

2025-27 Budget Review

Department of Geology and Mineral Industries

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	5,955,423	9,844,208	8,722,685	10,450,493
Other Funds	6,087,655	8,491,135	7,520,530	21,744,290
Federal Funds	4,651,819	5,663,435	5,988,729	5,988,729
Total Funds	16,694,897	23,998,778	22,231,944	38,183,512
Positions	35	41	36	56
FTE	34.67	40.50	36.00	56.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Department of Geology and Mineral Industries (DOGAMI) is the state’s primary source of geoscientific information and regulation. DOGAMI has two program areas, the Geologic Survey and Services (GS&S) program and the Mined Land Regulation and Reclamation (MLRR) program.

The GS&S program gathers geoscientific data and develops maps and reports to help Oregon manage mineral resources and prepare for natural hazards. The Department has prioritized geographic areas in need of tsunami hazard mapping, landslide hazard studies, flood hazard studies, and Lidar data collection. These geologic maps and reports inform the development of policy affecting the use of our lands and waters, guide responsible mineral development, and mitigate the risk of loss due to geologic hazards. The information is shared with state and local policymakers for land use planning, facility siting, emergency planning, and building code and zoning changes. The GS&S program also provides the agency’s administrative functions, such as budget and accounting and is supported by General Fund (49% of current budget), Federal Funds, primarily from the U.S. Geological Survey (35% of current budget), and Other Funds from project contracts with state and local agencies (16% of current budget).

The MLRR program is responsible for permitting and regulating the exploration, extraction, production, and reclamation of mineral and energy resources statewide. MLRR regulates surface mining, oil and gas wells, and geothermal exploration and extraction. Through enforcement of permit conditions, or through direct reclamation action, the MLRR program ensures mined lands are returned to beneficial uses when mining activity ceases. The program is entirely supported by fee revenue and cost recovery agreements, paid by the regulated industry.

BUDGET ENVIRONMENT

The GS&S program has limited General Fund and is heavily reliant on funding partnerships with local, state, and federal agencies. Federal funding is a somewhat volatile revenue source and makes up 24% of the agency's 2023-25 LAB. Additionally, 33% of GS&S positions have been budgeted with Federal Funds and Other Funds, requiring the pursuit of grants and contracts to support positions. This funding model can work when projects are plentiful; however, when projects to charge time against decline, either the General Fund must provide a backfill, or the agency will realize a shortfall necessitating reductions. The balance in DOGAMI's funding must be closely monitored as Other Funds and Federal Funds projects ebb and flow, and personnel costs continually increase. Moreover, the federal grant awards are prescriptive, dictating the type of work DOGAMI staff may engage in based on the funding priorities of the federal agencies.

Additionally, the GS&S program is looking to explore research on geologic carbon sequestration. The process of geologic carbon sequestration requires injecting carbon dioxide into the earth for storage thereby limiting the impact on climate change. This requires substantial mapping and site identification for suitable locations. The proposed initial funding and planning work is in partnership with the Department of State Lands with Common School Fund dollars and will evaluate state-owned property for potential sites. There is also a compliance component relating to this process, which will require programmatic stand-up with rules coordination. Oregon is eligible to apply for funding to establish the program through the U.S. Environmental Protection Agency (EPA). It is anticipated that there will be increased future federal funding for this work; however, if federal funds are not available or grant applications are unsuccessful the project would need other funding sources or cease.

The MLRR program permits and monitors the extraction of mineral resources statewide. During the 2023-25 biennium to date, MLRR administered 1,367 mining permits and has 103 applications for permits in process. The number of permits triples the agency's capacity to process them and has resulted in customer service issues and limited site inspections due to the number of staff available in comparison to the workload. To begin addressing this issue, DOGAMI sought approval for the ePermitting project which was approved by the Legislature to begin in the 2023-25 biennium. The 2022 business case for the project indicates a reduction in staff time of permit application processing time of 30% and also increased efficiency around public records requests, complaints and compliance actions, inspection time, and printing and postage.

The MLRR program is charged with performing routine site inspections to assure unpermitted and incorrectly permitted surface mining operations are brought into compliance with state regulations. Site inspections are a necessary tool to address compliance issues and level the playing field for all permit holders who maintain permits in compliance with state statutes. For 2023-25, the Department revised Key Performance Measure #4, and set a target for the inspection of 20% of active surface mines per year. In 2024 DOGAMI inspected 14% of active sites, falling short of this target. Inspections related to applications and compliance issues are prioritized over routine visits to existing sites, and enforcement actions have been limited to only the most egregious transgressions. The Department reports site inspections will continue to be under 20% per year at current staffing levels. DOGAMI currently has no staff dedicated to site inspections, and each of the five technical staff responsible for processing permits and responding to complaints, include site inspections as a portion of their workload.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for DOGAMI totals approximately \$22 million and supports 36 positions (36.00 FTE). This represents a net decrease of roughly \$1.8 million total funds, or 7% below the Department's 2023-25 legislatively approved budget (LAB) due to the phase out of five limited duration positions, MLRR Grassy Mountain project Other Fund limitation, and the ePermitting project funds netted against the standard inflationary increase. The budget is approximately 39% General Fund, down 11% from the 2023-25 LAB due to the phase out of the ePermitting project, which did not reach completion and will require further General Fund support in the 2025-27 biennium to continue. Other Funds make up 34% of the budget, primarily for the MLRR program, which is down 11% from the 2023-25 LAB due to the phase out of limited duration positions and Grassy Mountain project limitation previously approved to support permitting and mine inspection capacity. Federal Funds make up approximately 27% of the total budget and are up 6% from the 2023-25 LAB, driven by increased position costs and standard inflation.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's Budget includes over \$38 million total funds, comprised of approximately \$10 million General Fund, \$22 million Other Funds, \$6 million Federal Funds, and 56 positions (56.00 FTE). The total funds budget represents an increase of nearly \$16 million, or 72% above CSL, and includes 20 additional positions (20.00 FTE). In addition to adjustments for statewide Attorney General rates and Department of Administrative Services assessments and service charges, the following packages are included in the Governor's budget:

- Package 090 and 100 - Package 100 provides \$150,000 General Fund to cover increased Esri license costs which provides agency access to geographic information system (GIS) software. The projected cost for the increase of licenses is \$187,500 for the biennium. Package 090 is an analyst recommendation to reduce General Fund by \$150,000, thereby having the agency absorb the total license cost increase.
- Package 101 - This package provides a reappropriation of \$1.8 million General Fund and one permanent position (1.00 FTE) to continue the paperless permitting and online customer interface project utilized by the MLRR program. The position is intended to shift to Other Funds once the project is completed.
- Package 102 - This package establishes three permanent positions (3.00 FTE) and provides \$10 million Other Funds expenditure limitation to research geologic carbon sequestration feasibility on state lands. This is funded by a transfer from Department of State Lands with Common School Fund dollars. The intent is to build momentum towards shovel ready projects and leverage state dollars to match federal grant opportunities to support this climate change initiative.
- Package 103 - This package includes a fee increase and associated increased revenues, establishes 12 permanent positions (12.00 FTE), and \$3.3 million Other Funds expenditure limitation to right size the MLRR program. The positions will provide increased capacity for timely and accurate customer service and increased site inspections for compliance.

- Package 104 - This package establishes three permanent positions (3.00 FTE) and provides \$942,383 Other Funds expenditure limitation. The positions have previously been limited duration and support mining permits and compliance and are necessary to meet existing and anticipated workload.

OTHER SIGNIFICANT ISSUES

DOGAMI experienced project overspending and budget shortfalls in the 2013-15 biennium, and again in the 2017-19 biennium, bringing into question the viability of the Department's structure and funding mechanism. This uncertainty resulted in DOGAMI being provided with a one-year budget for the 2019-21 biennium and the elimination of five positions to generate sufficient General Fund to support two new financial positions and the reclassification of an existing financial position. These position adjustments provided additional financial, grant and project contract oversight to eliminate overspending. In the 2021 legislative session, the Legislature weighed, but ultimately dismissed, the possibility of abolishing DOGAMI and disseminating existing programs to other agencies. During the 2021-23 biennium, the Department's financial team significantly improved grant tracking to eliminate project overruns, accurately account for time spent, and appropriately scope projects costs. With this improved financial oversight, a series of financial reporting requirements, and monthly meetings with executive and legislative branch staff, DOGAMI appears to be on a path of sustained improvement. Based on this strengthened relationship and communication, along with the required nature to solicit federal grants to remain viable, there are several recurring annual federal grants that warrant review for prospective approval from the Legislature.

KEY PERFORMANCE MEASURES

A copy of the Department of Geology and Mineral Industries Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_DOGAMI_2024-09-19.pdf

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