

Oregon Parks and Recreation Commission

September 20, 2023

Agenda Item: 4a Information

Public Comment Allowed: Yes

Topic: Lottery- Budget update & 2023-25 Budget Information

Presented by: Rebecca Jasso, Financial Services Director

The September 2023 Lottery forecast was released on August 30, 2023. It reflects an increase in Lottery Fund revenue for the Department of \$714,925. The Department’s budget was built on a Lottery Fund revenue forecast of \$140,264,993 at the end of session it was adjusted to \$137,474,576 according to the May 2023 forecast. The table below shows the change in forecast for 2023-25 and 2025-27 biennia.

Forecast Date	2023-25		2025-27	
	Forecast	Change from Prior Forecast	Forecast	Change from Prior Forecast
May 2023 Forecast (5-17-2023)	\$ 137,474,576	\$ 1,337,946	\$ 148,367,423	\$ 944,658
September 2023 Forecast (8-30-2023)	\$ 138,189,500	\$ 714,925	\$ 147,538,000	\$ (829,423)
Total Cumulative Change (since Sept 23 Forecast)	\$ -		\$ -	

Information provided by the Office of Economic Analysis indicate the overall lottery forecast is relatively unchanged. The primary change made to the outlook is a slight reduction in the sales outlook for video lottery. Sales have tracked low in recent months. This is carried forward into the forecast, when combined with stable income and spending forecasts. It remains an open question to what extent the sharper slowdown in video sales recently is temporary, or a sign of something more permanent. Overall sales remain much stronger than pre-pandemic, and are tracking closer to the previous forecasts in recent weeks than they were a couple of months ago.

Below is the final table for the 2021-23 biennium showing actual Lottery transfer. In the 8th quarter we exceed the 150% of the AY11 total transfers.

Cumulative Balances 12 Percent Measure 76 Requirement - AY23 Update				150% of TOTAL TRFs AY11	
				122,185,455	
Measure 76 says that when the Lottery amount exceeds 150% of the transfer in 2009-11, the Local Government Grant Program (LGGP) share goes from 12% to 25%. 2009-11 was \$81,456,970 so 150% is \$122,185,455					
AY:	2017	2019	2021	2023	Grand Total
Transfers Total:	(94,299,764)	(109,964,205)	(93,647,594)	(136,895,912)	(434,807,475)
Variance (remaining to exceed 150%):	27,885,691	12,221,250	28,537,861	(14,710,457)	

2023-25 Biennium Budget

Governor Kotek has signed bills from the 2023 Legislative session and the Oregon Parks and Recreation Department's (OPRD) budget was impacted by SB 5527 (the agency budget bill), SB 5506 (close of session bill), and HB 5029 (Lottery allocations). Below is a summary of the Department's Legislatively Adopted Budget (LAB) by Summary Cross Reference (SCR):

Budgets by SCR (including packages):	
Director's Office	2,236,860
Central Services	47,090,071
Park Development	40,362,883
Direct Services	149,573,723
Community Support/Grants	110,356,169
Total	349,619,706
Acquisitions *	1,754,767
Facilities Construct/Maintain	38,608,116
Local Government Grants *	46,660,359
Total	87,023,242
* Lottery Fund only	

The budget has been entered into the statewide budget system. As part of the audit process, it was discovered that a number of section and subsection references in SB 5506, the close of session bill, did not line up with the section and subsections in SB 5527, OPRD's budget bill. The result is some mismatched adjustments. We are required to follow the law and balance to the bills at the end of session, it was determined the adjustments needed to be made out of the Director's Office. It is expected that DAS will be taking a technical adjustment to the February 2023 short legislative session.

The Department's budget includes the following:

1. Operation cost increases and grant program carryover limitation that the agency requested, *Operating Costs \$487,693; Grant Carryover \$13,202,893 this includes \$8,800,000 carryover for Main Street bonds sold in May 2023.*
2. Increase in Federal Limitation for Land & Water Conservation (LWCF) *\$7,131,960.*
3. Lottery Bond funding for Main Street grant program *\$10,155,705*
4. Adjustments for the Attorney General and DAS State Government Service Charges/Other Charges, *AG (12,585); DAS (410,352).*
5. Debt Service associated with the Main Street, and General Obligation bonds. *Mainstreet \$3,969,050 (Non M76 Lottery); GO Bonds \$8,590,960 (General Fund).*
6. Increase to ATV grant program *\$3,000,000.*
7. Invest in park repairs and improvements *\$16,250,000.*
8. Increase in seasonal ranger hours and increasing services and supplies to match visitation, *Ranger hours \$4,633,905; increase services and supplies \$1,632,868.*
9. Replace/upgrade park reservation system *\$2,275,000.*

10. The package to invest in secure and reliable computer technology was adjusted and reduced to \$1,355,627. This includes \$500,000 for one-time consultant costs to assist with data/information inventories and governance processes, 2 permanent positions and 1 LD.
11. State Parks customer service projects \$3,429,356
12. Add staff for increased workload \$1,709,335; this adds additional staff in HR, Finance and Community Support and Grants.

Local Government Grant Program – We originally had two policy packages submitted for this program one to carryover the difference between 12% and 25% for the 21-23 biennium and the second to increase the base limitation in 23-25 to the 25%. At the end of session LFO moved forward the carryover from 2021-23 \$17,697,147; then added an adjustment package to increase 23-25 limitation \$12,628,906. This brings the total budget for Local Government Grant program to \$46,660,359 and increase from current service level of \$30,326,053.

High level budget allocations are being finalized and allocation will start in October at the various management levels of the organization.

To close the budget cycle loop, below are tables that show OPRD’s budget at each approval point in the budget building process.

	2023-25 Agency Request Budget						
	General	Lottery	Other	Federal	Total	Position	FTE
Director's Office		1,729,599	1,108,468		2,838,067	5	5.00
Central Services*	9,070,940	26,523,880	27,841,362		63,436,182	93	90.90
Park Development		19,175,672	21,443,124	1,989,320	42,608,116	0	0.00
Direct Services		65,589,534	81,359,547	2,467,099	149,416,180	747	510.28
Community Support/Grants		58,128,054	30,026,934	18,086,540	106,241,528	29	28.64
	9,070,940	171,146,739	161,779,435	22,542,959	364,540,073	874	634.82
	2023-25 Governor's Budget						
	General	Lottery	Other	Federal	Total	Position	FTE
Director's Office	0	1,367,942	728,721		2,096,663	5	5.00
Central Services*	9,070,940	26,523,880	27,841,362		63,436,182	93	90.90
Park Development		19,175,672	21,443,124	1,989,320	42,608,116	0	0.00
Direct Services		65,589,534	81,357,547	2,467,099	149,414,180	747	510.28
Community Support/Grants		44,059,746	50,253,634	18,086,540	112,399,920	29	28.64
	9,070,940	156,716,774	181,624,388	22,542,959	369,955,061	874	634.82
	2023-25 Legislatively Adopted Budget						
	General	Lottery	Other	Federal	Total	Position	FTE
Director's Office	0	1,428,438	808,422		2,236,860	5	5.00
Central Services*	8,590,960	25,921,330	25,137,791		59,650,081	89	87.38
Park Development		16,930,439	21,443,124	1,989,320	40,362,883		
Direct Services		65,667,358	81,439,266	2,467,099	149,573,723	748	511.28
Community Support/Grants		52,910,422	40,152,019	17,293,728	110,356,169	29	28.64
	8,590,960	162,857,987	168,980,622	21,750,147	362,179,716	871	632.30
* Central Services LF includes Debt Service							

Emergency Board Meetings: Since Oregon voters approved annual legislative sessions, the Oregon Legislature will return to session February 2024. Between now and then, meetings of the Interim Joint Committee on Ways and Means have been scheduled for September 2023, November 2023 and January 2024. This body will hear issues and make recommendations to the full body for action in the February 2024 session.

Prior Action by Commission: The 2023-25 Agency Request Budget was approved at the June 2022 meeting. A brief update was provided in November 2022. The Governor's Budget was presented at the February 2023 meeting and a brief update was verbally presented at the June 2023 meeting.

Action Requested: None

Attachments: None

Prepared by: Rebecca Jasso, Financial Services Director