

Department of Fish and Wildlife

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	32,498,158	47,048,279	75,447,796	53,351,295	62,139,233
Lottery Funds	6,843,203	6,768,156	6,886,493	6,666,899	6,666,817
Other Funds	183,332,158	229,202,692	241,225,932	236,481,429	255,447,559
Federal Funds	116,670,691	159,336,429	163,721,470	162,853,100	171,661,660
Total Funds	339,344,210	442,355,556	487,281,691	459,352,723	495,915,269
Positions	1,348	1,364	1,386	1,355	1,354
FTE	1,152.15	1,169.47	1,180.05	1,166.44	1,168.05

* Includes Emergency Board and administrative actions through December 2022.

Program Description

The Oregon Department of Fish and Wildlife (ODFW), under direction of its seven-member Commission, manages the fish and wildlife resources of the state. The agency's mission is to "protect and enhance Oregon's fish and wildlife and their habitats for use and enjoyment by present and future generations." By law, the Department is charged with managing wildlife to prevent serious depletion of any indigenous species and with managing fish to provide the optimum economic, commercial, recreational, and aesthetic benefits. ODFW manages the state's fish and wildlife policies through four primary divisions: Fish, Wildlife, Habitat and Administrative Services. Enforcement of the state's fish and wildlife laws is provided by the Oregon State Police (OSP), Fish and Wildlife Division.

The Department's 2021-23 legislatively approved budget (LAB) includes revenue from General Fund (16%), Lottery Funds (1%), Other Funds (50%) and Federal Funds (33%). Other Fund revenues are derived from several sources. The two largest being the sales of hunting, angling and occupational licenses and tags; and indirect, or overhead charges associated with federal laws, agreements, and grants. However, there are a number of additional sources that provide smaller amounts of funding. Federal Funds are primarily received as a result of federal agreements and grants. ODFW receives, on average, \$25 million annually from the federal Wildlife and Sport Fish Restoration Fund (WSFR).

CSL Summary

The 2023-25 current service level (CSL) budget for ODFW totals just over \$459 million and supports 1,355 positions (1,166.44 FTE). This represents a decrease of \$27 million total funds, or 6%, from the Department's 2021-23 LAB. This reduction is due to the net impact of vacancy adjustments, inflation, and phase-outs related to one-time expenditures. The primary factor in the net reduction is the phase-out of \$35 million total funds; including \$25 million General Fund, nearly \$7 million Other Funds, and just over \$3 million Federal Funds expenditure limitation. The most significant phase-outs are provided below by program:

- Fish Division -
 - \$8 million General Fund received in the 2022 legislative session from HB 5202 as part of the drought resilience package.
 - \$5 million Other Funds expenditure limitation from HB 5006 (2021) related to the American Rescue Plan Act (ARPA) and Coronavirus State Fiscal Recovery Fund monies.
- Wildlife Division -
 - \$10 million General Fund for the Private Forest Accord Program approved in SB 1501 (2022).
 - \$1 million Other Funds expenditure limitation for the Oregon Conservation and Recreation Fund approved in HB 5202 (2022) supported with ARPA revenues.
 - \$5 million General Fund provided in HB 5202 (2022) as part of the statewide drought resiliency package.
- Habitat Division -
 - \$1 million General Fund approved in HB 5202 (2022) as part of the statewide drought resiliency package.

Exceptional inflation: ODFW contracts with OSP Fish and Wildlife Division for the enforcement of fish and wildlife regulations. The majority of these contracts cover staffing costs for enforcement personnel, which increases at a rate higher than standard inflation. ODFW was provided with \$139,087 General Fund and over \$1 million in Other Funds expenditure limitation for exceptional inflation to cover the contracts with OSP, Fish and Wildlife Division.

Revenue shortfall: Package 70 reduced over \$2 million Federal Funds expenditure limitation and 17 positions (12.84 FTE) due to federal contract changes, including Bonneville Power Administration program reductions. All positions were supported by 100% Federal Funds and have been abolished. Many of the positions were long-term vacancies.

Measure 76 Lottery Funds: The Oregon Constitution, Article 15, section 4b(2) dictates the percentage of lottery proceeds that shall be distributed as grants for fish and wildlife, watershed, and habitat protection, and that which may be used for agency operations. This percentage split for grants and operations is required to adjust from 65%/35% to 70%/30% when the proceeds deposited in the Parks and Natural Resources Fund exceed the amount deposited in the fund during the 2009-11 biennium by 50%. Based on recent revenue forecasts, this constitutional threshold is projected to be met in both the 2021-23 and the 2023-25 biennia. This effectively means at least a 5% reduction in available funding for agencies that use M76 funds for operational purposes, like ODFW. The result is that more funding must be made available as grants during the 2021-23 biennium than was originally allocated, and less funding will be available for agency operations in 2023-25, indicating the likelihood of a revenue shortfall at CSL. The state's M76 Lottery Fund grant program is implemented by the Oregon Watershed Enhancement Board (OWEB). Additional agencies that receive operational M76 Lottery Funds include ODFW, the Department of Environmental Quality, the Oregon Department of Agriculture and OSP. ODFW currently has nearly \$7 million Lottery Funds included for operations in their 2021-23 budget, and approximately 3% less included in the 2023-25 CSL (as shown in the table above). The amount of CSL shortfall is not yet known and will depend on the 2021-23 ending balances.

Policy Issues

Private Forest Accord: The Private Forest Accord (PFA) was adopted by the Oregon Legislature in 2022 to implement a negotiated agreement between the timber industry and conservation groups concerning private forestland practices and the protection of natural resources. Three bills passed to support implementation of the mediated agreement, including SB 1501, SB 1502, and HB 4055. Included in the Oregon Forest Practices Act (SB 1501) was the establishment of a 12-member Private Forest Accord Mitigation Advisory Committee and a Private Forest Accord Grant Program to fund projects designed to mitigate the impacts of forest practices on aquatic species and habitats covered by the Habitat Conservation Plan. The mitigation fund was created as a subaccount of the Oregon Conservation and Recreation Fund. An allocation of \$10 million General Fund was deposited in the PFA Mitigation Subaccount, and the Legislature established an annual deposit of \$2.5 million in timber harvest tax revenue. This annual deposit is slated to increase to \$5 million after the Oregon Department of Forestry receives an Incidental Take Permit from federal partners for the potential take of covered fish and wildlife species. With the establishment of this fund, ODFW was given authority to establish 15 new positions, along with administrative funds to support the program.

Future funding of the PFA Mitigation Subaccount will be an issue for consideration during the 2023 legislative session. The initial deposit of \$10 million General Fund was intended as a one-time deposit, with further funding discussion anticipated during the development of the Department's 2023-25 budget. The 2022 Private Forest Accord Report, designed to capture the details of the negotiated agreement, outlines the funding goals of the Mitigation Subaccount in chapter 12.2.3. This includes a state contribution of \$10 million per year, beginning January 1, 2023, and a private industry pledge of \$2.5 million per year, also beginning January 1, 2023, prior to issuance of the incidental take permit, and \$5 million per year after the permit issuance.

Federal Funding for Fish Programs: Federal funding for many of ODFW's fish programs has been decreasing or staying flat during the past few biennia, and this trend is expected to continue. No alternative funding sources are available to maintain the current service level of these programs. As a result, service will be reduced or discontinued if federal funding is not maintained, restored, or replaced with another revenue source. Federal funding supports ODFW's ability to monitor some populations, conduct research, protect or restore habitats, and produce hatchery fish. In turn, this effects the Department's ability to conserve wild fish populations and provide opportunity to commercial and recreational anglers. The majority of ODFW's Revenue Shortfall package is in the Fish Division, removing \$1.6 million Federal Funds expenditure limitation and 13 positions. In ODFW's current budget, 39% of staffing expenditures are supported by Federal Funds. When considering the agency's total Federal Funds used to support positions, over 74% is in the Fish Division. If federal revenues continue to decrease or stay flat while inflation for staffing drives expenditure increases, additional reductions will be necessary to balance the program. In an effort to maintain and bolster Fish Program service delivery, the Department is actively seeking approximately \$22 million in potential federal funding opportunities through the Infrastructure Investment and Jobs Act.

Wildlife Disease: Wildlife disease issues continue to be a major concern in Oregon, including zoonotic diseases, which are illnesses known to transmit between animals and people. Zoonotic diseases include variants of influenza and the coronavirus, among others. The Department

continues to actively engage in this issue. ODFW endeavors to keep current on the science related to transmission, and provide guidance to staff, researchers, and the public on appropriate wildlife handling and interaction.

Another wildlife disease of great concern is Chronic Wasting Disease (CWD). This illness is a fatal, neurological disease threatening North American cervids (deer, elk, moose, and other species of the family Cervidae). CWD is a transmissible spongiform encephalopathy (TSE) or “prion” disease that can remain persistently infective in the environment, including vegetation, leaving state and local wildlife management few options to mitigate the effects. CWD continues to spread across North America, likely through the natural movement of infected animals in migration, and through human activity, including moving infected animals, carcasses or materials. Over the past 50 years, CWD has been detected in 28 states and four provinces. Currently, this does not include Oregon, however CWD was confirmed in Idaho in November 2021. Wildlife disease issues such as this pose a serious concern, such that ODFW has made one of five focal issues in their Strategic Plan “Monitoring and Management of Invasive Species and Diseases”. In September 2022, the Emergency Board approved ODFW’s request to apply for a federal grant from the U.S. Department of Agriculture for response to CWD. They were subsequently awarded \$372,434 for detection and mitigation activities. This work will carry over into the 2023-25 biennium, and the Department will continue to seek additional grant funding opportunities to support their monitoring and mitigation efforts.

Oregon Conservation Strategy Implementation: The Oregon Conservation Strategy (Strategy) provides a blueprint for voluntary actions on private and public lands to conserve at-risk fish and wildlife species and their habitats. The Strategy identifies Conservation Opportunity Areas throughout Oregon, and details specific at-risk habitats and the species dependent upon them. Strategy implementation requires cooperative work by many partners to accomplish the overall goal of preventing new listings of at-risk species. The voluntary nature of the Strategy follows the successful outline of the Oregon Plan for Salmon and Watersheds by involving Oregonians at the grass roots level to cooperatively take action. ODFW has made significant progress integrating Strategy priorities into its planning, monitoring, grant delivery, and management programs. ODFW began implementing conservation projects in 2007 and will continue to do so in partnership with conservation groups, sportsmen, and the land management communities. During the 2023-25 biennium, ODFW will initiate the next ten-year revision to the Oregon Conservation Strategy. This will include review of available data, stakeholder and partner engagement, and analysis of threats and population status. Strategy implementation is contingent upon federal funding from State Wildlife Grants, as well as state matching funds.

Climate Impact: ODFW’s Climate and Ocean Change Policy provides consistent guidance on how the Department will incorporate information about the changing climate and ocean into all of its work. This includes ongoing tracking of the impacts on fish and wildlife populations, harvest, habitats, and markets.

- **Fish Division:** Changes to climate, impacting Oregon’s rivers, streams, and ocean, have posed increasing challenges to ODFW fish management for nearly two decades. Concern over increased freshwater temperatures has resulted in establishment of seasonal sanctuaries at the mouths of some Columbia River tributaries to protect wild steelhead utilizing these cooler areas. Additionally, ODFW has instated periodic angling restrictions during periods of high temperatures. Ocean acidification, hypoxia and related ocean

changes have impacted the economic productivity of Oregon’s oyster industry. More recently, ocean changes have been impacting the Dungeness crab fishery (e.g., toxicity from harmful algal bloom present in meat, larval survival), and marine fisheries (e.g., Pacific halibut availability has declined). Additionally, climate and ocean changes have been linked to major ecosystem shifts in the nearshore ocean, resulting in observations such as the loss of kelp beds and increased whale entanglements in fishing gear. Ocean change is already having profound impacts on the future of Oregon’s marine resources and our ability to harvest them.

- Wildlife Division Impacts: Mule deer are an iconic species in the west. Unfortunately, populations have been in decline across most western states. These declines can be traced to a combination of factors linked to the changing climate. These include habitat impacts such as diminishing forage, invasive species, fragmentation of habitats, water availability, wildfire management, and predation.
- Habitat Division: Water temperature, riparian conditions, and water quantity are limiting factors for many species of native fish and wildlife. Climate change is expected to increase water temperatures and change the amount of water available in many systems. Oregon is gearing up for rapid conversion to renewable energy, including solar and wind sources, which have well documented impacts on fish and wildlife habitat. The Habitat Division partners with the agencies permitting such activities, prioritizing habitats and landscapes for conservation and restoration.

The Department reports these changes, which were adopted by rule in 2020, have created an increased workload for existing staff and the need for new resources to address these complex issues.

Governor’s Budget Summary

The 2023-25 Governor’s Budget includes nearly \$496 million total funds, comprised of approximately \$62 million General Fund, \$7 million Lottery Funds, \$255 million Other Funds, \$172 million Federal Funds, and 1,354 positions (1,168.05 FTE). The total funds budget represents an increase of nearly \$37 million, or 8%, above CSL, and as a net result, reduces one position (1.61 FTE) from CSL. The Governor’s Budget recommends an increase of nearly \$9 million General Fund, holds Lottery Funds essentially flat, and increases Other Funds and Federal Funds expenditure limitation in the amounts of \$19 million and \$9 million, respectively. Some package highlights, including General Fund investments, reductions and adjustments follow:

- Packages 090, 091, 092, and 093 - Package 090 increased General Fund by \$1 million in the Fish Division for fish passage and barrier removal. Package 091 reduced long-term vacancies, increased the vacancy factor to 7.5%, and reduced contributions to the predatory animal, rabbit and rodent control fund, netting an agencywide reduction of \$2 million General Fund, \$0.2 million Other Funds expenditure limitation, and \$0.2 million Federal Funds expenditure limitation. Package 092 included a statewide adjustment to Attorney General rates, representing a nominal reduction across all fund types. Package 093 included a reduction of \$0.1 million General Fund, and \$0.1 million Other Funds expenditure limitation driven by adjustments to charges and assessments from the Department of Administrative Services.

- Package 105 - This package provides an additional \$10 million General Fund for deposit into the Private Forest Accord Mitigation subaccount and provides \$12 million Other Funds expenditure limitation for grant awards.
- Package 120 - This package continues five existing limited duration Biologist positions (5.00 FTE) as permanent positions, reflecting a five-year extension of the federal USDA Natural Resources Conservation Service Grant. The positions are supported with \$0.2 million General Fund and \$0.8 million Federal Funds expenditure limitation.
- Package 127 - This package provides \$0.5 million General Fund and \$0.1 million Other Funds expenditure limitation for debt service payments on \$5 million in XI-Q bond supported deferred maintenance projects (package 126).
- Packages 112, 122, 123, 125, and 128-132 - These packages are all supported by the Department's existing Other Funds and Federal Funds revenue sources. Collectively, they establish 12 positions (10.04 FTE) and provide approximately \$2 million Other Funds expenditure limitation and \$0.3 million Federal Funds expenditure limitation to:
 - Provide coordination for the OCRF, the Mule Deer program, the Culver Repair program with ODOT, and the Boardman-Hemmingway transmission line;
 - Support agency functions such as human resource needs for the new Habitat Division, website management, and federal contracts support; and
 - Provide a Coquille Valley Wildlife Biologist, as well as three seasonal positions to monitor winter steelhead as per the Rogue-South Coast Multi-Species Conservation Management Plan.
- Packages 121 and 124 - These packages are supported by Federal Funds revenue. Package 121 provides \$9.8 million Federal Funds expenditure limitation for the Phase II acquisition of the Minam River Wildlife Area. Federal funding has been provided by US Department of Agriculture, Forest Legacy Program. Package 124 continues an existing limited duration position into 2023-25 to provide salmon return forecasting.

Other Significant Issues and Background

Fish Hatcheries Update:

Leaburg: The Leaburg Hatchery is currently owned by the U.S. Army Corps of Engineers (USACE) and operated under lease by ODFW. Within the 2021-23 biennium, it was anticipated the USACE would offer to convey ownership of the property to ODFW when the lease expires. ODFW's 2021-23 budget bill, HB 5009, included a budget note instructing the Department to "report to the Legislature the method and conclusions around due diligence conducted by ODFW prior to taking ownership of the [Leaburg] hatchery". The Department provided this report during the 2022 legislative session where they outlined the status and briefly discussed some issues in need of resolution. Subsequently, some interested organizations asked for an update. Currently, the transfer of the hatchery remains on hold because of significant structural deficiencies with the Leaburg canal and the current closure of the nearby McKenzie hatchery. Both of these issues have substantial bearing on the operation and long-term sustainability of Leaburg hatchery and must be resolved prior to the State taking ownership. The Eugene Water and Electric Board has evaluated a range of options from full repair to removal of the canal. On December 6, 2022, EWEB staff recommended to the Board a permanent discontinuation of the Leaburg Hydroelectric Project and removal of the dam, with parts of the canal left open for stormwater conveyance. Board members generally supported the recommendation in the interest of

both financial and environmental stewardship. The proposed option comes with less risk than returning to at least partial service, staff said, and is millions of dollars cheaper than a full decommission. Major construction likely wouldn't start for at least a decade. This leaves the potential transfer of the hatchery on hold, and operating at status quo.

Rock Creek: Also included in the HB 5009 budget note for the agency was direction to “report to the Legislature on any analysis done around the rebuilding of Rock Creek Hatchery, including an analysis of statewide hatchery needs and best practices.” The Rock Creek Hatchery was burned in the 2020 Archie Creek fire. Most of the hatchery buildings, including the staff homes, were a complete loss. In ODFW's report presented during the 2022 legislative session, the agency briefly described the background and rebuilding options. They also touched on a climate vulnerability and resilience analysis initiated with six representative hatcheries (discussed below). Since then, the agency has provided additional, updated information. Like Leaburg, the Rock Creek progress is on hold. The required archeological survey and report was completed in July and the Department has entered the tribal consultation phase. ODFW met with the tribes in September 2022 and has since been meeting with them one-on-one at their request to address any questions or concerns. The Department is looking to develop four alternatives ranging from decommissioning to rebuilding. Once these alternatives are drafted and ready, ODFW will share them with the public and seek feedback to be sure nothing is missed in analysis. Depending on the outcome, staff may then make a recommendation to the Director.

Climate Vulnerability Assessment: In 2022 the Department contracted with Lynker consulting to complete an assessment of vulnerabilities and solutions at six state hatcheries. ODFW is in possession of draft reports for those facilities and is currently working with Lynker on a final risk assessment document. In 2023, the Department will be using the results of the Lynker assessment to develop the statewide needs list. ODFW estimates they will finalize this list in late 2023 but it may take longer due to staffing capacity challenges.

Key Performance Measures

A copy of the Oregon Department of Fish and Wildlife Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_ODFW_2022-09-26.pdf