

**Date:** March 12, 2024  
**To:** Environmental Quality Commission  
**From:** Leah Feldon, Director  
**Subject:** Agenda item I, Informational item: 2025-27 Agency Request Budget Update  
March 21-22, 2024, EQC meeting

**Why this is important** DEQ will discuss the process and priorities for development of the 2025-2027 Agency Request Budget and legislative agenda.

**State budget process** The State of Oregon's biennial budget process includes three distinct phases:

Agency Request Budget

The Agency Request Budget is the first phase in the budget process. In the ARB, agencies describe their core mission, objectives, and program priorities and provide budget information on past, current, and future biennia. The ARB reflects the agency's policy agenda and the financial plan it would like the Governor to recommend to the Legislature. Prepared under guidelines set by the Governor through the Department of Administrative Services, the document consists of descriptive narratives, and budget forms. As a part of this process, agencies will review their current service level budget to determine what technical corrections are required. The agency can also propose adjustment to revenues and expenses through Policy Option Packages. Under ORS 291.208, DAS requires agencies to submit a two-year budget by July 31 or Aug. 31 of each even-numbered year.

Governor's Recommended Budget

The Governor and Chief Financial Office review agency request budgets to compile the Governor's Budget. That budget reflects the Governor's priorities and the policies set in statute as well as any changes proposed by the Governor. ORS 291.222 requires transmission of the Governor Elect's printed budget to each member of the Legislature by Feb. 1. The Governor's Budget is the starting point for budget negotiations during the legislative session.

Legislatively Adopted Budget

The Governor's Budget is presented to the Legislature during the legislative session in odd numbered years. Committees, typically the Joint Committee on Ways and Means or one of its subcommittees, review agency programs and budget information. These committees hold public hearings to hear from each agency and the public. The

committee recommendations for an agency's budget are presented in budget reports for each budget bill; an agency may be impacted by more than one bill. The budget bills set out General Fund appropriations; Lottery Funds allocations and expenditure limitations; and Other Funds and Federal Funds expenditure limitations. DEQ's budget bill often authorizes fee increases to be implemented via rulemaking by the department and Environmental Quality Commission.

**2025-2027  
process**

Work on the agency's 2025-2027 Agency Request Budget and legislative proposals has started, with a focus on identifying the resources needed to fully implement existing programs and mandates. With considerable staff, community, business, tribal, local, federal and commission input, DEQ will develop policy option packages to address key environmental and public health concerns.

Key considerations in the early phase of budget development include:

- The financial health and stability of fee-funded programs
- Resource needs associated with implementing long-standing and new Legislative mandates
- Resource and other needs associated with addressing emerging environmental and public health issues
- Alignment with the Governor's priorities

In January 2024, the Governor distributed a schedule and priorities for Agency Request Budget development. Key priorities include:

- Adopting an approach to budget development that relies on closer collaboration between agencies, the Chief Financial Office and the Governor's Office
- A more iterative approach to identifying, refining, and advancing budget and policy concepts
- A continued focus on housing, education, behavioral health, good governance and excellent customer service. Additionally, the Governor intends to concentrate on wildfire response and recovery, advancing public safety, and boosting our ongoing climate action efforts.

DEQ staff will provide a summary of key budget and policy issues being considered for inclusion in the agency's 2025-27 Agency Request Budget.

**EQC  
involvement**

DEQ welcomes commission input on the process for Agency Request Budget development and priorities for the agency to consider.

The commission is required to certify the final Agency Request Budget upon its submittal to the Governor.

*Report prepared by Matthew Davis  
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