

# Legislative Fiscal Office

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## Budget Information Brief / 2019-1

### 2019-21 Legislatively Adopted Budget General Fund/Lottery Funds – Summary

On June 30, 2019, the Oregon Legislature adopted the final pieces of the budget for the 2019-21 biennium. The adopted budget is comprised of planned expenditures of \$22.410 billion General Fund, \$1.259 billion Lottery Funds, \$37.917 billion Other Funds, and \$24.214 billion Federal Funds. The total adopted state budget for the 2019-21 biennium of \$85.799 billion is a 9.9% increase from the 2017-19 legislatively approved budget. The combined General Fund and Lottery Funds adopted budget for the 2019-21 biennium is up by 12.1% over the 2017-19 legislatively approved level.

After each session of the Legislature, the Legislative Fiscal Office (LFO) produces publications that summarize the overall state budget and provide details on individual state agency adopted budgets. This process normally takes several weeks and is ultimately dependent upon the Governor's final action on bills and the official close-of-session forecast. However, in light of public interest in details of the adopted budget, LFO prepares this Budget Information Brief to provide preliminary data on the budget adopted for the 2019-21 biennium during the 2019 regular session of the Legislature. Additional detail on the budget will be provided no later than the interim's first scheduled Legislative Days in September.

2019-21 Legislatively Adopted Budget by Program Area and Fund Type						
Program Area	General Fund	Lottery Funds	GF&LF Total	Other Funds	Federal Funds	Total Funds
State School Fund	7,718,687,417	530,146,857	8,248,834,274	751,165,726	-	9,000,000,000
Education - Post Secondary	2,184,067,916	144,428,093	2,328,496,009	404,958,445	151,846,937	2,885,301,391
Education - Other	899,275,407	692,870	899,968,277	1,647,178,301	1,516,562,703	4,063,709,281
Human Services - Oregon Health Authority	2,719,376,308	17,093,071	2,736,469,379	7,685,454,433	12,769,227,237	23,191,151,049
Human Services - Dept. of Human Services	3,855,078,525	-	3,855,078,525	673,915,109	8,034,133,180	12,563,126,814
Human Services - Other	17,560,298	-	17,560,298	2,405,467	15,955,857	35,921,622
Public Safety	2,762,127,120	10,559,076	2,772,686,196	823,662,200	577,114,835	4,173,463,231
Judicial Branch	862,417,437	-	862,417,437	221,853,486	1,355,846	1,085,626,769
Natural Resources	274,512,466	243,944,703	518,457,169	1,311,821,218	310,241,018	2,140,519,405
Economic Development	204,042,491	169,714,348	373,756,839	4,738,499,971	577,725,208	5,689,982,018
Consumer and Business Services	16,193,497	250,000	16,443,497	785,540,084	103,030,689	905,014,270
Transportation	25,306,026	115,592,980	140,899,006	4,264,477,189	146,226,733	4,551,602,928
Administration	387,780,726	26,546,069	414,326,795	14,586,127,728	10,608,560	15,011,063,083
Legislative Branch	142,327,537	-	142,327,537	19,823,946	-	162,151,483
Miscellaneous (Emergency Fund)	340,846,094	-	340,846,094	-	-	340,846,094
<b>Total</b>	<b>22,409,599,265</b>	<b>1,258,968,067</b>	<b>23,668,567,332</b>	<b>37,916,883,303</b>	<b>24,214,028,803</b>	<b>85,799,479,438</b>

The budget display table on page 3 shows the General Fund and Lottery Funds revenues and expenditures as approved during the 2019 regular session. The basic revenue numbers are representative of the May 2019 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 table contains three major sections:

### **Total Resources**

- Resources are based on the May 2019 forecast and are adjusted with beginning balances updated for actions taken during the 2019 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 transfers to the Education Stability Fund, which are not considered as part of the adopted budget.
- Additional resources approved by the Legislature during the session are identified.
- The amounts of tax credits beyond current law as approved by the Legislature during the 2019 session are included.
- Actual final resources will be officially presented in the close-of-session forecast in late August (along with the September 2019 quarterly forecast).

### **Total Budgeted Expenditures**

- Expenditures are included as approved in budget actions taken by the Legislature during the 2019 session for the 2019-21 biennium from agency budget bills, statewide budget bills, and appropriations included in various policy bills.
- The table shows only General Fund and Lottery Funds; Other Funds used in lieu of General Fund in two significant program areas are worth noting:
  - 1) The total State School Fund of \$9 billion includes \$751.2 million in Other Funds resources from the new Fund for Student Success (HB 3427 and HB 5047), forecasted marijuana taxes, and other smaller sources such as state timber taxes.
  - 2) The Oregon Health Plan (Oregon Health Authority) also includes a total of \$520 million in Other Funds resources from increases in provider assessments and other intergovernmental transfers.

### **Projected Ending Balances**

- Regular ending balances include \$521.5 million General Fund and \$32.9 million discretionary Lottery Funds; the Lottery Funds ending balance is for salary and benefit adjustments, to protect against allocation reductions in case of lottery revenue declines in future forecasts, and for cashflow purposes and program reserves.
- The current General Fund projected ending balance includes an amount toward the statutory Rainy Day Fund deposit (1% of projected expenditures) that would occur at the end of the 2019-21 biennium, if a sufficiently large ending balance exists at that time to complete the transfer, and an additional 1.3% to protect against potential revenue declines in future 2019-21 forecasts and potential needs in the 2020 session.
- The dedicated Lottery Funds (M-76 and M-96) ending balance (\$36.8 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 Department of Veterans' Affairs and for veterans' programs in other agency budgets.

2019-21 Legislatively Adopted Budget				
May 2019 Forecast Revenues (millions)	General Fund	Lottery Discretionary	Lottery Dedicated	TOTAL
<b>Revenues</b>				
Beginning Balance	2,321.6	65.3	58.3	2,445.3
Beginning LF Debt Service Balance	-	1.3	-	1.3
Beginning Balance - HECC Opportunity Grants	-	7.3	-	7.3
1% Appropriation to Rainy Day Fund	(199.5)	-	-	(199.5)
Adjustments				
<i>Projected TANS interest costs for 2017-19</i>	(10.4)	-	-	(10.4)
Projected Revenues	21,165.5	1,219.0	240.9	22,625.3
<i>Shared Services Fund (Gain Share)</i>	(45.3)	-	-	(45.3)
<i>Lottery Interest Earnings (Forecast)</i>	-	2.0	-	2.0
<i>Lottery ESF Interest Earnings</i>	-	40.0	-	40.0
<i>Lottery Fund Reversions</i>	-	3.7	-	3.7
<i>OBDD LF Beginning Balance (Committed)</i>	-	3.8	-	3.8
Distributions: Education Stability Fund/Counties				
<i>Education Stability Fund</i>	-	(262.8)	-	(262.8)
<i>County Economic Development</i>	-	(50.2)	-	(50.2)
<b>Forecast Revenues</b>	<b>23,232.0</b>	<b>1,029.4</b>	<b>299.2</b>	<b>24,560.6</b>
<b>Revenue Enhancements/(Reductions):</b>				
<i>Tax Expenditures - Sunset Renewal/New (HB 2164)</i>	(70.5)	-	-	(70.5)
<i>Corporate Activity Tax - Student Success (HB 3427)</i>	(423.0)	-	-	(423.0)
<i>OLCC Fees (SB 248)</i>	5.2	-	-	5.2
<i>DOC Inmate Collections (SB 980)</i>	0.5	-	-	0.5
<i>Court Filing Fees (HB 3447)</i>	3.1	-	-	3.1
<i>DOR Tax Compliance Auditors (HB 5033)</i>	0.5	-	-	0.5
<i>Rural Medical Provider Tax Credit (HB 2847)</i>	(0.2)	-	-	(0.2)
<i>DOR Debt Collection Pilot (SB 523)</i>	2.0	-	-	2.0
<i>DAS Operating Fund Transfer (HB 2377)</i>	50.9	-	-	50.9
<i>DAS OSCIO Operating Fund Transfer (HB 2377)</i>	26.5	-	-	26.5
<i>DAS Insurance Fund Transfer (HB 2377)</i>	10.0	-	-	10.0
<i>DOJ Protection and Education Account Transfer (HB 2377)</i>	46.0	-	-	46.0
<i>DCBS Health Insurance Exchange Fund Transfer (HB 2377)</i>	3.8	-	-	3.8
<i>Oregon Medical Board Transfer (HB 2377)</i>	5.0	-	-	5.0
<i>OHA Public Employees' Revolving Fund Transfer (HB 2377)</i>	15.0	-	-	15.0
<i>DSL Portland Harbor Cleanup Fund Transfer (HB 2377)</i>	3.0	-	-	3.0
<i>OJD Legal Aid Account Directed to GF (HB 2377)</i>	11.9	-	-	11.9
<i>Central Government Service Charge Redirection (HB 2377)</i>	(0.5)	-	-	(0.5)
<i>CFA Transfer to GF from LAB Actions and Revised Forecast</i>	13.2	-	-	13.2
<b>2017-19 Rebalance Issues</b>				
<i>SB 5544 (OHA)</i>	3.7	-	-	3.7
<i>SB 5511 (DOGAMI)</i>	(0.7)	-	-	(0.7)
<i>HB 5019 (ODF)</i>	(3.2)	-	-	(3.2)
<i>HB 5050 (DOC)</i>	(3.0)	-	-	(3.0)
<b>TOTAL RESOURCES</b>	<b>22,931.1</b>	<b>1,029.4</b>	<b>299.2</b>	<b>24,259.8</b>
<b>2019-21 Program Area Expenditures</b>				
Education - State School Fund	7,718.7	530.1	-	8,248.8
Education - Post-Secondary	2,184.1	144.4	-	2,328.5
Education - Other	899.3	0.7	-	900.0
Human Services - Oregon Health Authority	2,719.4	14.6	2.5	2,736.5
Human Services - Department of Human Services	3,855.1	-	-	3,855.1
Human Services - Other	17.6	-	-	17.6
Public Safety	2,762.1	-	10.6	2,772.7
Judicial Branch	862.4	-	-	862.4
Economic & Community Development	204.0	149.2	20.6	373.8
Natural Resources	274.5	15.4	228.5	518.5
Transportation	25.3	115.6	-	140.9
Consumer & Business Services	16.2	-	0.3	16.4
Administration	387.8	26.5	-	414.3
Legislative Branch	142.3	-	-	142.3
Emergency Board	340.8	-	-	340.8
<b>TOTAL 2019-21 BUDGETED EXPENDITURES</b>	<b>22,409.6</b>	<b>996.6</b>	<b>262.4</b>	<b>23,668.6</b>
<b>PROJECTED ENDING BALANCES</b>	<b>521.5</b>	<b>32.9</b>	<b>36.8</b>	<b>591.2</b>