

Department of Geology and Mineral Industries

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	4,582,975	6,339,401	6,444,037	7,154,908	9,810,611
Other Funds	5,416,955	6,689,178	6,753,317	6,839,124	6,893,370
Federal Funds	3,867,190	5,772,087	5,765,844	5,510,086	5,519,902
Total Funds	13,867,120	18,800,666	18,963,198	19,504,118	22,223,883
Positions	41	35	35	34	41
FTE	38.09	34.67	34.67	33.92	41.00

* Includes Emergency Board and administrative actions through December 2022.

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 program also provides various publications, and the agency's administrative functions, such as budget and accounting, fall within the GS&S Program. The program is supported by General Funds (44% of current budget), Federal Funds, primarily from the U.S. Geological Survey (39% of current budget), and Other Funds from project contracts with state and local agencies (17% 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, paid by the regulated industry.

CSL Summary

The 2023-25 current service level (CSL) budget for DOGAMI totals approximately \$20 million and supports 34 positions (33.92 FTE). This represents a net increase of roughly \$1 million total funds, or 3% above the Department's 2021-23 legislatively approved budget (LAB). The General Fund CSL is 11% higher, driven by staffing cost increases, Other Funds are 1% higher, and Federal Funds are 4% below 2021-23 LAB

levels. The resulting net increase is less than standard inflation due to the phase-out of a limited duration position related to the Grassy Mountain mining project in the MLRR program. DOGAMI was granted 0.3% above standard inflation for their facilities rent charges, amounting to \$1,437 General Fund.

Policy Issues

Financial Position - 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 in order 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 has 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.

Grant Dependency - The GS&S program has limited General Fund, and relies heavily on funding partnerships with local, state, and federal agencies. Federal funding is a somewhat volatile revenue source, and it makes up roughly 30% of the agency's 2021-23 LAB. While inflation has increased around 4% each biennium, the Department's federal funding has consistently decreased since the 2015-17 biennium, at an average rate of nearly 6%. Additionally, 42% of GS&S positions have been funded with Federal Funds and Other Funds, requiring the pursuit of grants and contracts in order 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.

Permitting Capacity - The MLRR division permits and monitors the extraction of mineral resources statewide. During the 2021-23 biennium to date, MLRR administered 1,350 surface mining permits and currently has 65 pending, or active applications for permits. The program has capacity to review and process 25-30 applications per year, so they are facing a workload representing more than double their capacity. Subsequently, the average processing time for applications has doubled from six months in 2020 to 11 months in 2022. The Department is exploring options for increasing permitting capacity, including establishing a limited duration position for the current biennium supported by existing Other Funds revenue.

Site Inspection Capacity - 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. The Department's target, per Key Performance Measure #4, is inspection of 50% of permitted sites per year (100% of sites per biennium). Currently, DOGAMI has inspected an average of approximately 8% of sites each year. The Department reports site inspections will continue to be under 10% per year at current staffing levels. 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. 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.

Governor's Budget Summary

The 2023-25 Governor's Budget includes over \$22 million total funds, comprised of approximately \$10 million General Fund, \$7 million Other Funds, \$6 million Federal Funds expenditure limitation, and 41 positions (41.00 FTE). The total funds budget represents an increase of nearly \$3 million, or 14% above CSL, and includes 7 additional positions (7.08 FTE). The Governor's Budget recommends funding and two positions (2.00 FTE) for DOGAMI's ePermitting system, as well as 5 positions (5.00 FTE) to support MLRR permitting and site inspections. Additional package details including investments, reductions and adjustments, follow:

- Packages 090, 092, and 093 - These packages represent budgetary adjustments, whether driven by analyst recommendation, or statewide budget modifications. Package 090 increased a position from 0.92 FTE to 1.00 FTE as a technical adjustment. Package 092 included a statewide adjustment to Attorney General rates, representing a reduction of \$1,114 General Fund and \$6,738 Other Funds expenditure limitation. Package 093 included a reduction of \$181,994 General Fund driven by adjustments to charges and assessments from the Department of Administrative Services.
- Package 101 - This package establishes two permanent positions (2.00 FTE) and provides \$2 million General Fund to implement a paperless permitting system and online customer interface. The project is anticipated to extend into the 2025-27 biennium.
- Package 104 - This package establishes one limited duration position (1.00 FTE) and provides \$0.2 million Other Funds expenditure limitation to increase permitting capacity specifically for the work related to the first ever chemical process gold mine in Oregon.
- Package 106 - This package establishes 2 limited duration positions (2.00 FTE) and provides \$0.4 million General Fund to ensure timely application processing in the MLRR program.
- Package 107 - This package establishes 2 limited duration positions (2.00 FTE) and provides \$0.4 million General Fund to improve capacity for complaint investigation, routine site inspections, enforcement tracking and follow-up, to bolster permitting compliance.

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/APPRProposed_DOGAMI_2022-10-05.pdf