

ECOSYSTEM WORKFORCE

BRIEFING PAPERS

The Economic and Community Effects of Oregon Watershed Enhancement Board Investments in Watershed Restoration

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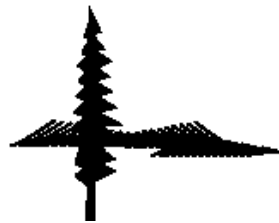
**Report to the Oregon Watershed Enhancement Board
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**The Ecosystem Workforce Program
Institute for a Sustainable Environment, University of Oregon**

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The *Ecosystem Workforce Program Briefing Papers* series offers short papers designed to give a clear, brief, easy-to-digest introduction to key issues, innovation, lessons and findings about a variety of areas associated with the effort to build quality jobs in ecosystem management. The target audience includes public land management agency line officers and project managers, community organization leaders, and local community officials. A secondary audience is the broader community forestry constituency.

The Role of Community-based Workforce Assessment in Ecosystem Management, EWP Briefing Paper Number 1, presents case studies of three community assessment projects and a summary review designed to provide an understanding of the process, benefits and challenges in such assessments, and presents conclusions about conducting a successful assessment.



ECOSYSTEM WORKFORCE PROGRAM

BUILDING A SUSTAINABLE, HIGH-SKILL/HIGH-WAGE ECOSYSTEM MANAGEMENT
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About the Researchers

The Ecosystem Workforce Program was created in 1994 as an outreach program of the University of Oregon. The EWP offers technical assistance, facilitation and consultation for communities, watershed councils and land managers wanting to re-direct their efforts toward creating more sustainable communities.

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The Economic and Community Effects of Oregon Watershed Enhancement Board Investments in Watershed Restoration

Executive Summary

Cooperative, community-level approaches to environmental management are emerging in a variety of contexts, in Oregon and elsewhere. The rise of these approaches has led to a new appreciation of the possibility of watershed restoration projects that also foster good jobs and strong local businesses. With millions of dollars to spend on its mission, the Oregon Watershed Enhancement Board (OWEB) plays a significant role in supporting local economies through grants to watershed councils, Soil and Water Conservation Districts (SWCDs), and other local restoration activities. The aim of this study is to document the level of that support. The specific question addressed by the study is:

Did OWEB's 1997-99 grants improve socio-economic conditions in local communities in Oregon?

To answer this question, the Ecosystem Workforce Program reviewed a sample of 1997-99 OWEB grants and also conducted telephone interviews with selected grantees. The purpose of the interviews was to help us understand the patterns of expenditure we found while reviewing the files.

The Ecosystem Workforce Program found that overall, 80 percent of OWEB grant funds went directly to support local businesses, contractors, and employees of non-profit organizations, or to support positions in local SWCDs around the state. Our sample of 92 projects throughout Oregon contained almost \$4.9 million in documented expenditures in these four areas. If one extrapolates these figures to all OWEB grants, the impact is quite substantial. Moreover, 80 percent of documented expenditures from grants between 1997 and 1999 were spent within the local county. And if local is defined as the intra-state region rather than the county, the percentage of OWEB grant funds contributing to the local economy is probably more than 80 percent. The study found that 96 percent of OWEB's grant funds remain in the state. All of this supports the State's broader community development agenda of adding value to local products and services, thereby enabling local firms to stay in business or grow larger.

These expenditure patterns reflect the fact that the majority of our interview respondents recognize the socio-economic benefits of watershed enhancement projects and make a conscious effort to hire and purchase locally whenever possible. The most common reasons for not doing so are that specific supplies or expertise are not available locally.

In conclusion, this study finds that OWEB grants and program expenditures improve or maintain economic stability in Oregon communities.

The Economic and Community Effects of Oregon Watershed Enhancement Board Investments in Watershed Restoration

Introduction

The Governor's Watershed Enhancement Board was formed in 1987 with the passage of Senate Bill 23. In 1993, the law was modified to create Oregon's watershed council program and, in 1995, the Oregon Legislature directed GWEB (now OWEB) to provide support to watershed councils. In addition to supporting the work of local watershed groups and Soil and Water Conservation Districts, the Oregon Watershed Enhancement Board (OWEB) provides funds for a range of watershed enhancement activities, including planning, assessment, monitoring, restoration projects, and education.

Until 1995, GWEB was focused primarily on funding demonstration restoration projects and educating landowners and the general public of the importance of watershed stewardship in their communities. Shortly thereafter, GWEB expanded its focus to include funding large- and small-scale watershed restoration projects. In 1998, GWEB rules were amended to encourage the use of trained ecosystem workers when work could not be accomplished with volunteers. With the passage of Measure 66 in 1998, dedicated lottery funds became available for 15 years – through 2014 – to support watershed enhancement work throughout the state. This created an enormous opportunity for OWEB to improve socio-economic conditions in communities, particularly in the rural, distressed areas of the state in the course of carrying out its mission.

In the 1997-99 biennium, OWEB received approximately \$35 million in state lottery funds, plus additional federal funds, to invest in watershed restoration. OWEB awarded approximately 450 grants at a value of \$22 million with these funds, and an additional \$11 million was used to support Oregon Plan agency projects. This report provides OWEB with information on the socio-economic impact its grants have had on local communities.

Background

The decline of the timber economy and some commercial fisheries in the Pacific Northwest decimated the economies of many communities in Oregon. The new focus on watershed restoration in response to listings under the Endangered Species Act and water quality due to violations of the Clean Water Act created an opportunity to restore the health of the region's watersheds while rebuilding local economies. At the same time natural resource extraction jobs were being lost, ecosystem restoration work provided new jobs. There has been a shift toward collaborative stewardship between federal land management agencies, the state, and local communities. Similar cooperative, community-level approaches are also emerging with respect to private lands. The Oregon Plan for Salmon and Watersheds and the creation of local watershed councils are two examples. The rise of these kinds of approaches has led to a new appreciation of the possibility of watershed restoration projects that also foster good jobs and strong local businesses as important objectives.

Encouraging the hiring of local contractors and workers is one way OWEB enhances both the environment and the economy of local communities. With millions of dollars to spend on watershed enhancement efforts, OWEB plays a significant role in supporting local economies

through grants to watershed councils, Soil and Water Conservation Districts (SWCDs), and other local restoration activities. The aim of this study is to document the level of that support. The specific question addressed is:

Did OWEB's 1997-99 grants improve socio-economic conditions in local communities in Oregon?

Methodology

To answer this question, the Ecosystem Workforce Program reviewed a sample of 1997-99 OWEB grants. We analyzed where OWEB funds were spent and for what purpose. We chose a sample using the following criteria:

1. Half of all restoration grants from 1997 and 1998 for which there have been two or more requests for reimbursement.
2. All grants from 1999 for which there have been two or more requests for reimbursement.

Our review included 92 grants, 46 of which were restoration grants from 1997 and 1998; the remainder were a mix of 1999 grants. Again, we only reviewed grants that had two or more requests for reimbursement because, upon the second request, grantees are required to submit all receipts for past expenditures. Reviewing such receipts was an important part of our analysis. Using the sample, we extrapolated to all OWEB contracts for the period 1997-99. Our analysis produced the following categories of information:

1. The amount and percentage of grants awarded within each county.
2. The amount and percentage of grants awarded in each county spent within that county.
3. The amount and percentage of grants awarded in each county spent outside that county.
4. The amount and percentage of grants spent within the state of Oregon for each county.
5. The amount and percentage of grants spent outside of the state of Oregon for each county.
6. The amount and percentage of grants benefiting certain sectors (federal, state and local government; private industry; public universities) of the economy.
7. The amount and percentage of grants used to purchase certain types of goods and services.

Next, in Phase 2, we conducted telephone interviews with watershed council coordinators and other grantees. The purpose of the interviews was to help us understand the patterns of expenditure we found while reviewing files (i.e., why do grantees spend their grant funds in the places they do?). We interviewed a total of 20 individuals from watershed councils, SWCDs, and state agencies. Their comments as well as our findings from reviewing OWEB's files are summarized below.

Findings

Review of OWEB Files

Table 1 summarizes the total dollar amount of the grants we reviewed. As noted above, OWEB grants are disbursed as reimbursements for actual, documented expenses incurred – enabling us to track the purposes for which funds were used.

We reviewed 92 grants totaling approximately \$8.9 million. Of this, approximately \$6.3 million had been requested and distributed to grantees prior to beginning our analysis. Available receipts accounted for \$6.2 million. (The small residual is due to reporting anomalies.) Receipts for supplies and services were a critical part of our analysis, as they were the only way to determine where funds were spent.

Table 1
Dollar Amount of Research Sample
OWEB Grants 1997-99

Total Awarded	8,858,577.53
Total Requested	6,291,275.96
Total Receipts	6,153,728.56

Table 2 summarizes the amount and percentage of grants awarded by county in the period 1997-99. These amounts are based on a sample of 92 grants. Morrow and Lake Counties received the smallest percentage (less than 1 percent) of OWEB funding during the period 1997-99. In both counties, the Soil and Water Conservation District was the sole recipient of OWEB funds. On the other hand, Multnomah and Coos Counties each received approximately 9 percent of OWEB funds during the same period. Grant recipients in Multnomah and Coos Counties represented a variety of industry sectors, including state and local government, private industry and non-profit organizations.

Table 2
Total Awarded by County
OWEB Grants 1997-99

County	Amount	% of Total	County	Amount	% of Total
Morrow	21,621.62	0%	Clackamas	179,819.49	2%
Lake	32,432.44	0%	Malheur	180,986.49	2%
Gilliam	51,233.06	1%	Crook	185,932.43	2%
Umatilla	64,864.87	1%	Columbia	201,359.87	2%
Linn	72,364.87	1%	Wheeler	214,146.62	2%
Polk	85,737.44	1%	Marion	219,211.87	2%
Wallowa	108,085.44	1%	Washington	229,919.93	3%
Harney	112,432.44	1%	Douglas	294,509.74	3%
Sherman	113,243.25	1%	Clatsop	310,312.52	4%
Jefferson	118,357.43	1%	Lane	314,571.31	4%
Statewide	120,000.00	1%	Lincoln	326,612.74	4%
Hood River	128,947.25	1%	Curry	356,096.31	4%
Klamath	129,729.74	1%	Benton	422,196.91	5%
Wasco	136,706.68	2%	Tillamook	546,042.74	6%
Deschutes	138,815.43	2%	Josephine	569,237.75	6%
Union	142,054.06	2%	Jackson	592,442.87	7%
Grant	151,351.36	2%	Multnomah	824,854.62	9%
Baker	153,078.62	2%	Coos	840,815.44	9%
Yamhill	168,451.88	2%			

Table 3 contains perhaps the most striking discovery of our study. As discussed in the *Methodology* section above, we reviewed the receipts submitted by 92 different projects to determine the amount and percentage of each grant that was spent within the local community on a variety of services and supplies. We defined “local community” for this purpose as the county. Of the approximately \$6.2 million in documented expenditures, nearly \$5 million, or 80 percent, was captured by businesses and/or contractors in the local community. Only \$1.2 million, or 20 percent, was spent on purchases outside of the county.

Moreover, in follow-up interviews with 20 of the project administrators, the majority defined "local" not by county but by an area somewhat larger than the county boundary. As a result, we have reason to believe that "local" expenditures, in the minds of project administrators, were more than 80 percent of total spending but not quite at the level of total in-state spending, which was 96 percent of all expenditures.

Table 3
Overview of Local/State Capture
Rate of OWEB Grants
OWEB Grants 1997-99

Expenditures	Amount	% of Total
Total Receipts	6,153,728.56	100%
Local	4,927,434.11	80%
Non-Local	1,226,294.45	20%
In-State	5,886,652.88	96%
Out-of-State	267,075.68	4%

Table 4 illustrates the amount and percentage of local grants spent on goods and services purchased locally versus those purchased non-locally for each county. We also include a column that indicates the percentage of grants in each county received by Soil and Water Conservation Districts. This does not reflect *all* OWEB funding to SWCDs. It shows the distribution of a \$2.4 million OWEB grant to the Oregon Department of Agriculture, all of which was allocated to local SWCDs in Oregon to hire technical watershed specialists whose job was to implement the Oregon Plan for Salmon and Watersheds. The \$2.4 million grant paid for 37 watershed specialists based in local communities, so we categorized them as "local" purchases. But we felt it necessary to specifically illustrate the impact that this grant had on our analysis due to its size.

Table 4
Local and Non-Local Spending by County
OWEB Grants 1997-99

County	Local Receipts	% of Total	Non-local receipts	% of Total	% to Local SWCDs from ODA grant
Baker	81,439.27	100%	245.00	0%	27%
Benton	96,141.65	86%	16,322.86	15%	34%
Clackamas	147,858.59	91%	13,989.36	9%	66%
Clatsop	218,590.12	95%	11,594.71	5%	46%
Columbia	168,613.17	94%	11,592.51	6%	40%
Coos	418,386.31	52%	389,653.80	48%	8%
Crook	98,739.43	74%	34,075.85	26%	34%
Curry	176,500.40	78%	50,223.17	22%	74%
Deschutes	62,816.55	99%	393.73	1%	52%
Douglas	236,409.79	82%	51,641.48	18%	58%
Gilliam	22,577.16	44%	28,490.25	56%	100%
Grant	129,729.74	100%	0.00	0%	100%
Harney	42,352.20	100%	212.00	0%	83%
Hood River	75,758.63	99%	499.99	1%	98%
Jackson	382,033.59	98%	8,562.02	2%	26%
Jefferson	32,432.43	60%	21,915.60	40%	100%
Josephine	136,175.62	64%	77,052.21	36%	72%
Klamath	129,729.70	100%	0.00	0%	100%
Lake	32,432.44	100%	0.00	0%	100%
Lane	128,518.35	60%	84,393.11	40%	76%
Lincoln	249,341.10	88%	33,999.90	12%	53%
Linn	39,932.44	55%	32,432.44	45%	81%
Malheur	115,025.13	100%	478.01	0%	77%
Marion	138,371.25	85%	25,000.00	15%	47%
Morrow	21,621.62	100%	0.00	0%	100%
Multnomah	278,971.98	99%	3,274.00	1%	9%
Polk	35,254.09	93%	2,585.51	7%	99%
Sherman	81,292.35	85%	14,383.57	15%	91%
Statewide	0.00	0%	120,000.00	100%	0%
Tillamook	371,623.88	80%	92,984.06	20%	58%
Umatilla	98,218.21	62%	59,262.20	38%	69%
Union	126,434.35	94%	8,089.71	6%	51%
Wallowa	94,550.89	99%	1,124.09	1%	37%
Wasco	132,160.18	100%	0.00	0%	57%
Washington	132,438.93	100%	284.90	0%	86%
Wheeler	87,206.83	79%	23,808.67	21%	57%
Yamhill	107,755.74	93%	7,729.74	7%	97%

Table 5 summarizes the amount and percentage of local grants spent on goods and services in the state of Oregon and the amount and percentage spent outside of Oregon for each county. Overall, 96 percent of spending by all grant recipients occurred within the state (as shown in Table 3), but the level of in-state spending by county varied from 87 percent to 100 percent.

A statewide grant to DEQ in the amount of \$120,000 was spent on meters and other equipment, all of which was purchased outside of Oregon because the material was not available in-state.

Table 5
In-State and Out-of-State Spending by County
OWEB Grants 1997-99

County	In-State Receipts	% of Total	Out-of-State Receipts	% of Total
Baker	81,439.27	100%	245.00	0%
Benton	97,449.47	87%	14,957.02	13%
Clackamas	161,847.95	100%	0.00	0%
Clatsop	220,759.21	96%	9,425.62	4%
Columbia	177,625.94	99%	2,579.74	1%
Coos	742,882.12	92%	65,157.99	8%
Crook	129,814.93	98%	3,000.35	2%
Curry	223,206.40	98%	3,517.17	2%
Deschutes	63,114.66	100%	95.62	0%
Douglas	288,051.27	100%	0.00	0%
Gilliam	51,067.41	100%	0.00	0%
Grant	129,729.74	100%	0.00	0%
Harney	42,564.20	100%	0.00	0%
Hood River	76,258.62	100%	0.00	0%
Jackson	389,313.41	100%	1,282.20	0%
Jefferson	53,645.55	99%	702.48	1%
Josephine	207,565.03	97%	5,662.80	3%
Klamath	129,729.70	100%	0.00	0%
Lake	32,432.44	100%	0.00	0%
Lane	210,961.75	99%	1,949.71	1%
Lincoln	268,383.76	95%	14,957.24	5%
Linn	72,364.88	100%	0.00	0%
Malheur	115,490.14	100%	13.00	0%
Marion	163,371.25	100%	0.00	0%
Morrow	21,621.62	100%	0.00	0%
Multnomah	278,971.98	99%	3,274.00	1%
Polk	37,811.54	100%	28.06	0%
Sherman	91,776.92	96%	3,899.00	4%
Statewide	0.00	0%	120,000.00	100%
Tillamook	450,196.43	97%	14,411.51	3%
Umatilla	155,798.66	99%	1,681.75	1%
Union	134,524.06	100%	0.00	0%
Wallowa	95,674.98	100%	0.00	0%
Wasco	132,160.18	100%	0.00	0%
Washington	132,723.83	100%	0.00	0%
Wheeler	110,780.08	100%	235.42	0%
Yamhill	115,485.48	100%	0.00	0%

An additional area that we thought would be useful to examine is the amount and percentage of OWEB funding that benefited certain sectors of the economy, including government and private industry. A grant of \$2.4 million to the Oregon Department of Agriculture, used to fund the 37 SWCD staff positions mentioned above, distorts the categories and is therefore reported separately in **Table 6**. It is significant that private interests, private firms and local non-profit organizations, received the largest amount of funding, 41 percent of the total, and the SWCD grant, which funded staff at the local community level, received nearly the same amount.

Table 6
Grant Spending By Sector Including SWCDs
OWEB Grants 1997-99

Sector	Amount	% of Total
Federal Government	8,988.77	0%
State Government	680,959.60	11%
Oregon Dept. of Agriculture	2,400,000.00	39%
Local Government	483,665.52	8%
Private firms/Non-Profits	2,532,207.28	41%
Public Universities	47,907.39	1%

We also examined the amount and percentage of grants used to for various types of goods and services. **Table 7** summarizes these findings. Of the \$6.2 million in documented expenditures, less than \$10,000 was used for office supplies and equipment. About \$26,000 was spent on "other" expenses, such as photo processing, signs, film, permits and fees. "Office supplies," "office equipment," and "other," accounted for less than 1 percent of total purchases. Hardware and earth products (e.g., trees, rock, sand) each accounted for 1 percent of the total and meters and equipment together accounted for approximately 5 percent. Contract services (e.g., excavators, helicopter services) accounted for approximately 24 percent of documented expenditures. Supporting the staff capacity of organizations – primarily watershed councils and SWCDs -- to do watershed restoration work accounted for approximately 69 percent of the total.

Table 7
Grant Spending By Purchase Type
OWEB Grants 1997-99

Purchase Type	Amount	% of Total
Office Supplies	3,476.91	0%
Office Equipment	6,469.72	0%
Meters and Equipment	311,783.19	5%
Hardware	52,836.25	1%
Earth Products	82,022.85	1%
WC and SWCD Capacity	4,241,901.69	69%
Outside Contractors	1,429,312.02	24%
Other	25,925.93	0%

Summary of Review of OWEB Files

Two aspects of this analysis stand out. First, 80 percent of the total documented expenditures reported by grantees remained within the local county where the grant was awarded. Only 20 percent of these expenditures were spent on goods and services purchased outside of the county. Moreover, 96 percent of total documented expenditures remained in the state of Oregon. These numbers vary somewhat when scrutinized at the county level. For instance, 56 percent of documented expenditures in Gilliam County were spent on goods and services in neighboring counties, much higher than the 20 percent average. In Jefferson and Lane Counties, 40 percent of documented expenditures were spent in other counties. We suspect that these spending patterns were shaped by the availability of specific materials and job skills in a county. Overall, local communities and the State of Oregon were highly successful at capturing the majority of money distributed by OWEB.

Second, we find it significant that, not including a grant to the Oregon Department of Agriculture for support of SWCDs, the private sector captured 41 percent of funding between 1997 and 1999, the largest of any industry sector. Most of this money was spent on watershed council coordinators and construction workers (excavators, heavy equipment operators, etc.), who live in or near the communities in which the work was done.

Telephone Interviews

The purpose of the telephone interviews was to further understand the patterns of expenditure we found in the review of OWEB funded grants. Of the 92 grants that we analyzed, 20 grantees were contacted for an interview. To obtain an accurate representation of OWEB grantees, we interviewed a variety of organizations and agencies throughout the state, including watershed councils, SWCDs, and state agencies. During the selection process, we paid particular attention to those projects that needed clarification or for which we needed additional information. We explained to respondents the purpose of the call and briefly described the research. The results of the interviews follow.

Current Monitoring Systems

Overall, the majority of the respondents did not have a system in place for monitoring the impacts of OWEB funded projects on job creation and the local economy. Most of the respondents only monitor what is required by the grant agreement. However, there was one respondent whose organization recently completed a process to track their overall spending (not only OWEB funds). They coded expenditures by zip code, entered them into a database, and sorted by the zip codes that they considered local. They determined that 84% of their expenditures are local with the remainder staying mostly within the state of Oregon when supplies or services could not be obtained locally. This information corresponds closely with our findings, in which 80% of project expenditures were purchased locally.

Conscious effort to hire locally/support local businesses

This was by far the most interesting portion of the conversations. Almost all the respondents report that they make a conscious effort to hire local contractors and purchase goods from local businesses. Many of the respondent organizations have internal policies of hiring and purchasing locally whenever possible.

However, respondents expressed the need to have the terms “local” and “non-local” clearly defined. The terms are used in a wide variety of ways. Some respondents consider local to be within their watershed; others consider local to be a specific area that includes other towns and nearby cities; still others consider local to be the greater region, including adjacent states. It should be noted that organizations with their offices in rural, remote areas are more likely to define local more broadly. Some organizations in more densely populated regions consider the nearest metro area to be local, while others consider only the town or city proper as local. None of the respondents define local as the county – the operational definition used in this report.

In addition to the discussion of local as defined by geography, many respondents commented on the difficulty of categorizing a particular purchase or hire as local or non-local. Some of the respondents consider buying from a chain store to be a local purchase because it employs local people; others do not consider this local because the profits leave the community. One respondent mentioned the increase in the number of Portland based contracting firms with subsidiaries in his area. He is not sure if he considers them local because they move to the area for a set period of time, but are not local people living in the community year after year.

Despite the commitment to local purchasing and hiring, it is not always possible. The most common reasons mentioned for not hiring or purchasing locally are:

- *Qualified contractors are not available locally*

In this case most respondents stated that they try to hire within the state. The exceptions include situations where nearest qualified contractors are based in Idaho or Washington. One respondent specifically stated that completing the project with qualified personnel is their organization’s top priority—they try to hire locally but always go with the most qualified person regardless of location. This respondent specifically stated they are not willing to hire ecosystem workforce trainees or other locals out of some obligation to do so. They will continue to hire the most qualified contractor for the project.

- *Supplies and materials are not available locally*

Many organizations are based in rural locations where supplies and materials are not available. In these cases, most of the respondents purchase supplies and/or services from the nearest metropolitan area. In addition, some specialized equipment used for certain projects is only produced and sold from one or two locations in the entire country, so organizations have no choice but to buy from these out-of-state sources.

- *Organization is bound by hiring guidelines*

One respondent organization is required to adhere to guidelines that prohibit discriminating against contractors on a variety of conditions. For the most part, they are unable by law to give preferential treatment to contractors based upon location. However, some of their projects by nature require specific local knowledge; thus, the respondent organization is able to include this in the Request for Proposals as a required qualification.

- *Grantee is fiscal agent and sub-contracts work*

Many organizations sub-contract out work and those sub-contractors in turn hire others to perform work. Therefore, it may be difficult for the fiscal agent to track who is doing the actual project work and whether they are local or non-local. For example, one respondent

explained that their organization was created specifically to implement an OWEB funded project. They did not have the capacity to manage it, so they sub-contacted with Ducks Unlimited who in turn did the hiring for the project.

- *Limited financial resources*

Many respondents discussed the challenge of running their organizations and completing projects with limited financial resources. Several mentioned that when making large administrative purchases (computers, printers, copiers, etc. as well as supplies for this equipment) they buy from nationally recognized stores in order to stretch their money. Thus, even though supplies may be available from a locally owned business, because of the cost savings many respondents will purchase from the larger chains.

- *Work does not require particular expertise/people willing to donate skills*

Some OWEB funded watershed enhancement projects do not require extensive skill sets to complete the project. Many organizations utilize volunteers and school programs to work on projects. Connecting with community volunteer labor also furthers many organizations' goals of community outreach, awareness, and education. In addition to low-skill volunteer labor, one respondent discussed how his organization often “trades” skills and knowledge with professionals from other organizations and agencies on an on-going basis. For these reasons, it is not always necessary for organizations to hire contractors to complete projects.

- *Organizations/agencies have specific criteria for hiring*

One respondent discussed the criteria his organization uses for hiring. The three criteria include price, landowner preference (some landowners are skittish about inviting people on their land), and availability. These criteria have always resulted in a local hire but this is not intentional; it is merely a by-product of other criteria.

Summary of Telephone Interviews

In conclusion, the majority of respondents make a conscious effort to hire and purchase locally whenever possible. The most common reasons for not doing so are that specific supplies or expertise are not available locally. The majority of respondents recognize the socio-economic benefits of watershed enhancement projects and work to keep the benefits of their projects in the local community.

Discussion

This study sought to assess the contribution OWEB has made to the community development agenda in Oregon – specifically, did OWEB's 1997-99 grants improve socio-economic conditions in communities? We attempt to answer this question below.

We reviewed a sample of 1997-99 grants to identify where OWEB funds were spent and for what purpose. Overall, 80 percent of documented expenditures went directly to support local businesses, contractors, and employees of non-profit organizations, or to support positions in local SWCDs in the county where the grant was awarded. And if local is defined as the intra-state region rather than the county, the percentage of OWEB grant funds contributing to the local economy is probably more than 80 percent, since 96 percent of OWEB's grant funds remain in the state. Our sample of 92 projects throughout Oregon contained almost \$4.9 million in

documented expenditures in these four areas. If one extrapolates these figures to all OWEB grants, the impact is quite substantial.

In conclusion, this study finds that OWEB improves or maintains economic stability in communities through its grant program, supporting the State's broader community development agenda of adding value to local products and services, thereby enabling local firms to stay in business or grow larger.