

HB 5037 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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**Department of State Lands
2023-25**

PRELIMINARY

Budget Summary*

	2021-23 Legislatively Approved Budget ⁽¹⁾	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 123,060,000	\$ -	\$ -	\$ (123,060,000)	(100.0%)
Other Funds Limited	\$ 56,128,184	\$ 36,210,206	\$ 48,805,493	\$ (7,322,691)	(13.0%)
Other Funds Capital Improvements	\$ 549,056	\$ 572,116	\$ 572,116	\$ 23,060	4.2%
Other Funds Nonlimited	\$ 14,727,890	\$ 8,052,461	\$ 8,052,461	\$ (6,675,429)	(45.3%)
Federal Funds Limited	\$ 3,473,851	\$ 2,282,521	\$ 5,425,269	\$ 1,951,418	56.2%
Total	\$ 197,938,981	\$ 47,117,304	\$ 62,855,339	\$ (135,083,642)	(68.2%)

Position Summary

Authorized Positions	105	102	113	(8)
Full-time Equivalent (FTE) positions	103.38	100.50	110.78	(7.40)

⁽¹⁾ Includes adjustments through January 2023

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of State Lands (DSL) relies primarily on Other Funds revenues to support its budget through the management of state-owned lands and investment activities. The department obtains Other Funds revenues from operations, investment income and General Fund that was previously deposited into an Other Fund account. Operations generates revenue from the sale of timber, lease rentals and royalties, periodic land sales, permit fees, legacy unclaimed property, donations, and publications. Investment income comes from interest and capital gains earnings from the Common School Fund. The department also receives Federal Funds through grants, where most of the funding helps support the South Slough National Estuarine Research Reserve.

Summary of Natural Resources Subcommittee Action

DSL generates revenue for the Common School Fund and 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 Common School Fund and its assets.

The subcommittee recommended a total funds budget of \$62,855,339; which includes \$49,377,609 Other Funds expenditure limitation, \$5,425,269 Federal Funds expenditure limitation, \$8,052,461 Other Funds Nonlimited, and 113 positions (110.78 FTE). The total funds budget is a 68.2 percent decrease from the 2021-23 Legislatively Approved Budget and a 33.4 percent increase from the 2021-23 Current Service Level.

The decrease is attributed to the phase-out of one-time \$123,060,000 General Fund; of which a \$121,000,000 General Fund payment was made to the CSF to complete the financial decoupling of the Elliott Forest from the Common School Fund. The approved budget supports on-going and one-time programs and projects in the 2023-25 biennium. Funding is expected to support the Portland Harbor Superfund Site legal costs, historically filled lands work, completion of the department's new permitting and information system, continuing work on several federal grants, predominately for the South Slough National Estuarine Research Reserve, and the transition of the Elliott State Forest to the new Elliott State Research Forest Authority.

Common School Fund

The Common School Fund 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 program also includes the revenue transfer of the Common School Fund distribution for the State School Fund. The subcommittee recommended a total funds budget of \$48,919,584; which includes \$40,626,491 Other Funds expenditure limitation, \$240,632 Federal Funds expenditure limitation, \$8,052,461 Other Funds Nonlimited, and 93 positions (91.28 FTE).

The subcommittee recommended the following packages:

Package 101, Portland Harbor Superfund Site-Protect State. This package includes a one-time increase in Other Funds expenditure limitation of \$2,722,066 and authorizes one limited duration position (1.00 FTE). This package represents the anticipated Department of Justice legal expenses for defending the state's potential responsible party interests connected to the state's ownership and management of lands within the Portland Harbor Superfund site, related environmental consulting costs, and the department's support of this work.

Package 104, Stewardship of Waterways and Wetlands. This package increases Other Funds expenditure limitation by \$957,147 and authorizes the establishment of the following five positions (4.28 FTE):

- Two Natural Resource Specialist positions in the removal-fill program. One permanent, full-time position (0.76 FTE) to be responsible for ensuring permit conditions are met by performing onsite post-construction review, monitoring to ensure compliance with permit conditions, conducting mitigation report reviews, and other relative actions to ensure compliance. The second position converts an existing administratively created position from the 2021-23 biennium to an authorized permanent, full-time position (1.00 FTE) for the removal fill program.
- A permanent, full-time (1.00 FTE) Natural Resource Specialist position. This position had been originally authorized as limited duration during the 2021 Legislative Session in Policy Package 101. In practice, this position was used and will continue to function as a waterway permitting and compliance position in the Metro area with a working title of Metro Waterway coordinator.
- A permanent, full-time Waterway Compliance Specialist position (0.76 FTE).

- A limited duration Submerged Cable Specialist position (0.76 FTE) to lead DSL's undersea cable permitting processes as directed by House Bill 2603 (2021). This position is being extended into the 2023-25 biennium due to failed position recruitments.

Package 105, Using Data to Improve Svc & Accountability. This package increases Other Funds expenditure limitation by \$243,526 and establishes one permanent, full-time Business Analyst position (1.00 FTE). This position will support the implementation of the new permitting and information system. As the new permitting system moves from the planning to the implementation stage of the process, this position will transition to provide more generalized data analysis and decision support functions for the agency.

Package 106, Modern Permitting & Info System Project. This package provides one-time Other Funds expenditure limitation of \$4,011,699 and authorizes the establishment of one limited duration project management position (1.00 FTE) to complete the work on the new permitting and information system, known as the Oregon Water and Land Stewardship system. This new system will allow for an agency-facing management and reporting, as well as allowing the public to submit permit applications, submit and access project documents, and make payments of associated fees. DSL has been working on this project for three biennia, it will replace the 1999 Land Administration System, and is expected to be completed by June 2024.

Package 108, Elliott State Research Forest Transition. This package includes a one-time increase in Other Funds expenditure limitation of \$1,575,996 and establishes one limited duration Operation and Policy Analyst position (1.00 FTE). This position will serve as the transition coordinator through the handover of the operations of the Elliott State Forest to the Elliott State Research Forest Authority, as of January 1, 2024. \$1.2 million of this package will support fire patrol assessments and professional services contracts for maintenance activities, including maintaining the road system for safe public access, reforestation as required under the Oregon Forest Practices Act, and general property administration.

Package 109, EPA Grant Carry Forward. This package increases Federal Funds expenditure limitation by \$192,748, allowing DSL to complete work related to a U.S. Environmental Protection Agency (EPA) grant supporting database and document delivery systems for the Oregon Wetland GIS project. DSL applied for the grant funding through the EPA Wetland Program Development grant program and was awarded \$146,116 in January 2022, and received subsequent funding of \$100,000 in June of 2022. DSL is using the funding to prepare documents and datasets in coordination with the Lane Council of Governments, which will allow the agency to display wetland information on existing web-based mapping platforms. The project is anticipated to be completed by the end of March 2024.

Portland Harbor Cleanup

The Oregon Department of State Lands has been identified by the EPA as a Potentially Responsible Party 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 \$2,121,125 Other Funds budget. No positions or FTE are budgeted in this program.

The subcommittee recommended the following package:

Package 102, Portland Harbor Clean Up. This package includes one-time \$2,121,125 Other Funds expenditure limitation from the Portland Harbor Cleanup Fund. This package is the companion package to Package 101 and deals with specific Portland Harbor Superfund cleanup and remedial design projects. The expenditure limitation is for legal costs from the Oregon Department of Justice unrelated to the state's potentially responsible party interests in the site, contracted technical expertise, engineering, IT communication resources, land management and remedial design, and remediation work at the Swan Island Basin and Willamette Cove sub-project areas.

Submerged Lands

The Submerged Lands Enhancement Fund (SLEF), authorized by the Legislature in 2017, provides grants for projects improving water quality, increasing recreational access, protecting habitat, or otherwise enhancing 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 percent in matched funding or through in-kind activities. The subcommittee recommended a \$200,000 Other Funds budget.

The subcommittee recommended the following package:

Package 110, Community-Led Projects-Enhance Public Water. This package establishes a \$200,000 Other Funds expenditure limitation for the 2023-25 biennium from the SLEF. Statute allows for DSL to deposit up to 20 percent 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 \$2,181,141 Other Funds budget and 0.50 FTE.

Oregon Ocean Science Trust

The Oregon Ocean Science Trust (OOST) was established by the Oregon Legislature in 2013. OOST promotes and supports peer-reviewed, competitive research, and monitoring leading to increased knowledge and understanding of Oregon's ocean and coastal resources and blue carbon ecosystems. The subcommittee recommended a \$600,000 Other Funds budget.

The subcommittee recommended the following package:

Package 111, Ocean Science Research Grants Carry Forward. This package provides \$600,000 Other Funds expenditure limitation from the Oregon Ocean Science Fund established under ORS 196.567. This allows the agency to complete work funded in the 2022 Legislative Session for science and monitoring on nearshore keystone species including sea otters, nearshore marine ecosystems, kelp and eelgrass habitat, and sequestration of blue carbon.

South Slough National Estuarine Research Reserve

The South Slough National Estuarine Research Reserve (Reserve) manages nearly 7,000-acres of 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 Common School Fund asset and its operating expenses are paid by Common School Fund revenues and federal grant funds. The subcommittee recommended a total funds budget of \$8,261,373; which includes \$3,076,736 Other Funds expenditure limitation, \$5,184,637 Federal Funds expenditure limitation, and 20 positions (19.00 FTE).

The subcommittee recommended the following policy packages:

Package 090, Analyst Adjustment. This package increases Federal Funds expenditure limitation by \$200,000 for a National Oceanic and Atmospheric Agency (NOAA) capacity building grant awarded to the Reserve. The request to apply for the grant and Federal Funds expenditure limitation to expend the first \$100,000 of the total \$300,000 grant award was approved by the Emergency Board at its December 2022 meeting. This package allows the agency to expend the remaining grant proceeds in the 2023-25 biennium. The grant covers planning and due diligence work in partnership with the Wild Rivers Land Trust for two possible land acquisition projects adjacent to the South Slough Research Reserve to allow for future habitat and wetland restoration projects.

Package 107, Enhancing Visitor Experience-South Slough. This package increases Other Funds expenditure limitation by \$163,728, establishes one permanent, seasonal Park Ranger Assistant position (0.50 FTE), and converts an existing GIS Specialist position from part-time to full-time (0.50 FTE). The Park Ranger Assistant position will support enhanced maintenance of trails and public access points and the expanded GIS Specialist position will increase capacity for mapping, enhanced management of lands and waters with geographic information, and other essential GIS support for both the Reserve and other DSL programs.

Package 112, NOAA Grant Carry Forward. This package increases Federal Funds expenditure limitation by \$250,000 to complete the renovations of existing public restrooms, facilities, and exhibits at the Reserve. The funding was obtained by a NOAA grant award through the Land Acquisition and Construction program in the 2021-23 biennium.

Package 801, LFO Analyst Adjustments. This package increases Federal Funds expenditure limitation by \$2,500,000 and establishes one limited duration Natural Resource Specialist Technician position (1.00 FTE). The department received notification in March 2023 of a \$3,535,900 NOAA grant award. The grant is for the watershed enhancement ecological restoration work on the Wasson Creek Watershed. The work is anticipated to continue through March 2027. Permission to apply for the grant funding was provided by the December 2022 Emergency Board. The positions will assist with grant implementation, data collection and analysis, and reporting.

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 Common School Fund principal. The subcommittee recommended a budget of \$572,116 Other Funds.

Summary of Performance Measure Action

See attached Legislatively Adopted 2023-25 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of State Lands
Michelle Lisper – 971-283-6360

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2021-23 Legislatively Approved Budget at Jan 2023*	\$ 123,060,000	\$ -	\$ 56,677,240	\$ 14,727,890	\$ 3,473,851	\$ -	\$ 197,938,981	105	103.38
2023-25 Current Service Level (CSL)*	\$ -	\$ -	\$ 36,782,322	\$ 8,052,461	\$ 2,282,521	\$ -	\$ 47,117,304	102	100.50
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - Common School Fund									
Package 101: Portland Harbor Superfund Site-Protect State									
Personal Services	\$ -	\$ -	\$ 307,803	\$ -	\$ -	\$ -	\$ 307,803	1	1.00
Services and Supplies	\$ -	\$ -	\$ 2,414,263	\$ -	\$ -	\$ -	\$ 2,414,263		
Package 104: Stewardship of Waterways and Wetlands									
Personal Services	\$ -	\$ -	\$ 897,147	\$ -	\$ -	\$ -	\$ 897,147	5	4.28
Services and Supplies	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000		
Package 105: Using Data to Improve Svc & Accountability									
Personal Services	\$ -	\$ -	\$ 231,526	\$ -	\$ -	\$ -	\$ 231,526	1	1.00
Services and Supplies	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000		
Package 106: Modern Permitting & Info System Project									
Personal Services	\$ -	\$ -	\$ 231,526	\$ -	\$ -	\$ -	\$ 231,526	1	1.00
Services and Supplies	\$ -	\$ -	\$ 3,080,173	\$ -	\$ -	\$ -	\$ 3,080,173		
Capital Outlay	\$ -	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000		
Package 108: Elliott State Research Forest Transition									
Personal Services	\$ -	\$ -	\$ 348,164	\$ -	\$ -	\$ -	\$ 348,164	1	1.00
Services and Supplies	\$ -	\$ -	\$ 1,227,832	\$ -	\$ -	\$ -	\$ 1,227,832		
Package 109: EPA Grant Carry Forward									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 192,748	\$ -	\$ 192,748		
SCR 011 - Portland Harbor Cleanup									
Package 102: Portland Harbor Cleanup									
Services and Supplies	\$ -	\$ -	\$ 2,121,125	\$ -	\$ -	\$ -	\$ 2,121,125		
SCR 012 - Submerged Lands									
Package 110: Community-Led Projects-Enhance Public Water									
Services and Supplies	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000		
SCR 014 - Oregon Ocean Science Trust									
Package 111: Ocean Science Research Grants Carry Forward									
Services and Supplies	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 030 - South Slough National Estuarine									
Package 090: Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	200,000	\$ -	200,000	
Package 107: Enhancing Visitor Experience-South Slough									
Personal Services	\$ -	\$ -	163,728	\$ -	\$ -	\$ -	\$ -	163,728	1 1.00
Package 112: NOAA Grant Carry Forward									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	250,000	\$ -	250,000	
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	230,291	\$ -	230,291	1 1.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	2,269,709	\$ -	2,269,709	
TOTAL ADJUSTMENTS	\$ -	\$ -	12,595,287	\$ -	\$ -	3,142,748	\$ -	15,738,035	11 10.28
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	49,377,609	\$ 8,052,461	\$ 5,425,269	\$ -	\$ 62,855,339	113 110.78	
% Change from 2021-23 Leg Approved Budget	(100.0%)	0.0%	(12.9%)	(45.3%)	56.2%	0.0%	(68.2%)	7.6%	7.2%
% Change from 2023-25 Current Service Level	0.0%	0.0%	34.2%	0.0%	137.7%	0.0%	33.4%	10.8%	10.2%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2023 - 2025 Key Performance Measures

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Agency: Department of State Lands

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 2024	Target 2025
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	97.40%	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	113.90%	45%	45%
	b) Percentage of program revenue used for administrative and operational costs on all non-forest lands		65.38%	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	25.58%	3%	3%
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	-26	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	106	90	90
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	0%	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	67%	70%	70%
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	103	90	90
10. Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.		Approved	23	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	0%	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	86.30%	95%	95%
	Availability of Information		76.50%	95%	95%
	Accuracy		79.40%	95%	95%
	Helpfulness		80%	95%	95%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
	Timeliness		79.80%	95%	95%
	Overall		80%	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	47%	50%	50%
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%

LFO Recommendation:

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

SubCommittee Action:

Subcommittee approved the Key Performance Measures and targets as presented.

PRELIMINARY