

SB 5539 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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**Department of State Lands
2021-23**

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 61,261,239	\$ 40,621,333	\$ 50,918,850	\$ (10,342,389)	-16.9%
Other Funds Cap Improve	\$ 526,420	\$ 549,056	\$ 549,056	\$ 22,636	4.3%
Other Funds Nonlimited	\$ 14,627,890	\$ 10,627,890	\$ 7,727,890	\$ (6,900,000)	-47.2%
Federal Funds Limited	\$ 3,065,168	\$ 2,108,955	\$ 2,933,955	\$ (131,213)	-4.3%
Total	\$ 79,480,717	\$ 53,907,234	\$ 62,129,751	\$ (17,350,966)	-21.8%

Position Summary

Authorized Positions	115	109	104	-11
Full-time Equivalent (FTE) positions	112.63	107.50	102.50	-10.13

⁽¹⁾ Includes adjustments through January 2021

Summary of Revenue Changes

The Department of State Lands (DSL) relies primarily on Other Funds revenues to support its budget. The Department obtains Other Funds revenues from two sources: operations and investment income. Operations generates revenue from the sale of timber, lease rentals and royalties, periodic land sales, permit fees, unclaimed property, donations, and publications. Investment income comes from interest and capital gains earnings from the Common School Fund (CSF). The Department also receives Federal Funds through grants and support for the South Slough National Estuarine Research Reserve.

Summary of Natural Resources Subcommittee Action

Department of State Lands generates revenue for the CSF through the management of state-owned lands and investment activities. The Department also provides administrative support to the State Land Board, which is comprised of the Governor, the Treasurer, and the Secretary of State. The Department implements the policies of the State Land Board in management of the CSF and its assets.

The Subcommittee recommended a total funds budget of \$62,129,751 with 104 positions (102.50 FTE). The total funds budget is a 21.8% decrease from the 2019-21 legislatively approved budget and a 15.3% increase from the 2019-21 current service level. The approved budget continues service levels and includes funding for Portland Harbor Superfund Site legal costs, historically filled lands work, and the Elliott Forest

projects. Additionally, the approved budget carries forward federal grant funding, which will not be entirely spent by the end of the 2019-21 biennium.

Common School Fund

The Common School Fund (CSF) program includes the Director's Office, Wetlands and Waterways, Land Management, and Finance and Administration. These units manage land (including rangeland), lease minerals and waterways, issue removal-fill permits, develop policies and rules, provide technical information, and promote protection and enhancement of Oregon's wetlands. The CSF program also includes the revenue transfer of the CSF distribution for school support. The Subcommittee recommended a total funds budget of \$48,702,904 and 86 positions (85.00 FTE).

The Subcommittee recommended the following packages:

Package 087, August 2020 Special Session. This package carries-forward permanent, ongoing adjustments to the Department's budget authorized by the Legislature during the 2nd special session of 2020. Section 90 of Senate Bill 5723 (Chapter 9, Oregon Laws 2020) eliminated an Executive Support Specialist position and reclassified upward nine other positions. Section 89 of the measure established a permanent, full-time natural resource specialist position for the Department to provide enforcement activities related to abandoned and derelict vessels and camping on state owned lands and waterways. These legislatively approved actions were not captured in the Department's current service level budget. This package provides for the biennialized costs of those actions in the 2021-23 biennium.

Package 099, Microsoft 365 Consolidation. This package reduces separately budgeted expenditures for software licensing related to Microsoft 365 that will be billed through Department of Administrative Services state government service charges in the upcoming biennium.

Package 101, Portland Harbor Clean Up – Defense Expenses. This package funds ongoing protection of the state's interests in the cost allocation and natural resource damage assessment work for the Portland Harbor Superfund Site cleanup. The package includes 2021-23 biennium expenditure authority for anticipated Department of Justice legal expenses to defend the state's interests specifically connected to the State Land Board's jurisdiction and authorities. The package funds the continuation of a limited duration Natural Resource Specialist 4 Project Coordinator position (1.00 FTE) funded in the past two biennia. The package also authorizes the establishment of a second limited duration position to share in the workload of the permitting and authorization process involved with various projects funded through the Portland Harbor Cleanup Fund and provides for professional services contract work for environmental consulting and remediation project design development. The personal services and associated operational expenses for the positions total \$485,190. The remaining cost of the package is for estimated Attorney General costs of \$3.0 million and \$4.5 million in professional services contracts.

Package 103, Trust Property Transfer (POP A). This package is one of two packages affecting the budgetary changes resultant from Senate Bill 454 (2019) which authorized the transfer of the administration of Oregon's Uniform Disposition of Unclaimed Property Act, unclaimed estates,

and escheating funds from DSL to the Oregon State Treasury. Fourteen program specific positions (14.00 FTE) are included in the transfer and therefore eliminated in the DSL budget. The expenditure authority for an additional 12 fractional positions (3.00 FTE) is also eliminated. This funding represents a portion of the cost for those authorized positions that provided program support or a supervisory function to the unclaimed property program.

Package 104, Trust Property Reconciliation (POP B). This package is the companion to Package 103. This package restores expenditure authority for that portion of the 12 fractional positions (3.00 FTE) eliminated in Package 103, relating to the transfer of the unclaimed property and escheated estates program to the Oregon State Treasury. The portion of the positions being restored in this package had previously provided administrative support or supervisory functions for the unclaimed property program as a fraction of their overall duties. The Department's intent is to reallocate that work to other agency programs. Although budgeted in the same budgetary subdivision as the transferred unclaimed property program, the restored expenditures will be accounted for from other programs.

Package 105, Workload. This package enables the Department to self-fund six positions to expand staffing capacity in the wetlands program, the land management program, and administration. These six positions were established as limited duration positions during the prior biennium to address potential agency improvements in providing community engagement, rulemaking and recordkeeping, legislative support, local planning and development, and land management. To fund the positions on an ongoing, permanent basis, the package includes unspecified reductions in the services and supplies expenditure categories equal to the \$1.3 million in additional personal services expenditures for the positions.

Package 106, LAS Replacement. For the past two biennia, DSL has been working on a project to replace the systems that make up the Lands Administration System. The current system was initially deployed in 1999 and the foundational technologies that underpin the current system are no longer supported. The Department received Stage Gate 1 endorsement from the State CIO in July 2018, to continue the planning phase for the project. The Agency has struggled with managing their IT resources and during the prior biennium, the internal project management position was eliminated in favor of a contracted position. Additionally, the Department was required to conduct a comprehensive assessment of the Department's information technology-related operations in conjunction with the Office of the State Chief Information Officer (OSCIO). That assessment was completed, and the agency reported the findings to the Joint Legislative Committee on Information Management and Technology during the 2020 legislative session. This package provides for the 2021-23 biennial costs of the quality assurance and project management contracts related to the project; estimated to be \$1.1 million.

Package 107, Database Administrator. This package establishes a permanent, full-time, high-level Information Technologies position (ISS8) to act as a data architect for the Department. The position will work to create a standard common business vocabulary for data management, develop strategic data requirements, develop high-level integrated data designs to meet these requirements, and provide data strategies that align to the related business processes. This position will provide significant structural support for the Lands Administration System replacement project.

Package 108, Common School Forestlands Mgmt & Fire Protection. This package includes \$2.0 million Other Funds expenditure limitation in the 2021-23 biennium for costs related to the management of the Elliott State Forest. The majority of the funding supports a maintenance management contract. The management contract includes three primary tasks including: maintaining road systems for safe public access, reforestation as required under the Oregon Forest Practices Act, and general property administration.

Package 112, EPA Grant Carry Forward. This package re-establishes Federal Funds expenditure authority provided in the prior biennium for the expenditure of federal grant funds from the U.S. Environmental Protection Agency (EPA) related to wetlands management programs not fully expended during the prior biennium.

Portland Harbor Cleanup

The Oregon Department of State Lands has been identified by the United States Environmental Protection Agency (EPA) as a Potentially Responsible Party (PRP) for costs associated with the investigation and cleanup of sediment contamination in the Portland Harbor, a 10-mile stretch of the lower Willamette River area listed as a Superfund site. This program area supports the state's response to the EPA's 2018 demand for commitments for cleanup. The Subcommittee recommended a total funds budget of \$5,249,000.

Package 102, Portland Harbor Clean Up. The package provides \$5,249,000 Other Funds expenditure authority from the Portland Harbor Cleanup Fund during the 2021-23 biennium. A portion of the funding is for ongoing projects initiated in the 2019-21 biennium that are anticipated to continue into the 2021-23 biennium including remedial design work in three areas that were outside of the areas covered by the joint City of Portland and State of Oregon remedial design funding agreement with the EPA. Additional ongoing projects include the development and implementation of informational management plans, data management plans, public outreach, and technical support contracts.

Submerged Lands

The Submerged Lands Enhancement Fund (SLEF), authorized by the Legislature in 2017, provides grants for projects that improve water quality, increase recreational access, protect habitat, or otherwise enhance Oregon's public waterways. SLEF provides a funding opportunity for communities to improve the health, safety, and accessibility of public waterways. Cities, counties, improvement districts, watershed councils, parks and recreation districts, port districts, nonprofit organizations, state agencies, and federally recognized tribal governments are eligible to apply for SLEF funding. Organizations receiving funds are required to contribute 25% in matched funding or through in-kind activities. The Subcommittee recommended a total funds budget of \$200,000.

Package 110, Submerged Lands Enhancement Fund. This package establishes a \$200,000 Other Funds expenditure limitation for the 2021-23 biennium from the Submerged Lands Enhancement Fund. Statute allows for DSL to deposit up to 20% of the monies collected by DSL for leases, easements, registrations, and other permissions for the use of state-owned submerged or submersible lands. The funds are granted to entities engaging in eligible activities including marine debris cleanup, abandoned and derelict vessel removal, and habitat and water quality enhancements.

Oregon Wetlands Revolving Fund

The Oregon Wetlands Revolving Fund program is a revolving fund and receives payments from removal fill applicants needing mitigation for their projects. The Fund provides resources to the State Land Board for investments in other wetland mitigation sites. The Subcommittee recommended a total funds budget of \$2,048,739 and 0.50 FTE.

South Slough National Estuarine Research Reserve

The South Slough National Estuarine Research Reserve (SSNERR) is a 4,800-acre natural research area encompassing a portion of the Coos estuary on the southern Oregon coast. The program operates an interpretive center and maintains nature trails for hikers and canoeists. It also conducts a variety of research, education, and stewardship programs. Its laboratory work is co-located with the Oregon Institute of Marine Biology in Charleston, which is operated by the University of Oregon. The state's portion of the Reserve is a CSF asset and its operating expenses are paid by CSF revenues and federal grant funds. The Subcommittee recommended a total funds budget of \$5,380,052 with 18 positions (17.00 FTE).

The Subcommittee recommended the following policy packages:

Package 087, August 2020 Special Session. This package carries-forward permanent ongoing adjustments to the Department's budget authorized by the Legislature during the 2nd special session of 2020. Section 90 of Senate Bill 5723 (Chapter 9, Oregon Laws 2020) eliminated an Executive Support Specialist position and reclassified upward nine other positions. Section 89 of the measure established a permanent, full-time natural resource specialist position for the Department to provide enforcement activities related to abandoned and derelict vessels and camping on state owned lands and waterways. These legislatively approved actions were not captured in the Department's current service level budget. This package provides for the biennialized costs of those actions in the 2021-23 biennium.

Package 111, NOAA – Grant Carry-Forward. This package re-establishes Federal Funds expenditure authority provided in the prior biennium for the expenditure of federal grant funds from the National Oceanic and Atmospheric Administration (NOAA) not fully expended during the prior biennium. Carrying-forward this funding allows SSNERR to complete multiple federally funded projects to extend over several biennium.

Package 801, LFO Analyst Adjustments. This package includes Federal Funds expenditure limitation of \$500,000 for the 2021-23 biennium to allow the Department to expend federal grant funds from NOAA, awarded under the Nation Estuarine Research Reserve System, Land

Acquisition and Construction Program. The funding will be available beginning July 1, 2021. The Department had received approval to apply for the funding at the February 10, 2021 meeting of the Interim Joint Committee on Ways and Means.

Capital Improvements

This program provides resources to manage and maintain landholdings and leases following an asset management plan. The funds for the Capital Improvements program come from CSF principal. The Subcommittee recommended a budget of \$549,056 Other Funds.

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of State Lands
 Linnea Wittekind - 971-900-9992

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ -	\$ -	\$ 61,787,659	\$ 14,627,890	\$ 3,065,168	\$ -	\$ 79,480,717	115	112.63
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ 41,170,389	\$ 10,627,890	\$ 2,108,955	\$ -	\$ 53,907,234	109	107.50
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - Common School Fund									
Package 087: August 2020 Special Session									
Personal Services	\$ -	\$ -	\$ 177,216	\$ -	\$ -	\$ -	\$ 177,216	0	0.00
Package 099: Microsoft 365 Consolidation									
Services and Supplies	\$ -	\$ -	\$ (81,121)	\$ -	\$ -	\$ -	\$ (81,121)		
Package 101: Portland Harbor Clean Up Defense									
Personal Services	\$ -	\$ -	\$ 476,827	\$ -	\$ -	\$ -	\$ 476,827	2	2.00
Services and Supplies	\$ -	\$ -	\$ 7,467,404	\$ -	\$ -	\$ -	\$ 7,467,404		
Package 103: Trust Property Transfer POP A									
Personal Services	\$ -	\$ -	\$ (3,569,341)	\$ -	\$ -	\$ -	\$ (3,569,341)	-14	-17.00
Services and Supplies	\$ -	\$ -	\$ (3,677,596)	\$ (2,900,000)	\$ -	\$ -	\$ (6,577,596)		
Special Payments	\$ -	\$ -	\$ (7,303)	\$ -	\$ -	\$ -	\$ (7,303)		
Package 104: Trust Property Reconciliation POP B									
Personal Services	\$ -	\$ -	\$ 670,443	\$ -	\$ -	\$ -	\$ 670,443	0	3.00
Package 105: Workload									
Personal Services	\$ -	\$ -	\$ 1,299,370	\$ -	\$ -	\$ -	\$ 1,299,370	6	6.00
Services and Supplies	\$ -	\$ -	\$ (1,299,370)	\$ -	\$ -	\$ -	\$ (1,299,370)		
Package 106: LAS Replacement									
Services and Supplies	\$ -	\$ -	\$ 1,100,000	\$ -	\$ -	\$ -	\$ 1,100,000		
Package 107: Database Administrator									
Personal Services	\$ -	\$ -	\$ 241,558	\$ -	\$ -	\$ -	\$ 241,558	1	1.00
Package 108: Common School Forestlands Mgmt & Fire									
Services and Supplies	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000		
Package 112: EPA Grant Carry Forward									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000		
SCR 011 - Portland Harbor Cleanup									
Package 102: Portland Harbor Clean Up									
Services and Supplies	\$ -	\$ -	\$ 5,249,000	\$ -	\$ -	\$ -	\$ 5,249,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 012 - Submerged Lands									
Package 110: Submerged Lands Enhancement Fund Services and Supplies	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000		
SCR 030 - South Slough National Estuarine									
Package 087: August 2020 Special Session Personal Services	\$ -	\$ -	\$ 50,430	\$ -	\$ -	\$ -	\$ 50,430	0	0.00
Package 111: NOAA Grant Carry Forward Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 175,000	\$ -	\$ 175,000		
Package 801: LFO Analyst Adjustment Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 10,297,517	\$ (2,900,000)	\$ 825,000	\$ -	\$ 8,222,517	-5	-5
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 51,467,906	\$ 7,727,890	\$ 2,933,955	\$ -	\$ 62,129,751	104	102.50
% Change from 2019-21 Leg Approved Budget	0.0%	0.0%	-16.7%	-47.2%	-4.3%	0.0%	-21.8%	-9.6%	-9.0%
% Change from 2021-23 Current Service Level	0.0%	0.0%	25.0%	-27.3%	39.1%	0.0%	15.3%	-4.6%	-4.7%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2021 - 2023 Key Performance Measures

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Agency: Lands, Department of State

Mission Statement:

The mission of the Department of State Lands is to ensure a legacy for Oregonians and their public schools through sound stewardship of lands, wetlands, waterways, unclaimed property, estates and the Common School Fund.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Increase in Deposits to the Common School Fund - Percent annual increase in amount of cash generated by agency activities deposited to the Common School Fund.		Approved	12.80%	10%	10%
2. Administrative and Operational Costs - Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non-forest lands.	a) Percentage of forest lands program revenue used for administrative and operational costs	Approved	136.70%	45%	45%
	b) Percentage of program revenue used for administrative and operational costs on all non-forest lands		52.98%	45%	45%
3. Increase in Revenues from Land Management Activities - Percent increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts from the prior year		Approved	8.19%	4%	4%
4. Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.		Approved	89%	95%	95%
5. No Net Loss of Wetlands - Change in wetland acreage due to all regulatory actions, including enforcements.		Approved		0	0
6. Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.		Approved	98	60	60
7. Annual Resolution of Removal-Fill Permit Non-Compliance - Percent of removal-fill permit non-compliance conditions that have a final resolution in place within 12 months from date non-compliance is determined.		Approved	100%	50%	50%
8. Annual Resolution of Removal - Fill Violations Related to Unauthorized Activities-Percent of removal-fill violations that have a final resolution in place within 12 months of receipt of a complaint generating determination of a violation.		Approved	62%	75%	75%
9. Agency Response Time to Wetland Delineation Reports - Average number of days for the agency initial review and response to a complete wetland delineation report.		Approved	63	60	60
10. Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.		Approved	17	22	22
11. Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.		Approved	55%	100%	100%
13. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved	85.30%	95%	95%
	Availability of Information		76.60%	95%	95%
	Accuracy		82.60%	95%	95%
	Helpfulness		79.10%	95%	95%

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
	Timeliness		75.30%	95%	95%
	Overall		79.50%	95%	95%
15. South Slough National Estuarine Research Reserve Operation Costs Leveraged. - Percent of SSNERR operations funded from sources other than CSF, including leverage from grants, fees, program revenues and gifts.		Approved	39%	30%	35%
16. South Slough National Estuarine Research Reserve Education Actions - Percentage of SSNERR education programs that use a structured assessment process surveys to provide information and decision support services responsive to audience needs.		Approved	100%	90%	90%
17. Best Practices - Percent of total best practices met by the Land Board.		Approved	93%	95%	95%
5. No Net Loss of Wetlands - Change in wetland acreage due to permit actions.		Legislatively Deleted	42	0	
12. Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.		Legislatively Deleted	32.80%	50%	

LFO Recommendation:

LFO recommends approval of the Key Performance Measures and targets as presented.

SubCommittee Action:

Approved the Key Performance Measures and targets as presented

PRELIMINARY