

Budget Development Overview

Statewide Budget Development Cycle

The State of Oregon has a two-year, or biennial, budget cycle. This means state agency budgets are authorized for two-year increments. Agency budget development planning begins early in even-years (e.g. 2026) for the budget cycle that will begin the July 1 of the following odd-year (e.g. 2027) and carry through to June 30 of the next odd-year (e.g. 2029). This process occurs in three phases:

- **Agency Request Budget (ARB):** Agencies initiate the budget process early in even-numbered years. In the ARB, agencies describe their core mission, objectives, and program priorities and provide budget information on past, current, and future biennia. The ARB identifies strategies to address funding shortfalls, and new investments in priority areas. Every agency submits an ARB to the Governor's Office by Sept. 1 of even years.
- **Governor's Recommended Budget (GRB):** The Governor reviews all the individual agencies ARBs, and other considerations, to compile the Governor's Budget. That budget reflects the Governor's policy and budget priorities, and it must balance with projected revenues. The Governor's Budget is completed in early December (later if elections prompt an administration change) and is the starting point for budget negotiations during the legislative session.
- **Legislatively Adopted Budget (LAB):** The Governor's Budget is presented to the Legislature during the legislative session in odd numbered years. Committees, typically the Joint Committee on Ways and Means or one of its subcommittees, review agency programs and budget information. These committees hold public hearings to hear from each agency and the public before making final decisions and adopting the LAB (typically in mid to late June). The LAB is the final budget each agency must work within for the upcoming biennium.

DEQ's Budget Structure

DEQ's budget is organized into four major categories: Air Quality, Land Quality, Water Quality, and Agency Management. DEQ's budget includes revenue from a wide variety of sources including:

- **General Funds:** Money available for the state budget, mainly from personal and corporate income taxes. Unlike congress, the state legislature must adopt a balanced budget, meaning they have a finite amount of general fund to appropriate across all of state government. DEQ's total budget is approximately 14% General Fund.
- **Federal Funds:** Money DEQ receives directly from the federal government, namely through U.S. Environmental Protection Agency grants. DEQ spends that money according to applicable grant agreements. DEQ's total budget is approximately 25% Federal Funds. Federal Funds have been stagnant for many years, which represents a funding decrease as our costs rise with inflation.
- **Lottery Funds:** Money received from lottery proceeds. Some of DEQ's water quality programs are supported with Lottery Funds. DEQ's total budget is 1% Lottery Funds.

- **Other Funds:** Funds that do not fit into the first three categories, primarily fees and cost-recovery invoicing. DEQ's total budget is approximately 60% Other Funds. These funds are typically limited to supporting the program activities related to the fee (i.e. revenue from a water quality permit fee must be used to pay for the related permitting program).

Most parts of DEQ's budget are not fungible, meaning a revenue source (e.g. a specific General Fund appropriation, a federal grant, or a particular fee) is required to be spent on specific programmatic activities. DEQ's budget isn't a shared "pot" of money that can be moved around as needed. This is why certain programs may be more constrained than others in terms of affordability or ability to fill vacancies.

Non-discrimination statement

DEQ does not discriminate on the basis of race, color, national origin, disability, age, sex, religion, sexual orientation, gender identity, or marital status in the administration of its programs and activities. For translations or alternate formats, visit DEQ's [Civil Rights and Environmental Justice page](#).