

Department of Geology and Mineral Industries (DOGAMI)					
	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Legislatively Approved *	2021-23 Current Service Level	2021-23 Governor's Budget
General Fund	5,355,361	2,534,180	5,424,733	5,945,144	1,834,234
Other Funds	5,727,167	2,817,896	6,416,063	6,349,951	2,950,968
Federal Funds	3,800,717	2,902,495	5,808,958	6,308,753	721,181
Total Funds	14,883,245	8,254,571	17,649,754	18,603,848	5,506,383
Positions	43	39	40	39	22
FTE	42.92	19.46	38.83	38.92	11.00
* Includes Emergency Board and administrative actions through January 2021.					

Program Description

The Department of Geology and Mineral Industries (DOGAMI) is the state's primary source of geoscientific information. 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 maps mineral resources and hazards. Geographic areas needing tsunami hazard mapping, landslide hazards studies, flooding hazards studies, and traditional geologic mapping have been prioritized by the agency. The information is shared with state and local policymakers for land use planning, facility siting, building code and zoning changes, and emergency planning. The program also provides publication functions and the agency's administrative functions, such as budgeting and accounting, are within the GS&S Program.

The MLRR Program is responsible for regulating the exploration, extraction, production, and reclamation of mineral and energy resources for the purposes of conservation and second beneficial uses of mined lands. MLRR regulates oil, natural gas, geothermal exploration and extraction, and aggregate production and receives no General Fund, Lottery Funds, or Federal Fund support.

CSL Summary and Issues

The 2021-23 current service level (CSL) total funds budget of \$18.6 million is a 5.4% increase from the 2019-21 legislatively approved budget. This increase is largely due to inflationary factors and full-biennium costs from the second-year funding provided by the June 2020 Emergency Board, including addition of a permanent full-time manager for the GS&S program. The General Fund CSL is 9.6% higher and Federal Funds are 8.6% higher, while Other Funds are 1.0% below 2019-21 legislatively approved levels.

Policy Issues

GS&S Program - the program has overspent its General Fund appropriation twice in the previous four years. Part of the issue has been project

and grant tracking and the Department's financial team has significantly improved that effort to eliminate project overrun and accurately account for time spent and to scope appropriate costs of all projects and grants.

A longer-term issue is that the program has limited General Fund, and relies on developing funding partnerships with local, state, and federal agencies to pursue Other Fund and Federal Funds revenue. In the past, as LIDAR technology was being developed, projects were plentiful as local and federal partners wanted the latest data, especially around populated areas. But as those areas have been mapped, and what largely remains unmapped in Oregon are more remote, Other Funds projects have greatly diminished in the past two biennia as volume has been reduced along with increased competition from private industry. In order to remain competitive, DOGAMI's LIDAR program has kept indirect costs artificially lower, which has provided the program with more opportunity but may not be sustainable. While the availability of projects with federal partners has increased in the previous biennia, with the Department being a regular recipient of grants from the US Geologic Survey, FEMA, and NOAA, federal funding is always a somewhat volatile revenue source that makes up roughly 1/3rd of the agency's budget.

With limited General Fund, the program has had most of its GS&S personnel budgeted onto non-General Fund sources in recent biennia which required staff to pursue grants in order to fund their positions. While this funding model can work when projects are plentiful, however when there are not projects to directly charge time against, the General Fund must pick up that costs. This has led to an imbalance in the Department's funding that has become exacerbated when Other Funds and Federal Fund projects declined as overall personnel costs increase. Finally, the program had not been collecting enough indirect costs in previous biennium to help cover administrative overhead, but as of the second year of the current biennium, the program has begun charging the appropriate indirect rate.

MLRR Program - A fee increase approved by the Legislature at the 2020 2nd Special Session provided the program with enough revenue to avoid layoffs and continue current business operations. The program has significantly improved on business practices and has largely eliminated its backlog of permits, however, the program currently does not yet have capacity to conduct onsite inspection of mine sites in order to meet its KPM #4 goal of inspecting 100% of all mine sites biennially. With the fee increase, the program had also discussed with stakeholders the possibility of an online permitting program and has a policy package in the Agency Request Budget to explore options around that concept.

The program is also overseeing Oregon's first chemical mine permitting process at Grassy Mountain. The Department's relationship with the mining company has improved as both sides report timely and transparent invoicing and routine reimbursements. The December 2020 Emergency Board approved a limited duration position to act as the mining process coordinator, a role the MLRR Program manager had been assuming, and it is likely that this position will need to continue into the 2021-23 biennium.

Other Significant Issues and Background

Governor's Recommended Budget - as a result of overspending its budgeted General Fund appropriation twice in the previous four years and doubt concerning the ongoing viability of the Department's current structure and funding mechanism, the Department of Geology and

Mineral Industries (DOGAMI) was provided a one-year budget in SB 5511 (2019). In addition to approving only one year of funding, the Legislature also adopted a budget note instructing the Governor's Office to prepare a detailed strategic plan for the future of DOGAMI, including evaluation of whether the Department should continue to exist as an independent agency or should be abolished and the Department's individual programs be moved to other entities. The Governor's Office reported to the Joint Committee on Ways and Means during the 2020 legislative session on the strategic plan, which included a recommendation that DOGAMI receive a second year of funding and remain intact for the 2019-21 biennium, with further evaluation of agency operations and a reevaluation of other options during the development of the Governor's Recommended Budget.

The Governor's Recommended Budget for 2021-23 provides the Department with one year of reduced funding and then abolishes the agency, moving a small portion of the GS&S program to the Department of Land Conservation and Development and the MLRR Program in its entirety to the Department of Environmental Quality. For the MLRR program, the move on July 1, 2022 would retain all 11 current positions and \$2 million Other Funds limitation. For the GS&S program, 17 positions would be eliminated at the conclusion of the current biennium. Of those 17, nine are technical positions (Natural Resource Specialists), with five currently filled and four currently vacant. The positions being eliminated also includes the two positions that function as the agency's LIDAR program, five administrative positions, and the position dedicated to publications for the agency. The elimination of the LIDAR program may result in the GS&S program having difficulty securing the foundational LIDAR data necessary to complete project and grant work around hazards going forward.

Eleven positions would remain in the GS&S program to start the 2021-23 biennium, with four positions budgeted for one year in order to support the transition process to DLCD in year two. On July 1, 2022, the seven remaining positions would be transitioned to DLCD, including the GS&S Program manager (budgeted at one-quarter time to work on projects) an Accountant 3 position and five technical staff. The technical staff positions selected for the transition are based on anticipated project and grant funding from the Department's most long-term stable funders, FEMA, NOAA, and the USGS State Map program. However, it should be noted that the funding issues that have plagued the GS&S program are not necessarily resolved by the transition to DLCD and that there will be continued reliance on non-General Fund sources of revenue to support the remaining positions. Additionally, the loss of most of the technical staff within the program will severely limit the remaining program's ability to complete the volume and standard of work that has been associated with the Department.

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_2020-09-30.pdf