

# Oregon's Budget Issues: April, 2010

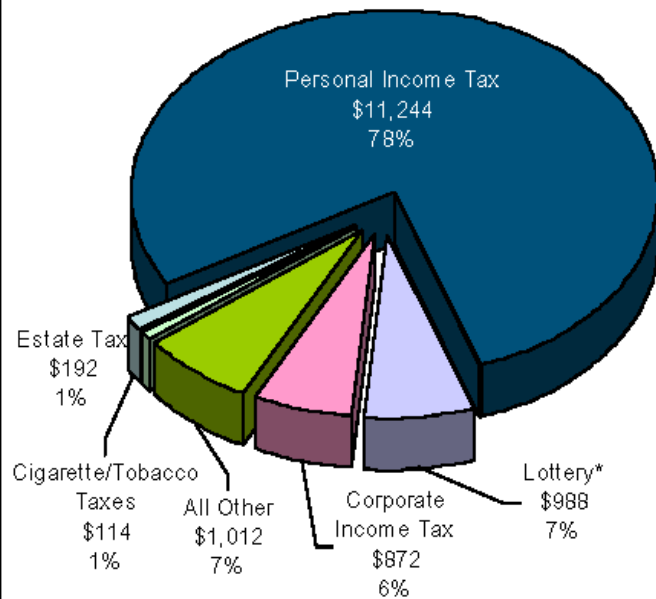
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April 29, 2010



# Legislatively Approved Budget 2009-11 \*\*

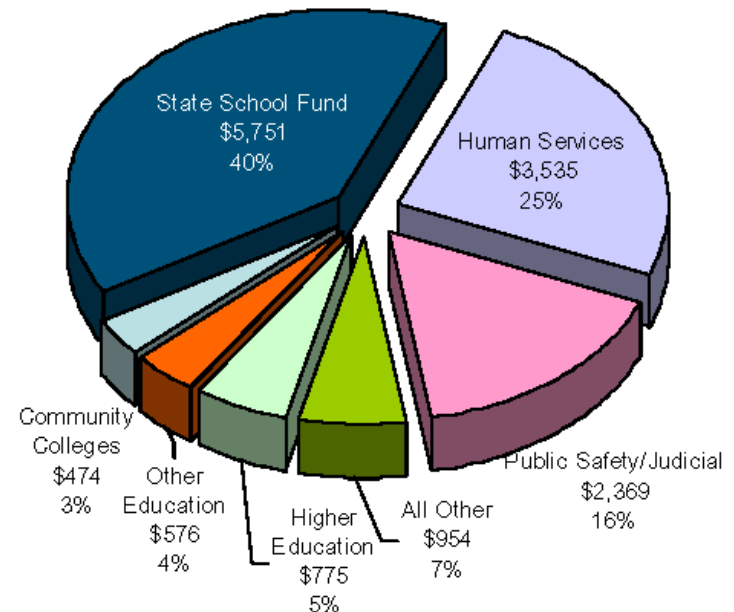
## General Fund and Lottery Funds Combined

**Resources Budgeted**  
Total: \$14,422 Million



\* Includes beginning balance & carry forward

**Expenditures**  
Total: \$14,434 Million



\*\* The Legislature did not reduce Natural Resource Lottery Fund Expenditures because the lottery revenues for those programs are automatically reduced. While this technically leaves a negative ending balance in lottery resources, the shortfall is automatically adjusted through the Lottery Funds allocation process.

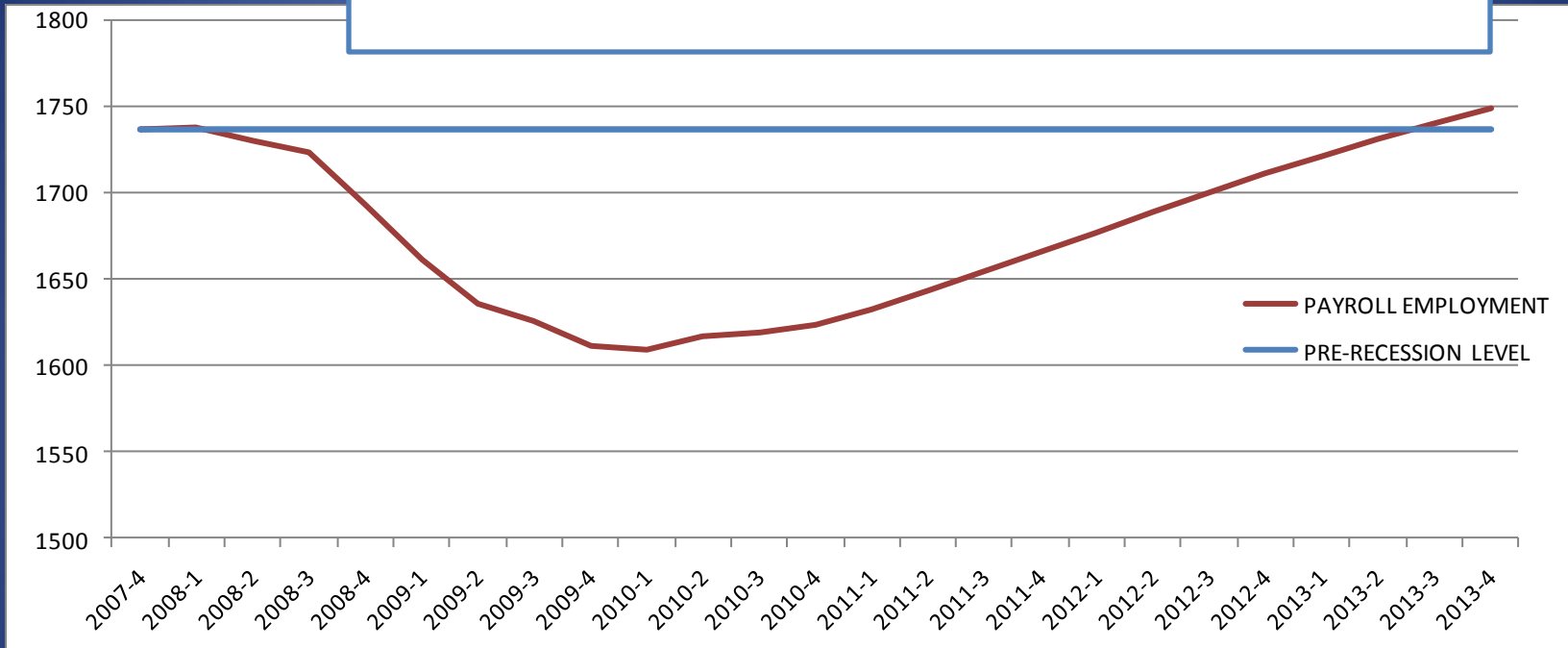
# Oregon Among Hardest Hit by Current Recession

(April-June 2009 Compared to 2008)

	<b>% CHANGE IN TAX REVENUE</b>	<b>RANK AMONG THE STATES</b>
<b>All States</b>	<b>-16.6</b>	<b>--</b>
<b>Alaska</b>	<b>-86.5</b>	<b>50</b>
<b>New Mexico</b>	<b>-30.8</b>	<b>49</b>
<b>Oregon</b>	<b>-27.3</b>	<b>48</b>
<b>Arizona</b>	<b>-26.7</b>	<b>47</b>

# Long Road Ahead for Oregon Job Recovery

(Quarterly in Thousands)



# 2009-2011 Budget

- Cut \$4 billion from Essential Budget Level
- Raised \$730 Million from personal and corporate tax changes
- Included \$1 Billion in ARRA funding
- Increased reliance on fees
- Came after 2007-2009 rebalance
- Little action on recommendations of Federal Forest Payments Task Force

# Legislatively Adopted Budget, 2009-11

## Summary of Expenditures by Program Area and Fund

**2009-11 Legislatively Adopted Budget by Program Area and Fund Source**

Program Area	General Fund	Lottery Funds	GF&LF Total	Other Funds	Federal Funds	All Funds
Education	6,819,998,207	536,375,882	7,356,374,089	4,729,433,138	1,755,698,966	13,841,506,193
Human Services	3,532,079,644	11,557,611	3,543,637,255	1,994,568,653	10,122,490,029	15,660,695,937
Public Safety	1,881,267,221	7,223,958	1,888,491,179	776,249,385	544,581,438	3,209,322,002
Judicial Branch	503,966,203	0	503,966,203	62,083,760	859,163	566,909,126
Natural Resources	144,709,253	181,921,474	326,630,727	1,112,611,279	304,528,484	1,743,770,490
Economic Development	24,462,706	122,402,655	146,865,361	4,695,971,237	1,189,320,253	6,032,156,851
Consumer and Business Svs.	13,156,979	0	13,156,979	1,025,831,938	1,906,252	1,040,895,169
Transportation	10,000,000	85,445,103	95,445,103	3,894,113,721	89,936,949	4,079,495,773
Administration	197,506,897	12,086,248	209,593,145	9,367,422,167	12,263,720	9,589,279,032
Legislative Branch	75,178,600	0	75,178,600	7,869,628	0	83,048,228
Miscellaneous (E Fund)	76,147,321	0	76,147,321	0	0	76,147,321
<b>Total</b>	<b>13,278,473,031</b>	<b>957,012,931</b>	<b>14,235,485,962</b>	<b>27,666,154,906</b>	<b>14,021,585,254</b>	<b>55,923,226,122</b>

# Other Funds

- Other Funds are revenues received by the state from fees for registration or licenses, charges for services, specific taxes (such as gasoline and tobacco), and loan programs. These funds are restricted by law for specified purposes.
- Other funds are often pointed to as “excess” but are more representative of the economic resources of the state (particularly to debt community).
- During the 07-09 “rebalance” SB 581 “swept” balances from 40 accounts in the amount of \$83 million.
- During the February session, another \$52M swept from Other Funds accounts (so-called “revenue funds”)

# Conclusions and Key Points

- Budget issues are essentially flat 8 months into 24 month biennium
- Legislative Issues NOT being discussed include M 50 reform, and CAFFA refill
- Lane County legislators are extremely well placed in the Capitol
- Annual sessions could be both a blessing and a curse
- Reserves discussion likely punted to next session

# February Session Actions

- January 25 vote on tax measures provided for a simpler session
- Feb 8 (March) forecast
- Budget deficit of \$174M fixed through E-fund, Other Fund Sweeps, BETC reform, and savings
- Adds the Legislature adopted were then funded primarily through increases in the Tobacco Tax forecast increase (\$23M)

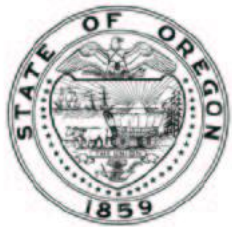
# February Bills with Impacts

- Buy American (failed, but workgroup)
- Wineries (passed, and AOC workgroup)
- A&T (passed, not enthusiastically, and w/o \$)
- GHG (passed, but no funding)
- Annual Sessions (coming to voters in Nov)
- BETC (passed, with \$55M in savings)
- Tobacco (failed to lift pre-emption on local tax)
- Elections (repealed contiguous precincts)

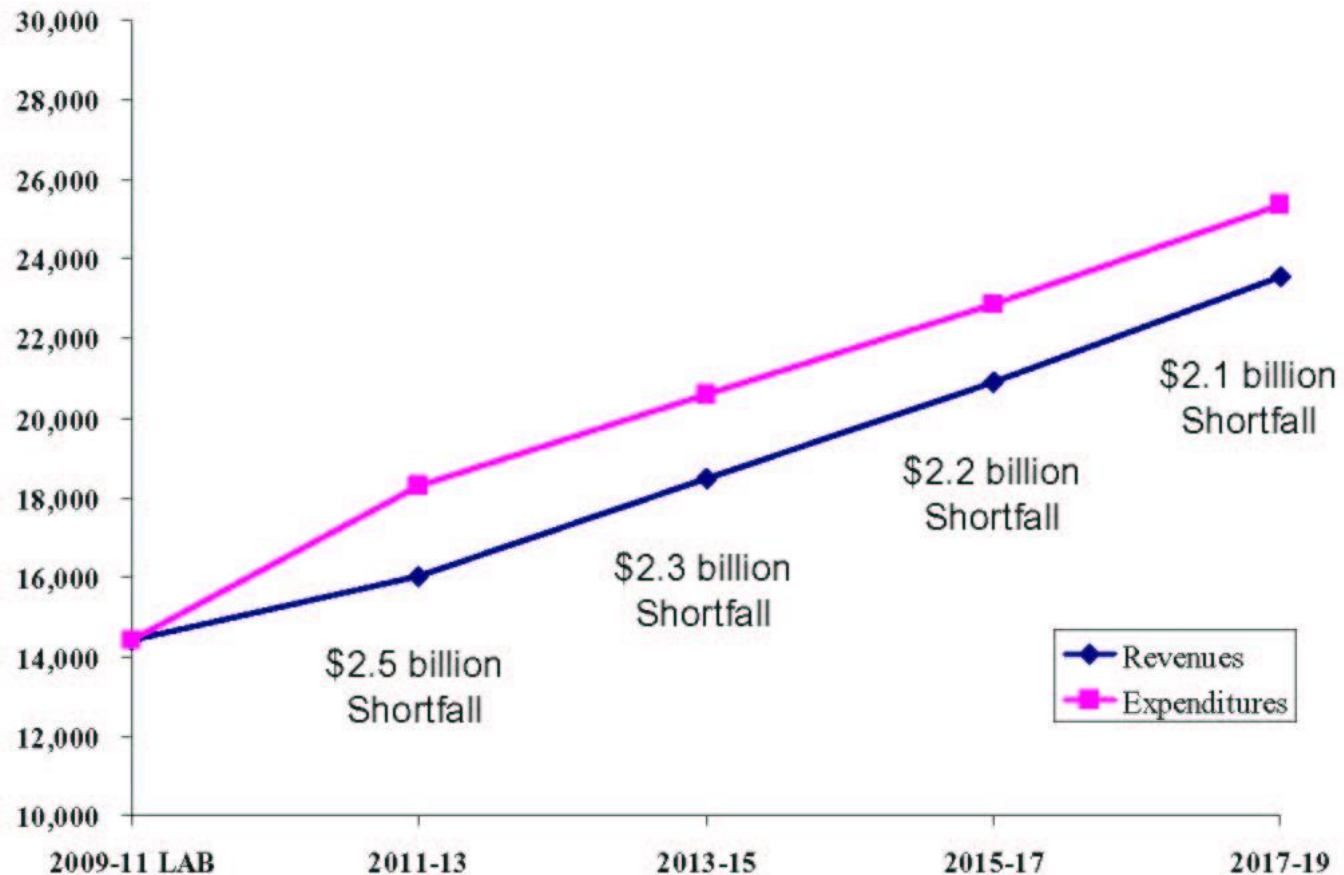
# Looking Forward

## Legislative Issues

- Tax credit sunsets
- Reserve policy (kicker reform)
- Property tax reform
- Budget
- Government Efficiencies
  - Representative Nancy Nathanson’s “2920” effort, includes Criminal Justice, Human Services, Elections, A&T, and County Services Planning Council



# Long Term Budget



# 2011-2013 OR General Fund/Lottery (early estimates)

- Phase-ins, caseloads, debt service, and inflation (\$1.8B)
- Backfill of one-time funds (\$1.6B)
- PERS (\$400M)
- New Revenue \$1.6B

# Initiatives and Ballot Measures

- Legislatively Referred Constitutional Amendments
- May 18, 2010
  - Measure 68 (state match for local bonds)
  - Measure 69 (allows state to incur debt for higher ed)

# Initiatives and Ballot Measures

- Submitted Signatures (paid collectors)
  - November 2, 2010
    - Initiative 13 (min sentences for certain crimes)
    - Initiative 28 (medical marijuana supply system)
    - Initiative 50 (redistricting done by retired circuit court judges)
    - Initiative 70 (continues lottery funding for parks beyond 2014)
- Filed Initiatives
  - 45 approved ballot measure titles needing req'd signatures by July 2
    - Initiative 66/68 vote req'd for fuel tax and vehicle registration fees

# Elections

- State
  - Governor
  - House
    - Current: 36 Democrats, 24 Republicans
    - Up for Election: All (2 open D, 3 open R)
  - Senate
    - Current: 18 Democrats, 12 Republicans
    - Up for Election: 12 Democrat Seats, 4 Republican Seats
- Federal
  - House
    - Schrader seat (Scott Bruun)
  - Senate
    - Wyden seat (Huffman)

# Lane County specific

- State Legislature
  - Justice Court fines
  - Tort caps
  - GHG funding
  - GETF
- US Congress
  - SRS-Campaign for Rural America
  - Appropriations
  - Transportation Reauthorization

# Conclusions

- Budget issues are highly dependent on which way the Oregon economy goes
- February rebalance leaves little margin for error for remainder of 09-11 biennium
- Backfilling reserves and federal stimulus money presents biggest challenge for 2011-13 budget
- Lane County delegation remains well seated in Salem, but little discretionary funding is available