

Natural Resources

PROGRAM AREA AGENCIES

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	1999-2001 Actuals	2003-05 Legislatively Adopted at Close of Session	2003-05 Legislatively Approved through Fifth Special Session	2003-05 Governor's Balanced
General Fund	\$150,586,361	\$162,580,075	\$146,985,625	\$142,225,427
Lottery Funds	65,211,671	112,242,276	114,599,759	101,941,803
Other Funds	457,269,787	542,428,154	600,495,273	572,539,745
Federal Funds	121,036,361	180,321,388	206,632,342	223,518,443
Other Funds (Nonlimited)	358,565,358	305,339,129	324,039,129	288,248,017
Federal Funds (Nonlimited)	0	0	0	
Total Funds	\$1,152,669,538	\$1,302,911,022	\$1,392,752,128	\$1,328,474,435
Positions	5,532	5,678	5,570	5,651
Full-time Equivalent	4,044.65	4,271.64	4,282.61	4,250.28

Overview

The agencies within the Natural Resources Program Area manage Oregon's natural resources for present and future generations while supporting a sound and sustainable economy. This program area represents about 1.5 percent of the state's General Fund budget.

Most of the funding to support natural resources' work comes from fees, contracts, payments for services, grants, federal grants, federal contracts, and Lottery Funds dedicated by constitutional amendment in 1998. Fee increases are kept to a minimum to support service levels that stakeholders have identified as necessary. The Oregon Plan for

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Salmon and Watersheds is maintained with questions about the use of federal grant funds for the Plan still under consideration.

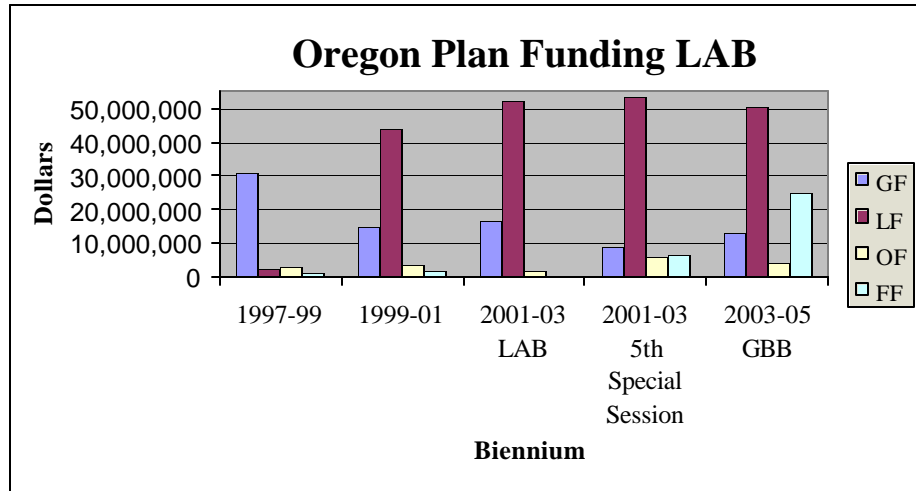
Natural Resource agencies provide a variety of services, including pollution, land use and water regulation, consumer protection, and natural resource product promotion. The following table presents some of the variety of services provided by agencies in this program area:

Regulation	Economic Development	Consumer and Business Protection
Air quality: vehicle inspections, particulates.	Loans for wastewater treatment systems.	Earthquake and landslide assessments.
Water quality.	Agricultural trade missions.	Forest fire protection.
Mineral/Aggregate extraction.	Technical assistance to small timber producers.	Food safety inspections in grocery stores.
Combined Animal Feeding operations.	Water rights transfers and permits.	Weights and measures calibrations.
Land use planning, water body navigability.	Certification of Oregon products for overseas trade.	Marine law enforcement.

Natural Resource agencies often have a combination of these different roles. The Department of Agriculture, for example, helps regulate water quality through agricultural water quality planning and monitoring of Combined Animal Feeding Operations. It also works to promote Oregon agriculture in existing and new markets, and protects consumers by conducting food safety inspections and checking weights and measures used in business transactions. The Department of Forestry enforces forest practices guidelines while working closely with the timber industry to provide forest fire protection. The Department of Fish and Wildlife regulates the catch of commercial fishers, but also ensures there are fish to catch.

In addition to traditional work protecting the environment, promoting Oregon natural resource products, and promoting consumer safety, many Natural Resource agencies are participating in the Oregon Plan for Salmon and Watersheds. The Plan, in effect since 1997, is an effort to restore the health of state watersheds. Plan activities include developing water quality plans, conducting scientific surveys of fish health, assisting landowners and volunteer citizen groups to restore watersheds, and monitoring watershed and fish run health. The funding for these efforts comes mainly from General Fund, Lottery Funds, and Federal Funds. The following graph shows funding for the Oregon Plan over time.

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As the chart shows, General Fund support for the Oregon Plan has declined over time. The increase for the plan between the 2002 Fifth Special Session and the balanced budget results from discontinuing a fund shift between Federal Funds, Lottery Funds, Other Funds, and General Fund that yielded General Fund savings. The fund shift in the 2001–03 biennium used federal Pacific Coastal Salmon Restoration Fund (PCSRF) dollars to backfill General Fund reductions. The PCSRF funds have been allocated to the state since 2000 and are expected to continue until 2004. Up to \$21 million of federal grant funds could be available to support the Oregon Plan in the 2003-05 biennium. Further exploration of options to use the PCSRF funds will occur during the 2003 Legislative Session.

There is a long-term issue with Lottery Funds. Lottery Funds are dedicated by a constitutional amendment approved in 1998 to fish and watershed restoration. The amendment requires no more than 35 percent of the dedicated Lottery Funds pay for operations. No less than 65 percent must pay for capital expenditures. These restrictions have resulted in reductions to Oregon Plan operations in the 2003-05 biennium, because operating expenses typically increase at a faster rate than capital expenditures because of labor costs. If budgets continue to be developed as they have been in the recent past, agencies will continue to face operating and capital adjustments.

Balanced Budget

The Governor’s balanced budget continues services, although at a reduced level. The reduction to resources could slow responsiveness to customers, including permit applicants. The public will receive fewer publications, such as geologic bulletins. Landowners would receive less assistance to fix wildlife damage. The Governor’s balanced budget for Natural Resources supports core efforts in fee-dependent agencies by recommending fee increases for projected revenue shortfalls. Examples of restored services are protecting the population from bear, cougar, and other wildlife damage; programs to protect fish populations; and hazardous waste disposal. The Oregon Plan is continued with agencies each receiving roughly the same proportion of available Lottery Funds as in the 2001-03 biennium.

Parks and Natural Resource Funds are spread among Natural Resource agencies as the law prescribes. Essentially the funding covers park maintenance and construction, land acquisition, local grants, and watershed protection and improvement. The budget also includes resources for these core natural resource efforts:

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- Department of Agriculture. The balanced budget supports additional food safety, nursery, seed, and Confined Animal Feeding Operation inspections. The budget adds positions for the Oregon Advantage Program. This program audits and certifies that agricultural products meet certain guidelines for production, handling, and genetic identification.
- Fish and Wildlife. Fee increases help maintain services that otherwise would need to be reduced to provide enough cash flow for operations. Reductions affect landowner assistance programs, administration, and fisheries programs.
- The Department of Environmental Quality. The budget continues 70 vehicle inspection staff, with 20 of the staff established as permanent positions. Also, positions funded by the federal government to help assure the state meets federal air quality rules are added permanently. The final six months of Willamette Basin Total Maximum Daily Load plan development is funded. Bonding for orphan site cleanup is not included, reducing the ability of the program to continue to offer the same level of service.
- Water Resources Department. A fee increase to support water rights transfers work and start card program activities is incorporated in the budget. Adjudication of Klamath Basin water rights will continue. Federally supported efforts to study ground water options in the Klamath Basin also continue. The Water Development Loan Program will repay debt on a slower schedule as part of General Fund reductions. Also, several positions will be eliminated, affecting Information Services, hydrographic and water measurements, and fieldwork.
- Parks and Recreation. The budget adds expenditure limitation for historical preservation grants, Lewis and Clark Bicentennial Commemoration grants, development of a state park in Washington County, and development of all-terrain vehicle facilities. Completion of information resources projects will improve financial reporting and parks service delivery.
- Department of Forestry. The budget continues core agency services while making General Fund program reductions. The budget adds expenditure limitation for smoke management, cooperative fire protection, forest plan implementation, and staff for the Tillamook Interpretive Center.