



AGENDA ITEM SUMMARY

BACKGROUND

The Oregon Department of Fish and Wildlife must submit its 2025-27 Agency Request Budget (ARB) to the Governor by August 31, 2024. The ARB describes the finances for the department for the 24-month period from July 1, 2025, through June 30, 2027. The Commission is required to take official action on the budget before it can be submitted.

The budget documentation that must be submitted to the Governor and the Department of Administrative Services (DAS) is highly detailed, large in size, and cannot be finalized until several technical audit processes have been completed. The information presented to the Commission summarizes this detailed budget, including a look at expected revenues and expenditures, costs for continuing existing programs, program priorities, proposed new investments (called Policy Option Packages, POPs) and budget reduction options. This year, the budget also includes proposed fee adjustments to maintain the fiscal integrity of the department over the next three biennia.

The department continues to have strong revenue and experienced increased investment of Federal Fund, Other Funds and General Fund in the 2021-2023 and 2023-25 Legislatively Approved Budgets. Despite this, the department anticipates a limited environment for new investments across all fund types in 2025-2027. DAS has directed agencies to transition from the significant programmatic and one-time investments of the previous biennium to focusing on more sustainable levels of spending. Also, rising costs associated with inflation, personal services, and other expenses outside of the department's control (e.g., Department of Justice and DAS costs) mean that the same revenue from this biennium will not cover costs in the next.

The proposed ARB is a current service level budget with the addition of several proposed new investments and several proposed reductions to ensure the most efficient and effective use of existing resources. In developing new investment requests, the department focused on what is needed to manage fish and wildlife effectively in the face of increasing complexity, ensuring resiliency of agency operations, and supporting species resiliency in the face of changing climate and land use and energy development pressures. The Governor and DAS have required that all agencies limit requests for new General Fund programs to 1% of 2023-25 Legislatively Approved Budget General Fund allocation, which is \$709,150 for ODFW. It is important to understand that this limit on the amount of General Fund applies to anything not in the agency's base budget – including continuations of current General Fund packages such as the \$20M for the Private Forest Accord Grant program, continuation of CWD investments from the 2024 session, continuation of funding for DOJ support on instream water rights, and other areas. Thus, the list of proposed POPs on General Fund in this ARB is limited to three POPs (more fully described below and in Attachments) that the department determined to be the highest

impact for fish and wildlife with the limited funds available.

Given the constraints on new or continuing General Fund, the Governor's Natural Resources Office encouraged agencies to "self-fund" priorities using cuts to existing programs. While it is generally undesirable to cut existing programs to fund new investments, the department has included several 'self-funding' packages that combine new, strategic opportunities with reductions of existing programs. This includes services and supply fund shifts from Marine Reserves to address a critical gap in capacity for engaging on ocean energy siting and a fund shift from the Anti-Poaching program to ensure the efforts to transition the agency to a new website can continue.

Also, despite successfully maintaining a healthy operating reserve for multiple past biennia, rising costs and flat revenue from hunting and fishing license sales (Other Funds) are projected to cause expenditures to begin significantly outpacing revenue towards the end of 2025-27 biennium. To address this and maintain the department's fiscal integrity, the department is proposing a package of changes in license-funded programs to increase revenue and reduce expenditures. This includes proposed adjustments to the cost of angling and hunting licenses and program reductions to keep expenditures sustainable. The department had been on a routine schedule of requesting fee adjustments every six years, but a fee adjustment request has not been requested since 2015 and recreational hunting and fishing license, tag, and permit costs have not increased since 2020.

PUBLIC INVOLVEMENT

The department held two Public Engagement meetings— both were hybrid meetings that allowed for interaction in person and submittal of questions or comments by virtual participants. A press release was developed for both meetings, and members of the former External Budget Advisory Committee, interested parties, and stakeholders on the Conservation Leaders email list were sent notices of each meeting. Recordings and materials for these meetings can be found on the agency's [2025-27 Budget web page](#). The department provided expenditure and revenue information, strategies for building the 2025-27 Agency Request Budget, and discussed fee adjustment scenarios.

The department held three meetings with commercial fishing industry representatives. The first two were hybrid, and the third was virtual only. The department provided expenditure and revenue information for the Commercial Fish Fund that supports Marine Program's efforts to evaluate ocean and nearshore commercial fisheries, provide licensing support, conduct fisheries research, protect habitat, and funds law enforcement efforts by Oregon State Police. The department heard from the representatives about recent losses of seafood processing plants, concerns for new species (including sea otter) reintroductions, impacts from off-shore energy infrastructure, and increasing operation costs.

The department set up an online budget questionnaire to allow the public to respond to two questions regarding proposed POPs and fee adjustments. The questions and responses are summarized in Attachment 7. Fish, Wildlife and Habitat Administrators reached out directly to many stakeholder representatives as well to discuss agency request budget development. Other materials (letters, emails, etc.) received during the public engagement period are compiled in Attachment 7 as well. Since May 16 the public has been asked to direct comments and correspondence on 2025-27 Agency Request Budget to ODFW.Commission@odfw.oregon.gov. These submissions are also included in Attachment 7.

Overall, the agency received support for a recreational fee adjustment for recreational hunting and angling licenses and permits. Commercial industry representatives remain neutral or opposed to fee adjustment scenarios, mainly due to the loss of several seafood processing plants in Oregon, increased costs to fleet operations, and concerns for declines in fishing opportunity.

Note that all figures included in this exhibit and documents are preliminary, as some adjustments may still be necessary to ensure consistent application of statewide budget instructions.

ISSUE

Approval of ODFW's proposed 2023-25 Agency Request Budget.

ANALYSIS

The ARB reflects the department's strategic approach to support species resiliency in the face of changing climate and land and energy development pressure, to manage effectively in the face of increasing complexity, and to ensure resiliency of agency operations while scaling programs to available revenues.

Attachment 2 summarizes the total revenues and expenditures for the 2025-27 Agency Request Budget. Overall, the 2025-27 ARB is \$598.9 million. This is \$43.3 million, or 8%, higher than 2023-25 biennium funding levels. This increase is primarily due to increasing costs of maintaining current service level operations, including 34% compounding inflation since 2015, and 13% cost of living adjustments for state employees in 2023-25, coupled with the phase-out of programs funded temporarily by the legislature in the 2022, 2023 and 2024 legislative sessions.

Policy Option Packages

The ARB carries forward all existing permanent programs in the base budget. The department must include POPs for any proposed enhancements to its base budget and to cover fund shifts between fund types. The department is proposing 28 POPs in its 2025-27 ARB. Attachment 3 provides a list of the POPs, along with detailed narratives describing each request.

POP 101, 102 and 103 are General Fund requests and adhere to the \$709,150 General Fund allowance provided by the state Chief Financial Office (CFO). These POPs continue a previous investment that supports filing instream water rights and expands investment in recovering fish species in the Klamath Basin – to meet the once in a lifetime opportunity represented by removal of the dams in that system.

The agency has included a list of unnumbered General Fund POPs in Attachment 3. While these POPs represent the agency's highest priority needs for the coming biennium, the agency was not able to move them forward given the limits on General Fund requests. Recent conversations with the Governor's office and DAS Chief Financial Office analyst included consideration of all 11 General Fund POPs. However, the limitation of 1% General Fund provided from CFO precludes inclusion of the 8 unnumbered POPs from advancing into the 2025-27 Agency Request Budget for ODFW.

POP 104 and 106 to 117 are requests to use Other Funds or requests that the department will self-fund through repurposing existing funding. Where the phrase 'reduction to self-fund' appears, refer to Attachment 5 for details on the proposed reduction.

POP 105 reflects expected increased revenue from proposed fee adjustments in the 2025-2027 biennium. Fee adjustments are approved through a separate legislative process than the budget.

POP 118, 119, 121, and 122 are General Fund – General Obligation Bonding Requests for hatchery resiliency and deferred maintenance, which do not count towards the 1% limit on General Fund. Expenditure of the \$20M in GF obligation bonds for POP 118 will be informed by the Hatchery Resiliency Study currently underway.

POP 120 is limitation for Lottery Fund bonding granted in 2023-25 biennium.

POP 123-128 are technical adjustments. The narratives describe how these packages make change to the 2025-27 current service level to redirect use of existing position authority and funding towards more strategic priorities for the department.

Program Priorities

As part of its ARB, each agency must prioritize its current programs. Attachment 6 provides a ranking of programs for the department. 'Programs' describes the budget category in the state system and can encompass many different areas of work for the department. It is important to note that this prioritization is for the department's Current Service Level budget and does not include POP requests. This prioritization has not changed substantially from prior biennia.

Reduction Options

All agencies must submit 10 percent reduction options across all fund types as required by law. The reduction lists must be based on "modified current service level." Consistent with prior budget proposals, the department's reduction targets for 2025-27 are prorated across divisions

based on funding. The list is provided in Attachment 5. Typically, the department is not proposing to cut the programs on this list, it is just a contingency plan that allows the agency to identify the most strategic options for reductions if the state's available revenues make reductions necessary when this process reaches the legislature.

Planned Reductions

Even with the proposed fee adjustments, the department is proposing to implement \$8M in Other Fund License reductions in the 2025-27 budget. These reductions are necessary given the limits on both new GF investments and increased operational costs that are not controlled by the department, which cannot be fully covered by revenue from the proposed fee adjustment. These reductions are not a direct cross walk to the 10% Other Fund reduction list in Attachment 5 exercise because that list includes all sources of Other Funds. While these planned reductions are embedded within that list, they are described more fully here for clarity.

Planned reductions in Recreational angling license-funded programs include the following:

Administrative Services Reductions (\$1M)

- Reduction in customer service coverage in licensing, reduction in real property management, and a reduction in web development services by abolishing 4 positions (2.79 FTE) and reducing services & supplies budgets.

Fish Management Reductions (\$0.4M)

- Eliminates staffing for Oregon Coordinating Council on Ocean Acidification and Hypoxia (1 FTE).
- Reduces staffing in the marine mammal program by 2 seasonal positions (0.75 FTE). Reflects reduced workload given success of management at Willamette Falls

Fisheries Research and Monitoring Reductions (\$3.3M)

- Closes Oregon Hatchery Research Center facility on Fall Creek. Research work will continue at other facilities
- Reduces staffing in monitoring programs by 11 positions (8.54 FTE) including reductions in the Fish Research, Evaluation, Data and Decision Support (REDD), Coastal Chinook Research and Monitoring Project (CCRMP), Life Cycle Monitoring (LCM), John Day Chinook Escapement, and Coastal Adult Coho and Chinook Surveys. Monitoring work will be realigned to account for reduced capacity.

State Hatcheries Reductions (\$2M)

- Closes Rock Creek and Salmon River Hatcheries. Abolishes 5 positions (4 FTE). Production would be reduced and/or shifted to other facilities.

Enforcement Reductions (\$0.5M)

- Reduces funding to OSP by \$500,000, which would result in the reduction of one existing vacant position. OSP's 2025-27 Agency Request Budget would reflect a reduction in personnel costs and/or supplies and services.

Regional Fish Management and Customer Service Capacity (0.8M)

- Reduces seasonal and permanent support for regional fisheries management by abolishing 3 positions (2.5 FTE) in western Oregon.
- Eliminating half of four regional administrative staff, reducing region's ability to respond to customer service needs regarding fisheries.

There are also planned reductions in Commercial fish fee funded programs. Similar to the Recreational angling license-funded reductions, these reductions are not a direct cross walk to the 10% Other Fund reduction list in Attachment 5 exercise because that list includes all sources of Other Funds.

The planned Commercial Fish Funded reductions proposed are embedded within that list and described more fully here for clarity:

Commercial Fisheries Management Reductions (\$423.5K)

- Reducing seasonal monitoring of finfish by abolishing 3 positions (1.5 FTE).
- Redirecting staff focus to recreational shellfish management efforts by shifting a larger proportion of position costs from Commercial Fish Fund to Recreational Shellfish Fund for 3 positions.
- Reducing services and supplies across programs.

Nearshore Policy Reductions (\$358K)

- Reduce 1 position (1.0 FTE) and associated services and supplies and reassign permit reviews and Nearshore Strategy Implementation to other positions.

Shellfish Program Reductions (\$245.5K)

- Redirecting staff focus to recreational shellfish management efforts by shifting a larger proportion of position costs from Commercial Fish Fund to Recreational Shellfish Fund for 2 positions.

Oregon State Police Fish and Wildlife Division Reductions (\$91K)

Reduces the ability of the Fish and Wildlife Division of Oregon State Police to enforce commercial fishing laws to protect natural resources in Oregon.

It is important to note that, without the commercial and recreational fee adjustments, these reductions will be even more extreme. While the planned reductions will be difficult, they are necessary to offset the rapidly rising costs of doing business and reduce the scale of fee increases needed to maintain programs. The department has tried to balance these reductions across programs and to be strategic in terms of meeting its mission for conservation and opportunities.

The need for these reductions, even in the face of increases to license and permit fees, underscores the long-term need to diversify and stabilize funding for the agency. Conservation and management of fish, wildlife and their habitats is increasing in complexity and urgency in the face of changing climate, increasing land development and water use demands, renewable energy needs, and other landscape-scale impacts.

Recreational anglers and hunters cannot continue to fund the majority of this work – it is simply not sustainable. To continue to increase these fees will only increase the barriers to these forms of outdoor recreation. The department leadership will be aggressively pursuing with the Governor’s Office, legislators, and partners additional dedicated funding to sustain fish, wildlife, and their habitats for all Oregonians.

Fee Adjustment Packages

The department has historically been on a six-year cycle for fee adjustments – this cycle allows for increases in revenue to sustain program and operating reserves for a period of time. The most recent cycle of fee adjustments have occurred over a ten-year cycle, rather than a six-year cycle.

By the end of 2023-25 biennium, the cyclic gap between recreational and commercial license-funded expenditures and revenues will occur, necessitating the use of operating reserves to maintain current programs. This gap will grow over the course of the next three biennia, most markedly in the 2025-27 biennium in angling license funded programs, resulting in an overall decline in agency department operating reserves across all programs. This pattern is typical over the six-year (ten-year in this case) course of revenue and expenditure planning for the agency.

In assessing new license revenue options, the department analyzed multiple fee adjustment scenarios for Recreational and Commercial fees and discussed those scenarios with partners in April and May. Attachment 4 includes a proposed recreational and commercial fee adjustment schedule. These schedules focus on maintaining reasonable costs for entry in hunting and angling by youth and keeping individual products for youth at 2020 costs. It also retains lower overall adjustments for residents who are senior, veteran, or reach pioneer status. Active uniform service members would continue paying resident prices regardless of their out of state or out of country station assignments.

Recreational

The proposed Recreational fee schedule increases most resident and non-resident products for hunting at 12% in 2026 and 8% in 2028 and 2030. Additional Hunting license revenue would support Chronic Wasting Disease research and response (replacing the loss of GF provided in the 2024 legislative session) while maintaining current service level programs.

For angling products, proposed increases are approximately 14% in 2026, followed by 6% in both 2028 and 2030. The proposal features larger increases on products associated with fisheries that require more staff capacity to manage such as Rogue South Coast Steelhead, while maintaining lower costs for youth and pioneers. The proposal also creates a new Saltwater Fishing Endorsement to help fund nearshore fisheries conservation. In addition to this fee adjustment, Fish Division, Administrative Divisions and the Oregon State Police Fish and Wildlife Division propose to implement an \$8 million reduction to existing programs as part of the package to keep programs sustainable. These reductions are described in greater detail above and are embedded in the 10% Reduction Options list in Attachment 5. The program reductions associated with the fee adjustment package include reductions in fisheries management,

fisheries monitoring, hatcheries, enforcement, and customer service. If the fee adjustment is not successful, reductions will need to be more extreme in 2025-2027 and subsequent biennia.

Commercial

The proposed Commercial Fish Fund adjustments include increasing Commercial fishing entry permitting costs by 12% in 2026, and 4% in both 2028 and 2030. Ad Valorem on Commercial landings for all fisheries would increase 12%, 4%, and 4% for those years as well, except for Nearshore and Ocean Salmon which will experience no increase over the 6-year period, as Ad Valorem on those fisheries are already higher than other commercial fisheries. Along with these fee adjustments, the department proposes a 9% reduction for associated programs. It also includes shifting existing shellfish program from Commercial Fish Fund to Recreation Shellfish Fund. These shifts are described in the planned reduction section. The department will also be proposed adjustments to the use of recreational shellfish funds in the fee adjustment concept to allow more flexibility to use these funds in critical marine and coastal programs.

OPTIONS

1. Approve the department's 2025-27 Agency Request Budget.
2. Amend and approve the department's 2025-27 Agency Request Budget.
3. Reject the department's 2025-27 Agency Request Budget.

STAFF RECOMMENDATION

1. Approve the department's 2025-27 Agency Request Budget.

DRAFT MOTION:

I move to approve the department's 2025-27 Agency Request Budget.

Effective Date: June 14, 2024