

SB 5539 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Adam Crawford, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

**Oregon Watershed Enhancement Board
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	\$ 52,526,718	\$ -	\$ 24,160,344	\$ (28,366,374)	(54.0%)
Lottery Funds	\$ 9,306,301	\$ 9,132,354	\$ 9,228,766	\$ (77,535)	(0.8%)
Other Funds Limited	\$ 29,863,984	\$ 2,359,071	\$ 24,162,145	\$ (5,701,839)	(19.1%)
Federal Funds Limited	\$ 48,251,444	\$ 34,812,700	\$ 57,037,047	\$ 8,785,603	18.2%
Total	\$ 139,948,447	\$ 46,304,125	\$ 114,588,302	\$ (25,360,145)	(18.1%)

Position Summary

Authorized Positions	46	30	41	(5)
Full-time Equivalent (FTE) positions	42.57	30.00	40.75	(1.82)

⁽¹⁾ Includes adjustments through January 2023

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Watershed Enhancement Board (OWEB) is funded primarily with Measure 76 Lottery Funds and federal Pacific Coastal Salmon Recovery funds. OWEB also receives revenues from the sale of salmon license plates. Additionally, in the 2023-25 biennium, OWEB also has significant General Fund carryforward from the 2021-23 biennium.

Summary of Natural Resource Subcommittee Action

OWEB promotes and implements programs to restore, maintain, and enhance Oregon watersheds to protect the economic and social wellbeing of the state and its citizens. OWEB provides grants to restore and preserve local streams, rivers, wetlands, and natural habitat. Community members and landowners use scientific criteria to jointly decide what needs to be done to conserve and improve habitat in the places where they live. The Subcommittee recommended a total funds budget of \$220.5 million for OWEB, which included \$105.9 million Lottery Funds approved in Senate Bill 5540 (2023) and the remaining \$114.6 million total funds approved in Senate Bill 5539.

Operations

This program includes planning, coordination, assessment, implementation activities, monitoring activities, and education efforts. The Subcommittee recommended a total funds budget of \$15.6 million and 41 positions (40.75 FTE). This includes \$9.2 million in Lottery Funds. The Subcommittee recommended budget includes the following packages:

Package 100 Agency Reorganization - Capacity Building. This package increases Lottery Funds expenditure limitation by \$96,412 and Federal Funds expenditure limitation by \$6,253 to finance the reclassification of three existing positions to serve in managerial capacities to align program management and oversight with a sustainable structure. The Agency previously had only three management positions, including the director and deputy director.

Package 115 OAHP Continuity – Operations. This package increases Other Funds expenditure limitation by \$226,011 and establishes a limited duration Operations and Policy Analyst position (0.75 FTE) for administration of the Oregon Agricultural Heritage Program. A \$5 million General Fund appropriation was made during the 2022 Legislative Session for deposit in the Oregon Agricultural Heritage Fund for the purpose of making grants for a variety of activities including the funding of conservation easements and the provision of technical assistance to preserve working agricultural lands. Program administration is limited to 12 percent of the amount deposited in the fund. To date, OWEB has awarded \$4.2 million of the \$4.4 million available for grants. The awarded grant close outs are anticipated to be made before the end of 2024, except for one technical assistance grant anticipated to be closed out by the end of the upcoming biennium.

Package 145 Water acquisition Continuity – Operations. This package increases Other Funds expenditure limitation by \$556,208 and establishes two limited duration positions (2.00 FTE) for administration of funding provided to the Agency during the 2021-23 biennium for the provision of grants for water acquisition projects. These grants support the planning and implementation of the acquisition of an interest in water that results in protected instream flows. A General Fund appropriation of \$10.0 million was made to the Agency for this purpose in the prior biennium. The expenditure limitation in this package allows for the expenditure of those funds deposited in the agency's flexible incentives account and covers the portion of expenses related to program administration, while the expenditure limitation for program grants is provided in the Grants program.

Package 150 Emergency Response Program Continuity Ops. This package provides a one-time \$1 million General Fund appropriation and establishes three limited duration positions (3.00 FTE) for administration of emergency wildfire response and drought resiliency grant funding. A total of \$23.2 million is included in the Grants program for distribution of committed grant funding for these programs. The funding in this package is inclusive of program related Services and Supplies expenditures and Attorney General expenses.

Package 160 NRCS Tide Gate Continuity. This package makes a one-time increase in expenditure limitation of \$327,864 Federal Funds and establishes a limited duration Natural Resource Specialist position (1.00 FTE) to coordinate work supporting tide gate repair and replacement in coastal communities of Oregon. The position is supported by existing federal revenues.

Package 165 NOAA NHPA Compliance. This package makes a one-time increase of \$251,678 Federal Funds expenditure limitation and establishes a limited duration Natural Resource Specialist position (1.00 FTE) to serve as a Historic Preservation Specialist. The position is

established to assure compliance with new National Historic Preservation Act requirements associated with OWEB's federal Pacific Coast Salmon Recovery funding from National Oceanic and Atmospheric Administration Fisheries.

Package 801 LFO Analyst Adjustments. This package increases expenditure limitation by \$169,509 Other Funds and establishes a limited duration Administrative Specialist position (1.00 FTE) to support non-Measure 76 lottery funded grant programs agencywide.

Package 803 Federal Program Expansions. This package increases Federal Funds expenditure limitation by \$723,442 and establishes two limited duration positions (2.00 FTE) in the Operations program. The additional limitation is to expend funding received through existing cooperative agreements with the U.S. Department of Agriculture (USDA) and the U.S. Bureau of Land Management (BLM). Of the total, \$350,000 is for the establishment of an Operations and Policy Analyst, climate coordinator position (1.00 FTE) and to fund indirect cost recoveries to support USDA, Natural Resource Conservation Service climate-smart conservation projects. An additional \$256,890 is to fund a Natural Resources Specialist, program coordinator position (0.50 FTE) and fund indirect cost recoveries, to support USDA, Natural Resource Conservation Service technical assistance grants for conservation programs. Additional grant funds associated with this position are included in the Grants program. The remaining \$116,552 of the funding expands position authority for existing positions by 0.50 FTE and funds indirect cost recoveries to support restoration projects through the BLM, Good Neighbor Authority program. Additional grant funds for the Good Neighbor Authority program are included in the Grants program.

Grants

The Grant program is also addressed in Senate Bill 5540 (2023), which provides six-year limitation for grants funded with Measure 76 Lottery Funds. In Senate Bill 5539 the Subcommittee recommends a total funds budget of \$99,011,278 million and no positions. In Senate Bill 5540 the Subcommittee recommends a total funds budget of \$105,942,154. Combined, the recommended budget for the Grant program is \$204,953,432. The Subcommittee recommended budget includes the following packages:

Package 200 Carryforward. This package includes one-time increases in expenditure limitation of \$18.0 million Federal Funds and \$572,864 Other Funds for the expenditure of committed grant awards from previous biennia and to accept and administer new federal dollars in the 2023-2025 biennium.

Federally funded projects include coastal wetland projects funded with US Fish and Wildlife Service funds; restoration and monitoring projects funded with Pacific Coast Salmon Recovery funds, restoration projects funded with BLM Funds, and Farm Bill and technical assistance projects funded by the USDA Natural Resource Conservation Service.

Other funded projects include projects funded with Salmon license plate dollars, monitoring grants funded by the Pacific States Marine Fisheries Council, and forest management planning projects funded by Forest Health Collaborative grants.

Package 201 Carryforward for GF Emergency Response Grants. This package establishes one-time General Fund appropriations totaling \$23.2 million to allow the Agency to distribute committed grant awards for emergency wildfire and drought response made in the 2021-23 biennium. Of the total, \$15.5 million is for 2020 fire season recovery grants, \$4.3 million is for 2021 fire season recovery grants, and \$3.5 million is for 2021 drought resiliency grants. The appropriations in this package are for the estimated amounts of funding that will remain unexpended for these grant programs at the end of the 2021-23 biennium. It is the intent of the Legislature that total expenditures for these grant programs over both biennia do not exceed the original funding provided in the prior biennium.

Package 215 OAHP Grant Funds. This package increases Other Funds expenditure limitation by \$4.2 million on a one-time basis for the distribution of awarded grant funding for the Oregon Agricultural Heritage Program. A \$5.0 million General Fund appropriation was made during the 2022 legislative session for deposit in the Oregon Agricultural Heritage Fund for the purpose of making grants for a variety of activities including the funding of conservation easements and the provision of technical assistance to preserve working agricultural lands. To date, OWEB has awarded \$4.2 million of the \$4.4 million available for grants after accounting for allowable administrative costs.

Package 245 Water Acquisition Grant Funds Continuity. This package increases Other Funds expenditure limitation on a one-time basis by \$9.0 million for the provisioning of grants for water acquisition projects. These grants support the planning and implementation of the acquisition of an interest in water that result in protected instream flows. A General Fund appropriation of \$10.0 million was made to the Agency for this purpose in the prior biennium. The expenditure limitation in this package allows for the expenditure of those funds deposited in the Agency's flexible incentives account and covers that portion of expenses related to grant funding distributions, while the expenditure limitation for program administration is provided in the Operations program.

Package 280 Other Funds Grant Limitations. This package establishes \$7.0 million Other Funds expenditure limitation on a one-time basis to allow the Agency to expend grant funding that may be received from PacifiCorp and Idaho Power during the 2023-25 biennium. The funding from PacifiCorp is for the purpose of providing grants for water quality improvements in the Klamath River and is associated with the upcoming dam removal process on the river due to the 2016 Klamath Hydroelectric Settlement Agreement. The funding from Idaho Power is to provide grants for water quality and salmon habitat improvements and are related to the relicensing of the Hells Canyon Dam complex.

Package 803 Federal Program Expansions. This package increases Federal Funds expenditure limitation by \$2.9 million for funding received through existing cooperative agreements with the USDA and the BLM. Of the total, \$743,110 is for USDA, Natural Resource Conservation Service technical assistance grants for conservation programs. The remaining \$2,172,000 supports restoration projects through the BLM, Good Neighbor Authority program.

Summary of Performance Measure Action

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

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

**Oregon Watershed Enhancement Board
Adam Crawford – (971) 707-8106**

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 *	\$ 52,526,718	\$ 9,306,301	\$ 29,863,984	\$ -	\$ 48,251,444	\$ -	\$ 139,948,447	46	42.57
2023-25 Current Service Level (CSL)*	\$ -	\$ 9,132,354	\$ 2,359,071	\$ -	\$ 34,812,700	\$ -	\$ 46,304,125	30	30.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 010 - Operations									
Package 100: Agency Reorganization - Capacity Building									
Personal Services	\$ -	\$ 96,412	\$ -	\$ -	\$ 6,253	\$ -	\$ 102,665	0	0.00
Package 115: OAHF Continuity - Operations									
Personal Services	\$ -	\$ -	\$ 182,738	\$ -	\$ -	\$ -	\$ 182,738	1	0.75
Services and Supplies	\$ -	\$ -	\$ 43,273	\$ -	\$ -	\$ -	\$ 43,273		
Package 145: Water Acquisition Continuity - Operation									
Personal Services	\$ -	\$ -	\$ 482,916	\$ -	\$ -	\$ -	\$ 482,916	2	2.00
Services and Supplies	\$ -	\$ -	\$ 73,292	\$ -	\$ -	\$ -	\$ 73,292		
Package 150: Emergency Response Program Continuity Ops									
Personal Services	\$ 912,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 912,830	3	3.00
Services and Supplies	\$ 87,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,170		
Package 160: NRCS TideGate Continuity									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 307,864	\$ -	\$ 307,864	1	1.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000		
Package 165: NOAA NHPA Compliance									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 231,678	\$ -	\$ 231,678	1	1.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 154,099	\$ -	\$ -	\$ -	\$ 154,099	1	1.00
Services and Supplies	\$ -	\$ -	\$ 15,410	\$ -	\$ -	\$ -	\$ 15,410		
Package 803: Federal Program Expansions									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 531,909	\$ -	\$ 531,909	2	2.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 191,533	\$ -	\$ 191,533		

SCR 020 - Grants

Package 200: Carryforward

Special Payments	\$	-	\$	-	\$	572,864	\$	-	\$	18,000,000	\$	-	\$	18,572,864
------------------	----	---	----	---	----	---------	----	---	----	------------	----	---	----	------------

Package 201: Carryforward for GF Emergency Response Grants

Special Payments	\$	23,160,344	\$	-	\$	-	\$	-	\$	-	\$	-	\$	23,160,344
------------------	----	------------	----	---	----	---	----	---	----	---	----	---	----	------------

Package 215: OAHP Grant Funds

Special Payments	\$	-	\$	-	\$	4,238,524	\$	-	\$	-	\$	-	\$	4,238,524
------------------	----	---	----	---	----	-----------	----	---	----	---	----	---	----	-----------

Package 245: Water acquisition grant funds continuity

Special Payments	\$	-	\$	-	\$	9,039,958	\$	-	\$	-	\$	-	\$	9,039,958
------------------	----	---	----	---	----	-----------	----	---	----	---	----	---	----	-----------

Package 280: Other Funds Grant Limitations

Special Payments	\$	-	\$	-	\$	7,000,000	\$	-	\$	-	\$	-	\$	7,000,000
------------------	----	---	----	---	----	-----------	----	---	----	---	----	---	----	-----------

Package 803: Federal Program Expansions

Special Payments	\$	-	\$	-	\$	-	\$	-	\$	2,915,110	\$	-	\$	2,915,110
------------------	----	---	----	---	----	---	----	---	----	-----------	----	---	----	-----------

TOTAL ADJUSTMENTS

	\$	24,160,344	\$	96,412	\$	21,803,074	\$	-	\$	22,224,347	\$	-	\$	68,284,177	11	10.75
--	----	------------	----	--------	----	------------	----	---	----	------------	----	---	----	------------	----	-------

SUBCOMMITTEE RECOMMENDATION *

	\$	24,160,344	\$	9,228,766	\$	24,162,145	\$	-	\$	57,037,047	\$	-	\$	114,588,302	41	40.75
--	----	------------	----	-----------	----	------------	----	---	----	------------	----	---	----	-------------	----	-------

% Change from 2021-23 Leg Approved Budget

(54.0%)

(0.8%)

(19.1%)

0.0%

18.2%

0.0%

(18.1%)

(10.9%)

(4.3%)

% Change from 2023-25 Current Service Level

0.0%

1.1%

924.2%

0.0%

63.8%

0.0%

147.5%

36.7%

35.8%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2023 - 2025 Key Performance Measures

Published: 6/8/2023 6:36:04 PM

Agency: Oregon Watershed Enhancement Board

Mission Statement:

To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. OPERATIONS - The percentage of total funding used in agency operations.		Approved	12.61	11	11
2. FUNDING FROM OTHER SOURCES - The percent of funds contributed from other sources on OWEB funded restoration projects.		Approved	64%	60%	60%
3. GRANT-MAKING ACROSS OREGON - Percent of Oregon's 76 sub-basins (defined as 8-digit hydrologic unit code areas) within which Oregonians benefit from OWEB's grant programs.		Approved	92%	92%	92%
4. TIMELINESS OF GRANT-MAKING - The percent of open solicitation grant agreements executed within one month after Board award.		Approved	0%	75%	75%
5. FISH POPULATIONS - The percentage of monitored native fish species that exhibit increasing or stable levels of abundance.		Approved	75%	75%	75%
6. WATERSHED COUNCIL GOVERNANCE - Percent of OWEB funded watershed councils that demonstrate effective organizational governance and management using OWEB merit criteria.		Approved	100%	100%	100%
7. PAYMENTS - The percentage of complete grant payment requests paid within 24 days.		Approved	100%	100%	100%
8. STREAMSIDE HABITAT - The number of riparian stream miles restored or enhanced as a result of OWEB funded grants.		Approved	159.27	324	324
9. UPLAND HABITAT - Acres of upland habitat restored or enhanced as a result of OWEB funded grants.		Approved	29,361.28	53,660	53,660
10. NATIVE SPECIES HABITAT AND WATER QUALITY - Percent of restoration, acquisition or technical assistance funding invested to address habitat for threatened, endangered or species of concern, or water-quality concerns identified on 303(d) listed streams.		Approved	86%	90%	90%
11. NATIVE FISH HABITAT QUANTITY - Miles of fish habitat opened as a result of completed fish passage projects funded through OWEB grants.		Approved	89.76	91	91
12. 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.	Availability of Information	Approved	80%	91%	91%
	Timeliness		80%	91%	91%
	Helpfulness		90%	91%	91%
	Overall		84%	91%	91%
	Expertise		87%	91%	91%
	Accuracy		84%	91%	91%

LFO Recommendation:

LFO Recommends the approval of the key performance measures and targets as presented

SubCommittee Action:

The Subcommittee approved the key performance measures and targets as presented

PRELIMINARY