

2025-27 Budget Review

Department of Agriculture

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	75,001,221	57,988,648	40,620,844	42,206,989
Lottery Funds	10,491,201	9,323,768	9,924,467	9,877,824
Other Funds	90,737,302	97,593,748	99,227,688	112,934,774
Federal Funds	16,097,385	24,616,353	19,220,464	24,220,694
Total Funds	192,327,109	189,522,517	168,993,463	189,240,281
Positions	536	523	507	482
FTE	407.52	402.26	391.09	396.89

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The mission of the Oregon Department of Agriculture (ODA) is to safeguard Oregon’s agriculture, natural resources, working lands, economies, and communities through assistance, compliance, and market support. ODA’s vision is to serve the changing needs of Oregon’s diverse agricultural and food sectors to maintain and enhance a healthy natural resource base and strong economy in rural and urban communities across the state to create a resilient tomorrow for generations to come. ODA implements the agency’s mission and vision through a three-year strategic plan adopted in 2024. The strategic plan is focused on three key goals of organizational excellence, modernization, and customer focused service.

ODA receives input on policy and rule development from the 10-member State Board of Agriculture. Nine members are appointed by the Governor; the 10th member is the chair of Oregon’s Soil and Water Conservation Commission. The Board advises ODA regarding the implementation, administration and enforcement of programs, and the development of policies. The Department consists of the following four policy areas:

- **Administration and Support Services** manages the executive functions of ODA and provides business, accounting, and technical support for programs. Additionally, the division manages the Farm Mediation Program, and coordinates cannabis policy.
- **Food Safety** inspects all facets of Oregon’s food distribution system, excluding restaurants, to ensure food is safe for consumption. Programs in this policy area include the Food Safety, Shellfish, Animal Health, Feeds, Weights and Measures, Motor Fuel Quality, and Laboratory Services.
- **Natural Resources** protects Oregon’s natural resources and maintains agriculture’s economic sustainability. Programs in this policy area include Ag Water Quality, Confined Animal Feeding Operations, Soil and Water Conservation Districts, Pesticides, the Pesticide Analytical Response

Center, Pesticide Stewardship Partnership, Fertilizers, Noxious Weed and Integrated Pest Prevention, Nursery and Christmas Tree Section, Hemp program, Native Plant programs, Land Use, and the Invasive Species Council.

- **Market Access, Development, and Certification/Inspection** assists Oregon's agricultural producers to sell and ship products and works to promote and create demand for Oregon agricultural products. Programs include Shipping Point, Seed, Ag Development, Hops/Hay/Grain/Hemp, Commodity Commission Oversight, Produce, Smoke Management, Plant Health and Certifications programs, Livestock ID, Predator Control, and Wolf Depredation Compensation and Financial Assistance Grant program.

To support these programs, ODA receives all funding types. Other Funds revenues primarily come from fees, licenses, and charges for services. ODA also receives Lottery Funds, which are generally limited to efforts to protect and improve water quality, secure and restore habitats for native fish and wildlife, and maintain Oregon's diverse plants, animals, and ecosystems. The Department receives Federal Funds revenue from the U.S. Department of Agriculture as well as various other federal agencies focused on issues impacting the environment, land use, fish and wildlife, natural resources, and consumable goods. State match levels vary based on the specific grant or granting agency.

In the 2025-27 current service level (CSL) budget, ODA would receive approximately 24% of total revenue from the General Fund, 6% from Lottery Funds, 59% from Other Funds, and the remaining 11% from federal funding sources.

BUDGET ENVIRONMENT

ODA's Other Funds budget is received mainly from business licenses and fees for service. With increased personnel costs and above average inflation, the primary concern this budget cycle is maintaining sufficient revenue to cover continuation of services. If fee increases are not approved, the options include reductions in services, General Fund backfill, or some combination of both.

Over the last decade ODA has faced a revenue shortfall in all but one biennium. The shortfall projected for 2025-27 was the largest yet at \$2.3 million and was reconciled by eliminating 38 vacant positions (7.20 FTE) in the Livestock ID and Shipping Point programs, along with reductions to services and supplies and capital outlay in other programs. The agency believes this will not impact services based on projected workloads but will need to be revisited if service requirements change in the future.

In addition, one-time funding has supported projects such as meat inspection grants, agriculture workforce housing grants, and invasive pest control involving the Japanese Beetle, Emerald Ash Borer, and Vine Mealy bug. The Department lacks dedicated resources for response to pest infestations which may delay eradication and cause increased efforts and costs.

As part of the agency's strategic plan, there is a need for modernized business processes and systems across the agency. Considering the limited resources and fee capacity ODA has for sustaining current service level functions, funding this project would require additional support. The current legacy systems in place cause information and services to not be available or not be provided in equitable or effective ways. The agency cites risks of system failures, escalating costs and diminished capacity to effectively serve their customers.

CURRENT SERVICE LEVEL

The 2025-27 CSL budget for ODA totals nearly \$169 million and supports 507 positions (391.09 FTE). This represents a decrease of \$20.5 million total funds, or 11%, from the Department's 2023-25 legislatively approved budget (LAB). This reduction is due to the net impact of a vacancy adjustment, inflationary increases, and the phase-out of one-time expenditures. Phase-outs of one-time funding total nearly \$28 million, including \$19.2 million General Fund, \$3.7 million Other Funds, and \$4.8 million Federal Funds expenditure limitation.

Reductions related to phased-out one-time investments include the following, by program:

- **Administration and Support Services** - \$6.9 million General Fund for moving to the North Valley Complex, Wolf Depredation Compensation and Financial Assistance grants, and the Agriculture Workforce Housing grant program.
- **Food Safety** - \$9 million General Fund for meat infrastructure grants and \$1.8 million Other Funds expenditure limitation for Cannabis Lab capacity.
- **Natural Resources** - \$3.3 million General Fund for Japanese Beetle eradication efforts, CAFO permitting startup costs relating to SB 85 (2023), mitigating the vine mealy bug impacts, grasshopper suppression, and the invasive species council. An additional \$2 million Other Funds expenditure limitation for projects approved by the Oregon Climate Action Commission funded by the Natural Climate Solutions Fund and General Fund deposited as Other Funds for the invasives species council.
- **Market Access, Development, and Certification/Inspection** - \$4.8 million Federal Funds expenditure limitation relating to Food Safety Modernization Act, Resilient Food System Infrastructure, and Specialty Crop Block Grants.

The agency is projecting a \$579 Lottery Funds ending balance and expenditures exceed current revenues, which is not sustainable long term with the fund balance depleted. While Lottery Funds didn't face a short fall in the 2025-27 CSL budget due to a sufficient beginning balance, best practice dictates an ending fund balance between three to six months of expenses, or \$1.2 - \$2.5 million. The Lottery Funds CSL budget is 73% personal services and 27% services and supplies.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's Budget includes over \$189 million total funds and 482 positions (396.89 FTE). The Governor's Budget is comprised of over \$42 million General Fund, nearly \$10 million Lottery Funds, almost \$113 million Other Funds, and approximately \$24 million Federal Funds. The total funds budget represents an increase of over \$20 million, or 12% above CSL, and includes a reduction of 25 positions with an increase of 5.80 FTE due to the several seasonal positions eliminated in the revenue shortfall package, which was carried forward with no changes in the Governor's budget, along with targeted investments.

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:

Agencywide

- Package 090 - This package is an analyst recommendation which increased vacancy savings, eliminated one vacant administrative position (1.00 FTE), and eliminated General Fund passthrough support to the USDA Wildlife Services Predator Control Program resulting in a General Fund reduction of \$931,508.
- Package 461 - This package realigns positions across the agency based on current organizational and budget structure and resulted in a total funds increase of \$6,500.

Administration and Support Services

- Package 120 - This package establishes two limited duration positions (2.00 FTE), \$2.7 million General Fund, and \$15.4 million Other Funds expenditure limitation to begin an information technology project, OneODA, to modernize IT agencywide and migrate from Apple to Microsoft. The source of Other Funds revenue results from the sale of Article XI-Q bonds with ongoing General Fund for debt service.

Food Safety

- Package 230 - This package is a continuation of federal funding for ongoing work related to highly pathogenic avian influenza (HPAI) that is funded by U.S. Department of Agriculture (USDA) and provides \$202,665 Federal Funds expenditure limitation and establishes one limited duration position (1.00 FTE).

Natural Resources

- Package 310 - This package establishes two permanent positions, one limited duration position (3.00 FTE) and adds \$898,910 Other Funds expenditure limitation to meet the increased workload demands due to new U.S. Environmental Protection Agency (EPA) pesticide certification and training work plan requirements that were passed by the federal government in 2021 and require full compliance by 2032.

Market Access, Development, and Certification/Inspection

- Package 410 - This package is a continuation of the Resilient Food Systems Infrastructure grant previously awarded by the USDA spanning multiple years and extends two limited duration positions (2.00 FTE) and increases Federal Funds expenditure limitation by \$2.4 million.
- Package 430 - This package provides \$1 million Federal Funds expenditure limitation due to an annual non-competitive award from the USDA for the Specialty Crop Block Grant program which aims to enhance the production and competitiveness of specialty crops.
- Package 440 - This package is a continuation of federal grant funds received from the U.S. Food and Drug Administration (FDA) to support outreach, education, technical assistance, and farm inventory for compliance under the Food Safety Modernization Act (FSMA) to protect consumers from food-borne illnesses by increasing Federal Funds expenditure limitation in the amount of \$1.4 million and establishing five limited duration positions (5.00 FTE).

- Package 462 - This package includes revenue from the proposed fee increases, provides \$287,262 Other Funds expenditure limitation, and re-establishes one permanent position (1.00 FTE) that was previously included in revenue shortfall reductions in the Livestock ID program.

Additionally, there are several packages agencywide that include revenue associated with an increase in fees. The anticipated increased fee revenue in those packages total \$3.7 million and is necessary to avoid further programmatic reductions.

KEY PERFORMANCE MEASURES

A copy of the Oregon Department of Agriculture Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_ODA_2024-09-30.pdf

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