

Oregon Watershed Enhancement Board					
	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	--	190,000	190,000	--	--
Lottery Funds	62,490,494	74,415,091	79,589,460	82,674,272	84,173,659
Other Funds	2,709,180	3,009,486	3,009,486	1,670,646	5,570,646
Federal Funds	24,324,998	41,671,381	41,759,143	28,044,683	58,710,763
Total Funds	89,524,672	119,285,958	124,548,089	112,389,601	148,455,068
Positions	35	33	33	31	36
FTE	34.25	33.00	33.00	31.00	35.88
* Includes Emergency Board and administrative actions through December 2018.					

Program Description

OWEB was established in 1999 by the legislation implementing Ballot Measure 66, which established the framework for the full allocation of the measure's constitutionally dedicated lottery revenue. Ballot Measure 66, passed by the voters in November 1998, amended the Oregon Constitution to dedicate 15% of net lottery proceeds to be split between state parks and salmon, watershed, and habitat restoration. Ballot Measure 66 was replaced by Ballot Measure 76, which passed in November 2010, and reauthorized the dedication of 15% of net lottery proceeds to state parks (7.5%) and fish, wildlife, and habitat conservation (7.5%). The Ballot Measure 76 reauthorization changed the way the dedicated Lottery Funds could be spent. Previously, Lottery revenues were divided into two parts, 65% for capital expenditures and 35% for operations expenditures and state agencies were eligible to receive Lottery Funds from either category. Under Ballot Measure 76, 65% is now restricted to grants for non-state agencies. Only the 35% for operations can be used to directly support state agency programs.

OWEB is designated as the single state agency charged with administration of the salmon and watershed portion of the dedicated lottery revenues required under the state constitution. OWEB consists of 11 voting members, including five voting members from state natural resource agency boards and commissions and six public members appointed by the Governor and confirmed by the Senate. OWEB distributes funding for projects, offers technical assistance on grant proposals, and coordinates with other state natural resource agencies.

CSL Summary and Issues

Operations - The current M76 Operations projected revenue for 2019-21 is sufficient to fully fund all agency M76 Ops CSL as of the September 2018 Lottery forecast. As of the September 2018 Revenue Forecast there is an estimated \$4.7 million beginning balance in M76 Ops from higher than anticipated revenues during the 2017-19 biennium.

Grants - Based on the September 2019 lottery forecast, there will be \$69.2 million in new revenue dedicated to grants in the 2019-21 biennium. In addition, there is approximately \$4.6 million in additional funding available due to higher than forecasted collections during the 2017-19 biennium.

Oregon Agricultural Heritage Program (OAHP) - HB 3249 (2017) established the Oregon Agricultural Heritage Commission and the Oregon Agricultural Heritage Fund. OAHP is designed to establish grant programs and other tools to benefit owners of working land for succession planning, conservation management planning, covenants and easements. \$190,000 General Fund was appropriated to OWEB, on a one-time basis, to staff the commission and setup the grants program. There was no money for making grants included in the bill or in the legislatively adopted budget for 2017-19. This \$190,000 General Fund was phased-out and is not included in 2019-21 CSL.

Policy Issues

Septic System Loans - Programs to provide loans for individuals to address failing septic systems have been funded on a one-time basis the last two biennia through General Fund appropriations to the Department of Environmental Quality (DEQ), with \$1.5 million provided in 2017-19. During the interim OWEB worked with the third-party entity operating the program on behalf of DEQ to explore other funding options for these loans. OWEB is proposing to apply for Other Funds from DEQ's Clean Water State Revolving Fund (only governmental entities are eligible to apply) that would then be passed on to the third-party entity to make low interest loans to homeowners for septic system repairs.

Other Significant Issues and Background

Oregon Agricultural Heritage Program (OAHP) - OWEB is requesting \$9,250,000 General Fund to fully implement the grant program envisioned in HB 3249. Of this amount, \$667,167 General Fund would be used to pay for administering this new program, including 3 new positions (2.50 FTE). The remainder of the funding would be available for making grants.

OWEB is also requesting funding (\$195,000 M76 Lottery Funds and \$266,000 Federal Funds) to continue two limited duration positions. The federally funding position is requested to be made permanent. In addition, OWEB is requesting \$450,000 M76 Lottery Funds to establish two limited duration positions to work on the Focused Investment Partnerships and continue work on their online grant management systems and \$375,000 M76 Lottery Funds for contracted services. \$325,000 Lottery Funds for personal services contract to assist with conservation policy and strategy coordination.

Governor's Budget - While the Governor's Budget funded almost all OWEB requests, no funding was provided for OAHP. In addition, \$183,000 Lottery Funds was added to fund a full-time Internal Auditor position not included in ARB. OWEB was one of the agencies identified in the audit on internal auditors as meeting the criteria in DAS rules for having an internal audit position due to the size of the budget. Almost all OWEB project grants are paid on a reimbursable basis after documentation is provided by grantees.