

**Date:** May 26, 2010

**To:** Environmental Quality Commission

**From:** Dick Pedersen, Director

**Subject:** Agenda item K, Informational item: 2011 budget and legislative agenda update  
June 16-17, 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 ideas DEQ is considering for legislative concepts and budget policy packages that will receive more definition during the first half of 2010. It is also an opportunity to provide guidance to staff as development continues.

**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:

- July 2010: DEQ must submit final legislative concepts to the Department of Administrative Services by July 14.
- September 2010: DEQ must submit its Agency Request Budget to the Department of Administrative Services and the governor's office on Sept. 1, 2010. This budget submittal includes the base budget, reduction options and the budget policy packages.

DAS budget instructions require state agencies to submit a list of budget reduction options at a 25 percent cut level for general and lottery funds because of the projected \$2.5 billion 2011-13 budget shortfall. Agencies are always required to submit 10 percent reduction options for all fund types to fulfill the governor's need to submit a 90 percent budget to the Legislature, as well as the traditional Governor's

Recommended Budget. DEQ will develop both the 10 percent reduction options for its federal and other funds, or fees, and the 25 percent reduction options for general fund and lottery fund monies. Staff will present the proposed reduction options at the June commission meeting.

As you know, the Office of Economic Analysis released the June 2010 revenue forecast, which projects a drop in resources for 2009-11 that puts the state general fund budget out of balance. In order to balance the budget, Governor Kulongoski has directed the Department of Administrative Services to use its administrative authority to reduce general fund budgets across the board by \$577.1 million. A temporary administrative rule is being prepared that will implement these allotment reductions. For DEQ, this means that nearly \$1.3 million of general fund will be lost. The agency is reviewing the options available to meet this reduction, with the goal to minimize disruption to existing services. DEQ must submit its plan to DAS by June 8. We will keep you informed of what the reduction plan will be, and how it will be implemented, via e-mail and through an update at the commission meeting.

**EQC  
involvement**

At each 2010 commission meeting, DEQ will present updates and seek 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. The commission chair must certify the 2011-13 Agency Request Budget for submittal to DAS and the governor's office by Sept. 1, 2010 at the August EQC meeting.

**Attachments**

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

Approved:

Division: \_\_\_\_\_

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## **DEQ's 2011-13 Legislative agenda development timeline**

### June 2009

- DEQ's 2009-11 budget was adopted

### October 2009

- 22-23 - EQC meeting – Discuss 2011 legislative agenda timeline

### December 2009

- 10-11 - EQC meeting to share preliminary concepts for the legislative agenda

### Late 2009 through February 2010

- Development begins on 2011-13 budget
  - Determine cost of currently approved programs adjusting for 2011-13 costs
  - Estimate future revenues
  - Determine “restorations” needed to cover future costs
  - Develop budget reduction options
  - Develop budget package proposals for new work that DEQ anticipates doing
  - Develop legislative concepts

### February 2010

- 1 – Special Legislative Session begins
- 18 and 19 - EQC meeting – focus on draft legislative concepts and budget policy packages

### March 2010

- 17 – Budget and legislative concept instructions are released by DAS
- Ongoing legislative concept and budget policy package proposal development

### April 2010

- Stakeholder outreach
- Ongoing legislative concept and budget policy package proposal development
- 9 – Legislative concepts are due to DAS
- 29 and 30 - EQC meeting – focus on budget development

### May 2010

- Stakeholder outreach
- Ongoing budget development

### June 2010

- **DAS submits approved legislative concepts to Legislative Counsel**
- **16 and 17 - EQC meeting – update on legislative agenda; concur on budget submittal for DAS audit**
- **30 - Budget request submitted to DAS for audit**
- **Stakeholder outreach**

**July 2010**

- **Budget narrative development**
- **14 – Last day to modify legislative concepts**

**August 2010**

- Budget narrative development
- EQC meeting – legislative agenda update and Chair signs the budget certification form (part of the agency budget request document)

**September 2010**

- 1 – Agency Request Budget due to DAS and governor

**Fall 2010**

- DEQ works with Legislative Counsel on draft bills (legislative concepts)
- DAS and governor review DEQ budget request
- Governor's Recommended Budget submitted to the Legislature
- Governor pre-session files approved bills (December 15 deadline)

**January 2011**

- 10 – 2011 Legislative Session begins