

Oregon Parks and Recreation Commission

February 8, 2024

Agenda Item: 4a

Information

Public Comment Allowed: Yes

Topic: Budget Update

Presented by: Rebecca Jasso, Financial Services Director

The March 2024 Lottery forecast was released on February 7th and reflects a decrease in Lottery Fund revenue for the Department of \$(530,871) for the current biennium. The Department’s 2023-25 Legislatively Adopted Budget (LAB) was built on a Lottery Fund M76 transfer revenue forecast of \$131,901,148 since then the forecast has increased by \$5,573,428 for the 2023-25 biennium. The table below reflects the change in the Lottery Fund revenue forecast for the 2023-25 and 2025-27 biennia.

Forecast Date	2023-25		2025-27	
	Forecast	Change from Prior Forecast	Forecast	Change from Prior Forecast
September 2023 Forecast (8-30-2023)	\$ 138,189,338	\$ 714,763	\$ 147,537,789	\$ (829,634)
December 2023 Forecast (11-15-2023)	\$ 138,795,371	\$ 606,033	\$ 147,129,645	\$ (408,144)
March 2024 Forecast (2-7-2024)	\$ 138,264,500	\$ (530,871)	\$ 147,741,000	\$ 611,355
<b>Total Cumulative Change (since Sept 23 Forecast)</b>	<b>\$ 75,162</b>		<b>\$ 203,211</b>	

Information provided by the Office of Economic Analysis indicate that overall lottery sales have tracked the previous forecast well. Overall, total lottery resources are lowered slightly in the current 2023-25 biennium and increased in the future biennia relative to the previous forecast.

The forecasts for both traditional lottery and sports betting are increased due to both stronger sales than forecasted, and an improved outlook. These increases are more than offset by a downward adjustment to the video lottery forecast.

The recent ice storms, like previous extreme weather events, resulted in very low levels of sales as Oregonians were sheltering at home and getting out less. While not a long-term issue, or change in player behavior, a couple weeks of low sales does impact the revenue forecast. That said, sales were a bit below forecast in November as well, even as December sales met forecast Overall, this strength is expected to hold in the years ahead.

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Measure 76 – Established in Biennium 2009-11 Grants to Local Communities < 12% of Actual Lottery Funds Received. However, if it reaches more than 50% above the deposited amount the assembly shall allocate **no more than 25%** in the parks subaccounts for local and regional grants. Essentially 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. Since we have expected to exceed this percentage in from the first projection of Biennium 23-25, OPRD has already prepared and budgeted for the allotted 25% in order to remain compliant with Measure 76.

During the short Legislative Session, which began February 5, 2024, the Department expects to receive an increase in limitation of \$11,009,903 for the Salary Pot and a reduction of (\$58,327) for pension obligation bond adjustments. OPRD also expects to have an adjustment made to correct an error in the close of session bill – it would shift the adjustments for Attorney General rate adjustments and adjustments for DAS Charges for Services from the Director’s Office to Central Services and Direct Services. This includes a decrease in the Director’s Office of (\$6,139) for Attorney General rates, an increase to Central Services of \$53,417 and a decrease in Direct Services of (\$457,630) for adjustments to DAS Charges for Services.

**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. The 2023 Legislatively Adopted Budget was presented at the September 2023 meeting.

**Action Requested:** None.

**Attachments:** None.

**Prepared by:** Courtney Zerizef, Sr. Fiscal Analyst  
Louna Agoro, Revenue Fiscal Analyst