



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrative Services Administrator

SUBJECT: Agenda Item I, May 13, 2011
Water Resources Commission Meeting

Budget Update: 2011-13 Governor's Balanced Budget

I. Issue Statement

The Department provided testimony on the Governor's Balanced Budget to the Joint Ways and Means Natural Resources Subcommittee during the week of April 4th, 2011. During the testimony, the director reviewed the Department's program priorities, improvement efforts, reduction options, and key performance measures. No specific action has yet been taken by the Ways and Means Subcommittee regarding the Department's budget although it is anticipated that there will be progress made in moving agency budgets forward in the near future.

We believe that it is likely that the Governor's Balanced Budget actions will be adopted which includes a reduction of four positions, a reduction of \$75,000 for groundwater studies and an overall reduction in staff salaries/benefits of 5.5%. In addition there is a possible 6.5% across the board reduction in Services and Supplies (to be managed by the Department) and a percentage "hold back" of funds applying to the second year of the budget in case the economy sours again. The Committee may also adjust the Key Performance Measures for the 2011-13 biennium.

II. Background and Discussion

The March 2011 revenue forecast for next biennium (2011-13) projected a \$3.4 billion shortfall in General Fund, representing a 20% reduction for all state agencies if it were to be prorated across the board. Coupled with this is an expressed desire of the Legislature to be prepared for a possible worsening of the economy. For these reasons we believe that there will be actions taken to prepare for a slower economic recovery (a "hold back" of funds) but specific budget detail will be deferred until there is more data available.

Department staff will discuss the information that will be available from the May 12, 2011 Revenue Forecast at the Commission meeting.

III. Conclusion

No formal Commission action is necessary. The Department will provide additional budgetary updates as information becomes available.

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