

15-17 BUDGET REVIEW



History of Operating Budget Authorities

Total Funds -- in Millions
(general fund, water quality, toxics...not federal authorities)



Associated detail

- NRCS Federal Spending Authority @ \$1.301m
- Toxics Account @ \$1.0m
- VSP Federal Spending Authority @ \$1.0m

	Annual FTEs FY1	Annual FTEs FY2	General Fund Fund State FY1	General Fund Fund State FY2	Other Funds FY1	Other Funds FY2	TOTAL FUNDS FY1	TOTAL FUNDS FY2
13-15 Enacted Budget	17.1	17.1	6,841	6,738	1,650	1,651	8,491	8,389
	-2.8%	3.0%	0.8%	4.9%	153.8%	153.6%	14.2%	18.6%
14 Supplemental								
Workers Comp Changes			1	1			1	1
DES Central Services			(2)				(2)	
Central Services Fiscal Year Split			(21)	21			(21)	21
Total Maintenance Level	17.1	17.1	6,819	6,760	1,650	1,651	8,469	8,411
			-0.3%	0.3%			-0.3%	0.3%
AG Legal Services				1				1
DES Central Services				-21				-21
State Employee Health Insurance				-32				-32
Ag Landonwers Groundwater Quality						50		50
Subtotal Performance Level								
Total Enacted Budget 6/30/14	17.1	17.1	6,819	6,708	1,650	1,701	8,469	8,409
			-0.3%	-0.4%		3.0%	-0.3%	0.2%
15-17 Carry Forward Level								
Biennialize VSP State Support			(54)				(54)	
Remove Ag Lndowner Groundwater						(50)		(50)
Efficiency Reductions			(37)	(37)			(37)	(37)
AG Legal Services			1				1	
DES Central Services			(19)				(19)	
Biennialize Step M			2				2	
Biennialize Employee PEBB Rate			31	68			31	68
Total 15-17 Maintenance Level	17.1	17.1	6,743	6,739	1,650	1,651	8,393	8,390
			-1.1%	0.5%		-2.9%	-0.9%	-0.2%

Total General Fund \$13.482m

OFM directed 15% Reduction Action

- Total general fund for 15-17 is \$13.482m
- 15% Reduction
FY1 = \$1,011,450
FY2 = \$1,010,850
- 15-17 Biennium Total Reduction of: \$2,022,300
- SCC evaluated the budget and allocations and developed 3 scenarios.
- These scenarios were sent to conservation districts on June 30th asking for each board to prioritize the provided scenarios.
- Responses were due by August 7th.
- SCC must submit a budget package describing how it intends to take the reduction.

Breakdown of Reduction Scenarios

General Fund State Fund Allocation Per Fiscal Year

WSCC Operations & Issued Contracts	18 FTE	2,239,246
Funding to Districts		4,503,754

-1,011,450 **Total Reduction Needed**
 -250,000 **SCC non district programmatic**
 -761,450 **Remaining to cut through SCC or conservation districts**

Distribution of the \$761,450 reduction	Scenario #1*	Scenario #2*	Scenario #3*
SCC Contracts	10%	16.46%	30%
Conservation district funds	17.75%	16.46%	13.81%

*percentages based upon \$761,450

	FY 15	Scenario #1		Scenario #2		Scenario #3	
		10% SCC / 17.75% Districts	76,174	16.46% Reduction / ALL	126,299	30% SCC / 13.81% Districts	228,440
SCC Contracts	1,989,246	1,913,072	76,174	1,862,947	126,299	1,760,806	228,440
SCC Program Cuts	250,000	-	250,000	-	250,000	-	250,000
Engineering Grants	645,000	645,000	-	645,000	-	645,000	-
Adams	97,229	79,962	17,267	81,225	16,004	83,799	13,430
Asotin	84,866	69,795	15,071	70,897	13,969	73,143	11,723
Benton	79,625	65,484	14,141	66,519	13,106	68,626	10,999
C Klick	66,033	54,306	11,727	55,164	10,869	56,912	9,121
Cascadia	90,274	74,242	16,032	75,415	14,859	77,804	12,470
Clallam	127,156	104,574	22,582	106,226	20,930	109,592	17,564
Clark	79,625	65,484	14,141	66,519	13,106	68,626	10,999
Columbia	79,625	65,484	14,141	66,519	13,106	68,626	10,999
Cowlitz	86,326	70,995	15,331	72,117	14,209	74,402	11,924
E Klick	61,663	50,712	10,951	51,513	10,150	53,145	8,518
Ferry	79,625	65,484	14,141	66,519	13,106	68,626	10,999
Foster Creek	67,125	55,204	11,921	56,076	11,049	57,853	9,272
Franklin	79,625	65,484	14,141	66,519	13,106	68,626	10,999
Grant	179,825	147,890	31,935	150,226	29,599	154,986	24,839
Grays Harbor	79,625	65,484	14,141	66,519	13,106	68,626	10,999
Island	86,092	70,803	15,289	71,921	14,171	74,200	11,892
Whitman	60,875	50,064	10,811	50,855	10,020	52,466	8,409
Total	6,743,000	5,731,550	1,011,450	5,731,550	1,011,450	5,731,550	1,011,450

Each Scenario described contains the same risks. What will be different, are the degrees of impact.

SCC work at risk: Depending on the scenario, up to 3 FTE from SCC, and reducing or cutting contracts for WADE, Envirothon, WACD, Technical Employee Certification program, and AgForestry Education.

Programmatic impacts would result in reductions to non-district programmatic activities, i.e. administration, finance, policy, regional managers, and farmland preservation. Potentially cutting up to three FTEs will require eliminating issue involvements, travel, meeting participation, and covering meeting costs for sessions for the 20-21 meetings, and overall services to districts.

Contractual cuts will impact the services and opportunities for conservation districts and other partners, preventing the coordination of issues and direct assistance. The funding for WADE, Envirothon, WACD, and the Technical Employee's contracts provide direct services for training of staff and supervisors to ensure compliance with 89.08 and additional statutes and rules. Districts would be required to find alternate methods of funding WADE training, Envirothon competitions, supporting the Technical Employees Certification program, and WACD's Annual Meeting and directory. And the AgForestry Education MOU would need to be amended and further SCC staff support of the program would be reduced or eliminated.

Results

Results of Conservation District Survey on 15% Reduction and its application

	S1	S2	S3
	10% SCC / 17.75% CD	16.46% All	30% SCC / 13.81% CD
	1	2	3
	1	2	3
	1	2	3
	3	1	2
	3	1	2
	3	2	1
	1	2	3
	1		
	1	2	3
	3	1	2
	2	1	3
			1
			1
	1	2	3
	3	1	2
		1	
		1	1
	3	1	2
	3	1	2
	2	3	1
Supervisor	2	1	3
Manager	1		

- District Board: not enough understanding of budget to make recommendation
- District A + option: entire reduction on either party
- District B + option: consider district reduction based upon amount received. Similar to budget ask - under \$100k / over \$100k
- District C: absorb all at SCC in reducing non-statutory and non-regulatory activities
- District D + option: S3 with different % of reduction based upon district award size.

Recap	1 Rank	2 Rank	3 Rank
Scenario 1	8	3	7
Scenario 2	10	7	1
Scenario 3	5	6	8
Recap w/o Sup. & Man.			
Scenario 1	7	2	7
Scenario 2	9	7	1
Scenario 3	5	6	7

Based on data review: Scenario 2 @ 16.46% for both SCC & Conservation Districts
 2nd: Scenario 1 @ 10% SCC & 17.75% Conservation Districts

Not including Sup & Man. : Scenario 2 @ 16.46% for both SCC & Conservation Districts
 2nd: Scenario 1 @ 10% SCC & 17.75% Conservation Districts

Role of Commissioners

- Through a motion, determine how to account for the reduction so SCC staff can write the appropriate budget reduction package, followed by a budget buyback package in the same amount.
- Scenario 1 – 10% SCC & 17.75% CDs
- Scenario 2 – 16.46% for both SCC & CDs
- Scenario 3 – 30% SCC & 13.81% CDs

Operating Budget 13-15 Recap

State Conservation Commission Budget Submittals

13-15 Submittal	Requested Amount	Funded
PL02 Conservation System Investment for Results	19,993,000	1,000,000 from Toxics
PL03 Engineering Project Design & Execution	4,402,000	-
PL04 Functional & Operations Management	775,000	-
PL05 VSP	2,429,000	546,000 from GFS + 1m fed authority
PL06 State Match to NRCS	1,000,000 gfs + 2,000,000 fed auth.	
PL07 CREP riparian contract funding	2,231,000	Fully funded in Capital
PL08 Conservation Practice Data System CPDS	138,000	-
	Request Total 30,968,000 gfs + 2,000,000 fed auth	

- SCC Members are required to prioritize the budget packages to be submitted.
- This prioritization occurs separately for the operating submittal and the capital submittal.
- Operating budgets have a “maintenance level”
- Capital budgets are “zero-based”

15-17 Operating Budget Considerations

- For 15-17 Budget, SCC involved conservation districts in the drafting of the applications and side-boards of the request.
- Resulting action included:
 - Form 1 – general operating increase
 - Form 2 – engineering increase
 - Form 3 – unfunded high priority work

Please note these particular line numbers, they will assist in your prioritization efforts.

15-17 Budget Submittal Consideration		GFS maintenance level \$13,482,000
Reference	15-17 Package Review (identified by line #)	\$ Value
Operations	(1) 15% Buyback (request)	2,022,300
	(2) Section 714 Agency Efficiency Buyback	74,000
Form 1 15/25% based upon </> \$83,612	(3) Implementation Funds for conservation districts	1,590,032
Form 2 15% over base funding	(4) Form 2 – Engineering basic \$	270,000
	(5) District Technical Training Certification Program	200,000
	(6) Subtotal of lines 3-5 (15.27%)	2,060,032
	(7) Subtotal of lines 1-5	4,156,332
Form 3 Submittals By Topic Area – total of Priority 1-3 for each. No dollar value limits applied in Form	(8) Noxious Weed	1,600,000
	(9) Air Quality	1,100,000
	(10) Irrigation Water Management	1,100,000
	(11) Focused Area Planning (area emphasis technical asst.)	3,800,000
	(12) Monitoring	500,000
	(13) Nutrient Management	4,400,000
	(14) Riparian Non –CREP	2,100,000
	(15) Soil Erosion	3,200,000
	(16) Operations & Compliance (administration, equipment, training)	900,000
	(17) Forest Health – Fire Prevention – Defensible Space*	3,000,000
(18) Stormwater*	1,000,000	
	(19) Subtotal of lines 8-18	19,400,000

SCC has reached out to district staff submitting Form 3 funding requests and have asked them to assist in writing the information for the individual topic areas. We are quite pleased with the result of the engagement this has created.

Capital Budget 13-15 Recap

SCC Capital Budget Submittals

13-15 Submittal

Zero-based

Priority	Package Title	Request	\$ Funded
1	CREP Riparian Cost Share	2,590,000	2,590,000
2	Natural Resources Investment	33,000,000	Shellfish \$4,500,000 Water Quality \$4,500,000 Federal Authority \$1,000,000
3	CREP Pip Loan	180,000	180,000
4	CREP Reapprop	877,000	877,000
	CREP from Operating		2,231,000
	Totals	36,647,000	14,878,000

- CREP was fully funded
- The \$9m for shellfish and water quality projects was issued to projects identified in the CPDS and which met the criteria.
- This funding is to be fully expended by June 30, 2015.

15-17 Capital Budget Considerations

- Districts were to enter projects into CPDS by August 14th and identify particular resource issue to be addressed, i.e. water, air, soil.
- Actual data pull not yet completed.
- Reminder – capital budget is a zero-based process.
- The numbers identified below are based upon estimates and past evaluations for shellfish and water quality.
- Listed is a small amount for reappropriation circumstances.
- Consider moving lines 11 & 12 from operating to capital budget

Please note these particular line numbers, they will assist in your prioritization efforts.

unanticipated

15-17 Request			Zero-based
Package Title	\$ Request Reappropriation	\$ Request New	Subtotals of New
(1) Reappropriation Shellfish			
(2) New Shellfish Impacted Areas	800,000	8,000,000	8,000,000
(3) Reappropriation Non Shellfish/Water Quality			
(4) Resource Impacted Project Improvements, including water quality	500,000	8,000,000	16,000,000
(5) Reappropriation CREP State Share – <i>feds 90%, State 10%</i>			
(6) New CREP State Share – <i>feds 90%, State 10%</i>	850,000	5,000,000	21,000,000
(7) Reapprop CREP PIP Loans			
(8) NEW CREP PiP Loans	90,000	180,000	21,180,000
(9) VSP		7,000,000	28,180,000
(10) Disaster Funding		4,000,000	32,180,000
(11) Forest Health and Prevention*		3,076,835	35,256,835
(12) Stormwater / LID*		1,082,000	36,338,835

*Consider moving from Operating budget to Capital budget

Actions

1. Review 15% reduction and determine appropriate scenario.
2. Review operating budget requests, determine the appropriate size of the total request.
3. Prioritize operating requests in order of importance.
4. Review capital budget requests, determine the appropriate size of the total request.
5. Prioritize capital requests in order of importance.
(Reappropriation requests must be included in the prioritization.)
6. Evaluate and determine if an additional meeting is necessary to fully review the detail and narratives behind each item identified for inclusion.
 - a. If such a meeting was to occur, it would need to be during the week of September 2-5 to allow SCC staff enough time to complete the writing and any edits necessary.
7. Submit final budget request to OFM with required notebooks and attachments by Friday, September 12.

QUESTIONS?