

Legislative Fiscal Office

Ken Rocco
Legislative Fiscal Officer

Paul Siebert
Deputy Legislative Fiscal Officer



900 Court Street NE
H-178 State Capitol
Salem, Oregon 97301
503-986-1828

Budget Information Brief / 2017-1

2017-19 Legislatively Adopted Budget General Fund/Lottery Funds – Summary

The Oregon Legislature adopted a 2017-19 budget comprised of planned expenditures of \$19.859 billion General Fund, \$1.071 billion Lottery Funds, \$31.710 billion Other Funds, and \$21.792 billion Federal Funds. The total adopted state budget for the 2017-19 biennium of \$74.432 billion is a 3.7% increase from the 2015-17 legislatively approved budget. The combined General Fund and Lottery Funds adopted budget for the 2017-19 biennium is up by 10.3% over the 2015-17 legislatively approved level, but is down by 3.6% from the 2017-19 current service level.

After each session of the Legislature, the Legislative Fiscal Office (LFO) produces publications that summarize the overall state budget and that provide details on individual state agency adopted budgets. This process normally takes several weeks and is ultimately dependent upon Governor final actions on bills and the official close-of-session forecast. However, in light of public interest in details of the adopted budget, LFO has prepared this Budget Information Brief to provide preliminary data on the General Fund/Lottery Funds budget adopted for the 2017-19 biennium during the 2017 regular session of the Legislature. Additional detail will be provided in the next two months on this component of the budget as well as the total budget, including Other Funds and Federal Funds.

2017-19 Legislatively Adopted Budget by Program Area and Fund Source						
Program Area	General Fund	Lottery Funds	GF&LF Total	Other Funds	Federal Funds	All Funds
State School Fund	7,653,853,380	464,758,594	8,118,611,974	85,248,393	0	8,203,860,367
Education - Post Secondary	1,954,059,623	96,567,082	2,050,626,705	721,533,625	137,631,989	2,909,792,319
Education - Other	826,304,114	651,225	826,955,339	608,565,490	1,441,151,959	2,876,672,788
Human Services - Oregon Health Authority	2,185,935,679	12,457,116	2,198,392,795	6,693,688,309	11,019,931,982	19,912,013,086
Human Services - Dept. of Human Services	3,109,000,548	0	3,109,000,548	598,001,557	7,677,432,936	11,384,435,041
Human Services - Other	12,480,866	0	12,480,866	2,371,523	16,372,609	31,224,998
Public Safety	2,464,129,991	8,069,250	2,472,199,241	765,091,503	520,804,376	3,758,095,120
Judicial Branch	743,333,133	0	743,333,133	267,524,594	1,339,352	1,012,197,079
Natural Resources	220,982,270	202,517,744	423,500,014	1,312,223,099	296,553,290	2,032,276,403
Economic Development	117,914,820	147,188,776	265,103,596	3,606,785,232	511,003,090	4,382,891,918
Consumer and Business Services	13,119,229	0	13,119,229	643,287,888	16,439,730	672,846,847
Transportation	23,456,104	114,604,964	138,061,068	3,684,883,789	136,582,566	3,959,527,423
Administration	245,084,206	23,812,067	268,896,273	12,696,539,070	16,904,414	12,982,339,757
Legislative Branch	110,315,599	0	110,315,599	24,231,783	0	134,547,382
Miscellaneous (Emergency Fund)	178,822,118	0	178,822,118	0	0	178,822,118
Total	19,858,791,680	1,070,626,818	20,929,418,498	31,709,975,855	21,792,148,293	74,431,542,646

The budget display on the last page shows the General Fund and Lottery Funds revenues and expenditures as approved during the 2017 regular session. The basic revenue numbers are representative of the May 2017 economic and revenue forecast. Lottery Funds are split

between regular, discretionary Lottery Funds and constitutionally dedicated Lottery Funds; this is done since Measure 76 (M-76) Lottery Funds are dedicated to specific natural resource uses and Measure 96 (M-96) Lottery Funds are dedicated to veterans' services and neither can be used as flexibly as General Fund and regular Lottery Funds.

The attached table is broken into three sections – resources, expenditures, and ending balances.

Resources:

- Resources are based on the May 2017 forecast, but are adjusted with beginning balances updated for actions taken during the 2017 session on the prior biennium expenditures and for agency specific interest earnings that are ultimately included in expenditures.
- The General Fund resources from the forecast are adjusted by the estimated amount of interest costs for the use of Tax Anticipation Notes by the Treasury.
- Lottery Funds are reduced by distributions for county economic development and projected transfers to the Education Stability Fund, which are not part of the adopted budget.
- Additional resources approved by the Legislature during the session are identified.
- The amounts of additional tax credits beyond current law as approved by the Legislature are included.
- Actual final resources will be officially presented in the close-of-session forecast in late August (along with the September 2017 quarterly forecast).

Expenditures are identified as approved in all budget actions taken by the Legislature during the 2017 regular session for the 2017-19 biennium, from agency budget bills, statewide budget bills, and appropriations included in various policy bills.

Ending Balances:

- Regular ending balances include \$195.3 million General Fund and \$20.1 million discretionary Lottery Funds; the Lottery Funds ending balance is for salary and benefit adjustments and to protect against allocation reductions in case of lottery revenue declines in future forecasts.
- The current General Fund projected ending balance includes an amount toward the statutory Rainy Day Fund deposit (1% of projected expenditures from the ending balance) that would occur at the end of the 2017-19 biennium if a sufficiently large ending balance exists at that time to complete the transfer.
- The dedicated Lottery Funds (M-76 and M-96) ending balance (\$26.5 million) is for cash flow, salary and benefit adjustments, and other dedicated specific purposes for the Parks and Recreation Department, other Natural Resource program area agencies that receive M-76 funding, and for veterans' services under M-96 for the Departments of Veterans' Affairs and Housing and Community Services.

2017-19 Legislatively Adopted Budget				
May 2017 Forecast Revenues (millions)	General Fund	Lottery Discretionary	Lottery Dedicated	TOTAL
Revenues				
Beginning Balance	723.9	49.0	35.8	808.7
1% Appropriation to Rainy Day Fund	(180.1)	-	-	(180.1)
Adjustments				
<i>Projected TANS interest costs for 2015-17</i>	(21.5)	-	-	(21.5)
Projected Revenues	19,416.8	1,040.6	205.6	20,663.0
<i>Shared Services Fund (Gain Share)</i>	(33.0)	-	-	(33.0)
<i>Corporate Income Tax Transfer to RDF</i>	(42.5)	-	-	(42.5)
<i>Lottery Interest Earnings (Forecast)</i>		2.0		2.0
<i>ESF Interest Earnings</i>		22.5		22.5
<i>Lottery Funds Reversions</i>	-	4.0		4.0
<i>Agency Lottery Funds Account Balances</i>		3.4		3.4
Distributions: Education Stability Fund/Counties				
<i>Education Stability Fund</i>	-	(224.3)	-	(224.3)
<i>County Economic Development</i>	-	(41.3)	-	(41.3)
Revenue enhancements/(reductions):				
<i>OLCC Budget LRO Revenue Impact (HB 5019)</i>	9.2	-	-	9.2
<i>DOJ Protection and Education Account (HB 3470)</i>	46.0	-	-	46.0
<i>DAS Risk Fund Reappropriation (HB 3470)</i>	33.3	-	-	33.3
<i>ODOE Alternative Fuel Fund Reappropriation (HB 3470)</i>	3.0	-	-	3.0
<i>DAS Operating Fund Transfer (HB 3470)</i>	18.5	-	-	18.5
<i>DAS OSCIO Operating Fund Transfer (HB 3470)</i>	10.5	-	-	10.5
<i>OSL Miscellaneous Receipts Account Reappropriation (HB 3470)</i>	0.0	-	-	0.0
<i>SB 254 - DOR Data Match for Financial Institutions (LRO)</i>	1.7	-	-	1.7
<i>SB 251 - Lottery Withholding Prize Money (LRO)</i>	2.4	-	-	2.4
<i>SB 28 - Market Based C-Corp Apportionment (LRO)</i>	5.5	-	-	5.5
<i>HB 2409 - Traffic Citations (CFA) (LRO)</i>	8.3	-	-	8.3
<i>HB 2244 - Greenlight Rebate Film/Video (LRO)</i>	(5.0)	-	-	(5.0)
<i>HB 2391 - Provider Tax (LRO)</i>	(2.0)	-	-	(2.0)
<i>SB 754 - Tobacco Under 21 (LRO)</i>	(0.4)	-	-	(0.4)
<i>HB 2066 - Tax Credits (LRO)</i>	1.0	-	-	1.0
<i>Lottery Commission Administrative Actions</i>		20.0	-	20.0
<i>CFA (GF) above Forecast</i>	1.5	-	-	1.5
2015-17 Rebalance Issues				
<i>HB 5044 (DOC and ODF)</i>	(6.0)	-	-	(6.0)
<i>SB 5543 (OHA and DHS Rebalance Savings)</i>	63.0	-	-	63.0
Total Resources	20,054.1	875.8	241.4	21,171.4
2017-19 Program Area Expenditures				
Education - State School Fund	7,653.9	464.8	-	8,118.6
Education - Post-Secondary	1,954.1	96.6	-	2,050.6
Education - Other	826.3	0.7	-	827.0
Human Services - Oregon Health Authority	2,185.9	12.5	-	2,198.4
Human Services - Dept. of Human Services	3,109.0	-	-	3,109.0
Human Services - Other	12.5	-	-	12.5
Public Safety	2,464.1	-	8.1	2,472.2
Judicial Branch	743.3	-	-	743.3
Economic & Community Development	117.9	132.0	15.2	265.1
Natural Resources	221.0	10.9	191.6	423.5
Transportation	23.5	114.6	-	138.1
Consumer & Business Services	13.1	-	-	13.1
Administration	245.1	23.8	-	268.9
Legislative Branch	110.3	-	-	110.3
Emergency Board	178.8	-	-	178.8
Total 2017-19 Budgeted Expenditures	19,858.8	855.7	214.9	20,929.4
Projected Ending Balance	195.3	20.1	26.5	242.0