

OREGON WINE BOARD

2023-24 DRAFT BUDGET NARRATIVE

GENERAL DESCRIPTION & SUMMARY

The Oregon Wine Board adopts a budget each year in March to allocate funding for programs and general and administrative expenses for the next fiscal year. The Oregon Wine Board reviews the proposal in an open, public meeting and, with their endorsement, it is also sent for approval by the Director of the Business Oregon Commission.

This 2022-23 budget proposal summary includes a 6% revenue reduction and a 7% expense reduction from the prior year's approved budget.

Modified Accrual	2022-23 Approved Budget	2022-23 Year End Forecast	2023-24 Draft Budget	% Change Appvd Budget to Draft Budget
INCOME				
4100 · Grape Assessment (\$25/ton)	1,894,968	1,831,681	1,875,578	-1%
4200 · Wine Tax (2c/gal)	324,948	316,602	335,261	3%
4300 · Program Revenue	-			0%
4310 · Symposium Revenue	353,967	355,000	350,000	0%
4500 · Other Income	50	50	50	0%
4600 · Grant Revenue	84,500	84,500	-	0%
4690 · HB 5006 Funds (MARIS)	55,956	55,956	-	0%
TOTAL INCOME	2,714,389	2,643,789	2,560,889	-6%
EXPENSE				
1R000 · Research.	489,997	445,448	481,007	-2%
2E000 · Education.	615,668	614,701	523,355	-15%
3M000 · Marketing & Communications	1,019,863	967,863	933,974	-8%
4K000 · Knowledge & Insights	202,161	165,161	170,803	-16%
5L000 · Leadership & Partnership	280,307	157,307	205,573	-27%
6G000 · General & Admin	552,463	567,463	635,476	15%
TOTAL EXPENSE	3,160,459	2,917,943	2,950,187	-7%
NET INCOME	(446,070)	(274,154)	(389,299)	-13%

The overall budget was reduced in all expense categories except for General & Administrative, which reflects a 15% increase. This increase is driven primarily by the shifting of staff responsibilities between the categories, a budget request for modest funding to establish a small office for the organization in the 3rd quarter of the fiscal year.

The OWB plans for a budgeted net loss in years where a surplus of funds is available. As such, the resulting net loss of \$386,299 is fully covered by surplus funds from the prior year.

REVENUE ASSUMPTIONS

Grape Assessment and Wine Tax

Since it is difficult to predict the results of the grape harvest for all regions of the state a year in advance, the OWB relies on the past 3-year average assessment as a preliminary revenue number. As it is needed to

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reflect more accurate harvest figures, the OWB occasionally develops an adjusted revenue and budget in the fall or winter, for the remainder of the year. When submitted by the Finance Committee, budget adjustments are approved by the Board of Directors in regular, public meetings. The wine tax is also projected at a 3-year average. For the 2023-24 annum, the tax rates are as follows and paid directly to the OLCC:

- Grape Assessment:
 - \$25/ton tax on grapes harvested in Oregon and used to produce wine
 - \$25/ton tax on grapes imported into the state and used to produce wine
 - \$25/ton tax on wine produced from juice or concentrate
 - \$12.50/ton tax on wine grapes sold to businesses outside of the state
 - \$0.021/gallon tax on wine made from all other agricultural products (i.e. cider)
- Wine Tax:
 - \$0.02/gallon tax on wine sold within the state of Oregon (the first 40,000 gallons sold annually in Oregon are exempt for wineries producing less than 100,000 gallons annually in state). The \$0.02/gallon transferred to the OR Wine Board is a portion of the \$0.67 per gallon in total tax paid by wineries on which the tax is levied

BUDGET DEVELOPMENT

This budget was developed over the following timeline and with monthly opportunities for seeking and gathering feedback from industry and board members on budget priorities and programs.

November	<ul style="list-style-type: none"> • Industry survey released and responses gathered • Nov 30 – Gather input on budget process at Value Network Analysis workshop
December	<ul style="list-style-type: none"> • Dec 13 – Requested industry ideas and input at industry forum meeting
January	<ul style="list-style-type: none"> • Jan 3 – Compile and publish shortform budget draft for industry review and feedback • Jan 10 – Present shortform budget draft at industry forum • Confirm OLCC transfer of first half of 2021 harvest tonnage and make necessary adjustments to income projection • Develop complete detailed budget draft and share with finance committee
February	<ul style="list-style-type: none"> • Feb 6 – Post and publish complete detailed budget draft and invitation to public meeting for budget presentation • Feb 17 – Present draft budget in open public meeting • Make any necessary adjustments from public forum and review final draft budget with finance committee
March	<ul style="list-style-type: none"> • Mar 1 - Submit final draft budget to board for approval • Apr 1 - Submit board approved budget to Business Oregon for final approval

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BUDGET PRIORITIES

- **Oregon Wine Symposium reflected as a break-even on direct event costs**
- **Budget reflects continued strategic investments in:**
 - Viticulture and Enology Research
 - Oregon Wine Month
 - Digital/Social Media Advertising
 - Tourism promotion through an Oregon Wine Touring publication
 - Communications programming to drive more PR
- **Overall compensation (including benefits) budget increase of 2%**
 - Current inflation rate showing at 6%

2022-23 YEAR END RESERVES

It is the policy of the Oregon Wine Board, as adopted by its directors, to reserve an amount equal to 30% of the prior three year average grape assessment income for the purpose of covering expense commitments should the annual harvest be limited. The OWB also maintains access to a line of credit in the amount of \$100,000 for the same purpose. The reserve goal for this budget is \$562,673, which reflects an decrease of 1% from the prior year. This budget expects to end the year with a total reserve and surplus balance equal to \$639,324.

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INCOME					
4100 · Grape Assessment (\$25/ton)	1,894,968	1,831,681	1,875,578	-1%	Adjusted for updated 3yr average
4200 · Wine Tax (2c/gal)	324,948	316,602	335,261	3%	Adjusted for updated 3yr average
4300 · Program Revenue					
4305 · Marketing Participation Revenue	-	-	-	0%	
4306 · Consumer Ticket Sales	-	-	-	0%	
4315 · Workshop Revenue	-	-	-	0%	
4330 · Export Participation Revenue	-	-	-	0%	
4300 · Program Revenue	-	-	-	0%	
4310 · Symposium Revenue	353,967	355,000	350,000	0%	Break-even
4500 · Other Income					
4510 · Office Furniture Sales	-	-	-	0%	
4510 · Interest Revenue	50	50	50	0%	
4500 · Other Income	50	50	50	0%	
4600 · Grant Revenue					
4620 · Specialty Crop Block	84,500	84,500	-	0%	
4621 · Oregon Wine Brotherhood	-	-	-	0%	
4632 · Wine Country License Plate	-	-	-	0%	
4600 · Grant Revenue	84,500	84,500	-	0%	
4690 · HB 5006 Funds					
4691 · Technical Research	-	-	-	0%	
4692 · Education	-	-	-	0%	
4693 · Marketing	55,956	55,956	-	0%	
4694 · Biz Econ Research	-	-	-	0%	
4690 · HB 5006 Funds (MARIS)	55,956	55,956	-	0%	
TOTAL INCOME	2,714,389	2,643,789	2,560,889	-6%	
EXPENSE					
1R000 · Research.					
R100 · Vit & Enological Research					
R101 · Grants.	359,409	325,000	353,860	11%	
Special Grant Award - Smoke Research	56,140	50,000	56,140	12%	Carry-over from 2022-23
R103 · Online V&E Knowledge Center	-	-	-	0%	
R100 · Vit & Enological Research	415,549	375,000	410,000	11%	
R800 · Research. Administration					
R801 · Research.Committee Meetings	4,000	2,000	4,000	100%	
R804 · NWCSFR Contribution	3,000	3,000	3,000	0%	
R803 · Research.Mtg & Travel	5,000	3,000	5,000	67%	
R800 · Research. Administration	12,000	8,000	12,000	50%	
R900 · Research.Employee Compensation	62,448	62,448	59,007	0%	
1R000 · Research.	489,997	445,448	481,007	-2%	
2E000 · Education.					
E100 · Symposium	353,967	355,000	350,000	-1%	
E200 · Education Projects					
E201 · Misc Workshops	1,000	1,000	1,000	0%	
E202 · DTC/Sales Workshops	-	-	5,000	100%	
E203 · Profit Calculator License	3,000	3,000	3,000	0%	
E205 · Comm Benchmark (SCBG)	84,500	84,500	-	-100%	
E200 · Education Projects	88,500	88,500	9,000	-90%	
E800 · Education.Administration					
E801 · Education.Committee Meetings	2,000	-	2,000	0%	
E802 · Education.Collateral & MtIs	-	-	-	0%	

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E803 · Education.Employee Development	-	-	-	0%	
E804 · Education.Mtg & Travel Expense	8,000	8,000	10,000	25%	
E800 · Education.Administration	10,000	8,000	12,000	20%	
E900 · Education.Employee Compensation	163,201	163,201	152,355	-7%	
2E000 · Education.	615,668	614,701	523,355	-15%	
3M000 · Marketing & Communications					
B000 · Brand Equity & Identity					
B103 · Regional Expression of Brand Work	3,000			-100%	
B106 · Social Media Contractor	20,000	20,000	20,000	0%	Oregon statewide digital promotion
B107 · Ad/Search Spend	15,000	15,000	15,000	0%	Oregon statewide digital promotion
B000 · Brand Equity & Identity	35,000	35,000	35,000	0%	
T000 · Tourism					
M205 · Wine Guide					
Production	30,000	30,000	7,500	-75%	Includes expenses to deliver a digital update in Q1 2024
Distribution & printing	35,000	35,000	7,500	-79%	
M205 · Wine Guide	65,000	65,000	15,000	-77%	
M102 · Wines Fly Free	18,000	8,000	10,000	-44%	
T102 · Content Development (i.e. Photography)	10,000		5,000	-50%	
M101 · Oregon Wine Month					
Trade Programming	10,000	10,000	15,000	50%	
Creative and project mgmt	12,000	12,000	15,000	25%	
POS Printing and Distribution	15,000	15,000	20,000	33%	
Media Plan & Management	53,000	53,000	50,000	-6%	
Digital Promotion	-	-	15,000	100%	
Merchandising Support	35,000	35,000	35,000	0%	
M101 · Oregon Wine Month	125,000	125,000	150,000	20%	Includes budget supporting market expansion and brand awareness
MXXX · Ad/Search Spend	-	-	-	#DIV/0!	
T000 · Tourism	228,000	198,000	180,000	-21%	
X000 · Market Expansion					
X103 - Trade Education Tools & Events					
X100 - Learn Oregon Content/Napa Valley Wir	10,000	10,000	-	-100%	
M201 · Resource Studio Updates	15,000	15,000	15,000	0%	
M106 · Domestic Trade Tasting/Education	-	-	10,000	100%	
M107 · Trade Organization Sponsorship	8,000	-	10,000	25%	
M105 · Trade Events - Teksom	12,000	12,000	12,000	0%	
M104 · Other Marketing	3,000	3,000	-	-100%	
X103 - Trade Education Tools & Events	48,000	40,000	47,000	-2%	
I000 · International Marketing					
I101 · Northwest Wine Coalition	65,000	65,000	65,000	0%	USDA grant application and administration fee
I102 · Non-Reimbursable Event Cost	15,000	15,000	15,000	0%	
I103 · Reimbursed Expenses	-	-	-	0%	
I900 · Logistics and Admin Support	80,000	80,000	80,000	0%	Event and contract management
I000 · International Marketing	160,000	160,000	160,000	0%	
X000 · Market Expansion	208,000	200,000	207,000	0%	
C000 · Communications					
C100 · Media Relations					
Cross Border Tour	10,000	10,000	-	-100%	
Shoulder Season Media Tours	10,000	10,000	20,000	100%	
Association Opportunities	8,000	8,000	15,000	88%	
Critical reviewers coming to OR. Other Coordir	7,000	7,000	15,000	114%	
Wine Sample Shipping	7,000	7,000	7,000	0%	
Hosting Media & Deskside Briefings	9,000	9,000	15,000	67%	
Other Programming. PR Contractor outreach a	35,000	35,000	3,000	-91%	

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C100 · Media Relations	86,000	86,000	75,000	-13%	
C200 · Media Analytics	10,115	10,115	10,115	0%	
C800 · Comm.Administration					
L101-Information Sharing Task Force	1,000	-	-	-100%	
C801 · Subs & Pubs	1,900	1,900	1,900	0%	
C802 · Comm.Collateral & Materials	3,000	3,000	3,000	0%	
C803 · Comm.Employee Development	-	-	-	0%	
C804 · Comm.Mtg & Travel	3,000	3,000	3,000	0%	
C800 · Comm.Administration	8,900	7,900	7,900	-11%	
C900 · Comm.Employee Compensation	137,482	137,482	140,393	2%	
C000 · Communications	242,497	241,497	233,408	-4%	
M800 · Marketing.Administration					
M801 · Marketing.Committee Meetings	5,000	-	5,000	0%	
M802 · Marketing.Collateral & Mils	25,000	-	15,000	-40%	
M803 · Marketing Employee Development	-	-	-	0%	
M804 · Marketing.Mtg & Travel	8,000	8,000	8,000	0%	
M800 · Marketing.Administration	38,000	8,000	28,000	-26%	
M900 · Marketing.Employee Compensation	285,366	285,366	250,565	-12%	
3M000 · Marketing & Communications	1,019,863	967,863	933,974	-8%	
4K000 · Knowledge & Insights					
R200 · Industry Research					
R201 · Vineyard & Winery Survey	95,000	78,000	77,265	-19%	2022 Vineyard and Winery Report
R202 · Economic Impact Study	35,000	35,000	10,000	-71%	To complete 2022 Economic Impact Study
R203 · Other Studies	20,000	-	20,000	100%	Potential consumer study
R200 · Industry Research	150,000	113,000	107,265	-28%	
M300 · Market Research					
M301 · Market Research	15,000	15,000	20,000	33%	
M302 · Nielsen Data	7,500	7,500	7,500	0%	
M300 · Marketing Research	22,500	22,500	27,500	22%	
K900 - Employee Compensation	29,661	29,661	36,038	22%	
4K000 · Knowledge & Insights	202,161	165,161	170,803	-16%	
5L000 · Leadership & Partnership					
L100 -Regional Meetings	2,500	2,500	2,500	0%	
G200 · Program Sponsorships/Contributions					
G201 · Value Network Analysis	20,000	20,000	-	-100%	
G201 · Misc Contributions	10,000	10,000	15,000	50%	Board approved non-profit association requests
G200 · Program Sponsorships/Contributions	30,000	10,000	15,000	-50%	
G400 · Engagement Dashboard	-				
G600 · Industry Relations					
G601 - Subscriptions	25,000	25,000	25,000	0%	Wordpress, Mailchimp, Expensify, etc.
G602 - Administration/Annual Report	5,000	5,000	5,000	0%	Graphic design and production
G603 - Strategic Planning	100,000	-	50,000	-50%	
G600 - Industry Relations	130,000	30,000	80,000	-38%	
L800 - Leadership & Partnership Administration					
L804 - Partnership Mtg & Travel	6,000	3,000	6,000	0%	
L800 - Leadership & Partnership Administration	6,000	3,000	6,000	0%	
L900 - Employee Compensation	111,807	111,807	102,073	-9%	
5L000 · Leadership & Partnership	280,307	157,307	205,573	-27%	
6G000 · General & Admin					
G100 · Board Administration					
G101 · Meetings.Board	10,000	5,000	5,000	-50%	
G102 · Travel Expense.Board	10,000	5,000	5,000	-50%	
G103 · Board Director Comp	10,000	10,000	10,000	0%	

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G100 · Board Administration	30,000	20,000	20,000	-33%	
G300 · Consultants					
G302 - Financial Review	-	-	10,000	100%	2021-23 Biennium Requirement
G300 · Consultants	-	-	10,000	100%	
G500 · Office Administration					
G501 · Rent	1,000	1,000	35,000	3400%	Potential office space lease at midyear
G502 · Equipment/Furniture/Maintenance	15,000	25,000	25,000	67%	Includes state mandated software fees
G503 · Postage/Supplies/Fees	16,000	16,000	16,000	0%	
G504 · Telephone/Internet Fees	6,000	6,000	6,000	0%	
G500 · Office Administration	38,000	48,000	82,000	116%	
G800 · Staff Administration					
G802 · Employee Development.G&A	10,000	10,000	10,000	0%	
G803 · Mtg &Travel.G&A	40,000	40,000	38,000	-5%	
G804 · Temp & Contract Support	20,000	20,000	20,000	0%	
G805 · Legal Fees	20,000	20,000	10,000	-50%	
G800 · Staff Administration	90,000	90,000	78,000	-13%	
G900 · Employee Compensation.G&A	294,463	294,463	385,476	31%	
G901 · Employee Retirement Allocation	50,000	50,000	30,000	-40%	
G999 · Accrued PTO Balances	100,000	65,000	30,000	-70%	
6G000 · General & Admin	552,463	567,463	635,476	15%	
TOTAL EXPENSE	3,160,459	2,917,943	2,950,187	-7%	
NET INCOME	(446,070)	(274,154)	(389,299)	-13%	
Beginning Balance	1,302,777	1,302,777	1,028,623	-21%	
Ending Balance	896,861	1,028,623	639,324	-29%	
Reserve Goal (30% of 3 Yr Ave Grape Assessment)	568,490	568,490	562,673	-1%	
Surplus/Deficit After Reserve Goal	328,371	460,133	76,651	-77%	
Total Compensation	1,134,428	1,134,428	1,155,907	2%	