



# Oregon

John A. Kitzhaber, MD, Governor

## Water Resources Department

North Mall Office Building  
725 Summer Street NE, Suite A  
Salem, OR 97301-1271  
503-986-0900  
FAX 503-986-0904

### MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrative Services Administrator

SUBJECT: Agenda Item N, March 7, 2014  
Water Resources Commission Meeting

#### **Budget Update – 2013-15 Biennium and 2015-17 Schedule**

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

The 2013-15 Legislatively Adopted Budget included two packages that decreased the Department's budget as part of a statewide multi-agency reduction.

Development of the 2015-17 Agency Requested Budget is in the preliminary phases. Staff will provide an overview of the budget reductions and the schedule for developing the 2015-17 Agency Requested Budget.

#### **II. Discussion**

During the 2013 Legislative Session, a package was included in all agency budgets, reducing administrative expenditures by 5 percent of the amount that was spent in the prior biennium for Finance, Information Technology, Human Resources, Procurement, Accounting and Payroll expenditures. The reduction for the Water Resources Department totaled \$124,978 for General Fund and \$67,795 for Other Funds.

Initially, state government's leadership team believed that enterprise wide savings could be identified early in the biennium. A number of initiatives are being explored to streamline administrative operations and gain efficiencies through consolidation or technological applications, but it is too soon to tell if these options will allow savings during the current biennium. To address the immediate deficit, the Department's Administrative Services Division has reduced budgeted costs for travel, postage, office supplies and staff salaries. The Department will be actively participating with other state agencies to identify opportunities for savings at a state-wide or multi-agency level as the biennium progresses.

As part of the 2013-15 Legislatively Adopted Budget, House Bill 5008 reduced most agency General Fund and Lottery Fund budgets by 2 percent in order to establish supplemental General Fund and Lottery Fund ending balances in case of declines in the state's revenue forecasts. The Department's 2 percent holdback is \$540,096. The intent was to restore all or a portion of this 2

percent holdback to state agencies in the 2014 session, depending on overall economic conditions at that time. The Department will update the Commission on the extent to which the 2 percent General Fund holdback is added back into the 2013-15 Biennial Budget.

The development of a 2015-17 Biennial Budget is in the very early stages. The Department is planning to engage stakeholders in discussions of budget priorities during the months of March and April. Staff will develop an initial budget proposal to bring to the Commission at the May meeting for discussion and review. Though there will be considerable activity over the next several months to build the budget, the date for final submission of the budget request is not until August 2014.

### III. Summary

The Department continues to manage resources in a conservative manner and move forward with implementation of new funding for the 2013-15 biennium. Additional developments regarding this biennium or plans for budget building for next biennium will be shared at the Commission meeting. The Department will continue to keep the Commission apprised of these activities as well as engage the Commission in the development of the 2015-17 budget.

Tracy Louden  
(503) 986-0920