

2025-27 OLCC Ways & Means Reference Documents

Hyperlink to Agency Governors Budget

<https://www.oregon.gov/olcc/Pages/Budget.aspx>

AUDITS RESPONSE REPORT

To ensure the Governors' Budget complies with the requirements of **ORS 297.100**, agencies must report on the status of implementation of action plans in response to the Audits Division audit findings and recommendations. The Audits Report does not have a prescribed format but should identify any Secretary of State audits currently being conducted and include a brief description of the scope of the audit (if known). In addition, provide a written summary of responses to any financial or performance audits completed by the Secretary of State *since February 2020*.

Report on work completed to date and provide any updated information on agency actions or proposed actions to respond to audit findings and recommendations. This report must identify any new or enhanced funding or savings included in the agencies budget (base budget as well as agency request budget) as a result of implementation of audit findings or recommendations. Additionally, identify any policy packages in the Agency Request Budget that are intended to address audit findings and recommendations from completed audits, **regardless of when the audit occurred**.

Audits since February 2020:

1. Secretary of State 2023-15 dated 4/28/2023: ***Oregon Needs to Modernize Cannabis Laws to Help Grow the State's Economy and to Ensure Equitable Opportunities and Benefits for all Communities***
 - ✓ The objectives of this audit were to:
 - To identify business equity challenges within Oregon's existing cannabis regulatory framework and how the state can address them.
 - Determine how Oregon may address social equity issues within the Oregon cannabis industry.
 - ✓ Recommendations included reforming rules that were in place to avoid federal intervention, gathering demographic data on cannabis licensees, and assessing the moratorium's impact on those most negatively impacted by the prohibition of cannabis.
 - ✓ Management agreed with all recommendations, and implementation is in progress.
2. Secretary of State ***FY2021 Statewide Single Audit Report*** dated 7/5/2022.
 - ✓ The audit identified one significant internal control deficiency:
 - **2021-008:** Month-end transfer process from the Liquor Control fund to the General fund resulted in inappropriately transferring more to the General Fund than statutorily required.
 - ✓ The letter recommended strengthening internal controls to ensure the accounting systems reconcile and the appropriate amount is being transferred to the General Fund each month.
 - ✓ Management agreed with the recommendation, and has hired a temporary Accountant 3 to help bring the agency process up-to-date. Once current, an OLCC staff member will be handling reconciliations on a routine basis.

3. Secretary of State **2020-36** dated 11/10/2020: ***Oregon Has an Opportunity to Modernize Groundbreaking Bottle Bill on Its 50th Anniversary***
 - ✓ The audit objective was to determine if opportunities exist to increase state revenue through the collection of unreturned bottle deposits.
 - ✓ Audit recommendations included ensuring compliance with unclaimed property laws and crafting legislation to modernize the Bottle Bill.
 - ✓ Management agreed with all recommendations. During FY22, the agency worked to draft rules for SB 1520, which contained several provisions to modernize the Bottle Bill. For example, wine in cans is now eligible for deposit refunds.

4. Secretary of State **FY2020 Statewide Single Audit** dated 11/9/2020.
 - ✓ The audit identified two significant internal control deficiencies:
 - **2020-011:** Liquor agent inventory audits were not being completed every 6-12 months as targeted by agency management.
 - **2020-012:** User system access was not adequately documented or regularly reviewed for appropriateness.
 - ✓ Management agreed with all recommendations. Since the audit, the agency has increased the number of liquor store audits and assigned an Office Information Systems team member to review access and usage of multiple OLCC systems quarterly.

Audits prior to February 2020 related to OLCC Policy Option Packages:

5. Secretary of State Audit **2019-23** dated 5/29/19 was a follow-up to SOS audit #2018-07 regarding ***OLCC Cannabis Information Systems***
 - ✓ 15 of 17 recommendations were partially or fully implemented, with 2 recommendations (implementing change management processes and documenting disaster recovery plans) deferred while the replacement licensing system is developed, and while the state data center move is completed. OLCC’s disaster recovery plan will need to incorporate elements of the disaster recovery plan developed for the state data center.

6. Secretary of State Audit **2019-04** dated 1/25/19:

Oregon’s Framework for Regulating Marijuana should be strengthened to better mitigate Diversion Risk, and Improve Laboratory Testing

 - ✓ The audit scope covered both OLCC and OHA processes; and included 8 OLCC recommendations, and 9 OHA recommendations.
 - ✓ Management agreed with all 8 OLCC recommendations.

OLCC Policy Option Packages (POPs) addressing Audit Findings or Recommendations

POP	POP Description	Audit Reference	Helps Address Audit Findings / Recommendations
303	IT Risk Mitigation: The 23-25 Legislatively Approved Budget (LAB) recommended: One Information Specialist 8 System	SOS 2019-23, Recommendations 4, 6, 8, 9, 11, 15	<ul style="list-style-type: none"> • Develop and implement policies and procedures for effectively monitoring software as a service vendors to ensure they are meeting security and hosting requirements defined in contracts and service level agreements.

2025-27 OLCC Ways & Means Reference Documents

POP	POP Description	Audit Reference	Helps Address Audit Findings / Recommendations
	Administrator, Risk Mitigation and One Principal Executive Manager D Information Compliance Officer		<ul style="list-style-type: none"> • Establish processes for granting and reviewing access to the Marijuana Licensing System and the Cannabis Tracking System. • Update and test OLCC’s information security plan to ensure the plan reflects the agency’s current business and IT environment. • Establish a process to maintain an up-to-date inventory of authorized hardware and software allowed on OLCC’s network. • Develop and implement a process to scan for vulnerabilities on devices on the network. • Develop and implement a process to remediate weaknesses identified in risk assessments and audits, and routinely evaluate and assess the agency’s security posture.
307	Financial Services Staffing: The 23-25 Governor’s Budget requested: One Budget & Fiscal Manager 2 ----- POP 307 was not approved in the 2023-25 Legislatively Adopted Budget.	FY 21 Statewide Single Audit, SOS 2021-008	<ul style="list-style-type: none"> • Strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being transferred to the General Fund each month.
413	Marijuana Lab Integrity Package: The 23-25 LAB recommended: <ul style="list-style-type: none"> • A Natural Resource Specialist 4 • A Regulatory Specialist • A Compliance Specialist 2 • Expenditure authority to spend 	SOS 2019-04, Recommendations 14, 15, 17	<ul style="list-style-type: none"> • Update test result tracking requirements for subcontracted tests to ensure the results can be directly traced in Metrc to the lab that performed the specific test. • Require that all marijuana certificates of analysis be stored in Metrc, where they can be reconciled with the reported lab test results. • Work with ORELAP and the Legislature to ensure appropriate

POP	POP Description	Audit Reference	Helps Address Audit Findings / Recommendations
	<p>\$250,000 of its own revenue to conduct random and targeted safety testing of cannabis products being sold to consumers within Oregon</p>		<p>and sufficient staff coverage to better monitor lab practices and review test result data.</p>
<p>414</p>	<p>Marijuana Licensing and Compliance Package. The Agency Request Budget included 8 positions, 7.04 FTEs, totaling \$1.9 million expenditure limitation.</p> <p>-----</p> <p>POP 414 was not approved in 2023-25 Legislatively Adopted Budget.</p>	<p>SOS 2019-04, Recommendations 2 and 4</p>	<ul style="list-style-type: none"> • Continue to develop baselines, dashboards, and other data monitoring practices, such as setting reasonableness thresholds to help identify higher risk marijuana transactions. • Establish inspection frequency goals and metrics and determine how many inspectors are needed to meet those goals. If the current number of inspectors is too low, work with the legislature to identify additional funding options. Periodically reassess inspection goals and metrics, and whether the number of inspectors aligns with them.
<p>418</p>	<p>Oregon Department of Agriculture (ODA) Lab Funding LC:</p> <p>-----</p> <p>The 23-25 LAB approves using \$2,281,689 in marijuana license fees to fund part of the ODA reference lab.</p>	<p>SOS 2019-04, Recommendation 17</p>	<ul style="list-style-type: none"> • Work with ORELAP and the Legislature to ensure appropriate and sufficient staff coverage to better monitor lab practices and review test result data.



September 16, 2022

Karen Williams, Statewide Financial Compliance Analyst
Statewide Accounting and Reporting Services (SARS)
155 Cottage Street NE
Salem, OR 97301

Dear Karen:

In response to your inquiry, I have included a table below regarding the status of the prior year audit findings from fiscal years 2020 and 2021 at the Oregon Liquor and Cannabis Commission (OLCC).

Finding #	Finding	Recommendation	Original Management Response	Original Corrective Action Planned	Progress	Reported Status	Management Response Update (as of 09/16/2022)
2021-008	Strengthen controls over statutorily required transfers	Strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being transferred to the General Fund each month.	OLCC agrees with the recommendation. The reconciliation process should be conducted and monitored on a regular basis within a 12-month period. The COVID pandemic and staff shortages have severely curtailed the agency's ability to perform routine reconciliations recently.	Within the 2022 fiscal year, the reconciliation process should be conducted monthly. There is still a concern of continued staffing shortages. In an effort to expedite this completion OLCC is working with a temporary agency to hire an Accountant 3 to help bring the agency process up-to-date. Once current, an OLCC staff member will be handling this on a routine basis.	Finding has been partially resolved.	Partial corrective action was taken.	A temp. has been working on the annual reconciliations since he started in May 2022. He has completed data entry and reconciled many differences through FY 2020 and is currently working on FY 2021. OLCC plans to continue using a temp. in this role until the reconciliations are caught up.

Finding #	Finding	Recommendation	Original Management Response	Original Corrective Action Planned	Progress	Reported Status	Management Response Update (as of 09/16/2022)
2020-011	Ensure timely completion of agent inventory audits	Complete agent inventory audits for all stores that haven't had one in the last 12 months as soon as possible. We also recommend management ensure control processes for agent audits are documented in formal written procedures.	OLCC conducted 284 audits during FY21, an increase of 60 stores (26.8%) over FY20 with only eight stores remaining that were not audited in FY21. We will continue to audit our stores through mid-November and restart in January after the busy holiday season.	Partial corrective action taken, continue work to complete work on this finding.	Finding has been partially resolved.	Partial corrective action was taken.	Partial corrective action began, but the agency has fallen further behind since COVID continued to impact our ability to perform audits. Some stores outside of the local area that were scheduled called at the last minute saying employees had COVID and they needed to close and didn't want to put anyone at risk. We have not yet set a policy to include the risk based factor of these audits, but that is something OLCC will be considering. Currently there are 31 stores that have gone beyond a twelve month audit period.

Finding #	Finding	Recommendation	Original Management Response	Original Corrective Action Planned	Progress	Reported Status	Management Response Update (as of 09/16/2022)
2020-012	Strengthen controls over system access	Perform regular, periodic system access reviews to ensure the continued appropriateness of assigned user access. We also recommend management update their policy to align with their decisions for meeting the control objectives.	OLCC has assigned an Office Information Systems (OIS) team member to review, quarterly, access and usage to the following OLCC systems: Agent Revenue Management (ARM), Daily Sales, Merchandising Business, Non-Budget Vouchers (NBV), Financials, and Oregon Liquor Agent Services. The first quarterly review was performed in November 2020. During FY 2021, OLCC reviewed usage for the above-mentioned systems based on logins but did not review overall access. The quarterly reviews in the future will include both access and usage. Results of the monitoring are communicated to the Director of Finance and the CFO. OLCC will update our policy to align with this new practice.	Partial corrective action taken, continue work to complete work on this finding.	Finding has been resolved.	Corrective action was taken.	Beginning for the quarter ending 12/31/2021, OLCC has been sending two quarterly audits to managers each quarter (one based on logins and one on permissions only).

If you have any questions or need any additional information please let me know.

Respectfully,



Kailean Kneeland
 Chief Financial Officer
 Oregon Liquor and Cannabis Commission

cc: Nicole Pexton, OLCC Internal Auditor



Oregon

Tina Kotek, Governor

Liquor & Cannabis Commission

9079 SE McLoughlin Blvd.
Portland, Oregon 97222-7355

503-872-5000

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www.oregon.gov/olcc

January 23, 2024

Michelle Searfus, Audit Manager
Secretary of State
255 Capitol Street NE, Suite 180
Salem, OR 97310

Dear Michelle:

In response to Secretary of State’s Fiscal Year 2023 Management letter, I have included the tables below regarding the Oregon Liquor and Cannabis Commission (OLCC) responses.

Finding	Recommendation	Management Response	Corrective Action Planned & Anticipated Completion Date	Name of Contact Person Responsible for Corrective Action
Strengthen controls over statutorily required transfers and distributions	Commission management should strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being distributed to cities and transferred to the General Fund within the required 35 days.	OLCC agrees with the recommendation and the agency has already begun the work to address this finding.	OLCC will implement the appropriate controls and procedues to address this finding by June 30, 2024.	Kailean Kneeland, OLCC Chief Financial Officer

Finding	Recommendation	Management Response	Corrective Action Planned & Anticipated Completion Date	Name of Contact Person Responsible for Corrective Action
Ensure timely completion of agent inventory audits	Commission management should complete agent inventory audits for all agents that haven't had one within the last 12 months as soon as possible. Management should also ensure controls are documented in formal written procedures.	OLCC agrees with the recommendation and the agency has already begun the work to address this finding.	OLCC will ensure audits are scheduled for the agents who were not audited within the last fiscal year and the appropriate procedures are documented by June 30, 2024.	Kailean Kneeland, OLCC Chief Financial Officer

If you have any questions or need any additional information regarding these responses, please let us know.

Sincerely,



Craig Prins
 Executive Director
 Oregon Liquor and Cannabis Commission

CC: Rob Hamilton, SARS Manager
 Tara Wasiak, OLCC Deputy Director
 Kailean Kneeland, OLCC Chief Financial Officer
 Jean-Aime Polneau, OLCC Financial Reporting & Accounting Manager
 Nicole Pexton, OLCC Internal Auditor



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March 23, 2023

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 180
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled: "Oregon Needs to Modernize Cannabis Laws to Help Grow the State's Economy and to Ensure Equitable Opportunities and Benefits for all Communities."

Thank you for the opportunity to provide a response and share more about the agency's successes and deep expertise as a national leader in the cannabis regulatory space—all of which are relevant to the findings in this audit.

The mission of the OLCC is to support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws. Since Oregon voters legalized recreational marijuana in 2014 with Measure 91, the OLCC has been dedicated to building a regulatory system that is highly adaptable to the changing needs of the burgeoning marijuana industry while protecting consumers. To that end, agency staff worked closely with legislators and industry for nine years on appropriate and necessary adaptations to prepare the state for opportunities and respond to emerging issues. Agency leadership is dedicated to continuing along this trajectory as well as taking an open posture to new policy concepts and regulatory approaches.

As noted in the audit report, the Cole Memorandum has been rescinded. However all of the points addressed in the memo remain in ORS 475C, the Oregon state law that directs the agency's work. Put differently, the Cole Memorandum guidance and regulatory framework therein remains the backbone of Oregon's recreational marijuana laws. Thousands of collaborative conversations with industry stakeholders, legislators, and other jurisdictional authorities as well as partner agencies formed the basis of the OLCC's comprehensive regulatory framework for adult-use marijuana. The commission continues to engage licensees and other stakeholders in annual revisions to our rules and policies to better support licensees, their businesses, and Oregonians. Whether or not the current federal government administration considers the Cole Memo regulatory guidance a guiding light, it remains OLCC's responsibility to maintain a regulated system. Moreover, as the audit identifies, marijuana

businesses, through no fault of their own, face unique public safety and security risks that no other industry faces. These concerns must also be front and center in OLCC's considerations so that all participants in the industry – owners, employees, and customers – are safe and secure. The agency set a strong policy, business process, and technology foundation through administrative rulemaking and worked closely with legislators to develop approaches and systems that support the industry in maturing in a free-market economy. In fact, the agency's success in cooperation with the industry and legislature is evidenced by avoidance of federal prosecution when the Cole Memorandum was in effect. Together with the legislature and industry partners, OLCC policy is regularly emulated by other U.S. states that are initiating or revising their marijuana policy.

In preparation of the Federal government potentially allowing for interstate commerce of cannabis products, the OLCC anticipates that only the highest quality products from well-regulated systems, that have recognized testing, packaging, labeling, and traceability standards, will be allowed for sale into other states. These standards enable consumer protection, which has been an executive branch priority for state agencies, including OLCC for the past two administrations and the current one. For nine years, the OLCC has been able to effectively walk the line between support for industry, so that they can thrive and prepare for expansion, while minimizing public health and consumer protection tragedies. Feedback the agency received from other state agencies that regulate marijuana agree that Oregon's regulatory system is optimally supportive of industry. Agency leadership is dedicated to supporting and preparing Oregon businesses so they are ready to successfully transition from a closed state system to an open national market. OLCC believes it will be successful, as legislators and industry members collaborate together with the agency on planning and plan execution in the coming years.

Below is our detailed response to each recommendation in the audit.

When preparing for the future expansion of the adult recreational cannabis industry and to further Oregon's equity goals, OLCC should:

RECOMMENDATION 1

Identify and reform its rules which are in place primarily to avoid federal intervention, and which presume cannabis businesses will engage in illegal activity, specifically:

- a. Reevaluate the public purpose and economic impact of regulations like the requirements for steel doors and 24-hour video surveillance.
- b. Implement seed to sale batch tagging to balance accountability for reporting and compliance with lower costs for producer licensees and medical growers required to report in METRC.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	1/1/2024	A. Borup 503-504-3052

Narrative for Recommendation 1

The OLCC has already undertaken rulemaking to change from individual plant tags to batch tagging. At the Commission meeting on March 16, 2023 the commission approved the rules, making the rules effective January 1, 2024. Until the effective date, OLCC will be working with the cannabis tracking system (“CTS”) vendor on implementation and will provide guidance to businesses as those changes are made.

The OLCC has modified many of our violations related to security requirements in the past two years and will evaluate steel doors and video camera requirements during the 2023 cycle of rulemaking. That evaluation process will include stakeholders such as licensees and public health and safety partners.

To better understand the obstacles of past cannabis prohibition for people of color and create harm reduction strategies, and ensure programming, services, laws, and rules related to cannabis are aligned with the diversity, equity, and inclusion values of the state, OLCC should:

RECOMMENDATION 2		
Ensure its replacement cannabis licensing system has the capacity to gather demographic data and generate reports encouraged in Oregon’s DEI Action Plan.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	12/31/2023	A. Borup 503-504-3052

Narrative for Recommendation 2

The current OLCC licensing system does not collect demographic data to the level needed to comply with the DEI Action Plan. As a result, the state does not have the necessary data by which to benchmark diversity among Oregon’s cannabis licensees, to better understand the obstacles and create harm reduction strategies, and to evaluate the efficacy and outcomes of its regulatory efforts. OLCC is in the process of developing and replacing its current licensing system, with an implementation of the new system planned for Fall 2023, followed by the collection of this data in the near future. Additionally, the agency acknowledges and deeply values that this data is critical for making the marijuana system a place where all residents may

be included and all feel they can belong within it. Access to opportunity is critical and the agency continues to be dedicated to working with other public sector agencies that offer grant funding to address historical injustices and ultimately overcome continued barriers to equity and access.

<p>RECOMMENDATION 3</p> <p>As part of the annual reporting required by House Bill 4016, OLCC should include an assessment of the impact the moratorium has on those most negatively impacted by the prohibition of cannabis.</p>		
<p>Agree or Disagree with Recommendation</p>	<p>Target date to complete implementation activities</p>	<p>Name and phone number of specific point of contact for implementation</p>
<p>Agree</p>	<p>March 20, 2023 and March 20, 2024</p>	<p>A. Borup 503-504-3052</p>

Narrative for Recommendation 3

The first report required by HB 4016 is due by March 20, 2023; the agency will include an assessment of the moratorium as it relates to people most negatively impacted by the prohibition of marijuana in the 2023 and 2024 reports.

Please contact Amanda Borup at 503-504-3052 with any questions.

Sincerely,

Craig Prins
Craig Prins (Mar 24, 2023 08:24 PDT)

Craig Prins
 Executive Director
 Oregon Liquor and Cannabis Commission

cc: Chairman Marvin Revoal, Nathan Rix, Rich Evans, Rosetta Shatkin, Amanda Borup



Oregon

Tina Kotek, Governor

Liquor & Cannabis Commission

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February 13, 2023

Michelle Searfus, Audit Manager
Secretary of State
255 Capitol Street NE, Suite 180
Salem, OR 97310

Dear Michelle:

In response to Secretary of State's Fiscal Year 2022 Management letter, I have included a table below regarding the Oregon Liquor and Cannabis Commission (OLCC) response.

Finding	Recommendation	Original Management Response	Corrective Action Planned	Name of Contact Person Responsible for Corrective Action
Need to implement cash receipting procedures to ensure checks are safeguarded, properly tracked, and accounted for in the financial records in accordance with state policy (OAM 10.10.00.PR.101; OAM 10.20.00.PR.124).	Implement cash receipting procedures to ensure checks are safeguarded, properly tracked, and accounted for in the financial records in accordance with state policy (OAM 10.10.00.PR.101; OAM 10.20.00.PR.124).	OLCC agrees with the recommendation.	OLCC will implement the appropriate procedures to ensure compliance with state policy by March 31, 2023.	Kailean Kneeland, OLCC Chief Financial Officer

Thank you for your consideration

Sincerely,



Steve Marks
Executive Director
Oregon Liquor and Cannabis Commission

CC: Rob Hamilton, SARS Manager
Kailean Kneeland, OLCC Chief Financial Officer
Nathan Rix, OLCC Deputy Director
Nicole Pexton, OLCC Internal Auditor

Description of how recent changes to agency budget and/or management flexibility affected agency operations.

The OLCC has undertaken a number of changes to create savings, contain costs, and create efficiencies that have affected agency operations. Those are the following:

Agency Actions to Create Savings, Contain Costs and Create Efficiencies

- IT Enterprise Modernization
 - Replacing legacy warehouse management system
 - Replacing legacy liquor ordering systems
 - Implementing a statewide point of sale system for consistent and real-time sales and inventory data
 - Completed online Privilege Tax system to file beer and wine taxes
 - Online liquor and marijuana licensing system
- Partner with ODA for efficient regulation of hemp and marijuana
- Utilize in-person, hybrid, and telecommuting implemented during the pandemic to reduce space needs for personnel in the new headquarters
 - Using existing office space at PSOB over building new space when vacant space is already available

Description of workforce challenges, including the impact to agency operations and services and additional costs incurred (e.g., overtime, contracted staffing).

The agency's greatest workforce challenge is managing our Build, Move, Modernize, and Roll (BMMR) initiative within our existing staffing levels.

Over the last 90 years, we have built a well-regulated system for the distribution and sale of distilled spirits. We are now entering the tenth year of doing the same thing for our state's cannabis businesses and consumers. The benefits of the Oregon Way are numerous. Every year, it generates hundreds of millions of dollars to support schools, parks, health care and other vital needs in communities across our state. It supports small businesses and local entrepreneurs while offering consumers fair prices and more choice. Finally, our system also provides critical resources in the fight to prevent and treat alcohol and other substance abuse. It's a system Oregonians are rightly proud of. It is also a system in need of generational upgrades. For example, our warehouse, which is the centerpiece of our distilled spirits distribution center, dates back to the Eisenhower Administration. It regularly operates above capacity which impedes our ability to serve our customers and support local distillers and manufacturers.

The Governor's Proposed Budget provides us with the funding we need to modernize our warehouse and undertake the other projects that will ensure our ability to deliver the level of service Oregonians deserve for decades to come.

We are also implementing a strategic plan that will maximize efficiency and attract and retain the talented individuals that make the OLCC run. With this plan and our current level of staffing in place, we believe we can sustain our modernization push. However, we do not have the same confidence that we can deliver if we sustain cuts to staff. The modernization of the Oregon Way is a heavy lift and we need all hands on deck. For that reason, the agency is focused on keep our staffing levels steady. If we can, we will deliver on the Build, Move, Modernize, and Roll (BMMR) initiative.

There is additional information regarding the BMMR below:

Agency Projects: Build, Move, Modernize, and Roll (BMMR):

- New Warehouse & Material Handling/Conveyor System
- IT Modernization (Cannabis Alcohol Management Program & Distilled Spirits Supply Chain)
- Move current agency Headquarters to Portland State Office Building (PSOB) owned by DAS

2025-27 OLCC Ways & Means Reference Documents

FINAL Agency Span of Control as of 03/31/24 @ 11:59:59 PM

	Agency Max Supervisory ratio	Total # EEs on 03/31/24*	Total # Non-supervisory EEs on 03/31/24	÷	Total # Supervisory EEs on 03/31/24	Total # EEs not assigned a Representation on 03/31/24**	1	÷	Adjusted Actual Ratio on 03/31/24	Actual ratio	Comments
Bureau of Labor and Industries	(1:7)	192	168	÷	24	0	1	÷	7	7.00	
Department of Administrative Services	(1:9)	1122	1004	÷	118	2	1	÷	9	8.51	
Department of Agriculture	(1:8)	771	716	÷	55	0	1	÷	13	13.02	
Department of Consumer and Business Services	(1:11)	1051	956	÷	95	0	1	÷	10	10.06	
Department of Corrections	(1:11)	5443	4983	÷	460	1	1	÷	11	10.83	
Department of Early Learning and Care	(1:9)	361	324	÷	37	0	1	÷	9	8.76	
Department of Energy	(1:7)	129	116	÷	13	0	1	÷	9	8.92	
Department of Environmental Quality	(1:9)	929	851	÷	78	0	1	÷	11	10.91	
Department of Fish and Wildlife	(1:6)	1464	1274	÷	190	0	1	÷	7	6.71	
Department of Human Services	(1:8.47)	12405	11262	÷	1143	5	1	÷	10	9.85	
Department of Justice	(1:11.88)	1662	1536	÷	126	0	1	÷	12	12.19	
Department of Public Safety Standards and Training	(1:17.95)	434	415	÷	19	1	1	÷	22	21.84	
Department of Revenue	(1:11)	1264	1157	÷	107	0	1	÷	11	10.81	
Department of State Lands	(1:8)	138	121	÷	17	0	1	÷	7	7.12	
Department of the State Fire Marshal	See Comment	161	141	÷	20	1	1	÷	7	7.05	Please provide established 23-25 ratio
Department of Transportation	(1:11)	5304	4873	÷	431	0	1	÷	11	11.31	
Department of Veteran Affairs	(1:5.35)	111	96	÷	15	0	1	÷	6	6.40	
Employment Department	(1:11)	2230	2047	÷	183	0	1	÷	11	11.19	
Forestry Department	(1:7)	1590	1396	÷	194	0	1	÷	7	7.20	
Higher Education Coordinating Commission	(1:7)	217	197	÷	20	0	1	÷	10	9.85	
Land Conservation and Development Department	See Comment	101	90	÷	11	0	1	÷	8	8.18	Please provide established 23-25 ratio
Office of the Governor	See Comment	100	84	÷	16	0	1	÷	5	5.25	Please provide established 23-25 ratio
Oregon Business Development Department	(1:8)	205	179	÷	26	0	1	÷	7	6.88	
Oregon Department of Education	(1:10)	902	822	÷	80	3	1	÷	10	10.28	
Oregon Department of Emergency Management	(1:11)	151	135	÷	16	0	1	÷	8	8.44	
Oregon Health Authority	(1:10.06)	6465	5864	÷	601	1	1	÷	10	9.76	
Oregon Housing and Community Services	(1:7)	479	423	÷	56	0	1	÷	8	7.55	
Oregon Liquor Control Commission	(1:11)	426	392	÷	34	0	1	÷	12	11.53	
Oregon State Department of Police	(1:8)	1470	1333	÷	137	7	1	÷	10	9.73	
Oregon Youth Authority	(1:9)	1102	989	÷	113	0	1	÷	9	8.75	
Parks and Recreation Department	(1:8)	904	814	÷	90	1	1	÷	9	9.04	
Public Employees Retirement System	(1:11)	448	412	÷	36	0	1	÷	11	11.44	
Public Utility Commission of Oregon	(1:5)	149	128	÷	21	0	1	÷	6	6.10	
State of Oregon Military Department	(1:10)	521	475	÷	46	0	1	÷	10	10.33	
Water Resources Department	(1:8)	258	232	÷	26	0	1	÷	9	8.92	

* This total number includes positions which were flagged by Workday as NOT having a Repr code assigned. Each position was reviewed and assigned to a supervisory or non-supervisory category.
 ** These numbers are showing up in Workday as not having a Repr code assigned. They were reallocated to a supervisory or non-supervisory category and folded into the Total on column C.
 Ratio within Maximum supervisory ratio
 Ratio not within Maximum supervisory ratio
 No current ratio on file with CHRO

2025-27 OLCC Ways & Means Reference Documents

PROGRAM PRIORITIZATION FOR 2025-27																					
Agency Name: Oregon Liquor & Cannabis Commission (OLCC)											Agency Number: 84500										
Agency-Wide Priorities for 2025-2027 Biennium																					
1	2	3	4	5	6	7	10	14	15	16	17	18	19	21	22						
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program Activity Code	OF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, B, FM, FO, S)	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request							
The Oregon Liquor & Cannabis Commission (OLCC)														is the agency responsible for regulating the sale and							
1	1	OLCC	001-30	Distribution Services	845-4, 845-6	6	19,524,402	\$ 19,524,402	64	64.00	N	N	C		-						
2	2	OLCC	001-31	Bondable Systems	845-4, 845-5	5	0	\$ 0	0	0.00	N	N	C		-						
3	3	OLCC	001-40	Retail Services	845-4, 845-5	6	3,022,295	\$ 3,022,295	9	9.00	N	N	C		-						
4	4	OLCC	001-42	Liquor Sales Support	845-4, 845-5	6	41,969	\$ 41,969	0	0.00	N	N	C		-						
5	5	OLCC	002-45	Licenses Services	845-1, 845-2, 845-3, 845-4	5	10,748,077	\$ 10,748,077	37	37.00	N	N	C		-						
6	5	OLCC	001-20	Business Services	845-4, 845-5	6	826,893	\$ 826,893	2	2.00	N	N	C		-						
7	5	OLCC	001-24	Bank Card Fees	845-4, 845-5	6	22,146,007	\$ 22,146,007	0	0.00	N	N	C		-						
8	1	OLCC	005-72	Store Agents Compensation	845-5	6	198,699,264	\$ 198,699,264	0	0.00	N	Y	C		-						
9	2	OLCC	005-73	Dutiable Agents Compensation	845-5	6	13,362,816	\$ 13,362,816	0	0.00	N	N	C		-						
10	1	OLCC	004-85	Recreational Marijuana Licensing	845-7, 845-8	3	10,407,809	\$ 10,407,809	23	23.00	N	N	S		-						
11	2	OLCC	004-87	Recreational Marijuana Regulation	845-7, 845-8	3	14,284,739	\$ 14,284,739	43	43.00	N	N	S		-						
12	3	OLCC	004-80	Recreational Marijuana Administration	845-7, 845-8	3	6,645,388	\$ 6,645,388	16	16.00	N	N	S		POP 104						
13	2	OLCC	002-47	Public Safety	845-1, 845-2, 845-3, 845-4	5	20,888,977	\$ 20,888,977	63	61.00	N	Y	C		-						
14	3	OLCC	002-55	Administrative Hearings	845-1, 845-2, 845-3, 845-4	5	5,001,360	\$ 5,001,360	13	13.00	N	N	C		-						
15	1	OLCC	006-91	QAIMF Tracing Administration	845-6	3	7,070,706	\$ 7,070,706	21	21.00	N	Y	S		-						
16	1	OLCC	088-01	Capital Improvements	845-5	4	258,159	\$ 258,159	0	0.00	N	N	C		-						
17	1	OLCC	089-01	Capital Construction	845-5	4	0	\$ 0	0	0.00	N	N	C		POP 101, 103						
N/A	N/A	OLCC	003-26	Information Technology	845-4, 845-6	4	12,846,779	\$ 12,846,779	23	23.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-25	Financial Reporting & Accounting	845-4, 845-6	4	6,495,291	\$ 6,495,291	12	11.63	N	N	C		POP 106						
N/A	N/A	OLCC	003-34	Auditing - Privilege Tax	845-4, 845-6	4	1,840,436	\$ 1,840,436	7	6.63					POP 106						
N/A	N/A	OLCC	003-48	Auditing - Liquor Stores	845-4, 845-6	4	2,134,929	\$ 2,134,929	7	7.63											
N/A	N/A	OLCC	003-49	Budget	845-4, 845-6	4	988,072	\$ 988,072	3	2.50											
N/A	N/A	OLCC	003-50	Procurement	845-4, 845-6	4	1,354,597	\$ 1,354,597	4	4.11											
N/A	N/A	OLCC	003-51	Records & Communications	845-4, 845-6	4	1,976,800	\$ 1,976,800	6	6.00											
N/A	N/A	OLCC	003-53	Public Health	845-4, 845-6	4	363,940	\$ 363,940	1	1.00											
N/A	N/A	OLCC	003-10	Agency Director's Office	845-4, 845-6	4	4,303,306	\$ 4,303,306	6	6.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-15	Administrative Services	845-4, 845-6	4	3,271,486	\$ 3,271,486	6	6.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-12	Human Resources	845-4, 845-6	4	3,680,666	\$ 3,680,666	10	10.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-16	Policy Analytics Comm & Education	845-4, 845-6	4	2,344,672	\$ 2,344,672	7	7.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-75	Motor Pool	845-4, 845-6	4	563,152	\$ 563,152	1	1.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-13	Commissioners	845-4, 845-6	4	34,691	\$ 34,691	0	0.00	N	N	C		POP 106						
N/A	N/A	OLCC	003-60	Supply Center	845-4, 845-6	4	69,155	\$ 69,155	0	0.00	N	N	C		POP 106						
N/A	N/A	OLCC	001-37	Debt Service	845-4, 845-5	6	27,856,722	\$ 27,856,722	0	0.00	N	N	C		-						
							403,032,555	\$ 403,032,555	384	381.50											
														19. Legal Requirement Code C Constitutional D Debt Service FM Federal - Mandatory FO Federal - Optional (once you choose to participate, certain requirements exist) S Statutory							
Prioritize each program activity for the Agency as a whole																					
Document criteria used to prioritize activities:																					
OLCC's policies and operational decisions has two major elements, consistent with the Governor's priorities and budgeting principles. First, OLCC's policies will have public safety considerations guide growth. Second, OLCC's policies will support economic viability for Oregonians and the state's revenue base. The OLCC recognizes that responding to changing demographics and environments can take several years to develop and implement. In 2023-25, OLCC will focus on anticipating future needs and developing innovations to the current retailing model. This will help it to make long-term improvements and be responsive to the citizens of Oregon, its alcohol beverage-related industries, and the people who visit the state. To accomplish these goals for the long term health of the agency, the Commission is focused on maintaining the infrastructure of the agency that supports the activities of the Distilled																					

2025-27 OLCC Ways & Means Reference Documents

Facility Plan - 10 Year Space Needs Summary Report
2025-27 Biennium

Agency Name Oregon Liquor and Cannabis Commission

Note: List each project/lease or disposal separately.

Proposed New Construction or Acquisition - Complete for 5 Biennia

Biennium	Agency Priority	Concept/Project Name	Description	GSF	Position Count ¹	General Fund	Other Funds	Lottery Funds	Federal Funds	Estimated Cost/Total Funds
2021-23	1	Enterprise Modernization	Management Information System				3,741,288			3,741,288
2023-25	1						16,500,000			16,500,000
2025-27	1						6,758,712			6,758,712
2025-27	1						8,090,000			8,090,000
2027-29	1						0			0

Proposed Lease Changes over 10,000 RSF - Complete for 3 Biennia

Biennium	Location	Description/Use	Term in Years	Total RSF ² +/- (added or eliminated)	USF ³	Position Count ¹	Biennial \$ Rent/RSF ²	Biennial \$ O&M ⁴ /RSF ² not included in base rent payment	Total Cost/Biennium
2025-2027	1 PSOB	HQ/Administrative - See Note: New	5 years	23,000	17,000	90	60.48		\$1,391,040
2027-2029	1 PSOB	HQ/Administrative - See Note: Full	2 continued	23,000	17,000	90	60.48		\$1,391,040
2029-2031	1 PSOB	HQ/Administrative - See Note: Addit	likely to be extended	28,000	22,000	122	60.48		\$1,693,440

Planned Disposal of Owned Facility

Biennium	Facility Name	Description
2025-2027	1 HQ/Warehouse	Estimated \$28 million value
2025-2027	1 Milport Warehouse	for both Facilities

2025-27 OLCC Ways & Means Reference Documents

10% Reduction Options

Oregon Liquor and Cannabis Commission (OLCC)																
2025-27 Biennium																
Detail of Reductions to 2025-27 Current Service Level Budget																
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes		
Dept	Prgm/Div															
Agent Compensation	Liquor Store Agent Comp.	OLCC	84500-005	Liquor Store Agent Compensation			(11,050,479)			\$ (11,050,479)	0	0.00	Yes	No impact, reduction of empty Other Funds limitation. This helps to true-up OF Limitation with current sales forecasts for 2025-27. Package 090 in 2025-27 GB.		
Agent Compensation	Liquor Store Agent Comp.	OLCC	84500-005	Liquor Store Agent Compensation			(7,528,313)			\$ (7,528,313)	0	0.00	Yes	No impact, reduction of empty Other Funds limitation. This helps to true-up OF Limitation with current sales forecasts for 2025-27. Part of \$12 million reduction in this SCR related to POP 103 in 2025-27 GB.		
Agent Compensation	Liquor Store Agent Comp.	OLCC	84500-005	Liquor Store Agent Compensation			(4,471,687)			\$ (4,471,687)	0	0.00	Yes	No impact, reduction of empty Other Funds limitation. This helps to true-up OF Limitation with current sales forecasts for 2025-27. Remainder of \$12 million reduction in this SCR related to POP 103 in 2025-27 GB.		
Agent Compensation	Distillery Agent Comp.	OLCC	84500-005	Distillery Agent Compensation			(2,415,730)			\$ (2,415,730)	0	0.00	Yes	No impact, reduction of empty Other Funds limitation. This helps to true-up OF Limitation with current sales forecasts for 2025-27. The reduction in this SCR is also related to Package 102 in 2025-27 GB.		
Medical MI Program	Med. MI Program	OLCC	84500-006				(6,825,514)			\$ (6,825,514)	21	21.00	No	To achieve a 10% reduction eliminating the Medical MI program would enable the agency to meet that target while enabling the agency to maintain core functions.		
Public Safety - Alcohol	Public Safety - Alcohol	OLCC	84500-002				(5,225,860)			\$ (5,225,860)	17	17.00	No	To achieve a 10% reduction the agency would reduce Public Safety - Alcohol by 26% and potentially shift some level of enforcement to cities and counties, since that is a function they could take on while OLCC maintained core functions.		
				TOTAL	-	-	(37,517,583)	-	-	\$ (37,517,583)	38	38.00				
										Target (10%)	\$	(37,517,583)				

2025-27 OLCC Ways & Means Reference Documents

Other Funds Ending Balances

Oregon Liquor & Cannabis Commission (OLCC)									
2025-27 Biennium									
Updated Other Funds Ending Balances for the 2023-25 and 2025-27 Bienna									
Contact Person (Name & Phone #): Kailaan Kneeland, 971-413-4131									
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or statutory reference	2023-25 Ending Balance In LAB	Revised	2025-27 Ending Balance In CSL	Revised	Comments
Limited	Distilled Spirits (SCR 001)		Operations		0	0	0	0	
Limited	Public Safety (SCR 002)		Operations		0	0	0	0	
Limited	Administration & Support (SCR 003)		Operations		0	0	0	0	
Limited	Agents Compensation (SCR 005)		Operations		0	0	0	0	
Capital Improvements	Capital Improvements (SCR 088)		Operations		0	0	0	0	
Limited	Agency-wide Consolidation (SCR 990)		Operations		1,500,000	1,500,000	1,500,000	1,500,000	
Limited & Capital Improvements	SCRs 001+002+003+005+08+990	Liquor Control Fund #0401	Operations	ORS 471.805	1,500,000	1,500,000	1,500,000	1,500,000	SUB-TOTAL (Liquor) = Ongoing \$1.5M SCR balance to cover liquor cost of goods between months. Total monthly fund balance is distributed every month to General Fund 56%, Cities 20%, City Revenue Sharing 14%, and Counties 10%. Mental Health Alcoholism & Drug Services account (50% of Priv. Taxes) and the Oregon Wine Board are also part of the overall distribution.
Limited	Recreational Marijuana (SCR 004)	Marijuana Control & Regulation Fund #8094	Operations	ORS 475C.297	4,363,660	7,702,896	4,756,664	1,658,969	Assumes the cost allocation POP 106 is implemented in 2025-27. It also assumes the \$3.5 million in Hemp fees from POP 105 are fully realized in 25-27. If that does not occur that could materially impact the agency's cash balances in 2025-27. The agency is also conducting a cash reconciliation project that is expected to be completed by the end of February 2025.
Limited	Medical Marijuana - OMMP Tracking (SCR 006)	Marijuana Control & Regulation Fund #8094	Operations	ORS 475C.457	4,366,408	4,366,408	2,875,007	3,759,170	Assumes the cost allocation POP 106 is implemented in 2025-27. The agency is also conducting a cash reconciliation project that is expected to be completed by the end of February 2025.
Capital Construction	MIS Bondable (SCR 001)	XI-Q 2022A OLCC IT Modernization	Other - Capital Construction	SB-5506 (2021)	0	0	0	0	OLCC projects the bond sale proceeds will be fully expended in 2023-25. The agency is planning for another bond sale with DAS in March 2025.
Capital Construction	MIS Bondable (SCR 001)	XI-Q 2023A OLCC IT Modernization	Other - Capital Construction	SB-5506 (2021)	0	0	0	0	OLCC projects the bond sale proceeds will be fully expended in 2023-25. The agency is planning for another bond sale with DAS in March 2025.

Objective: Provide updated Other Funds ending balance information for potential use in the development of the 2025-27 legislatively adopted budget.

Instructions:

Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.

Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2023-25 legislatively approved budget. If this changed from previous structures, please note the change in Comments (Column (j)).

Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).

Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.

Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.

Columns (f) and (h): Use the appropriate, audited amount from the 2023-25 legislatively approved budget and the 2025-27 current service level at Governor's Budget.

Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. The revised column (i) should assume 2025-27 current service level expenditures, considering the updated 2023-25 ending balance and any updated 2025-27 revenue projections. Do not include adjustments for reduction options that have been submitted. Provide a description of revisions in Comments (Column (j)).

Column (j): Please note any reasons for significant changes in balances previously reported during the 2023 session.

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.