OREGON ENVIRONMENTAL RESTORATION COUNCIL

OERF AGENCY PROGRAM FUND
STAFF REPORT | MARCH 18, 2026

REPORT PURPOSE: This report provides the Council with an update on the design/development of the Agency Program Fund (APF) and shares a proposed program architecture and implementation timeline for the Council's consideration.

COUNCIL DISCUSSION AND DELIBERATION ON MARCH 18, 2026:

- Proposed program architecture
- Potential program implementation timing

BACKGROUND

The Agency Program Fund (APF) is one of three statutorily authorized funds within the Oregon Environmental Restoration program.[1] At the January 18, 2026 Council meeting, staff shared information with the Council about program milestones and facilitated a discussion on the Council's vision for the APF. The Council also requested to learn more about state agencies eligible for APF dollars and areas of opportunity and need that the APF may help to support. At the March 18 Council meeting, the Council will hear updates on the APF including 1) engagement with state natural resources agencies and 2) proposed program architecture and implementation timeline.

AGENCY ENGAGEMENT AND NEEDS ASSESSMENT

Staff have been meeting one on one with state agencies to share information about the APF and ask about potential funding needs that 1) align with the Monsanto Settlement Agreement (MSA) and 2) could be supported by the APF. Results of a 'needs assessment' deployed to help identify agency needs will be shared at the May 6, 2026 Council meeting. Agencies are being offered an opportunity to present at Council meetings to share information directly with the Council about agency missions, strategic objectives, and needs gaps/opportunities that the APF may help fill. Additional opportunities for engagement between state agencies, program staff, and the Council will be offered throughout Spring - Summer 2026 as part of the overall engagement strategy. Engagement with non-agency partners will be available throughout the strategic priority setting process and as program design continues.

PROPOSED PROGRAM ARCHITECTURE

In preparation for rulemaking and for convening a Rules Advisory Committee (RAC) to draft program administrative rules, staff are meeting with staff from the three agencies represented on Council - DEQ, ODFW, and OHA - to gather input on APF program architecture. This team has developed a draft process for the solicitation and award of APF dollars that would be implemented once strategic priorities have been identified and program administrative rules have been adopted:

---

[1]The APF receives 50% of the annual transfer from the Fund and allocations are to be used to support eligible state agencies whose work have a nexus with the Monsanto Settlement Agreement (MSA) terms. APF allocations must be used for purposes that are consistent with the MSA terms and the strategic priorities established by the Council. Additionally, APF allocations are intended to supplement existing programs or projects but cannot replace funding available from other sources. Following the Council's adoption of the current distribution policy in October 2025, $15M transferred from the Fund into the APF. An additional transfer will occur in late 2026 as consistent with the distribution policy. APF funds that are not committed by the end of a biennium return to the main Fund.

1. **APF program guidance** is distributed to agencies prior to a call for applications. The program guidance provides information about the application process, eligibility criteria, and other funding details.
2. **A call for applications is announced** sharing information about available funding and inviting eligible agencies to apply for APF dollars.
3. **Agencies use program guidance to develop concepts** that align with the MSA and Council-identified strategic priorities and submit those concepts to the Governor's Natural Resource Office (GNRO) and the Natural Resource Cabinet.
4. **GNRO coordinates agency concepts/requests** for alignment with state priorities and other criteria (to be determined via rulemaking) and recommends a package of agency requests to the Council for funding.
5. **Agencies are invited to present concepts to the Council.** The Council will review agency concepts considering desired outcomes and alignment with strategic priorities before voting to award funds. The Council may request additional information or revisions to agency concepts prior to funding.
6. **Agencies are awarded APF dollars by the Council.** See below for details on timing of awards relative to state agency budgeting.

Staff anticipate introducing this APF framework at the March 18 meeting and continuing to work with the interagency team on further buildout of process for presentation at upcoming Council meetings.

PROGRAM IMPLEMENTATION TIMING

Feedback from staff's initial outreach with state agencies has indicated a strong preference/ request for the APF award process to align with the biennial state budget process. Staff continue to meet with the Department of Administrative (DAS) Chief Financial Office (CFO) and the Legislative Fiscal Office (LFO) to discuss APF award timing alignment with biennial state budgeting (*see Appendix A for supplemental information on the biennial state budget process*). Conversations with DAS CFO have indicated the earliest opportunity to potentially align the award of APF dollars with new biennial state budgets is for the 2029 – 2031 biennium. Staff are therefore coordinating with the GNRO on a proposed interim process for allocation of 2025 – 2027 biennium APF dollars.

GOVERNOR'S OFFICE FRAMEWORK FOR 2025-2027 BIENNIUM

To discuss potential initial allocation of APF dollars, GNRO, in consultation with the Natural Resource Cabinet, will present a recommended process for Council consideration regarding allocation of APF dollars to eligible state agencies in the 2025 – 2027 biennium. This first allocation would be an interim process that provides initial funding for state agencies while staff continue advancing critical program development / rulemaking and in anticipation of the Council's identification of the first set of strategic priorities. The Council will be asked to consider and discuss the proposal at the March 18 meeting.

COUNCIL DISCUSSION AND DELIBERATION

The Council is being asked to consider the proposed program framework and implementation timeline, including a proposed initial allocation of 2025 – 2027 biennium APF dollars to eligible state agencies. The Council will have an opportunity to engage with GNRO and staff to ask questions about these proposed approaches.

Appendix A

The following provides information about the biennial state budgeting process and provided for informational purposes.

The state fiscal biennium begins July 1 of odd numbered years and ends June 30 of the following odd numbered year. For example, at the time of this report, it is the 2025 – 2027 biennium, which began on July 1, 2025, and will end on June 30, 2027. These two-year budget cycles are used for all state government operations and state agency budgets.

State agency budget planning begins in the biennium *prior* to adopted budgets taking effect (e.g., planning for the 2027 – 2029 biennium occurs in the 2025 – 2027 biennium). The budgeting process occurs in three phases (*see Figure 1 for general timing of state biennial budget planning*):

1. **Development of Agency Request Budgets (ARB).** At ARB, agencies develop legislative concepts and policy option packages[2] for funding consideration by DAS CFO and the Governor. This is the phase where agencies may make funding requests for staffing, operating expenses, and other financial requests to be included in the next biennium's budget. The DAS CFO is responsible for providing agencies with guidance and recommendations for agency budget requests. Initial Agency Request Budget documents are due by end of June in even-numbered years.
2. **Development of Governor's Recommended Budget (GRB).** At GRB, the Governor and DAS CFO review ARBs submitted by agencies. ARBs are evaluated using Governor's priorities, budget policies, statute, economic forecasts, and other considerations to make budget decisions. The GRB includes the Governor's recommendation to Legislature on agency budget requests. The Governor's Recommended Budget is released in December or February.
3. **Development and approval of Legislatively Adopted Budget (LAB).** Once the GRB has been submitted to the Legislature, it is evaluated by legislative committees. Public hearings are held to request feedback from each agency and the public. Each committee votes to pass a budget bill for each agency budget. Budget bills that are approved are enacted into law and are placed into the LAB. The LAB is what agencies execute as their state budget for the next two-year biennium. This process takes place during Legislative Session, which begins in January and ends in June of odd numbered years (e.g., January – June 2027).

This is the typical, "on-cycle" biennial budgeting process that all state agencies must complete to receive biennial state budgets. However, there are opportunities to make changes to agency budgets between legislative sessions, via the Emergency Board or other special session requests. In these "off-cycle" biennial budgeting processes, agencies may request adjustments to agency budgets that have been approved This is typically used to accept federal funding awards or make other necessary revisions to the current agency budgets.

Agencies have requested aligning timing of the APF award decisions by the Council with the "on-cycle" budgeting process. The Council will need to determine the mechanism for awarding multiple biennium APF allocations prior to determination of award timing. This is anticipated to be brought before the Council at an upcoming meeting. Staff continue to work with DAS CFO and the Legislative Fiscal Office (LFO) to determine feasibility of aligning APF awards with the "on-cycle" process.

---

[2] A Policy Option Package (POP) is a proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

Figure 1. Biennial State Budget Process in Oregon. Please note that this is a draft, tentative timeline that has not yet been reviewed or approved by DAS CFO or LFO and may necessitate some changes.

			OREGON LEGISLATIVE SESSION		STATE AGENCY BUDGETING PROCESS		
			LEGISLATIVE SESSION ("ON-CYCLE")	SPECIAL SESSIONS ("OFF-CYCLE")			
State Fiscal Biennium	Year 1	Jul					
		Aug					
		Sep		LEGISLATIVE DAYS			
		Oct					
		Nov		LEGISLATIVE DAYS			
		Dec			AGENCY REQUEST BUDGET (ARB)		
		Jan		LEGISLATIVE DAYS			
		Feb	SHORT SESSION				
		Mar					
		Apr				GOVERNOR'S RECOMMENDED BUDGET (GRB)	
		May		LEGISLATIVE DAYS			
		Jun					
	Year 2	Jul					
		Aug					
		Sep		LEGISLATIVE DAYS			
		Oct					
		Nov					
		Dec		LEGISLATIVE DAYS			
		Jan	REGULAR SESSION				LEGISLATIVELY ADOPTED BUDGET (LAB)
		Feb					
		Mar					
		Apr					
		May					
		Jun					

Table shows the timing of the state agency budgeting process in relation to the timing of the Oregon Legislative sessions.