



# Oregon

Theodore R. Kulongoski, Governor

## Water Resources Department

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### MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Loudon, ASD Administrator

SUBJECT: Agenda Item G, June 10, 2009  
Water Resources Commission Meeting

#### **Budget Update – 2009-11 Biennium**

#### **I. Issue Statement and Background**

The Office of Economic Analysis released on May 15, 2009 an updated Economic and Revenue Forecast which forecasts additional reductions in revenue for the 2009-11 biennium of \$532.5 million relative to the March 2009 forecast. This brings the total projected revenue shortfall for 2009-11 to \$3.8 Billion. This revenue reduction was anticipated and possible solutions have been the subject of Legislative action and Departmental testimony for the past three months. This is an informational report.

#### **II. Discussion**

The Office of Economic Analysis was very cautious in its forecast of when the current economic decline would come to an end. There are some indicators at the national level that the recession is starting to see the bottom and Oregon typically mirrors the national business cycle. There are tentative expectations that job growth will once again occur in the latter part of 2010.

The Legislature has been working on possible solutions and on May 18, 2009, Senator Carter and Representative Buckley, the Co-Chairs of the Joint Committee on Ways and Means, released their recommended 2009-11 budget. Their proposal incorporates the state's May 15 economic forecast, which estimates a revenue shortfall of \$3.8 billion during 2009-11. The co-chairs' recommended budget proposes significant reductions statewide, as well as a requirements to raise new revenue. In their press release, the Co-Chairs state they are attempting to "address long-standing water issues and provide sustainable funding for the Oregon Water Resources Department through proposals still in development." Their recommendations for the Water Resources Department propose the elimination of six full-time equivalent (FTE) positions as well as new fees and fee increases to backfill General Fund in the amount of \$2.8 million. The Ways & Means Subcommittee on Natural Resources, co-chaired by Senator Vicki Walker and Representative Bob Jenson, has several bills available for consideration, as they decide which fees to implement. The proposed changes to the Department's General Fund budget are as follows:

	<u>Positions</u>	<u>General Fund</u>
Water Resources Essential Budget Level		\$25,451,601
Attorney General Savings		(\$50,000)
Water Measurement Technician – Salem Based	(1.0)	(\$126,821)
Water Use Reporting Specialist	(1.0)	(\$146,237)
Water Measurement Technician – Field Based	(1.0)	(\$156,962)
Information Technician – Application Development	(1.0)	(\$231,042)
Oregon Plan for Salmon and Watersheds	(2.0)	(\$312,323)
Fee increases to backfill additional General Fund		(\$2,768,900)
Subtotal	(6.0)	<u>(\$3,792,285)</u>
Revised General Fund Budget		\$21,659,316
Percentage Reduction		(14.9%)

### III. Summary

The Legislature is addressing one of its most significant revenue challenges in decades. The important role that the Water Resources Department plays in Oregon has been acknowledged during public testimony and noted during meetings of the Ways and Means Subcommittee on Natural Resources. The Department will continue to keep the Commission updated as the Co-Chairs budget proposal is likely to see some modifications before the 2009-11 Budget is finalized.

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