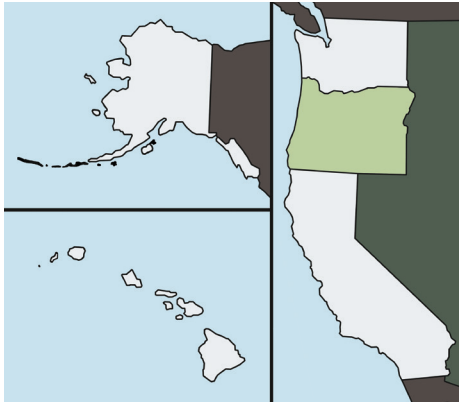


OREGON Budget Report Card



OREGON'S GENERAL AVOIDANCE of one-time measures to achieve fiscal balance won it a top A average in budget maneuvers, its best mark in five categories evaluated in fiscal 2015 through 2019. Over the period, the state did not defer recurring expenditures, use borrowed money, or sell assets to cover recurring expenditures. Only once, in the biennium that ended in fiscal 2017, did the legislature authorize a special fund transfer, moving some Racing Commission dollars to the general fund.

The state earned B averages in reserve funds, transparency, and legacy costs. Its two reserve accounts, the Oregon Rainy Day Fund and the Education Stability Fund, held almost \$1.3 billion in 2019, equivalent to 12.7 percent of general fund expenditures. That compares with \$391 million, or 4.8 percent, in 2015. The state has policies that guide the funds' disbursement and replenishment, but it is one of thirty that fail to take revenue volatility into account in those policies.

In transparency, Oregon provided substantial budgetary information online and published tax expenditure reports alongside each biennial budget. But it did not report on deferred infrastructure maintenance costs. In legacy costs, which includes public worker pensions and other postemployment benefits (OPEB), primarily health care, the state followed actuarial recommendations for pensions and OPEB, with the exception of 2015, when its annual pension funding fell short of actuaries' figures. The pension funded ratio in 2019 was 80 percent, 9 percentage points above the total for all states.

Oregon's C average in budget forecasting reflected a lack of consensus revenue forecasting and multiyear expenditure estimates. The state's quarterly forecasts are solely the product of the Office of Economic Analysis, which answers to the governor, and expenditure forecasts do not extend past the biennial budget.


PACIFIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Alaska	B	C	B	A	A
California	B	A	D	A	A
Hawaii	A	A	D-	A	B
Oregon	C	A	B	B	B
Washington	A	B	C	A	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org. © 2021 VOLCKER ALLIANCE INC.


OREGON Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		🟡	🟡	🟡	🟡	🟡	'15	'16	'17	'18	'19
	Consensus Revenue Forecasts	✖	✖	✖	✖	✖					
	Multiyear Expenditure Forecasts	✖	✖	✖	✖	✖					
	Multiyear Revenue Forecasts	✔	✔	✔	✔	✔	●	●	●	●	●
	Revenue Growth Projections	✔	✔	✔	✔	✔					
		5-YEAR AVERAGE 🟡									

BUDGET MANEUVERS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		A	A	B	A	A	'15	'16	'17	'18	'19
	Deferring Recurring Expenditures	✓	✓	✓	✓	✓	●	●		●	●
	Revenue and Cost Shifting	✓	✓	X	✓	✓			●		
	Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓					
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
		5-YEAR AVERAGE A									

LEGACY COSTS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		B	A	A	A	A	'15	'16	'17	'18	'19
	Public Employee OPEB Funding	✓	✓	✓	✓	✓		●	●	●	●
	Public Employee Pension Funding	✗	✓	✓	✓	✓	●				
	Public Employee Pension Funded Ratio*	92%	81%	83%	82%	80%					
	5-YEAR AVERAGE					B					

RESERVE FUNDS											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		B	B	B	B	B	'15	'16	'17	'18	'19
	Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓					
	Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	●	●	●	●	●
	Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓					
	Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗					
		5-YEAR AVERAGE B									

TRANSPARENCY											
	CATEGORY GRADE	2015	2016	2017	2018	2019	TREND				
		B	B	B	B	B	'15	'16	'17	'18	'19
	Consolidated Budget Website	✓	✓	✓	✓	✓					
	Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗					
	Discloses Tax Expenditures	✓	✓	✓	✓	✓					
		5-YEAR AVERAGE B									

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

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