



Oregon

Kate Brown, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Racquel Rancier, Senior Policy Coordinator *RR*
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SUBJECT: Agenda Item K, May 12, 2017
Water Resources Commission Meeting

Budget and Legislative Update

I. Introduction

The 2017 Legislative Session has been well underway for several months and the deadline for bills to make it out of first chamber policy committees has passed. During this agenda item, staff will provide an update on legislation and budget.

II. Legislation

As of the April 26, 2,786 measures had been introduced during the 2017 Legislative Session, with approximately 1,569 bills still alive after the first chamber deadline. Bills are required to be out of the second chamber policy committees by June 2; however, the Rules, Revenue and Finance, and Joint Ways and Means Committees are not subject to the same deadlines as the policy committees.

The Department has been tracking both statewide bills, as well as water-specific legislation. Staff will provide an update on the status of legislation during the Commission meeting.

III. Budget

Budget continues to be a key topic for the Legislative Session, as the state expects a \$1.6 billion shortfall to maintain current service levels.

The Department's budget hearing before the Joint Ways and Means Subcommittee on Natural Resources was held on April 11-13. A work session for the Department's budget, Senate Bill 5542, likely will not be scheduled until later in the session.

The Co-Chairs of the Joint Committee on Ways and Means are currently waiting for the release of the May 2017 forecast, which will serve as the basis for the budget. In the meantime, on April 17, the Co-Chairs released a 2017-19 Target Reduction Lists. The Target Reduction Lists are intended to be a discussion document that serves as a starting point for Subcommittees to begin preparing budgets; therefore, the target reduction lists will change. The document is available online at:

www.oregonlegislature.gov/lfo/Documents/2017-19%20Target%20Reduction%20Lists.pdf.

The Target Reductions List includes a 2.2 percent reduction in current service level for the Natural Resources sector, totaling about \$9.1 million. Reductions to the Water Resources Department's budget include about \$0.4 million, or 50 percent reduction in general funding for feasibility study grants.

In addition to reductions, the Joint Ways and Means Committee have also convened a Cost Containment Work Group. On April 21, the work group released their ideas to reduce spending and contain costs. A copy of the memo is available online at:

<https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/122067>.

Governor Brown has also announced that she will be taking a series of executive actions in response to the budget deficit and to help improve state agency operations. On April 20, she issued Executive Order No. 17-07, which instituted a hiring freeze through June 30 and directed agencies to reduce travel expenditures and optimize the use of facilities. The Executive Order is available online at:

https://drive.google.com/file/d/0BzMvBq_LbaUUQIN5SnNFSXNMak0/view.

On April 27, Governor Brown announced additional actions to address the Public Employees Retirement System costs, state employee compensation bargaining and debt collection. These actions include establishment of a task force to propose options to make payments towards the unfunded PERS liability, issuance of Executive Order 17-08 to strengthen public employee bargaining and training practices, and development of a forthcoming executive order that will direct state agencies to review their uncollected debt and take other actions related to debt collection. A summary of the actions is available online:

https://drive.google.com/file/d/0BzMvBq_LbaUURHhXOTRObGs5UTO/view

IV. Conclusion

The Constitutional *Sine Die* for the 2017 Legislative Session is July 10. The Department will continue to update the Commission on the status of legislation and the Department's budget as the Legislature completes its work.

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