

# Oregon's Budget Issues: February, 2009

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# Background

- Legislatively approved budget, 2009-11
- M 66 and M 67
- Economic downturn
- Special session
- Future statewide initiatives & referrals
- Balance of political power

# Pivot Points

- Office of Economic Analysis (DAS)
- Budget and Management Division (DAS)
- Dept of Revenue
- Oregon Legislature (LRO, LFO)
- Political Leadership (Speaker and President)
- Ways and Means Committee
- Revenue committees
  - Representative Phil Barnhart
  - Senator Ginnie Burdick

# 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

# Lane County (10% rule)

- Increases with benefit to Lane County
  - Gas tax and vehicle registration fees
  - Dept of Revenue collections staff
  - Lane Transit West Eugene Em X
  - Lane County Bio-energy park funds
  - OWIN Funding
  - Public Health
- Reductions with impact Lane County
  - Video Lottery
  - Children and Families
  - CAFFA grant fund
  - Special Public Works Fund
  - Oregon Youth Authority Budget

# Other 2009 Legislation

- SB 916 Local budget law
- HB 2287 Surcharge on Court Fees and Fines
- SB 311 Increase in Tort Claim Damage Limits
- Recording fees
- Elections law

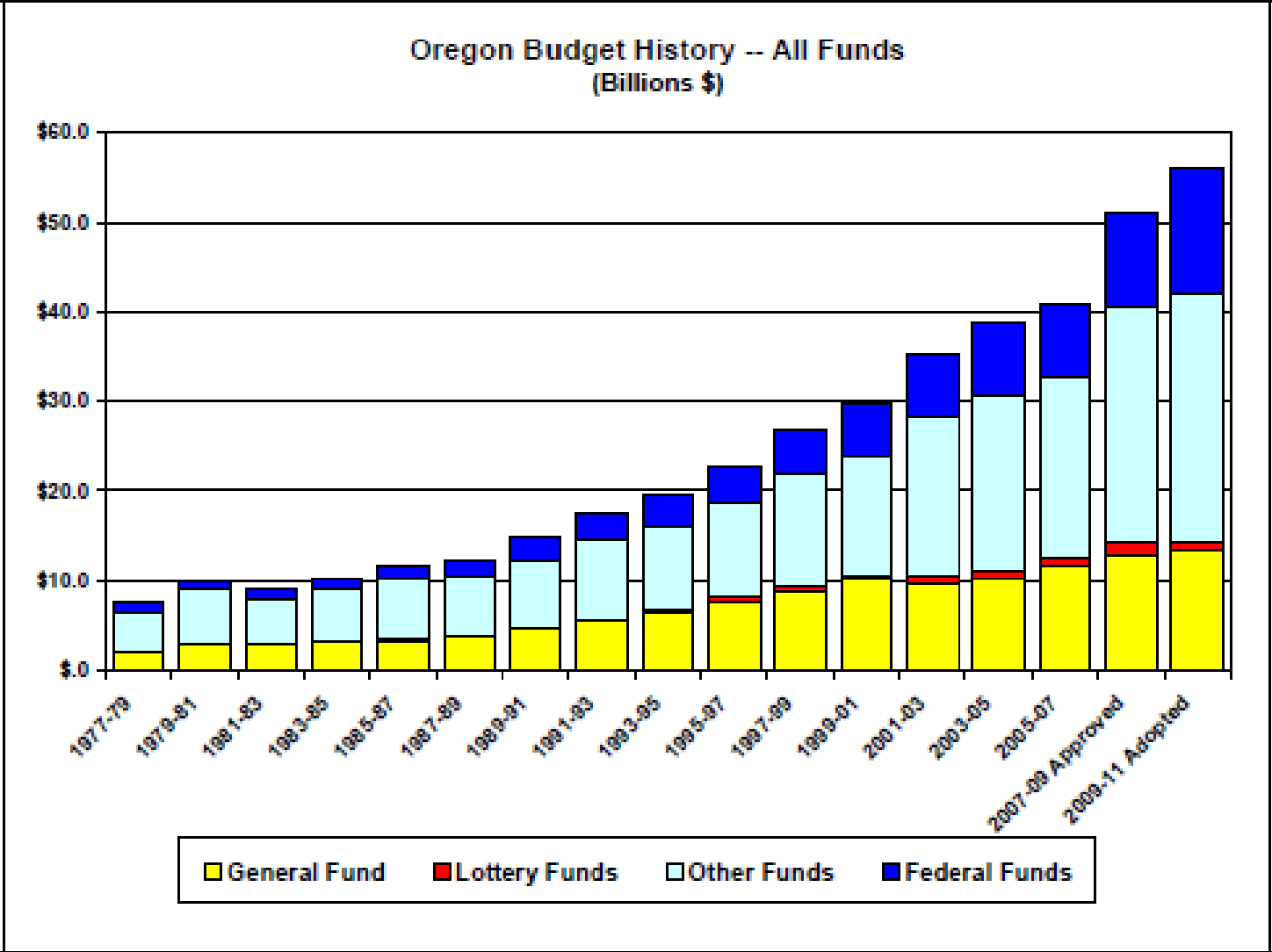
# Legislatively Adopted Budget, 2009-11

## 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>

# Oregon Budget History



# Close of Session

- \$77 M ending balance (“cushion?”)
- Over rode Governor’s veto on utilization of RDF for budget balancing purposes.
- Tax measures, HB 2649 and HB 3405
- M 57 Phase-In
- Business Energy Tax Credit veto with interim committee work
- Provider tax/federal leverage

# March Forecast

- Moved to Feb 9 for purposes of Special Session
- GF revenues down \$182 M from 12/09 forecast, down \$365 M from Close of Session forecast with the expected ending balance now a negative \$106 M.
- Mostly associated with lower expectations for personal income taxes
- “Most Dicey”
- June forecast is most accurate, and as “close of session” forecast determines kicker, if any
- All forecasts based upon current law
- May or may not result in an adjustment of agency budgets of ½ to 1%.

# Threats (and a surprise)

- Continued lottery downturn and implications for bonding
- Unknowns regarding M 66 and M 67 outcomes
- Continuity or future of federal funding
- Employment
- Demand for services, especially DHS
- BETC adjustment passage
- Tobacco tax revenue increases

# 2010 Special Session

- HB 3680 BETC Reform
- SB 1059 Greenhouse Gases
- SB 1042 Local Tobacco Taxation
- SB 1017, HB 3605, HB 3698 jobs bills (D's)
- HB 3620 Main St bill (R's)
- DHS Rebalance
- SB 1007 Measure 57 adjustments
- SJR 45 Kicker reform
- SJR 41 annual sessions

# 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