

# Legislative Fiscal Office

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## Budget Information Brief / 2021-1

### 2021-23 Legislatively Adopted Budget General Fund/Lottery Funds – Summary

On June 26, 2021, the Oregon Legislature finalized a 2021-23 budget comprised of planned expenditures of \$25.447 billion General Fund, \$1.363 billion Lottery Funds, \$48.568 billion Other Funds, and \$37.411 billion Federal Funds. The total adopted state budget for the 2021-23 biennium of \$112.789 billion is a 0.24% increase over the 2019-21 legislatively approved budget. The combined General Fund and Lottery Funds adopted budget for the 2021-23 biennium is up 12.1% from the 2019-21 legislatively approved level and is a 6.1% increase over the 2021-23 current service level. The total funds budget remained essentially flat between biennia primarily due to the influx of federal funding in both 2019-21 and 2021-23 that was provided to help offset economic and other impacts of the COVID-19 pandemic. The 2021-23 legislatively adopted budget includes \$2.315 billion of federal American Rescue Plan Act (ARPA) Coronavirus State Fiscal Recovery and Capital Projects Funds.

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 takes several weeks and is ultimately dependent upon final actions by the Governor on bills and the official close-of-session revenue forecast. However, due to public interest in budget details, LFO prepared this Budget Information Brief to provide preliminary data on the General Fund/Lottery Funds budget that was adopted for the 2021-23 biennium during the 2021 regular session of the Legislature. Additional detail on the budget is expected to be provided no later than the interim's first scheduled Legislative Days in September 2021.

2021-23 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                    | 7,988,195,518         | 589,526,746          | 8,577,722,264         | 722,277,736           | -                     | 9,300,000,000          |
| Education - Post Secondary           | 2,491,512,552         | 122,327,240          | 2,613,839,792         | 810,983,354           | 151,133,824           | 3,575,956,970          |
| Education - Other                    | 987,837,420           | -                    | 987,837,420           | 2,688,161,399         | 3,379,188,598         | 7,055,187,417          |
| Human Svcs - Oregon Health Authority | 3,483,809,469         | 18,641,986           | 3,502,451,455         | 9,600,625,992         | 17,047,663,519        | 30,150,740,966         |
| Human Svcs - Dept. of Human Services | 4,636,217,279         | -                    | 4,636,217,279         | 810,415,179           | 10,047,189,176        | 15,493,821,634         |
| Human Services - Other               | 20,412,076            | -                    | 20,412,076            | 1,968,109             | 17,612,064            | 39,992,249             |
| Public Safety                        | 2,249,498,385         | 11,647,516           | 2,261,145,901         | 2,123,765,621         | 1,425,732,490         | 5,810,644,012          |
| Judicial Branch                      | 906,831,193           | -                    | 906,831,193           | 193,257,936           | 1,476,446             | 1,101,565,575          |
| Natural Resources                    | 517,460,371           | 251,728,450          | 769,188,821           | 1,642,274,283         | 345,399,927           | 2,756,863,031          |
| Economic Development                 | 767,074,971           | 197,028,053          | 964,103,024           | 8,941,262,917         | 2,075,861,284         | 11,981,227,225         |
| Consumer and Business Services       | 32,744,618            | 261,416              | 33,006,034            | 775,417,191           | 121,293,920           | 929,717,145            |
| Transportation                       | 36,021,393            | 122,894,228          | 158,915,621           | 4,863,169,446         | 156,097,817           | 5,178,182,884          |
| Administration                       | 380,170,813           | 48,571,456           | 428,742,269           | 15,378,926,768        | 2,642,609,519         | 18,450,278,556         |
| Legislative Branch                   | 188,007,476           | -                    | 188,007,476           | 15,253,192            | -                     | 203,260,668            |
| Miscellaneous (Emergency Fund)       | 761,297,482           | -                    | 761,297,482           | -                     | -                     | 761,297,482            |
| <b>Total</b>                         | <b>25,447,091,016</b> | <b>1,362,627,091</b> | <b>26,809,718,107</b> | <b>48,567,759,123</b> | <b>37,411,258,584</b> | <b>112,788,735,814</b> |

The budget display on page 3 shows the General Fund and Lottery Funds revenues and expenditures as approved during the 2021 regular session. The core revenue numbers come from the May 2021 economic and revenue forecast. Lottery Funds are displayed between regular (discretionary) Lottery Funds and constitutionally dedicated Lottery Funds; this split is shown 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 has three sections – resources, expenditures, and ending balances.

**Resources:**

- Resources are primarily tied to the May 2021 revenue forecast, including some adjustments related to actions taken during the 2021 session on 2019-21 biennium 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 cost of tax credits beyond current law, as well as other reductions in projected revenues related to actions approved by the Legislature are included.
- Actual final resources will be officially presented in the close-of-session forecast in late September (along with the September 2021 quarterly forecast).

**Expenditures** reflect all budget actions taken by the Legislature during the 2021 regular session for the 2021-23 biennium, as approved in agency budget bills, statewide omnibus budget bills, and various policy bills containing appropriations.

**Ending Balances:**

- Regular ending balances include \$538 million General Fund, \$37 million discretionary Lottery Funds, and \$41.5 million dedicated Lottery Funds. The Lottery Funds ending balances are for compensation adjustments, cash flow, and to protect against allocation reductions in case of lottery revenue declines in future forecasts. Dedicated Lottery Funds are for specific purposes, including the Parks and Recreation Department, other Natural Resource program area agencies that receive M-76 funding, and for veterans' services under M-96 primarily budgeted in the Departments of Veterans' Affairs.
- The 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 2021-23 biennium if a sufficiently large ending balance exists at that time to complete the transfer, along with an additional 1.1% to mitigate revenue fluctuations in future 2021-23 forecasts and potential needs during the biennium.
- Not shown on this display is a \$488.2 million ending balance from American Rescue Plan Act federal funds; this balance will protect against potential issues or budget changes that may arise once final federal guidance is provided on the use of these funds. Federal law also allows these funds to be used for state costs into the 2023-25 biennium.

**2021-23 Legislatively Adopted Budget**

|   | General         | Lottery        | Lottery      |                 |
|---|-----------------|----------------|--------------|-----------------|
| May 2021 Forecast Revenues (millions)                               | Fund            | Discretionary  | Dedicated    | TOTAL           |
| <b>Revenues</b>   |                 |                |              |                 |
| Beginning Balance   | 2,824.5         | 95.6           | 37.9         | 2,958.0         |
| 1% Appropriation to Rainy Day Fund                                  | (226.4)         | -              | -            | (226.4)         |
| Projected Revenues  | 23,232.5        | 1,379.0        | 272.5        | 24,884.0        |
| Lottery Interest Earnings (forecast)                                | -               | 2.0            | -            | 2.0             |
| Lottery ESF Interest Earnings                                       | -               | 5.6            | -            | 5.6             |
| Adjustments   |                 |                |              |                 |
| Projected TANS Interest Costs                                       | (21.5)          | -              | -            | (21.5)          |
| Distributions   |                 |                |              |                 |
| Education Stability Fund  | -               | (297.3)        | -            | (297.3)         |
| County Economic Development   | -               | (54.2)         | -            | (54.2)          |
| <b>Total Forecast Revenues</b>                                      | <b>25,809.1</b> | <b>1,130.7</b> | <b>310.4</b> | <b>27,250.2</b> |
| <b>Revenue Enhancements (Reductions)</b>                            |                 |                |              |                 |
| Tax Court Fees (HB 2178)  | (0.2)           | -              | -            | (0.2)           |
| Tax Expenditures (HB 2433)  | (69.6)          | -              | -            | (69.6)          |
| Federal IRC Connection (HB 2457)                                    | (13.0)          | -              | -            | (13.0)          |
| SOS Filing Fee Retention (SB 25)                                    | 1.5             | -              | -            | 1.5             |
| Apportionment Factor for Broadcast Sales (SB 136)                   | (1.2)           | -              | -            | (1.2)           |
| PTE Tax Rates (SB 139)  | 41.7            | -              | -            | 41.7            |
| Expungement Filing Fees - CFA (SB 397)                              | (1.2)           | -              | -            | (1.2)           |
| Juvenile Delinquency Fees, Court Costs, and Fines - CFA/GF (SB 817) | (3.0)           | -              | -            | (3.0)           |
| DCBS Prescription Drug Affordability GF Repayment (SB 844)          | 1.8             | -              | -            | 1.8             |
| OED Paid Family and Medical Leave Insurance GF Repayment            | 56.9            | -              | -            | 56.9            |
| CFA Transfer to GF from LAB Actions                                 | (1.5)           | -              | -            | (1.5)           |
| Liquor GF Distribution from LAB Actions (includes HB 2740/SB 316)   | (15.8)          | -              | -            | (15.8)          |
| <b>2019-21 Rebalance Issues</b>                                     |                 |                |              |                 |
| Apportionment Factor for Broadcast Sales (SB 136)                   | (0.9)           | -              | -            | (0.9)           |
| HB 2004 (DAS)   | (9.7)           | -              | -            | (9.7)           |
| HB 5028 (OSP)   | (0.3)           | -              | -            | (0.3)           |
| HB 5030 (PDSC)  | (3.8)           | -              | -            | (3.8)           |
| HB 5043 (OHA/DHS)   | 198.4           | -              | -            | 198.4           |
| SB 5518 (ODF)   | (3.8)           | -              | -            | (3.8)           |
| SB 5535 (OMD)   | (0.4)           | -              | -            | (0.4)           |
| <b>TOTAL ESTIMATED 2021-23 RESOURCES</b>                            | <b>25,985.1</b> | <b>1,130.7</b> | <b>310.4</b> | <b>27,426.2</b> |
| <b>2021-23 Program Area Expenditures</b>                            |                 |                |              |                 |
| Education - State School Fund                                       | 7,988.2         | 589.5          | -            | 8,577.7         |
| Education - Post-Secondary  | 2,491.5         | 122.3          | -            | 2,613.8         |
| Education - Other   | 987.8           | -              | -            | 987.8           |
| Human Services - Oregon Health Authority                            | 3,483.8         | 16.5           | 2.1          | 3,502.5         |
| Human Services - Department of Human Services                       | 4,636.2         | -              | -            | 4,636.2         |
| Human Services - Other  | 20.4            | -              | -            | 20.4            |
| Public Safety   | 2,249.5         | -              | 11.6         | 2,261.1         |
| Judicial Branch   | 906.8           | -              | -            | 906.8           |
| Economic & Community Development                                    | 767.1           | 176.4          | 20.6         | 964.1           |
| Natural Resources   | 517.5           | 18.4           | 233.3        | 769.2           |
| Transportation  | 36.0            | 121.9          | 1.0          | 158.9           |
| Consumer & Business Services  | 32.7            | -              | 0.3          | 33.0            |
| Administration  | 380.2           | 48.6           | -            | 428.7           |
| Legislative Branch  | 188.0           | -              | -            | 188.0           |
| Emergency Board   | 761.3           | -              | -            | 761.3           |
| <b>TOTAL 2021-23 BUDGETED EXPENDITURES</b>                          | <b>25,447.1</b> | <b>1,093.7</b> | <b>268.9</b> | <b>26,809.7</b> |
| <b>PROJECTED 2021-23 ENDING BALANCES</b>                            | <b>538.0</b>    | <b>37.0</b>    | <b>41.5</b>  | <b>616.5</b>    |