



Oregon

John A. Kitzhaber, MD, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Loudon, Administrative Services Administrator

SUBJECT: Agenda Item I, September 30, 2011
Water Resources Commission Meeting

Budget Update – 2011-13 Biennium

I. Issue Statement and Background

The 2011 Legislature approved a budget for the 2009-11 Biennium in the amount of \$51.7 million dollars, a 42 percent increase over the 2009-11 Legislatively Approved Budget. Most of this increase is for “pass through” funding that will go to communities in the form of grants or loans to address water resource issues. The Department received funding to continue Oregon’s Integrated Water Resources Strategy and other key program activities. There were also reductions in specific program areas and significant across the board budget cuts.

II. Discussion

The significant changes that the Legislature approved in the Department’s “base” budget are as follows (HB 5049 and SB 5508):

Reductions

Information Systems Manager	\$(241,409)
Assistant Contracts / Procurement Staff	(141,187)
Commission travel expenses	(6,000)
Staff Compensation Packages	(954,888)
Supplies, Facilities, Travel, Communications, etc.	(471,113)
Hold back for Second Year of the 2011-13 Biennium	(735,468)
	<u>\$(2,550,065)</u>

The largest decrease will occur with staff compensation reductions which include the state wide closure of offices during “furlough days” 10 times during the biennium plus additional floating days depending on the salary levels of employees. Reduced travel by employees and the commission will also contribute to the savings. The closure of the Grants Pass region office and relocation of staff will save approximately \$120,000 in facility and related costs. There is vulnerability in the second year of the biennium as it is required that the Department plan for \$700,000 less in General Fund if the revenue picture for the state as a whole is in jeopardy.

Additions	Amount	Funding
Integrated Water Resources Strategy	\$291,674	General
\$15 million for the Water Development Loan Fund (Umatilla)	16,960,783	Other
\$1.2 million for Water Conservation, Reuse and Storage grants	1,448,893	Other
Restoration of reductions taken in the Governor's Budget		
Water Availability Modeler	152,972	General
Groundwater Hydrogeologist	159,090	General
Groundwater Research Funds	125,000	General
Contracted IT services	50,000	General
	\$19,188,412	

The Department is particularly grateful to see Oregon's Integrated Water Resources Strategy funding continued for 2011-13, allowing the continued development of this crucial strategy document. The Department was also pleased to see restorations to its budget during the final days of the session, including a Water Availability Modeler, which enables the maintenance of water availability models and hydrographic data needed to make decisions when water right applications, permits, and transfers are evaluated; and a Groundwater Hydrogeologist who identifies aquifer boundaries, documents the interaction between surface and groundwater and the impacts on future allocations to water users.

Three items of note that are follow ups to the 2011 session:

1. The Department will be conducting a program prioritization exercise in the fall to determine adjustments that would be appropriate for a clearer presentation of programs during the 2013 session. Commission input will be sought as part of this exercise.
2. The Department's General Fund appropriation is based on a Revenue Forecast that is subject to change; the September forecast indicated a reduction in General Fund Revenues of \$192.6 million for the State as whole.
3. The 7 percent General Fund hold-back during the second year of the biennium will be a budget challenge that is a concern. The Department is working through options in advance of when the reduction will occur.

III. Summary

The Legislature addressed a revenue shortfall for the 2011-13 biennium by eliminating two positions and requiring the Department to manage within a budget that has significant across-the-board reductions. An office closure, reduced travel, and delayed filling of positions is the initial action taken by the Department to address the budget shortfall.

Despite these reductions, the Department appreciates the resources it does have, due to the efforts of many stakeholders to work with the Legislature during budget discussions.