

**EQC Presentation Outline  
February 3, 2016**

2015-17 Operating Budget – Status

- Approved on Dec 22, 2015
- Implementation phase

Budget Development Implications

- Budget insights
  - Likely impacts for 2015-17
  - Likely implications for 2017-19
- Revenue Forecast – February 10

Legislative Updates

- 2016 Session
  - Session schedule
  - Governor's 2016 agenda and priorities (handout)
  - Session issues
    - Minimum wage – ballot measure
    - Business taxes – ballot measure
    - Coal by wire – ballot measure
    - Other Gov priorities
  - Bills relating to DEQ (handout)
  - Ways and Means requests

2017-19 Agency Request Budget development process

- Timeline (handout)
- Past discussions
- Today (handout - updated issues list)
  - Your reflections
- April 20-21 EQC meeting

Questions?



## GOVERNOR KATE BROWN

### 2016 Agenda & Priorities

#### **A Seamless System of Education**

- Establish the Education Innovation Officer charged to improve Oregon's high school graduation rate.
- Create the Governor's Council on Educator Advancement: Executive Order establishes the Governor's Council on Educator Advancement, charged with coordinating comprehensive support to deliver excellence in teaching through leadership development, mentorship and best practices.

#### **A Thriving Statewide Economy**

- Support small business:
  - Legislation to expand the Office of Small Business Advocate to help small businesses navigate state and local policies and procedures.
  - Governor's Small Business Advisors: Executive Order creates a diverse advisory group to develop recommendations to support Oregon small businesses, such as increasing access to capital and streamlining state agency processes.
- Legislation to increase the minimum wage.
- Legislation to continue the expansion of affordable housing issues statewide.

#### **Excellence in State Government**

- Accountability and Transparency:
  - Legislation creates a technical ombudsman in the Department of Administrative Services to assist state agencies with large electronic public records requests.
  - Executive Order requires all agencies to comply with current law requiring state agencies to have a public records policy in place; DAS to implement the 2015 audit recommendations, including uniform statewide standards.
  - Legislation tightens deadlines by which lobbyists must disclose/register clients with the Oregon Government Ethics Commission (OGE), and requires OGE to make that information available online within two days.

#### **Healthy, Safe Oregonians**

- Establish the Governor's Campus Safety Working Group.
- Umpqua Community College funding proposal – funds to enhance safety on the UCC campus.
- Harney County funding proposal – funds to offset expenses incurred during the occupation of the Malheur Wildlife Refuge.

#### **Responsible Environmental Stewardship**

- Appointment of State Resilience Officer.
- Drought package funding proposal – funds to help local communities plan for and address persistent drought.
- Wildfire funding proposal – funding to cover costs incurred during the 2015 wildfire season.

Priority	Bill number	Relating clause	Summary	Committees of reference	Sponsor	Status/last action	Next steps
1	HB 4036	utility regulation	AQ: Requires each electric company providing electricity to retail electricity consumers located in this state to eliminate coal-fired resources from electric company's electricity supply.	Energy and Environment with subsequent referral to Ways and Means.	Introduced and printed pursuant to House Rule 12.00	2/4/2016 - Public Hearing and Possible Work Session scheduled.	8:00 AM 02/02/2016 House Committee Energy and Environment Public Hearing HR E
1	HB 4055	transportation	AQ: Modifies list of low carbon fuels that may be used to meet low carbon fuel standards.	Energy and Environment with subsequent referral to Transportation and Economic Development	Davis	2/1/2016 - Referred to Energy and Environment with subsequent referral to Transportation and Economic Development, then Revenue.	
1	HB 4068	entities that contribute to greenhouse gas emissions	AQ: Repeals greenhouse gas emissions goals and requires EQC to adopt by rule statewide greenhouse gas emissions goal for 2025, and limits for years 2035 and 2050.	Energy and Environment	Buckley; Holvey; Barnhart; Piluso; Taylor	2/1/2016 - Referred to Energy and Environment with subsequent referral to Ways and Means.	
1	HB 4101	greenhouse gas emissions	AQ: Requires EQC to adopt by rule program for assessing net impacts of state policies and programs for reducing greenhouse gas emissions.	Energy and Environment	Bentz; Nearman; Whisnant; Whitsett; Wilson	2/4/2016 - Public Hearing and Possible Work Session scheduled.	8:00 AM 02/04/2016 House Committee Energy and Environment Public Hearing and Possible Work Session HR F
1	SB 1530	mining	WQ: Requires certain state agencies to consult with certain federal agencies to determine whether state and federal mining programs can be better coordinated.	Environment and Natural Resources, then Ways and Means	Bates	1/27/2016 - Presession Released to the Public	3:00 PM 02/04/2016 Senate Committee Environment and Natural Resources Public Hearing HR C
1	SB 1563	on-site septic system financing	WQ: Authorizes EQC to develop low-interest loan program for on-site septic system repairs, replacements, upgrades or evaluations.	Environment and Natural Resources, then Ways and Means.	Roblan	1/27/2016 - Presession Released to the Public.	3:00 PM 02/04/2016 Senate Committee Environment and Natural Resources Public Hearing HR C

Priority	Bill number	Relating clause	Summary	Committees of reference	Sponsor	Status/last action	Next steps
1	SB 1574	entities that contribute to greenhouse gas emissions;	AQ: Repeals greenhouse gas emissions goals and requires EQC to adopt by rule statewide greenhouse gas emissions goal for 2025, and limits for years 2035 and 2050.	Referred to Environment and Natural Resources, then Ways and Means.	Edwards; Beyer	2/2/2016 - Public Hearing Scheduled. 2/1/2016 - Referred to Environment and Natural Resources, then Ways and Means.	3:00 PM 02/02/2016 Senate Committee Environment and Natural Resources Public Hearing HR E

## **DEQ's 2017-19 Legislative Agenda Development Timeline**

June 2015

- DEQ's 2015-17 Budget adopted

### **August – December 2015**

- Development of 2015-17 Operating Budget
- Analyze priority work and determine need for policy packages or legislative concepts

August 2015

- 12-13 – EQC meeting – presented new ARB development process; discussion on commission engagement

October 2015

- 14-15 – EQC meeting – update on ARB development process

November 2015

- 5 – EQC meeting – special meeting to focus on agency strategic directions and 2017-19 ARB development

December 2015

- 9-10 - EQC meeting – updates on the 2017-19 legislative agenda; 2016 legislative activities and budget

### **January - September 2016**

- Development begins on 2017-19 Budget
  - Determine cost of currently approved programs adjusting for 2017-19 costs
  - Estimate future revenues
  - Develop the Trial Budget, DEQ's look at affordability for 2017-19
    - Shift work between funding sources
    - Establish tentative reductions to balance the 2017-19 Trial Budget
    - Determine which reductions will be made permanent and which DEQ will ask to "restore" through requests for new General Funds, new fees or increases to current fees – If any
  - Develop 10% budget reduction options on all funding types; likely need to do 20% for GF & LF.
  - Refine budget package proposals for new work that DEQ anticipates doing
  - Refine legislative concepts

### **February 2016**

- **1 - Legislative Session begins**
- **2-3 - EQC Meeting**
  - **Budget Update**
  - **Discussion of projected General Fund availability for 2017-19 and implications for funding prospective policy packages**
  - **Preview of 2016 Session**
  - **Focus on draft legislative concepts and budget policy packages**

March 2016

- 6 – Legislative Session statutory end date
- 15 – Budget and Legislative Concept Instructions are released by DAS (estimated date)
- Ongoing legislative concept and budget policy package development

April 2016

- 15 – Legislative concepts are due to DAS
- 20-21 – EQC meeting – final review of policy packages and legislative concepts
- Stakeholder Outreach
- Ongoing legislative concept and budget policy package development

May 2016

- Ongoing budget development
- Stakeholder Outreach

June 2016

- 3 - DAS submits approved legislative concepts to Legislative Counsel
- 15-16 - EQC Meeting – update on legislative agenda; finalize budget decisions prior to budget submittal to DAS for audit
- 24 - Last day to modify legislative concepts
- Budget request submitted to DAS for audit

July 2016

- Budget narrative development

August 2016

- 17-18 - EQC Meeting – legislative agenda update and Chair signs the Budget Certification Form (part of the agency of budget request document)
- Budget narrative development
- Work with Legislative Counsel on legislative concepts

September 2016

- 1 – Agency Request Budget document due to DAS and Governor
- Work with Legislative Counsel on legislative concepts

**October 2016 – February 2017**

- DEQ continues to work with Legislative Counsel on draft bills (legislative concepts)
- DAS and Governor review DEQ budget request
- DAS Analyst prepares Governor's Recommended Budget.
- Governor's Recommended Budget submitted to the Legislature (12/1)
- Governor pre-session files approved bills (12/9)

Attachment 4

Feb. 3, 2016, EQC meeting

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November 2016

- 2-3 EQC meeting – legislative agenda update

December 2016

- 1 – Governor's Recommended Budget is released

January 2017

- 9 – 2017 Legislative Session begins – organizational days (3 days)
- 18-19 – EQC meeting (tentative date) – pre-Session review of legislative agenda and Session activities

February 2017

- 6 – Regular 2017 Legislative Session begins

2/1/2016

## **Issues to inform decisions for DEQ Policy Option Packages and Legislative Concepts**

### Program needs related to core work

- Agency Infrastructure / technology modernizing at DEQ - Preparing for and selecting an environmental data management suite, an integrated set of software programs to replace existing, outdated technology systems.
  - Project management office – DEQ has used project management resources for some of its larger projects to great success. This approach has proven to be effective at improving our timeliness on project delivery, minimizing impacts on daily operations and ensuring efficiencies and/or redirection are sustainable. We seek to build on this success and create a Project Management Office. An additional FTE is being considered to staff this office for large non-information technology projects.
  - Business analysis support – ongoing outcome-based management process improvements are backlogged due to high demand. Adding staff to support continuous process improvements at DEQ needs to be considered to ensure process improvement success across the agency.
  - Leg concept – may be needed to address electronic reporting and invoicing inconsistencies and barriers in statutory language.
- Fee requests and bonding – A majority of DEQ operations are funded by fees and DEQ is considering the need for fee increases in 2017. The agency is identifying all potential fee increase needs and will determine which ones are positioned to go forward in 2017, based on a number of considerations including: alignment with program direction and agency priorities, a fee surcharge concept for technology projects, annual cost adjusters as part of a leg concept, bonding requests for cleanup and the clean water state revolving fund; and stakeholder support.
- Materials management – DEQ developed a six-year strategy to implement the 2050 Vision for Materials Management. This program had two successful bills in 2015. The work accomplished in 2015-16 sets the foundation for a 2017 request.
- MS4 stormwater – Significantly understaffed, DEQ is examining options to improve delivery of the MS4 stormwater program
- Agency complaints / nuisance response – as public expectations for action grow, the agency is looking for ways to better address the approximately 2500 complaints received each year. This includes looking at general complaints as well as addressing formal nuisance investigations that focus on a single or multiple groups of sources. It may also address smoke management related to wildfires and prescribed burning.
- Spills response and disaster recovery – There is growing awareness of the impacts of a very large Cascadia earthquake. DEQ is effective at responding to smaller disaster events but needs to plan for its response in a major earthquake. The agency is considering what is needed to ensure DEQ can fulfill its role in a major disaster.

Emerging issues for DEQ

- Harmful Algal Blooms – This unfunded work is becoming more costly as HABs are becoming more frequent. We may seek money to support this work. Coordinated effort with OHA and Governor's Office.
- Clean Power Plan (placeholder for POP and/or LC) – implementation of 111(d) in the form of a statewide plan submitted for EPA approval; work is being done in conjunction with DOE and PUC. There is a tie-in to biomass that may require more resources.

Externally driven issues

- Woodstoves and PM attainment issues – This is ongoing policy work for DEQ and is tied to the 2015-17 interim study bill, including the establishment of a legislatively mandated task force and submittal of legislative recommendations. This effort includes a number of sister agencies such as DOE, PUC, OHA, Housing and ODA. This may tie-in to biomass.
- Clean diesel – There is an understanding that a legislatively-created workgroup will be created in the near future with a high likelihood for a legislative concept in 2017 sponsored by legislators or stakeholders. There is a linkage to DEQ's air toxics benchmark review which is underway.
- Climate Change / emissions (carbon tax, life cycle, ZEVs) – Legislators are showing interest in introducing one or more bills in 2016 and depending on the outcome, perhaps more bills in 2017. It is highly likely DEQ will have significant responsibilities related to this potential legislation. There is a likely tie-in to biomass.
- Placer Mining (suction dredge) – Senator Alan Bates, Ashland, is planning to sponsor legislation in 2016 that places DEQ in charge of issuing all federal / state permits for in-water motorized placer mining. There is a coordinated effort with DSL, DOGAMI and the Governor's Office.
- Onsite loan program – there were extensive 2015 legislative discussions over SB 246, which would have created this program. DEQ is working with Senator Arnie Roblan, Coos Bay, and stakeholders in anticipation of a similar bill in 2016 or 2017.
- Clean Water Partnership – this coordinated effort is being lead by the Governor's Natural Resource Office and includes OWEB, WRD, ODA, ODF, ODFW and DEQ. The work is continuing during this biennium. DEQ did not receive any POPs for this work in 2015. It is unclear if there will be a request for 2017