commercial, occupational, and miscellaneous fees. Many of these fees have not been raised in over 15 years. The proposed fee increases are outline in Attachment #3.

These fee changes would would allow maintenance and operation of the agency's current programs, plus the ability to address some critical needs.

Attachments #4 and #5 outline the revenues and expenditures in the requested budget by fund type. The proposal includes new fee revenues and some associated enhancements. Attachment #6 summarizes policy option package items for consideration and approval; these packages assume support for the fee increase proposal.

As part of the budget development process, the agency also has to submit 10 percent reduction options across all fund types. All state agencies are required to provide these reductions for consideration to the Governor and the Legislature. These reduction options are summarized in Attachment #7.

The department plans to continue to keep the Commission, staff, the public and interested parties abreast of the department's budget as it works its way through the process. All figures included in these presentations are preliminary, as some minor adjustments may still be necessary to ensure consistent application of statewide budget instructions.

OPTIONS

- Option 1: Approve the department's 2009-11 Agency Request Budget
- Option 2: Amend the department's 2009-11 Agency Request Budget
- Option 3: Reject the department's 2009-11 Agency Request Budget

**STAFF
RECOMMENDATION**

Option 1.

DRAFT MOTION	I move to approve the department's 2009-11 Agency Request Budget for submission to the Governor's Office by September 1, 2008.
EFFECTIVE DATE	June 6, 2008