

Date: July 25, 2024

To: Environmental Quality Commission

From: Leah Feldon, Director

Subject: Agenda item B, Action Item: 2025-27 Agency Request Budget Certification
Aug. 6, 2024, EQC meeting

Purpose of item The Department of Environmental Quality is requesting commission approval for Chair Donegan to sign and certify the DEQ Agency Request Budget for the 2025-27 biennium, for subsequent submission to the Governor's Office.

Background DEQ's development of an Agency Request Budget is the first step in the regular multi-year budget cycle. Once the commission certifies the ARB, it is then submitted to the Governor and the Department of Administrative Services for review. Governor Kotek will then prepare her Governor's Recommended Budget, to be submitted to the legislature before the 2025 session. The legislature will then consider these budget proposals and adopt a two-year budget, covering the period from July 1, 2025, to June 30, 2027. An important note for DEQ's budget in particular is that any fee changes require both legislative approval and EQC approval before they become final.

A major component of the ARB as well as the Governor's Budget are "policy option packages," which are proposals for spending over and above current service levels, or for generating additional revenue through General Fund appropriations, bond sales, or fee increases. For the past year, DEQ staff have provided updates at several EQC meetings detailing the development of policy option packages and related stakeholder engagement for inclusion in the 2025-27 Agency Request Budget.

During development and finalization of the ARB the financial elements go through rigorous quality assurance and auditing processes. Before submittal, all elements of the agency's budget must successfully pass an audit through the Department of Administrative Services Statewide Audit and Budget Reporting Section. This includes:

- Verifying positions, revenue and expenditures associated with the Continuing Service Level budget;
- Verifying internal, and cross-agency revenue transfers balance to zero;
- Verifying ending fund balances are zero, or positive; and
- Assuring all budget elements (positions, expenditure limitation revenue, ending fund balances, and FTE) balance between DEQ's budgeting systems

and the statewide systems managed by DAS: the Oregon Budget Information Tracking System and the Oregon Position Information Control System.

Proposed motion *“I move that the Oregon Environmental Quality Commission authorize Chair Donegan to sign the DEQ 2025-27 Agency Request Budget certification form on behalf of the commission as part of the agency’s Sept. 1, 2024, budget submittal to the Governor.”*

EQC involvement DEQ staff briefed the commission on the development of the 2025-27 Agency Request Budget at their January 2024 and May 2024 meetings.

The commission chair is required to certify the ARB before it is submitted. If the policy option packages contained in the ARB are approved by the legislature in 2025, packages that include increased fees will come back to the EQC for final approval in the form of proposed rule changes.

Supporting materials A. Form 107BF01 – Budget Certification
B. Summary of 2025-2027 Agency Request Budget Policy Option packages

*Report prepared by Matthew Davis,
Policy and External Affairs Manager*

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800-452-4011 | TTY: 711 | deqinfo@deq.oregon.gov

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