

Date: November 15, 2010

To: Environmental Quality Commission

From: Dick Pedersen, Director

Subject: Agenda item T, Informational item: 2011 budget and legislative agenda update
December 9-10, 2010, EQC meeting

Purpose of item This item updates the Environmental Quality Commission on the status of the Department of Environmental Quality's 2011-13 legislative agenda. The agenda includes the base budget, reduction options and budget policy packages that make up the Agency Request Budget and DEQ's legislative concepts, which, if approved for drafting and pre-session filing, will become draft bills for legislative consideration.

This informational item informs the commission of updates related to the development of the Governor's Recommended Budget, status of the legislative concepts and the latest information about the 2011 legislative session.

Background Every two years, state agencies must develop legislative concepts and budget policy packages as part of the legislative and budget development process. This discussion is a continuation of a conversation on the 2011 legislative agenda from the October 2009 EQC meeting. The development process will continue throughout 2010 in preparation for the 2011 legislative session.

Key deadlines in this process include:

- December 15, 2010: DEQ must submit final legislative concepts for pre-session filing, if concepts are approved by Governor Kulongoski.
- January 14, 2011: DEQ must submit the Governor's Recommended Budget to the Department of Administrative Services.

DAS and Governor Kulongoski's office are reviewing state agency budget requests during the fall of 2010. These reviews will lead to the development of Governor-elect Kitzhaber's Recommended Budget which is due to the Legislature on February 1, 2011. In addition, Governor Kulongoski is reviewing draft agency legislative concepts for pre-session filing in mid-December. Staff will present updates on the Governor's Recommended Budget and agency legislative concepts at

the December commission meeting.

The Office of Economic Analysis released the June and September 2010 revenue forecasts, and both forecasts projected a drop in resources for 2009-11 that put the state general fund budget out of balance. In order to balance the budget, Governor Kulongoski directed DAS to use its administrative authority to reduce general fund budgets across the board. For DEQ, this meant that nearly \$2.2 million of general fund was lost. The December revenue forecast will be released November 19. This new revenue forecast may have ramifications for DEQ, such as additional general fund reductions. DEQ will keep the commission informed of what this revenue forecast will mean for DEQ via e-mail and through an update at the commission meeting.

**EQC
involvement**

At each 2010 commission meeting, DEQ gave updates and sought input on the development of the 2011 legislative agenda to engage the commission in the development of legislative concepts, reduction options, budget policy packages and the base agency budget. At the August EQC meeting, the commission chair certified the 2011-13 Agency Request Budget for submittal to DAS and the governor's office Sept. 1, 2010.

Attachments

A. DEQ's 2011-13 legislative agenda development timeline

Approved:

Division: _____

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