



# Oregon

John A. Kitzhaber, MD, Governor

## Water Resources Department

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### MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrator

SUBJECT: Agenda Item K, November 21, 2014  
Water Resources Commission Meeting

#### **Budget Update: 2015-17 Revenue Forecast**

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

The next phase in budget development for the 2015-17 biennium is for the Governor to release his budget proposal to the Legislature on December 1<sup>st</sup>. To support his budget proposal, the Governor will rely on the General Fund Revenue Forecast, which will be made available to the public on November 12, 2014. This forecast sets the stage for the amount of General Fund resources the Governor will commit to Natural Resource agencies, including the Water Resources Department.

#### **II. Discussion**

The General Fund Revenue Forecast for the current biennium was projected to be \$15.8 billion when the September 2014 forecast was announced. This forecast will be updated on November 12, 2014. Staff do not anticipate a significant change in the forecast that would materially affect the budget of the Water Resources Department budget for the 2013-2015 biennium.

The forecast of General Fund Revenue for the 2015-17 biennium has been projected to be over \$17 billion, a \$1.7 billion increase over the current biennium. The table below contains the date and the amount of the projection.

<b>Date of Projection</b>	<b>GF Revenue in Millions</b>	<b>Change from Prior Forecast</b>
May 2013	\$ 17,248	
December 2013	\$ 17,374	\$ 126
February 2014	\$ 17,412	\$ 38
June 2014	\$ 17,546	\$ 134
September 2014	\$ 17,525	\$ (21)

Agencies have been told that a large portion of the \$1.7 billion increase in revenue from the current biennium to the 2015-17 biennium will be used to pay for current programs that have increases in the number of individuals served or inflationary increases in existing program

expenditures. An example of an inflationary increase would be the SB 1069 Water Conservation, Reuse and Storage Feasibility Study Grant Program, which had \$750,000 for grants during the 2013-15 biennium. In order to provide the same purchasing power from one biennium to the next, the program would need to be increased to \$772,000 in 2015-17.

### **III. Conclusion**

The November 12, 2014 General Fund Revenue Forecast will be included in the information shared with the Commission at its November meeting. Staff will also provide any additional information that may become available regarding development of the Governor's budget.

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